

Lauterbach & Amen, LLP
668 N. River Road
Naperville, IL 60563

Actuarial Valuation
as of January 1, 2018



CHAMBERS COUNTY, TEXAS
POSTRETIREMENT HEALTH
PLAN

GASB 74/75 Financial Statement Reporting

LAUTERBACH & AMEN, LLP

Actuarial GASB Disclosures Statements 74 and 75



Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS

CHAMBERS COUNTY, TEXAS POSTRETIREMENT HEALTH PLAN

Fiscal Year Ending: December 31, 2018

Actuarial Valuation Date: January 1, 2018

Measurement Date: December 31, 2018

Submitted by:

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July 8, 2019

LAUTERBACH & AMEN, LLP



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ACTUARIAL CERTIFICATION

This certification provides supplemental information as required by the Governmental Accounting Standards Board. The enclosed schedules were prepared by the undersigned to provide general information to assist in the preparation of the Annual Financial Report. The assumptions and methods used in the preparation of this disclosure meet the parameters set for the disclosures presented in the financial section as required by the Governmental Accounting Standards Board. Additional information is also provided solely to assist the auditors in preparation of the required footnote disclosures.

The results in this report are based on information and data submitted by Chambers County, Texas. We did not prepare the Actuarial Valuations for the years prior to January 1, 2008. Those valuations were prepared by other Actuaries whose reports have been furnished to us, and our disclosures are based upon those reports. An audit of the information was not performed, but high-level reviews were performed for general reasonableness as appropriate based on the purpose of the valuation. The accuracy of the results is dependent upon the precision and completeness of the underlying information. The results of the Actuarial Valuation and these supplemental disclosures rely on the information provided.

The valuation results summarized involve actuarial calculations that require assumptions about future events. Chambers County, Texas selected certain assumptions, while others were the result of guidance and/or judgment. We believe that the assumptions used in the valuation are reasonable and appropriate for the purposes for which they have been used.

To the best of our knowledge, all calculations are in accordance with the applicable funding requirements, and the procedures followed and presentation of results conform to generally accepted actuarial principles and practices. The undersigned consultant of Lauterbach & Amen, LLP, with actuarial credentials, meets the Qualification Standards of the American Academy of Actuaries to render this Actuarial Certification. There is no relationship between Chambers County, Texas and Lauterbach & Amen, LLP that impairs our objectivity.

Respectfully Submitted,

LAUTERBACH & AMEN, LLP

Todd A. Schroeder, ASA, FCA, EA, MAAA



MANAGEMENT SUMMARY

Comments and Analysis



COMMENTS AND ANALYSIS

The following paragraphs are intended to describe the changes in Actuarial Accrued Liabilities that occurred between the County's last full GASB 43/45 valuation for January 1, 2016, and the current full GASB 74/75 valuation for January 1, 2018.

Expected Increase in Actuarial Liability

Each year the Actuarial Accrued Liability is expected to increase with interest and the accrual of additional service by active plan Members. The increases are partially offset by decreases in liability due to benefit payments. The expected Actuarial Liability increase for the current year was approximately \$1,544,000.

In addition to the expected increases in Actuarial Liability, additional changes in Actuarial Liability occurred between the prior valuation and the current year. Below are the key components of those changes.

Census

The current valuation census contains 22 retirees, 3 of whom are not generating liability because they are 65 years old or older, for a net retiree population of 19 retirees. The previous valuation census contained 23 retirees, 11 of whom were expected to lapse all coverages because they are 65 years old or older, for a net retiree population of 12 retirees. Because retirees make up most of the Actuarial Liability, the larger retiree population resulted in an increase in the Actuarial Liability in the current year of approximately \$654,000.

The current valuation census contains 434 active employees, 71 of whom are waiving coverage, for a net active population of 363 participating employees. The 363 participating active employees are, on average, 47 years old with 8 years of service. The previous valuation census contained 352 participating active employees who were, on average, 49 years old with 10 years of service. The larger active population resulted in an increase in the Actuarial Liability in the current year, which is offset by the decrease due to the group being younger with less years of service and thus farther away from retirement, for a net decrease of approximately \$1,637,000.

The overall changes in census resulted in a net decrease in the Actuarial Liability in the current year of approximately \$983,000.

County Costs

The County's claims experience was higher than expected in the current valuation. The higher than expected claims experience resulted in an increase in the Actuarial Liability in the current year of approximately \$65,000.



COMMENTS AND ANALYSIS - CONTINUED

Assumptions

We have revised the expected increases in medical costs assumption to 0.00% in the first year of the projection, based on known information, and 6.50% in the second year of the projection. Long-term, ultimate increases in medical costs have been set at 5.00%.

The bond rate was initially increased from 3.00% to 3.44% to better reflect the high-quality fixed income environment as of January 1, 2018. The underlying index used is the Bond Buyer 20-Bond G.O. Index. The initial rate used was as of December 28, 2017.

The bond rate was then increased from 3.44% to 4.10% to better reflect the current high-quality fixed income environment. The underlying index used is the Bond Buyer 20-Bond G.O. Index. The rate has been updated to the current Fiscal Year-End based on changes in market conditions as reflected in the index. The rate used is as of December 27, 2018. The change was made to reflect our understanding of the requirements for limited-year reporting under GASB Statement 75. See the Actuarial Assumption Information section of this report for further details.

The discount rate used in the determination of the Total OPEB Liability was increased from 3.00% to 5.50%. The discount rate is impacted by a couple of metrics. Any changes in the underlying Bond Buyer 20-Bond G.O. Rate will impact the blended discount rate. See the Actuarial Assumption Information section of this report for further details.

The expected rate of compensation increases has been increased from 3.00% to 3.25% to better reflect future anticipated plan experience.

If an employee has waived active medical coverage, it is assumed they will elect coverage in the retiree medical plan at 1/3 the rate of active employees currently with coverage.

The mortality, retirement, termination, and disability tables have been changed to reflect more current trends in TCDRS (Texas County & District Retirement System) populations.

The changes in the assumptions were made to better reflect the future anticipated experience in the plan and resulted in a net increase in the Actuarial Liability in the current year of approximately \$209,000.



COMMENTS AND ANALYSIS - CONTINUED

Life Insurance

The current valuation differs from the prior valuation as we are no longer valuing an implicit liability for the life insurance benefit. Removing the implicit liability for life insurance resulted in a decrease in the Actuarial Liability in the current year of approximately \$181,000.

Cost Method

The actuarial cost method used in the determination of the Total OPEB Liability has been updated to the Entry Age Normal Method (level percent of pay) as per GASB 74/75 standards. This change resulted in an increase in the Actuarial Liability in the current year of approximately \$1,346,000.



POSTRETIREMENT PLAN NET POSITION

Statement of OPEB Plan Net Position
Statement of Changes in OPEB Trust and OPEB Plan Net Position
Statement of OPEB Plan Benefit Payments and Contributions



STATEMENT OF OPEB PLAN NET POSITION

	<u>12/31/2017</u>	<u>12/31/2018</u>
Assets		
Cash and Cash Equivalents	\$ -	\$ -
Total Cash	<u>-</u>	<u>-</u>
Receivables:		
Due from County	-	4,000,000
Investment Income - Accrued Interest	-	-
Other	-	-
Total Receivables	<u>-</u>	<u>4,000,000</u>
Investments:		
Common Stock	-	-
Total Investments	<u>-</u>	<u>-</u>
Total Assets	<u>-</u>	<u>4,000,000</u>
Liabilities		
Payables:		
Expenses Due/Unpaid	-	-
Other	-	-
Total Liabilities	<u>-</u>	<u>-</u>
Net Position Restricted for Postretirement Plan	<u>\$ -</u>	<u>\$ 4,000,000</u>

The Total OPEB Liability is a funded obligation as the Employer has a trust dedicated exclusively to the payment of OPEB benefits.



STATEMENT OF CHANGES IN OPEB TRUST AND OPEB PLAN NET POSITION

	<u>12/31/2018</u> <u>OPEB Trust</u>	<u>12/31/2018</u> <u>OPEB Plan</u>
Additions		
Contributions		
Employer	\$ 4,000,000	\$ 4,631,365
Member	-	-
Other	-	-
Total Contributions	<u>4,000,000</u>	<u>4,631,365</u>
Investment Income		
Total Investment Income	-	-
Interest and Dividends	-	-
Less Investment Expense	-	-
Net Investment Income	<u>-</u>	<u>-</u>
Total Additions	<u>4,000,000</u>	<u>4,631,365</u>
Deductions		
Benefit Payments	-	631,365
Administrative Expense	-	-
Total Deductions	<u>-</u>	<u>631,365</u>
Net Increase in Net Position	<u>4,000,000</u>	<u>4,000,000</u>
Net Position Restricted for Postretirement Plan		
Beginning of Year	<u>-</u>	<u>-</u>
End of Year	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>

The Total OPEB Liability is a funded obligation as the Employer has a trust dedicated exclusively to the payment of OPEB benefits.



