



## Independent Auditor's Report

Employees Retirement Systems Board of Trustees:

Mr. Doug Danzeiser, Chair  
Ms. Cydney Donnell, Vice-Chair  
Ms. Ilesa Daniels  
Mr. I. Craig Hester  
Ms. Catherine Melvin  
Ms. Jeanie Wyatt

### Report on the Schedules

We have audited the accompanying Schedules of Employer Allocations of the Employees Retirement System (System) for the following defined benefit pension plans: Employees Retirement System Plan, Law Enforcement and Custodial Officer Supplemental Retirement Plan, and Judicial Retirement System of Texas Plan II, as of and for the year ended August 31, 2017, and the related notes. We have also audited the columns titled net pension liability, total deferred outflows of resources excluding employer specific amounts, total deferred inflows of resources excluding employer specific amounts, and pension expense (specified column totals) included in the accompanying Schedules of Collective Pension Amounts of the System for the three pension plans mentioned above as of and for the year ended August 31, 2017, and the related notes.

### *Management's Responsibility for the Schedules*

Management is responsible for the preparation and fair presentation of these schedules in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedules that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on the Schedules of Employer Allocations and the specified column totals included in the Schedules of Collective Pension Amounts based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedules of Employer Allocations and the specified column totals included in the Schedules of Collective Pension Amounts are free from material misstatement.

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SAO Report No. 18-325

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedules of Employer Allocations and the specified column totals included in the Schedules of Collective Pension Amounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedules of Employer Allocations and the specified column totals included in the Schedules of Collective Pension Amounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Schedules of Employer Allocations and the specified column totals included in the Schedules of Collective Pension Amounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedules of Employer Allocations and the specified column totals included in the Schedules of Collective Pension Amounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations, net pension liability, total deferred outflows of resources excluding employer specific amounts, total deferred inflows of resources excluding employer specific amounts, and pension expense for the three pension plans administered by the System as of and for the year ended August 31, 2017, in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matter***

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the System as of and for the year ended August 31, 2017, and our report thereon, dated December 20, 2017, expressed an unmodified opinion on those financial statements.

***Restriction on Use***

Our report is intended solely for the information and use of the System management, Board of Trustees, employers participating in the three pension plans mentioned above and their auditors and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in cursive script that reads "Lisa R. Collier".

Lisa R. Collier, CPA, CFE, CIDA  
First Assistant State Auditor

June 27, 2018



**Employees Retirement System of Texas  
 Schedule of Employer Allocations for ERS Fund  
 As of and for the year ended 8/31/2017**

