

## Gainesville's Pension Plan

The City and one component participate with provision for an agent multiple-employer defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS, an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) is an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmr.com](http://www.tmr.com)

## Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. A summary of plan provisions for the City are as follows:

Employee Deposit Rate:	5% of pay
Matching Ratio (City to Employee):	1.5 to 1
Vesting of Benefits:	5 years
Service retirement eligibility:	20 years at any age, 5 years at the age of 60 and above
Updated Service Credit:	100% Repeating Transfers
Annuity Increases (to retirees):	70% of CPI Repeating
Death Benefits:	Yes

## Employees Covered by Benefit Terms

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	129
Inactive employees entitled to but not yet receiving benefits	89
Active employees	214
Total	432

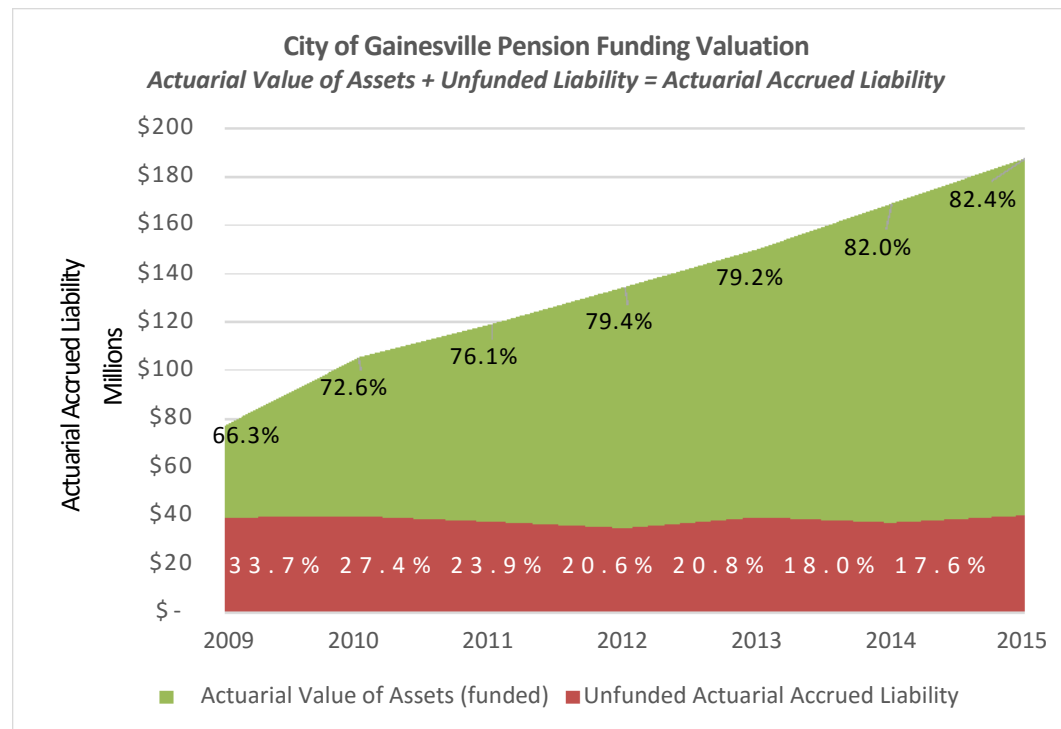
## Pension Summary

TMRS provides each of its member cities with two slightly different actuarial valuations which are both reflected below as of December 31, 2015. The first is a smoothed valuation used to calculate the City of Gainesville's actuarially determined contribution (ADC) to the plan. The second valuation is provided for Governmental Accounting Standards Board (GASB) Pronouncement 68 financial reporting purposes and reflects the City of Gainesville's fiduciary net position based on the market value of its assets.

