

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

Actuarial Valuation
as of January 1, 2021



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, 2020

Actuarial Valuation Date: January 1, 2021

Measurement Date: December 31, 2020

Submitted by:

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August 31, 2021

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

A handwritten signature in cursive script that reads "Todd A. Schroeder".

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 Total OPEB Liability that occurred between the County's last Measurement Date of December 31, 2019, and the current Measurement Date of December 31, 2020.

For the prior Measurement Date, the Employer elected to determine the Total OPEB Liability under limited procedures as allowed under GASB Statement Number 75. A full valuation was not run. Changes in the market discount rates were reflected but full census and premium information was not collected and processed. Changes that are reflected in Total OPEB Liability year over year may be reflective of Member population updates or claims/premium experience over the course of two years.

Expected Increase in Total OPEB Liability

Each year the Total OPEB Liability is expected to increase with interest and the accrual of additional service by active plan Members. The increases are offset by decreases in liability due to benefit payments. The expected Total OPEB Liability increase for the current year was approximately \$603,000.

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

Demographic Experience

The current valuation census contains 19 retirees while the previous valuation census contained 22. The current valuation census contains 458 active employees, 12 of whom are waiving coverage. The previous valuation census contained 434 total actives, 71 of whom were waiving coverage.

Net medical costs on an employer basis came in lower than expected.

Total demographic experience resulted in a net decrease in the Total OPEB Liability in the current year of approximately \$1,815,000. Most of the decrease is due to the decrease in net medical costs compared to expectation.

Plan Changes

There have been no changes to the plan provisions.



COMMENTS AND ANALYSIS – CONTINUED

Discount Rate

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

Assumption Changes

We have revised the expected increases in medical costs assumption to the rates as shown in the *Statement of Significant Actuarial Assumptions* section of this report. In addition, the discount rate was updated as noted above.

The changes in assumptions resulted in a net decrease in the Total OPEB Liability in the current year of approximately \$360,000.



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>12/31/2019</u>	<u>12/31/2020</u>
Assets		
Cash and Cash Equivalents	\$ 4,336,570	\$ 8,395,979
Total Cash	<u>4,336,570</u>	<u>8,395,979</u>
Receivables:		
Due from County	1,613,330	-
Investment Income - Accrued Interest	-	-
Other	-	-
Total Receivables	<u>1,613,330</u>	<u>-</u>
Investments:		
Common Stock	-	-
Total Investments	<u>-</u>	<u>-</u>
Total Assets	<u>5,949,900</u>	<u>8,395,979</u>
Liabilities		
Payables:		
Expenses Due/Unpaid	-	-
Other	-	-
Total Liabilities	<u>-</u>	<u>-</u>
Net Position Restricted for Postretirement Plan	<u>\$ 5,949,900</u>	<u>\$ 8,395,979</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 the Fiscal Year ending December 31, 2020 are based audited financials..



STATEMENT OF CHANGES IN OPEB TRUST AND OPEB PLAN NET POSITION

	<u>12/31/2020</u> <u>OPEB Trust</u>	<u>12/31/2020</u> <u>OPEB Plan</u>
Additions		
Contributions		
Employer	\$ 1,795,600	\$ 2,560,279
Member	-	-
Other	-	-
Total Contributions	<u>1,795,600</u>	<u>2,560,279</u>
Investment Income		
Net Appreciation in Fair Value of Investments	-	-
Interest and Dividends	685,341	685,341
Less Investment Expense	-	-
Net Investment Income	<u>685,341</u>	<u>685,341</u>
Total Additions	<u>2,480,941</u>	<u>3,245,620</u>
Deductions		
Benefit Payments	-	764,679
Administrative Expense	34,862	34,862
Other	-	-
Total Deductions	<u>34,862</u>	<u>799,541</u>
Net Increase in Net Position	<u>2,446,079</u>	<u>2,446,079</u>
Net Position Restricted for Postretirement Plan		
Beginning of Year	<u>5,949,900</u>	<u>5,949,900</u>
End of Year	<u>\$ 8,395,979</u>	<u>\$ 8,395,979</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 the Fiscal Year ending December 31, 2020 are based on audited financials.



STATEMENT OF OPEB PLAN BENEFIT PAYMENTS AND CONTRIBUTIONS

	<u>12/31/2020</u>
Employer Contributions	
OPEB Trust Contributions	\$ 1,795,600
Contributions from Other County Resources*	<u>764,679</u>
Total OPEB Plan Contributions	<u>\$ 2,560,279</u>
Employer Benefit Payments	
Benefit Payments from Trust	\$ -
Payments from Other County Resources*	<u>764,679</u>
Total OPEB Plan Benefit Payments	<u>\$ 764,679</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, \$511,836 are explicit benefit payments due to the retiree plan provisions and \$252,843 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>12/31/2019</u>	<u>12/31/2020</u>
Total Active Employees	\$ 10,708,081	\$ 9,043,183
Inactive Employees Currently Receiving Benefit Payments	773,283	866,162
Inactive Employees Entitled To But Not Yet Receiving Benefit Payments	-	-
Total Inactive Employees	<u>773,283</u>	<u>866,162</u>
Total OPEB Liability	<u>\$ 11,481,364</u>	<u>\$ 9,909,345</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.



