Fund S71100
Public School OPEB Trust Fund

Focus

Fund S71100, 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 2016 projected ARC is $17.8 million, as determined by the most recent actuarial valuation. FCPS will contribute a total of $21.7 million in FY 2016. FCPS' funding policy is to ensure that employer contributions are sufficient to fully fund the ARC each year.

Fund S71100
Public School OPEB Trust Fund

FUND STATEMENT

Fund S71100, Public School OPEB Trust Fund

	FY 2014 Actual	FY 2015 Adopted Budget Plan	FY 2015 Revised Budget Plan[1]	FY 2016 Superintendent's Proposed
Beginning Balance	$64,924,690	$80,423,727	$83,877,338	$99,789,843
Revenue:				
Employer Contributions	$25,524,938	$37,232,000	$37,232,000	$21,689,000
Net Investment Income	9,001,953	5,979,957	5,979,957	6,927,149
Total Revenue[2]	$34,526,891	$43,211,957	$43,211,957	$28,616,149
Total Available	$99,451,581	$123,635,684	$127,089,295	$128,405,992
Total Expenditures	$15,574,243	$27,299,452	$27,299,452	$16,759,500
Total Disbursements	$15,574,243	$27,299,452	$27,299,452	$16,759,500
Reserved Ending Balance	$83,877,338	$96,336,232	$99,789,843	$111,646,492

[1] The *FY 2015 Revised Budget Plan* reflects adjustments adopted by the Fairfax County School Board on December 4, 2014 during their *FY 2015 Midyear Review*. The Fairfax County School Board adjustments will be officially reflected in the County's *FY 2015 Third Quarter Review*, which will be acted upon by the Board of Supervisors on April 21, 2015.

[2] In order to account for revenues in the proper fiscal year, audit adjustments in the amount of $1,376,020 have been reflected as an increase to FY 2014 revenue. Details of the FY 2014 audit adjustments will be included in the FY 2015 Third Quarter package.