Equivalent Single Amortization Period	19.0 years
Covered Payroll	\$ 10,864,169

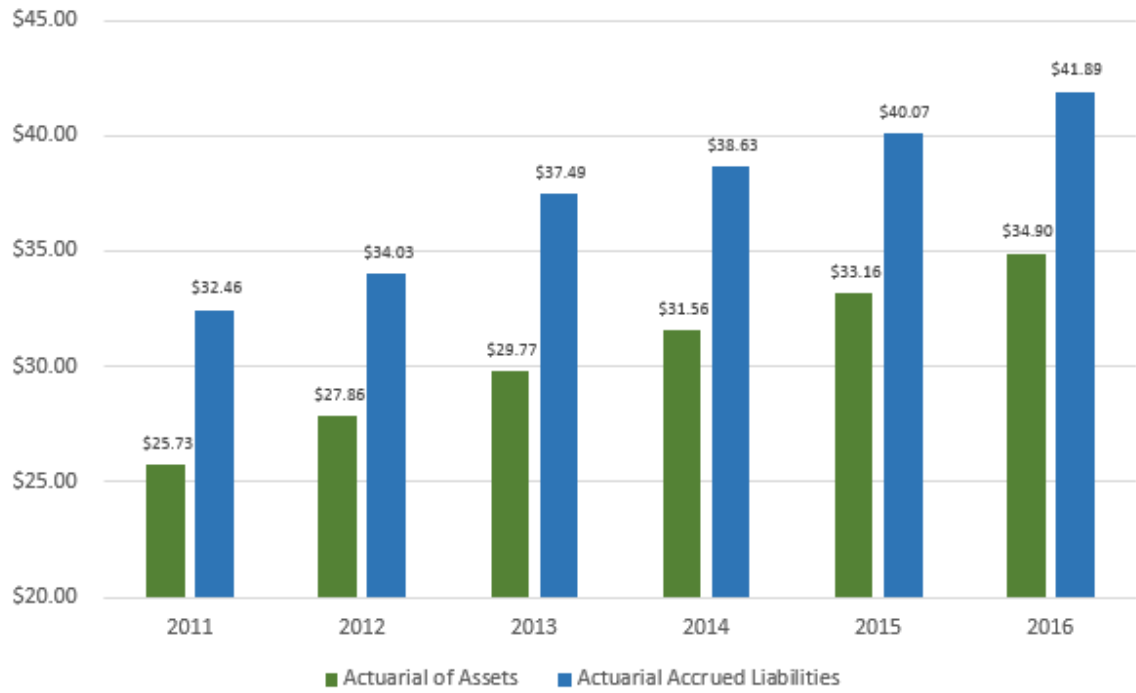
Funding Valuation (Smoothed Value)	12/31/2015
Total Actuarial Accrued Liability	\$ 40,074,586
Actuarial Value of Assets	\$ 33,162,267
Unfunded Actuarial Accrued Liability (UAAL)	\$ 6,912,319
Funded Ratio	82.8%
UAAL as a percentage of covered payroll	63.7%

GASB 68 Valuation (Market Value)	12/31/2015
Total Pension Liability	\$ 40,074,586
Plan Fiduciary Net Position	\$ 32,470,455
Net Pension Liability (NPL)	\$ 7,604,141
Funded Ratio	81.03%
NPL as a percentage of covered payroll	73.37%

