

Are the funding costs of the Annual Required Contribution (ARC) for Other Post Employment Benefits (OPEB) allowable in the Countywide Cost Allocation Plan?

Yes, the ARC costs are allowable in the cost plan, however OMB states that the costs must be funded within six months after the end of the fiscal year and the funds must be deposited with an insurer or trustee. These are the citations from OMB 2 CFR Part 225:

"Appendix B, Item 8, f (2) states post-retirement health benefits costs calculated using an actuarial cost method recognized by GAAP are allowable if they are funded for that year within six months after the end of that year."

"Appendix B, Item 8, f (5) states that to be allowable in the current year the post-retirement health benefits costs must be paid either to:

- (a) an insurer or other benefit provider as current year costs or premiums, or
- (b) an insurer or trustee to maintain a trust fund or reserve for the sole purpose of providing post-retirement benefits to retirees and other beneficiaries."