

Actuarial GASB Disclosures Statements 74 and 75



Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS

CHAMBERS COUNTY, TEXAS POSTRETIREMENT HEALTH PLAN

Fiscal Year Ending: December 31, 2019
Actuarial Valuation Date: January 1, 2018
Measurement Date: December 31, 2019

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May 27, 2020

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Actuarial Valuation
as of January 1, 2018



CHAMBERS COUNTY, TEXAS
POSTRETIREMENT HEALTH
PLAN

GASB 74/75 Financial Statement Reporting

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. Our calculations are based on the methodology for limited-year reporting under GASB 75 outlined in this report. 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
Limited-Year Reporting



COMMENTS AND ANALYSIS

This report details the data, assumptions, and underlying methodology used in the GASB 74/75 valuation as of January 1, 2018. The results assumed that no significant changes have been made to the retiree medical program and a full valuation is not required. Please confirm with your auditors that limited-year reporting is acceptable for the Fiscal Year ended December 31, 2019 before relying on these results. If you made significant changes to the retiree medical plan, a full valuation may be required.

LIMITED-YEAR REPORTING

Limited-year reporting relies on census, medical information – including claims and premiums, and benefit information utilized in the GASB 74/75 valuation as of January 1, 2018. This information is not updated in the limited-year report. The limited-year report does reflect updates to the Measurement Date, discount rate, and Covered-Employee Payroll.

Assumptions

The Discount Rate has remained the same at 5.50%. See the Discount Rate section of this report for further details.



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>12/31/2018</u>	<u>12/31/2019</u>
Assets		
Cash and Cash Equivalents	\$ -	\$ 4,336,570
Total Cash	<u>-</u>	<u>4,336,570</u>
Receivables:		
Due from County	4,000,000	1,613,330
Investment Income - Accrued Interest	-	-
Other	<u>-</u>	<u>-</u>
Total Receivables	<u>4,000,000</u>	<u>1,613,330</u>
Investments:		
Common Stock	<u>-</u>	<u>-</u>
Total Investments	<u>-</u>	<u>-</u>
Total Assets	<u>4,000,000</u>	<u>5,949,900</u>
Liabilities		
Payables:		
Expenses Due/Unpaid	-	-
Other	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>
Net Position Restricted for Postretirement Plan	<u>\$ 4,000,000</u>	<u>\$ 5,949,900</u>

The OPEB Plan Net Position shown above is intended to be in accordance with GAAP and GASB rules. The Fair Market Value of Investments has been provided by the County, and the results are being audited by an independent auditor. The County has also confirmed that the Trust is an irrevocable Trust, as defined by GASB statements 74/75, and used solely for the purpose of funding the OPEB benefits. The assets have been reviewed for reasonableness, but we make no representation as to the accuracy of the measurement of the fair market value of the investments or the designation as an irrevocable Trust. The assets for 2019 are based on year end financials only and are preliminary & tentative – subject to change as of the preparation of this report.



STATEMENT OF CHANGES IN OPEB TRUST AND OPEB PLAN NET POSITION

	<u>12/31/2019</u> <u>OPEB Trust</u>	<u>12/31/2019</u> <u>OPEB Plan</u>
Additions		
Contributions		
Employer	\$ 1,613,330	\$ 2,282,427
Member	-	-
Other	-	-
Total Contributions	<u>1,613,330</u>	<u>2,282,427</u>
Investment Income		
Total Investment Income	-	-
Interest and Dividends	354,908	354,908
Less Investment Expense	-	-
Net Investment Income	<u>354,908</u>	<u>354,908</u>
Total Additions	<u>1,968,238</u>	<u>2,637,335</u>
Deductions		
Benefit Payments	-	669,097
Administrative Expense	18,338	18,338
Total Deductions	<u>18,338</u>	<u>687,435</u>
Net Increase in Net Position	<u>1,949,900</u>	<u>1,949,900</u>
Net Position Restricted for Postretirement Plan		
Beginning of Year	<u>4,000,000</u>	<u>4,000,000</u>
End of Year	<u>\$ 5,949,900</u>	<u>\$ 5,949,900</u>

The OPEB Trust and OPEB Plan Changes in Net Position shown above are intended to be in accordance with GAAP and GASB rules. The Fair Market Value of Investments has been provided by the County, and the results are being audited by an independent auditor. The County also confirmed that the Trust is an irrevocable Trust, as defined by GASB statements 74/75, and used solely for the purpose of funding the OPEB benefits. The assets have been reviewed for reasonableness, but we make no representation as to the accuracy of the measurement of the fair market value of the investments or the designation as an irrevocable Trust. The assets for 2019 are based on year end financials only and are preliminary & tentative – subject to change as of the preparation of this report.