EXPECTED BENEFIT PAYMENTS

Subsequent to the Measurement Date, the following amounts are expected to be paid out in benefits in upcoming years:

Year Ended	
December 31:	
2021	\$ 453,024
2022	413,277
2023	491,000
2024	571,558
2025	628,413

The table above represents the expected benefit payments for the next 5 years under the OPEB Plan. Benefit payments in an OPEB plan do not necessarily imply the existence of an OPEB trust. The payments include obligations that come from other employer resources. Benefit payments may include direct payments made by the employer for health coverage for the retiree group. Benefit payments may also reflect implicit payments made by the employer that are based on the existence of retirees on employer medical coverage, that are not directly linked to retiree premiums or stipends.



STATEMENT OF CHANGES IN TOTAL OPEB LIABILITY

Total OPEB Liability	12/31/2020
Service Cost	\$ 757,699
Interest	610,446
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(1,815,283)
Changes in Assumptions	(360,202)
Benefit Payments*	(764,679)
Net Change in Total OPEB Liability	(1,572,019)
Total OPEB Liability - Beginning	11,481,364
Total OPEB Liability - Ending (a)	<u>\$ 9,909,345</u>
OPEB Plan Net Position - Ending (b)	<u>\$ 8,395,979</u>
Employer's Net OPEB Liability/(Asset) - Ending (a) - (b)	<u>\$ 1,513,366</u>
OPEB Plan Net Position as a Percentage of the Total OPEB Liability	84.73%
Covered-Employee Payroll	\$ 21,023,938
Employer's Net OPEB Liability as a Percentage of Employee Payroll	7.20%

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

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. The changes in the Net OPEB Liability related to changes in assumptions are due to changes detailed in the *Management Summary* section of this report.

Total OPEB Liability may be dependent on the Net Position of the postretirement plan. 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 1/1/2020	<u>\$ 11,481,364</u>	<u>\$ 5,949,900</u>	<u>\$ 5,531,464</u>
Changes for the year:			
Service Cost	757,699	-	757,699
Interest	610,447	-	610,447
Actuarial Experience	(1,815,284)	-	(1,815,284)
Assumptions Changes	(360,202)	-	(360,202)
Plan Changes	-	-	-
Contributions - Employer	-	2,560,279	(2,560,279)
Contributions - Employee	-	-	-
Contributions - Other	-	-	-
Net Investment Income	-	685,341	(685,341)
Benefit Payments from the Plan	(764,679)	(764,679)	-
Administrative Expense	-	(34,862)	34,862
Net Changes	<u>(1,572,019)</u>	<u>2,446,079</u>	<u>(4,018,098)</u>
Balances Ending at 12/31/2020	<u><u>\$ 9,909,345</u></u>	<u><u>\$ 8,395,979</u></u>	<u><u>\$ 1,513,366</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	\$ -	\$ 1,667,699
Changes of Assumptions	-	330,917
Net Difference Between Projected and Actual Earnings on Postretirement Plan Investments	-	367,723
Total Deferred to Be Recognized in Future Expense	<u>\$ -</u>	<u>\$ 2,366,339</u>
Contributions Subsequent to the Measurement Date*	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ 2,366,339</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:	
2021	\$ (275,573)
2022	(275,573)
2023	(275,570)
2024	(248,487)
2025	(176,870)
Thereafter	(1,114,266)



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	12/31/2020 Expense Recognized	12/31/2020 Deferred Balance
Asset Gain	12/31/2020	5.00	\$ (358,097)	5.00	\$ (71,620)	\$ (286,477)
Change in Assumptions Gain	12/31/2020	12.30	(360,202)	12.30	(29,285)	(330,917)
Actuarial Gain	12/31/2020	12.30	(1,815,284)	12.30	(147,585)	(1,667,699)
Asset Gain	12/31/2019	5.00	\$ (135,412)	4.00	\$ (27,083)	\$ (81,246)
Total			\$ (2,668,995)		\$ (275,573)	\$ (2,366,339)

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>12/31/2020</u>
OPEB Expense/(Income) Under GASB 75	
Service Cost	\$ 757,699
Interest	610,447
Plan Changes	-
Contributions - Employee	-
Contributions - Other	-
Expected Investment Income	(327,245)
Administrative Expense	34,862
Other Changes	-
Initial OPEB Expense/(Income)	<u>1,075,764</u>
Recognition of Outflow/(Inflow) of Resources due to Liabilities	(176,870)
Recognition of Outflow/(Inflow) of Resources due to Assets	(98,703)
Total OPEB Expense/(Income)	<u>\$ 800,191</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

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	2.74%
End of Year	2.12%

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

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

Annual Blended Premiums				
	Under Age 65		Age 65-&-Over	
	<u>Retiree</u>	<u>Spouse</u>	<u>Retiree</u>	<u>Spouse</u>
BCBS PPO	\$14,481	\$8,515	N/A	N/A

