



Independent Auditor's Report

Employees Retirement System Board of Trustees:

Mr. I. Craig Hester, Chair
Ms. Ilesa Daniels, Vice-Chair
Mr. Doug Danzeiser
Dr. James Kee, Ph.D.
Ms. Catherine Melvin

Report on the Schedules

We have audited the accompanying Schedule 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 2, as of and for the year ended August 31, 2018, 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 Schedule of Collective Pension Amounts of the System for the three pension plans mentioned above as of and for the year ended August 31, 2018, 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 schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Schedule of Employer Allocations and the specified column totals included in the Schedule 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 Schedule of Employer Allocations and the specified column totals included in the Schedule of Collective Pension Amounts are free from material misstatement.

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SAO Report No. 19-322

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule of Employer Allocations and the specified column totals included in the Schedule 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 Schedule 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 in the Schedule 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 in the Schedule of Collective Pension Amounts.

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

Opinion

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, 2018, 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, 2018, and our report thereon, dated December 20, 2018, expressed an unmodified opinion on those financial statements.

Restriction on Use

Our report is intended solely for the information and use of the System's 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.



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

June 14, 2019



Employees Retirement System of Texas
Audited Schedule of Employer Allocations for ERS Fund
As of and for the year ended 8/31/2018

Agency No.	Agency Name	Fiscal Year 2018 Actual Employer Contributions	Employer Allocation Percentage
0101	Senate	2,604,939.01	0.37361477%
0102	House of Representatives	2,960,447.41	0.42460376%
0103	Texas Legislative Council	2,625,363.82	0.37654421%
0104	Legislative Budget Board	1,203,590.85	0.17262566%
0105	Legislative Reference Library	123,041.96	0.01764736%
0116	Sunset Advisory Commission	202,028.98	0.02897612%
0201	Supreme Court	428,129.42	0.06140469%
0202	State Bar of Texas	2,017,410.14	0.28934813%
0203	Board of Law Examiners	104,537.79	0.01499339%
0211	Court of Criminal Appeals	457,760.64	0.06565457%
0212	Office of Court Administration	1,686,589.00	0.24189993%
0213	State Prosecuting Attorney	38,599.42	0.00553614%
0215	Office of Capital and Forensic Writs	104,604.52	0.01500296%
0221	Court of Appeals - First Court of Appeals District	271,760.92	0.03897746%
0222	Court of Appeals - Second Court of Appeals District	234,810.90	0.03367788%
0223	Court of Appeals - Third Court of Appeals District	198,085.43	0.02841051%
0224	Court of Appeals - Fourth Court of Appeals District	218,297.31	0.03130941%
0225	Court of Appeals - Fifth Court of Appeals District	371,495.86	0.05328199%
0226	Court of Appeals - Sixth Court of Appeals District	108,392.46	0.01554625%
0227	Court of Appeals - Seventh Court of Appeals District	121,769.13	0.01746480%
0228	Court of Appeals - Eighth Court of Appeals District	92,826.87	0.01331374%
0229	Court of Appeals - Ninth Court of Appeals District	138,325.03	0.01983934%
0230	Court of Appeals - Tenth Court of Appeals District	91,348.28	0.01310168%
0231	Court of Appeals - Eleventh Court of Appeals District	77,118.31	0.01106074%
0232	Court of Appeals - Twelfth Court of Appeals District	107,673.66	0.01544315%
0233	Court of Appeals - Thirteenth Court of Appeals District	177,406.31	0.02544460%
0234	Court of Appeals - Fourteenth Court of Appeals District	300,341.56	0.04307665%
0241	Comptroller - Judiciary Section	2,237,366.06	0.32089543%
0242	State Commission on Judicial Conduct	94,508.50	0.01355493%
0243	State Law Library	51,966.09	0.00745328%
0300	Governor - Fiscal	782,064.84	0.11216804%
0301	Governor - Executive	1,138,259.68	0.16325550%
0302	Attorney General	22,939,156.87	3.29006085%
0303	Texas Facilities Commission	1,667,935.18	0.23922450%
0304	Comptroller of Public Accounts	18,199,336.16	2.61024953%
0305	General Land Office	4,518,707.73	0.64809808%
0306	Texas State Library and Archives Commission	714,183.50	0.10243215%
0307	Secretary of State	902,677.91	0.12946706%
0308	State Auditor	1,588,393.78	0.22781623%
0312	State Securities Board	545,877.91	0.07829283%
0313	Department of Information Resources	1,639,243.14	0.23510933%
0320	Texas Workforce Commission	20,624,712.54	2.95811044%
0326	Texas Emergency Services Retirement System	45,903.56	0.00658374%
0327	Employees Retirement System of Texas	3,169,165.55	0.45453927%