STATEMENT OF OPEB PLAN BENEFIT PAYMENTS AND CONTRIBUTIONS

	<u>12/31/2019</u>
Employer Contributions	
OPEB Trust Contributions	\$ 1,613,330
Contributions from Other County Resources*	<u>669,097</u>
Total OPEB Plan Contributions	<u>\$ 2,282,427</u>
Employer Benefit Payments	
Benefit Payments from Trust	\$ -
Benefit Payments from Other County Resources*	<u>669,097</u>
Total OPEB Plan Benefit Payments	<u>\$ 669,097</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, \$467,213 are explicit benefit payments due to the retiree plan provisions and \$201,884 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>12/31/2018</u>	<u>12/31/2019</u>
Total Active Employees	\$ 9,551,756	\$ 10,708,081
Inactive Employees Currently Receiving Benefit Payments	\$ 1,091,908	\$ 773,283
Inactive Employees Entitled To But Not Yet Receiving Benefit Payments	-	-
Total Inactive Employees	<u>\$ 1,091,908</u>	<u>\$ 773,283</u>
Total OPEB Liability	<u>\$ 10,643,664</u>	<u>\$ 11,481,364</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.



STATEMENT OF CHANGES IN TOTAL OPEB LIABILITY

Total OPEB Liability	12/31/2019
Service Cost	\$ 939,796
Interest	567,001
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes in Assumptions	-
Benefit Payments*	<u>(669,097)</u>
Net Change in Total OPEB Liability	837,700
Total OPEB Liability - Beginning	<u>10,643,664</u>
Total OPEB Liability - Ending (a)	<u>\$ 11,481,364</u>
OPEB Plan Net Position - Ending (b)	<u>\$ 5,949,900</u>
Employer's Net OPEB Liability/(Asset) - Ending (a) - (b)	<u>\$ 5,531,464</u>
OPEB Plan Net Position as a Percentage of the Total OPEB Liability	51.82%
Covered-Employee Payroll	\$ 17,469,703
Employer's Net OPEB Liability as a Percentage of Employee Payroll	31.66%

*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.

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 1/1/2019	<u>\$ 10,643,664</u>	<u>\$ 4,000,000</u>	<u>\$ 6,643,664</u>
Changes for the year:			
Service Cost	939,796	-	939,796
Interest	567,001	-	567,001
Actuarial Experience	-	-	-
Assumptions Changes	-	-	-
Plan Changes	-	-	-
Contributions - Employer	-	2,282,427	(2,282,427)
Contributions - Employee	-	-	-
Contributions - Other	-	-	-
Net Investment Income	-	354,908	(354,908)
Benefit Payments from Trust	(669,097)	(669,097)	-
Administrative Expense	-	(18,338)	18,338
Net Changes	<u>837,700</u>	<u>1,949,900</u>	<u>(1,112,200)</u>
Balances Ending at 12/31/2019	<u><u>\$ 11,481,364</u></u>	<u><u>\$ 5,949,900</u></u>	<u><u>\$ 5,531,464</u></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	-	108,329
Total Deferred to Be Recognized in Future Expense	<u>\$ -</u>	<u>\$ 108,329</u>
Contributions Subsequent to the Measurement Date*	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$ -</u>	<u>\$ 108,329</u>

* 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:	
2020	\$ (27,083)
2021	(27,083)
2022	(27,083)
2023	(27,080)
2024	-
Thereafter	-



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	12/31/2019 Expense Recognized	12/31/2019 Deferred Balance
Asset Gain	12/31/2019	5.00	\$ (135,412)	5.00	\$ (27,083)	\$ (108,329)
Total			\$ (135,412)		\$ (27,083)	\$ (108,329)

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.



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>12/31/2019</u>
OPEB Expense/(Income) Under GASB 75	
Service Cost	\$ 939,796
Interest	567,001
Plan Changes	-
Contributions - Employee	-
Contributions - Other	-
Expected Investment Income	(219,496)
Administrative Expense	18,338
Other Changes	-
Initial OPEB Expense/(Income)	<u>1,305,639</u>
Recognition of Outflow/(Inflow) of Resources due to Liabilities	-
Recognition of Outflow/(Inflow) of Resources due to Assets	<u>(27,083)</u>
Total OPEB Expense/(Income)	<u>\$ 1,278,556</u>



ACTUARIAL ASSUMPTION INFORMATION

Statement of Significant Actuarial Assumptions

Assumption Changes

Expected Return on OPEB Plan Investments

Municipal Bond Rate

Discount Rate

Inflation Rate

Development of Starting Claims Costs

Sensitivity of the Discount Rate

Sensitivity of the Healthcare Cost Trend Rates



STATEMENT OF SIGNIFICANT ACTUARIAL ASSUMPTIONS

The assumptions detailed below are based on the baseline calculations for the Fiscal Year ended December 31, 2018.

