



## 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 for Other Post-Employment Benefits (OPEB) of the Employees Retirement System (System) as of and for the year ended August 31, 2018, and the related notes. We have also audited the columns titled net OPEB liability, total deferred outflows of resources excluding employer specific amounts, total deferred inflows of resources excluding employer specific amounts, and OPEB expense (specified column totals) included in the Schedule of Collective OPEB Amounts for Other Post-Employment Benefits (OPEB) Fund of the System, as of and for the year ended August 31, 2018, and 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 an opinion on the Schedule of Employer Allocations for OPEB and the specified column totals included in the Schedule of Collective OPEB Amounts for Other Post-Employment Benefits (OPEB) Fund 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 for OPEB and the specified column totals included in the Schedule of Collective OPEB Amounts for Other Post-Employment Benefits (OPEB) Fund are free from material misstatement.

Robert E. Johnson Building  
1501 N. Congress Avenue  
Austin, Texas 78701

P.O. Box 12067  
Austin, Texas 78711-2067

Phone:  
(512) 936-9500

Fax:  
(512) 936-9400

Internet:  
[www.sao.texas.gov](http://www.sao.texas.gov)

SAO Report No. 19-323

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule of Employer Allocations for OPEB and the specified column totals included in the Schedule of Collective OPEB Amounts for Other Post-Employment Benefits (OPEB) Fund. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedule of Employer Allocations for OPEB and the specified column totals included in the Schedule of Collective OPEB Amounts for Other Post-Employment Benefits (OPEB) Fund, 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 the specified column totals included in the Schedule of Collective OPEB Amounts for Other Post-Employment Benefits (OPEB) Fund 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 for OPEB and the specified column totals included in the Schedule of Collective OPEB Amounts for Other Post-Employment Benefits (OPEB) Fund.

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 OPEB liability, total deferred outflows of resources excluding employer specified amounts, total deferred inflows of resources excluding employer specified amounts, and OPEB expense 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 Systems 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 System management, Board of Trustees, employers participating in the OPEB plan 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 Other Postemployment Benefits (OPEB)**  
**As of and for the year ended 08/31/2018**

**STATE OF TEXAS**

**State Matching funds:**

<sup>1</sup> Non-Employer Contributing Entity (NECE)	178,488,167.00	6.14425740%
Employer Contributions - State Universities	174,100,294.28	5.99320974%
<sup>2</sup> Other Entitles - State	75,616,223.03	2.60300470%
Employer Contributions - State Agencies	1,959,778,416.86	67.46320074%
<b>Total - STATE OF TEXAS</b>	<b>2,387,983,101.17</b>	<b>82.20367259%</b>

**ALL OTHER EMPLOYERS**

Other Entitles - Universities	272,601,460.51	9.38400328%
Other Entitles - Junior and Community Colleges	232,503,761.10	8.00368438%
Other Entitles	11,870,818.38	0.40863977%
<b>Total - ALL OTHER EMPLOYERS</b>	<b>516,976,039.99</b>	<b>17.79832741%</b>

**GRAND TOTAL**

<b>2,904,959,141.16</b>	<b>100.00000000%</b>
-------------------------	----------------------

