

GASB 68 Reconciliation and Sample Journal Entries for State Employers For the Measurement Date of June 30, 2022.

Information used in these sample entries is related to the Total State Plan and Employer 30100.

(Page references are related to the GASB Statement No. 68 Report for the Virginia Retirement System prepared as of June 30, 2022)

Reconciliation of Entries Necessary to Record June 30, 2022, Net Pension Liability

| | All State Employers | | Employer 30100 | |
|--|-------------------------|-------------------------|----------------------|----------------------|
| | Debit | Credit | Debit | Credit |
| Net Pension Liability - July 1, 2021 | \$ 3,627,229,679 | p 53 | \$ 5,874,661 | p 53 |
| FY 2021 Deferred Inflows of Resources | \$ 2,824,579,254 | FY 2021 | \$ 4,399,568 | FY 2021 |
| FY 2022 Employer Pension Expense | \$ 286,949,742 | p 45 | \$ 446,233 | p 45 |
| FY 2022 Deferred Outflows of Resources | \$ 744,581,828 | p 45 | \$ 509,340 | p 45 |
| FY 2022 Employer Contributions | \$ 630,422,388 | (A) | \$ 964,668 | (A) |
| FY 2022 Special Employer Contributions | \$ 219,156,318 | p 44 | \$ 335,353 | p 42 |
| FY 2021 Deferred Outflows of Resources | \$ 568,854,287 | FY 2021 | \$ 1,140,116 | FY 2021 |
| FY 2022 Deferred Inflows of Resources | \$ 1,526,487,057 | p 45 | \$ 1,844,975 | p 45 |
| Net Pension Liability - June 30, 2022 | \$ 4,538,420,453 | p 53 | \$ 6,944,690 | p 53 |
| | <u>\$ 7,483,340,503</u> | <u>\$ 7,483,340,503</u> | <u>\$ 11,229,802</u> | <u>\$ 11,229,802</u> |

A - The employer contributions are the proportionate share of the total employer contributions to the State Plan in FY 2022 and not the agency's actual employer contributions. Refer to MD 6-30-2022 - Analysis of FY 2022 State Employer Change in Net Pension Liability under GASB Audit Opinions and Disclosure Guidance on the VRS website.

1. To set up July 1, 2021, Net Pension Liability and Reverse FY 2021 Deferred Inflows and Outflows.

| | All State Employers | | | Employer 30100 | |
|---|----------------------------|------------------|------------|-----------------------|---------------|
| | Debit | Credit | | Debit | Credit |
| Net Pension Liability - July 1, 2021 | \$ 3,627,229,679 | | p 53 | \$ 5,874,661 | p 53 |
| FY 2021 Deferred Inflows of Resources | \$ 2,824,579,254 | | FY 2021 | \$ 4,399,568 | FY 2021 |
| FY 2021 Deferred Outflows of Resources | | \$ 568,854,287 | FY 2021 | \$ 1,140,116 | FY 2021 |
| Adjusted Net Pension Liability - July 1, 2021 | | \$ 5,882,954,646 | Calculated | \$ 9,134,113 | Calculated |
| | \$ 6,451,808,933 | \$ 6,451,808,933 | | \$ 10,274,229 | \$ 10,274,229 |

This entry establishes the adjusted Net Pension Liability at July 1, 2021, exclusive of beginning Deferred Inflows and Outflows of Resources.

2. To Reverse FY 2021 Reclassification of the FY 2022 Employer Contributions as Deferred Outflows of Resources.

| | All State Employers | | Employer 30100 | |
|--|----------------------------|---------------|-----------------------|---------------|
| | Debit | Credit | Debit | Credit |
| FY 2022 Employer Contributions | \$ — | | \$ — | |
| FY 2021 Deferred Outflows of Resources | | \$ — | | \$ — |
| | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> |

This is the employer's FY 2022 Employer Contributions for Pensions. Since the Measurement Date for the prior year was June 30, 2021, employer contributions made after that date were reclassified as Deferred Outflows of Resources in the FY 2022 Financial Statements.

3. To set up June 30, 2022, Deferred Inflows and Outflows and Record FY 2022 Pension Expense.

| | All State Employers | | | Employer 30100 | |
|--|----------------------------|-------------------------|------------|-----------------------|---------------------|
| | Debit | Credit | | Debit | Credit |
| FY 2022 Employer Pension Expense | \$ 286,949,742 | | p 45 | \$ 446,233 | p 45 |
| FY 2022 Deferred Outflows of Resources | \$ 744,581,828 | | p 45 | \$ 509,340 | p 45 |
| Net Pension Liability - June 30, 2022 | \$ 1,344,534,193 | | Calculated | \$ 2,189,423 | Calculated |
| FY 2022 Employer Contributions | | \$ 630,422,388 | (A) | \$ 964,668 | (A) |
| FY 2022 Special Employer Contributions | | \$ 219,156,318 | p 44 | \$ 335,353 | p 42 |
| FY 2022 Deferred Inflows of Resources | | \$ 1,526,487,057 | p 45 | \$ 1,844,975 | p 45 |
| | <u>\$ 2,376,065,763</u> | <u>\$ 2,376,065,763</u> | | <u>\$ 3,144,996</u> | <u>\$ 3,144,996</u> |

This entry records the FY 2022 Employer Pension Expense and the related Deferred Inflows and Outflows at June 30, 2022.

A - The employer contributions are the proportionate share of the total employer contributions to the State Plan in FY 2022 and not the agency's actual employer contributions.

Refer to MD 6-30-2022 - Analysis of FY 2022 State Employer Change in Net Pension Liability under GASB Audit Opinions and Disclosure Guidance on the VRS website.

4. To Reclassify the FY 2023 Employer Contributions as Deferred Outflows of Resources.

| | All State Employers | | Employer 30100 | |
|--|----------------------------|---------------|-----------------------|---------------|
| | Debit | Credit | Debit | Credit |
| FY 2022 Deferred Outflows of Resources | \$ — | | \$ — | |
| FY 2023 Employer Contributions | | \$ — | | \$ — |
| | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> |

This is the employer's FY 2023 Employer Contributions for Pensions. Since the Measurement Date is June 30, 2022, 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 2024 Financial Statements.