



# North Carolina Office of the State Controller

## Financial Reporting Update

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### GASB 60 Effective for FY 2013

February 11, 2013 – Contact: Terri Noblin, Manager, Accounting & Financial Reporting (919) 707-0526

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* (GASB 60). GASB 60 addresses the recognition, measurement, and disclosure of information regarding service concession arrangements (SCA's), which are a type of public-private or public-public partnership.

GASB 60 is effective for the State fiscal year ending June 30, 2013. Beginning fund equity may need to be restated for service concession arrangements existing prior to July 1, 2012.

As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which *all* of the following criteria are met:

- a. The transferor (government) conveys to the operator (private party or government) the right and related obligation to provide public services through the use and operation of a capital asset in exchange for significant consideration, such as an up-front payment, installment payments, a new facility, or improvements to an existing facility.
- b. The operator collects and is compensated by fees from third parties.
- c. The transferor determines or has the ability to modify or approve what services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services.
- d. The transferor is entitled to significant residual interest in the service utility of the facility at the end of the arrangement.

To gain additional understanding of GASB 60, please refer to the following resources:

- a. GASB Plain-Language Article – [GASB Statement Provides Guidance on Partnerships Between Governments and Public or Private Entities](#)
- b. The GASB web page from which you may download the full text of Statement 60 (pdf) as well other GASB pronouncements – [GASB Pronouncements](#)
- c. Article on NACUBO website – [GASB Issues Standard on Service Concession Arrangements](#)
- d. KPMG Archived Webcast – [GASB Activities Update](#)

*Note: This webcast discusses key provisions of Statements 60 thru 63. The discussion of Statement 60 begins at 9:13 (minutes: seconds) and ends at 30:45 (slides 9-20). After clicking the above link followed by the “Launch Webcast” button, you will need to register for the webcast.*

Thank you for your time and attention to this important change. Questions regarding this specific update should be directed to Ann Anderson at 919-707-0521 or [Ann.Anderson@osc.nc.gov](mailto:Ann.Anderson@osc.nc.gov).