

OPEB ARC Journal Entries 2015

- PEIA’s initial guidance for FY15 OPEB from April 2014 was that the pay-go amount would be billed at \$164 per month per active health policy and that the remaining OPEB cost (ARC) would be a negative \$27 per eligible policyholder per month.
- **On June 26, 2014, PEIA sent an email indicating that their independent auditors had taken exception to one of the factors used in the calculation of the negative \$27 amount. Until that issue is resolved, PEIA will bill a rate of \$0 per month per eligible policyholder for the ARC and then will do retroactive billings at whatever the new rate is determined to be. The pay-go amount remains unchanged at \$164 per month.**
- The original guidance issued by PEIA in April contained a monthly journal entry example for employers which essentially netted the positive pay-go amount of \$164 and the negative ARC amount of \$27 for a net OPEB expense of \$137. Although this entry may have worked for the majority of employers, it did not work for county boards of education.
- Under the PEIA proposed entry, counties would have reduced their OPEB liability by \$27 per month. However, at year end, PEIA would have calculated the annual state aid credits, moving approximately 87% of the credit over to the state and adding OPEB back to the books of the county boards of education. The PEIA proposed entry also didn’t take into consideration that the LEA Chart of Accounts contains two different OPEB expense objects – one for the pay-go (218) and one for the ARC amount beyond the pay—go (217).
- Although this appears to be a moot point due to the June 26, 2014 email from PEIA which indicated the revised amount will most likely be positive, there is still a remote chance that the ARC amount for FY15 could be negative. If the amount is negative, the suggested journal entries are as follows:

For County Boards of Education that do **NOT** record the ARC through a payroll deduction:

Dr.	OPEB Liability (00462)	XXXXX
Cr.	OPEB Accrued Expense (217)	XXXXX
Year-end entry to record the net reduction in the OPEB ARC liability		

*This year-end entry assumes that the pay-go amount is recorded throughout the year to object code 218. At year end, the county would book the net impact of the general ARC credit per eligible policyholder and the calculated credit that moves the state-aid portion of the ARC activity to the state. The net impact would be a reduction of both

the expense and liability accounts. Most counties calculate the amount to be recorded by taking the difference between the required year-end liability balance and the prior year liability balance.

For County Boards of Education that **DO** record the ARC through a payroll deduction:

Dr.	OPEB Accrued Expense (217)	XXXXX
Cr.	OPEB Liability (00462)	XXXXX
Year-end entry to record the ARC state aid credit		

*This year-end entry assumes that the pay-go amount is recorded throughout the year to object code 218 and that the full amount of the negative ARC is recorded throughout the year to object code 217. At year end, the county would book an entry for the calculated credit that moves the state-aid portion of the ARC reduction to the state, which results in an increase to the expense and liability accounts. Additional adjustment may be necessary due to various other PEIA RHBT activity during the year.

Regardless of the methodology utilized by each county board of education, in the event that the remaining OPEB cost (ARC) is a negative amount per policyholder per month, the ending balance in object code 217 would be a credit balance.

**COUNTY BOARDS OF EDUCATION
OPEB CREDIT AMOUNTS FOR STATE-AID FUNDED EMPLOYEES
DUE TO SENATE BILL 469
FOR FY 2014**

County	2014
Barbour	\$ 35,107.18
Berkeley	1,350,995.82
Boone	202,379.94
Braxton	105,863.48
Brooke	178,127.67
Cabell	801,249.08
Calhoun	43,323.23
Clay	85,106.11
Doddridge	47,742.50
Fayette	304,042.78
Gilmer	(5,312.12)
Grant	64,698.52
Greenbrier	313,804.04
Hampshire	230,403.67
Hancock	253,217.78
Hardy	122,792.40
Harrison	691,034.13
Jackson	341,242.20
Jefferson	600,197.10
Kanawha	1,738,453.84
Lewis	113,211.74
Lincoln	226,627.35
Logan	315,397.84
Marion	555,091.97
Marshall	187,314.06
Mason	273,842.02
McDowell	4,379.92
Mercer	573,904.18
Mineral	297,740.28
Mingo	272,071.48
Monongalia	609,748.91
Monroe	82,221.43
Morgan	178,655.15
Nicholas	251,271.30
Ohio	239,686.17
Pendleton	19,861.35
Pleasants	83,402.17
Pocahontas	40,464.78
Preston	198,847.75
Putnam	696,750.75
Raleigh	727,563.99
Randolph	218,667.67
Ritchie	50,412.78
Roane	100,484.01
Summers	46,301.51
Taylor	115,926.06
Tucker	52,557.44
Tyler	20,303.79
Upshur	158,871.58
Wayne	487,130.43
Webster	22,002.47
Wetzel	61,000.17
Wirt	44,667.73
Wood	878,856.50
Wyoming	208,633.92
Total	\$ 15,918,339.97

Notes: (1) These are the draft allocations that will be reviewed by PEIA's auditors. (2) The credit amounts presented above are for counties and MCVs only. The credit calculations take RESAs into account so none of the credit should be allocated to a RESA by the fiscal agent.