**OPEB Liability**

<b>29,637,742,324.00</b>
--------------------------

Agency No.	Agency Name	Fiscal Year 2018 Employer Contributions	Employer Allocation Percentage
0902	<sup>1</sup> State of Texas Non Employer Contributing Entity (NECE)	178,488,167.00	6.14425740%
0902	State of Texas Employer for Universities	174,100,294.28	5.99320974%
0902	<sup>2</sup> Other Entitles - State	75,616,223.03	2.60300470%
<b>Employer Contributions - State Agencies</b>			
0101	Senate	6,578,811.85	0.22646831%
0102	House of Representatives	10,573,715.40	0.36398844%
0103	Texas Legislative Council	4,916,817.70	0.16924912%
0104	Legislative Budget Board	1,795,814.82	0.06181204%
0105	Legislative Reference Library	281,734.02	0.00969838%
0116	Sunset Advisory Commission	334,422.48	0.01151212%
0201	Supreme Court	884,666.66	0.03045367%
0202	State Bar of Texas	3,584,453.78	0.12339085%
0203	Board of Law Examiners	273,244.14	0.00940613%
0211	Court of Criminal Appeals	875,174.22	0.03012690%
0212	Office of Court Administration	2,678,552.16	0.09213734%
0213	State Prosecuting Attorney	86,407.82	0.00297449%
0215	Office of Capital and Forensic Writs	123,835.14	0.00426289%
0221	Court of Appeals - First Court of Appeals District	558,869.28	0.01916961%
0222	Court of Appeals - Second Court of Appeals District	482,860.30	0.01662262%
0223	Court of Appeals - Third Court of Appeals District	487,240.30	0.01677271%
0224	Court of Appeals - Fourth Court of Appeals District	403,347.82	0.01388480%
0225	Court of Appeals - Fifth Court of Appeals District	794,011.10	0.02733295%
0226	Court of Appeals - Sixth Court of Appeals District	229,041.60	0.00788450%
0227	Court of Appeals - Seventh Court of Appeals District	292,575.30	0.01007158%
0228	Court of Appeals - Eighth Court of Appeals District	238,162.50	0.00819848%
0229	Court of Appeals - Ninth Court of Appeals District	274,459.78	0.00944797%
0230	Court of Appeals - Tenth Court of Appeals District	189,436.40	0.00652114%
0231	Court of Appeals - Eleventh Court of Appeals District	227,515.40	0.00783197%
0232	Court of Appeals - Twelfth Court of Appeals District	260,392.02	0.00896371%
0233	Court of Appeals - Thirteenth Court of Appeals District	405,077.42	0.01394434%
0234	Court of Appeals - Fourteenth Court of Appeals District	602,658.44	0.02074585%
0241	Comptroller - Judiciary Section	11,713,450.47	0.40322256%
0242	State Commission on Judicial Conduct	187,359.68	0.00644965%
0243	State Law Library	107,519.34	0.00370123%
0300	Governor - Fiscal	1,405,965.86	0.04839882%
0301	Governor - Executive	2,059,215.40	0.07088621%

Agency No.	Agency Name	Fiscal Year 2018 Employer Contributions	Employer Allocation Percentage
0302	Attorney General	48,879,761.52	1.68263164%
0303	Texas Facilities Commission	5,390,532.86	0.18568312%
0304	Comptroller of Public Accounts	41,763,275.79	1.43765450%
0305	General Land Office	8,400,969.32	0.28919406%
0306	Texas State Library and Archives Commission	2,014,821.03	0.06935798%
0307	Secretary of State	2,639,342.96	0.09085646%
0308	State Auditor	2,446,837.88	0.08422968%
0312	State Securities Board	1,104,094.20	0.03800722%
0313	Department of Information Resources	2,819,322.20	0.09705204%
0320	Texas Workforce Commission	63,770,179.19	2.19521777%
0323	Teacher Retirement System of Texas	8,332,249.56	0.28682846%
