



# North Carolina Office of the State Controller

## Financial Reporting Update

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### **GASB 69 Effective for FY 2015**

**January 15, 2014**

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69, *Government Combinations and Disposals of Government Operations* (GASB 69). This pronouncement provides new accounting and financial reporting standards for government mergers and acquisitions and for government operations that have been transferred or sold.

GASB 69 is effective in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis. In the past, government combinations used guidance intended for the business environment, generally APB Opinion No. 16, *Business Combinations*.

Government mergers include combinations of legally separate entities without the exchange of significant consideration and require the use of carrying values to measure the assets and liabilities. Government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration and require measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values. Also, this Statement provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This Statement also requires that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations to help evaluate the financial effects of those transactions.

This Statement does not address combinations in which a government acquires another organization that continues to exist as a separate entity nor does it address the acquisition of equity interests in organizations that remain legally separate from the acquiring government (see Statement 14, *The Financial Reporting Entity*, for guidance in these situations).

To gain additional understanding of GASB 69, please refer to the following resources:

- GASB Plain Language Article – [GASB Statement Provides Guidance for Reporting Government Combinations and Disposals of Government Operations](#)
- The GASB webpage from which you may access a PDF file of GASB 69 as well as other GASB pronouncements – [GASB Pronouncements](#)
- Article on NACUBO website – [GASB Improves Reporting for Government Combinations](#)

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 Clayton Murphy at 919-707-0525 ([clayton.murphy@osc.nc.gov](mailto:clayton.murphy@osc.nc.gov)) or Martha Hunt at 919-707-0523 ([martha.hunt@osc.nc.gov](mailto:martha.hunt@osc.nc.gov)).