Healthcare Cost Trend Rates

Plan	First-Year Trend	Initial Trend	Ultimate Trend	Amount of Trend Decrease	Years Between Trend Decreases	Year Ultimate Trend Reached
BCBS PPO	-0.10%	5.50%	5.00%	0.50%	2	2024



STATEMENT OF SIGNIFICANT ACTUARIAL ASSUMPTIONS – CONTINUED

Claims See accompanying tables for claims and age-grading factors used to calculate them:

Projected Claims Costs (Age 64)				
	Retiree		Spouse	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
PPO	\$18,804	\$19,648	\$19,718	\$20,119

Claims Age-Adjustment Factors (Adjusted From Age 64)				
Age	Retiree		Spouse	
	Male	Female	Male	Female
50	0.5320	0.6092	0.8732	0.8651
55	0.6753	0.6945	0.8719	0.8214
60	0.8451	0.8358	0.9248	0.8668
64	1.0000	1.0000	1.0000	1.0000
65	0.3784	0.3784	0.3784	0.3784
70	0.4524	0.4524	0.4524	0.4524
75	0.4912	0.4912	0.4834	0.4912
80	0.5265	0.5265	0.5171	0.5265
85	0.5506	0.5506	0.5401	0.5506
90	0.5617	0.5617	0.5507	0.5617

Assumptions (Demographic)

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

Active	100%
---------------	------

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 It is assumed that the employees will participate in plans according to the distribution shown below:

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 Based on Rates from the Texas County & District Retirement System (TCDRS) Investigation of Experience Report dated November 15, 2017 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 Based on Rates from the Texas County & District Retirement System Investigation of Experience Report dated November 15, 2017 with 0% if Within 2 Years of Retirement Eligibility using 80% Weighting Factor per TCERS Study for Chambers County, Texas.

Disability Rates None.

Mortality Rates TCERS 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 Texas County & District Retirement System Investigation of Experience Report dated November 15, 2017.



ASSUMPTION CHANGES

The assumed rate on High Quality 20-year Tax-Exempt G.O. Bonds was changed from 2.74% to 2.12% 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 ASSETS

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 *Statement of Significant Assumptions* section of this report is the 2.74% rate, and the end of year rate shown is the 2.12% 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 the County, 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.

Projected benefit payments are determined during the valuation process based on the assumptions. More details on the assumptions are in the *Statement of Significant Assumptions* section of this report. 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.

The medical cost increase represents the combination of the inflation in the price of health care services, changes in utilization (other than age-related changes), technological advances in medical care, and changes in the health status of plan participants. No adjustment has been made to the trend for the impact of COVID-19. An analysis of this matter is beyond the scope of this valuation. This impact may result in material changes in claims in 2020 and beyond. Information about the course of the disease is highly variable and changing daily. Some of the variables include projected inflation rates including localized outbreaks, the cost of care of COVID-19 patients, the amount of postponed and avoided medical care services, the amount and timing of the catch-up of deferred care, the impact of COVID-19 on other conditions such as stress and depression, impacts on general economic conditions, and other factors.



SENSITIVITY OF THE DISCOUNT RATE

The Net OPEB Liability has been determined using the end of year discount rate listed in the *Statement of Significant Assumptions* 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)	\$2,403,942	\$1,513,366	\$719,265

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)	\$478,191	\$1,513,366	\$2,739,381

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	12/31/2019	12/31/2020
Total Active Employees	434	458
Inactive Employees Currently Receiving Benefit Payments	22	19
Inactive Employees Entitled To But Not Yet Receiving Benefit Payments	0	0
Total	456	477

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.

The above total active employee counts include 12 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	12/31/2019	12/31/2020
Average Future Working Career (In Years)		
Active Plan Members	10.49	12.81
Inactive Plan Members	0.00	0.00
Total	9.98	12.30

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
Funding Policy – Other Considerations



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, 2018 OPEB Funding Actuarial Report. The period of repayment as of that valuation 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 and the Chambers County 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.



INFORMAL FUNDING POLICY - CONTINUED

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
12/31/2020	\$1,795,600	\$1,710,626	105%	\$21,023,938	8.54%
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	\$0	\$0	0%	\$0	0.00%
12/31/2016	\$0	\$0	0%	\$0	0.00%

The actuarially determined contributions shown above for the 2018 and 2019 fiscal years were developed under the GASB 43/45 Annual Required Contribution (ARC) concept.

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 subsequent events that have been considered in the development of the informal funding policy.



INFORMAL FUNDING POLICY – CONTINUED

Informal Funding Policy – Selected

There is a Formal Funding Policy that exists between the County and the Postretirement Health Plan. See the *Formal Funding Policy* section of this report 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

