
GASB 68 Guide

New Mexico
Educational Retirement Board



For Use by Governmental Employers in
Financial Reporting for the Fiscal Year
Ending June 30, 2025

Disclaimer

The purpose of this guide is to assist employers who are participants in the Educational Retirement Plan administered by the New Mexico Educational Retirement Board (NMERB) to comply with the accounting and reporting requirements in the Governmental Accounting Standards Board's *Statement No. 68, Accounting and Financial Reporting for Pensions* (GASB 68), as amended.

The information provided by this guide and the tools included with this guide do not constitute, and should not be treated as professional advice. As guidance, the information and tools are only the starting point for an employer and its auditors to independently determine the accuracy and completeness of the pension related information that is reported in the employer's audited financial statements.

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Introduction

The Governmental Accounting Standards Board’s *Statement No. 68, Accounting and Financial Reporting for Pensions* (GASB 68), became effective in fiscal year 2015. GASB 68 has now been effective for 10 years, and employers are familiar with its requirements. However, to assist employers with the accounting and reporting required by GASB 68, the New Mexico Educational Retirement Board (NMERB) provides a tool and instructions on how to use it. Below is a summary of what the tool does.

The Journal Entry Tool (JE Tool)

The JE Tool creates journal entries. An employer can use the entries as a guide to record changes in the employer's pension liabilities and pension expense (income) for the fiscal year. To create the entries, the tool uses the employer specific information in the *Schedules of Employer Allocations and Pension Amounts by Employer* published annually by NMERB.

When using the *Schedules of Employer Allocations and Pension Amounts by Employer*, please note the following:

- Net pension liability is allocated to each school based on total fiscal year 2024 actual employer contributions reported in NMERB’s Annual Comprehensive Financial Report (ACFR), adjusted with a decrease of \$14,554 to exclude the contributions from one school that closed in fiscal year 2024.

	Employer Contributions
Employer contributions reported in Statement of Changes in Fiduciary	
Net position of NMERB’s ACFR for the year ended June 30, 2024	\$ 770,384,190
Deduct employer contributions not representative of future contribution effort for the employer that closed during year ended June 30, 2024	<u>(14,554)</u>
Employer contributions used as the basis for allocating employers' proportionate shares of collective pension amounts	<u>\$ 770,369,636</u>

Adjustments to prior year contributions made during the current year are netted against current year contributions for presentation in the Statement of Changes in Fiduciary Net Position. Adjustments to prior year contributions affect every employer’s proportionate share of pension expense. The JE tool calculates prior year adjustments. Given the immateriality of the adjustments, the tool charges them to current year pension expense. This treatment is consistent

with paragraph 48a of GASB Statement 68, which encourages the use of proportionate shares that represent the projected long-term contribution effort to the pension plan.

- In accordance with GASB 68, the net pension liability shown in the *Schedule of Pension Amounts by Employer* is as of the measurement date of June 30, 2024 (not the reporting date of June 30, 2025) and is based on the actuarial valuation performed as of June 30, 2023. The net pension liability was rolled forward from the valuation date (June 30, 2023) to the plan year ending June 30, 2024, using generally accepted actuarial principles. The roll-forward liabilities as of June 30, 2024 have been adjusted to reflect the new assumptions adopted by the Board on February 23, 2004 as a result of the 2023 Experience Study.
- The JE Tool needs a minimum amount of data entry by the employer. Please read the guidance in the tool carefully before entering data.
- The entries the tool creates are generic. However, although the entries are generic, an employer can and should use them as a guide to prepare customized entries that are consistent with employer's chart of accounts and accounting processes.
- Along with the entries, the tool creates a summary. An employer can use the summary as an internal control aid to help ensure the completeness and accuracy of the amounts to be reported.
- To assist users with entering data into the tool, the data entry cells in the tool are in the order that they appear in the 2023 and 2024 Schedules of Employer Allocations and Pension Amounts by Employer.

Before proceeding, if you are not familiar with GASB 68, we suggest you first read GASB 68 at [GASB HOME](#). In addition, we suggest you read NMERB's [GASB Information | NM Educational Retirement Board](#).

Section 1: GASB 68 Requirements and the Journal Entry Tool

In general, GASB 68 requires an employer to record the following:

- The employer’s proportionate share of the change in collective deferred outflows of resources.
- The employer’s proportionate share of the change in collective deferred inflows of resources.
- The employer’s proportionate share of collective pension expense (income).
- Employer-level deferral for the change in the employer allocation percentage.
- Amortization of employer-level deferrals for change in the employer allocation percentage.
- Employer-level deferral for the difference between actual contributions and a proportional share of total contributions for the pension plan measurement date.
- Amortization of employer-level deferrals for the difference between actual contributions and a proportionate share of total contributions.
- Deferral of the employer contributions between the measurement date and the reporting date.