Assumptions (Economic)

Discount Rate used for the Total OPEB Liability	
Beginning of Year	5.50%
End of Year	5.50%
Long-Term Expected Rate of Return on Plan Assets	5.50%
High Quality 20 Year Tax-Exempt G.O. Bond Rate	
Beginning of Year	4.10%
End of Year	2.74%
Total Payroll Increases	3.25%
Claims and Premiums	See Accompanying Tables
Healthcare Cost Trend Rates	See Accompanying Tables
Retiree Contribution Rates	Same as Healthcare Cost Trend Rates

Claims See accompanying table for the PPO Plan data:

BCBS PPO				
	Retiree		Spouse	
Age	Male	Female	Male	Female
50	\$10,695	\$12,796	\$18,407	\$18,608
55	\$13,575	\$14,589	\$18,379	\$17,669
60	\$16,989	\$17,556	\$19,496	\$18,645
64	\$20,104	\$21,006	\$21,081	\$21,509
65	\$7,598	\$7,939	\$7,967	\$8,129
70	\$9,082	\$9,490	\$9,524	\$9,717
75	\$9,862	\$10,304	\$10,178	\$10,551
80	\$10,572	\$11,046	\$10,888	\$11,311
85	\$11,056	\$11,552	\$11,372	\$11,829
90+	\$11,279	\$11,785	\$11,595	\$12,067



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

The assumptions were not changed from the prior year.

The assumed rate on High Quality 20-year Tax-Exempt G.O. Bonds was changed from 4.10% to 2.74% for the current year. The underlying index used is the Bond Buyer 20-Bond GO Index as discussed in more detail later in this section. The choice of index is unchanged from the prior year. The rate has been updated to the current Fiscal Year end based on changes in market conditions as reflected in the Index. The change was made to reflect our understanding of the requirements of GASB under Statement 74 and Statement 75.

Since the Employer has a trust dedicated exclusively to the payment of OPEB benefits, the discount rate used in the determination of the Total OPEB Liability was not impacted by the change in the assumed rate on High Quality 20-year Tax-Exempt G.O. Bonds. The discount rate remained the same at 5.50%. See the Assumptions (Economic) section for more details.

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 rate shown earlier in the Assumption section is the December 26, 2019 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 Assets 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.

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.

INFLATION RATE

The Long-Term Inflation Expectation used is 2.25%, which is an underlying component of the discount rate and assumed health care trend rates.

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 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)	\$6,425,866	\$5,531,464	\$4,719,071

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)	\$4,236,706	\$5,531,464	\$7,062,156

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 of plan Members:

Measurement Date	<u>12/31/2018</u>	<u>12/31/2019</u>
Total Active Employees	434	434
Inactive Employees Currently Receiving Benefit Payments	22	22
Inactive Employees Entitled To But Not Yet Receiving Benefit Payments	<u>0</u>	<u>0</u>
Total	<u>456</u>	<u>456</u>

Because this is a limited-year report, we did not collect new census data but instead relied on the census data used in the baseline calculations for the Fiscal Year ended December 31, 2018. 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 Measurement Date.

The above total active employee 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 a rate of 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>12/31/2018</u>	<u>12/31/2019</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, 2017 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
12/31/2019	\$1,613,330	\$1,492,388	108%	\$17,469,703	9.24%
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

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 25 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>12/31/2019</u>	<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>
Total OPEB Liability										
Service Cost	\$ 939,796	\$ 890,802								
Interest	567,001	524,901								
Changes of Benefit Terms	-	-								
Differences Between Expected and Actual Experience	-	-								
Changes in Assumptions	-	-								
Benefit Payments	(669,097)	(631,365)								
Net Change in Total OPEB Liability	\$ 837,700	\$ 784,338								
Total OPEB Liability - Beginning	10,643,664	9,859,326								
Total OPEB Liability - Ending (a)	\$ 11,481,364	\$ 10,643,664								
OPEB Plan Net Position										
Contributions - Employer	\$ 2,282,427	\$ 4,631,365								
Contributions - Member	-	-								
Contributions - Other	-	-								
Net Investment Income	354,908	-								
Benefit Payments	(669,097)	(631,365)								
Administrative Expense	(18,338)	-								
Net Change in OPEB Plan Net Position	\$ 1,949,900	\$ 4,000,000								
OPEB Plan Net Position - Beginning	4,000,000	-								
OPEB Plan Net Position - Ending (b)	\$ 5,949,900	\$ 4,000,000								
Employer's Net OPEB Liability/(Asset) - Ending (a) - (b)	\$ 5,531,464	\$ 6,643,664								