STATEMENT OF OPEB PLAN BENEFIT PAYMENTS AND CONTRIBUTIONS

	<u>12/31/2018</u>
Employer Contributions	
OPEB Trust Contributions	\$ 4,000,000
Contributions from Other County Resources*	<u>631,365</u>
Total OPEB Plan Contributions	<u>\$ 4,631,365</u>
Employer Benefit Payments	
Benefit Payments from Trust	\$ -
Benefit Payments from Other County Resources*	<u>631,365</u>
Total OPEB Plan Benefit Payments	<u>\$ 631,365</u>

A portion of the Employer Contributions and benefit payments is based on the cost sharing provisions. In addition, a portion is related to the increase in active premiums due to the presence of retirees in the determination of blended retiree/active premiums.

*Contributions from Other County Resources and Benefit Payments from Other County Resources refers to contributions made to and benefit payments made from the OPEB Plan that were not directly made to or from the OPEB Trust.

Of the benefit payments from Other County Resources, \$451,037 are explicit benefit payments due to the retiree plan provisions and \$180,328 are implicit benefit payments due to the presence of retirees in the determination of the blended retiree/active premiums.



ACTUARIAL OPEB LIABILITY INFORMATION

Statement of Total OPEB Liability
Statement of Changes in Total OPEB Liability
Statement of Changes in Net OPEB Liability
Deferred Outflows and Inflows of Resources
Deferred Outflows and Inflows of Resources – Details
OPEB Expense Development



STATEMENT OF TOTAL OPEB LIABILITY

	<u>12/31/2017</u>	<u>12/31/2018</u>
Total Active Employees	\$ 8,478,590	\$ 9,551,756
Inactive Employees Currently Receiving Benefit Payments	1,380,736	1,091,908
Inactive Employees Entitled To But Not Yet Receiving Benefit Payments	-	-
Total Inactive Employees	<u>1,380,736</u>	<u>1,091,908</u>
Total OPEB Liability	<u>\$ 9,859,326</u>	<u>\$ 10,643,664</u>

The Total OPEB Liability shown is dependent on several factors such as Plan Provisions and assumptions used in the report. In addition, the calculation of the Total OPEB Liability may be dependent on the OPEB Plan Net Position shown on the prior page. Changes in the OPEB Plan Net Position due to any factor, including adjustment on final audit, could change the Total OPEB Liability. The dependence of the Total OPEB Liability on the Net Position is due to the role of the Net Position (and projected Net Position) on the determination of the discount rate used for the Total OPEB Liability.

The Total OPEB Liability has been determined for GASB 74/75 reporting purposes only. The resulting Total OPEB Liability is intended to be used in the financial statement reporting of the postretirement plan and/or the Employer. The resulting liability is not intended to be a representation of the postretirement plan liability for other purposes, including but not limited to determination of cash funding requirements and recommendations, if applicable.

This is the implementation year of GASB 74/75. The Total OPEB Liability for the prior Fiscal Year has been developed based on the current Actuarial Valuation Date and beginning of year assumptions shown in this report. It has been provided for purposes of an opening balance for the implementation of GASB 74/75.



STATEMENT OF CHANGES IN TOTAL OPEB LIABILITY

Total OPEB Liability	12/31/2018
Service Cost	\$ 890,802
Interest	524,901
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes in Assumptions	-
Benefit Payments*	<u>(631,365)</u>
Net Change in Total OPEB Liability	784,338
Total OPEB Liability - Beginning	<u>9,859,326</u>
Total OPEB Liability - Ending (a)	<u>\$ 10,643,664</u>
OPEB Plan Net Position - Ending (b)	<u>\$ 4,000,000</u>
Employer's Net OPEB Liability/(Asset) - Ending (a) - (b)	<u>\$ 6,643,664</u>
OPEB Plan Net Position as a Percentage of the Total OPEB Liability	37.58%
Covered-Employee Payroll	\$ 15,494,833
Employer's Net OPEB Liability as a Percentage of Employee Payroll	42.88%

*See the benefit breakdown in the Statement of OPEB Plan Benefit Payments and Contributions section.

The OPEB Plan Net Position was detailed in the prior section of this report. The Employer's Net OPEB Liability is the excess of the Total OPEB Liability over the OPEB Plan Net Position. Because this is the implementation year of GASB 74/75, there are no changes in the Net OPEB Liability related to changes in benefit terms or actuarial experience.

Total OPEB Liability may be dependent on the Net Position of the postretirement plan. Changes in the Net Position could change the determination of the Total OPEB Liability. Any changes in Net Position, including adjustments on final audit, can have an impact on Net OPEB Liability that extends beyond the dollar-for-dollar change in Net Position.

Covered-Employee Payroll is based on total covered payroll for the postretirement plan Members during the Fiscal Year.



STATEMENT OF CHANGES IN NET OPEB LIABILITY

The table below illustrates the change in the Net OPEB Liability from the prior Measurement Date to the current Measurement Date. Under Statement 75, the difference between the Net OPEB Liability from the prior Measurement Date to the current Measurement Date should be recognized as an expense, unless permitted to be recognized as a Deferred Outflow or Inflow of Resources.

	Increase (Decrease)		
	Total OPEB Liability (a)	OPEB Plan Net Position (b)	Net OPEB Liability (a) - (b)
Balances Beginning at 1/1/2018	<u>\$ 9,859,326</u>	<u>\$ -</u>	<u>\$ 9,859,326</u>
Changes for the year:			
Service Cost	890,802	-	890,802
Interest	524,901	-	524,901
Actuarial Experience	-	-	-
Assumptions Changes	-	-	-
Plan Changes	-	-	-
Contributions - Employer	-	4,631,365	(4,631,365)
Contributions - Employee	-	-	-
Contributions - Other	-	-	-
Net Investment Income	-	-	-
Benefit Payments from Trust	(631,365)	(631,365)	-
Administrative Expense	-	-	-
Net Changes	<u>784,338</u>	<u>4,000,000</u>	<u>(3,215,662)</u>
Balances Ending at 12/31/2018	<u>\$ 10,643,664</u>	<u>\$ 4,000,000</u>	<u>\$ 6,643,664</u>

The changes in Total OPEB Liability above are described on the prior page. The OPEB Plan Net Position was detailed in the prior section of this report. The Employer's Net OPEB Liability is the excess of the Total OPEB Liability over the OPEB Plan Net Position.



DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The table below shows the cumulative amounts to be shown as Deferred Outflows and Inflows of Resources. Changes in Total OPEB Liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in OPEB Expense over the expected remaining service life of all employees (active and retired) in the postretirement plan. Differences in projected and actual earnings over the measurement period are recognized over a 5-year period. Amounts not yet recognized are summarized below:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Postretirement Plan Investments	-	-
Total Deferred to Be Recognized in Future Expense	\$ -	\$ -
Contributions Subsequent to the Measurement Date*	\$ -	\$ -
Total	\$ -	\$ -

*Contributions subsequent to the Measurement Date may be recognized as a reduction to the Net OPEB Liability. The amount is not known as of the date of this report. Subsequent to the Measurement Date, the following amounts will be recognized in OPEB Expense in the upcoming years:

Year Ended December 31:	
2019	\$ -
2020	-
2021	-
2022	-
2023	-
Thereafter	-

Because this is the implementation year of GASB 74/75, the beginning Total OPEB Liability is based on the same data as the ending Total OPEB Liability. Therefore, there are no differences between actual and expected experience that are being deferred in the current year.



DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES - DETAILS

The table below shows the annual detail amounts that have been summarized on the prior page. Under Statement 75, the level of detail shown on the prior page is sufficient for financial statement reporting. The detail shown below is primarily for tracking purposes.

OPEB Expense Source	Date Established	Initial Period	Initial Balance	Remaining Period	12/31/2018 Expense Recognized	12/31/2018 Deferred Balance
Asset (Gain)/Loss	12/31/2018	5.00	\$ -	5.00	\$ -	\$ -
Change in Assumptions (Gain)/Loss	12/31/2018	9.98	-	9.98	-	-
Actuarial (Gain)/Loss	12/31/2018	9.98	-	9.98	-	-
Total			\$ -		\$ -	\$ -

Each detail item in the chart above was established as of the Fiscal Year-End shown and the full amount deferred has been determined as of that time. Any events that occur in subsequent Fiscal Years do not have an impact on the prior Fiscal Year. The bases are established independently each year.

Because this is the implementation year of GASB 74/75, the beginning Total OPEB Liability is based on the same data as the ending Total OPEB Liability. Therefore, there are no differences between actual and expected experience that are being deferred in the current year.