| Agency No. | Agency Name   | Fiscal Year 2017<br>Actual Employer<br>Contributions | Employer Allocation<br>Percentage |
|------------|---|--|-----------------------------------|
| 0101       | Senate  | 2,745,286.81   | 0.39210418%                       |
| 0102       | House of Representatives                                | 3,334,716.11   | 0.47629127%                       |
| 0103       | Texas Legislative Council                               | 2,849,802.75   | 0.40703200%                       |
| 0104       | Legislative Budget Board                                | 1,374,377.88   | 0.19629982%                       |
| 0105       | Legislative Reference Library                           | 129,070.24   | 0.01843486%                       |
| 0116       | Sunset Advisory Commission                              | 177,967.39   | 0.02541875%                       |
| 0201       | Supreme Court   | 411,998.14   | 0.05884492%                       |
| 0202       | State Bar of Texas                                      | 1,935,008.25   | 0.27637361%                       |
| 0203       | Board of Law Examiners                                  | 107,202.02   | 0.01531146%                       |
| 0211       | Court of Criminal Appeals                               | 458,559.74   | 0.06549523%                       |
| 0212       | Office of Court Administration                          | 1,708,149.47   | 0.24397180%                       |
| 0213       | State Prosecuting Attorney                              | 36,082.89  | 0.00515365%                       |
| 0215       | Office of Capital and Forensic Writs                    | 103,465.15   | 0.01477773%                       |
| 0221       | Court of Appeals - First Court of Appeals District      | 268,872.73   | 0.03840259%                       |
| 0222       | Court of Appeals - Second Court of Appeals District     | 225,996.40   | 0.03227864%                       |
| 0223       | Court of Appeals - Third Court of Appeals District      | 202,162.15   | 0.02887444%                       |
| 0224       | Court of Appeals - Fourth Court of Appeals District     | 214,162.36   | 0.03058841%                       |
| 0225       | Court of Appeals - Fifth Court of Appeals District      | 372,679.74   | 0.05322915%                       |
| 0226       | Court of Appeals - Sixth Court of Appeals District      | 108,889.55   | 0.01555249%                       |
| 0227       | Court of Appeals - Seventh Court of Appeals District    | 112,657.19   | 0.01609062%                       |
| 0228       | Court of Appeals - Eighth Court of Appeals District     | 94,519.07  | 0.01349998%                       |
| 0229       | Court of Appeals - Ninth Court of Appeals District      | 135,990.46   | 0.01942326%                       |
| 0230       | Court of Appeals - Tenth Court of Appeals District      | 85,006.85  | 0.01214137%                       |
| 0231       | Court of Appeals - Eleventh Court of Appeals District   | 78,632.62  | 0.01123095%                       |
| 0232       | Court of Appeals - Twelfth Court of Appeals District    | 102,752.45   | 0.01467594%                       |
| 0233       | Court of Appeals - Thirteenth Court of Appeals District | 172,338.18   | 0.02461474%                       |
| 0234       | Court of Appeals - Fourteenth Court of Appeals District | 298,820.49   | 0.04267997%                       |
| 0241       | Comptroller - Judiciary Section                         | 2,236,313.93   | 0.31940854%                       |
| 0242       | State Commission on Judicial Conduct                    | 95,138.01  | 0.01358838%                       |
| 0243       | State Law Library                                       | 59,411.09  | 0.00848557%                       |
| 0300       | Governor - Fiscal                                       | 807,410.99   | 0.11532100%                       |
| 0301       | Governor - Executive                                    | 1,113,746.92   | 0.15907439%                       |
| 0302       | Attorney General  | 22,560,735.64  | 3.22230770%                       |
| 0303       | Texas Facilities Commission                             | 1,711,144.45   | 0.24439956%                       |
| 0304       | Comptroller of Public Accounts                          | 17,813,510.97  | 2.54427048%                       |
| 0305       | General Land Office                                     | 4,248,762.43   | 0.60684280%                       |
| 0306       | Texas State Library and Archives Commission             | 712,331.18   | 0.10174093%                       |
| 0307       | Secretary of State                                      | 915,231.46   | 0.13072080%                       |
| 0308       | State Auditor   | 1,509,251.89   | 0.21556363%                       |
| 0312       | State Securities Board                                  | 580,495.57   | 0.08291110%                       |
| 0313       | Department of Information Resources                     | 1,591,877.86   | 0.22736494%                       |
| 0320       | Texas Workforce Commission                              | 20,670,509.05  | 2.95233017%                       |
| 0326       | Texas Emergency Services Retirement System              | 46,663.98  | 0.00666493%                       |
| 0327       | Employees Retirement System of Texas                    | 3,040,370.35   | 0.43425041%                       |
| 0329       | Texas Real Estate Commission – Semi-Independent         | 586,089.93   | 0.08371013%                       |
| 0332       | Texas Department of Housing and Community Affairs       | 1,911,553.65   | 0.27302363%                       |
| 0338       | State Pension Review Board                              | 73,294.44  | 0.01046851%                       |



**Employees Retirement System of Texas  
 Schedule of Employer Allocations for ERS Fund  
 As of and for the year ended 8/31/2017**

