

EXHIBIT A – SCOPE OF WORK/SERVICES

21-0521

Actuary Services for the GASB 75

1. Purpose

The purpose of this solicitation is to retain an actuary for the reporting required by GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension, in conjunction with the County needs.

2. Information

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement 75, “Accounting and Financial Reporting by Employers for Post-Employment Benefits (OPEB) Other than Pensions”. OPEB refers to medical, dental, vision and other healthcare-related benefits provided to retired employees and their dependents and beneficiaries.

The County provides benefits to eligible employees and retirees under their self-insured plans. Retirees are eligible for benefit continuation at the full premium cost for medical and dental care. Lake County currently provides health benefits to approximately 1131 active employees and 35 retiree employees as of October 1, 2020. The following agencies are covered under Lake County’s plan – Board of County Commissioners (LCBCC); Lake County Clerk of Circuit Court and Comptroller; Lake County Property Appraiser; Lake County Supervisor of Elections; Lake County Tax Collector; Lake Sumter Metropolitan Planning Organization; and the Lake County Water Authority.

A separate calculation and report will be required for the Lake County Sheriff (Sheriff) self-insured plan. The Sheriff currently provides health benefits to approximately 659 active employees and 46 retiree employees as of October 1, 2020.

Copies of the 2019 and 2020 OPEB reports for Lake County and the Sheriff are available upon request.

The County self-insures its Medical Health Benefit and maintains stop loss coverage with a \$300,000 per medical claim; the Sheriff maintains stop loss coverage up to \$195,000, plus aggregate stop loss coverage.

The GASB standards for OPEB plan accounting require public sector employees, such as LCBCC and Sheriff to accrue the costs of retiree health benefits. Employers are required to calculate several components which include the following:

- Total OPEB Liability (the portion of the actuarial present value of future benefits which is attributed to past period of employee service).
- Net OPEB Liability (Total OPEB Liability net of actuarial value of assets)
- Service Cost (the portion of the actuarial present value of projected benefit payments that are attributed to the valuation year)
- OPEB Expense (changes in the OPEB Liability during the reporting period which includes Service Cost, Interest Cost, changes in benefit terms, expected earnings on OPEB plan investments, reduction of active employees' contributions, OPEB plan administrative expenses, and current period recognition of Deferred Outflows / (Inflows) of Resources)

EXHIBIT A – SCOPE OF WORK/SERVICES

21-0521

Actuary Services for the GASB 75

- Deferred Outflows/ (Inflows) of Resources (represent items recognized in the OPEB Expense with respect to: (i) differences between expected and actual experience; (ii) changes in assumptions; (iii) differences in projected and actual earnings in OPEB plan investments.

The actuarial study performed by the Contractor shall provide information to enable LCBCC and Sheriff to identify and manage the costs and liabilities associated with its retiree health and dental benefits.

3. Scope of Service

The actuary will assist the County in complying with the GASB 75 requirement that will establish standards for the measurement, display and recognition of OPEB expenses and liabilities. The minimum requirement of the actuarial study shall include the following in a written report:

- A. Develop age-specific per capita costs on an actuarial basis for medical and prescription drug benefits (pre-65 and post-65), and other "benefit types" necessary for projecting long-term costs (for at least 5 years).
- B. Actuarial value of benefits, separately identifying amounts for actives and retirees including:
 1. Present Value of Future Benefits
 2. Total OPEB Liability (TOL)
 3. Plan Assets and Net OPEB Liability (NOL)
 4. Normal Costs
 5. Future Normal Costs
- C. GASB 75 accounting information required for financial statement disclosure (with information by entity for items) including:
 1. Schedule of Total and Net OPEB Liability (TOL / NOL) and related ratios
 2. Schedule of Changes in the Total OPEB Liability
 3. Plan Fiduciary Net Position
 4. OPEB Expense
 5. Deferred Outflow / (Inflow) of Resources
 6. Amortization Schedule for Outflow / (Inflow) of Resources
 7. Sensitivity results
 8. Substantive Plan provisions
 9. Key Actuarial Assumptions complying with GASB requirements
- D. Information to assist the County in future budgeting, including.
 1. The 30 year "pay-as-you-go" cost; and
 2. Recommendations (as appropriate) on managing the liability.

EXHIBIT A – SCOPE OF WORK/SERVICES

21-0521

Actuary Services for the GASB 75

All costs and liabilities should be separated between active employees and current retirees between pre-65 and post-65 where applicable. In addition, it may be necessary for the actuary to further breakdown results internally to facilitate calculation, such as to separate current and future retirees.

- E. The consultant may be required to consult and recommend to Lake County a methodology for and impact of funding OPEB. All recommendations must comply with all applicable State and Federal laws.
- F. The selected consultant may be expected to assist with oral presentations (to include handouts) to the Board of County Commissioners or others as deemed necessary. The consultant should also provide ongoing and open communications over the course of the study.
- G. Consultant will be required to review the plan after the first year of implementation and then every other year thereafter, during the term of the contract.

4. Completion Schedule

Provide written report, per fiscal year, sixty (60) days after receipt of data requested.

5. Additional Work

Although this solicitation and resultant contract identifies specific services to be provided, it is hereby agreed and understood that additional work may be added to this contract at the option of the County. When required, the contractor will be invited to submit price quotes for these additional services. If these quotes are determined to be fair and reasonable, then the additional work will be awarded to the current contract. The additional work shall be added to this contract by formal modification.

6. Minimum Qualifications

Minimally, the qualifications of the firm performing the actuarial analysis shall include the following:

- A. Firm shall have been engaged in the business of health and pension actuarial analysis and have proven quantifiable ability in this area for a period of no less than five (5) years.
- B. The individual who will be performing the work must be a Fellow of the Casualty Actuarial Society and a Member of the American Academy of Actuaries or a Fellow of the Society of Actuaries.
- C. The firm shall be an independent entity.
- D. An insurance company, third party claims administrator or similar organization shall not be considered qualified. Additionally, if the majority ownership of the proposing organization is an insurance company or similar organization referenced in this item, then the proposing organization will not be considered qualified.

[The remainder of this page intentionally left blank]