

## Instructions for GASB 68 FY 2023 Journal Entries

(Measurement Year Ended 8/31/22)

The instructions for the journal entries include the following 4 cross-referenced documents.

- A. Narrative of Journal Entries (This document)** – gives the GASB reference and describes each journal entry
- B. Summary of Journal Entries** - gives a summary of each journal entry, the purpose and identifies the schedule used for each journal entry
- C. Journal Entries** – these are the journal entries for a sample reporting entity
- D. T Accounts** – these are the balances in the related accounts

### A. Narrative of Journal Entries

1. **GASB 68, paragraph 57** requires that *“contributions to the pension plan made after the measurement date of the ending Net Pension Liability and before the end of the employer’s reporting period be reported as a deferred outflow of resources related to pensions.”* This journal entry has to be reversed the subsequent year, so this is the reversal of last year’s journal entry #3. ***See also journal entry #3 below to comply with this requirement for this year.***

Dr. Contribution Expense  
Cr. Deferred Outflows of Resources

2. **This entry is to eliminate the plan level deferred outflows and deferred inflows that were recorded in the financial statements of the reporting entity last year.** This should be the reversal of journal entries 7 thru 14 from our instructions last year. The balances in deferred outflows and deferred inflows related to the Difference in Actuarial Experience, Change in Assumptions, Investment Earnings and Change in Proportionate Share need to be reversed. The entries will be:

Dr. Deferred Inflows of Resources  
Cr. Pension Expense

Dr. Pension Expense  
Cr. Deferred Outflows of Resources

**\*\*\*Important\*\*\*** *At this point, the pension related balance in the deferred outflows of resources and deferred inflows of resources should be ZERO.*

3. **GASB 68, paragraph 57** requires that *“contributions made to the pension plan made after the measurement date of the ending Net Pension Liability and before the end of the employer’s reporting period be reported as a deferred outflows of resources related to pensions.”* ***This entry is to record the contributions made after 8/31/22 and up to 8/31/23 or 6/30/23 (fiscal year-end.)*** and will come from the employer’s records.

Dr. Deferred Outflows of Resources  
Cr. Contribution Expense

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4. **GASB 68, paragraph 71c** states that *“contributions made to the pension plan from employers or non-employer contributing entities should not be included in collective pension expense.”* 2022 contributions and contribution adjustments should be recorded as a reduction to net pension liability and removed from the account they were originally charged to when payment to TRS was made. On the **2022 GASB 68 Schedule of Pension Amounts by Employer**, find the reporting entity line and go to column 4 and this will be the amount to report.

**Dr. Net Pension Liability**

**Cr. Contribution Expense**

5. **GASB 68, paragraph 71c** also applies to the contribution adjustments to the pension plan shown in column 5 on the **2022 GASB 68 Schedule of Pension Amounts by Employer**. These are contribution adjustments submitted that relate to a prior year and were disallowed for purposes of GASB 68 or were estimates that were added into the reported contribution totals submitted to TRS pursuant to GASB 68 guidelines.

**Dr. Net Pension Liability**

**Cr. Contribution Expense**

6. **GASB 68, paragraph 53** requires recording of the proportionate share of the **Collective Pension Expense**. Go to the **2022 GASB 68 Schedule of Pension Amounts by Employer** and add columns 6 thru 10 for this amount.

**Dr. Pension Expense**

**Cr. Net Pension Liability**

**\*\*\* Important \*\*\*** *The following journal entries are to record the collective (accumulated) balances of deferred outflows of resources and deferred inflows of resources on the **2022 GASB 68 Schedule of Pension Amounts by Employer**. Next year, a reversal will be needed to remove these entries and then record the amounts reported for that year.*

7. **GASB 68, paragraph 71a and (1)** requires recording of the proportionate share of the **Collective Deferred Outflows of Resources** for the ***Difference between Expected and Actual Actuarial Experience***. On the **2022 GASB 68 Schedule of Pension Amounts by Employer**, find the reporting entity line and go to column 12 for this amount.