| Agency No. | Agency Name  | Fiscal Year 2017<br>Actual Employer<br>Contributions | Employer Allocation<br>Percentage |
|------------|--|--|-----------------------------------|
| 0347       | Texas Public Finance Authority                                   | 111,548.22   | 0.01593222%                       |
| 0352       | Bond Review Board  | 62,603.34  | 0.00894152%                       |
| 0356       | Texas Ethics Commission  | 173,866.78   | 0.02483307%                       |
| 0359       | Office Of Public Insurance Counsel                               | 71,390.25  | 0.01019654%                       |
| 0360       | State Office of Administrative Hearings                          | 893,422.68   | 0.12760589%                       |
| 0362       | Texas Lottery Commission   | 2,001,304.77   | 0.28584262%                       |
| 0364       | Health Professions Council                                       | 38,720.81  | 0.00553042%                       |
| 0401       | Texas Military Department  | 2,645,697.66   | 0.37788005%                       |
| 0403       | Texas Veterans Commission  | 1,787,362.42   | 0.25528563%                       |
| 0405       | Department of Public Safety                                      | 55,269,182.10  | 7.89399397%                       |
| 0407       | Texas Commission on Law Enforcement                              | 252,973.06   | 0.03613167%                       |
| 0409       | Commission on Jail Standards                                     | 73,054.32  | 0.01043421%                       |
| 0411       | Texas Commission on Fire Protection                              | 172,946.09   | 0.02470157%                       |
| 0448       | Office of Injured Employee Counsel – Administered by 454         | 706,214.32   | 0.10086727%                       |
| 0450       | Department of Savings and Mortgage Lending – Semi-Independent    | 382,841.09   | 0.05468048%                       |
| 0451       | Texas Department of Banking – Semi-Independent                   | 1,629,913.30   | 0.23279747%                       |
| 0452       | Texas Department of Licensing and Regulation                     | 2,464,555.08   | 0.35200780%                       |
| 0454       | Texas Department of Insurance                                    | 7,728,040.53   | 1.10378158%                       |
| 0455       | Railroad Commission of Texas                                     | 4,034,838.65   | 0.57628846%                       |
| 0456       | Texas State Board of Plumbing Examiners                          | 142,500.85   | 0.02035313%                       |
| 0457       | Texas State Board of Public Accountancy – Semi-Independent       | 196,195.00   | 0.02802217%                       |
| 0458       | Texas Alcoholic Beverage Commission                              | 3,519,045.54   | 0.50261870%                       |
| 0459       | Texas Board of Architectural Examiners – Semi-Independent        | 150,318.17   | 0.02146966%                       |
| 0460       | Texas Board of Professional Engineers – Semi-Independent         | 209,566.23   | 0.02993195%                       |
| 0464       | Texas Board of Professional Land Surveying                       | 28,236.95  | 0.00403303%                       |
| 0466       | Office of Consumer Credit Commissioner – Semi-Independent        | 505,923.96   | 0.07226017%                       |
| 0469       | Credit Union Department – Semi-Independent                       | 225,533.52   | 0.03221253%                       |
| 0473       | Public Utility Commission of Texas                               | 1,293,804.18   | 0.18479163%                       |
| 0475       | Office of Public Utility Counsel                                 | 122,911.23   | 0.01755518%                       |
| 0476       | Texas Racing Commission  | 254,392.48   | 0.03633440%                       |
| 0477       | Commission on State Emergency Communications                     | 144,862.06   | 0.02069038%                       |
| 0479       | State Office of Risk Management                                  | 626,883.74   | 0.08953663%                       |
| 0481       | Texas Board of Professional Geoscientists                        | 38,165.07  | 0.00545105%                       |
| 0503       | Texas Medical Board  | 1,016,696.58   | 0.14521287%                       |
| 0504       | State Board of Dental Examiners                                  | 252,105.50   | 0.03600776%                       |
| 0507       | Texas Board of Nursing   | 661,773.46   | 0.09451987%                       |
| 0508       | Texas Board of Chiropractic Examiners                            | 64,183.85  | 0.00916726%                       |
| 0512       | State Bd of Podiatric Medical Examiners                          | 22,229.66  | 0.00317502%                       |
| 0513       | Texas Funeral Service Commission                                 | 55,439.62  | 0.00791834%                       |
| 0514       | Texas Optometry Board  | 29,484.60  | 0.00421123%                       |
| 0515       | Texas State Board of Pharmacy                                    | 494,667.37   | 0.07065242%                       |
| 0520       | Texas State Board of Examiners of Psychologists                  | 60,893.28  | 0.00869727%                       |
| 0529       | Health and Human Services Commission                             | 67,539,401.84  | 9.64652652%                       |
| 0530       | Department of Family and Protective Services                     | 61,029,911.86  | 8.71678824%                       |
| 0533       | Executive Council of Physical and Occupational Therapy Examiners | 100,549.54   | 0.01436130%                       |
| 0537       | Department of State Health Services                              | 45,547,398.43  | 6.50544978%                       |
| 0539       | Department of Aging and Disability Services                      | 47,432,786.33  | 6.77473621%                       |



