



Certificate of Achievement for Excellence in Financial Reporting Program

Questions for the Actuarial Section of an OPEB Plan's Comprehensive Annual Financial Report

Note regarding the actuarial section:

The nature and operations of OPEB plans vary greatly. Therefore, it is possible that some checklist questions may not be applicable to some plans. In such cases, the reasons for any missing and/or different actuarial disclosures and schedules should be readily apparent from the description of the plan in the notes to the basic financial statements and throughout the CAFR.

Table with 3 columns: YES, NO, N/A. Rows contain 7 questions regarding actuarial sections and funding policies, including a note about statutory basis contributions.

YES	NO	N/A	
			g. Does the discussion indicate whether the actuarial assumptions used for funding purposes differ from those used for financial reporting purposes?
			i. If so, does it provide an explanation for any differences?
			4. Does the actuarial section include a certification letter from the actuary or actuaries primarily responsible for the valuation?
			<i>Cost-sharing and single-employer plans may also wish to include the certification letter for the actuarial valuation used for financial reporting purposes. That option sometimes would not be practical for agent plans, given the individualized nature of each valuation.</i>
			a. Does that letter indicate the frequency of actuarial valuations (annual? biennial?) and the date of the most recent actuarial valuation?
			b. Does that letter describe the extent to which the actuary relied on information provided by the plan's administrative staff and, when applicable, expressly state that the information was certified by the plan auditor?
			c. Does that letter describe the extent to which the actuary examined the reasonableness of plan information?
			d. Does that letter provide a list of the supporting schedules in the actuarial section that were prepared by the actuary?
			e. Does that letter expressly state that the assumptions and methods used for funding purposes meet the guidance set by Actuarial Standards of Practice (ASOPs) or, if not, a description of how they deviate from that guidance?
			<i>If a cost-sharing or single-employer plan elects to include the certification letter for the actuarial valuation used for financial reporting purposes, that letter should expressly state that the assumptions and methods used for financial reporting purposes meet the generally accepted actuarial principles set by ASOPs, or, if not, a description of how they deviate from those guidance and principles. It also should include a list of supporting schedules, appearing in the financial section, which were prepared by the actuary.</i>
			f. Is that letter printed on the primary actuary's letterhead, dated, and signed by the actuary primarily responsible for the valuation? (Additional actuaries may also sign.)
			g. Does the signature block of that letter contain the relevant professional designations, as appropriate?
			5. Does the actuarial section include a summary of actuarial assumptions and methods used for the most recent actuarial valuation?
			a. Does that summary indicate the source of, or basis for, participation assumptions, including acceptance or election rates (for retirees and dependents), lapse rates, or re-enrollment rates?
			b. Does that summary indicate the assumed rate of return on OPEB assets and whether it is different from the rate used to discount the actuarial accrued liability?
			c. Does that summary indicate the method used to value plan assets for actuarial purposes?

YES	NO	N/A	
			d. Does that summary indicate whether the actuarial methods and assumptions, as set forth in the supporting schedules, were: 1) selected by the actuary; 2) specified by the administrative governing body of the plan, with or without the recommendation of the actuary; 3) specified by state or local law; or 4) selected in some other manner?
			e. Does that summary indicate a mortality table as well as the projection scale or other provision for mortality improvements used for postretirement mortality (specifying any sex differential)?
			f. Does that summary indicate the assumed retirement age (if a single age is used) or the probability of retirement for sample ages (if a retirement pattern is used)?
			g. Does that summary indicate the probabilities of withdrawal from active service (including death) before age and service requirements have been met (for sample ages)?
			h. Does that summary indicate assumptions for retiree contributions, if applicable?
			i. Does that summary indicate assumptions of per capita claims costs (including any loads for adverse selection)?
			j. Does that summary indicate the pay increase assumption(s) including the portion of assumed salary increase, if any, attributable to the effects of inflation; the percentage (if a single percentage is used); or the assumed increase in salary for sample ages (if the salary scale is used)? <i>Depending on the nature of the OPEB benefits, this may not be applicable.</i>
			k. Does that summary indicate the actuarial cost method used, with specific mention of the treatment of actuarial gains and losses?
			l. Does that summary indicate the method used to amortize any unfunded actuarial accrued liability or surplus?
			m. Does that summary indicate the extent to which benefits and retirees contributions are expected to increase as a result of healthcare cost trend rate assumptions (if applicable)?
			n. Does that summary indicate the date(s) of adoption of the actuarial assumptions and methods discussed above?
			o. Does that summary indicate the source of, or basis for, demographic assumptions used?
			p. Does that summary indicate recent changes, if any, in the nature of the plan, the actuarial methods used, the actuarial assumptions used, or the actuary retained?
			q. Does that summary indicate any other specific assumptions or significant events that have a material impact on the actuarial valuation results?
			6. Does the actuarial section include a schedule of active member valuation data?

