

# Governmental Accounting Standards Board (GASB) Statement No. 68 Accounting and Financial Reporting for Pensions

September 14, 2015

GASB Statement No. 68 requires school districts to report their portion of the unfunded (liability) or overfunded (asset) pension of the Teacher Retirement System of Texas pension plan. The Texas Education Agency (TEA) has established codes to implement the requirements of GASB Statement No. 68. In order to record and report the liabilities, assets, expenses, deferred outflows and deferred inflows in their annual financial report (AFR), school districts will be required to use the following new object codes and data control codes:

- Object code 1920, Net Pension Assets (NPAs)
- Object code 2540, Net Pension Liabilities (NPLs)
- Object code 5747, Pension Revenue
- Object code 6147, Pension Expense
- Object code 2605, Deferred Inflows – Pension
- Object code 1705, Deferred Outflows – Pension

Pension expense (object code 6147) should be allocated based on some method developed by the school districts for example, based on allocated salaries. GASB 68 requires that this information be reported in the notes to the financial statements as well. Pension expense may be coded to:

- any fund code, as applicable,
- organization code 998 only, and
- program intent code 99 only.

These object codes will be used to report the school district's pension related information on the government-wide financial statements. Please note that a school district may or may not use all of the object codes.

The NPLs does not have to be shown as its own line item on the face of the financial statements. However, it may have its own line item if it is significant to the school district and the school district determines that it would like it displayed separately. In addition, GASB Statement No. 68 requires that this information be reported in the notes to the financial statements.

Please disclose what comprises the Long-term Liabilities balance and Other Assets balance in the notes to the financial statements. Specifically, ensure that you disclose the Net Pension Liabilities and Net Pension Assets components.

In order for the TEA to identify these amounts, the school district will need to report Net Pension Assets, Net Pension Liabilities, and Pension Expense on its Schedule L-1, Required Responses to Selected School FIRST Indicators. A revised Schedule L-1 will be released in the near future.

If you have any questions concerning GASB 68, please refer to GASB Statement No. 68 at <http://www.gasb.org/resources/ccurl/988/315/GASBS%2068.pdf> or you may contact the Division of Financial Compliance at (512) 463-9095.