

# Appendix B

## GASB 68 Entries for Universities, Community Colleges and Component Units

### 1. Info tab: Select your entity.

GASB 68 Template – TSERS  
Component Units  
Fiscal Year Ended June 30, 2015

Choose Your Agency:

APPALACHIAN STATE UNIVERSITY

<< Click on the cell to see a list of agencies.  
Sorted by agency type:

TSERS Number:

20100

This template automatically generates the GASB 68 journal entries (13th period) and certain note disclosures (see below) for the following component units that participate in the **Teachers' and State Employees' Retirement System (TSERS)**:

- University of North Carolina System (19)
- Community colleges (58)
- N.C. Housing Finance Agency
- State Education Assistance Authority <sup>(1)</sup>
- State Health Plan <sup>(1)</sup>
- N.C. State Ports Authority <sup>(1)</sup>
- N.C. Global TransPark Authority <sup>(1)</sup>

This template provides note disclosures required by GASB 68, paragraphs 80h(1) thru (5), 80i(1), and 80i(2). It also provides information needed to complete CAFR worksheet 310.

The pension data in this template was obtained from the Department of State Treasurer. The Office of the State Auditor (OSA) has completed a financial audit of the TSERS Schedule of Employer Allocations for the year ended June 30, 2014 and June 30, 2013 and the Schedule of Pension Amounts by Employer for the year ended June 30, 2014. Component units will report the FY2014 pension allocations for TSERS in their FY2015 financial statements. **Each component unit should verify that the pension amounts provided by this template agree with the pension schedules in OSA's audit report (see link below).**

<sup>(1)</sup> In the audited pension schedules, the State Education Assistance Authority is included with UNC General Administration, the State Health Plan is included with the Department of State Treasurer, and the N.C. State Ports Authority and the N.C. Global TransPark Authority are included with the Department of Transportation. The pension amounts for these entities were allocated by OSC.

#### **OSA's Audit Report**

#### ***Teachers' and State Employees' Retirement System – Financial Audit of Schedules***

<http://www.ncauditor.net/EpsWeb/Reports/Financial/FIN-2014-3400A.pdf>

*Note: This template was developed by the NC Office of the State Controller. If you have any questions about this template, please contact Clayton Murphy at (919) 707-0525 or [clayton.murphy@osc.nc.gov](mailto:clayton.murphy@osc.nc.gov).*

2. **Detail tab: Entries 1, 2, and 3 on this tab are the details of what make up the entry you will record in your financial statements.**

**Entry 1 – Restate Beginning Net Position**

Restatement amount is the difference between the beginning balances for the net pension liability and deferred outflows for pensions.

GASB 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date. The measurement date was 6/30/2013. So this number represents the employer contributions made after the measurement date contributions made in FY 2014.

Entry	Account Name	NCAS Number	Debit	Credit	Description
<b>BEGINNING BALANCE ENTRY (FORMULAS)</b>					
(1)	Restatement-net position	330001	26,893,291		Calculated
	Deferred outflows for pensions	129710	6,898,001		Employer contributions made during the prior fiscal year
	Net pension liability-noncurrent	229150		33,791,292	Beginning net pension liability
	(To record beginning balances of the net pension liability and deferred outflows for pensions)		<u>33,791,292</u>	<u>33,791,292</u>	

Employer's prorata share of the beginning net pension liability

3. **You will enter your current year retirement contributions in the red box in entry (3). This will be accrued retirement contributions as of 6/30/15. This should be the same amount as you have already recorded for your current year contributions in your financial statements.**

**Entry 2 – Change in Pension Amounts (current year activity)**

**Entry 3 – Contributions After Measurement Date**

Entry	Account Name	NCAS Number	Debit	Credit	Description
<b>Change in Pension Amounts (FORMULAS)</b>					
(2)	Net pension liability-noncurrent	229150	27,183,527		Change in the net pension liability
	Deferred outflows for pensions	129710	594,587		Change in proportion; contributions during measurement period
	Pension expense	531595	2,985,343		Change in net pension liability recognized immediately
	Deferred inflows for pensions	229210		1,540,234	Difference between expected/actual experience
	Deferred inflows for pensions	229210		22,325,222	Difference between projected/actual investment earnings
	Deferred outflows for pensions	129710		6,898,001	Reversal of beginning deferred outflow balance
	(To record changes in the net pension liability, deferred outflows/inflows of resources for pensions, pension expense, and reversal of deferred outflow in entry 1)		<u>30,763,457</u>	<u>30,763,457</u>	

**After Measurement Date (MANUAL ENTRY)**

(3)	Deferred outflows for pensions	129710	7,123,456		Employer contributions made during the current fiscal year
	Retirement contributions	531520		7,123,456	Calculated
	(To record pension contributions after the measurement date)		<u>7,123,456</u>	<u>7,123,456</u>	
	Calculated by multiplying the covered payroll for TSERS (on an accrual basis) by 9.15% (the 2014-15 employer contribution rate for TSERS)				

This is the only amount that the employer will have to provide. It's the total of the current fiscal year retirement contributions made to TSERS.