	<p>a. Does that schedule distinguish, at a minimum, between Medicare-eligible and non-Medicare-eligible individuals?</p> <p><i>Plans with several different classifications of employees may wish to present this information separately for each group.</i></p>
	<p>b. If for a multiple-employer plan, does that schedule present information, for the ten most recent years, regarding the number of participating employers? <i>Presenting information for the ten most recent years is recommended. Information newly required by GASB Statement No. 74 should be added each year as it becomes available, until a full ten years history is available for presentation.</i></p> <p><i>GASB Statement No. 74 directs that legally separate employers within the same financial reporting entity be treated as a single employer for purposes of OPEB plan reporting, which marks a departure from previous practice, which had counted multiple employers within the same financial reporting entity separately. As a result, the numbers presented for fiscal years prior to the implementation of GASB Statement No. 74 may not be comparable to those presented after implementation. If so, the schedule should indicate that fact.</i></p>
	<p>c. Does that schedule present information for the ten most recent years regarding the number of active members?</p>
	<p>d. Does that schedule present information for the ten most recent years regarding annual payroll for active members?</p> <p><i>If the amount of annual payroll for this purpose differs from the amount reported as annual covered payroll or covered-employee payroll (whichever is applicable) in the financial section, the reason for the disparity should be disclosed.</i></p>
	<p>e. Does that schedule present information for the ten most recent years regarding annual average pay for active members (if the contributions are pay-related)?</p>
	<p>f. Does that schedule present information for the ten most recent years regarding the percentage increase/(decrease) in annual average pay for active members (if the contributions are pay-related)?</p>
	<p>7. Does the actuarial section include a schedule of the number of covered individuals with an explanation of what constitutes a covered individual?</p> <p><i>Plans with several different classifications of employees may wish to present this information separately for each.</i></p>
	<p>a. Does that schedule indicate the valuation date?</p>
	<p>b. Does that schedule include the number of retirees and beneficiaries added to the rolls for each of the ten most recent years?</p>
	<p>c. Does that schedule include the dollar amount of annual benefits added to the rolls for each of the ten most recent years?</p>
	<p>d. Does that schedule include the dollar amount of average annual benefits as of the valuation date?</p>

YES NO N/A

	<p>e. Does that schedule include the percentage increase/(decrease) in average annual benefits as of the valuation date?</p> <p><i>This amount should include any adjustments made to benefits subsequent to retirement.</i></p>
	<p>f. Does that schedule include the number of retirees and beneficiaries removed from the rolls for each of the ten most recent years?</p>
	<p>g. Does that schedule include the dollar amount removed from the rolls for each of the ten most recent years?</p>
	<p>8. Does the actuarial section include an analysis of financial experience?</p> <p><i>An “analysis of financial experience” is a gain/loss analysis of changes in the actuarial accrued liability or unfunded actuarial accrued liability that considers variances between actual experience and assumed experience for different types of risk, based on health insurance premiums, actuarial medical claim history, etc. An analysis of financial experience may not be practical for agent plans.</i></p>
	<p>9. If the actuary who performed the valuation was a member of the plan’s own staff, and an actuary who was not a member of the plan’s staff conducted a review, does the actuarial section include a statement from the reviewing actuary?</p>
	<p>10. If an independent actuary performed the valuation, and another actuary performed an actuarial review or actuarial audit, does the actuarial section include an abbreviated version of that report?</p> <p><i>Since there is no authoritative definition of an “actuarial audit,” the abbreviated report of an actuarial audit should clarify the level of assurance being provided.</i></p>
	<p>a. If an independent actuarial review/audit was concluded during the Period, has a summary of the findings been included?</p>
	<p>11. Does the actuarial section include a description of any changes in plan provisions and specifically indicate which of those changes were taken into account in the most recent actuarial valuation?</p>
	<p>12. Does the actuarial section include the following member benefit coverage information (traditionally referred to as a “solvency test”) for each of the ten most recent years?</p>
	<p>a. Does it indicate the valuation date?</p>
	<p>b. Does it indicate the aggregate accrued liability for refundable active member contributions, if available?</p>
	<p>c. Does it indicate the aggregate accrued liability for retired/vested members?</p>
	<p>d. Does it indicate the aggregate accrued liability for active member benefits financed by the employer?</p>
	<p>e. Does it indicate the actuarial value of assets?</p>

YES NO N/A

YES	NO	N/A	
			f. Does it separately indicate the portion of the aggregate accrued liabilities covered by the actuarial value of assets for: 1) refundable active member contributions, if applicable; 2) retired/vested members; and 3) active members (the employer-financed portion), if any, in that order?
			13. Does the actuarial section include a schedule of funding progress for each of the ten most recent years, based on the actuarial methods and assumptions used for funding purposes?
			a. Does that schedule present the actuarial accrued liability?
			b. Does that schedule present the actuarial value of plan assets?
			c. Does that schedule present the unfunded actuarial accrued liability or surplus?
			d. Does that schedule present the actuarial value of plan assets as a percentage of the actuarial accrued liability?
			e. Does that schedule present covered-employee payroll, if available?
			f. Does that schedule present the unfunded actuarial accrued liability or surplus as a percentage of covered-employee payroll, if available?
			14. Does the actuarial section reference the ten-year schedule of actuarially determined and actual contributions provided as required supplementary information?
			15. Do amounts reported in the actuarial section agree with related amounts, if any, found in other sections?
			a. If not, is an explanation for any difference provided?