	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013	12/31/2012	12/31/2011
Total OPEB Liability										
Service Cost	\$ 757,699	\$ 939,796	\$ 890,802							
Interest	610,447	567,001	524,901							
Changes of Benefit Terms	-	-	-							
Differences Between Expected and Actual Experience	(1,815,284)	-	-							
Change in Assumptions	(360,202)	-	-							
Benefit Payments	(764,679)	(669,097)	(631,365)							
Net Change in Total OPEB Liability	\$ (1,572,019)	\$ 837,700	\$ 784,338							
Total OPEB Liability - Beginning	11,481,364	10,643,664	9,859,326							
Total OPEB Liability - Ending (a)	\$ 9,909,345	\$ 11,481,364	\$ 10,643,664							
OPEB Plan Net Position										
Contributions - Employer	\$ 2,560,279	\$ 2,282,427	\$ 4,631,365							
Contributions - Members	-	-	-							
Contributions - Other	-	-	-							
Net Investment Income	685,341	354,908	-							
Benefit Payments	(764,679)	(669,097)	(631,365)							
Administrative Expense	(34,862)	(18,338)	-							
Net Change in OPEB Plan Net Position	\$ 2,446,079	\$ 1,949,900	\$ 4,000,000							
OPEB Plan Net Position - Beginning	5,949,900	4,000,000	-							
OPEB Plan Net Position - Ending (b)	\$ 8,395,979	\$ 5,949,900	\$ -							
Employer's Net OPEB Liability/(Asset) - Ending (a) - (b)	\$ 1,513,366	\$ 5,531,464	\$ 10,643,664							

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



SCHEDULE OF TOTAL OPEB LIABILITY AND RELATED RATIOS

	<u>12/31/2020</u>	<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>
Total OPEB Liability - Ending (a)	<u>\$ 9,909,345</u>	<u>\$ 11,481,364</u>	<u>\$ 10,643,664</u>							
OPEB Plan Net Position - Ending (b)	<u>\$ 8,395,979</u>	<u>\$ 5,949,900</u>	<u>\$ 4,000,000</u>							
Employer's Net OPEB Liability/(Asset) - Ending (a) - (b)	<u>\$ 1,513,366</u>	<u>\$ 5,531,464</u>	<u>\$ 6,643,664</u>							
OPEB Plan Net Position as a Percentage of the Total OPEB Liability	84.73%	51.82%	37.58%							
Covered-Employee Payroll	\$21,023,938	\$ 17,469,703	\$ 15,494,833							
Employer's Net OPEB Liability as a Percentage of Covered-Employee Payroll	7.20%	31.66%	42.88%							

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



SCHEDULE OF CONTRIBUTIONS

	<u>12/31/2020</u>	<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>
Actuarially Determined Contribution	\$1,710,626	\$1,492,388	\$1,492,388							
Contributions in Relation to the Actuarially Determined Contribution	<u>1,795,600</u>	<u>1,613,330</u>	<u>4,000,000</u>							
Contribution Deficiency (excess)	<u>\$ (84,974)</u>	<u>\$ (120,942)</u>	<u>\$ (2,507,612)</u>							
Covered-Employee Payroll	<u>\$21,023,938</u>	<u>\$17,469,703</u>	<u>\$15,494,833</u>							
Contributions as a Percentage of Covered-Employee Payroll	8.54%	9.24%	25.82%							

NOTES TO SCHEDULE OF CONTRIBUTIONS

The Actuarially Determined Contribution shown for the current year is based on the December 31, 2018 Funding Report prepared by Lauterbach & Amen, LLP.

The Actuarially Determined Contribution shown for the fiscal year ended 12/31/2019 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	Statement 75
	<u>OPEB Plan Financials</u>	<u>Employer Financials</u>
Fiscal Year End for Reporting	December 31, 2020	December 31, 2020
Measurement Date	December 31, 2020	December 31, 2020
Actuarial Valuation Date	January 1, 2021	January 1, 2021
Data Date	January 1, 2021	January 1, 2021
Asset Valuation Method	Market Value of Assets	Market Value of Assets
Actuarial Cost Method	Entry Age Normal	Entry Age Normal

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

Amortization Method	Straight Line	Straight Line
Amortization Period		
Actuarial Experience	12.30 Years	12.30 Years
Changes in Assumptions	12.30 Years	12.30 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.



GASB METHODS AND PROCEDURES – CONTINUED

We calculated the Total OPEB Liability and Service Cost under the Entry Age Normal funding method as required under GASB 75. We calculated the Present Value of Benefits for each participant at each potential retirement age, factoring in probabilities of survival thereafter. We used the appropriate group tables to determine a probability that active members retire at each age to determine the Present Value of Benefits. We adjusted this using the Present Value of Future Salaries at Entry Age, factoring in interest, salary, and probability of remaining active from entry age to current age, to obtain Normal Cost. We then calculated the Present Value of Future Normal Costs and subtracted this from the Present Value of Benefits to obtain Total OPEB Liability. This methodology is in accordance with GASB Statement 74/75.



