

## **Fund S71100**

### **Public School OPEB Trust Fund**

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#### **Focus**

Fund S71100 (formerly Fund 692), Public School Other Post-Employment Benefits (OPEB) Trust Fund, was established by the School Board in FY 2008 as a mechanism to accumulate and invest assets to fund the Fairfax County Public School (FCPS) system's other post-employment benefits.

In July 2004, the Governmental Accounting Standards Board (GASB) issued Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." This standard addresses how the school system should account for and report its costs related to post-employment health care and other non-pension benefits, such as the program subsidizing the cost of health benefit coverage and premiums for eligible retirees and their surviving spouses.

Program participants may continue medical coverage by paying the appropriate subsidized premiums (explicit subsidy) based on years of service and the retirement plan under which the retiree is covered. In addition, FCPS subsidizes the premium rates paid by the retirees by allowing them to participate in the medical plans at the reduced or blended group premium rates for both active and retired employees (implicit subsidy). These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the program on average than those of active employees. GASB 45 requires that FCPS calculate and include the liability for this implicit subsidy.

An actuarial valuation is performed to determine the actuarial accrued liability and the corresponding Annual Required Contribution (ARC) based on the 30-year amortization of this liability and an additional amount necessary to pre-fund benefits accrued by active employees during the current year. Funding contributions towards the ARC are determined by the School Board. The FY 2014 projected ARC is \$38.9 million, as determined by the most recent actuarial valuation. FCPS will contribute a total of \$47.3 million in FY 2014 as part of a proposed multiyear plan to fund OPEB.

# Fund S71100

## Public School OPEB Trust Fund

### FUND STATEMENT

#### Fund S71100, Public School OPEB Trust Fund

	FY 2012 Actual	FY 2013 Adopted Budget Plan	FY 2013 Revised Budget Plan <sup>1</sup>	FY 2014 Superintendent's Proposed
<b>Beginning Balance</b>	\$40,051,085	\$54,530,585	\$49,648,958	\$64,568,458
Revenue:				
Employer Contributions	\$42,426,870	\$47,255,000	\$47,255,000	\$47,255,000
Net Investment Income	(335,995)	5,000,000	5,000,000	5,000,000
<b>Total Revenue<sup>2</sup></b>	\$42,090,875	\$52,255,000	\$52,255,000	\$52,255,000
<b>Total Available</b>	\$82,141,960	\$106,785,585	\$101,903,958	\$116,823,458
Total Expenditures <sup>2</sup>	\$32,493,002	\$37,335,500	\$37,335,500	\$37,335,500
<b>Total Disbursements</b>	\$32,493,002	\$37,335,500	\$37,335,500	\$37,335,500
<b>Reserved Ending Balance</b>	\$49,648,958	\$69,450,085	\$64,568,458	\$79,487,958

<sup>1</sup> The *FY 2013 Revised Budget Plan* reflects adjustments adopted by the Fairfax County School Board on December 20, 2012 during their *FY 2013 Midyear Review*. The Fairfax County School Board adjustments will be officially reflected in the County's *FY 2013 Third Quarter Review*, which will be acted upon by the Board of Supervisors on April 23, 2013.

<sup>2</sup> In order to account for revenues and expenditures in the proper fiscal year, audit adjustments in the amount of \$1,258,501 have been reflected as an increase to FY 2012 revenue and audit adjustments in the amount of \$13,199 have been reflected as an increase to FY 2012 expenditures. Details of the FY 2012 audit adjustments will be included in the FY 2013 Third Quarter package.