



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

February 5, 2015

**OSRAP MEMORANDUM 15-14**

TO: Fiscal Officers  
All State Entities

FROM: John McLean, CPA  
Interim Director

SUBJECT: Implementation of GASB Statement No. 69

In January 2013, the Government Accounting Standards Board (GASB) issued GASB Statement No. 69 (GASB 69), *Government Combinations and Disposals of Government Operations*. GASB 69 establishes accounting and financial reporting standards for government combinations and for disposals of government operations that have been transferred or sold. This pronouncement amends GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, paragraph 3 and GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, paragraph 209.

Government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

1. Government mergers include combinations of legally separate entities without the exchange of significant consideration. Mergers can be in the form of either:
  - a. Two or more governments cease to exist as legally separate entities and are combined to form one or more new governments; or
  - b. One or more legally separate governments or nongovernmental entities cease to exist and their operations are absorbed into one or more continuing governments.

New and continuing governments should measure assets and liabilities at the carrying values as reported in the separate financial statements of the merging entities.

2. Government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. Generally, assets acquired and liabilities assumed should be based on their acquisition values.

3. A transfer of operations is a government combination involving the operations of a government or non-governmental entity, rather than a combination of legally separate entities. Operations may be transferred to another existing entity or to a new entity. A transfer of operations to an existing entity occurs when a government transfers operations to another existing government. A transfer of operations to a new government occurs in shared service arrangements in which governments agree to combine operations and transfer assets and liabilities to a new government. Assets and liabilities should be measured at carrying values in a transfer of operations.

A disposal of a government's operations results in the removal of specific activities of a government. A disposing government should report a special item for any gain or loss on the disposal of operations in the period in which the disposal occurs.

GASB 69 is effective for financial reporting periods beginning after December 15, 2013 or for fiscal year 2015 and should be applied on a prospective basis. GASB 69 can be found on GASB's website (<http://www.gasb.org/jsp/GASB/Page/GASBSectionPage%26cid=1176160042391>).

If your agency has been party to a merger, acquisition, or transfer of operations during the current fiscal year, it is essential that you inform OSRAP. Please contact Ms. Rhonda Coston at (225) 342-1093 or via email at [Rhonda.coston@la.gov](mailto:Rhonda.coston@la.gov) to report your agency's involvement with any government combinations for the current fiscal year or with any questions regarding GASB 69.

JM:rc