**Dr. Deferred Outflows of Resources**

**Cr. Pension Expense**

8. **GASB 68, paragraph 71a and (2)** requires recording of the proportionate share of the **Collective Deferred Outflows of Resources** for the ***Change in Actuarial Assumptions***. On the **2022 GASB 68 Schedule of Pension Amounts by Employer**, find the reporting entity line and go to column 13 for this amount.

**Dr. Deferred Outflows of Resources**

**Cr. Pension Expense**

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9. **GASB 68, paragraph 71b** requires recording of the proportionate share of the **Collective Deferred Outflows of Resources** for the ***Difference between Projected and Actual Investment Earnings***. On the **2022 GASB 68 Schedule of Pension Amounts by Employer**, find the reporting entity line and go to column 14 for this amount.

Dr. Deferred Outflows of Resources  
Cr. Pension Expense

10. **GASB 68, paragraph 54** requires recording of the proportionate share of the **Collective Deferred Outflows of Resources** for the ***Difference in Employer Contributions and Proportionate Share of Contributions and the Changes in Proportion***. On the **2022 GASB 68 Schedule of Pension Amounts by Employer**, find the reporting entity line and go to column 15 for this amount.

Dr. Deferred Outflows of Resources  
Cr. Pension Expense

**\*\*\* Important \*\*\*** At this point the Plan Level Deferred Outflows of Resources should equal column 16 of the 2022 GASB 68 Schedule of Pension Amounts by Employer – Total Deferred Outflows of Resources.

11. **GASB 68, paragraph 71a and (1)** requires recording of the proportionate share of the **Collective Deferred Inflows of Resources** for the ***Difference in Expected and Actual Actuarial Experience***. On the **2022 GASB 68 Schedule of Pension Amounts by Employer**, find the reporting entity line and go to column 17 for this amount.

Dr. Pension Expense  
Cr. Deferred Inflows of Resources

12. **GASB 68, paragraph 71a and (2)** requires recording of the proportionate share of the **Collective Deferred Inflows of Resources** for the ***Changes in Actuarial Assumptions***. On the **2022 GASB 68 Schedule of Pension Amounts by Employer**, find the reporting entity line and go to column 18 for this amount.

Dr. Pension Expense  
Cr. Deferred Inflows of Resources

13. **GASB 68, paragraph 71b** requires recording of the proportionate share of the **Collective Deferred Inflows of Resources** for the ***Difference between Projected and Actual Investment Earnings***. On the **2022 GASB 68 Schedule of Pension Amounts by Employer**, find the reporting entity line and go to column 19 for this amount.

Dr. Pension Expense  
Cr. Deferred Inflows of Resources

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14. GASB 68, paragraph 54 requires recording of the proportionate share of the **Collective Deferred Inflows of Resources** for the ***Difference in Employer Contributions and Proportionate Share of Contributions and the Changes in Proportion***. On the **2022 GASB 68 Schedule of Pension Amounts by Employer**, find the reporting entity line and go to column 20 for this amount.

Dr. Pension Expense

Cr. Deferred Inflows of Resources

**\*\*\* Important \*\*\*** *At this point the Plan Level Deferred Inflows of Resources should equal column 21 of the Schedule of Pension Amounts by Employer – Total Deferred Inflows of Resources.*

**\*\*** *Net Pension Liability End of Year should match column 11.*

**\*\*\*** *Pension Expense should equal column 24. It may be off a few dollars due to rounding.*

15. GASB 68, paragraphs 94 and 95 requires **that Pension Expense and Revenue** should be recognized for the non-employer contributing entity's total proportionate share of collective Pension expense that is associated with the employer. This amount comes from the **2022 Unaudited GASB 68 Schedule of On-Behalf Payments** made by the Non-Employer Contributing Entity.

Dr. Grant Expense

Cr. Grant Revenue