0326	Texas Emergency Services Retirement System	86,020.52	0.00296116%
0327	Employees Retirement System of Texas	4,941,681.98	0.17011193%
0329	Texas Real Estate Commission – Semi-Independent	1,426,213.26	0.04909581%
0332	Texas Department of Housing and Community Affairs	3,885,166.30	0.13374255%
0338	State Pension Review Board	183,537.12	0.00631806%
0347	Texas Public Finance Authority	175,686.66	0.00604782%
0352	Bond Review Board	140,922.12	0.00485109%
0356	Texas Ethics Commission	340,395.02	0.01171772%
0359	Office Of Public Insurance Counsel	123,060.98	0.00423624%
0360	State Office of Administrative Hearings	1,506,837.38	0.05187121%
0362	Texas Lottery Commission	3,906,424.38	0.13447433%
0364	Health Professions Council	65,967.46	0.00227086%
0401	Texas Military Department	6,238,607.49	0.21475715%
0403	Texas Veterans Commission	3,661,953.62	0.12605870%
0405	Department of Public Safety	134,183,455.44	4.61911879%
0407	Texas Commission on Law Enforcement	727,016.94	0.02502675%
0409	Commission on Jail Standards	238,811.70	0.00822083%
0411	Texas Commission on Fire Protection	534,927.34	0.01841428%
0448	Office of Injured Employee Counsel – Administered by 454	1,735,382.07	0.05973861%
0450	Department of Savings and Mortgage Lending – Semi-Independent	650,706.08	0.02239984%
0451	Texas Department of Banking – Semi-Independent	2,251,985.98	0.07752212%
0452	Texas Department of Licensing and Regulation	4,978,877.80	0.17139235%
0454	Texas Department of Insurance	21,215,503.96	0.73032022%
0455	Railroad Commission of Texas	11,159,689.04	0.38415993%
0456	Texas State Board of Plumbing Examiners	442,268.14	0.01522459%
0457	Texas State Board of Public Accountancy – Semi-Independent	504,835.04	0.01737839%
0458	Texas Alcoholic Beverage Commission	9,240,117.00	0.31808079%
0459	Texas Board of Architectural Examiners – Semi-Independent	270,776.76	0.00932119%
0460	Texas Board of Professional Engineers – Semi-Independent	427,564.16	0.01471842%
0464	Texas Board of Professional Land Surveying	78,845.42	0.00271417%
0466	Office of Consumer Credit Commissioner – Semi-Independent	977,897.59	0.03366304%
0469	Credit Union Department – Semi-Independent	338,905.22	0.01166644%
0473	Public Utility Commission of Texas	2,565,198.40	0.08830411%
0475	Office of Public Utility Counsel	229,148.70	0.00788819%
0476	Texas Racing Commission	676,340.60	0.02328228%
0477	Commission on State Emergency Communications	296,581.42	0.01020949%
0479	State Office of Risk Management	1,226,048.78	0.04220537%
0481	Texas Board of Professional Geoscientists	41,589.84	0.00143168%
0503	Texas Medical Board	2,190,968.84	0.07542161%
0504	State Board of Dental Examiners	547,574.70	0.01884965%
0507	Texas Board of Nursing	1,150,762.26	0.03961372%
0508	Texas Board of Chiropractic Examiners	97,760.76	0.00336531%
0513	Texas Funeral Service Commission	134,674.18	0.00463601%
0514	Texas Optometry Board	83,334.18	0.00286869%
0515	Texas State Board of Pharmacy	1,093,741.68	0.03765085%
0520	Texas State Board of Examiners of Psychologists	175,375.40	0.00603710%
0529	Health and Human Services Commission	434,872,401.70	14.97000063%
0530	Department of Family and Protective Services	127,957,261.50	4.40478696%
0533	Executive Council of Physical and Occupational Therapy Examiners	225,393.24	0.00775891%

