

La Porte's Pension Plans

The City of La Porte participates in two pension plans. Texas Municipal Retirement system (TMRS) for all of the municipal employees and the Texas Emergency Services Retirement System (TESRS) for the volunteer firefighters. The TMRS plan will be detailed first and then followed by the details on the TESRS plan.

Texas Municipal Retirement System (TMRS)

The City of La Porte participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit agent multiple-employer 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) as 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.

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:	7% of pay
Matching Ratio (City to Employee):	2 to 1
Vesting of Benefits:	10 years
Service retirement eligibility:	20 years at any age, 10 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, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	218
Inactive employees entitled to but not yet receiving benefits	184
Active employees	370
Total	772

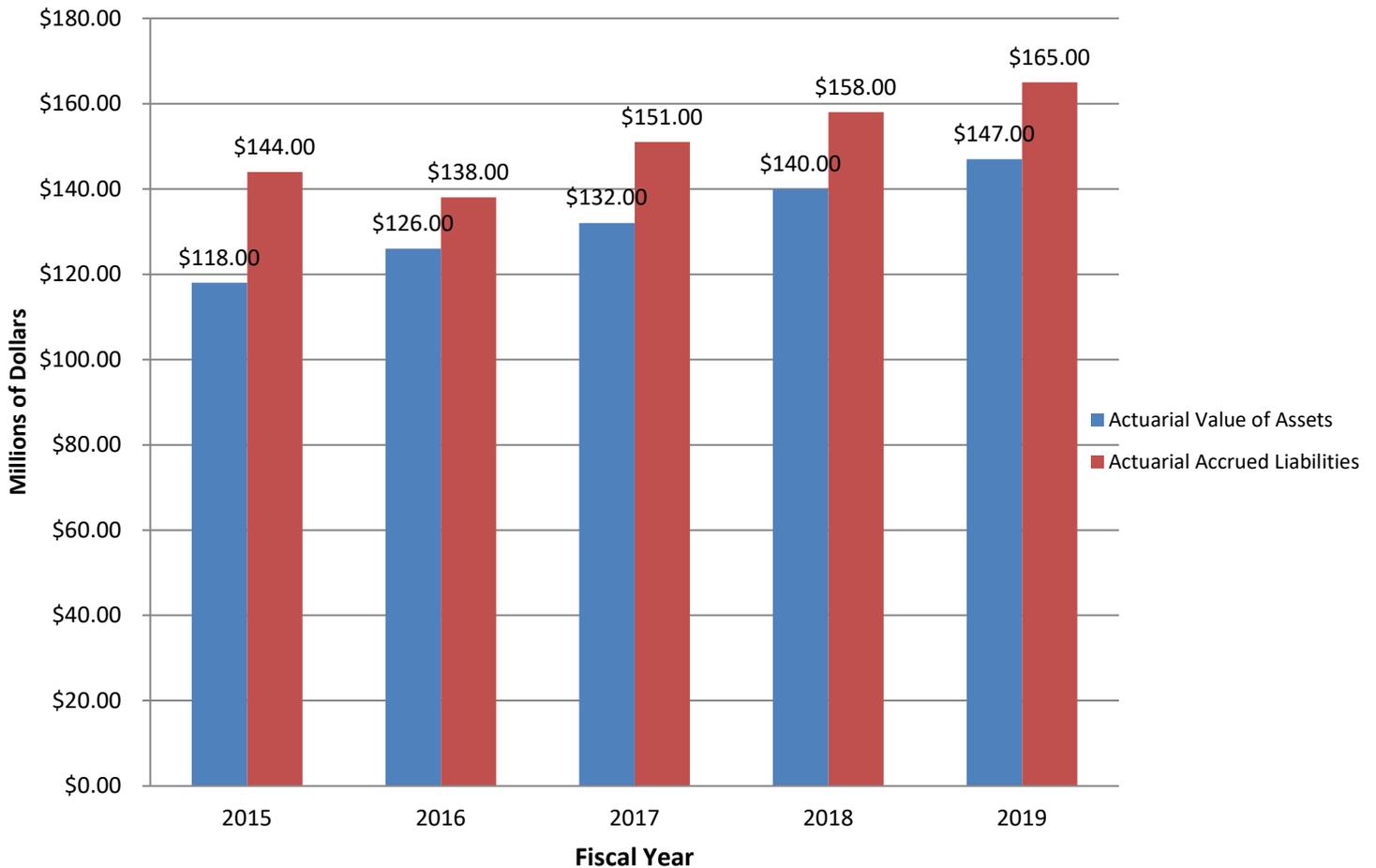
Pension Summary

