

OPEB Committee Meeting (Teleconference)

Wednesday, April 24, 2019; 2:30 pm; 919-981-2500

Goals:

- I. Establish the evaluation timeline allowing for report finalization by 8/31/19 as requested by the State Controller for purposes of finalizing the CAFR
- II. Selection of the Actuary/Technical Advisor

Definition:

The “Working Group” consists of Subject Matter Experts from OSC, OSBM, and DST with extensive GASB, financial, or actuarial knowledge. The purpose of the “Working Group” is to provide feedback to the actuary prior to presentation to the OPEB Committee.

I. Timeline Recommendation:

2018 Process and Timeline

- 6/07/18 – Selection of Actuary/Technical Advisor
- 6/18/18 – Discussion with “Working Group” around reporting assumptions including
 - Discount rate
 - Trend rate
 - Payroll growth
 - Demographic Assumptions
- 6/25/18 – Segal presents Assumptions and Timeline to OPEB Committee
- 8/15/18 – Segal provides Draft GASB 74 Report to “Working Group”
- 8/20/18 – “Working Group” submits Report revisions
- 8/24/18 – Segal presents Draft GASB 74 Report to Committee
- 8/31/18 – Segal provides Final GASB 74 Report
- 11/30/18 – Segal provides Draft GASB 75 Report to FOD
- 12/17/18 – Segal provides Draft Allocation Tables to FOD
- 2/14/19 – Segal provides final GASB 75 Report and Allocation Tables

Proposed 2019 Process and High Level Timeline

- 4/24/19 – Selection of Actuary/Technical Advisor
- Week of 5/20/19 – “Working Group” reviews recommended assumptions for reasonability and changes from prior year; Also include discussion of impact of CPP on assumptions
- 6/10 – 6/12 – OPEB Committee and Actuary finalize detailed timeline and review and accept reporting assumptions including: discount rate, trend rate, inflation rate and payroll growth
- 8/15/19 – “Working Group” receives Segal DRAFT GASB 74 Report
- 8/23/19 – “Working Group” submits Report revisions
- 8/30/19 – Segal provides FINAL GASB 74 Report; Segal presentation; OPEB Committee consensus as to GASB 74 Report acceptance
- 12/16/19 - Segal provides draft GASB 75 Report and Allocation Tables
- 2/14/20* – FOD asks questions, clarifications, and comments regarding GASB 75 Report and Allocation Tables
- 2/28/20* – Segal provides Final GASB 75 Report and Allocation Tables

* FOD is simultaneously verifying the GASB 75 Report and Allocation Tables as well as other Reports (i.e. DIPNC, CDBP, etc) for the CAFR from December to February. It could be possible that FOD provides feedback to the actuary prior to 2/14/20 where FOD would expect a final GASB Report and Allocation Tables within 2 weeks of the final comments.

MOTION - Proposed 2019 Process and High Level Timeline

II. Actuary Recommendation and Selection:

In keeping with statute, the Committee designates either the actuary for the State Health Plan or the actuary for the Retirement Systems Division. Historically, since this is a valuation of a health benefit, the Committee has selected the actuary for the State Health Plan. The Health Plan has a contract with The Segal Company (Segal) that includes the option of conducting the OPEB valuation. The contract outlines Segal’s valuation process, methodology, and data requirements. The Segal contract also states that the GASB 74 report will be completed at the earlier of August 31st or 60 days within receipt of the required data.

The cost to the State Health Plan for Segal to complete the GASB 74 and 75 reports last year was \$97,120. This year, the contractual fixed cost for both reports is \$95,000.

MOTION – Proposed Actuary Recommendation