



State of Louisiana
Division of Administration
Office of Statewide Reporting and Accounting Policy

May 2, 2014

OSRAP MEMORANDUM 14-25

TO: Fiscal Officers
All State Entities

FROM: Afranie Adomako, CPA
Director

SUBJECT: Implementation of Governmental Accounting Standards Board (GASB) Statement 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*

GASB Statement No. 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 an entity's risk financing activities to the General Fund and the Internal Service Fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*.

This Statement also amends Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. 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*, respectively.

GASB Statement No. 66 is effective for periods beginning after December 15, 2012. GASB Statement 66 can be found on GASB's website at the following web address: <http://www.gasb.org/jsp/GASB/Page/GASBSectionPage&cid=1176160042391>. You may contact Ms. Jennifer Williams at (225) 342-1095 or via email at Jennifer.Williams@la.gov with any questions regarding GASB Statement 66.