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



SCHEDULE OF TOTAL OPEB LIABILITY AND RELATED RATIOS

	<u>12/31/2019</u>	<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>
Total OPEB Liability - Ending (a)	<u>\$ 11,481,364</u>	<u>\$ 10,643,664</u>								
OPEB Plan Net Position - Ending (b)	<u>\$ 5,949,900</u>	<u>\$ 4,000,000</u>								
Employer's Net OPEB Liability/(Asset) - Ending (a) - (b)	<u>\$ 5,531,464</u>	<u>\$ 6,643,664</u>								
OPEB Plan Net Position as a Percentage of the Total OPEB Liability	51.82%	37.58%								
Covered-Employee Payroll	\$ 17,469,703	\$ 15,494,833								
Employer's Net OPEB Liability as a Percentage of Covered-Employee Payroll	31.66%	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>12/31/2019</u>	<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>
Actuarially Determined Contribution	\$1,492,388	\$1,492,388								
Contributions in Relation to the Actuarially Determined Contribution	<u>1,613,330</u>	<u>4,000,000</u>								
Contribution Deficiency (excess)	<u>\$ (120,942)</u>	<u>\$ (2,507,612)</u>								
Covered-Employee Payroll	<u>\$ 17,469,703</u>	<u>\$ 15,494,833</u>								
Contributions as a Percentage of Covered-Employee Payroll	9.24%	25.82%								

NOTES TO SCHEDULE OF CONTRIBUTIONS

The actuarially determined contribution shown for the current year is based on the January 1, 2017 GASB 45 actuarial report prepared by Lauterbach & Amen, LLP.

The actuarially determined contribution shown for the fiscal year ended 12/31/2018 is based on the January 1, 2016 GASB 45 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, 2019	December 31, 2019
Measurement Date	December 31, 2019	December 31, 2019
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

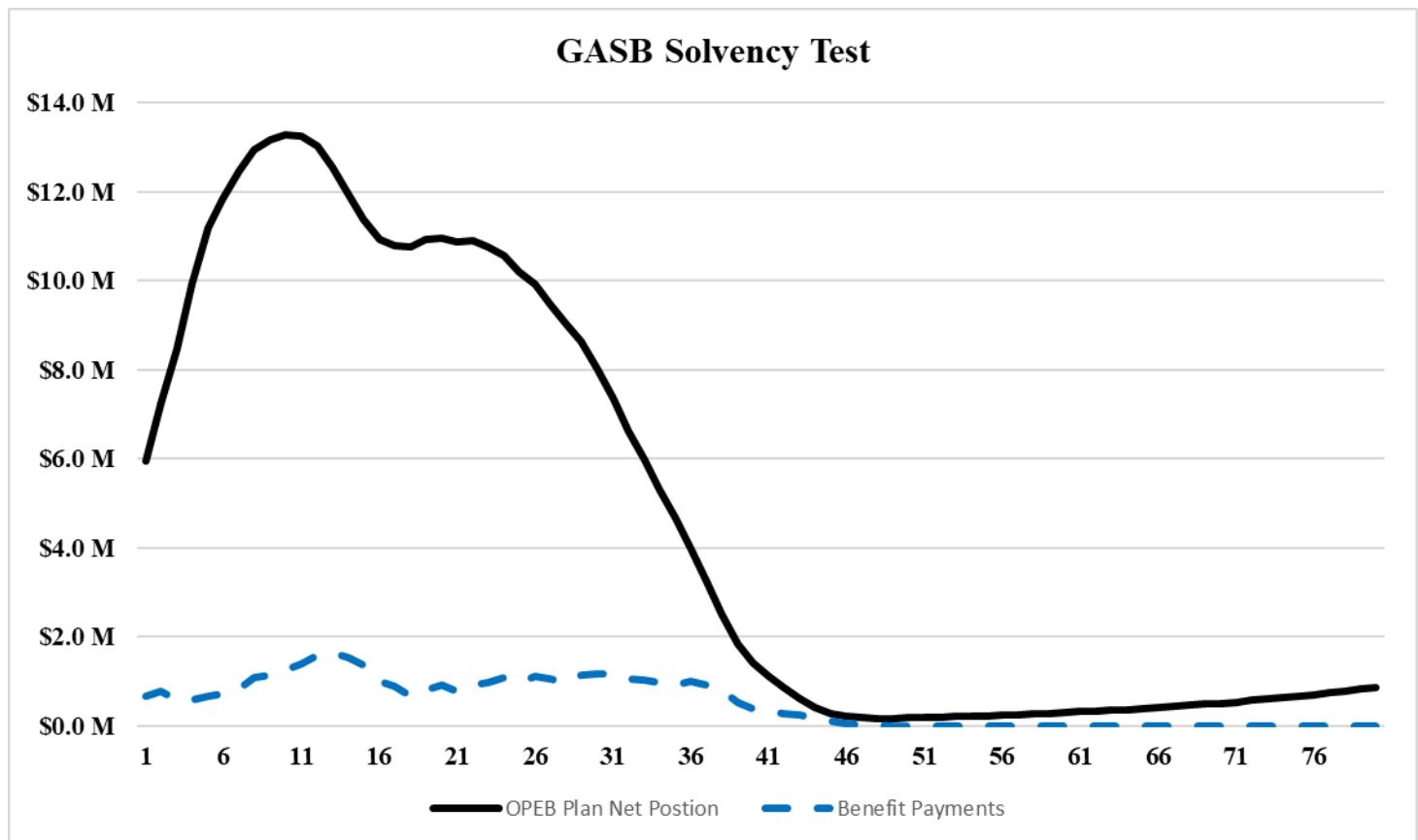
Actuarial Present Value of Projected Benefit Payments



