

**Example School District  
Cost-Sharing Pension Plan  
GASB 68 Implementation Year Journal Entries Example (Employer #1)  
Year Ended June 30, 2015**

J/E #		Government-wide Statements	
		Debit	Credit
J/E 1	<b>Record beginning balance adjustment, pension expense, deferred inflows/outflows, and net pension liability</b>		
	<b>Beginning net position, July 1, 2014</b>	\$ 40,575,451	
	\$43,575,451 6/30/2013 net pension liability - \$3,000,000 employer pension contributions for fiscal year 2014, deferred outflows		
	<b>Pension expense fiscal year 2015 (Charge to employee-related expenses by function)</b>	1,919,658	
	\$1,919,658 from pension schedule		
	<b>Deferred outflows of resources (Deferred outflows of resources related to pensions)</b>	3,085,428	
	\$3,085,428 from pension schedule		
	<b>Deferred inflows of resources (Deferred inflows of resources related to pensions)</b>		\$ 355,917
	\$355,917 from pension schedule		
	<b>Net pension liability (Noncurrent liabilities)</b>		45,224,620
	\$45,224,620 from pension schedule		
J/E 2	<b>Employer pension contributions in 2015</b>		
	<b>Deferred outflows of resources (Deferred outflows of resources related to pensions)</b>	3,300,000	
	\$3,300,000 employer pension contributions for fiscal year 2015		
	<b>Employee-related expenditures (Credit to employee-related expenses)</b>		3,300,000
	\$3,300,000 employer pension contributions for fiscal year 2015		
		\$48,880,537	\$48,880,537

**Notes:**

- 1) If journal entry 2 above is recorded in the district's records, it will be closed out to the net pension liability in the subsequent fiscal year.
- 2) Employer #1 would allocate this journal entry (all pension amounts) to the business-type activities and proprietary funds if determined that those funds would be expected to cover the future pension liability. The allocation could be based on actual pension contributions made during the fiscal year (for an example allocation between the governmental activities and the business-type activities, see the worksheet Allocation of Pension Expense and Net Pension Liability).

**Example School District**  
**Reconciliation of the Balance Sheet to the Statement of Net Position**  
**June 30, 2015**

Fund balances—total governmental funds \$XX,XXX,XXX

Amounts reported for governmental activities in the Statement of Net Position are different because:

Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds

Net pension liability (from pension schedule) (45,224,620)

Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds

Deferred outflows of resources related to pensions of 6,385,428  
\$6,385,428 = \$3,085,428 deferred outflows of  
resources pension expense (from pension schedule)  
+ \$3,300,000 deferred outflow of 2015 employer  
contributions related to pensions

Deferred inflows of resources related to pensions (from (355,917)  
pension schedule)

**Net position of governmental activities** \$XX,XXX,XXX

**Note:**

The district would allocate pension amounts to business-type activities and proprietary funds if determined that those funds would be expected to cover the future pension liability. The allocation could be based on actual pension contributions made during the fiscal year (see the worksheet Allocation of Pension Expense and Net Pension Liability).

**Example School District**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances to the Statement of Activities**  
**Year Ended June 30, 2015**

Net change in fund balances—total governmental funds \$X,XXX,XXX

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

District pension contributions	\$3,300,000	
Cost of benefits earned net of employee contributions (pension expense from the pension schedule)	(1,919,658)	<u>1,380,342</u>
<b>Change in net position of governmental activities</b>		<u><u>\$X,XXX,XXX</u></u>

**Note:**

The district would allocate pension amounts to business-type activities and proprietary funds if determined that those funds would be expected to cover the future pension liability. The allocation could be based on actual pension contributions made during the fiscal year (see the worksheet Allocation of Pension Expense and Net Pension Liability).

**Example School District**  
**Schedule of Deferred Outflows / Inflows and Prior Period Adjustment**  
**Year Ended June 30, 2015**

<b>Pension Note Disclosure</b>		<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
JE #1	Difference between expected and actual experience		\$355,917
	Net difference between projected and actual investment earnings on pension plan investments	\$1,569,847	
	Changes of assumptions	1,404,206	
	Changes in proportion and differences between district contributions and proportionate share of contributions	111,375	
	<b>Total JE #1</b>	<b>3,085,428</b>	<b>355,917</b>
JE #2	District's contributions subsequent to the measurement date (fiscal year 2015 district contributions)	3,300,000	
	<b>Totals</b>	<b>\$6,385,428</b>	<b>\$355,917</b>

<b>Prior Period Adjustment</b>	<b>Governmental Activities</b>
<b>Beginning net position as previously reported at June 30, 2014</b>	\$XX,XXX,XXX
Prior period adjustment - Implementation GASB 68:	
Net pension liability (measurement date)	(43,575,451)
Deferred outflows - District's contributions made during fiscal year 2014	3,000,000
Total prior period adjustment	(40,575,451)
<b>Net position as restated, July 1, 2014</b>	<b>\$XX,XXX,XXX</b>

**Note:**

The deferred outflows/inflows would be allocated to business-type activities and proprietary funds if determined that those funds would be expected to cover the future pension liability. Also, the district would report a period adjustment to beginning net position of the business-type activities and major proprietary funds.