The Journal Entry Tool (JE Tool) summarizes the accounting requirements listed above into four journal entries. Figure 1 illustrates the tool’s summary of those entries and the accounts the entries impact. (Figure 1 is available for download in an Excel® worksheet format from [GASB Information | NM Educational Retirement Board.](#))

How to use the JE Tool is explained in Section 2 below, using Albuquerque Public Schools as an example.

Figure 1: Summary of Journal Entries Generated by JE Tool

Summary of Journal Entries Generated by JE Tool (no data entry required)				
Description	Dr. (Cr.)			
	Net Pension Liability (NPL)	Deferred Outflows	Deferred Inflows	Pension Expense (Income)
Beginning Balance July 1, 2024	\$ (1,442,401,566)	172,322,881	(283,651,111)	-
A. To reverse deferral of prior year contributions between measurement and reporting dates	127,818,215	(127,818,215)		
B. To record the net change in NPL	(143,500,639)	75,292,300	172,914,761	(104,706,422)
Subtotal (Schedule of Pension Amounts by Employer)	(1,458,083,990)	119,796,966	(110,736,350)	(104,706,422)
C. To adjust for rounding, prior year differences, and/or annualized contributions	-			-
D. To record deferral of current year contributions between measurement and reporting dates				-
Ending Balance June 30, 2025	\$ (1,458,083,990)	119,796,966	(110,736,350)	(104,706,422)
	E	E	E	F & G
Check:				
Collective NPL	\$ (8,787,995,457)	2024 Schedule of Pension Amounts by Employer, Total Employers, page 24, column 3		
Employer allocation	16.59177%	2024 Schedule of Employer Allocations, page 6, column 2		
Employer NPL	(1,458,083,994)			
Difference	\$ 4	Any difference should be due to rounding and less than \$5.00.		

Section 2: How to Use the JE Tool

The JE Tool is in an Excel® workbook. You can download the workbook to your computer from [GASB Information | NM Educational Retirement Board](#). Once you download the workbook, open the worksheet named *JE Tool*, and you are ready to begin using the tool. Figure 2, see below, illustrates the data entry section of the JE Tool.

To use the tool, enter your employer’s data into the light green cells with dark green borders. Next to each cell are the instructions on where to find the employer specific data needed. Entering your employer’s data into the ten cells is all you need to do: the tool will take the data you entered and use it to generate the required journal entries and the summary schedule included with the tool (see Figure 1).

If your employer’s allocation percentage is less than 1%, you will need to enter the decimal equivalent for that percentage. For example, thirteen one hundreds of one percent should be entered as **.0013**, which will display in the cell as **0.13000%**. (The tool converts the number you enter to a percentage by dividing that number by 100.)

Figure 2 Data Entry Required

Journal Entry Tool (JE Tool)		
FOR THE FISCAL YEAR ENDING JUNE 30, 2025		
REPLACE THE SAMPLE DATA IN THE GREEN CELLS WITH YOUR EMPLOYER'S DATA.		
(Positive and negative values in the Schedules of Employer Allocations and Pension Amounts by Employer must be entered as positive and negative numbers.)		
Beginning Net Pension Liability (NPL)	1,442,401,566	2023 Schedule of Pension Amounts by Employer, page 14, column 3
Total Deferred Outflows of Resources 2023	44,504,666	2023 Schedule of Pension Amounts by Employer, page 14, column 8
Total Deferred Inflows of Resources 2023	283,651,111	2023 Schedule of Pension Amounts by Employer, page 14, column 13
2024 Employer Allocation Percentage	16.59177%	2024 Schedule of Employer Allocations, page 6, column 2
Contributions* from July 1, 2023 to June 30, 2024	127,818,215	2024 Schedule of Employer Allocations, page 6, column 1
Ending NPL	1,458,083,990	2024 Schedule of Pension Amounts by Employer, page 14, column 3
Total Deferred Outflows of Resources 2024	119,796,966	2024 Schedule of Pension Amounts by Employer, page 14, column 8
Total Deferred Inflows of Resources 2024	110,736,350	2024 Schedule of Pension Amounts by Employer, page 14, column 13
Total Employer Pension Expense (Income) 2024	(104,706,422)	2024 Schedule of Pension Amounts by Employer, page 14, column 16
Contributions from July 1, 2023 to June 30, 2025	-	Employer's General Ledger (EMPLOYER'S CONTRIBUTIONS ONLY)
Net Change in NPL to be recorded	(15,682,424)	Positive amount is a debit; negative amount is a credit
<small>*If your school opened in Fiscal Year 2024 and did not make contributions for the entire year, these contributions are annualized contributions and are adjusted for in AJE "C."</small>		

Except for fiscal year 2025 employer contributions, all the data that should be entered is available from the schedules in the *Schedules of Employer Allocations and Pension Amounts by Employer*, which can be downloaded from [GASB Information | NM Educational Retirement Board](#).