**Employees Retirement System of Texas  
 Schedule of Employer Allocations for ERS Fund  
 As of and for the year ended 8/31/2017**

| Agency No.         | Agency Name                                       | Fiscal Year 2017<br>Actual Employer<br>Contributions | Employer Allocation<br>Percentage |
|--------------------|---|--|-----------------------------------|
| 0542               | Cancer Prevention and Research Institute of Texas | 272,727.80   | 0.03895320%                       |
| 0551               | Department of Agriculture                         | 3,456,224.68   | 0.49364611%                       |
| 0554               | Texas Animal Health Commission                    | 885,563.37   | 0.12648336%                       |
| 0578               | State Board of Veterinary Medical Examiners       | 78,818.21  | 0.01125746%                       |
| 0580               | Texas Water Development Board                     | 1,998,456.22   | 0.28543577%                       |
| 0582               | Texas Commission on Environmental Quality         | 15,778,774.65  | 2.25365289%                       |
| 0592               | Soil and Water Conservation Board                 | 385,819.71   | 0.05510591%                       |
| 0601               | Texas Department of Transportation                | 63,671,543.60  | 9.09408756%                       |
| 0608               | Texas Department of Motor Vehicles                | 3,795,791.40   | 0.54214579%                       |
| 0644               | Texas Juvenile Justice Department                 | 10,996,671.83  | 1.57063408%                       |
| 0696               | Texas Department of Criminal Justice              | 155,263,206.19                                       | 22.17595353%                      |
| 0701               | Texas Education Agency                            | 6,439,994.68   | 0.91981240%                       |
| 0723               | University of Texas Medical Branch at Galveston   | 201,097.68   | 0.02872241%                       |
| 0771               | Texas School for the Blind and Visually Impaired  | 1,817,179.95   | 0.25954442%                       |
| 0772               | Texas School for the Deaf                         | 2,080,321.56   | 0.29712844%                       |
| 0781               | Texas Higher Education Coordinating Board         | 1,447,531.27   | 0.20674819%                       |
| 0802               | Parks and Wildlife Department                     | 16,105,582.22  | 2.30033020%                       |
| 0808               | Texas Historical Commission                       | 1,102,427.72   | 0.15745769%                       |
| 0809               | State Preservation Board                          | 876,202.32   | 0.12514634%                       |
| 0813               | Texas Commission on the Arts                      | 86,592.41  | 0.01236783%                       |
| 0851               | Texas Coop Inspection Program                     | 149,073.73   | 0.02129192%                       |
| 0907               | Comptroller - State Energy Conservation Office    | 70,625.72  | 0.01008734%                       |
| 0930               | Texas Treasury Safekeeping Trust Company          | 786,613.61   | 0.11235055%                       |
| <b>Grand Total</b> |   | <b>700,142,187.77</b>                                | <b>100.00000000%</b>              |



**Employees Retirement System of Texas  
Schedule of Employer Allocations for ERS Fund  
As of and for the year ended 8/31/2017**

| Agency No. | Agency Name | Fiscal Year 2017<br>Actual Employer<br>Contributions | Employer Allocation<br>Percentage |
|------------|-------------|--|-----------------------------------|
|------------|-------------|--|-----------------------------------|

The contributions for Fiscal Year 2017 are based on ERS records of actual contributions from each of the agencies as shown above. To the best of our knowledge, the information contained within this schedule is accurate and fairly presented in conformity with GASB 67 and 68.

Additional related documents available on the ERS website include (provide links):  
Comprehensive Annual Financial Report for FY 2017  
Actuarial Valuation for FY 2017  
GASB Reporting and Disclosure Information for ERS FY 2017  
Schedule of Collective Pension Amounts for ERS FY 2017

**Employees Retirement System of Texas**

*Man. Gueller*  
Prepared By: \_\_\_\_\_ Title: Special Advisor to the CFO Date: *6-22-2018*

*M. A. H.*  
Approved By: \_\_\_\_\_ Title: Chief Financial Officer Date: *6/22/2018*



**Employees Retirement System of Texas  
Schedule of Collective Pension Amounts for ERS Fund  
As of and for the year ended 8/31/2017**

Deferred Outflows of Resources

Deferred Inflows of Resources

| Net Pension Liability | Differences Between Expected and Actual Experience | Deferred Outflows of Resources  |                        |  | Differences Between Expected and Actual Experience | Deferred Inflows of Resources   |                        |   | Pension Expense * |
|-----------------------|--|---|------------------------|--|--|---|------------------------|---|-------------------|
|                       |  | Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | Changes of Assumptions | Total Deferred Outflows of Resources Excluding Employer Specific Amounts * |  | Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | Changes of Assumptions | Total Deferred Inflows of Resources Excluding Employer Specific Amounts * |                   |
| \$ 21,864,600,161     | 130,692,085  | 1,129,617,724   | 3,551,481,908          | 4,811,791,717  | 19,455,032   | 1,023,102,584   | 234,290,950            | 1,276,848,566   | 2,737,795,204     |

\*Employer specific amounts that are excluded from this schedule are the changes in proportion and differences between employer contributions and proportionate share of contributions as well as the related amortization as defined in paragraphs 54-55 of GASB Statement No. 68, *Accounting and Financial Reporting of Pensions*.