OPEB EXPENSE DEVELOPMENT

The table below displays the OPEB Expense development for the current year. The OPEB Expense includes items that change the Net OPEB Liability from one year to the next, netted out for amounts that are deferred under GASB pronouncement, plus any amounts that are being recognized that were deferred previously.

See below for development of the OPEB Expense:

	<u>12/31/2018</u>
OPEB Expense/(Income) Under GASB 75	
Service Cost	\$ 890,802
Interest	524,901
Plan Changes	-
Contributions - Employee	-
Contributions - Other	-
Expected Investment Income	-
Administrative Expense	-
Other Changes	-
Initial OPEB Expense/(Income)	<u>1,415,703</u>
Recognition of Outflow/(Inflow) of Resources due to Liabilities	-
Recognition of Outflow/(Inflow) of Resources due to Assets	-
Total OPEB Expense/(Income)	<u>\$ 1,415,703</u>



ACTUARIAL ASSUMPTION INFORMATION

Statement of Significant Actuarial Assumptions
Assumption Changes
Expected Return on OPEB Plan Investments
Municipal Bond Rate
Discount Rate
Development of Starting Claims Costs
Sensitivity of the Discount Rate
Sensitivity of the Healthcare Cost Trend Rates



STATEMENT OF SIGNIFICANT ACTUARIAL ASSUMPTIONS - CONTINUED

Blended Premium Rates See accompanying table for premiums charged for coverage.

Annual Blended Premiums				
	<u>Under Age 65</u>		<u>Age 65-&-Over</u>	
	<u>Retiree</u>	<u>Spouse</u>	<u>Retiree</u>	<u>Spouse</u>
BCBS PPO	\$14,814	\$8,710	N/A	N/A

Healthcare Cost Trend Rates

Healthcare Trend		BCBS PPO	
(FY = Fiscal Year)			
<u>Period</u>		<u>U65</u>	<u>65+</u>
FY 18 to FY 19		0.00%	N/A
FY 19 to FY 20		6.50%	N/A
FY 20 to FY 21		6.50%	N/A
FY 21 to FY 22		6.00%	N/A
FY 22 to FY 23		6.00%	N/A
FY 23 to FY 24		5.50%	N/A
FY 24 to FY 25		5.50%	N/A
FY 25 to FY 26		5.00%	N/A
Ultimate		5.00%	N/A

Assumptions (Demographic)

Election at Retirement Coverage election at retirement is assumed at the following rates:

Active	100%
Active - Currently Waiving	33%

If an employee has waived active medical coverage, it is assumed they will elect coverage in the retiree medical plan at 1/3 the rate of active employees currently with coverage.

Spousal Election Of those employees assumed to elect coverage in retirement, 30% are assumed to elect spousal coverage. Female spouses are assumed to be 3 years younger than male spouses.



STATEMENT OF SIGNIFICANT ACTUARIAL ASSUMPTIONS - CONTINUED

Plan Participation Rate Of the employees that will elect coverage at retirement, as noted above, it is assumed they will elect coverage in the available medical plans at the following rates:

	<u>Active</u>
BCBS PPO	100%

Retiree Lapse Rates Retirees receiving medical coverage are expected to lapse all coverages at age 65 at the following rates:

Active	N/A
---------------	-----

Retirement Rates 12/31/2017 TCDRS Rates Before Age 60, with Accelerated Rates After Age 60 Cap Age 65. Sample Rates as Follows:

Age	Rate	Age	Rate
52	0.090	62	0.250
53	0.090	63	0.250
54	0.100	64	1.000

Termination Rates 12/31/2017 TCDRS Rates with 0% if Within 2 Years of Retirement Eligibility using 80% Weighting Factor per TCDRS Study for Chambers County, Texas.

Disability Rates None.

Mortality Rates TCDRS Mortality follows the Sex Distinct Raw Rates as Developed in the RP-2014 Study. These Rates are Improved Generationally using 110% of the Ultimate MP-2014 Improvement Rates and Weighted Based on the TCDRS December 31, 2017 Actuarial Valuation.

ASSUMPTION CHANGES

Because this is implementation year of GASB 74/75, the beginning Total OPEB Liability is based on the same data and Plan Provisions as the ending Total OPEB Liability. For the purpose of developing changes in OPEB Liability for GABS 74/75 reporting, there have been no changes in assumptions from the prior year.



EXPECTED RETURN ON OPEB PLAN INVESTMENTS

The long-term expected rate of return on assets is intended to represent the best estimate of future real rates of return for each of the major asset classes in the plan's investment policy. Long-term expected real returns under GASB are expected to reflect the period of time that begins when a plan member begins to provide service to the employer and ends at the point when all benefits to the plan member have been paid. The long-term expected rates of return on assets have not been provided by the County or the plan's investment advisor and should be included as part of the financial statement reporting.

MUNICIPAL BOND RATE

The Municipal Bond Rate assumption is based on The Bond Buyer 20-Bond GO Index. The beginning of year rate shown earlier in the Assumption section is the December 28, 2017 rate, and the end of year rate shown is the December 27, 2018 rate. The 20-Bond GO Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

The indexes represent theoretical yields rather than actual price or yield quotations. Municipal bond traders are asked to estimate what a current-coupon bond for each issuer in the indexes would yield if the bond was sold at par value. The indexes are simple averages of the average estimated yields of the bonds.

DISCOUNT RATE

The discount rate used in the determination of the Total OPEB Liability is based on a combination of the Expected Long-Term Rate of Return on Plan Assets and the Municipal Bond Rate. If the Employer does not have a trust dedicated exclusively to the payment of OPEB benefits, then only the Municipal Bond Rate is used in determining the Total OPEB Liability.

If the postretirement plan is funded, as is the case with Chambers County, Texas, cash flow projections are used to determine the extent which the plan's future Net Position will be able to cover future benefit payments. To the extent future benefit payments are covered by the plan's projected Net Position, the expected rate of return on plan investments is used to determine the portion of the Net OPEB Liability associated with those payments. To the extent future benefit payments are not covered by the plan's projected Net Position, the Municipal Bond Rate is used to determine the portion of the Net OPEB Liability associated with those payments.



DISCOUNT RATE – CONTINUED

Projected benefit payments are determined during the valuation process based on the assumptions. More details on the assumptions are in the prior section. The expected contributions are based on the Funding Policy of the plan. The Funding Policy is discussed in more detail in a later section.

DEVELOPMENT OF STARTING CLAIMS COSTS

Starting costs for the County's Plan were developed based on the blended premiums charged for coverage. The insurance carrier charges actives and retirees the same premium rates. According to GASB, when an Employer provides benefits to both active employees and retirees through the same plan, the benefits to retirees should be segregated and measured independently for actuarial measurement purposes. The projection of future retiree benefits should be based on claims costs, or age-adjusted premiums approximating claims costs, for retirees. As such, premiums were estimated for under-65 retirees and their spouses as if they were rated on a stand-alone basis. The results were then disaggregated into age-specific starting costs based on average ages and assumptions on the relationship between costs and increasing age.



SENSITIVITY OF THE DISCOUNT RATE

The Net OPEB Liability has been determined using the end of year discount rate listed in the assumption section. Below is a table illustrating the sensitivity of the Net OPEB Liability to the discount rate assumption.

	1% Decrease (4.50%)	Current Discount Rate (5.50%)	1% Increase (6.50%)
Employer's Net OPEB Liability/(Asset)	\$7,470,064	\$6,643,664	\$5,892,446

The sensitivity of the Net OPEB Liability to the discount rate is based primarily on two factors:

1. The duration of the plan's expected benefit payments. Younger plans with benefit payments further in the future will be more sensitive to changes in the discount rate.
2. The funded percentage of the plan (ratio of the Net Position to the Total OPEB Liability). The higher the funded percentage, the higher the sensitivity to the discount rate.

SENSITIVITY OF THE HEALTHCARE COST TREND RATES

Below is a table illustrating the sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rates assumption.

	1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Employer's Net OPEB Liability/(Asset)	\$5,543,901	\$6,643,664	\$7,934,044

Please refer to the Assumptions (Economic) section for full list of assumed trend rates.



PARTICIPANT DATA

Participant Demographic Data
Expected Future Working Lifetime



PARTICIPANT DEMOGRAPHIC DATA

The chart below summarizes the employee count and payroll of plan Members:

Measurement Date	<u>12/31/2017</u>	<u>12/31/2018</u>
Total Active Employees	434	434
Inactive Employees Currently Receiving Benefit Payments	22	22
Inactive Employees Entitled To But Not Yet Receiving Benefit Payments	0	0
Total	<u>456</u>	<u>456</u>

Participant count is shown as of the Fiscal Year-End date. The data is assumed to be a reasonable representation of data as of the Measurement Date and may have been collected on or before the Fiscal Year-End date. Because this is the implementation year of GASB 74/75, the Total OPEB Liability for the prior Fiscal Year has been developed assuming the census data is the same as that provided for the December 31, 2018 Fiscal Year-End.