Employees Retirement System of Texas
Audited Schedule of Employer Allocations for ERS Fund
As of and for the year ended 8/31/2018

Agency No.	Agency Name	Fiscal Year 2018 Actual Employer Contributions	Employer Allocation Percentage
0329	Texas Real Estate Commission – Semi-Independent	648,216.81	0.09297084%
0332	Texas Department of Housing and Community Affairs	1,945,911.07	0.27909334%
0338	State Pension Review Board	80,765.03	0.01158377%
0347	Texas Public Finance Authority	115,319.73	0.01653979%
0352	Bond Review Board	60,588.90	0.00869000%
0356	Texas Ethics Commission	169,994.87	0.02438161%
0359	Office Of Public Insurance Counsel	77,110.40	0.01105960%
0360	State Office of Administrative Hearings	880,121.10	0.12623184%
0362	Texas Lottery Commission	2,028,495.14	0.29093800%
0364	Health Professions Council	39,807.12	0.00570936%
0401	Texas Military Department	2,725,260.17	0.39087190%
0403	Texas Veterans Commission	1,880,004.87	0.26964071%
0405	Department of Public Safety	56,178,621.16	8.05744881%
0407	Texas Commission on Law Enforcement	259,110.86	0.03716311%
0409	Commission on Jail Standards	93,397.77	0.01339563%
0411	Texas Commission on Fire Protection	157,886.85	0.02264501%
0448	Office of Injured Employee Counsel – Administered by 454	719,081.50	0.10313465%
0450	Department of Savings and Mortgage Lending – Semi-Independent	392,750.12	0.05633040%
0451	Texas Department of Banking – Semi-Independent	1,618,722.77	0.23216618%
0452	Texas Department of Licensing and Regulation	2,590,026.04	0.37147587%
0454	Texas Department of Insurance	7,642,722.63	1.09616158%
0455	Railroad Commission of Texas	4,322,460.15	0.61995116%
0456	Texas State Board of Plumbing Examiners	131,133.48	0.01880789%
0457	Texas State Board of Public Accountancy – Semi-Independent	234,045.26	0.03356807%
0458	Texas Alcoholic Beverage Commission	3,544,556.52	0.50837992%
0459	Texas Board of Architectural Examiners – Semi-Independent	153,991.08	0.02208625%
0460	Texas Board of Professional Engineers – Semi-Independent	210,554.42	0.03019888%
0464	Texas Board of Professional Land Surveying	29,035.58	0.00416444%
0466	Office of Consumer Credit Commissioner – Semi-Independent	510,109.24	0.07316269%
0469	Credit Union Department – Semi-Independent	236,006.04	0.03384929%
0473	Public Utility Commission of Texas	1,282,477.84	0.18394007%
0475	Office of Public Utility Counsel	116,825.83	0.01675581%
0476	Texas Racing Commission	223,402.80	0.03204167%
0477	Commission on State Emergency Communications	159,579.65	0.02288780%
0479	State Office of Risk Management	629,291.73	0.09025650%
0481	Texas Board of Professional Geoscientists	37,900.71	0.00543593%
0503	Texas Medical Board	970,540.61	0.13920031%
0504	State Board of Dental Examiners	243,204.95	0.03488180%
0507	Texas Board of Nursing	664,675.58	0.09533145%
0508	Texas Board of Chiropractic Examiners	55,050.24	0.00789561%
0513	Texas Funeral Service Commission	53,131.24	0.00762038%
0514	Texas Optometry Board	28,345.12	0.00406541%
0515	Texas State Board of Pharmacy	507,392.58	0.07277305%
0520	Texas State Board of Examiners of Psychologists	63,499.78	0.00910749%