TMRS provides each of its member cities with two slightly different actuarial valuations which are both reflected below as of December 31, 2018. The first is a funding valuation used to calculate the City of La Porte'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 is reported in the City's CAFR. Similar in many ways, the primary difference between the two valuations is that the funding valuation uses a smoothed actuarial value of assets and the GASB 68 valuation utilizes fiduciary net position based on a market value of the assets on the reporting date.

Discount rate	6.75%
Equivalent Single Amortization Period	15.1 years
Covered Payroll	\$ 22,506,030

Funding Valuation (Smoothed Value)	12/31/2018	GASB 68 Valuation (Market Value)	12/31/2018
Total Actuarial Accrued Liability	\$ 164,510,337	Total Pension Liability	\$ 164,510,337
Actuarial Value of Assets	\$ 147,848,080	Plan Fiduciary Net Position	\$ 140,872,830
Unfunded Actuarial Accrued Liability (UAAL)	\$ 16,662,257	Net Pension Liability (NPL)	\$ 23,637,507
Funded Ratio	89.90%	Funded Ratio	85.63%
UAAL as a percentage of covered payroll	74.00%	NPL as a percentage of covered payroll	105.03%

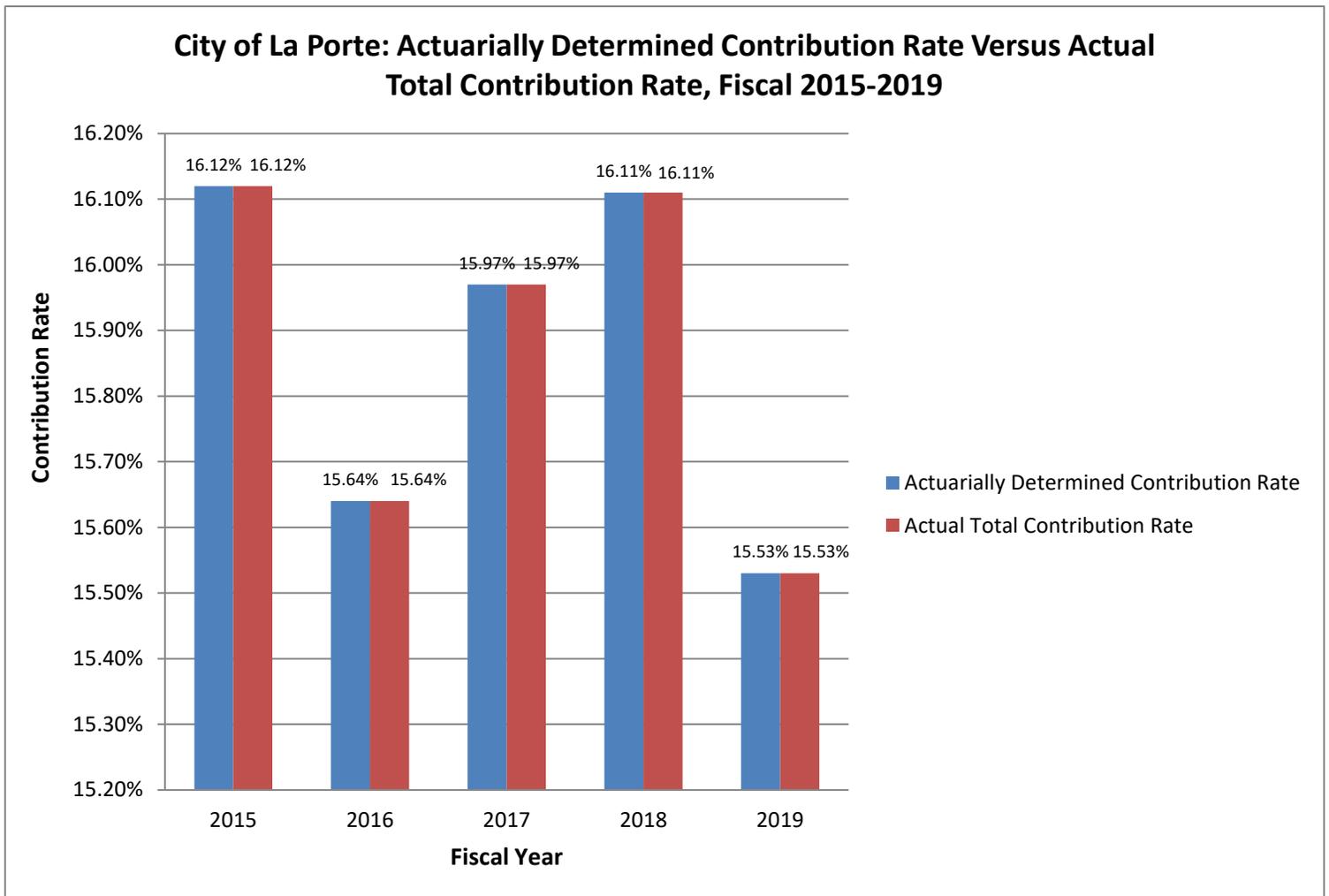
City of La Porte: Actuarial Value of Assets Versus Actuarial Accrued Liabilities, Fiscal 2015-2019 (In Millions)



