

DEC 14 2020

Approved

**REQUEST FOR AGENDA PLACEMENT FORM**

Submission Deadline - Tuesday, 12:00 PM before Court Dates

SUBMITTED BY: Jennifer Lyon

TODAY'S DATE: December 2, 2020

DEPARTMENT: Auditor's Office

SIGNATURE OF DEPARTMENT HEAD: \_\_\_\_\_

REQUESTED AGENDA DATE: 12-14-20

SPECIFIC AGENDA WORDING: Consideration of Engagement Letter for September 30, 2020 OPEB valuation and GASB 75 Valuation Reports for fiscal years ending 2020 & 2021

PERSON(S) TO PRESENT ITEM: Kirk Kirkpatrick

SUPPORT MATERIAL: (Must enclose supporting documentation)

TIME: 5 min

ACTION ITEM: X

WORKSHOP \_\_\_\_\_

(Anticipated number of minutes needed to discuss item) CONSENT: \_\_\_\_\_

EXECUTIVE: \_\_\_\_\_

**STAFF NOTICE:**

COUNTY ATTORNEY:

IT DEPARTMENT: \_\_\_\_\_

AUDITOR:

PURCHASING DEPARTMENT: \_\_\_\_\_

PERSONNEL: \_\_\_\_\_

PUBLIC WORKS: \_\_\_\_\_

BUDGET COORDINATOR: \_\_\_\_\_

OTHER: \_\_\_\_\_

\*\*\*\*\*This Section to be Completed by County Judge's Office\*\*\*\*\*

ASSIGNED AGENDA DATE: \_\_\_\_\_

REQUEST RECEIVED BY COUNTY JUDGE'S OFFICE \_\_\_\_\_

COURT MEMBER APPROVAL \_\_\_\_\_

Date December 2, 2020



November 30, 2020

Ms. Jennifer Lyon  
First Assistant County Auditor  
Johnson County  
2 N. Main St.  
Cleburne, TX 76033

**Re: Engagement Letter for the September 30, 2020 OPEB valuation and the GASB 75 Valuation Reports for fiscal years ending 2020 and 2021**

Dear Ms. Lyon,

You have requested a pricing quote for a GASB 75 actuarial valuation under the Shared Services arrangement provided by Gabriel, Roeder, Smith & Co (GRS) and North Central Texas Council of Governments (NCTCOG).

Based on the information you provided, the cost of services for Johnson County is \$10,645. This price is based on receiving data in the standard GRS format and using the following assumptions:

Pricing Category	Pricing Parameters	Fee
Annual or Biennial	Biennial	
Number of Participants	200 - 499	\$10,645
Claims Analysis Required	No	\$0
Health Plans	1. Johnson County Health Plan	\$0
Retirement Plans	1. TCDRS	\$0
Implicit Subsidy Only Discount	Not Eligible	\$0
Plan Change Not Previously Valued	No	N/A
OPEB Trust or Equivalent Arrangement	No	N/A
Single Discount Rate Test	No	\$0
Plan Only Reporting Package	No	\$0
Cost Sharing Schedules for Primary Government and Component Units	No	\$0
Calculation of an Actuarially Determined Contribution	No	\$0
<b>Total</b>		<b>\$10,645</b>

### **Basic Services**

- Actuarial valuation of employer OPEB in compliance with the requirements of GASB Statements No. 74 and No. 75. The valuation report will include, but is not limited to, the following:
  - > The updated Total OPEB Liability, based on the appropriate discount rate for the reporting period.
  - > A reconciliation of the Total OPEB Liability, which shows, among other items, the impact of benefit changes, assumption changes, and demographic gains/losses separately.
  - > The OPEB expense and supplementary information required by GASB 75.
  - > The characteristics of covered active members, retirees, and beneficiaries and other information required for the note disclosures.
  - > A statement of outflows and inflows arising from the current reporting period.
  - > A statement of outflows and inflows to be recognized in future OPEB expense.
  - > A sensitivity analysis providing the Total OPEB Liability based on a 1% higher and 1% lower discount rate.
  - > A sensitivity analysis providing the Total OPEB Liability based on a 1% higher and 1% lower health care trend assumption.

### **Billing Schedule**

GRS pricing assumes 30% paid upon acceptance by the government of the engagement, 40% upon delivery of the draft full valuation, and 30% upon delivery in the second year of the rolled forward report.

The Master Agreement allows for automatic fee increases based on changes in the Consumer Price Index (CPI), starting in January of 2019. As a result, the 2020 fees are 4.35% higher than those in the original fee schedule that's shown in our Master Agreement. However, the fees provided in this engagement letter will not change based on the annual updates to the overall pricing schedule. Any CPI related increases will only apply to the next valuation cycle.

**Basic Options Study**

It is anticipated that Johnson County may want to consider options for mitigating its OPEB liability. Basic Options studies would include alternative discount rates, alternative healthcare trend rates, benefit capitations, and changes in retiree cost sharing. The cost for a basic Options study will be \$1,360 per study.

Fees for plan redesign studies that are not considered basic will be communicated after the specifics of the proposed plan changes are discussed.

**Additional Services**

Fees for additional consulting services not included under Basic Services or included in the fixed fee Options studies will be priced separately upon request and will be based on the following hourly rates:

<u>GRS Resource Classification</u>	<u>Hourly Rates</u>
Lead Actuary	\$340
Actuarial Staff	\$225
Support Staff	\$195

A copy of this engagement letter will be made a part of the master agreement between Johnson County and GRS.

JOHNSON COUNTY, TX



12-17-20  
Date

GABRIEL, ROEDER, SMITH & COMPANY



Mehdi Riazi, Senior Consultant

11/30/2020

Date