The above active census counts include 71 active participants who have waived medical coverage. If an employee has waived active medical coverage, it is assumed they will elect coverage in the retiree medical plan at 1/3 the rate of active employees currently with coverage.

EXPECTED FUTURE WORKING LIFETIME

The chart below summarizes the expected future working lifetime of plan Members:

Measurement Date	<u>12/31/2017</u>	<u>12/31/2018</u>
Average Future Working Career (In Years)		
Active Plan Members	10.48	10.48
Inactive Plan Members	0.00	0.00
Total	9.98	9.98

The expected future working lifetime is measured as of the Actuarial Valuation Date and is based on the demographic assumptions used in the preparation of this report.



FUNDING POLICY

Components of the Actuarially Determined Contribution
Formal Funding Policy
Informal Funding Policy



COMPONENTS OF THE ACTUARIALLY DETERMINED CONTRIBUTION

The Actuarially Determined Contribution (“ADC”) includes the determination of the Normal Cost contribution for active plan Members, as well as a provision for the payment of Unfunded Liability.

The actuarial funding method used in the determination of the normal cost and the actuarial liability is the Entry Age Normal Cost method (level percent of pay). The method allocates normal cost contributions by employee over the working career of the employee as a level percent of their pay.

Unfunded Liability is the excess of the actuarial liability over the actuarial value of assets. The ADC includes a payment towards unfunded liability existing at the actuarial valuation date. The payment towards unfunded liability is set up as a level percent of payroll payment. The current year’s employer contributions are being compared to the ADC as developed in the January 1, 2016 actuarial report. The period of repayment as of that valuation is 30 years. The period of repayment as of the current valuation date is 10 years.

Asset returns that vary from expectations are being smoothed over a five-year period of time.

FORMAL FUNDING POLICY

A Formal Funding Policy exists between Chambers County, Texas and the Chambers County, Texas Postretirement Health Plan. The Policy states that the County will contribute 100% of the Actuarially Determined Contribution (reported in a separate Funding Report for the County). The ADC includes a payment towards unfunded liabilities which are amortized by level percentage of pay contributions to a 100% funding target over 10 future years. Any new unfunded liability will be handled separately.

INFORMAL FUNDING POLICY

In determining the most appropriate informal funding policy, GASB provides the following guidance in the Statement:

Application of professional judgment should consider the most recent five-year contribution history of the employers and nonemployer contributing entities as a key indicator of future contributions from those sources and should reflect all other known events and conditions.... the amount of projected cash flows for contributions from employers and nonemployer contributing entities should be limited to an average of contributions from those sources over the most recent five-year period and may be modified based on consideration of subsequent events. For this purpose, the basis for the average (for example, percentage of covered payroll contributed or percentage of actuarially determined contributions made) should be a matter of professional judgment.



In our review of informal funding policy, the following factors are considered and described herein:

1. The five-year contribution history of the Employer (with a focus on the average contributions from those sources)
2. All other known events and conditions
3. Consideration of subsequent events

Five-Year Contribution History of the Employer

Employer contributions (under the informal policy) should be limited to the average over the most recent five years. In determining the basis for the average we reviewed three possibilities: (a) the average dollar contribution; (b) the average percent of pensionable pay; and (c) the average percent of the actuarial determined contribution. Please see the table below for a summary of these values:

Fiscal Year End	Employer Contributions	Most Applicable ADC	% of ADC	Covered Payroll	% of Payroll
12/31/2018	4,000,000	\$1,492,388	268%	\$15,494,833	25.82%
12/31/2017	N/A	N/A	N/A	N/A	N/A
12/31/2016	N/A	N/A	N/A	N/A	N/A
12/31/2015	N/A	N/A	N/A	N/A	N/A
12/31/2014	N/A	N/A	N/A	N/A	N/A

Other Known Events and Conditions

GASB has a provision for consideration of any other known events or conditions in the most recent five-year history in applying judgement for the Informal Funding Policy. There are no events or conditions that have been considered in the development of the Informal Funding Policy.

Consideration of Subsequent Events

GASB has a provision for modification based on consideration of subsequent events in development of the Informal Funding Policy. There are no events or conditions that have been considered in the development of the informal funding policy.

Informal Funding Policy – Selected

There is a Formal Funding Policy that exists between the County and the Postretirement Health Plan. See page 27 for further details. For this reason, we have not determined an Informal Funding Policy for GASB 74/75 reporting purposes.



FUNDING POLICY – OTHER CONSIDERATIONS

Under GASB, the future contribution amount is not intended to include dollars contributed on behalf of future employees. Contributions are only intended to cover contributions towards the Normal Cost of existing employees as of the Actuarial Valuation Date as well as payment of unfunded liability on behalf of the current existing employees. Contributions under the funding policy have been adjusted as necessary to exclude dollars that would be anticipated to be contributed on behalf of future employees hired after the actuarial valuation date.

The contribution level may not pay off the unfunded liability during the active working lifetimes of current employees. In that case contributions will persist beyond the working lifetimes of current employees. To the extent a portion of the above total contribution is anticipated to pay contributions for future employee normal cost, the amount has been netted out. The remaining amount is anticipated to be paid towards the unfunded liability existing for current employees.



SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the Net OPEB Liability
Schedule of Total OPEB Liability and Related Ratios
Schedule of Contributions
Notes to Schedule of Contributions



SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY

	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>12/31/2013</u>	<u>12/31/2012</u>	<u>12/31/2011</u>	<u>12/31/2010</u>	<u>12/31/2009</u>
Total OPEB Liability										
Service Cost	\$ 890,802									
Interest	524,901									
Changes of Benefit Terms	-									
Differences Between Expected and Actual Experience	-									
Changes in Assumptions	-									
Benefit Payments	(631,365)									
Net Change in Total OPEB Liability	<u>\$ 784,338</u>									
Total OPEB Liability - Beginning	<u>9,859,326</u>									
Total OPEB Liability - Ending (a)	<u>\$ 10,643,664</u>									
OPEB Plan Net Position										
Contributions - Employer	\$ 4,631,365									
Contributions - Member	-									
Contributions - Other	-									
Net Investment Income	-									
Benefit Payments	(631,365)									
Administrative Expense	-									
Net Change in OPEB Plan Net Position	<u>\$ 4,000,000</u>									
OPEB Plan Net Position - Beginning	<u>-</u>									
OPEB Plan Net Position - Ending (b)	<u>\$ 4,000,000</u>									
Employer's Net OPEB Liability/(Asset) - Ending (a) - (b)	<u>\$ 6,643,664</u>									

The current year information was developed in the completion of this report.



SCHEDULE OF TOTAL OPEB LIABILITY AND RELATED RATIO

	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>12/31/2013</u>	<u>12/31/2012</u>	<u>12/31/2011</u>	<u>12/31/2010</u>	<u>12/31/2009</u>
Total OPEB Liability - Ending (a)	<u>\$ 10,643,664</u>									
OPEB Plan Net Position - Ending (b)	<u>\$ 4,000,000</u>									
Employer's Net OPEB Liability/(Asset) - Ending (a) - (b)	<u>\$ 6,643,664</u>									
OPEB Plan Net Position as a Percentage of the Total OPEB Liability	37.58%									
Covered-Employee Payroll	\$ 15,494,833									
Employer's Net OPEB Liability as a Percentage of Covered-Employee Payroll	42.88%									

Covered-Employee Payroll shown for the current year is the total covered payroll for the Fiscal Year for all plan Members.



SCHEDULE OF CONTRIBUTIONS

	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>12/31/2013</u>	<u>12/31/2012</u>	<u>12/31/2011</u>	<u>12/31/2010</u>	<u>12/31/2009</u>
Actuarially Determined Contribution	\$1,492,388									
Contributions in Relation to the Actuarially Determined Contribution	<u>4,000,000</u>									
Contribution Deficiency (excess)	<u>\$ (2,507,612)</u>									
Covered-Employee Payroll	<u>\$ 15,494,833</u>									
Contributions as a Percentage of Covered-Employee Payroll	25.82%									

NOTES TO SCHEDULE OF CONTRIBUTIONS

The actuarially determined contribution shown for the current year is based on the January 1, 2016 actuarial report prepared by Lauterbach & Amen, LLP.