Contributions

Employees are required to contribute 7% 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 La Porte began contributing the full ADC rate in 2012.

Actuarially Determined Contributions (as a % of pay)					
Year	2019	2018	2017	2016	2015
Employee Rate	7.00%	7.00%	7.00%	7.00%	7.00%
Employer ADC Rate	15.53%	16.11%	15.97%	15.64%	16.12%
Total ADC Contributions	22.53%	23.11%	22.97%	22.64%	23.12%
Minimum Employer Phase-In Rate	n/a	n/a	n/a	n/a	n/a



Investments

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

TMRS' Current Assumed Rate of Return = 6.75%

2016 Investment Results (TMRS Total Fund Return)			
1 Year	3 Year	5 Year	10 Year
-2.11%	6.31%	5.03%	6.63%

Source: TMRS 2018 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.

Reference Documents

Actuarial Valuations – La Porte Specific

- [2019 Rate Letter \(2018 Funding Valuation Summary\)](#)
- [2019 GASB 68 Valuation for City of La Porte](#)
- [2018 Rate Letter \(2017 Funding Valuation Summary\)](#)
- [2018 GASB 68 Valuation for City of La Porte](#)
- [2017 Rate Letter \(2016 Funding Valuation Summary\)](#)
- [2017 GASB 68 Valuation for City of La Porte](#)
- [Prior Years TMRS Rate Letters – \(Funding Valuations\)](#)
- [Prior Years GASB 68 Actuarial Valuations for City of La Porte](#)

TMRS System Documents (La Porte specific citations)

- [2013 TMRS Comprehensive Annual Financial Reports \(pages 80-81\)](#)
- [2013 Schedule of Changes in Fiduciary Net Position \(pages 28-29\)](#)
- [2014 TMRS Comprehensive Annual Financial Report \(pages 128-129\)](#)
- [2014 Schedule of Changes in Fiduciary Net Position \(pages 128-129\)](#)
- [2015 TMRS Comprehensive Annual Financial Report: Plan Provisions Chosen \(pages 128-129\)](#)
- [2015 Schedule of Changes in Fiduciary Net Position \(pages 26-27\)](#)
- [2016 Schedule of Changes in Fiduciary Net Position \(pages 28-29\)](#)
- [2016 TMRS Funding Valuation \(page 145\)](#)
- [2016 TMRS Comprehensive Annual Financial Report \(Pages 132-133\)](#)
- [2017 Schedule of Changes in Fiduciary Net Position \(pages 28-29\)](#)
- [2017 TMRS Comprehensive Annual Financial Report \(pages 132-133\)](#)
- [2018 TMRS Comprehensive Annual Financial Report \(pages 122-123\)](#)
- [2018 Schedule of Changes in Fiduciary Net Position \(pages 28-29\)](#)
- [2019 TMRS Comprehensive Annual Financial Report \(pages 122-123\)](#)
- [2019 Schedule of Changes in Fiduciary Net Position \(pages 28-29\)](#)
- [5 Year City of La Porte History of Net Position \(Downloadable Data\)](#)
- [5 Year City of La Porte Actuarial Value of Assets versus Accrued Liabilities \(Downloadable Data\)](#)

