

## Independent Auditor's Report

### Employees Retirement System Board of Trustees

Mr. I. Craig Hester, Chair

Mr. Doug Danzeiser, Vice-Chair

Mr. Ilesa Daniels

Ms. Cydney Donnell

Mr. Brian D. Ragland

Mr. Frederick E. Rowe, Jr.

We have audited the accompanying schedules of employer allocations of the Employees Retirement System (System) for the following defined benefits 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, 2013, and the related notes. We have also audited the net pension liability schedule for the three pension plans mentioned above as of September 1, 2013, 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 net pension liability based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedules of employer allocations and net pension liability are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of employer allocations and the net pension liability. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule of employer allocations and net pension liability, 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 schedule of employer allocations and net pension liability 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 schedule of employer allocations and net pension liability.

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 as of August 31, 2013, and net pension liability as of September 1, 2013, for the three pension plans administrated by the System 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, 2013, and our report thereon, dated November 15, 2013, expressed an unmodified opinion on those financial statements.

We have also audited, in accordance with auditing standards generally accepted in the United States of America, the schedules of employer allocations of the System for the three pension plans mentioned above as of and for the year ended August 31, 2014, and the related notes. Additionally, we 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, 2014, and the related notes, and our report dated May 29, 2015 expressed an unmodified opinion on those schedules.

***Restriction on Use***

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



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

December 14, 2015



**Employees Retirement System of Texas**  
**Schedule of Employer Allocations for ERS Fund**  
**As of and for the year ended 8/31/2013**

Agency No.	Agency Name	Fiscal Year 2013 Actual Employer Contributions	Employer Allocation Percentage
0101	Senate	1,516,104.69	0.40350392%
0102	House of Representatives	1,643,331.54	0.43736473%
0103	Texas Legislative Council	1,619,199.08	0.43094199%
0104	Legislative Budget Board	807,742.55	0.21497677%
0105	Legislative Reference Library	73,316.57	0.01951285%
0116	Sunset Advisory Commission	102,834.82	0.02736899%
0201	Supreme Court	200,811.60	0.05344503%
0202	State Bar of Texas	1,147,348.60	0.30536127%
0203	Board of Law Examiners	69,500.12	0.01849712%
0211	Court of Criminal Appeals	209,741.94	0.05582180%
0212	Office of Court Administration	860,757.84	0.22908653%
0213	State Prosecuting Attorney, Office of	22,825.05	0.00607478%
0215	Office of Capital Writs	36,353.90	0.00967541%
0221	1st Court of Appeals	129,045.85	0.03434493%
0222	2nd Court of Appeals	107,575.41	0.02863067%
0223	3rd Court of Appeals	101,297.98	0.02695997%
0224	4th Court of Appeals	107,905.04	0.02871840%
0225	5th Court of Appeals	190,964.73	0.05082434%
0226	6th Court of Appeals	55,978.31	0.01489836%
0227	7th Court of Appeals	57,158.87	0.01521256%
0228	8th Court of Appeals	47,508.31	0.01264411%
0229	9th Court of Appeals	70,758.19	0.01883195%
0230	10th Court of Appeals	51,952.84	0.01382700%
0231	11th Court of Appeals	46,988.01	0.01250563%
0232	12th Court of Appeals	55,592.03	0.01479555%
0233	13th Court of Appeals	98,021.90	0.02608805%
0234	14th Court of Appeals	144,097.93	0.03835097%
0241	Comptroller Judiciary Section	1,272,974.52	0.33879600%
0242	State Commission on Judicial Conduct	50,336.24	0.01339675%
0243	State Law Library	31,563.06	0.00840036%
0300	Governor - Fiscal	403,247.12	0.10732227%
0301	Governor - Executive	620,319.72	0.16509509%
0302	Attorney General	12,590,957.75	3.35102240%
0303	Texas Facility Commission	850,412.38	0.22633313%
0304	Comptroller of Public Accounts	9,010,853.03	2.39819487%
0305	General Land Office	2,694,701.34	0.71718170%
0306	Texas State Library and archives Commission	358,318.91	0.09536484%
0307	Secretary of State	556,589.57	0.14813362%
0308	State Auditor	828,884.52	0.22060360%
0312	State Securities Board	342,686.00	0.09120422%
0313	Dept of Information Resources	870,524.61	0.23168591%
0320	TX Workforce Commission	8,179,372.04	2.17690024%
0325	Firefighter's Pension Commissioner	19,956.47	0.00531132%
0327	Employees Retirement System	1,414,829.80	0.37655010%
0329	TX Real Estate Commission	308,766.47	0.08217670%