GASB 68, paragraph 33 prescribes the amortization period for recognition of deferred outflow and deferred inflow of resources. Specifically, the difference between expected and actual experience and changes in assumption are recognized in pension expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan determined at the beginning of the measurement period. For ERS Plan, the amortization period is 3.23 years.

The methods and assumptions used in preparing the Schedule of Employers Allocations and the Schedule of Collective Pension Amounts for the Employees Retirement System Benefit Trust Fund (ERS); Law Enforcement and Custodial Officer Supplemental Retirement Fund (LECOSRF); Judicial Retirement System Plan Two Fund (JRS II) were; the Comprehensive Annual Financial Report for Fiscal Year 2017; the Actuarial Valuation for Fiscal Year 2017; and the Gabriel Roeder Smith & Company Consultants & Actuaries, GASB Reporting and Disclosure Information for ERS Fiscal Year 2017.

The Fiscal Year 2017 Schedule of Employers Allocations and the Fiscal Year 2017 Schedule of Collective Pension Amounts for the Employees Retirement System Benefit Trust Fund (ERS); Law Enforcement and Custodial Officer Supplemental Retirement Fund (LECOSRF); and Judicial Retirement System Plan Two Fund (JRS II) have been audited by the State Auditor's Office.

Source: Gabriel Roeder Smith & Company Actuaries - GASB Reporting and Disclosure Information for ERS Fiscal Year Ending August 31, 2017, dated October 30, 2017.

Notes:

This schedule complements the actuarial valuation report as of August 31, 2017, and the GASB Reporting and Disclosure Information for the Fiscal Year Ending August 31, 2017, which should be considered together as a complete report for the plan year ending August 31, 2017. Please see the actuarial valuation report as of August 31, 2017 for additional discussion of the nature of calculations and more information related to participant data, economic and demographic assumptions and benefit provisions.

To the best of our knowledge, the information contained within this schedule is accurate and fairly represents the actuarial position of the Employees Retirement System of Texas. All calculations have been made by the ERS actuaries in conformity with generally accepted actuarial principles and practices as well as with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

Additional related documents available on the ERS website include:

Comprehensive Annual Financial Report (CAFR) for FY 2017

Actuarial Valuation for FY 2017

GASB Reporting and Disclosure Information for ERS FY 2017





**Employees Retirement System of Texas  
Schedule of Employer Allocations for LECOSRF  
As of and for the year ended 8/31/2017**

| Agency No.         | Agency Name                                     | Fiscal Year 2017<br>Actual Employer<br>Contributions | Employer Allocation<br>Percentage |
|--------------------|---|--|-----------------------------------|
| 0405               | Department of Public Safety                     | 1,450,306.85   | 16.09740183%                      |
| 0458               | Texas Alcoholic Beverage Commission             | 86,516.56  | 0.96027391%                       |
| 0515               | Texas State Board of Pharmacy                   | 517.54   | 0.00574434%                       |
| 0644               | Texas Juvenile Justice Department               | 5,793.27   | 0.06430129%                       |
| 0696               | Texas Department of Criminal Justice            | 7,211,994.78   | 80.04814840%                      |
| 0723               | University of Texas Medical Branch at Galveston | 9,407.18   | 0.10441318%                       |
| 0802               | Parks and Wildlife Department                   | 245,034.84   | 2.71971706%                       |
| <b>Grand Total</b> |   | <b>\$9,009,571.02</b>                                | <b>100.00000000%</b>              |

**Notes:**

The contributions for Fiscal Year 2017 are based on ERS records of actual contributions from each of the agencies as shown above.

To the best of our knowledge, the information contained within this schedule is accurate and fairly presented in conformity with GASB 67 and 68.

