



North Carolina Office of the State Controller

Financial Reporting Update

GASB 71 Effective for FY 2015

January 15, 2014

In November 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* (GASB 71). This Statement is an amendment to Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), and addresses an issue concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities.

GASB 71 will be applied simultaneously with the provisions of GASB 68, which is effective for the fiscal year ending June 30, 2015. This Statement amends paragraph 137 of GASB 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability.

The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of GASB 68 in the accrual-basis financial statements of employers and nonemployer contributing entities.

The provisions of this Statement apply to all state and local governments that are required to apply the provisions of GASB 68 for defined benefit pensions.

To gain additional understanding of GASB 71, please refer to the following resources:

- a. GASB Press Release – [GASB Resolves Transition Issue in Pension Standards](#)
- b. The GASB webpage from which you may access a PDF file of GASB 71 as well as other GASB pronouncements – [GASB Pronouncements](#)

Thank you for your time and attention to this important change. OSC will continue to provide updates as the standard is implemented. Questions regarding this specific update should be directed to Virginia Sisson at 919-707-0530 or virginia.sisson@osc.nc.gov.