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	\$ 17,469,703	\$ -	\$ 17,469,703	\$ -	\$ 1,614,203	\$ -	\$ 1,614,203
2	14,440,250	3,597,219	18,037,469	-	1,580,418	-	1,580,418
3	13,338,898	5,284,788	18,623,686	-	1,555,453	-	1,555,453
4	12,233,951	6,995,006	19,228,956	-	1,542,785	-	1,542,785
5	11,469,416	8,384,481	19,853,897	-	1,392,510	-	1,392,510
6	10,609,428	9,889,721	20,499,149	-	676,583	-	676,583
7	9,905,299	11,260,072	21,165,371	-	636,895	-	636,895
8	9,199,510	12,653,736	21,853,246	-	598,636	-	598,636
9	8,499,564	14,063,913	22,563,476	-	551,955	-	551,955
10	7,834,173	15,462,616	23,296,789	-	511,232	-	511,232
11	7,256,536	16,797,399	24,053,935	-	468,735	-	468,735
12	6,648,392	18,187,296	24,835,688	-	419,719	-	419,719
13	6,042,711	19,600,137	25,642,848	-	382,596	-	382,596
14	5,521,092	20,955,148	26,476,240	-	348,454	-	348,454
15	5,025,848	22,310,870	27,336,718	-	322,428	-	322,428
16	4,644,495	23,580,666	28,225,161	-	295,486	-	295,486
17	4,278,914	24,863,565	29,142,479	-	275,540	-	275,540
18	3,984,067	26,105,542	30,089,610	-	258,589	-	258,589
19	3,713,090	27,354,432	31,067,522	-	246,981	-	246,981
20	3,520,529	28,556,687	32,077,217	-	233,778	-	233,778
21	3,311,230	29,808,496	33,119,726	-	215,371	-	215,371
22	3,051,422	31,144,695	34,196,117	-	202,151	-	202,151
23	2,861,856	32,445,635	35,307,491	-	186,813	-	186,813
24	2,638,530	33,816,455	36,454,984	-	171,525	-	171,525
25	2,418,103	35,221,669	37,639,771	-	154,354	-	154,354
26	2,188,187	36,674,877	38,863,064	-	139,588	-	139,588
27	1,980,500	38,145,613	40,126,114	-	123,779	-	123,779
28	1,763,554	39,666,658	41,430,212	-	108,069	-	108,069
29	1,539,972	41,236,722	42,776,694	-	95,292	-	95,292
30	1,370,013	42,796,923	44,166,937	-	82,751	-	82,751

