

Instructions for GASB 75 FY21 Journal Entries (Measurement Year 2020)

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 75, par. 68** requires that *“contributions to the OPEB plan made after the measurement date of the ending Net OPEB Liability and before the end of the employer’s reporting period be reported as a deferred outflow of resources related to OPEB.”* This journal entry has to be reversed the subsequent year so this is the reversal of last year’s journal entry #14. ***See also journal entry #14 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 6 thru 13 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 OPEB related balance in the deferred outflow of resources and deferred inflow of resources should be ZERO.*

3. **GASB 75, par 86.c.** states that *“contributions to the OPEB plan from employers or non-employer contributing entities should not be included in collective OPEB expense.”* 2020 contributions and contribution adjustments should be recorded as a reduction to net OPEB liability and then removed from the account to which they were originally charged when payment to TRS was made. On the *Schedule of OPEB Amounts by Employer*, find your reporting entity line and go to columns 4 and 5 and the total of these two columns will be the amount to report.

Dr. Net OPEB Liability
Cr. Contribution Expense

4. **GASB 75 par 86.c** applies also to the federal contributions to the OPEB plan that are shown on the *Schedule of OPEB amounts by Employer* as Federal Funding. This represents federal funding that was considered part of the substantive OPEB plan. On the *Schedule OPEB amounts by Employer*, find the related reporting entity line and go to column 6 for this amount.

Dr. Net OPEB Liability
Cr. Grant Revenue

5. **GASB 75, paragraph 63** requires recording of the proportionate share of the **Collective OPEB Expense**. Go to the *Schedule of OPEB Amounts by Employer* and add columns 8 thru 12 for this amount.

Dr. Net OPEB Liability
Cr. OPEB Expense

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

6. **GASB 75, paragraph 86.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 OPEB Amounts by Employer*, find your reporting entity line and go to column 14 for this amount.

Dr. Deferred Outflow of Resources
Cr. OPEB Expense

7. **GASB 75, paragraph 86.b.** requires recording of the proportionate share of the **Collective Deferred Outflow of Resources** for the ***Change in Assumptions***. On the *Schedule of OPEB Amounts by Employer*, find your reporting entity line and go to column 15 for this amount.

Dr. Deferred Outflow of Resources
Cr. OPEB Expense

8. **GASB 75, paragraph 86.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 OPEB Amounts by Employer*, find your reporting entity line and go to column 16 for this amount.

Dr. Deferred Outflow of Resources
Cr. OPEB Expense

9. **GASB 75, paragraph 64** 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 OPEB Amounts by Employer*, find your reporting entity line and go to column 17 for this amount.

Dr. Deferred Outflow of Resources

Cr. OPEB Expense

***** Important ***** *At this point the Plan Level Deferred Outflow of Resources should equal column 18 of the Schedule of OPEB Amounts by Employer – Total Deferred Outflow of Resources.*

10. **GASB 75, paragraph 86.a. (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 OPEB Amounts by Employer*, find your reporting entity line and go to column 19 for this amount.

Dr. OPEB Expense

Cr. Deferred Inflow of Resources

11. **GASB 75, paragraph 86.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 OPEB Amounts by Employer*, find your reporting entity line and go to column 20 for this amount.

Dr. OPEB Expense

Cr. Deferred Inflow of Resources

12. **GASB 75, paragraph 86.b** requires recording the difference between projected and actual earnings on OPEB plan investments. On the *Schedule of OPEB Amounts by Employer*, find your reporting entity line and go to column 21 for this amount.

Dr. OPEB Expense

Cr. Deferred Inflow of Resources

13. **GASB 75, paragraph 64** 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 OPEB Amounts by Employer*, find your reporting entity line and go to column 22 for this amount.

Dr. OPEB Expense

Cr. Deferred Inflow of Resources

***** Important ***** *At this point the Plan Level Deferred Inflow of Resources should equal column 23 of the Schedule of OPEB Amounts by Employer – Total Deferred Inflow of Resources.*

****** *At this point, Net OPEB Liability End of Year should match column 13.*

Also, OPEB Expense should equal column 26 of the Schedule of OPEB Amounts by Employer. You may be off a few dollars due to rounding.

14. **GASB 75, paragraph 68** requires that *“contributions made to the OPEB plan made after the measurement date of the ending Net OPEB Liability and before the end of the employer’s reporting period be reported as a deferred outflow of resources related to OPEB.”* **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

15. **GASB 75, paragraph 106** requires that *OPEB Expense and Revenue should be recognized for the non-employer contributing entity’s total proportionate share of collective OPEB 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