Because the contributions were made after the measurement date of 6/30/14, retirement contributions has to be credited and the contributions recorded as a deferred outflow. In the next fiscal year, this will reduce the net pension liability.

4. **Summary tab:** This is the summarized entry from all of the detail. This is the entry you will use to record in your financial statements.
- a. You will use 6/30/15 effective date.

**Summary – 13<sup>th</sup> Period Entry**

ABC UNIVERSITY  
 13th Period Journal Entry – TSERS  
 Fiscal Year Ended June 30, 2015

Account Name	NCAS Number			13th Period
		Debit	Credit	Entry, Net
				Debit (Credit)
Net pension liability–noncurrent	229150	\$ 27,183,527	\$ 33,791,292	\$ (6,607,765)
Deferred outflows for pensions	129710	14,616,044	6,898,001	7,718,043
Deferred inflows for pensions	229210	—	23,865,456	(23,865,456)
Pension expense	531595	2,985,343	—	2,985,343
Retirement contributions	531520	—	7,123,456	(7,123,456)
Restatement–net position	330001	26,893,291	—	26,893,291
Totals		<u>\$ 71,678,205</u>	<u>\$ 71,678,205</u>	<u>\$ —</u>

5. **Disclosures tab:** This is the information you will use to complete your note disclosures.

**Balances of Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions by Classification:**

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Amount to be Recognized in Pension Expense
Difference between actual and expected experience	\$ —	\$ 1,540,234	\$ (1,540,234)
Changes of assumptions	—	—	—
Net difference between projected and actual earnings on pension plan investments (see note below)	—	22,325,222	(22,325,222)
Change in proportion and differences between agency's contributions and proportionate share of contributions	594,587	—	594,587
Contributions subsequent to the measurement date	7,123,456	—	7,123,456
Total	<u>\$ 7,718,043</u>	<u>\$ 23,865,456</u>	<u>\$ (23,270,869)</u>

Contributions made after the measurement date are not amortized. This amount will reduce the net pension liability in the next fiscal year.

Per GASB 68, para 71b, this amount will be amortized over a 5 year closed period.

These are the amounts that will be amortized over the average expected remaining service lives of active and inactive employees. DST calculated this to be 4.79 years = 5 years closed period.

**Amount of the Employer's Balance of Deferred Outflows of Resources That will be Included as a Reduction of the Net Pension Liability in the Fiscal Year Ended June 30, 2016:**

Deferred Outflow Amount	<u>\$ 7,123,456</u>
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*Source: GASB 68, paragraph 80i(2)*

**Schedule of the Net Amount of the Employer's Balances of Deferred Outflows of Resources and Deferred Inflows of Resources That will be Recognized in Pension Expense:**

Year ended June 30:	
2016	\$ (5,830,820)
2017	(5,830,820)
2018	(5,830,820)
2019	(5,778,409)
2020	—
Total	<u>\$ (23,270,869)</u>

Note: negative amounts indicate amortization of pension deferrals that will decrease pension expense.

*Source: GASB 68, paragraph 80i(1)*

6. **Disclosures tab** – This is the information you will use to complete the worksheet 310 – Changes in Long-Term Liabilities in the CAFR package.

### Changes in Long-term Liabilities (Worksheet 310)

	Net Pension Liability
Balance July 1, 2014	\$ —
Prior year adjustments	33,791,292
Additions	—
Deletions (see Note 1)	<u>(27,183,527)</u>
Balance, June 30, 2015	<u>\$ 6,607,765</u>
Due within one year (see Note 2)	<u>\$ —</u>

Note 1: Employers should disclose the net change amount (instead of both additions and deletions).

Note 2: There is no amount that is “due” within one year since TSERS’s fiduciary net position is more than the amount of benefit payments expected to be paid within one year. (Comprehensive Implementation Guide, 7.22.6)