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**Subject:** TMRS® E-Bulletin Volume 6 2014

**Date:** Tuesday, April 1, 2014 at 3:00:07 PM Central Daylight Time

**From:** Bulletin

**TMRS® E-Bulletin for Cities – 2014 • Vol. 6 • April 1, 2014**



**March Board of Trustees Meeting • Advisory Committee Info • Statements, Courses, and Conferences • GASB Letter Explanation**

### **March Board Meeting Summary**

The TMRS Board of Trustees met on March 20 – 21 and:

- Approved an approximate 9.70% interest credit allocation to city trust accounts in the Benefit Accumulation Fund for the year ending 12/31/2013. The estimated, smoothed actuarial return is 7.66%, and the System's net deferred actuarial gains are approximately \$1.175 billion. Deferred gains are used to supplement the interest credit in future years when the System's return falls below the actuarial assumption of 7%. A copy of the GRS presentation on the interest credit is available [here](#).
- Heard a report on investments. Quarterly investment reports are available on the TMRS website.
- Approved \$175 million in allocations to three real estate managers, pending successful contract negotiations. The managers and their respective allocations are Invesco (\$50 million), Rubenstein Properties II (\$25 million), and Walton Street Debt Fund (\$100 million).
- Approved \$400 million in allocations to two non-U.S. equity managers, pending successful contract negotiations. The managers and allocations are Lazard Asset Management (\$200 million) and Wellington Management (\$200 million).
- Heard a discussion summarizing TMRS' current amortization policy and a proposed adjustment to the policy effective with the December 31, 2014 valuation. The proposal would create a 25-year amortization period for all losses after December 31, 2014, and establish a 25-year maximum amortization period for small cities. Currently some cities' losses and gains are amortized over a 30-year period, and amortization periods vary for small cities' gains and losses. The Board took no action and will continue discussion at the May meeting. A copy of the GRS amortization presentation and recommendation is available [here](#).
- Appointed Bryan Langley to the Advisory Committee on Retirement Matters (see article below).
- Heard a presentation from KPMG, TMRS' external auditor on the TMRS System audit for the year ending December 31, 2013, and on the upcoming Service Organization Controls (SOC) audit (see article below).
- Approved a charter for the Board's Internal Audit Committee.

The next meeting of the Board of Trustees will be in Austin May 15–16.

## Update on the Advisory Committee on Retirement Matters

The Advisory Committee on Retirement Matters was created to provide input to the TMRS Board of Trustees on various matters and to provide an additional conduit for TMRS to communicate with its members, cities, and retirees. The Advisory Committee Chair is Board Trustee Julie Oakley, and the Vice Chair is Trustee David Landis. The Committee is scheduled to meet on April 4, May 15, and June 19 at TMRS' headquarters in Austin to discuss and consider issues in preparation for the 84<sup>th</sup> Legislative Session, which begins in January 2015. Any comments or suggestions can be sent to Dan Wattles, TMRS' Governmental Relations Director, at 512-225-3713 or [dwattles@tmrs.com](mailto:d wattles@tmrs.com).

At their March meeting, the TMRS Board approved Bryan Langley to fill a vacant position on the Advisory Committee. He serves as the Chief Financial Officer and Assistant City Manager for the City of Denton. In this capacity, he is responsible for the budget, treasury, accounting, and debt management functions for the City. TMRS would like to welcome Mr. Langley to the Committee.

## Two More City Correspondent Certification Courses Planned for 2014

The first 2014 City Correspondent course was held this week in Austin on Tuesday and Wednesday, April 1–2. If you missed this course, don't worry: two additional 2014 courses are planned (see below). All city correspondents or finance personnel who administer TMRS benefit information at their cities will find this course helpful. If you are interested in attending the San Benito course in South Texas or the fall Austin course, please fill out the registration form. Keep your eye on the website for hotel information for these courses.

- San Benito – Wednesday and Thursday, July 9–10 | [Registration form](#) | [Agenda](#)
- Austin – Tuesday and Wednesday, September 9–10 | [Registration form](#) | [Agenda](#)

## Member Annual Statements Mailed

The Member Annual Statements reflecting each member's account data for the 2013 calendar year have all been mailed. Annual Statements are also available on MyTMRS. All TMRS contributing members are encouraged to use this online feature to see their account information and statements, and also to run retirement estimates.

## Notes about the "User Entity Controls Letter"

In March, TMRS sent letters to all city finance officers, city managers, and city correspondents to explain the Service Organization Controls (SOC) audit that TMRS will be undergoing during calendar year 2014. TMRS has been working with our external auditor, KPMG, to address auditing concerns related to the net pension liability that participating municipalities will have to record on their financial statements after the implementation of GASB Statement No. 68 (GASB 68). From this audit, TMRS will be able to provide municipalities and their external auditors with a SOC report, which will document controls in place at TMRS. To enable your auditor to rely on the report and the controls in place at TMRS, there must first be controls in place at your city for the data that is remitted to TMRS (i.e., user entity controls, because the city is the "user" of the SOC report). This letter, which provides more details about the controls needed by the user entities, is posted on the website [here](#).

Questions TMRS received from cities after we sent the letter included:

***Q: What should I do with this letter?***

A: It is extremely important that city finance staff and external auditors who will be working on the city's Comprehensive Annual Financial Report (CAFR) as well as the city departments that are responsible for the User Entity Controls understand the new GASB requirements and the importance of these controls at the city level. TMRS strongly encourages cities to share the letter with their auditors and other affected city departments.

***Q: What does this mean for my city right now?***

A: The new pension reporting requirements under GASB 68 will be effective for fiscal years beginning after June 15, 2014, so the first cities affected by the new standard will be those that have ***fiscal years ending June 30, 2015.***

The user entity controls provided in the letter need to be in place at the city throughout their fiscal year. Cities that have a June 30, 2015, fiscal year end should ensure their controls are in place no later than July 1, 2014. A full discussion of the controls begins at the bottom of page 4 of the letter.

TMRS will continue to keep cities informed as the deadline for GASB implementation approaches. Please see the Eye on GASB page of the website for up-to-date information. Specific questions from Finance personnel and city auditors can be emailed to [pensionaccounting@TMRS.com](mailto:pensionaccounting@TMRS.com).

## **Regional Pre-Retirement Conferences**

Members considering retirement may want to attend one of the free Regional Pre-Retirement Conferences occurring in your area. The remaining conferences planned for 2014 are listed below. As time draws nearer to each conference (approximately six weeks ahead of time), we post registration forms and agendas on the website.

- April 9, Wednesday — Lufkin | [Registration](#) | [Agenda/Flyer](#)
- April 23, Wednesday — Eagle Pass | [Registration](#) | [Agenda/Flyer](#)
- May 21, Wednesday — Amarillo
- May 29, Thursday — Portland
- June 18, Wednesday — San Angelo
- June 19, Thursday — Hurst
- June 24, Tuesday — Killeen
- July 23, Wednesday — Katy
- November 5, Wednesday — Denton

***NOTE - Previously issued e-bulletins are posted in the E-Bulletin section under the City Services tab on the TMRS website.***

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