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	\$ 1,191,827	\$ 44,410,535	\$ 45,602,362	\$ -	\$ 71,710	\$ -	\$ 71,710
32	1,035,312	46,049,127	47,084,439	-	62,273	-	62,273
33	899,501	47,715,182	48,614,683	-	53,286	-	53,286
34	775,944	49,418,717	50,194,660	-	44,903	-	44,903
35	652,986	51,173,000	51,825,987	-	36,103	-	36,103
36	532,397	52,977,935	53,510,331	-	29,652	-	29,652
37	443,037	54,806,381	55,249,417	-	23,514	-	23,514
38	357,617	56,687,406	57,045,023	-	18,247	-	18,247
39	279,162	58,619,824	58,898,987	-	12,680	-	12,680
40	204,108	60,609,096	60,813,204	-	8,885	-	8,885
41	149,753	62,639,879	62,789,633	-	6,420	-	6,420
42	114,754	64,715,542	64,830,296	-	4,432	-	4,432
43	82,545	66,854,735	66,937,280	-	3,052	-	3,052
44	60,750	69,051,992	69,112,742	-	1,715	-	1,715
45	36,349	71,322,557	71,358,906	-	927	-	927
46	22,667	73,655,404	73,678,071	-	373	373	373
47	12,106	76,060,502	76,072,608	-	247	247	247
48	7,992	78,536,976	78,544,968	-	47	47	47
49	1,508	81,096,171	81,097,679	-	-	-	-
50	-	83,733,354	83,733,354	-	-	-	-
51	-	86,454,688	86,454,688	-	-	-	-
52	-	89,264,465	89,264,465	-	-	-	-
53	-	92,165,560	92,165,560	-	-	-	-
54	-	95,160,941	95,160,941	-	-	-	-
55	-	98,253,671	98,253,671	-	-	-	-
56	-	101,446,916	101,446,916	-	-	-	-
57	-	104,743,940	104,743,940	-	-	-	-
58	-	108,148,119	108,148,119	-	-	-	-
59	-	111,662,932	111,662,932	-	-	-	-
60	-	115,291,978	115,291,978	-	-	-	-

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	\$ -	\$ 119,038,967	\$ 119,038,967	\$ -	\$ -	\$ -	\$ -
62	-	122,907,733	122,907,733	-	-	-	-
63	-	126,902,235	126,902,235	-	-	-	-
64	-	131,026,557	131,026,557	-	-	-	-
65	-	135,284,920	135,284,920	-	-	-	-
66	-	139,681,680	139,681,680	-	-	-	-
67	-	144,221,335	144,221,335	-	-	-	-
68	-	148,908,528	148,908,528	-	-	-	-
69	-	153,748,056	153,748,056	-	-	-	-
70	-	158,744,867	158,744,867	-	-	-	-
71	-	163,904,076	163,904,076	-	-	-	-
72	-	169,230,958	169,230,958	-	-	-	-
73	-	174,730,964	174,730,964	-	-	-	-
74	-	180,409,720	180,409,720	-	-	-	-
75	-	186,273,036	186,273,036	-	-	-	-
76	-	192,326,910	192,326,910	-	-	-	-
77	-	198,577,535	198,577,535	-	-	-	-
78	-	205,031,305	205,031,305	-	-	-	-
79	-	211,694,822	211,694,822	-	-	-	-
80	-	218,574,904	218,574,904	-	-	-	-

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	\$ 5,949,900	\$ 1,614,203	\$ 669,097	\$ 18,796	\$ 362,116	\$ 7,238,325
2	7,238,325	1,580,418	764,679	17,078	428,610	8,465,596
3	8,465,596	1,555,453	573,014	15,988	500,179	9,932,227
4	9,932,227	1,267,766	582,682	14,815	572,112	11,174,608
5	11,174,608	719,125	649,729	14,230	623,236	11,853,010
6	11,853,010	676,583	713,051	13,842	657,453	12,460,153
7	12,460,153	636,895	824,527	13,295	686,430	12,945,657
8	12,945,657	598,636	1,068,111	12,973	705,230	13,168,439
9	13,168,439	551,955	1,135,981	12,729	714,218	13,285,901
10	13,285,901	511,232	1,243,771	12,185	716,337	13,257,515
11	13,257,515	468,735	1,397,817	11,709	709,146	13,025,869
12	13,025,869	419,719	1,581,938	11,229	689,767	12,542,189
13	12,542,189	382,596	1,652,486	10,925	660,060	11,921,435
14	11,921,435	348,454	1,521,326	10,415	628,346	11,366,493
15	11,366,493	322,428	1,352,020	9,721	601,437	10,928,616
16	10,928,616	295,486	1,006,142	8,942	585,756	10,794,774
17	10,794,774	275,540	875,433	8,031	581,010	10,767,860
18	10,767,860	258,589	665,200	7,555	584,620	10,938,315
19	10,938,315	246,981	807,961	6,993	589,485	10,959,827
20	10,959,827	233,778	905,515	6,902	587,579	10,868,766
21	10,868,766	215,371	776,807	6,641	585,481	10,886,170
22	10,886,170	202,151	907,783	6,197	582,262	10,756,603
23	10,756,603	186,813	956,870	5,992	573,268	10,553,822
24	10,553,822	171,525	1,077,966	5,667	558,211	10,199,925
25	10,199,925	154,354	978,231	5,463	540,921	9,911,506
26	9,911,506	139,588	1,097,420	5,048	521,178	9,469,803
27	9,469,803	123,779	1,064,093	4,804	497,250	9,021,937
28	9,021,937	108,069	977,878	4,378	474,356	8,622,105
29	8,622,105	95,292	1,131,508	3,934	447,579	8,029,533
30	8,029,533	82,751	1,171,219	3,783	413,479	7,350,761