**Employees Retirement System of Texas**  
**Schedule of Employer Allocations for ERS Fund**  
**As of and for the year ended 8/31/2013**

Agency No.	Agency Name	Fiscal Year 2013 Actual Employer Contributions	Employer Allocation Percentage
0332	Texas Department of Housing and Community Affairs	1,211,273.54	0.32237458%
0338	State Pension Review Board	39,041.22	0.01039063%
0347	TX Public Finance Authority	49,152.45	0.01308169%
0352	Bond Review Board	27,927.09	0.00743266%
0356	TX Ethics Commission	106,058.83	0.02822704%
0359	Public Insurance Counsel, Office of	44,594.75	0.01186868%
0360	State Office of Administrative Hearings	500,002.09	0.13307313%
0362	TX Lottery Commission	1,141,898.52	0.30391076%
0364	Health Professions Council	13,713.66	0.00364982%
0401	Texas Military Department	1,683,884.11	0.44815760%
0403	TX Veterans Commission	859,681.66	0.22880011%
0405	Dept of Public Safety	26,207,332.56	6.97495458%
0407	TX Commission on Law Enforcement	114,199.98	0.03039377%
0409	Comm on Jail Standards	37,113.71	0.00987763%
0411	TX Comm on Fire Protection	94,138.16	0.02505442%
0448	Office of Injured Employee Counsel	439,899.33	0.11707708%
0450	Department of Savings and Mortgage Lending	237,073.50	0.06309596%
0451	Texas Department of Banking	922,963.80	0.24564234%
0452	TX Department of Licensing and Regulation	1,102,230.94	0.29335342%
0454	TX Department of Insurance	4,406,049.66	1.17264877%
0455	Railroad Commission of Texas	2,278,536.14	0.60642135%
0456	Bd of Plumbing Examiners	76,005.92	0.02022861%
0457	TX State Board of Public Accountancy	104,470.57	0.02780434%
0458	TX Alcoholic Beverage Commission	1,749,570.54	0.46563972%
0459	TX Board of Architectural Examiners	83,824.62	0.02230952%
0460	TX Board of Professional Engineers	111,039.60	0.02955265%
0464	TX Board of Land Surveying	12,160.19	0.00323638%
0466	Office of Consumer Credit Commissioner	220,242.80	0.05861655%
0469	Credit Union Department	114,763.64	0.03054379%
0473	Public Utilities Commission	657,328.24	0.17494473%
0475	Office of Public Utility Coun	69,244.35	0.01842905%
0476	Texas Racing Commission	165,019.17	0.04391905%
0477	Commission on State Emergency Communications	87,307.50	0.02323647%
0479	St Office of Risk Management	344,128.48	0.09158813%
0481	TX Board of Professional Geoscientists	25,113.40	0.00668381%
0503	TX Medical Board	462,148.14	0.12299849%
0504	State Board of Dental Examiners	93,110.19	0.02478083%
0507	TX Board of Nurse Examiners	325,721.02	0.08668907%
0508	TX Board of Chiropractic Examiners	29,808.50	0.00793339%
0512	State Board of Podiatric Medical Examiners	11,465.66	0.00305153%
0513	TX Funeral Service Commission	28,172.59	0.00749800%
0514	TX Optometry Board	15,355.59	0.00408682%
0515	TX State Board of Pharmacy	225,220.19	0.05994126%
0520	Board of Examiners of Psys	43,450.87	0.01156424%
0529	Health & Human Services Comm	27,258,115.42	7.25461534%



**Employees Retirement System of Texas  
 Schedule of Employer Allocations for ERS Fund  
 As of and for the year ended 8/31/2013**

