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GASB Resolves Transition Issue in Pension Standards.

Norwalk, CT, November 25, 2013—The Governmental Accounting Standards Board (GASB) today issued a Statement regarding the transition provisions of GASB’s new pension standards for state and local governments. GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68, eliminates a potential source of understatement of restated beginning net position and expense in a government’s first year of implementing GASB Statement No. 68, Accounting and Financial Reporting for Pensions.

To correct this potential understatement, Statement 71 requires a state or local government, when transitioning to the new pension standards, to recognize a beginning deferred outflow of resources for its pension contributions made during the time between the measurement date of the beginning net pension liability and the beginning of the initial fiscal year of implementation. This amount will be recognized regardless of whether it is practical to determine the beginning amounts of all other deferred outflows of resources and deferred inflows of resources related to pensions.

The provisions are effective simultaneously with the provisions of Statement 68, which is required to be applied in fiscal years beginning after June 15, 2014.

Statements 68 and 71 are available on the GASB website, www.gasb.org.