Additional related documents available on the ERS website include (provide links):

Comprehensive Annual Financial Report for FY 2017

Actuarial Valuation for FY 2017

GASB Reporting and Disclosure Information for ERS FY 2017

Schedule of Collective Pension Amounts for ERS FY 2017

Employees Retirement System of Texas

Prepared By: *Mari Gueller* Title: Special Advisor to the CFO Date: 6-22-2018

Approved By: *Yuel* Title: Chief Financial Officer Date: 6/22/2018



**Employees Retirement System of Texas  
Schedule of Collective Pension Amounts for LECOSRF  
As of and for the year ended 8/31/2017**

| Deferred Outflows of Resources |  |   |             |  | Deferred Inflows of Resources                      |   |             |   |                   |
|--------------------------------|--|---|-------------|--|--|---|-------------|---|-------------------|
| Net Pension Liability          | Differences Between Expected and Actual Experience | Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments |             | Total Deferred Outflows of Resources Excluding Employer Specific Amounts * | Differences Between Expected and Actual Experience | Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments |             | Total Deferred Inflows of Resources Excluding Employer Specific Amounts * | Pension Expense * |
|                                |  | Changes of Assumptions  |             |  |  | Changes of Assumptions  |             |   |                   |
| \$ 1,239,752,990               | -  | 39,552,331  | 300,456,966 | 340,009,297  | 48,844,088   | 35,599,982  | 114,252,369 | 198,696,439   | 170,938,557       |

\*Employer specific amounts that are excluded from this schedule are the changes in proportion and differences between employer contributions and proportionate share of contributions as well as the related amortization as defined in paragraphs 54-55 of GASB Statement No. 68, *Accounting and Financial Reporting of Pensions*.

GASB 68, paragraph 33 prescribes the amortization period for recognition of deferred outflow and deferred inflow of resources. Specifically, the difference between expected and actual experience and changes in assumption are recognized in pension expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan determined at the beginning of the measurement period. For LECOSRF Plan, the amortization period is 4.79 years.

The methods and assumptions used in preparing the Schedule of Employers Allocations and the Schedule of Collective Pension Amounts for the Employees Retirement System Benefit Trust Fund (ERS); Law Enforcement and Custodial Officer Supplemental Retirement Fund (LECOSRF); Judicial Retirement System Plan Two Fund (JRS II) were; the Comprehensive Annual Financial Report for Fiscal Year 2017; the Actuarial Valuation for Fiscal Year 2017; and the Gabriel Roeder Smith & Company Consultants & Actuaries, GASB Reporting and Disclosure Information for ERS Fiscal Year 2017.

The Fiscal Year 2017 Schedule of Employers Allocations and the Fiscal Year 2017 Schedule of Collective Pension Amounts for the Employees Retirement System Benefit Trust Fund (ERS); Law Enforcement and Custodial Officer Supplemental Retirement Fund (LECOSRF); and Judicial Retirement System Plan Two Fund (JRS II) have been audited by the State Auditor's Office.

Source: Gabriel Roeder Smith & Company Actuaries - GASB Reporting and Disclosure Information for ERS Fiscal Year Ending August 31, 2017, dated October 30, 2017.

Notes:

This schedule complements the actuarial valuation report as of August 31, 2017, and the GASB Reporting and Disclosure Information for the Fiscal Year Ending August 31, 2017, which should be considered together as a complete report for the plan year ending August 31, 2017. Please see the actuarial valuation report as of August 31, 2017 for additional discussion of the nature of calculations and more information related to participant data, economic and demographic assumptions and benefit provisions.

To the best of our knowledge, the information contained within this schedule is accurate and fairly represents the actuarial position of the Employees Retirement System of Texas. All calculations have been made by the ERS actuaries in conformity with generally accepted actuarial principles and practices as well as with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

Additional related documents available on the ERS website include:  
Comprehensive Annual Financial Report (CAFR) for FY 2017  
Actuarial Valuation for FY 2017  
GASB Reporting and Disclosure Information for ERS FY 2017



**Employees Retirement System of Texas  
 Schedule of Employer Allocations for JRS, Plan 2  
 As of and for the year ended 8/31/2017**