Figure 3 illustrates two of the journal entries the tool generates.

Figure 3 Sample Journal Entries

A. To reverse deferral of <u>prior year</u> contributions between measurement and reporting dates (positive amounts are debits; negative amounts are credits).	
NPL	127,818,215
Deferred Outflows	(127,818,215)
B. To record the net change in NPL (positive amounts are debits; negative amounts are credits).	
NPL	(143,500,639)
Pension Expense (Income)	(104,706,422)
Deferred Outflows	75,292,300
Deferred Inflows	172,914,761

Notice that the account descriptions are generic. Also, the accounts are probably at a higher level of summary than your chart of accounts. For example, your chart of accounts may classify pension expense into different instructional expenditure categories. If the tool’s accounts are at a higher summary level, use the tool’s entries as check totals for the more detailed entries you will need to prepare.

In addition, you may have to pick and choose from the tool’s entries, depending on your accounting processes. For example, if as part of your routine accounting processes, you defer contributions between the measurement date and the reporting date (instead of recording them as expenditures), you will not need to record Adjustment D. However, you should still use the entry generated by the tool to verify the amounts you have recorded.

Verifying balances is important; accordingly, regardless of the chart of accounts you use and the chart’s summary level, make sure that the balances you report in your fiscal year 2025 audited financial statements equal the balances the tool shows.

The JE Tool calculates and provides Adjustment C for rounding, prior year differences, and/or annualized contributions. Please note: 1) A school’s contributions are annualized for determining pension expense or income if it opened during a fiscal year and did not make contributions for the full year, 2) Rounding differences should be under \$5.

Figure 4 Adjustment for Differences

Change in NPL from "A" + "B" above	(15,682,424)	
Actual Net Change in NPL	(15,682,424)	
Additional DR/(CR) to NPL Required	-	An entry may be required due to rounding, prior year differences, and/or annualized contributions.
C. To adjust for rounding, prior year differences, and/or annualized contributions (positive amounts are debits; negative amounts are credits).		
NPL	-	
Pension Expense	-	

Don't forget to record Adjustment D.

Figure 5 Adjustment to Record Current Year Deferral of Contributions

D. To record deferral of <u>current year</u> contributions between measurement and reporting dates (positive amounts are debits; negative amounts are credits).	
Deferred Outflows	-
Pension Expense	-

The example in Figure 5 shows zero debits and credits because this guide was published before the end of this fiscal year. Following the end of the fiscal year, you should obtain the amount of employer contributions subsequent to the measurement date from your employer's records and enter the amount into the JE Tool. The large arrow in Figure 6 below illustrates where to enter the amount (cell "G17").

Figure 6 Entering Contributions Subsequent to the Measurement Date

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	Journal Entry Tool (JE Tool)														
2	FOR THE FISCAL YEAR ENDING JUNE 30, 2025														
3															
4															
5															
6	REPLACE THE SAMPLE DATA IN THE GREEN CELLS WITH YOUR EMPLOYER'S DATA.														
7	(Positive and negative values in the Schedules of Employer Allocations and Pension Amounts by Employer must be entered as positive and negative numbers.)														
8	Beginning Net Pension Liability (NPL)						1,442,401,566								
9	Total Deferred Outflows of Resources 2023						44,504,666								
10	Total Deferred Inflows of Resources 2023						283,651,111								
11	2024 Employer Allocation Percentage						16.59177%								
12	Contributions* from July 1, 2023 to June 30, 2024						127,818,215								
13	Ending NPL						1,458,083,990								
14	Total Deferred Outflows of Resources 2024						119,796,966								
15	Total Deferred Inflows of Resources 2024						110,736,350								
16	Total Employer Pension Expense (Income) 2024						(104,706,422)								
17	Contributions from July 1, 2023 to June 30, 2025						-								
18															
19	Net Change in NPL to be recorded						(15,682,424)								
20															
21	*If your school opened in Fiscal Year 2024 and did not make contributions for the entire year, these contributions are annualized contributions and are adjusted for in AJE "C."														

