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MAR 23 2021

NAVARRO COUNTY  
AUDITOR'S OFFICE

March 23, 2021

Ms. Terri Gillen  
County Auditor  
Navarro County  
300 West 3rd Avenue, Suite 4  
Corsicana, TX 75110

Re: Engagement Letter for the December 31, 2020 OPEB valuation and the GASB 75 Valuation Reports for fiscal years ending 2021 and 2022

Dear Ms. Gillen,

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 Navarro County is \$8,660. 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	\$10,775
Claims Analysis Required	No	\$0
Health Plans	1. TAC	\$0
Retirement Plans	1. TCDRS	\$0
Implicit Subsidy Only Discount	Eligible	-\$2,115
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>\$8,660</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 2021 fees are 5.60% 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 Navarro 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 \$1,375 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	\$350
Actuarial Staff	\$230
Support Staff	\$195

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

NAVARRO COUNTY, TX



4-12-21

Date

GABRIEL, ROEDER, SMITH & COMPANY



3/23/2021

Mehdi Riazzi, Senior Consultant

Date