| Agency No.         | Agency Name   | Fiscal Year 2017 Actual Employer Contributions | Employer Allocation Percentage |
|--------------------|---|--|--------------------------------|
| 0201               | Supreme Court   | 210,671.56                                     | 1.68607017%                    |
| 0211               | Court of Criminal Appeals                               | 184,960.87                                     | 1.48029950%                    |
| 0221               | Court of Appeals - First Court of Appeals District      | 188,242.79                                     | 1.50656573%                    |
| 0222               | Court of Appeals - Second Court of Appeals District     | 169,234.19                                     | 1.35443398%                    |
| 0223               | Court of Appeals - Third Court of Appeals District      | 145,117.44                                     | 1.16142011%                    |
| 0224               | Court of Appeals - Fourth Court of Appeals District     | 169,238.40                                     | 1.35446768%                    |
| 0225               | Court of Appeals - Fifth Court of Appeals District      | 304,966.43                                     | 2.44074141%                    |
| 0226               | Court of Appeals - Sixth Court of Appeals District      | 72,754.56                                      | 0.58227743%                    |
| 0227               | Court of Appeals - Seventh Court of Appeals District    | 81,170.13                                      | 0.64962986%                    |
| 0228               | Court of Appeals - Eighth Court of Appeals District     | 72,915.39                                      | 0.58356460%                    |
| 0229               | Court of Appeals - Ninth Court of Appeals District      | 96,875.52                                      | 0.77532499%                    |
| 0230               | Court of Appeals - Tenth Court of Appeals District      | 72,754.56                                      | 0.58227743%                    |
| 0231               | Court of Appeals - Eleventh Court of Appeals District   | 48,241.92                                      | 0.38609513%                    |
| 0232               | Court of Appeals - Twelfth Court of Appeals District    | 72,754.56                                      | 0.58227743%                    |
| 0233               | Court of Appeals - Thirteenth Court of Appeals District | 145,479.28                                     | 1.16431603%                    |
| 0234               | Court of Appeals - Fourteenth Court of Appeals District | 217,641.17                                     | 1.74185013%                    |
| 0241               | Comptroller - Judiciary Section                         | 10,241,808.76                                  | 81.96838840%                   |
| <b>Grand Total</b> |   | <b>\$12,494,827.53</b>                         | <b>100.00000000%</b>           |

**Notes:**

The contributions for Fiscal Year 2017 are based on ERS records of actual contributions from each of the agencies as shown above.

To the best of our knowledge, the information contained within this schedule is accurate and fairly presented in conformity with GASB 67 and 68.

Additional related documents available on the ERS website include (provide links):

- Comprehensive Annual Financial Report for FY 2017
- Actuarial Valuation for FY 2017
- GASB Reporting and Disclosure Information for ERS FY 2017
- Schedule of Collective Pension Amounts for ERS FY 2017

Employees Retirement System of Texas

  
 Prepared By: \_\_\_\_\_ Title: Special Advisor to the CFO Date: 6-22-2018  
  
  
 Approved By: \_\_\_\_\_ Title: Chief Financial Officer Date: 6/22/2018



**Employees Retirement System of Texas  
Schedule of Collective Pension Amounts for JRS, Plan 2  
As of and for the year ended 8/31/2017**

| Deferred Outflows of Resources |  |   |            |  | Deferred Inflows of Resources                      |   |            |   |                   |
|--------------------------------|--|---|------------|--|--|---|------------|---|-------------------|
| Net Pension Liability          | Differences Between Expected and Actual Experience | Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments |            | Total Deferred Outflows of Resources Excluding Employer Specific Amounts * | Differences Between Expected and Actual Experience | Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments |            | Total Deferred Inflows of Resources Excluding Employer Specific Amounts * | Pension Expense * |
|                                |  | Changes of Assumptions  |            |  |  | Changes of Assumptions  |            |   |                   |
| \$ 42,753,509                  | 3,602,650  | 16,837,168  | 18,091,507 | 38,531,325   | 4,748,635  | 15,810,659  | 40,120,745 | 60,680,039  | 6,708,267         |

\*Employer specific amounts that are excluded from this schedule are the changes in proportion and differences between employer contributions and proportionate share of contributions as well as the related amortization as defined in paragraphs 54-55 of GASB Statement No. 68, *Accounting and Financial Reporting of Pensions*.

GASB 68 , paragraph 33 prescribes the amortization period for recognition of deferred outflow and deferred inflow of resources. Specifically, the difference between expected and actual experience and changes in assumption are recognized in pension expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan determined at the beginning of the measurement period. For JRS-2 Plan, the amortization period is 3.42 years.

The methods and assumptions used in preparing the Schedule of Employers Allocations and the Schedule of Collective Pension Amounts for the Employees Retirement System Benefit Trust Fund (ERS); Law Enforcement and Custodial Officer Supplemental Retirement Fund (LECOSRF); Judicial Retirement System Plan Two Fund (JRS II) were; the Comprehensive Annual Financial Report for Fiscal Year 2017; the Actuarial Valuation for Fiscal Year 2017; and the Gabriel Roeder Smith & Company Consultants & Actuaries, GASB Reporting and Disclosure Information for ERS Fiscal Year 2017.