Agency No.	Agency Name	Fiscal Year 2018 Employer Contributions	Employer Allocation Percentage
0537	Department of State Health Services	89,872,959.26	3.09377705%
0542	Cancer Prevention & Research	294,762.52	0.01014687%
0551	Department of Agriculture	9,352,140.94	0.32193709%
0554	Texas Animal Health Commission	3,188,245.49	0.10975182%
0578	State Board of Veterinary Medical Examiners	188,788.82	0.00642930%
0580	Texas Water Development Board	4,555,307.48	0.15681141%
0582	Texas Commission on Environmental Quality	35,808,872.85	1.23267389%
0592	Soil and Water Conservation Board	826,762.86	0.02846040%
0601	Texas Department of Transportation	212,626,716.89	7.31943916%
0608	Texas Department of Motor Vehicles	7,548,993.55	0.25986574%
0644	Texas Juvenile Justice Department	32,066,764.97	1.10455134%
0696	Texas Department of Criminal Justice	453,753,652.45	15.61996677%
0701	Texas Education Agency	14,034,366.70	0.48311753%
0771	Texas School for the Blind and Visually Impaired	4,748,731.10	0.16346981%
0772	Texas School for the Deaf	5,711,138.06	0.19659953%
0781	Texas Higher Education Coordinating Board	3,439,908.32	0.11841503%
0802	Parks and Wildlife Department	44,760,852.84	1.54084276%
0808	Texas Historical Commission	2,391,876.78	0.08233771%
0809	State Preservation Board	1,798,190.96	0.06190073%
0813	Texas Commission on the Arts	160,346.64	0.00551976%
0907	Comptroller - State Energy Conservation Office	151,018.14	0.00519863%
0930	Texas Treasury Safekeeping Trust Company	812,232.62	0.02796021%
<b>Total of Employer Contributions - State Agencies</b>		<b>1,959,778,416.86</b>	
<b>Other Entities - Universities</b>			
0717	Texas Southern University	6,385,002.33	0.21979663%
0719	Texas State Technical College System	2,831,629.82	0.09747572%
0730	University of Houston	42,424,598.06	1.48041979%
0731	Texas Woman's University	10,866,302.88	0.37406043%
0733	Texas Tech University	38,148,426.83	1.31321732%
0734	Lamar University	8,023,790.84	0.27821011%
0735	Midwestern State University	4,627,762.52	0.15930580%
0737	Angelo State University	6,633,212.44	0.22834099%
0739	Texas Tech University Health Sciences Center	23,515,638.21	0.80949979%
0752	University of North Texas	28,108,118.17	0.98759083%
0753	Sam Houston State University	17,398,170.55	0.59891275%
0754	Texas State University	30,237,604.38	1.04089603%
0755	Stephen F. Austin State University	12,516,426.08	0.43086410%
0756	Sul Ross State University	2,375,193.66	0.08176341%
0758	Texas State University System	399,159.13	0.01374081%
0759	University of Houston - Clear Lake	5,533,797.71	0.18049486%
0763	University of North Texas Health Science Center at Fort Worth	6,896,407.59	0.23740119%
0765	University of Houston - Victoria	1,978,931.21	0.06815694%
0768	Texas Tech University System	1,166,156.71	0.04014365%
0769	University of North Texas System	3,227,647.83	0.11110819%
0773	University of North Texas at Dallas	1,354,683.59	0.04663348%
0774	Texas Tech University Health Sciences Center - El Paso	9,045,934.36	0.31139627%
0783	University of Houston System	90,576.31	0.00311799%
0784	University of Houston - Downtown	6,899,177.06	0.23749853%
0787	Lamar State College - Orange	620,366.41	0.02135543%
0788	Lamar State College - Port Arthur	776,851.67	0.02674228%
0789	Lamar Institute of Technology	518,894.76	0.01786238%
<b>Total of Other Entities - Universities</b>		<b>272,601,460.51</b>	