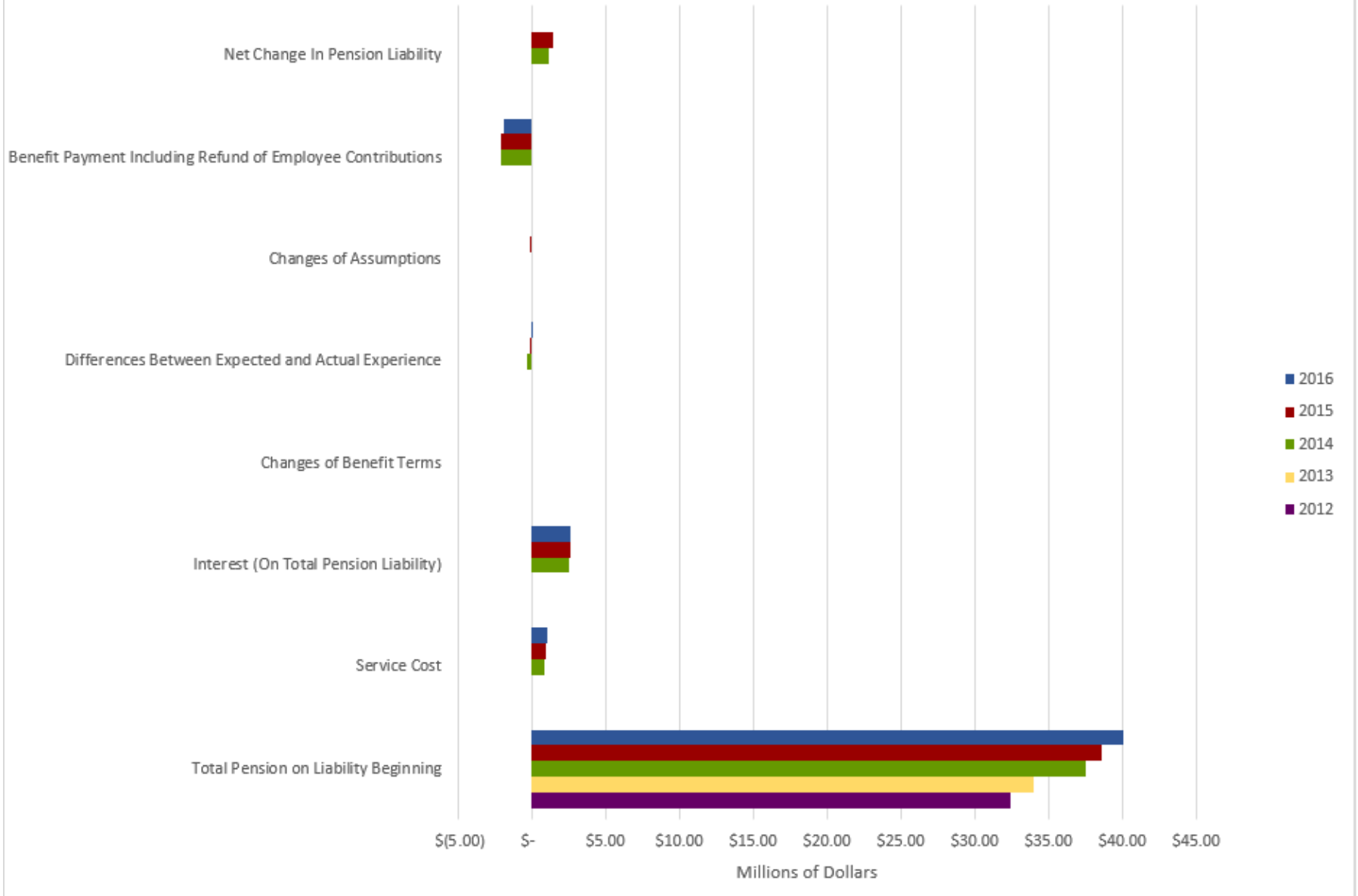


[Downloadable Data](#)

City of Gainesville Actuarial Value of Assets Vs.  
Actuarial Accrued Liabilities  
(In Millions)



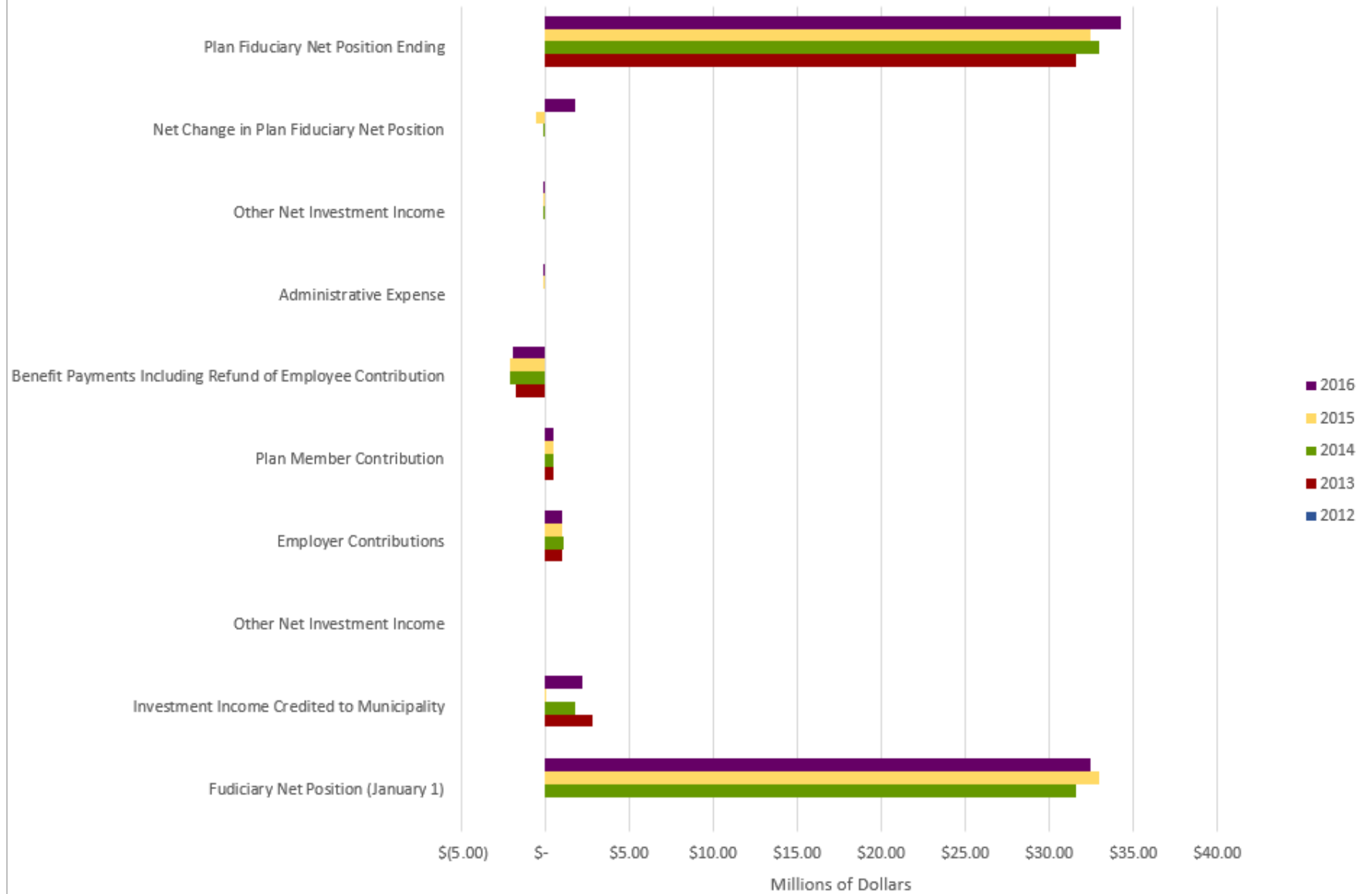
## City of Gainesville Schedule of Changes in Plan Pension and Liability