The Fiscal Year 2017 Schedule of Employers Allocations and the Fiscal Year 2017 Schedule of Collective Pension Amounts for the Employees Retirement System Benefit Trust Fund (ERS); Law Enforcement and Custodial Officer Supplemental Retirement Fund (LECOSRF); and Judicial Retirement System Plan Two Fund (JRS II) have been audited by the State Auditor's Office.

Source: Gabriel Roeder Smith & Company Actuaries - GASB Reporting and Disclosure Information for ERS Fiscal Year Ending August 31, 2017, dated October 30, 2017.

**Notes:**

This schedule complements the actuarial valuation report as of August 31, 2017, and the GASB Reporting and Disclosure Information for the Fiscal Year Ending August 31, 2017, which should be considered together as a complete report for the plan year ending August 31, 2017. Please see the actuarial valuation report as of August 31, 2017 for additional discussion of the nature of calculations and more information related to participant data, economic and demographic assumptions and benefit provisions.

To the best of our knowledge, the information contained within this schedule is accurate and fairly represents the actuarial position of the Employees Retirement System of Texas. All calculations have been made by the ERS actuaries in conformity with generally accepted actuarial principles and practices as well as with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

Additional related documents available on the ERS website include:

Comprehensive Annual Financial Report (CAFR) for FY 2017

Actuarial Valuation for FY 2017

GASB Reporting and Disclosure Information for ERS FY 2017



## Notes to the 2017 Schedule of Employer Allocation and Schedule of Collective Pension Amounts

The Notes to the Schedule of Employer Allocation and Schedule of Collective Pension Amounts have been prepared in conformity with generally accepted accounting principles (GAAP) as established by the Governmental Accounting Standards Board (GASB) and audited by the State Auditor's Office of Texas in conformance with generally accepted auditing standards.

### A. Comprehensive Annual Financial Report (CAFR) 2017

The Employees Retirement System of Texas was created by the Texas Legislature in 1947 and is administered in accordance with the Texas Constitution. The System provides a retirement and disability pension system for State employees, law enforcement and custodial officer, elected state officials and two classes of judges. The Employees Retirement System of Texas Plan (ERS), the Law Enforcement and Custodial Officer Supplemental Retirement Plan (LECOSR), and the Judicial Retirement System of Texas Plan Two (JRS 2) are single employer defined pension plans. ERS issues a publicly available, audited Comprehensive Annual Financial Report that includes financial statements, notes and required supplementary information for the pension plan. That report is available online at the following link: <https://ers.texas.gov/About-ERS/Reports-and-Studies>

Or the report may be obtained by writing to ERS at:

Employee Retirement System of Texas  
200 E. 18<sup>th</sup> Street  
Austin, Texas 78701

Information available in the audited financial report and needed by employers to implement GASB 68 is not repeated in the allocation schedules and related notes. Please refer to ERS CAFR referenced above for those items:

- Investment related information including earning and asset allocation appears in Note 2.
- Plan descriptions and information on contributions, fund status, single discount rate assumptions and sensitivity, membership and reserves is included in Note 3.
- The Benefits information is presented in the Summary of Plan Provisions.
- Required Supplementary Information (RSI) appears immediately following the Notes to the Financial Statements.

### B. GASB Reporting and Disclosure Information

At the request of ERS, Gabriel Roeder Smith & Company has provided information required by the governmental employers participating in ERS in connections with GASB Statement 68 "Accounting and Financial Reporting for Pensions." These reports are presented in a separate file.

### C. Employer Contributions

Employer contributions were taken from the ERS Peoplesoft Financials (Financials) system. Employer contribution information is provided to ERS through the Comptroller of Public Account and the State of Texas Financial Network.

For the Employee Retirement System plan, the contributions include:

- State contributions for active employees, service purchases, and return to work employees, and
- Agencies contributions for active employees and return to work employees.

For the Law Enforcement and Custodial Officer Supplemental Retirement Plan, the contributions include:

- State contributions for active employees, service purchases and return to work employees, and
- Agencies contributions for return to work employees.

For the Judicial Retirement System of Texas Plan 2, the contributions include State Contributions for active employees and service purchases.