Employees Retirement System of Texas
Audited Schedule of Employer Allocations for ERS Fund
As of and for the year ended 8/31/2018

Agency No.	Agency Name	Fiscal Year 2018 Actual Employer Contributions	Employer Allocation Percentage
0529	Health and Human Services Commission	143,948,171.70	20.64584358%
0530	Department of Family and Protective Services	62,319,638.34	8.93822749%
0533	Executive Council of Physical and Occupational Therapy Examiners	103,470.13	0.01484026%
0537	Department of State Health Services	14,451,815.77	2.07275941%
0542	Cancer Prevention and Research Institute of Texas	313,237.65	0.04492628%
0551	Department of Agriculture	3,525,503.00	0.50564716%
0554	Texas Animal Health Commission	936,070.74	0.13425645%
0578	State Board of Veterinary Medical Examiners	77,516.20	0.01111780%
0580	Texas Water Development Board	1,964,196.45	0.28171593%
0582	Texas Commission on Environmental Quality	15,598,099.22	2.23716573%
0592	Soil and Water Conservation Board	392,919.03	0.05635462%
0601	Texas Department of Transportation	67,077,023.60	9.62055802%
0608	Texas Department of Motor Vehicles	3,777,025.68	0.54172193%
0644	Texas Juvenile Justice Department	10,184,728.68	1.46075016%
0696	Texas Department of Criminal Justice	148,259,990.81	21.26426855%
0701	Texas Education Agency	6,650,464.21	0.95384639%
0723	University of Texas Medical Branch at Galveston	186,812.66	0.02679371%
0771	Texas School for the Blind and Visually Impaired	1,914,039.94	0.27452220%
0772	Texas School for the Deaf	2,104,445.90	0.30183128%
0781	Texas Higher Education Coordinating Board	1,507,116.69	0.21615902%
0802	Parks and Wildlife Department	16,144,007.59	2.31546293%
0808	Texas Historical Commission	1,138,456.14	0.16328368%
0809	State Preservation Board	856,514.53	0.12284606%
0813	Texas Commission on the Arts	90,233.61	0.01294180%
0851	Texas Coop Inspection Program	149,209.74	0.02140049%
0907	Comptroller - State Energy Conservation Office	69,932.90	0.01003016%
0930	Texas Treasury Safekeeping Trust Company	847,994.37	0.12162405%
	Grand Total	697,225,914.41	100.00000000%

The contributions for Fiscal Year 2018 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.



Employees Retirement System of Texas
Audited Schedule of Employer Allocations for ERS Fund
As of and for the year ended 8/31/2018

Agency No.	Agency Name	Fiscal Year 2018 Actual Employer Contributions	Employer Allocation Percentage
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Additional related documents available on the ERS website include (provide links):

- Comprehensive Annual Financial Report for FY 2018
- Actuarial Valuation for FY 2018
- GASB Reporting and Disclosure Information for ERS FY 2018
- Schedule of Collective Pension Amounts for ERS FY 2018

Employees Retirement System of Texas

Eddie Chan
Prepared By: _____ Title: *Mrs. Quelle* For Special Advisor to the CFO Date: *6/5/2019*

M. J. L.
Approved By: _____ Title: Chief Financial Officer Date: *6/5/2019*



**Employees Retirement System of Texas
Schedule of Collective Pension Amounts for ERS Fund
As of and for the year ended 8/31/2018**

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	Changes of Assumptions	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	Changes of Assumptions	Total Deferred Inflows of Resources Excluding Employer Specific Amounts *	Pension Expense *
\$ 20,190,978,261	118,889,377	626,230,111	1,222,801,543	1,967,901,031	=	940,853,509	1,409,817,323	2,350,670,832	2,941,280,466

*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 3.46 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, Plan 2) are: the ERS Comprehensive Annual Financial Report for Fiscal Year 2018; the ERS Annual Actuarial Valuation Funding as of August 31, 2018; and the Gabriel Roeder Smith & Company Consultants & Actuaries, ERS GASB Reporting and Disclosure Information for ERS Fiscal Year Ending August 31, 2018.

