



North Carolina Office of the State Controller

Financial Reporting Update

GASB 66 Effective for FY 2014

January 15, 2014 – Contact: Terri Noblin, Manager, Accounting & Financial Reporting (919) 707-0526

In March 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62* (GASB 66), to resolve conflicting accounting and financial reporting guidance that resulted from the issuance of two recent pronouncements:

- Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), and
- Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62).

This Statement is effective for the fiscal year ending June 30, 2014. The objective of this pronouncement is to improve accounting and financial reporting by resolving conflicting guidance in the GASB's authoritative standards.

GASB 66 amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state and local government's risk financing activities to the general fund and the internal service fund type. As a result, governments would base their decisions about governmental fund type usage for risk financing activities on the definitions in GASB 54. Consequently, a government is now allowed to use a special revenue fund to account for a risk financing activity if it meets the definition of a special revenue fund.

GASB 66 also amends GASB 62 to resolve conflicts between GASB 62 and other GASB pronouncements. In each case, the conflict was resolved by eliminating the conflicting provision in GASB 62. These changes clarify how to apply Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*.

To gain additional understanding of GASB 66, please refer to the following resources:

- a. GASB Summary - [Summary of Statement No. 66](#)
- b. GASB Press Release – [GASB Issues Statements No. 65 and No. 66](#)
- c. The GASB webpage from which you may access a PDF file of GASB 66 as well as other GASB pronouncements – [GASB Pronouncements](#)

Thank you for your time and attention to this important change. OSC will continue to provide updates as the standard is implemented. Questions regarding this specific update should be directed to Prabhavathi Vijayaraghavan at (919) 707-0527 or prabhavathi.vijayaraghavan@osc.nc.gov.