Transparency Stars

PUBLIC PENSIONS SUMMARY

Use of this form is optional, though all the information captured by this form is required for receipt of a Public Pensions Transparency Star.

Entity Name: Galveston County, Texas

Type of Entity: County

Most recently completed fiscal year for which data is available (MM/DD/YYYY-MM/DD/YYYY): 10/01/2021-09/30/2022

Funded ratio from most recent actuarial valuation:
89.82

Amortization period from most recent actuarial valuation:
17.90

One-, three- and 10-year rates (if available) of return, with basic explanation (or link to basic explanation) of methodology employed:

One-year rate: -5.80 explanation: https://www.tcdrs.org/investments/our-results/
Three-year rate: 8.29 explanation: https://www.tcdrs.org/investments/our-results/
Ten-year rate: 8.27 explanation: https://www.tcdrs.org/investments/our-results/

Assumed rate of return: 7.5%

Actuarially Determined Contribution (ADC) Rate from most recent actuarial valuation:
13.42%

Current total Contribution Rate from most recent actuarial valuation:
13.42%

Unfunded Actuarial Accrued Liability (UAAL) as percent of covered payroll from most recent actuarial valuation:
68.00%

Narrative: Summarize in the space provided your entity's recent efforts to increase transparency in the area of Public Pensions. Be sure to:

1) provide explanations for any terminology that appears in the summary,
2) describe any benchmarks, standards or best practices (for example, from the Pension Review Board or GASB) your entity uses to gauge its progress in this area, and
3) detail any historical analysis your entity performs to track its efforts to improve transparency in this area.

The county provides retirement, disability and death benefits for full-time employees through an agent, multiple-employer, defined-benefit plan. This plan is administered by the state-wide, public-employee Texas County and District Retirement System ("TCDRS"). TCDRS is governed by the TCDRS Board of Trustees and administers the pension plans of nearly 850 counties and districts. It issues in the aggregate, on a calendar-year basis, an annual comprehensive financial report which is available upon request from the TCDRS Board of Trustees.

The TCDRS plan provisions are adopted by the participating employers' governing bodies, subject to the state's TCDRS Act (the "Act"). The county has elected to follow the variable-rate plan provisions of the Act. The employer contribution rate is actuarially determined each year as a percentage of employee earnings, subject to plan changes (e.g., for cost-of-living increases) adopted by the employer's governing body within the constraints imposed by the Act. The employee contribution rate likewise is a percentage of employee earnings subject to adjustment by the governing body of the employer within the constraints of the Act. Funding is provided by monthly contributions from the employer, along with biweekly payroll deductions from the employee and the interest earned thereon.

Updated merit salary, mortality, retirement, and termination assumptions were adopted in the actuarial valuation of December 31, 2021 based on the results of an actuarial experience study for the period January 1, 2017, through December 31, 2020, except where Governmental Accounting Standards Board Statement No. 68 required otherwise. GASB Statements No. 68 and No. 71 were implemented by Galveston County during the fiscal year ended September 30, 2015.

The primary objective of GASB No. 68 is to improve accounting and financial reporting by state and local governments for pensions and improves information about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The scope of this GASB No. 68 addresses accounting and financial reporting for pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable,
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms, and
- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator.

If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members. GASB No. 68 also establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Galveston County also follows GASB No. 71 and the objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. At transition to Statement 68, if it is not practical for an employer or non-employer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or non-employer contributing entity's beginning net position and expense in the initial period of implementation. GASB No. 71 amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of Statement 71 are required to be applied simultaneously with the provisions of Statement 68.

Note: To complete your application, see the specific criteria page for the Public Pensions Transparency Star which details visualizations, documents, downloadable data and other required information.