GASB METHODS AND PROCEDURES

GASB Methods and Procedures



GASB METHODS AND PROCEDURES

	Statement 74 OPEB Plan Financials	Statement 75 Employer Financials
Fiscal Year End for Reporting	December 31, 2018	December 31, 2018
Measurement Date	December 31, 2018	December 31, 2018
Actuarial Valuation Date	January 1, 2018	January 1, 2018
Data Date	December 31, 2018	December 31, 2018
Asset Valuation Method	Market Value	Market Value
Actuarial Cost Method	Entry Age Normal (Level %)	Entry Age Normal (Level %)

Methodology Used in the Determination of Deferred Inflows and Outflows of Resources

Amortization Method	Straight Line	Straight Line
Amortization Period		
Actuarial Experience	9.98 Years	9.98 Years
Changes in Assumptions	9.98 Years	9.98 Years
Asset Experience	5.00 Years	5.00 Years

As noted in the table above, the Actuarial Funding Method used in the determination of the Total OPEB Liability is the Entry Age Normal Cost method (level percent of pay). The method allocates Normal Cost contributions by employee over the working career of the employee as a level percent of their pay.

The Total OPEB Liability for the current Fiscal Year has been developed based on the Actuarial Valuation Date shown above, and adjusted to the Measurement Date shown above, based on procedures that conform to generally accepted actuarial principles and practices.



SUPPLEMENTARY TABLES

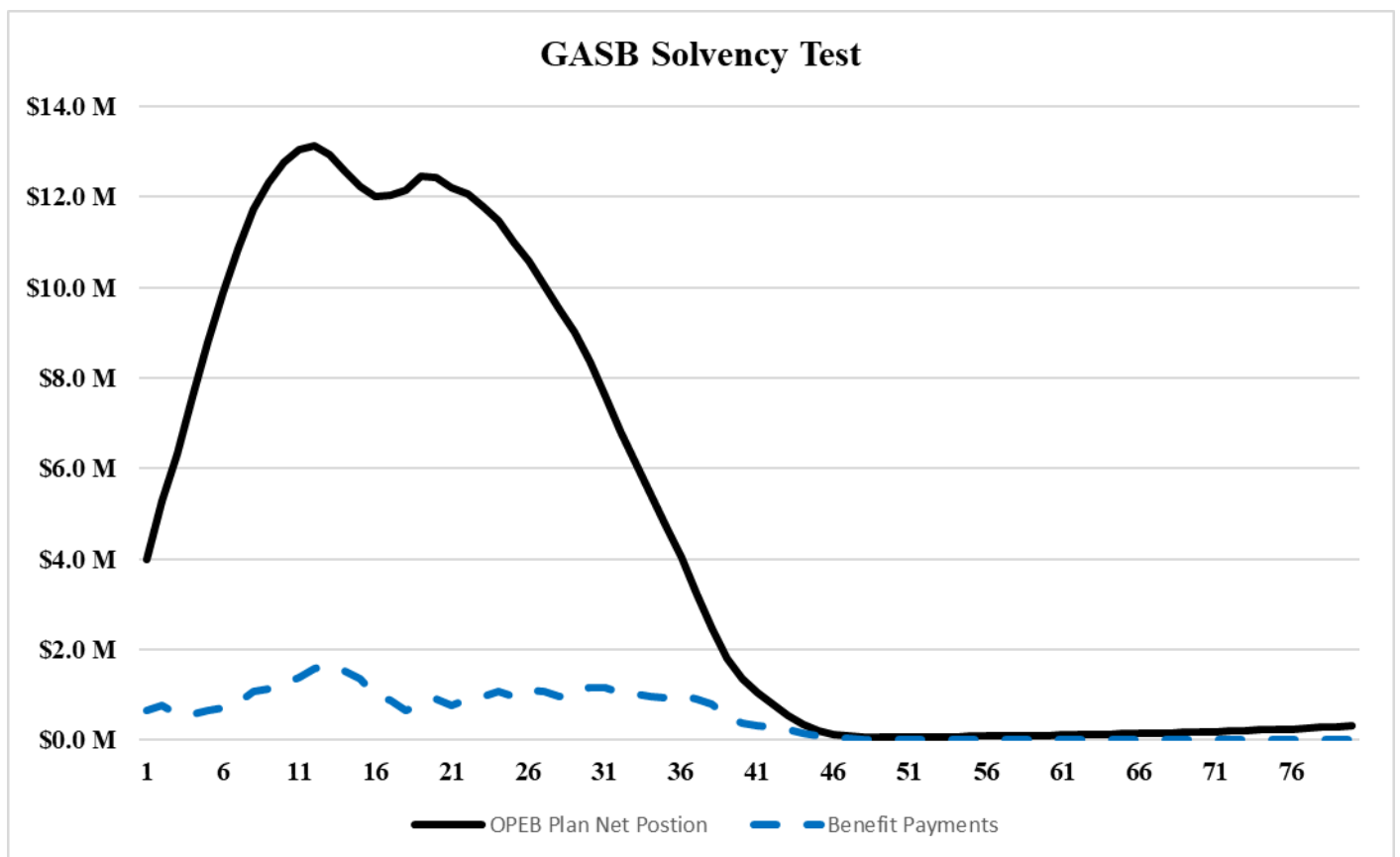
GASB Projections – Summary and Procedure
GASB Projections – Limitations
Projection of Contributions
Projection of the OPEB Plan Net Position
Actuarial Present Value of Projected Benefit Payments



GASB PROJECTIONS – SUMMARY AND PROCEDURE

GASB requires a solvency test to use in the determination of the discount rate each year. The Net Position of the OPEB Plan is projected forward. To the extent the Net Position of the OPEB Plan is anticipated to be greater than \$0, benefit payments during that time period are discounted based on the expected rate of return on plan assets.

If the Net Position of the OPEB Plan is anticipated to go to \$0 prior to the payment of future benefit payments for employees who are in the fund as of the Actuarial Valuation Date, then remaining expected future benefit payments are discounted using a high-quality Municipal Bond rate as described in the assumption section of the report. Below is a chart with a high-level summary of the projections:



The OPEB Plan's projected net position is expected to cover future benefit payments in full for the current plan members.



GASB PROJECTIONS – LIMITATIONS

Projections of any type require assumptions about future events. The projections required for GASB reporting are deterministic in nature. That means that values are projected forward under one set of assumptions which can be thought of as the average result. Actual results could vary, and projections of one deterministic assumption set do not necessarily provide a framework for making risk management or funding policy decisions. Projections that deal with risk management are outside the scope of this report.

In addition, GASB requirements create results that are specific only to financial statement reporting, and should not be used or interpreted for other purposes. For example, GASB cash flow projections do not entail the total expected cash flows of the OPEB plan, but rather a subset of cash flows specific to members who are in the OPEB plan as of the Actuarial Valuation date. While the likely expectation may be that new employees are hired to replace the old, cash flows attributable to their benefits are not considered. Under GASB, when the OPEB Plan Net Position goes to \$0, that represents only the OPEB Plan Net Position for the assets attributable to the current fund members.

GASB also mandates certain assumptions that are made in the projection process. Most notably, future contributions under an informal funding policy. In proposing an informal funding policy, GASB suggests a focus be placed on the average contribution rate over the past 5 years. Assumed contributions noted in this section may be based on the five-year average, unless a formal funding policy is in place.

Contributions reflecting informal funding policy are applied under GASB, whether or not the future results dictate a need for more or less contributions. This would not be the case with other uses for projections. Any events that are taken into account (past or future) in the informal funding policy are discussed in the “Funding Policy” section of this report.

The further you look forward with projections, the more sensitive the results are to assumptions. With projections that run out close to 80 years, a small change in an assumption will have a dramatic impact in the look of the projections on the following pages. If there is no change to the solvency of the fund as determined by GASB, big swings in the projection results may not necessarily lead to big swings in the determination of the Total OPEB Liability.

We recommend the projections are not used for any other purposes, other than providing backup information for purposes of the financial statement report.

The following pages provide the detail behind the charts shown on the chart in this section.