Sources: 2012-2013 – Executive Summary 2015 Municipal Contribution Letter Page 6; 2014-2015 – Executive Summary 2017 Municipal Contribution Letter Page 5; 2016 – Executive Summary GASB Reporting Package Dated July 12, 2017, Page 2. Data not shown was not monitored as part of GASB 68 requirement until June 15, 2014 and is not available.

[Downloadable Data](#)

### City of Gainesville Schedule of Changes in Plan Fiduciary Net Position



Sources: 2013 – Audit, September 30, 2015, Page 75; 2015-2016 – GASB-TMRS, Page 10.

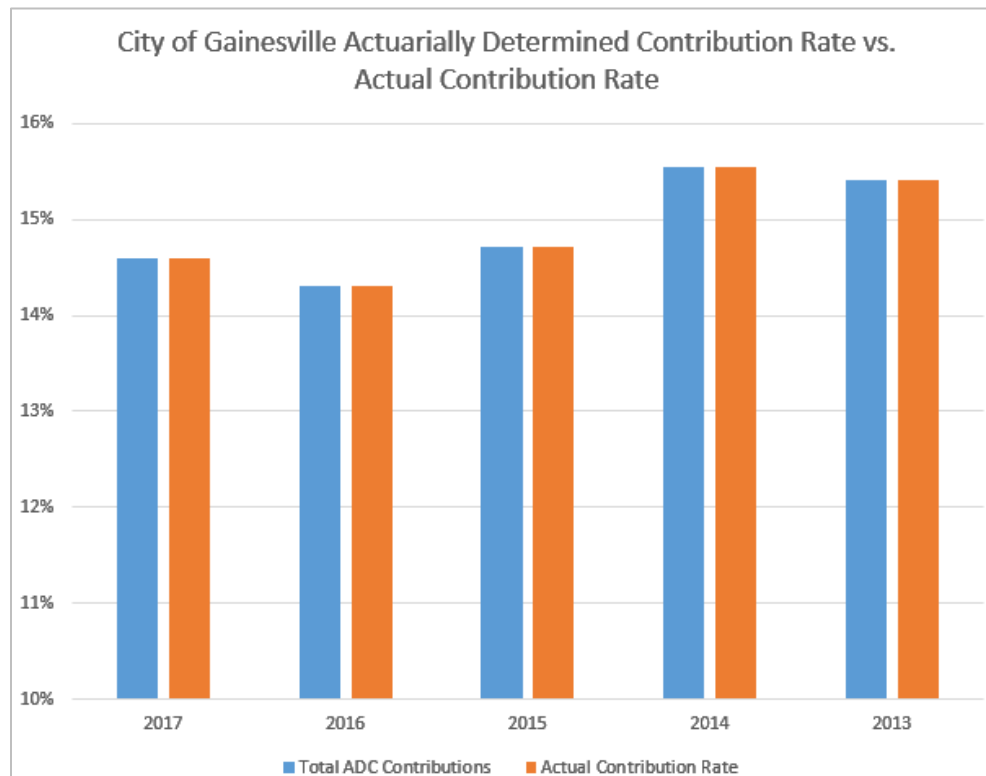
Data not shown was not monitored as part of GASB 68 requirement until June 15, 2014 and is not available.

