

Instructions for Using the 2017 GASB 68 Schedules (Used for FY18 Financial Statements)

- TRS maintains the amortization by year for the plan amounts of each deferred outflow and inflow and combines all year's layers together (2014, 2015, 2016 and 2017) to arrive at a "collective" or "accumulated" total for each deferral. The total accumulated (collective) amount is allocated proportionately to each participating employer. The information is calculated at the plan level so there is no need for the participating employers to maintain an amortization schedule.
 1. **Participating employers receive a proportionate share of each collective deferred outflow and deferred inflow each year.** *This means that participating employers will not be required to maintain amortization schedules for the deferred outflows and deferred inflows.*
 2. **In each subsequent year, the participating employers will reverse the prior year accumulated deferred outflows and deferred inflows and then record the new deferrals.** *For example, for Fiscal Year 2018 (measurement year 2017) reverse all PLAN level deferrals (2014 thru 2016) that were recorded last year. Next, record the new (2014 thru 2017) accumulated combined deferred amounts for this year as provided in this year's schedules.*
 3. **This also creates a change in proportionate share that has been calculated for you.** *A change in proportionate share for each participating employer is recognized as pension expense and a deferred outflow or inflow will be established.*

To Summarize: Amortization schedules will not be maintained by the participating employers for these plan amounts.

The amounts to be recognized in future years will be provided by the plan as a collective amount in the future years. Each year, employers will be reversing out the balance of deferred outflows and deferred inflows that are currently in their financials and will be provided the new accumulated (collective) amounts to record.

- In compliance with GASB 68, paragraph 57, contributions paid after the measurement date of the ending Net Pension Liability (08/31/17) and before the end of your reporting period (08/31/18 or 6/30/18) that were recorded as a deferred outflow on last year's financials will need to be reversed this year. This needs to be done before any other entries. **This means that this deferral will be reversed before you reverse the prior years deferred outflows and deferred inflows as discussed in items 1 thru 3 above.** This entry will be an ongoing requirement so it will be kept separate.
- The plan level Discount Rate Sensitivity of the Net Pension Liability can be found in the 2017 TRS CAFR, Note 12, page 91. Employers will need to apply their proportionate share to these amounts to get the 1% decrease and 1% increase in the discount rate for their reporting entity.
- The suggested Note Disclosures have been updated this year to reflect that no changes were made in the Actuarial Assumptions from the prior measurement period.

The following instructions are intended to explain the purpose of each schedule and how to use the related information provided by TRS. It should be used in conjunction with guidance by your respective oversight agencies. [Texas Education Agency \(TEA\)](#), [Texas Higher Education Coordinating Board \(THECB\)](#)

Schedules Provided

Name of Schedule	Audited?	Purpose
Schedule of Employer's Proportionate Shares (Allocations)	Yes*	To show the basis of the allocation
Schedule of Pension Amounts by Employer	Yes*	To provide amounts for journal entries
Schedule of Pension Expense Detail by Employer	No**	To provide the additional detail on the components of the Plan Pension Expense on the <i>Schedule of Pension Amounts by Employer</i>
Schedule of Deferrals	No**	To provide the future annual amortization of the balance of Deferred Outflows (Inflows)
Schedule of On-Behalf Payments by the Non-Employer Contributing Entity	No**	To provide amounts for journal entries recognizing the State's contributions on behalf of employers

*The audit was performed by the Texas State Auditor's Office specifically for the two AICPA recommended GASB 68 Schedules shown below:

- The **Schedule of Employer's Proportionate Shares (Allocations)** contains the employer contributions and their proportionate shares only. This schedule provides the contribution amounts on which the proportions are based. Refer to the ***Notes to the Allocation Schedule, C-Employer Contributions*** for potential adjustments that may have been made to your reporting entity to arrive at the contributions as presented.
- The **Schedule of Pension Amounts by Employer** is the basis of the journal entries required by GASB. It contains the Beginning Net Pension Liability, employer contributions, deferred outflows and deferred inflows of resources and the Ending Net Pension Liability. It also contains the accumulated (cumulative for all years) deferred outflows and deferred inflows.

** **The Schedule of Pension Expense Detail by Employer** details the components of the pension expense. While the SAO did not render an opinion on this schedule, the total flows to the **Schedule of Pension Amounts by Employer**, columns 6 and 22 which was audited.

** **The Schedule of Deferrals** contains the details needed to prepare the note disclosures. While the SAO did not render an opinion on this schedule, column 2 ties to the total of columns 16 and 21 on the **Schedule of Pension Amounts by Employer** which was audited.

****The Schedule of On-Behalf Payments by the Non-Employer Contributing Entity** is an unaudited schedule and is the source of the journal entry for GASB 68, paragraphs 94 and 95.

Step by Step Instructions: The detailed instructions on how to use the schedules to prepare the journal entries are provided separately. See "**Instructions for Journal Entries**".