

**GASB 68 Reconciliation and Sample Journal Entries for Teacher Employers
For the Measurement Date of June 30, 2020**

Information used in these sample entries is related to the Total Teacher Plan and Employer 40100.
(Page references are related to the GASB Statement No. 68 Report for the Virginia Retirement System prepared as of June 30, 2020)

Reconciliation of Entries Necessary to Record June 30, 2020, Net Pension Liability

| | All Teacher Employers | | Employer 40100 | |
|--|------------------------------|--------------------------|-----------------------|----------------------|
| | Debit | Credit | Debit | Credit |
| Net Pension Liability - July 1, 2019 | \$ 13,160,568,266 | p 62 | \$ 44,335,323 | p 60 |
| FY 2019 Deferred Inflows of Resources | \$ 1,384,392,718 | FY 2019 | \$ 5,017,924 | FY 2019 |
| FY 2020 Employer Pension Expense | \$ 1,644,053,651 | p 56 | \$ 4,863,470 | p 53 |
| FY 2020 Deferred Outflows of Resources | \$ 2,360,544,774 | p 56 | \$ 7,119,754 | p 53 |
| FY 2020 Employer Contributions | | \$ 1,327,772,013 (A) | | \$ 4,360,403 (A) |
| FY 2019 Deferred Outflows of Resources | | \$ 1,555,895,887 FY 2019 | | \$ 4,723,441 FY 2019 |
| FY 2020 Deferred inflows of Resources | | \$ 1,113,265,351 p 56 | | \$ 4,461,802 p 53 |
| Net Pension Liability - June 30, 2020 | | \$ 14,552,626,158 p 62 | | \$ 47,790,825 p 60 |
| | <u>\$ 18,549,559,409</u> | <u>\$ 18,549,559,409</u> | <u>\$ 61,336,471</u> | <u>\$ 61,336,471</u> |

A - The employer contributions are the proportionate share of the total Regular employer contributions to the Teacher Plan in FY 2020 and not the agency's actual employer contributions.
Refer to FY 2020 - Analysis of FY 2020 Teacher Employer Change on Net Pension Liability under GASB Audit Opinions and Disclosure Guidance on the VRS website.

1. To set up July 1, 2019, Net Pension Liability and Reverse FY 2019 Deferred Inflows and Outflows.

| | All Teacher Employers | | | Employer 40100 | |
|---|------------------------------|--------------------------|------------|-----------------------|----------------------|
| | Debit | Credit | | Debit | Credit |
| Net Pension Liability - July 1, 2019 | \$ 13,160,568,266 | | p 62 | \$ 44,335,323 | p 60 |
| FY 2019 Deferred Inflows of Resources | \$ 1,384,392,718 | | FY 2019 | \$ 5,017,924 | FY 2019 |
| FY 2019 Deferred Outflows of Resources | | \$ 1,555,895,887 | FY 2019 | \$ 4,723,441 | FY 2019 |
| Adjusted Net Pension Liability - July 1, 2019 | | \$ 12,989,065,097 | Calculated | \$ 44,629,806 | Calculated |
| | \$ 14,544,960,984 | \$ 14,544,960,984 | | \$ 49,353,247 | \$ 49,353,247 |

This entry establishes the adjusted Net Pension Liability at July 1, 2019, exclusive of beginning Deferred Inflows and Outflows of Resources.

2. To Reverse FY 2019 Reclassification of the FY 2020 Employer Contributions as Deferred Outflows of Resources.

| | All Teacher Employers | | Employer 40100 | |
|--|-----------------------|--------|----------------|--------|
| | Debit | Credit | Debit | Credit |
| FY 2020 Employer Contributions | \$ | — | \$ | — |
| FY 2019 Deferred Outflows of Resources | | \$ | | \$ |
| | \$ | — | \$ | — |

This is the employer's FY 2020 Employer Contributions for Pensions. Since the Measurement Date for the prior year was June 30, 2019, employer contributions made after that date were reclassified as Deferred Outflows of Resources in the FY 2020 Financial Statements.

3. To set up June 30, 2020 Deferred Inflows and Outflows and Record FY 2020 Pension Expense.

| | All Teacher Employers | | Employer 40100 | |
|--|-----------------------|-----------------------------|----------------|-------------------|
| | Debit | Credit | Debit | Credit |
| FY 2020 Employer Pension Expense | \$ 1,644,053,651 | p 56 | \$ 4,863,470 | p 53 |
| FY 2020 Deferred Outflows of Resources | \$ 2,360,544,774 | p 56 | \$ 7,119,754 | p 53 |
| Net Pension Liability - June 30, 2020 | | \$ 1,563,561,061 Calculated | \$ (3,161,019) | Calculated |
| FY 2020 Employer Contributions | | \$ 1,327,772,013 (A) | | \$ 4,360,403 (A) |
| FY 2020 Deferred inflows of Resources | | \$ 1,113,265,351 p 56 | | \$ 4,461,802 p 53 |
| | \$ 4,004,598,425 | \$ 4,004,598,425 | \$ 8,822,205 | \$ 8,822,205 |

This entry records the FY 2020 Employer Pension Expense and the related Deferred Inflows and Outflows at June 30, 2020.

A - The employer contributions are the proportionate share of the total Regular employer contributions to the Teacher Plan in FY 2020 and not the agency's actual employer contributions. Refer to FY 2021 - Analysis of FY 2020 Teacher Employer Change on Net Pension Liability under GASB Audit Opinions and Disclosure Guidance on the VRS website.

4. To Reclassify the FY 2021 Employer Contributions as Deferred Outflows of Resources.

| | All Teacher Employers | | Employer 40100 | |
|--|-----------------------|-------------|----------------|-------------|
| | Debit | Credit | Debit | Credit |
| FY 2020 Deferred Outflows of Resources | \$ — | | \$ — | |
| FY 2021 Employer Contributions | | \$ — | | \$ — |
| | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> |

This is the employer's FY 2021 Employer Contributions for Pensions. Since the Measurement Date is June 30, 2020, employer contributions made after that date must be reclassified as Deferred Outflows of Resources. These contributions will be part of the Total Employer Pension Expense in the FY 2022 Financial Statements.