[Downloadable Data](#)

## Contributions

Employees are required to contribute 5% of their annual gross earnings based on the City’s plan provisions. Beginning in 2009, certain eligible member cities could elect to contribute a minimum amount equal to their ADC less a “Phase In” of the increase resulting from a change in the TMRS actuarial cost method in the 2007 valuation. The phase-in period was for eight years; however, the City of Gainesville began contributing the full ADC rate in 2014.

Actuarially Determined Contributions (as a % of pay)					
Year	2017	2016	2015	2014	2013
Employee Rate	5.0%	5.0%	5.0%	5.0%	5.0%
Employer ADC Rate	9.59 %	9.31%	9.71%	10.54%	10.41%
Total ADC Contributions	14.59%	14.31%	14.71%	15.54%	15.41%
Minimum Employer Phase-In Rate	n/a	n/a	n/a	10.36%	10.41%



[Downloadable data.](#)

Source: TMRS Rate letters available at [https://www.tmr.org/rate\\_letters/2017/00492.pdf](https://www.tmr.org/rate_letters/2017/00492.pdf)

TMRS Contribution Rates									
Year	2009	2010	2011	2012	2013	2014	2015	2016	2017
Normal Cost	5.47%	5.96%	6.16%	6.01%	6.29%	6.65%	4.52%	4.49%	4.69%
Prior Service	5.08%	5.56%	5.65%	4.22%	4.12%	3.89%	5.19%	4.82%	4.90%
Decrease due to Phase-In	-2.76%	-2.89%	-2.41%	-0.36%	-0.27%	0.18%			
<b>Retirement Plan Contribution</b>	<b>7.79%</b>	<b>8.63%</b>	<b>9.40%</b>	<b>9.87%</b>	<b>10.14%</b>	<b>10.36%</b>	<b>9.71%</b>	<b>9.31%</b>	<b>9.59%</b>
Supplemental Death Benefit	0.27%	0.25%	0.28%	0.20%	0.21%	0.23%	0.24%	0.21%	0.20%
<b>Total Rate:</b>	<b>8.06%</b>	<b>8.88%</b>	<b>9.68%</b>	<b>10.07%</b>	<b>10.35%</b>	<b>10.59%</b>	<b>9.95%</b>	<b>9.52%</b>	<b>9.79%</b>
Phase-In Extra	0.74%	1.42%	1.32%	0.36%	0.27%	0.18%			
Employer Contribution Rate	8.80%	10.30%	11.00%	10.43%	10.62%	10.77%	9.95%	9.52%	9.79%

## Investments

More detailed information regarding investment objectives, policies, and performance of the TMRS pension system can be found at <https://www.tmr.org/investments.php> or in the [TMRS Comprehensive Annual Financial Report \(CAFR\)](#).

**TMRS Current Assumed Rate of Return = 6.75% (letter dated June 6, 2016 to Board of Trustees)**

<b>2015 Investment Results (TMRS Total Fund Return)</b>			
<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>10 Year</b>
0.34%	5.29%	5.63%	5.42%

**Source: TMRS 2015 Comprehensive Annual Financial Report (CAFR)**  
*Rates of return presented are calculated using a time-weighted rate of return methodology based upon market values, and are presented gross of investment management fees. [2015 TMRS CAFR](#) (Page 68 of 158)*

## Reference Documents

Actuarial Valuations – Gainesville Specific

[2016 Rate Letter \(2015 Funding Valuation Summary\)](#)

[2015 GASB 68 Valuation for City of Gainesville](#)

[Prior Years TMRS Rate Letters – \(Funding Valuations\)](#)

[Prior Years GASB 68 Actuarial Valuations for City of Gainesville](#)

TMRS System Documents (*Gainesville specific citations*)

[2015 TMRS Comprehensive Annual Financial Report: Plan Provisions Chosen](#) (pages 120-121)

[2015 Schedule of Changes in Fiduciary Net Position](#) (pages 18-19)

[2015 TMRS Funding Valuation](#) (page 134 of PDF)

## Links to Other Information

[Texas Transparency](#) Information to Texas Comptroller’s website

[Public Pension Search Tool](#)

[TMRS Prior Years Comprehensive Annual Financial Reports](#)