The Fiscal Year 2018 Schedule of Employers Allocations and the Fiscal Year 2018 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, Plan 2) have been audited by the State Auditor's Office.

Source: ERS GASB Reporting and Disclosure Information for ERS Fiscal Year Ending August 31, 2018, dated October 30, 2018.

Notes:

This schedule complements the actuarial valuation report as of August 31, 2018, and the GASB Reporting and Disclosure Information for the Fiscal Year Ending August 31, 2018, which should be considered together as a complete report for the plan year ending August 31, 2018. Please see the actuarial valuation report as of August 31, 2018 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:

ERS Comprehensive Annual Financial Report (CAFR) for FY 2018

ERS Annual Actuarial Valuation Funding as of August 31, 2018

ERS GASB Reporting and Disclosure Information for ERS FY Ending August 31, 2018



Employees Retirement System of Texas
Audited Schedule of Employer Allocations for LECOSRF
As of and for the year ended 8/31/2018

Agency No.	Agency Name	Fiscal Year 2018 Actual Employer Contributions	Employer Allocation Percentage
0405	Department of Public Safety	1,520,494.53	17.37038945%
0458	Texas Alcoholic Beverage Commission	83,649.22	0.95562299%
0515	Texas State Board of Pharmacy	319.83	0.00365379%
0644	Texas Juvenile Justice Department	7,054.31	0.08058964%
0696	Texas Department of Criminal Justice	6,886,741.48	78.67531199%
0723	University of Texas Medical Branch at Galveston	8,751.66	0.09998046%
0802	Parks and Wildlife Department	246,359.38	2.81445167%
	Grand Total	8,753,370.41	100.00000000%

The contributions for Fiscal Year 2018 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 2018

Actuarial Valuation for FY 2018

GASB Reporting and Disclosure Information for ERS FY 2018

Schedule of Collective Pension Amounts for ERS FY 2018

Employees Retirement System of Texas

Eddie Chan

Prepared By:

Mari Queller
 For Special Advisor to the CFO

Title:

Date:

6/5/2019

Mick

Approved By:

Chief Financial Officer

Title:

Date:

6/5/2019



**Employees Retirement System of Texas
Schedule of Collective Pension Amounts for LECOSRF
As of and for the year ended 8/31/2018**

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			
\$ 1,183,095,143	-	21,930,508	182,485,014	204,415,522	41,565,159	32,945,196	153,507,622	228,017,977	134,367,121

*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 4.94 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, Plan 2) are: the ERS Comprehensive Annual Financial Report for Fiscal Year 2018; the ERS Annual Actuarial Valuation Funding as of August 31, 2018; and the ERS GASB Reporting and Disclosure Information for ERS Fiscal Year Ending August 31, 2018.

The Fiscal Year 2018 Schedule of Employers Allocations and the Fiscal Year 2018 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, Plan 2) have been audited by the State Auditor's Office.

Source: ERS GASB Reporting and Disclosure Information for ERS Fiscal Year Ending August 31, 2018, dated October 30, 2018.

