

Instructions for GASB 68 Journal Entries

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, par. 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. Contributions 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.** This should be the reversal of journal entries 7 thru 14 from our instructions 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 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 entry is to record the contributions made after 8/31/20 and up to 8/31/21 or 6/30/21 (fiscal year-end.)***

Dr. Deferred Outflow of Resources**Cr. Contribution Expense**

4. **GASB 68, par 71c.** states that “contributions made to the pension plan from employers or non-employer contributing entities should not be included in collective pension expense.” 2020 contributions and contribution adjustments 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 and this will be the amount to report.

Dr. Net Pension Liability**Cr. Contribution Expense**

5. **GASB 68, par 71c** also applies to the contribution adjustments to the pension plan that are shown in column 5 on the *Schedule of Pension Amounts by Employer*. These represent contribution adjustments submitted that relate to a prior year and were disallowed for purposes of GASB 68 or were estimates that had to be added in to 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 *Schedule of Pension Amounts by Employer* and add columns 6 thru 10 for this amount.

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 record 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 between 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 ***Change in 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 between 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

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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.*

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

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12. **GASB 68, paragraph 71.a. (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

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

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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

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***** 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.*

****** *At this point, Net Pension Liability End of Year should match column 11.*

Also, Pension Expense should equal column 24 of the Schedule of Pension Amounts by Employer. You 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 *Schedule of On-Behalf Payments Made by the Non-Employer Contributing Entity* column 3.

Dr. Grant Expense

Cr. Grant Revenue