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	\$ 7,350,761	\$ 71,710	\$ 1,165,420	\$ 3,487	\$ 375,863	\$ 6,629,426
32	6,629,426	62,273	1,052,339	3,180	338,894	5,975,074
33	5,975,074	53,286	1,012,241	2,767	303,565	5,316,917
34	5,316,917	44,903	969,635	2,528	268,195	4,657,852
35	4,657,852	36,103	925,533	2,253	232,787	3,998,956
36	3,998,956	29,652	992,255	2,068	194,448	3,228,733
37	3,228,733	23,514	909,611	2,023	154,169	2,494,781
38	2,494,781	18,247	805,194	1,806	116,425	1,822,453
39	1,822,453	12,680	512,517	1,526	87,210	1,408,300
40	1,408,300	8,885	369,694	1,101	68,055	1,114,445
41	1,114,445	6,420	319,295	839	53,087	853,817
42	853,817	4,432	279,861	711	39,721	617,399
43	617,399	3,052	231,367	580	27,953	416,456
44	416,456	1,715	152,942	479	18,972	283,723
45	283,723	927	91,499	336	13,273	206,088
46	206,088	373	33,186	255	10,553	183,573
47	183,573	247	31,064	152	9,321	161,925
48	161,925	47	6,053	125	8,800	164,594
49	164,594	-	-	27	9,066	173,632
50	173,632	-	-	2	9,551	183,181
51	183,181	-	-	1	10,076	193,255
52	193,255	-	-	1	10,629	203,883
53	203,883	-	-	0	11,214	215,097
54	215,097	-	-	0	11,830	226,927
55	226,927	-	-	0	12,481	239,408
56	239,408	-	-	0	13,167	252,575
57	252,575	-	-	0	13,892	266,467
58	266,467	-	-	0	14,656	281,123
59	281,123	-	-	0	15,462	296,584
60	296,584	-	-	0	16,312	312,897

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	\$ 312,897	\$ -	\$ -	\$ 0	\$ 17,209	\$ 330,106
62	330,106	-	-	0	18,156	348,262
63	348,262	-	-	-	19,154	367,416
64	367,416	-	-	-	20,208	387,624
65	387,624	-	-	-	21,319	408,943
66	408,943	-	-	-	22,492	431,435
67	431,435	-	-	-	23,729	455,164
68	455,164	-	-	-	25,034	480,198
69	480,198	-	-	-	26,411	506,609
70	506,609	-	-	-	27,863	534,473
71	534,473	-	-	-	29,396	563,869
72	563,869	-	-	-	31,013	594,881
73	594,881	-	-	-	32,718	627,600
74	627,600	-	-	-	34,518	662,118
75	662,118	-	-	-	36,416	698,534
76	698,534	-	-	-	38,419	736,954
77	736,954	-	-	-	40,532	777,486
78	777,486	-	-	-	42,762	820,248
79	820,248	-	-	-	45,114	865,361
80	865,361	-	-	-	47,595	912,956

