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GASB Declines to Delay Implementation Date of Pension Standards.

Norwalk, CT, March 24, 2014—The Governmental Accounting Standards Board today voted unanimously not to delay the implementation date of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The requirements of Statement 68 are effective for periods beginning after June 15, 2014.

The request to the Board for an indefinite delay in implementation date came from stakeholder groups that asserted that such a delay is necessary until related auditing procedures have been implemented for a sufficient period. The concern was expressed that governments in multiple-employer pension plans will receive a modified audit opinion on their financial statements in the interim.

Other individuals, organizations, and stakeholder groups wrote to the Board requesting that the implementation date of Statement 68 not be changed. Some of these groups urged the GASB and other organizations to find a solution that does not involve a delay in implementation.

“The Board agreed that the issues raised by its stakeholders warranted thoughtful consideration. In response, we undertook a significant effort to gather meaningful input as quickly as possible in order to address these concerns on a timely basis,” said GASB Chairman David A. Vautt.

“The GASB is committed to doing everything it can to assist governments, pension plans, and their auditors with the implementation of Statement 68, including working with stakeholder groups,” said Mr. Vautt. “However, the Board does not believe that delaying implementation will benefit its stakeholders in general.”

The Board’s decision was based on feedback received from its stakeholders, including officials from governments and pension plans, auditors, actuaries, and users of financial statements. Key factors considered included:

- Delaying the new standards would not necessarily address the concern about a modified audit opinion. It appears, based on feedback received, that many governments would face a similar prospect of a modified audit opinion even if governments were to follow the previous pension standards.
- Pension plans are already well into the process of implementing the associated pronouncement, Statement No. 67, *Financial Reporting for Pension Plans*. If the implementation of Statement 68 were postponed, some governments would now incur the added cost of engaging an actuary to provide information under the old standards in addition to the information already obtained under the new standards.
- The financial statement users who provided feedback to the GASB expressed a strong preference not to delay Statement 68. These users understand the circumstances under which some governments may receive modified audit opinions. They stated that a clearly worded modification would not negatively impact their analyses of government finances.
- Concerns about the effort required to implement Statement 68, particularly with regard to governments in some cost-sharing multiple-employer pension plans, are real and significant.

However, the Board was fully aware of these issues when it originally considered the costs and benefits associated with establishing the original implementation date. No new evidence has been brought forth to date that would result in the reconsideration of this conclusion.