Texas Emergency Services Retirement System (TESRS)

The city participates in the Texas Emergency Services Retirement System (TESRS), a cost-sharing multiple-employer defined benefit pension established and administered by the State of Texas. The TESRS is an agency of the State of Texas and its financial records comply with state statutes and regulations. The nine member Board of Trustees, appointed by the Governor, established policy for the administration of the Texas Emergency Services Retirement System. The TESRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tesrs.org.

The TESRS was created as a standalone agency by the 83rd Legislature via the passage of SB 220 effective September 1, 2013, to assume the related functions of the abolished Office of the Fire Fighter's Pension Commissioner. While the agency is new, the System has been in existence since 1977. TESRS, which is under the authority of Title 8, Subtitle H, Chapters 861-865 of the Texas government code, provides death and disability benefits to active volunteer fire fighters and first responders, and a pension to members with vested services, as well as to their survivors/beneficiaries. Additional information for this pension plan can be found on the state's website at <https://comptroller.texas.gov/application.php/pension/336>

Benefits Provided

TESRS 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 TESRS. A summary of plan provisions for the City are as follows:

Vesting of Benefits:	10 years , 50% vested increasing 10% for each year of service up to 15 years at which time vesting is 100%
Service retirement eligibility:	At age 55
Benefits:	Vested members receive a monthly pension equal to their vested percentage multiplied by six times the City's average monthly contribution over the member's years of qualified service. For years in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually.
Annuity Increases (to retirees):	No provision for automatic postretirement benefit increases
Death Benefits:	Yes

Employees Covered by Benefit Terms

As of December 4, 2019, the following was provided by TESRS for the City of La Porte.

Total Participants	56
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Pension Summary

The net pension liability was measured as of August 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to contributions of all participating employers to the plan for the period September 1, 2017 through August 31, 2019. The net position liability for the state was \$28,345,563. The City of La Porte's share was \$261,913.

Contributions

Contributions are made by the City for the participating employees. No contributions are required from the individuals who are members of the TESRS, nor are they allowed. The city is required to make contributions to the plan for each month an eligible emergency service personnel provides qualified services. The minimum contribution is \$36 per member. Contributions to the pension plan for the year ended September 30, 2019 was \$43,239.

Investments

More detailed information regarding investment objectives, policies, and performance of the TESRS pension system can be found at http://www.tesrs.org/TESRS_AFR_Audited%202016-1.pdf

Fiscal Year Ending	Annual Money-Weighted Net Real Rate of Return
<i>August 31, 2015</i>	-3.58%
<i>August 31, 2016</i>	5.57%
<i>August 31, 2017</i>	10.32%
<i>August 31, 2018</i>	10.86%
<i>August 31, 2019</i>	1.00%

Reference Documents

[TESRS 2016 Actuarial Valuation](#)

[TERES 2018 Actuarial Valuation](#)

[TESRS Audited Annual Financial Report For the Year Ended August 31, 2016](#)

[TESRS Audited Annual Financial Report For the Year Ended August 31, 2017](#)

[TESRS Audited Annual Financial Report For the Year Ended August 31, 2018](#)

[TESRS Audited Annual Financial Report For the Year Ended August 31, 2019](#)

[Texas Emergency Services Retirement System Report on Pension Information August 31, 2016](#)

[Texas Emergency Services Retirement System Report on Pension Information August 31, 2018](#)

[Texas Emergency Services Retirement System Report on Pension Information August 31, 2019](#)

Links to Other Information

[Texas Transparency Information](#)

to Texas Comptroller's website

[Public Pension Search Tool](#)

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