SUPPLEMENTARY TABLES

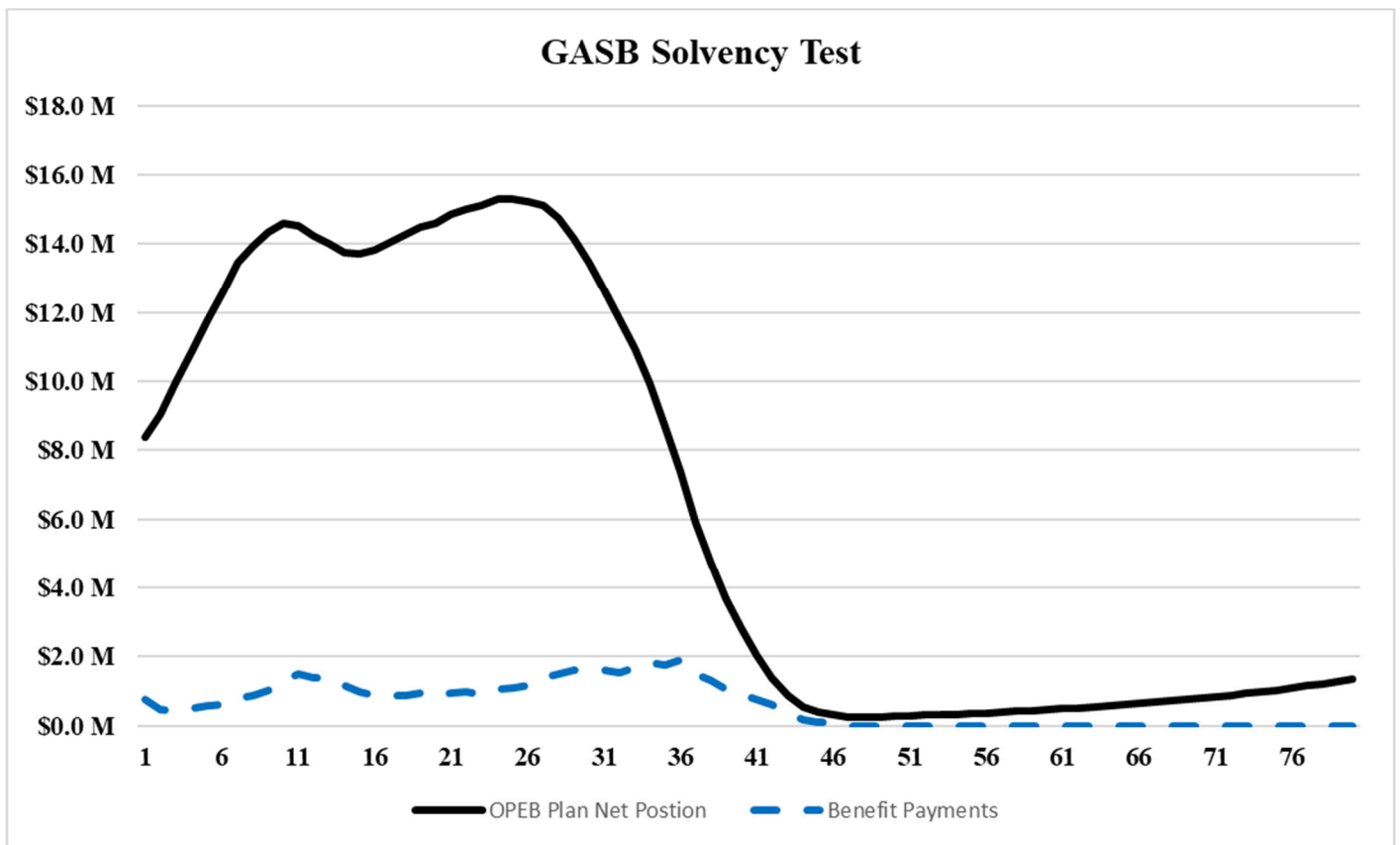
GASB Projections – Summary and Procedure
GASB Projections – Limitations
Projection of Contributions
Projection of the OPEB Plan Net Position
Actuarial Present Value of Projected Benefit Payments



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	\$ 21,023,938	\$ -	\$ 21,023,938	\$ -	\$ 970,180	\$ -	\$ 970,180
2	17,725,980	3,981,236	21,707,216	-	843,045	-	843,045
3	16,246,761	6,165,939	22,412,700	-	792,222	-	792,222
4	15,309,514	7,831,599	23,141,113	-	764,124	-	764,124
5	14,346,353	9,546,846	23,893,199	-	761,434	-	761,434
6	13,250,553	11,419,175	24,669,728	-	796,812	-	796,812
7	12,513,289	12,958,206	25,471,494	-	563,302	-	563,302
8	11,828,951	14,470,367	26,299,318	-	537,647	-	537,647
9	10,909,049	16,244,997	27,154,046	-	500,633	-	500,633
10	9,916,859	18,119,693	28,036,552	-	459,503	-	459,503
11	9,227,882	19,719,858	28,947,740	-	431,716	-	431,716
12	8,744,682	21,143,859	29,888,542	-	413,068	-	413,068
13	8,220,328	22,639,591	30,859,919	-	392,056	-	392,056
14	7,791,793	24,071,074	31,862,867	-	375,213	-	375,213
15	7,470,381	25,428,028	32,898,410	-	363,216	-	363,216
16	7,119,848	26,847,760	33,967,608	-	349,522	-	349,522
17	6,891,790	28,179,765	35,071,555	-	341,600	-	341,600
18	6,562,324	29,649,056	36,211,381	-	328,416	-	328,416
19	6,285,798	31,102,453	37,388,251	-	317,621	-	317,621
20	5,984,365	32,619,004	38,603,369	-	305,315	-	305,315
21	5,743,726	34,114,252	39,857,978	-	295,873	-	295,873
22	5,391,270	35,762,092	41,153,363	-	280,404	-	280,404
23	5,009,838	37,481,009	42,490,847	-	263,087	-	263,087
24	4,597,918	39,273,882	43,871,799	-	243,791	-	243,791
25	4,252,835	41,044,798	45,297,633	-	227,676	-	227,676
26	3,880,464	42,889,342	46,769,806	-	209,751	-	209,751
27	3,479,398	44,810,427	48,289,825	-	189,891	-	189,891
28	3,048,163	46,811,081	49,859,244	-	167,966	-	167,966
29	2,697,625	48,782,045	51,479,669	-	150,088	-	150,088
30	2,321,081	50,831,678	53,152,759	-	130,388	-	130,388

