

## JOHNSON COUNTY, TEXAS

### Notes to the Financial Statements

For The Year Ended September 30, 2014

#### NOTE 10 - POST EMPLOYMENT HEALTH INSURANCE BENEFITS - Continued

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/12	\$ 248,074	\$ 42,633	17.2%	\$ 719,085
9/30/13	255,516	65,737	25.7%	908,864
9/30/14	243,781	59,175	19.9%	1,093,470

*Funding Status and Funding Progress* - As of September 30, 2014, the most recent actuarial valuation date, the plan was 0% funded as the County is using a pay-as-you-go approach. The actuarial accrued liability for benefits was \$ 2,311,018, and the actuarial value of assets was \$ -0- resulting in an unfunded liability (UAAL) of \$ 2,311,018. Annual covered payroll is \$ 22,834,220 and the ratio of the UAAL to the covered payroll was 8.2 percent.

*Actuarial Methods and Assumptions* - In the September 30, 2014 actuarial valuation, the projected unit credit method was used. The actuarial assumptions include a 4.5% investment rate of return. An inflation rate of 3.0%, salary growth rate of 3.0% and a health care cost trend rate ranging from 9% down to 5.5% after 9 years is used. An interest discount rate of 4.5% was used to value the liability. The UAAL is being amortized over a closed period of thirty years using the level percent of payroll method. The remaining amortization period at September 30, 2014, was 26 years.

The County has made contributions each year which are below the required annual required contribution (ARC), therefore a liability has been reported within the Governmental Activities financial statements. As of September 30, 2014, the County has contributed a total of \$ 377,850 which when compared to the annual OPEB cost results in a net OPEB obligation of \$ 1,093,470. The County's general fund is considered responsible for liquidating the net OPEB obligation on an ongoing basis. The County's general fund fund balance would be used to eliminate the net OPEB obligation.

#### NOTE 11 - GRANTS, ENTITLEMENTS AND SHARED REVENUES

During the year ended September 30, 2014, the County applied for and received federal and state grants related to various activities. The operations of these grants are reported in the general fund, various special revenue funds, and capital projects fund. For the most part, these grants are reimbursement type grants, therefore, revenues equal expenditures. Grant revenues are classified as intergovernmental revenues. The federal financial assistance programs are covered by the requirements of the Single Audit Act and OMB Circular A-133.

The state financial assistance programs are covered by the State of Texas Single Audit Circular. A single audit was performed on the state financial assistance programs as the state financial assistance programs met the \$ 500,000 threshold, while the federal financial assistance programs did not.

#### NOTE 12 - BAIL BOND COLLATERAL

The County holds, as collateral, time deposits and other cash equivalents and real property pledged toward bail bonds. The County does not have access to the assets unless the bond is violated; therefore, these assets are not reported in the financial statements of the County as of September 30, 2014. As of September 30, 2014, bail bonds outstanding totaled \$ 6,187,800 and collateral pledged against these bonds amounted to \$ 275,000, respectively.