PROJECTION OF CONTRIBUTIONS – YEARS 1 TO 30

Year	Projected Covered-Employee Payroll			Projected Contributions			
	Current Employees (a)	Future Employees (b)	Total Employee Payroll (c) = (a) + (b)	Current Employees (d) - Notes	Employer Contributions for Current Employees (e) - Notes	Contributions Related to Pay of Future Employees (f) - Notes	Total Contributions (d) + (e) + (f)
1	\$ 15,494,833	\$ -	\$ 15,494,833	\$ -	\$ 1,700,416	\$ -	\$ 1,700,416
2	12,807,845	3,190,570	15,998,415	-	1,506,901	-	1,506,901
3	11,830,996	4,687,367	16,518,363	-	1,454,495	-	1,454,495
4	10,850,958	6,204,252	17,055,210	-	1,337,253	-	1,337,253
5	10,172,851	7,436,653	17,609,504	-	1,245,847	-	1,245,847
6	9,410,080	8,771,733	18,181,813	-	1,160,096	-	1,160,096
7	8,785,550	9,987,172	18,772,722	-	1,082,135	-	1,082,135
8	8,159,547	11,223,289	19,382,836	-	999,540	-	999,540
9	7,538,727	12,474,051	20,012,778	-	919,825	-	919,825
10	6,948,556	13,714,637	20,663,193	-	843,180	-	843,180
11	6,436,217	14,898,529	21,334,747	-	763,123	-	763,123
12	5,896,821	16,131,305	22,028,126	-	686,919	-	686,919
13	5,359,610	17,384,431	22,744,040	-	609,006	-	609,006
14	4,896,958	18,586,264	23,483,222	-	529,273	-	529,273
15	4,457,699	19,788,728	24,246,426	-	462,061	-	462,061
16	4,119,456	20,914,979	25,034,435	-	403,628	-	403,628
17	3,795,203	22,052,852	25,848,054	-	353,555	-	353,555
18	3,533,687	23,154,429	26,688,116	-	306,233	-	306,233
19	3,293,342	24,262,138	27,555,480	-	118,934	-	118,934
20	3,122,550	25,328,483	28,451,033	-	-	-	-
21	2,936,910	26,438,781	29,375,691	-	-	-	-
22	2,706,473	27,623,928	30,330,401	-	-	-	-
23	2,538,336	28,777,803	31,316,139	-	-	-	-
24	2,340,256	29,993,658	32,333,914	-	-	-	-
25	2,144,747	31,240,019	33,384,766	-	-	-	-
26	1,940,822	32,528,949	34,469,771	-	-	-	-
27	1,756,614	33,833,425	35,590,039	-	-	-	-
28	1,564,192	35,182,523	36,746,715	-	-	-	-
29	1,365,885	36,575,098	37,940,983	-	-	-	-
30	1,215,140	37,958,925	39,174,065	-	-	-	-

Column d – Contributions from employees to the OPEB plan (employees as of the valuation date)

Column e – Employer contributions to the fund excluding contributions for employees hired after the actuarial valuation date

Column f – Contributions from future employees to the extent they are anticipated to be greater than required to pay their total normal cost



PROJECTION OF CONTRIBUTIONS – YEARS 31 TO 60

Year	Projected Covered-Employee Payroll			Projected Contributions			
	Current Employees (a)	Future Employees (b)	Total Employee Payroll (c) = (a) + (b)	Current Employees (d) - Notes	Employer Contributions for Current Employees (e) - Notes	Contributions Related to Pay of Future Employees (f) - Notes	Total Contributions (d) + (e) + (f)
31	\$ 1,057,096	\$ 39,390,126	\$ 40,447,222	\$ -	\$ -	\$ -	\$ -
32	918,274	40,843,483	41,761,757	-	-	-	-
33	797,816	42,321,198	43,119,014	-	-	-	-
34	688,227	43,832,155	44,520,382	-	-	-	-
35	579,169	45,388,125	45,967,294	-	-	-	-
36	472,212	46,989,020	47,461,231	-	-	-	-
37	392,953	48,610,768	49,003,721	-	-	-	-
38	317,190	50,279,153	50,596,342	-	-	-	-
39	247,604	51,993,119	52,240,724	-	-	-	-
40	181,034	53,757,513	53,938,547	-	-	-	-
41	132,824	55,558,725	55,691,550	-	-	-	-
42	101,782	57,399,744	57,501,525	-	-	-	-
43	73,214	59,297,111	59,370,325	-	-	-	-
44	53,883	61,245,978	61,299,860	-	-	-	-
45	32,240	63,259,866	63,292,106	-	-	-	-
46	20,105	65,328,995	65,349,099	-	-	-	-
47	10,737	67,462,207	67,472,945	-	-	-	-
48	7,089	69,658,727	69,665,816	-	-	-	-
49	1,337	71,928,617	71,929,955	-	-	-	-
50	-	74,267,678	74,267,678	-	-	-	-
51	-	76,681,378	76,681,378	-	-	-	-
52	-	79,173,523	79,173,523	-	-	-	-
53	-	81,746,662	81,746,662	-	-	-	-
54	-	84,403,429	84,403,429	-	-	-	-
55	-	87,146,540	87,146,540	-	-	-	-
56	-	89,978,802	89,978,802	-	-	-	-
57	-	92,903,114	92,903,114	-	-	-	-
58	-	95,922,465	95,922,465	-	-	-	-
59	-	99,039,945	99,039,945	-	-	-	-
60	-	102,258,743	102,258,743	-	-	-	-

Column d – Contributions from employees to the OPEB plan (employees as of the valuation date)
 Column e – Employer contributions to the fund excluding contributions for employees hired after the actuarial valuation date
 Column f – Contributions from future employees to the extent they are anticipated to be greater than required to pay their total normal cost



PROJECTION OF CONTRIBUTIONS – YEARS 61 TO 80

Year	Projected Covered-Employee Payroll			Projected Contributions			
	Current Employees (a)	Future Employees (b)	Total Employee Payroll (c) = (a) + (b)	Current Employees (d) - Notes	Employer Contributions for Current Employees (e) - Notes	Contributions Related to Pay of Future Employees (f) - Notes	Total Contributions (d) + (e) + (f)
61	\$ -	\$ 105,582,152	\$ 105,582,152	\$ -	\$ -	\$ -	\$ -
62	-	109,013,572	109,013,572	-	-	-	-
63	-	112,556,513	112,556,513	-	-	-	-
64	-	116,214,600	116,214,600	-	-	-	-
65	-	119,991,574	119,991,574	-	-	-	-
66	-	123,891,301	123,891,301	-	-	-	-
67	-	127,917,768	127,917,768	-	-	-	-
68	-	132,075,095	132,075,095	-	-	-	-
69	-	136,367,536	136,367,536	-	-	-	-
70	-	140,799,481	140,799,481	-	-	-	-
71	-	145,375,464	145,375,464	-	-	-	-
72	-	150,100,167	150,100,167	-	-	-	-
73	-	154,978,422	154,978,422	-	-	-	-
74	-	160,015,221	160,015,221	-	-	-	-
75	-	165,215,715	165,215,715	-	-	-	-
76	-	170,585,226	170,585,226	-	-	-	-
77	-	176,129,246	176,129,246	-	-	-	-
78	-	181,853,446	181,853,446	-	-	-	-
79	-	187,763,683	187,763,683	-	-	-	-
80	-	193,866,003	193,866,003	-	-	-	-

NOTES TO PROJECTION OF CONTRIBUTIONS

Total payroll is assumed to increase annually at the assumed payroll increase rate shown in the assumption section of this report. Payroll for current employees (employees active as of the actuarial valuation date) has been projected on an employee by employee basis, using expected pay increases and probability of remaining in active employment for future periods.

Employer contributions are related to current employees in the fund as of the Actuarial Valuation Date. To the extent future contributions under the Employer funding policy are made to cover the Normal Cost of providing benefits for future employees, those contributions have been excluded out for purposes of these projections and this report.

Contributions are based on the Funding Policy described in an earlier section of this report. The contributions do not factor in changes in funding policy based on an assumed Employer decision if the projections were to play out in this fashion. The only future events that have been considered were outlined in the funding policy section of the report. Contributions from future employees have not been included. It is assumed that contributions made by future employees will not exceed the Normal Cost of their participation in the Fund. In addition, contributions by the employer on behalf of service for future employees have not been included per the GASB parameters.



PROJECTION OF THE OPEB PLAN NET POSITION – YEARS 1 TO 30

Year	Projected Beginning OPEB Plan Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Ending OPEB Plan Position (a)+(b)-(c)-(d)+(e)
1	\$ 4,000,000	\$ 1,700,416	\$ 669,097	\$ -	\$ 248,361	\$ 5,279,680
2	5,279,680	1,506,901	764,679	-	310,794	6,332,696
3	6,332,696	1,454,495	573,014	-	372,539	7,586,716
4	7,586,716	1,337,253	582,682	-	438,020	8,779,307
5	8,779,307	1,245,847	649,729	-	499,255	9,874,681
6	9,874,681	1,160,096	713,051	-	555,401	10,877,127
7	10,877,127	1,082,135	824,527	-	605,326	11,740,061
8	11,740,061	999,540	1,068,111	-	643,818	12,315,308
9	12,315,308	919,825	1,135,981	-	671,398	12,770,550
10	12,770,550	843,180	1,243,771	-	691,364	13,061,323
11	13,061,323	763,123	1,397,817	-	700,919	13,127,547
12	13,127,547	686,919	1,581,938	-	697,402	12,929,930
13	12,929,930	609,006	1,652,486	-	682,450	12,568,900
14	12,568,900	529,273	1,521,326	-	664,008	12,240,855
15	12,240,855	462,061	1,352,020	-	648,773	11,999,669
16	11,999,669	403,628	1,006,142	-	643,413	12,040,568
17	12,040,568	353,555	875,433	-	647,880	12,166,570
18	12,166,570	306,233	665,200	-	659,290	12,466,893
19	12,466,893	118,934	807,961	-	666,731	12,444,597
20	12,444,597	-	905,515	-	659,551	12,198,633
21	12,198,633	-	776,807	-	649,563	12,071,388
22	12,071,388	-	907,783	-	638,962	11,802,568
23	11,802,568	-	956,870	-	622,827	11,468,525
24	11,468,525	-	1,077,966	-	601,125	10,991,684
25	10,991,684	-	978,231	-	577,641	10,591,094
26	10,591,094	-	1,097,420	-	552,331	10,046,005
27	10,046,005	-	1,064,093	-	523,268	9,505,180
28	9,505,180	-	977,878	-	495,893	9,023,195
29	9,023,195	-	1,131,508	-	465,159	8,356,846
30	8,356,846	-	1,171,219	-	427,418	7,613,045

Column b – Contributions on behalf of current employees only as of the Actuarial Valuation Date.