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	\$ 2,037,039	\$ 52,843,184	\$ 54,880,223	\$ -	\$ 115,539	\$ -	\$ 115,539
32	1,732,082	54,931,748	56,663,831	-	99,192	-	99,192
33	1,405,152	57,100,253	58,505,405	-	81,248	-	81,248
34	1,187,034	59,219,797	60,406,831	-	69,300	-	69,300
35	953,254	61,416,799	62,370,053	-	56,190	-	56,190
36	703,025	63,694,055	64,397,079	-	41,841	-	41,841
37	580,699	65,909,286	66,489,985	-	34,895	-	34,895
38	449,678	68,201,231	68,650,909	-	27,284	-	27,284
39	309,529	70,572,535	70,882,064	-	18,962	-	18,962
40	159,794	73,025,937	73,185,731	-	9,884	-	9,884
41	164,987	75,399,279	75,564,267	-	10,304	-	10,304
42	-	78,020,106	78,020,106	-	-	-	-
43	-	80,555,759	80,555,759	-	-	-	-
44	-	83,173,821	83,173,821	-	-	-	-
45	-	85,876,970	85,876,970	-	-	-	-
46	-	88,667,972	88,667,972	-	-	-	-
47	-	91,549,681	91,549,681	-	-	-	-
48	-	94,525,046	94,525,046	-	-	-	-
49	-	97,597,110	97,597,110	-	-	-	-
50	-	100,769,016	100,769,016	-	-	-	-
51	-	104,044,009	104,044,009	-	-	-	-
52	-	107,425,439	107,425,439	-	-	-	-
53	-	110,916,766	110,916,766	-	-	-	-
54	-	114,521,561	114,521,561	-	-	-	-
55	-	118,243,511	118,243,511	-	-	-	-
56	-	122,086,425	122,086,425	-	-	-	-
57	-	126,054,234	126,054,234	-	-	-	-
58	-	130,150,997	130,150,997	-	-	-	-
59	-	134,380,904	134,380,904	-	-	-	-
60	-	138,748,284	138,748,284	-	-	-	-

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	\$ -	\$ 143,257,603	\$ 143,257,603	\$ -	\$ -	\$ -	\$ -
62	-	147,913,475	147,913,475	-	-	-	-
63	-	152,720,663	152,720,663	-	-	-	-
64	-	157,684,085	157,684,085	-	-	-	-
65	-	162,808,817	162,808,817	-	-	-	-
66	-	168,100,104	168,100,104	-	-	-	-
67	-	173,563,357	173,563,357	-	-	-	-
68	-	179,204,166	179,204,166	-	-	-	-
69	-	185,028,302	185,028,302	-	-	-	-
70	-	191,041,722	191,041,722	-	-	-	-
71	-	197,250,577	197,250,577	-	-	-	-
72	-	203,661,221	203,661,221	-	-	-	-
73	-	210,280,211	210,280,211	-	-	-	-
74	-	217,114,318	217,114,318	-	-	-	-
75	-	224,170,533	224,170,533	-	-	-	-
76	-	231,456,075	231,456,075	-	-	-	-
77	-	238,978,398	238,978,398	-	-	-	-
78	-	246,745,196	246,745,196	-	-	-	-
79	-	254,764,415	254,764,415	-	-	-	-
80	-	263,044,258	263,044,258	-	-	-	-

