

OTHER POST EMPLOYMENT BENEFITS (OPEB)

DESCRIPTION

Non-pension benefits provided to employees after employment ends are referred to as Other Post Employment Benefits (OPEB). The Governmental Accounting Standards Board (GASB) defines OPEB as health insurance, dental insurance, life insurance, and term care coverage for retirees and their families. Other post employment benefits are part of the compensation package employees earn each year, even though the benefits are not received until employment has ended. For Henrico County, these benefits are confined to retiree health insurance for those retirees opting to remain with the County's health care provider.

The rating agencies consider OPEB funding status in their evaluations of government financial condition. It is possible that bond ratings may suffer for governments with large liabilities and no defined way to pay for these future costs. Under the guidelines, OPEB financial information will be produced using actuarial valuations performed in accordance with GASB standards. The actuarial valuations should be performed at least every two years for plans that administer OPEB for 200 or more plan members (active and retired) or every three years for plans with fewer than 200 members. Henrico County's update was completed as of June 30, 2018.

As a result of the financial reporting requirements of the Governmental Accounting Standards Board (GASB), this fiduciary fund was created in FY2007-08. This fund allows the County to budget for the annual cost of public employee non-pension benefits and all outstanding obligations and commitments related to OPEB in the same manner as reporting financial information for pensions. It is the intent of the County of Henrico to fully meet the GASB 45 funding requirement that began in FY2007-08.

BUDGET HIGHLIGHTS

The budget for FY2020-21 provides no funding for costs associated with this accounting standard due to budget reductions resulting from reduced revenue projections associated with the pandemic. Prior budget contributions should meet anticipated funding requirements until budgetary contributions resume. Future contributions will continue to be based on completed independent actuarial analysis.

FISCAL YEAR 2021 SUMMARY

Annual Fiscal Plan

Description	FY19 Actual	FY20 Original	FY21 Approved	Change 20 to 21
OPEB Contribution	\$ 2,750,000	\$ 2,750,000	\$ 0	(100.0%)
Total OPEB	\$ 2,750,000	\$ 2,750,000	\$ 0	(100.0%)