**Example School District**  
**Cost-Sharing Multiple-Employer Pension Plan**  
**Schedule of Pension Amounts from the Pension Plan**  
**As of and for the Year Ended June 30, 2014 (Measurement date)**

Entity	Deferred outflows of resources				Deferred inflows of resources				Pension expense				
	Net pension liability	Difference between expected and actual experience	Net difference between projected and actual investment earnings on pension plan investments	Changes of assumptions	Changes in proportion and differences between employer contributions and proportionate share of contributions	Total deferred outflows of resources	Differences between expected and actual experience	Changes of assumptions	Changes in proportion and differences between employer contributions and proportionate share of contributions	Total deferred inflows of resources	Proportionate share of plan pension expense	Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions	Total employer pension expense
<b>Emp. 1</b>	<b>\$45,224,620</b>	-	<b>1,569,847</b>	<b>1,404,206</b>	<b>111,375</b>	<b>3,085,428</b>	<b>355,917</b>	-	-	<b>355,917</b>	<b>1,907,283</b>	<b>12,375</b>	<b>1,919,658</b>
Emp. 2	\$5,661,780	-	196,533	175,796	-	372,329	44,558	-	16,137	60,695	238,777	(1,793)	236,984
Emp. 3	\$6,795,628	-	235,892	211,001	-	446,893	53,481	-	72,792	126,273	286,596	(8,088)	278,508
Emp. 4	\$10,193,442	-	353,838	316,502	27,189	697,529	80,222	-	-	80,222	429,894	3,021	432,915
Emp. 5	\$13,355,038	-	463,584	414,668	-	878,252	105,103	-	89,100	194,203	563,229	(9,900)	553,329
Emp. 6	\$3,043,487	-	105,646	97,499	39,465	242,610	23,952	-	-	23,952	128,355	4,385	132,740
					<u>178,029</u>	*			<u>178,029</u>	*		<u>-</u>	*

**Other information for employer 1:**

- 1) Measurement date - June 30, 2014
- 2) Employer fiscal year ended - June 30, 2015
- 3) Employer contributions during fiscal year 2014 - \$3,000,000
- 4) Employer contributions during fiscal year 2015 - \$3,300,000
- 5) Net pension liability as of June 30, 2013 - \$43,575,451
- 6) Expected remaining service lives of employees who are provided pensions through the pension plan - 10 years

\* The changes in proportion, etc., are unique to each employer. Therefore, the amortization is also unique to each employer and cannot be proportionately allocated. In addition, the sum of these deferred outflows/inflows will net to zero as will their amortization.

**Example School District  
Cost-Sharing Pension Plan  
Allocation of Pension Expense and Net Pension Liability  
Year Ended June 30, 2015**

	<b>Employer Contributions</b>		<b>Pension Expenditures/Expenses</b>		
			<b>Fund Statements<sup>1</sup></b>	<b>Governmental Activities Reconciliation</b>	<b>Government-wide statements Governmental Activities Business-type Activities</b>
<b>Employer Contributions:</b>	<b>made in FY 2014</b>	<b>Allocation %</b>			
Governmental Funds:					
General fund	\$2,000,000	67%	\$2,250,000		\$1,670,102 <sup>(4)</sup>
Major special revenue fund	50,000	2%	\$60,000		
Nonmajor funds	550,000	18%	\$590,000		
Total governmental funds	<u>2,600,000</u>	<u>87%</u>	<u>\$2,900,000</u>	<u>(\$1,229,898)</u>	<u>\$1,670,102<sup>(4)</sup></u>
Enterprise fund	300,000	10%	\$191,966 <sup>(2)</sup>		\$191,966 <sup>(2)</sup>
Internal service fund - reported in governmental activities in the government-wide statements	100,000	3%	\$57,590 <sup>(3)</sup>		\$57,590 <sup>(3)</sup>
Totals for fiscal year 2014	<u>\$3,000,000</u>	<u>100%</u>			<u>\$1,727,692</u> <u>\$191,966</u>

<b>Net Pension Liability</b>	<b>Net pension liability allocation</b>	<b>Allocation %</b>	<b>Deferred inflows and outflows of resources should be allocated in the same manner.</b>
Governmental Activities:			
Governmental funds	\$39,345,419	87%	
Internal service funds	1,356,739	3%	
Total governmental activities	<u>\$40,702,158</u>	<u>90%</u>	
Business-type activities:			
Enterprise fund	<u>\$4,522,462</u>	<u>10%</u>	
Total net pension liability	<u>\$45,224,620</u>	<u>100%</u>	

(1) Employer contributions fiscal year 2015:

General fund	\$2,250,000
Major special rev.	60,000
Nonmajor funds	590,000
Enterprise fund	320,000
Internal service	80,000
	<u>\$3,300,000</u>

(2) \$191,966 = \$1,919,658 total pension expense X 10% enterprise fund

(3) \$57,590 = \$1,919,658 total pension expense X 3% internal service fund

(4) \$1,670,102 = \$1,919,658 total pension expense X 87% governmental funds