

# Governmental Standards Board, Statement No. 69, Government Combinations and Disposals of Government Operations

---

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.

The new standards explain how governments should measure the amounts for assets and liabilities that are a part of a merger between two or more governments or are acquired by one government from another, as well as the date on which the measurement should take place. The merger and acquisition guidance also applies to transactions involving a government and a non-government entity, such as a not-for-profit organization or a business.

GASB 69 is effective for government combinations and disposals of government operations occurring 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 Accounting Principles Board Opinion No. 16, *Business Combinations*.

GASB 69 addresses the following:

## **Government Combinations**

- **Government Mergers** – 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** – 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.
- **Transfers of Operations** – GASB 69 provides guidance for combinations that involve only portions of a government (and in which no significant consideration is provided). These arrangements include transfers of operations to continuing governments or to form a new government. An *operation* is defined as an integrated set of activities with associated assets and liabilities that is conducted and managed for the purpose of providing identifiable services. For example, transfers of operations may be present in shared service arrangements, reorganizations, redistricting, or annexations.

## **Disposals of Governmental Operations**

Disposals of government operations that have been transferred or sold are similar to transfers of operations, but are viewed from the perspective of the government selling or transferring the operation.

## **Disclosures in the Notes to the Financial Statements**

The aim of the disclosures described in GASB 69 is to provide users with the information they need to know about the separate governments prior to the combination. For each government combination, governments should include a brief description of the combination, the date of the combination, and the primary reasons for the combination.

# Governmental Standards Board, Statement No. 69, Government Combinations and Disposals of Government Operations

---

Please contact the State Controller's Office, Division of Accounting and Reporting, State Reporting Policy Section for guidance if your agency is part of, or may be transacting, a government combination or disposal as defined by GASB 69. We may be contacted at [DARStatePolicy@sco.ca.gov](mailto:DARStatePolicy@sco.ca.gov) or (916) 327-1321.

Resources to obtain additional information on GASB No. 69 include:

GASB Statement 69 – [Statement No. 69 of the Governmental Accounting Standards Board - Government Combinations and Disposals of Government Operations](#)

GASB Plain Language Article – [GASB Statement Provides Guidance for Reporting Government Combinations and Disposals of Government Operations](#)