Notes:

This schedule complements the actuarial valuation report as of August 31, 2018, and the GASB Reporting and Disclosure Information for the Fiscal Year Ending August 31, 2018, which should be considered together as a complete report for the plan year ending August 31, 2018. Please see the actuarial valuation report as of August 31, 2018 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:

- ERS Comprehensive Annual Financial Report (CAFR) for FY 2018
- ERS Annual Actuarial Valuation Funding as of August 31, 2018
- ERS GASB Reporting and Disclosure Information for ERS FY Ending August 31, 2018



Employees Retirement System of Texas
Audited Schedule of Employer Allocations for JRS, Plan 2
As of and for the year ended 8/31/2018

Agency No.	Agency Name	Fiscal Year 2018 Actual Employer Contributions	Employer Allocation Percentage
0201	Supreme Court	228,214.12	1.81703169%
0211	Court of Criminal Appeals	184,910.11	1.47224690%
0221	Court of Appeals - First Court of Appeals District	192,115.03	1.52961218%
0222	Court of Appeals - Second Court of Appeals District	193,518.46	1.54078624%
0223	Court of Appeals - Third Court of Appeals District	145,117.44	1.15541925%
0224	Court of Appeals - Fourth Court of Appeals District	169,238.40	1.34746937%
0225	Court of Appeals - Fifth Court of Appeals District	314,285.89	2.50233168%
0226	Court of Appeals - Sixth Court of Appeals District	72,754.56	0.57926890%
0227	Court of Appeals - Seventh Court of Appeals District	97,197.15	0.77387982%
0228	Court of Appeals - Eighth Court of Appeals District	73,604.57	0.58603664%
0229	Court of Appeals - Ninth Court of Appeals District	96,875.52	0.77131902%
0230	Court of Appeals - Tenth Court of Appeals District	72,754.56	0.57926890%
0231	Court of Appeals - Eleventh Court of Appeals District	48,241.92	0.38410024%
0232	Court of Appeals - Twelfth Court of Appeals District	72,754.56	0.57926890%
0233	Court of Appeals - Thirteenth Court of Appeals District	145,439.06	1.15797998%
0234	Court of Appeals - Fourteenth Court of Appeals District	217,641.17	1.73285029%
0241	Comptroller - Judiciary Section	10,235,058.96	81.49113001%
Grand Total		12,559,721.48	100.00000000%

The contributions for Fiscal Year 2018 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 2018

Actuarial Valuation for FY 2018

GASB Reporting and Disclosure Information for ERS FY 2018

Schedule of Collective Pension Amounts for ERS FY 2018

Employees Retirement System of Texas

Eddie Chan

Prepared By:

Mae Quirk
 For Special Advisor to the CFO

Title:

Date:

6/5/2019

Yue

Approved By:

Chief Financial Officer

Title:

Date:

6/5/2019



**Employees Retirement System of Texas
Schedule of Collective Pension Amounts for JRS, Plan 2
As of and for the year ended 8/31/2018**

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	Changes of Assumptions	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	Changes of Assumptions	Total Deferred Inflows of Resources Excluding Employer Specific Amounts *	Pension Expense *
\$ 34,391,760	2,113,951	9,335,496	4,629,235	16,078,682	2,191,799	15,057,087	23,541,924	40,790,810	6,761,387

*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, Plan 2 the amortization period is 3.44 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, Plan 2) are: the ERS Comprehensive Annual Financial Report for Fiscal Year 2018; the ERS Annual Actuarial Valuation Funding as of August 31, 2018; and the ERS GASB Reporting and Disclosure Information for ERS Fiscal Year Ending August 31, 2018.

The Fiscal Year 2018 Schedule of Employers Allocations and the Fiscal Year 2018 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, Plan 2) have been audited by the State Auditor's Office.

Source: ERS GASB Reporting and Disclosure Information for ERS Fiscal Year Ending August 31, 2018, dated October 30, 2018.

Notes:

This schedule complements the actuarial valuation report as of August 31, 2018, and the GASB Reporting and Disclosure Information for the Fiscal Year Ending August 31, 2018, which should be considered together as a complete report for the plan year ending August 31, 2018. Please see the actuarial valuation report as of August 31, 2018 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:

- ERS Comprehensive Annual Financial Report (CAFR) for FY 2018
- ERS Annual Actuarial Valuation Funding as of August 31, 2018
- ERS GASB Reporting and Disclosure Information for ERS FY Ending August 31, 2018



Notes to the 2018 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) 2018

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. 18th 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.