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 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 (2.74%)	PV of Total Projected Payments Using the Single Discount Rate (5.50%)
1	\$ 5,949,900	\$ 669,097	\$ 669,097	\$ -	\$ 651,423	\$ -	\$ 651,423
2	7,238,325	764,679	764,679	-	705,668	-	705,668
3	8,465,596	573,014	573,014	-	501,227	-	501,227
4	9,932,227	582,682	582,682	-	483,112	-	483,112
5	11,174,608	649,729	649,729	-	510,618	-	510,618
6	11,853,010	713,051	713,051	-	531,168	-	531,168
7	12,460,153	824,527	824,527	-	582,189	-	582,189
8	12,945,657	1,068,111	1,068,111	-	714,863	-	714,863
9	13,168,439	1,135,981	1,135,981	-	720,651	-	720,651
10	13,285,901	1,243,771	1,243,771	-	747,897	-	747,897
11	13,257,515	1,397,817	1,397,817	-	796,709	-	796,709
12	13,025,869	1,581,938	1,581,938	-	854,646	-	854,646
13	12,542,189	1,652,486	1,652,486	-	846,218	-	846,218
14	11,921,435	1,521,326	1,521,326	-	738,438	-	738,438
15	11,366,493	1,352,020	1,352,020	-	622,046	-	622,046
16	10,928,616	1,006,142	1,006,142	-	438,779	-	438,779
17	10,794,774	875,433	875,433	-	361,874	-	361,874
18	10,767,860	665,200	665,200	-	260,636	-	260,636
19	10,938,315	807,961	807,961	-	300,068	-	300,068
20	10,959,827	905,515	905,515	-	318,767	-	318,767
21	10,868,766	776,807	776,807	-	259,202	-	259,202
22	10,886,170	907,783	907,783	-	287,114	-	287,114
23	10,756,603	956,870	956,870	-	286,862	-	286,862
24	10,553,822	1,077,966	1,077,966	-	306,318	-	306,318
25	10,199,925	978,231	978,231	-	263,485	-	263,485
26	9,911,506	1,097,420	1,097,420	-	280,179	-	280,179
27	9,469,803	1,064,093	1,064,093	-	257,507	-	257,507
28	9,021,937	977,878	977,878	-	224,307	-	224,307
29	8,622,105	1,131,508	1,131,508	-	246,016	-	246,016
30	8,029,533	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 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 (2.74%)	PV of Total Projected Payments Using the Single Discount Rate (5.50%)
31	\$ 7,350,761	\$ 1,165,420	\$ 1,165,420	\$ -	\$ 227,658	\$ -	\$ 227,658
32	6,629,426	1,052,339	1,052,339	-	194,851	-	194,851
33	5,975,074	1,012,241	1,012,241	-	177,656	-	177,656
34	5,316,917	969,635	969,635	-	161,306	-	161,306
35	4,657,852	925,533	925,533	-	145,943	-	145,943
36	3,998,956	992,255	992,255	-	148,307	-	148,307
37	3,228,733	909,611	909,611	-	128,867	-	128,867
38	2,494,781	805,194	805,194	-	108,127	-	108,127
39	1,822,453	512,517	512,517	-	65,236	-	65,236
40	1,408,300	369,694	369,694	-	44,604	-	44,604
41	1,114,445	319,295	319,295	-	36,515	-	36,515
42	853,817	279,861	279,861	-	30,336	-	30,336
43	617,399	231,367	231,367	-	23,772	-	23,772
44	416,456	152,942	152,942	-	14,895	-	14,895
45	283,723	91,499	91,499	-	8,447	-	8,447
46	206,088	33,186	33,186	-	2,904	-	2,904
47	183,573	31,064	31,064	-	2,576	-	2,576
48	161,925	6,053	6,053	-	476	-	476
49	164,594	-	-	-	-	-	-
50	173,632	-	-	-	-	-	-
51	183,181	-	-	-	-	-	-
52	193,255	-	-	-	-	-	-
53	203,883	-	-	-	-	-	-
54	215,097	-	-	-	-	-	-
55	226,927	-	-	-	-	-	-
56	239,408	-	-	-	-	-	-
57	252,575	-	-	-	-	-	-
58	266,467	-	-	-	-	-	-
59	281,123	-	-	-	-	-	-
60	296,584	-	-	-	-	-	-

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 (2.74%)	PV of Total Projected Payments Using the Single Discount Rate (5.50%)
61	\$ 312,897	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
62	330,106	-	-	-	-	-	-
63	348,262	-	-	-	-	-	-
64	367,416	-	-	-	-	-	-
65	387,624	-	-	-	-	-	-
66	408,943	-	-	-	-	-	-
67	431,435	-	-	-	-	-	-
68	455,164	-	-	-	-	-	-
69	480,198	-	-	-	-	-	-
70	506,609	-	-	-	-	-	-
71	534,473	-	-	-	-	-	-
72	563,869	-	-	-	-	-	-
73	594,881	-	-	-	-	-	-
74	627,600	-	-	-	-	-	-
75	662,118	-	-	-	-	-	-
76	698,534	-	-	-	-	-	-
77	736,954	-	-	-	-	-	-
78	777,486	-	-	-	-	-	-
79	820,248	-	-	-	-	-	-
80	865,361	-	-	-	-	-	-

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 data 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