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	\$ 8,395,979	\$ 970,180	\$ 764,679	\$ 10,640	\$ 467,138	\$ 9,057,977
2	9,057,977	843,045	453,024	8,862	508,671	9,947,807
3	9,947,807	792,222	413,277	8,024	557,330	10,876,057
4	10,876,057	764,124	491,000	7,470	605,489	11,747,200
5	11,747,200	761,434	571,558	6,915	651,127	12,581,288
6	12,581,288	796,812	628,413	6,310	696,428	13,439,806
7	13,439,806	563,302	805,942	5,887	732,355	13,923,634
8	13,923,634	537,647	857,958	5,497	756,840	14,354,666
9	14,354,666	500,633	1,034,191	5,008	774,696	14,590,796
10	14,590,796	459,503	1,304,607	4,498	779,130	14,520,324
11	14,520,324	431,716	1,503,019	4,135	769,043	14,213,930
12	14,213,930	413,068	1,372,059	3,871	755,287	14,006,356
13	14,006,356	392,056	1,368,655	3,594	743,394	13,769,557
14	13,769,557	375,213	1,161,025	3,366	735,623	13,716,002
15	13,716,002	363,216	986,643	3,188	737,148	13,826,536
16	13,826,536	349,522	880,110	3,002	745,786	14,038,732
17	14,038,732	341,600	877,204	2,870	757,322	14,257,580
18	14,257,580	328,416	882,145	2,700	768,865	14,470,016
19	14,470,016	317,621	955,336	2,555	778,243	14,607,990
20	14,607,990	305,315	852,072	2,403	788,338	14,847,167
21	14,847,167	295,873	932,652	2,278	799,020	15,007,130
22	15,007,130	280,404	985,603	2,113	805,941	15,105,760
23	15,105,760	263,087	897,354	1,939	813,321	15,282,874
24	15,282,874	243,791	1,062,556	1,758	817,994	15,280,344
25	15,280,344	227,676	1,082,015	1,607	816,880	15,241,278
26	15,241,278	209,751	1,148,842	1,448	812,405	15,113,144
27	15,113,144	189,891	1,369,987	1,283	798,735	14,730,501
28	14,730,501	167,966	1,496,400	1,110	773,615	14,174,571
29	14,174,571	150,088	1,620,221	971	739,146	13,442,614
30	13,442,614	130,388	1,617,627	825	698,422	12,652,971

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	\$ 12,652,971	\$ 115,539	\$ 1,608,285	\$ 715	\$ 654,843	\$ 11,814,352
32	11,814,352	99,192	1,551,066	601	609,846	10,971,724
33	10,971,724	81,248	1,691,042	482	559,162	9,920,611
34	9,920,611	69,300	1,825,480	402	497,328	8,661,357
35	8,661,357	56,190	1,751,491	319	429,745	7,395,483
36	7,395,483	41,841	1,884,644	232	356,068	5,908,516
37	5,908,516	34,895	1,507,096	190	284,478	4,720,603
38	4,720,603	27,284	1,296,287	145	224,732	3,676,186
39	3,676,186	18,962	1,042,704	99	174,035	2,826,380
40	2,826,380	9,884	915,928	50	130,533	2,050,819
41	2,050,819	10,304	749,543	51	92,465	1,403,993
42	1,403,993	-	598,301	-	60,766	866,458
43	866,458	-	363,789	-	37,651	540,320
44	540,320	-	164,084	-	25,205	401,442
45	401,442	-	111,066	-	19,025	309,400
46	309,400	-	92,952	-	14,461	230,909
47	230,909	-	-	-	12,700	243,609
48	243,609	-	-	-	13,399	257,008
49	257,008	-	-	-	14,135	271,143
50	271,143	-	-	-	14,913	286,056
51	286,056	-	-	-	15,733	301,789
52	301,789	-	-	-	16,598	318,388
53	318,388	-	-	-	17,511	335,899
54	335,899	-	-	-	18,474	354,373
55	354,373	-	-	-	19,491	373,864
56	373,864	-	-	-	20,563	394,427
57	394,427	-	-	-	21,693	416,120
58	416,120	-	-	-	22,887	439,007
59	439,007	-	-	-	24,145	463,152
60	463,152	-	-	-	25,473	488,625

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	\$ 488,625	\$ -	\$ -	\$ -	\$ 26,874	\$ 515,500
62	515,500	-	-	-	28,352	543,852
63	543,852	-	-	-	29,912	573,764
64	573,764	-	-	-	31,557	605,321
65	605,321	-	-	-	33,293	638,614
66	638,614	-	-	-	35,124	673,737
67	673,737	-	-	-	37,056	710,793
68	710,793	-	-	-	39,094	749,887
69	749,887	-	-	-	41,244	791,130
70	791,130	-	-	-	43,512	834,643
71	834,643	-	-	-	45,905	880,548
72	880,548	-	-	-	48,430	928,978
73	928,978	-	-	-	51,094	980,072
74	980,072	-	-	-	53,904	1,033,976
75	1,033,976	-	-	-	56,869	1,090,844
76	1,090,844	-	-	-	59,996	1,150,841
77	1,150,841	-	-	-	63,296	1,214,137
78	1,214,137	-	-	-	66,778	1,280,915
79	1,280,915	-	-	-	70,450	1,351,365
80	1,351,365	-	-	-	74,325	1,425,690

