

IV. DETAILED NOTES ON ALL FUNDS (Continued)

I. Post-retirement Health Care Benefits (Continued)

Actuarial Methods and Assumptions

The actuarial methods and significant assumptions used are as follows:

| | |
|--------------------------------------------------------------------------|--------------------------|
| Actuarial Valuation Date | 10/01/10 |
| Actuarial Cost Method | Projected Unit Credit |
| Amortization Method | Level percent of payroll |
| Remaining Amortization Period | 30 years; open |
| Asset Valuation Method | Market Value |
| Actuarial Assumptions: | |
| Investment Rate of Return | 4.5% |
| Payroll Growth Rate | 3% |
| Projected Salary Increases | 3.5% |
| General Inflation Rate | 3% |
| Healthcare cost trend rate | 10% |
| The number of active members is assumed to remain constant in the future | |

J. Health Care Coverage (Self-insured Plan)

During the year ended September 30, 2012, employees of the County were covered by a health insurance plan (the "Plan"). The County contributed \$10,531 per year per employee. Employees, at their option, authorized payroll withholdings to pay contributions for dependents. All contributions were paid into the County's Insurance Trust Fund. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

K. Self-insurance Coverage

The County is exposed to various risks of loss in its normal daily operations. These risks include tort claims, theft/damage of county assets, errors and omissions, and natural disasters. The County has established a separate self-insurance fund (Internal Service) to account for these operations.

L. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the County carries commercial insurance. The County participates in a risk management program through Texas Association of Counties for workers' compensation coverage. The County currently provides health benefits for its employees.

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