Column d – Based on average administrative expenses in recent years and projected to increase going forward.

Column e – Based on the current expected return on assets. Does not factor in allocation changes.



PROJECTION OF THE OPEB PLAN NET POSITION – YEARS 31 TO 60

Year	Projected Beginning OPEB Plan Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Ending OPEB Plan Position (a)+(b)-(c)-(d)+(e)
31	\$ 7,613,045	\$ -	\$ 1,165,420	\$ -	\$ 386,668	\$ 6,834,294
32	6,834,294	-	1,052,339	-	346,947	6,128,902
33	6,128,902	-	1,012,241	-	309,253	5,425,913
34	5,425,913	-	969,635	-	271,760	4,728,039
35	4,728,039	-	925,533	-	234,590	4,037,096
36	4,037,096	-	992,255	-	194,753	3,239,594
37	3,239,594	-	909,611	-	153,163	2,483,146
38	2,483,146	-	805,194	-	114,430	1,792,383
39	1,792,383	-	512,517	-	84,487	1,364,352
40	1,364,352	-	369,694	-	64,873	1,059,531
41	1,059,531	-	319,295	-	49,494	789,730
42	789,730	-	279,861	-	35,739	545,608
43	545,608	-	231,367	-	23,646	337,887
44	337,887	-	152,942	-	14,378	199,322
45	199,322	-	91,499	-	8,447	116,270
46	116,270	-	33,186	-	5,482	88,566
47	88,566	-	31,064	-	4,017	61,519
48	61,519	-	6,053	-	3,217	58,683
49	58,683	-	-	-	3,228	61,911
50	61,911	-	-	-	3,405	65,316
51	65,316	-	-	-	3,592	68,908
52	68,908	-	-	-	3,790	72,698
53	72,698	-	-	-	3,998	76,697
54	76,697	-	-	-	4,218	80,915
55	80,915	-	-	-	4,450	85,365
56	85,365	-	-	-	4,695	90,060
57	90,060	-	-	-	4,953	95,014
58	95,014	-	-	-	5,226	100,239
59	100,239	-	-	-	5,513	105,753
60	105,753	-	-	-	5,816	111,569

Column b – Contributions on behalf of current employees only as of the Actuarial Valuation Date.

Column d – Based on average administrative expenses in recent years and projected to increase going forward.

Column e – Based on the current expected return on assets. Does not factor in allocation changes.



PROJECTION OF THE OPEB PLAN NET POSITION – YEARS 61 TO 80

Year	Projected Beginning OPEB Plan Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Ending OPEB Plan Position (a)+(b)-(c)-(d)+(e)
61	\$ 111,569	\$ -	\$ -	\$ -	\$ 6,136	\$ 117,705
62	117,705	-	-	-	6,474	124,179
63	124,179	-	-	-	6,830	131,009
64	131,009	-	-	-	7,205	138,214
65	138,214	-	-	-	7,602	145,816
66	145,816	-	-	-	8,020	153,836
67	153,836	-	-	-	8,461	162,297
68	162,297	-	-	-	8,926	171,223
69	171,223	-	-	-	9,417	180,641
70	180,641	-	-	-	9,935	190,576
71	190,576	-	-	-	10,482	201,058
72	201,058	-	-	-	11,058	212,116
73	212,116	-	-	-	11,666	223,782
74	223,782	-	-	-	12,308	236,090
75	236,090	-	-	-	12,985	249,075
76	249,075	-	-	-	13,699	262,774
77	262,774	-	-	-	14,453	277,227
78	277,227	-	-	-	15,247	292,474
79	292,474	-	-	-	16,086	308,560
80	308,560	-	-	-	16,971	325,531

NOTES TO PROJECTION OF OPEB PLAN NET POSITION

Total contributions are Employee and Employer contributions anticipated to be made under the funding policy on behalf of employees in the fund as of the Actuarial Valuation Date. The amounts shown were detailed earlier in this section.

Projected benefit payments shown represent only employees active as of the Actuarial Valuation Date. The fund will also be paying benefit payments in the future on behalf of employees hired after the Actuarial Valuation Date, but those have not been estimated for this purpose.

Projected investment earnings are based on the current expected rate of return on plan assets. Administrative expenses are not typically charged on a per employee basis. Administrative expenses shown have not been adjusted to distinguish between current employees and future employees.

The projected OPEB Plan Net Position represents assets held or projected to be held on behalf of current employees as of the Actuarial Valuation Date. The fund will also hold assets in the future on behalf of new employees that are not shown here.



ACTUARIAL PRESENT VALUES OF PROJECTED BENEFIT PAYMENTS – YEARS 1 TO 30

Year	Projected Beginning OPEB Plan Position	Projected Benefit Payments	Projected Benefit Payments		Present Value (PV) of Projected Benefit Payments		
			"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments	PV of "Funded" Portion of Benefit Payments (5.50%)	PV of "Unfunded" Portion of Benefit Payments (4.10%)	PV of Total Projected Payments Using the Single Discount Rate (5.50%)
1	\$ 4,000,000	\$ 669,097	\$ 669,097	\$ -	\$ 651,423	\$ -	\$ 651,423
2	5,279,680	764,679	764,679	-	705,668	-	705,668
3	6,332,696	573,014	573,014	-	501,227	-	501,227
4	7,586,716	582,682	582,682	-	483,112	-	483,112
5	8,779,307	649,729	649,729	-	510,618	-	510,618
6	9,874,681	713,051	713,051	-	531,168	-	531,168
7	10,877,127	824,527	824,527	-	582,189	-	582,189
8	11,740,061	1,068,111	1,068,111	-	714,863	-	714,863
9	12,315,308	1,135,981	1,135,981	-	720,651	-	720,651
10	12,770,550	1,243,771	1,243,771	-	747,897	-	747,897
11	13,061,323	1,397,817	1,397,817	-	796,709	-	796,709
12	13,127,547	1,581,938	1,581,938	-	854,646	-	854,646
13	12,929,930	1,652,486	1,652,486	-	846,218	-	846,218
14	12,568,900	1,521,326	1,521,326	-	738,438	-	738,438
15	12,240,855	1,352,020	1,352,020	-	622,046	-	622,046
16	11,999,669	1,006,142	1,006,142	-	438,779	-	438,779
17	12,040,568	875,433	875,433	-	361,874	-	361,874
18	12,166,570	665,200	665,200	-	260,636	-	260,636
19	12,466,893	807,961	807,961	-	300,068	-	300,068
20	12,444,597	905,515	905,515	-	318,767	-	318,767
21	12,198,633	776,807	776,807	-	259,202	-	259,202
22	12,071,388	907,783	907,783	-	287,114	-	287,114
23	11,802,568	956,870	956,870	-	286,862	-	286,862
24	11,468,525	1,077,966	1,077,966	-	306,318	-	306,318
25	10,991,684	978,231	978,231	-	263,485	-	263,485
26	10,591,094	1,097,420	1,097,420	-	280,179	-	280,179
27	10,046,005	1,064,093	1,064,093	-	257,507	-	257,507
28	9,505,180	977,878	977,878	-	224,307	-	224,307
29	9,023,195	1,131,508	1,131,508	-	246,016	-	246,016
30	8,356,846	1,171,219	1,171,219	-	241,374	-	241,374

The projected OPEB Plan Net Position and the Projected Benefit Payments are based only on the current employee group as of the Actuarial Valuation Date. The development of the Projected OPEB Plan Net Position was shown in more detail earlier in this section.