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 (2.12%)	PV of Total Projected Payments Using the Single Discount Rate (5.50%)
1	\$ 8,395,979	\$ 764,679	\$ 764,679	\$ -	\$ 744,480	\$ -	\$ 744,480
2	9,057,977	453,024	453,024	-	418,064	-	418,064
3	9,947,807	413,277	413,277	-	361,501	-	361,501
4	10,876,057	491,000	491,000	-	407,097	-	407,097
5	11,747,200	571,558	571,558	-	449,184	-	449,184
6	12,581,288	628,413	628,413	-	468,119	-	468,119
7	13,439,806	805,942	805,942	-	569,066	-	569,066
8	13,923,634	857,958	857,958	-	574,212	-	574,212
9	14,354,666	1,034,191	1,034,191	-	656,077	-	656,077
10	14,590,796	1,304,607	1,304,607	-	784,479	-	784,479
11	14,520,324	1,503,019	1,503,019	-	856,670	-	856,670
12	14,213,930	1,372,059	1,372,059	-	741,258	-	741,258
13	14,006,356	1,368,655	1,368,655	-	700,871	-	700,871
14	13,769,557	1,161,025	1,161,025	-	563,551	-	563,551
15	13,716,002	986,643	986,643	-	453,941	-	453,941
16	13,826,536	880,110	880,110	-	383,817	-	383,817
17	14,038,732	877,204	877,204	-	362,606	-	362,606
18	14,257,580	882,145	882,145	-	345,638	-	345,638
19	14,470,016	955,336	955,336	-	354,802	-	354,802
20	14,607,990	852,072	852,072	-	299,953	-	299,953
21	14,847,167	932,652	932,652	-	311,203	-	311,203
22	15,007,130	985,603	985,603	-	311,727	-	311,727
23	15,105,760	897,354	897,354	-	269,019	-	269,019
24	15,282,874	1,062,556	1,062,556	-	301,939	-	301,939
25	15,280,344	1,082,015	1,082,015	-	291,439	-	291,439
26	15,241,278	1,148,842	1,148,842	-	293,307	-	293,307
27	15,113,144	1,369,987	1,369,987	-	331,533	-	331,533
28	14,730,501	1,496,400	1,496,400	-	343,246	-	343,246
29	14,174,571	1,620,221	1,620,221	-	352,273	-	352,273
30	13,442,614	1,617,627	1,617,627	-	333,373	-	333,373

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 (2.12%)	PV of Total Projected Payments Using the Single Discount Rate (5.50%)
31	\$ 12,652,971	\$ 1,608,285	\$ 1,608,285	\$ -	\$ 314,169	\$ -	\$ 314,169
32	11,814,352	1,551,066	1,551,066	-	287,196	-	287,196
33	10,971,724	1,691,042	1,691,042	-	296,790	-	296,790
34	9,920,611	1,825,480	1,825,480	-	303,682	-	303,682
35	8,661,357	1,751,491	1,751,491	-	276,184	-	276,184
36	7,395,483	1,884,644	1,884,644	-	281,687	-	281,687
37	5,908,516	1,507,096	1,507,096	-	213,514	-	213,514
38	4,720,603	1,296,287	1,296,287	-	174,074	-	174,074
39	3,676,186	1,042,704	1,042,704	-	132,722	-	132,722
40	2,826,380	915,928	915,928	-	110,507	-	110,507
41	2,050,819	749,543	749,543	-	85,718	-	85,718
42	1,403,993	598,301	598,301	-	64,855	-	64,855
43	866,458	363,789	363,789	-	37,378	-	37,378
44	540,320	164,084	164,084	-	15,980	-	15,980
45	401,442	111,066	111,066	-	10,253	-	10,253
46	309,400	92,952	92,952	-	8,133	-	8,133
47	230,909	-	-	-	-	-	-
48	243,609	-	-	-	-	-	-
49	257,008	-	-	-	-	-	-
50	271,143	-	-	-	-	-	-
51	286,056	-	-	-	-	-	-
52	301,789	-	-	-	-	-	-
53	318,388	-	-	-	-	-	-
54	335,899	-	-	-	-	-	-
55	354,373	-	-	-	-	-	-
56	373,864	-	-	-	-	-	-
57	394,427	-	-	-	-	-	-
58	416,120	-	-	-	-	-	-
59	439,007	-	-	-	-	-	-
60	463,152	-	-	-	-	-	-

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 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 (2.12%)	PV of Total Projected Payments Using the Single Discount Rate (5.50%)
61	\$ 488,625	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
62	515,500	-	-	-	-	-	-
63	543,852	-	-	-	-	-	-
64	573,764	-	-	-	-	-	-
65	605,321	-	-	-	-	-	-
66	638,614	-	-	-	-	-	-
67	673,737	-	-	-	-	-	-
68	710,793	-	-	-	-	-	-
69	749,887	-	-	-	-	-	-
70	791,130	-	-	-	-	-	-
71	834,643	-	-	-	-	-	-
72	880,548	-	-	-	-	-	-
73	928,978	-	-	-	-	-	-
74	980,072	-	-	-	-	-	-
75	1,033,976	-	-	-	-	-	-
76	1,090,844	-	-	-	-	-	-
77	1,150,841	-	-	-	-	-	-
78	1,214,137	-	-	-	-	-	-
79	1,280,915	-	-	-	-	-	-
80	1,351,365	-	-	-	-	-	-

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/Prescription Coverage

Types of Coverage:

Blue Cross Blue Shield PPO Plan 800 - NGS

Coverage Provisions:

Pre-Medicare Coverage:

Age 60+ with 8+ Service Years

Chambers County 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 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.

Age <60 with 8+ Service Years

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

Chambers County 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.

Should Retiree coverage terminate, Spousal coverage will also terminate.



SUMMARY OF ELIGIBILITY AND COVERAGE – CONTINUED

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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