Agency No.	Agency Name	Fiscal Year 2013 Actual Employer Contributions	Employer Allocation Percentage
0530	Department of Family & Protective Services	25,543,639.04	6.79831576%
0533	Executive Council of Physical & Occupational Therapy	54,268.80	0.01444338%
0537	Dept of State Health Services	27,188,846.42	7.23617973%
0538	Department of Assistive & Rehabilitative Services	9,109,774.67	2.42452239%
0539	Department of Aging & Disability Services	31,674,622.61	8.43004733%
0542	Cancer Prevention & Research Institute of Texas	106,040.06	0.02822205%
0551	Dept of Agriculture	1,827,698.36	0.48643306%
0554	TX Animal Health Commission	371,433.38	0.09885519%
0578	State Board of Veterinary Medical Examiners	43,435.05	0.01156003%
0580	TX Water Development Board	1,166,561.41	0.31047467%
0582	TX Commission on Environmental Quality	9,151,068.06	2.43551242%
0592	Soil & Water Conservation Board	206,328.82	0.05491342%
0601	TX Dept of Transportation	36,660,320.79	9.75696675%
0608	TX Dept of Motor Vehicles	2,157,066.15	0.57409270%
0644	Texas Juvenile Justice Dept	6,737,751.52	1.79321992%
0696	TX Dept of Criminal Justice	83,380,605.95	22.19134426%
0701	Texas Education Agency	3,222,671.53	0.85769841%
0723	University of Texas Medical Board at Galveston	367,477.49	0.09780235%
0771	TX School for the Blind and Visually Impaired	907,200.58	0.24144704%
0772	TX School for the Deaf	1,135,304.61	0.30215582%
0781	Texas Higher Education and Coordinating Board	852,041.62	0.22676675%
0802	Parks & Wildlife Department	8,575,655.59	2.28236918%
0808	Texas Historical Commission	486,855.97	0.12957436%
0809	State Preservation Board	409,997.61	0.10911888%
0813	Texas Commission on the Arts	44,593.21	0.01186827%
0851	Texas Coop Inspection Program	102,089.07	0.02717051%
0907	State Energy Conservation Comm	66,622.27	0.01773119%
0930	Texas Treasury Safekeeping Trust Company	375,282.59	0.09987964%
<b>Grand Total</b>		<b>375,734,813.37</b>	<b>100.00000000%</b>

Notes:

The contributions for Fiscal Year 2013 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:

- Comprehensive Annual Financial Report (CAFR) for FY 2013
- Comprehensive Annual Financial Report (CAFR) for FY 2014
- Actuarial Valuation for FY 2014
- GASB Reporting and Disclosure Information for ERS FY 2014



Employees Retirement System of Texas  
Schedule of Employer Allocations for ERS Fund  
As of and for the year ended 8/31/2013

Agency No.	Agency Name	Fiscal Year 2013 Actual Employer Contributions	Employer Allocation Percentage
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Employees Retirement System of Texas

<i>Mari Ouellet</i>	<i>Manager</i>	<i>12-10-2015</i>
Prepared By:	Title:	Date:
<i>[Signature]</i>	<i>Director CFO</i>	<i>12/10/2015</i>
Approved By:	Title:	Date:
Comptroller of Public Accounts		
<i>[Signature]</i>	<i>Director</i>	<i>12/10/2015</i>
Approved By:	Title:	Date:



**Employees Retirement System of Texas  
 Schedule of Employer Allocations for LECOSRF  
 As of and for the year ended 8/31/2013**

Agency No.	Agency Name	Fiscal Year 2013 Actual Employer Contributions	Employer Allocation Percentage
0405	TX Department of Public Safety	1,015,861.44	14.07086283%
0458	TX Alcoholic Beverage Commission	64,110.20	0.88800086%
0515	TX State Board of Pharmacy	870.93	0.01206339%
0644	Texas Juvenile Justice Dept	3,923.76	0.05434864%
0696	TX Dept of Criminal Justice	5,914,347.01	81.92058706%
0723	University of TX Medical Branch at Galveston	29,072.71	0.40269086%
0802	Parks & Wildlife Department	191,424.09	2.65144636%
<b>Grand Total</b>		<b>7,219,610.14</b>	<b>100.00000000%</b>

