

## Instructions for GASB 68 Journal Entries

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

- A. Narrative of Journal Entries** – 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 NPL and before the end of the employer’s reporting period be reported as a deferred outflow of resources related to pensions.”* This entry has to be reversed the subsequent year so this is the reversal of last year’s journal entry. ***See also #3 below to comply with this requirement for this year.***

Dr. Pension Contribution Expense  
Cr. Deferred Outflow of Resources

2. **This entry is to eliminate the Plan level deferred inflows and deferred outflows that were recorded in the financial statements of the reporting entity last year.** The balances in deferred inflows and deferred outflows related to the Difference In Actuarial Experience, Change in Assumptions, Investment Earnings and Change in Proportionate Share need to be reversed out. **The entries will be:**

Dr. Deferred Inflow of Resources  
Cr. Pension Expense

Dr. Pension Expense  
Cr. Deferred Outflow of Resources

**\*\*\* Important \*\*\*** *At this point the pension related balance in the deferred outflow of resources and deferred inflow 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 NPL and before the end of the employer’s reporting period be reported as a deferred outflow of resources related to pensions.”* ***This entry is to record the contributions made after 8/31/17 and up to 8/31/18 or 6/30/18 (fiscal year-end.)***

Dr. Deferred Outflow of Resources  
Cr. Pension Contribution Expense

4. **GASB 68, par 71.c.** states that “contributions to the pension plan from employers or non-employer contributing entities should not be included in collective pension expense.” 2017 contributions should be recorded as a reduction to net pension liability and then removed from the account to which they were originally charged when payment to TRS was made. On the *Schedule of Pension Amounts by Employer*, find your reporting entity line and go to column 4 for this amount.

**Dr. Net Pension Liability**

**Cr. Pension Contribution Expense**

5. **GASB 68, par 71.c** applies also to the contributions to the pension plan that are shown on the *Schedule of Pension Amounts by Employer* as Contributions Adjustment. These represent contribution adjustments submitted that relate to a prior year and were disallowed for purposes of GASB 68 only. On the *Schedule of Pension Amounts by Employer*, find the related reporting entity line and go to column 5 for this amount.

**Dr. Pension Contribution Expense**

**Cr. Net Pension Liability**

6. **GASB 68, paragraph 53** requires recording of the proportionate share of the **Collective Pension Expense**. Go to the *Schedule of Pension Amounts by Employer* and add columns 6 thru 10. (This year this entry is a credit to pension expense due to the high investment earnings.)

**Dr. Net Pension Liability**

**Cr. Pension Expense**

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

7. **GASB 68, paragraph 71.b.** requires recording of the proportionate share of the **Collective Deferred Outflow of Resources** for the ***Difference in Expected and Actual Actuarial Experience***. On the *Schedule of Pension Amounts by Employer*, find your reporting entity line and go to column 12 for this amount.

**Dr. Deferred Outflow of Resources**

**Cr. Pension Expense**

8. **GASB 68, paragraph 71.b.** requires recording of the proportionate share of the **Collective Deferred Outflow of Resources** for the ***Changes in Actuarial Assumptions***. On the *Schedule of Pension Amounts by Employer*, find your reporting entity line and go to column 13 for this amount.

**Dr. Deferred Outflow of Resources**

**Cr. Pension Expense**

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

**Dr. Deferred Outflow of Resources**

**Cr. Pension Expense**

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

**Dr. Deferred Outflow of Resources**

**Cr. Pension Expense**

**\*\*\* Important \*\*\*** At this point the Plan Level Deferred Outflow of Resources should equal column 16 of the Schedule of Pension Amounts by Employer – Total Deferred Outflow of Resources **EXCLUDING Journal Entry #3**.

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

**Dr. Pension Expense**

**Cr. Deferred Inflow of Resources**

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

**Dr. Pension Expense**

**Cr. Deferred Inflow of Resources**

13. **GASB 68, paragraph 71.a. and (2)** requires recording of the proportionate share of the **Collective Deferred Inflow of Resources** for the ***Difference in Projected and Actual Investment Earnings***. On the *Schedule of Pension Amounts by Employer*, find your reporting entity line and go to column 19 for this amount.

**Dr. Pension Expense**

**Cr. Deferred Inflow of Resources**

14. **GASB 68, paragraph 71.a and (2)** requires recognizing of the proportionate share of the **Collective Deferred Inflow of Resources** for the ***Difference in Employer Contributions and Proportionate Share of Contributions and the Changes in Proportion***. On the *Schedule of Pension Amounts by Employer*, find your reporting entity line and go to column 20 for this amount.

Dr. Pension Expense  
Cr. Deferred Inflow of Resources

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

15. GASB 68, paragraph 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 *Schedule of On-Behalf Payments Made by the Non-Employer Contributing Entity* column 3.

Dr. Grant Expense  
Cr. Grant Revenue