

## **JOHNSON COUNTY, TEXAS**

### *Notes to the Financial Statements*

For The Year Ended September 30, 2014

#### **NOTE 9 - PENSION PLAN - Continued**

##### Plan Description - continued

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

##### Funding Policy

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of the employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 10.24% for the months on the accounting year in 2014, and 9.81% for the months of the accounting year in 2013.

The contribution rate payable by the employee members for calendar years 2014 and 2013 is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

##### Annual Pension Cost

For the employer's accounting years ending September 30, 2014 and 2013, the annual pension cost for the TCDRS plan for its employees was \$ 2,169,217 and \$ 2,216,698, and the actual contributions were \$ 2,169,217 and \$ 2,216,698, respectively.

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2012 and December 31, 2013, the basis for determining the contribution rates for calendar years 2013 and 2014. The December 31, 2013 actuarial valuation is the most recent valuation.