Notes:

The contributions for Fiscal Year 2013 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:

- Comprehensive Annual Financial Report (CAFR) for FY 2013
- Comprehensive Annual Financial Report (CAFR) for FY 2014
- Actuarial Valuation for FY 2014
- GASB Reporting and Disclosure Information for ERS FY 2014

Employees Retirement System of Texas		
Prepared By: <i>Mari Quella</i>	Title: <i>Manager</i>	Date: <i>12-10-2015</i>
Approved By: <i>[Signature]</i>	Title: <i>Chief Financial Officer</i>	Date: <i>12/10/2015</i>
Comptroller of Public Accounts		
Approved By: <i>[Signature]</i>	Title: <i>Director</i>	Date: <i>12/10/2015</i>





**Employees Retirement System of Texas**  
**Schedule of Employer Allocations for JRS, Plan 2**  
**As of and for the year ended 8/31/2013**

Agency No.	Agency Name	Fiscal Year 2013 Actual Employer Contributions	Employer Allocation Percentage
0201	Supreme Court	84,406.16	1.85541408%
0211	Court of Criminal Appeals	78,362.64	1.72256558%
0221	1st Court of Appeals	80,599.80	1.77174277%
0222	2nd Court of Appeals	62,925.09	1.38321774%
0223	3rd Court of Appeals	53,787.36	1.18235239%
0224	4th Court of Appeals	62,791.67	1.38028491%
0225	5th Court of Appeals	117,530.64	2.58355556%
0226	6th Court of Appeals	18,037.44	0.39649855%
0227	7th Court of Appeals	36,112.70	0.79382846%
0228	8th Court of Appeals	27,108.42	0.59589660%
0229	9th Court of Appeals	35,912.40	0.78942547%
0230	10th Court of Appeals	26,974.92	0.59296201%
0231	11th Court of Appeals	15,674.44	0.34455514%
0232	12th Court of Appeals	26,974.92	0.59296201%
0233	13th Court of Appeals	53,887.53	1.18455432%
0234	14th Court of Appeals	80,733.30	1.77467736%
0241	Comptroller Judiciary Section	3,687,362.39	81.05550703%
<b>Grand Total</b>		<b>4,549,181.82</b>	<b>100.00000000%</b>

Notes:

The contributions for Fiscal Year 2013 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:

- Comprehensive Annual Financial Report (CAFR) for FY 2013
- Comprehensive Annual Financial Report (CAFR) for FY 2014
- Actuarial Valuation for FY 2014
- GASB Reporting and Disclosure Information for ERS FY 2014

Employees Retirement System of Texas		
Prepared By:	Title:	12-10-2015 Date:
Approved By:	Title:	12/10/2015 Date:
Comptroller of Public Accounts		
Approved By:	Title:	12/10/2015 Date:



**Employees Retirement System of Texas**  
**Schedule of Net Pension Liability**  
*(In accordance with GASB Statement No. 67)*  
**As of 9/1/2013**

	<b>ERS</b>	<b>LECOS</b>	<b>JRS II</b>
Total Pension Liability 9/1/2013	37,064,666,570	1,465,929,321	383,461,250
Plan Fiduciary Net Position	(22,868,542,011)	(780,669,686)	(318,384,742)
Net Pension Liability 09/1/2013	<u>14,196,124,559</u>	<u>685,259,635</u>	<u>65,076,508</u>

Source: Gabriel Roeder Smith & Company Actuaries - GASB Reporting and Disclosure Information for ERS Fiscal Year Ending August 31, 2014, dated April 14, 2015.

Notes:

This schedule complements the actuarial valuation report as of August 31, 2014, and the GASB Reporting and Disclosure Information for the Fiscal Year Ending August 31, 2014, which should be considered together as a complete report for the plan year ending August 31, 2014. Please see the actuarial valuation report as of August 31, 2014 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 2013

Comprehensive Annual Financial Report (CAFR) for FY 2014

Actuarial Valuation for FY 2014

GASB Reporting and Disclosure Information for ERS FY 2014