ACTUARIAL PRESENT VALUES OF PROJECTED BENEFIT PAYMENTS – YEARS 31 TO 60

Year	Projected Beginning OPEB Plan Position	Projected Benefit Payments	Projected Benefit Payments		Present Value (PV) of Projected Benefit Payments		
			"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments	PV of "Funded" Portion of Benefit Payments (5.50%)	PV of "Unfunded" Portion of Benefit Payments (4.10%)	PV of Total Projected Payments Using the Single Discount Rate (5.50%)
31	\$ 7,613,045	\$ 1,165,420	\$ 1,165,420	\$ -	\$ 227,658	\$ -	\$ 227,658
32	6,834,294	1,052,339	1,052,339	-	194,851	-	194,851
33	6,128,902	1,012,241	1,012,241	-	177,656	-	177,656
34	5,425,913	969,635	969,635	-	161,306	-	161,306
35	4,728,039	925,533	925,533	-	145,943	-	145,943
36	4,037,096	992,255	992,255	-	148,307	-	148,307
37	3,239,594	909,611	909,611	-	128,867	-	128,867
38	2,483,146	805,194	805,194	-	108,127	-	108,127
39	1,792,383	512,517	512,517	-	65,236	-	65,236
40	1,364,352	369,694	369,694	-	44,604	-	44,604
41	1,059,531	319,295	319,295	-	36,515	-	36,515
42	789,730	279,861	279,861	-	30,336	-	30,336
43	545,608	231,367	231,367	-	23,772	-	23,772
44	337,887	152,942	152,942	-	14,895	-	14,895
45	199,322	91,499	91,499	-	8,447	-	8,447
46	116,270	33,186	33,186	-	2,904	-	2,904
47	88,566	31,064	31,064	-	2,576	-	2,576
48	61,519	6,053	6,053	-	476	-	476
49	58,683	-	-	-	-	-	-
50	61,911	-	-	-	-	-	-
51	65,316	-	-	-	-	-	-
52	68,908	-	-	-	-	-	-
53	72,698	-	-	-	-	-	-
54	76,697	-	-	-	-	-	-
55	80,915	-	-	-	-	-	-
56	85,365	-	-	-	-	-	-
57	90,060	-	-	-	-	-	-
58	95,014	-	-	-	-	-	-
59	100,239	-	-	-	-	-	-
60	105,753	-	-	-	-	-	-

The projected OPEB Plan Net Position and the Projected Benefit Payments are based only on the current employee group as of the Actuarial Valuation Date. The development of the Projected OPEB Plan Net Position was shown in more detail earlier in this section.



ACTUARIAL PRESENT VALUES OF PROJECTED BENEFIT PAYMENTS – YEARS 61 TO 80

Year	Projected Benefit Payments		Present Value (PV) of Projected Benefit Payments				
	Projected Beginning OPEB Plan Position	Projected Benefit Payments	"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments	PV of "Funded" Portion of Benefit Payments (5.50%)	PV of "Unfunded" Portion of Benefit Payments (4.10%)	PV of Total Projected Payments Using the Single Discount Rate (5.50%)
61	\$ 111,569	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
62	117,705	-	-	-	-	-	-
63	124,179	-	-	-	-	-	-
64	131,009	-	-	-	-	-	-
65	138,214	-	-	-	-	-	-
66	145,816	-	-	-	-	-	-
67	153,836	-	-	-	-	-	-
68	162,297	-	-	-	-	-	-
69	171,223	-	-	-	-	-	-
70	180,641	-	-	-	-	-	-
71	190,576	-	-	-	-	-	-
72	201,058	-	-	-	-	-	-
73	212,116	-	-	-	-	-	-
74	223,782	-	-	-	-	-	-
75	236,090	-	-	-	-	-	-
76	249,075	-	-	-	-	-	-
77	262,774	-	-	-	-	-	-
78	277,227	-	-	-	-	-	-
79	292,474	-	-	-	-	-	-
80	308,560	-	-	-	-	-	-

NOTES TO THE ACTUARIAL PRESENT VALUE OF PROJECTED BENEFIT PAYMENTS

The projected OPEB Plan Net Position and the Projected Benefit Payments are based only on the current employee group as of the Actuarial Valuation Date. The development of the OPEB Plan Net Position was shown in more detail earlier in this section.

The Funded and Unfunded portion of the Benefit Payments is split based on the time that the OPEB Plan Net Position is projected to go to \$0 (based on assets for current fund members).

The Present Value of the Funded portion and Unfunded portion of the benefit payments has been determined separately. The PV of the funded portion of the benefit payments uses the assumption for the expected rate of return on plan assets. The PV of the unfunded portion of the benefit payments has been determined using the high-quality Municipal Bond Rate as of the Measurement Date as described in the Actuarial Assumption section of the report.

The discount rate used for GASB purposes is the rate that is when applied to the total Projected Benefit payments results in a present value that equals the sum of the present value of the funded and unfunded payments. The discount rate has been rounded to four decimal places. Therefore, the resulting present value comparisons might show a slight difference due to rounding.



PLAN PROVISIONS

Summary of Eligibility and Coverage



SUMMARY OF ELIGIBILITY AND COVERAGE

The plan sponsor has reviewed and agreed to the below eligibility and coverage provisions.

Eligibility Provisions

Full-Time Employees

Employees are covered at the earliest of the following:

- Age 60 with at least 8 years of service,
- 30 or more years of service, or
- 75 points (combined age + service)

Medical Coverage

Types of Coverage:

Blue Cross Blue Shield PPO Plan 800 - NGS

Note: The HDHP Plan is no longer offered

Coverage Provisions

Pre-Medicare Coverage:

Age 60+ with 8+ Service Years

Chambers County, Texas pays for the coverage for the Retiree only, regardless of which Medical Plan the Retiree selects.

Dependent coverage is paid for by the Retiree.

Age <60 with 30+ Service Years

Chambers County, Texas pays for the coverage for the Retiree only, regardless of which Medical Plan the Retiree selects, for 5 years or until Medicare eligible (usually age 65) -- whichever is sooner.

After the (at most) 5-year period, if the Retiree is still less than Medicare age (usually age 65), the Retiree pays the full cost of coverage.

Dependent coverage is paid for by the Retiree.



SUMMARY OF ELIGIBILITY AND COVERAGE – CONTINUED

Coverage Provisions

Pre-Medicare Coverage:

Age <60 with 8+ Service Years

The Retiree pays the full cost of coverage until age 60.

Chambers County, Texas pays for the coverage for the Retiree only, regardless of which Medical Plan the Retiree selects, from age 60 to 65.

Dependent coverage is paid for by the Retiree.

Post-Medicare Coverage (usually age 65):

All Eligible Ages, All Eligible Service Years

No medical coverage. Retirees may not continue coverage and must seek their own insurance coverage.

Dependent coverage may continue under COBRA provisions only or until the Dependent is eligible for Medicare.

Dental, Vision and Life Coverage

Types of Coverage:

BlueCare Freedom Dental

Life Insurance

Vision Insurance

Coverage Provisions

All Eligible Ages, All Eligible Service Years

Retiree pays the full cost of coverage to continue Dental, Vision, and Life Insurance.

Dependent coverage is paid by the Retiree for Dental and Vision.

Dependents are not offered Life Insurance coverage.

Coverage ends when Retiree stops paying for it.



GLOSSARY OF TERMS

GASB 74/75 Terminology



GASB 74/75 TERMINOLOGY

Covered-Employee Payroll – The payroll of employees that are provided with OPEB through the OPEB plan.

Healthcare Cost Trend Rates – The rates of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.

Implicit Subsidy – The difference between a premium rate charged to retirees for a particular benefit and the estimated rate that would have been applicable to those retirees if that benefit was acquired for them as a separate group.

Net OPEB Liability (“NOL”) – The excess of the Total OPEB Liability over the Market Value of Assets.

OPEB Expense – OPEB Expense arising from certain changes in the collective Net OPEB Liability or collective Total OPEB Liability.

OPEB Fiduciary Net Position (“Net Position”) – The value of cash, investments, other assets and property belonging to an OPEB Trust dedicated to paying OPEB benefits.

OPEB Trust – A system other than a pension or retirement system which manages OPEB assets. Contributions to an OPEB Trust should be irrevocable in order to obtain the most favorable accounting treatment.

Other Postemployment Benefits (“OPEB”) – Benefits (such as death benefits, life insurance, disability, and long-term care) that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment, regardless of the manner in which they are provided.

Service Cost – The present value of future benefits earned by employees during the current Fiscal Year. It is that portion of the actuarial present value of benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method.



Total OPEB Liability (“TOL”) – The actuarial present value of future benefits based on employees’ service rendered to the Measurement Date using the selected Actuarial Cost Method. It is that portion of the actuarial present value of plan benefits and expenses allocated to prior years of employment.

Retirees & Dependents – Former employees who have satisfied the age and service requirement and are currently receiving postretirement healthcare benefits.

Actives Fully Eligible – Active employees who have satisfied the age and service requirement for postretirement healthcare benefits.

Actives Not Fully Eligible – Active employees who have not yet satisfied the age and service requirement for postretirement healthcare benefits.



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CERTIFIED PUBLIC ACCOUNTANTS