Agency No.	Agency Name	Fiscal Year 2018 Employer Contributions	Employer Allocation Percentage		
<b>Other Entities - Junior and Community Colleges</b>					
				<sup>1</sup> Non-Employer Contributing Entity (NECE)	Non-Employer Contributing Entity (NECE) Allocation Percentage
0767	<sup>3</sup> Southwest Collegiate Institute for the Deaf	216,557.91	0.00745477%	247,049.49	0.00850441%
0948	South Texas Community College	8,881,037.01	0.30571986%	5,520,404.53	0.19003381%
0949	Collin County Community College District	6,421,045.74	0.22103739%	5,202,130.06	0.17907758%
0951	Alvin Community College	2,324,368.75	0.08001382%	1,711,724.91	0.05892423%
0952	Amarillo College	5,210,824.94	0.17937888%	3,854,600.20	0.13269034%
0953	Coastal Bend College	1,632,099.37	0.05618321%	1,076,224.61	0.03704784%
0954	Blinn College	4,817,561.13	0.16583920%	4,158,877.39	0.14315786%
0955	Central Texas College	5,290,512.05	0.18212002%	2,699,705.88	0.09293438%
0956	Cisco Junior College	1,234,199.98	0.04248597%	898,099.22	0.03091807%
0957	Clarendon College	690,010.83	0.02375286%	420,795.73	0.01448543%
0958	North Central Texas College	2,444,770.31	0.08415851%	1,870,899.35	0.06440364%
0959	Dallas County Community College	23,633,539.48	0.81355841%	18,648,111.94	0.64194059%
0960	Del Mar College	5,464,830.32	0.18812073%	4,238,957.98	0.14592143%
0961	Frank Phillips College	828,872.28	0.02846416%	367,305.02	0.01264407%
0962	Galveston College	1,082,744.62	0.03727228%	854,172.60	0.02940395%
0963	Grayson County College	2,078,207.96	0.07154001%	1,598,789.98	0.05503657%
0964	Trinity Valley Community College	2,580,676.07	0.08883692%	2,036,649.81	0.07010941%
0965	Hill College	1,218,273.75	0.04193772%	1,226,712.21	0.04222821%
0966	<sup>3</sup> Howard College	1,904,317.34	0.06555402%	1,134,384.44	0.03904993%
0967	Kilgore College	3,024,997.71	0.10413220%	1,744,916.03	0.06006680%
0968	Laredo Junior College	4,136,129.56	0.14238168%	3,361,322.36	0.11570980%
0969	Lee College	3,252,219.21	0.11195404%	2,113,531.53	0.07275598%
0970	McLennan Community College	3,947,452.92	0.13588669%	3,022,944.18	0.10406150%
0971	College Of The Mainland	2,597,235.26	0.08940895%	2,204,053.54	0.07587210%
0972	Navarro College	2,566,208.89	0.08840775%	1,717,380.31	0.05911891%
0973	Odessa College	2,507,879.54	0.08633098%	1,955,365.02	0.06731127%
0974	Panola College	1,170,670.87	0.04029905%	976,484.73	0.03361441%
0975	Paris Junior College	1,905,775.03	0.06560419%	1,064,891.27	0.03665770%
0976	Ranger Junior College	709,135.55	0.02441121%	458,128.81	0.01577058%
0977	Alamo Community College	15,956,878.99	0.54929788%	13,585,195.41	0.46785530%
0978	San Jacinto College	9,319,628.43	0.32081788%	8,411,855.97	0.28958682%
0979	South Plains College	4,958,558.39	0.17069281%	3,558,558.01	0.12249935%
0980	Southwest Texas Counties Junior College	2,324,412.26	0.08001532%	1,572,451.98	0.05412992%
0981	Tarrant County College District	15,155,734.74	0.52171938%	13,724,421.98	0.47244802%
0982	Temple College	1,934,247.99	0.06658434%	1,525,881.23	0.05252677%
0983	Texarkana College	1,814,071.17	0.06244739%	1,488,687.21	0.05124841%
0984	Texas Southmost College	1,787,375.19	0.06152841%	477,230.85	0.01642814%
0985	Tyler Junior College	4,721,605.60	0.16253604%	3,792,189.66	0.13054193%
0986	Victoria College	2,488,653.01	0.08588912%	1,310,005.55	0.04509549%
0987	Weatherford College	2,151,457.74	0.07408155%	1,574,005.72	0.05418340%
0988	Wharton County Junior College	2,345,008.27	0.08072431%	2,040,668.19	0.07024774%
0989	Angelina College	1,938,060.36	0.06671558%	1,414,007.84	0.04867565%
0990	Brazosport College	1,763,958.44	0.06072232%	1,488,474.38	0.05123908%
0991	Vernon Regional Junior College	1,466,048.88	0.05048711%	1,211,235.50	0.04169544%
0992	Western Texas College	937,395.58	0.03226880%	821,352.60	0.02827415%
0993	El Paso Community College	7,408,496.17	0.25496043%	7,195,923.30	0.24771169%
0994	Houston Community College	16,029,426.98	0.55179527%	10,820,151.75	0.37247174%
0995	Midland College	2,671,349.09	0.09195823%	2,177,522.44	0.07495880%
0996	Lone Star College	16,011,025.29	0.55116181%	12,633,646.95	0.43489930%
0997	Austin Community College	14,066,001.15	0.48420651%	10,370,118.17	0.35697963%
0998	Northeast Texas Community College	1,484,215.04	0.05109246%	910,171.18	0.03133163%
<b>Total of Other Entities - Junior and Community Colleges</b>		<b>232,503,761.10</b>		<b>178,488,167.00</b>	<b>6.14425740%</b>





**Employees Retirement System of Texas  
Schedule of Collective OPEB Amounts for Other Post-Employment Benefits (OPEB) Fund  
As of and for the year ended 8/31/2018**

Net OPEB Liability	Deferred Outflows of Resources			Deferred Inflows of Resources					
	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB 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 OPEB Plan Investments	Changes of Assumptions	Total Deferred Inflows of Resources Excluding Employer Specific Amounts	OPEB Expense
\$ 29,637,742,324		\$ 14,035,125		\$ 14,035,125	1,085,831,486		10,385,875,034	11,471,706,520	\$ (176,184,910)

GASB Statement No. 75 replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For a defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

ERS has determined that the Group Benefits Program (GBP) is a cost-sharing multiple employer plan with a special funding situation that is administered as a trust in accordance with paragraph 4 of GASB No. 75.

As permitted under paragraph No. 59 of GASB No. 75, a measurement date that is twelve months or less in advance of the current fiscal year end has been selected. The collective net OPEB liability was measured as of August 31, 2018 (measurement date) and can be used for employer financial statements on or before August 31, 2019 (reporting date). In addition, the August 31, 2018 liability shown in the GASB No. 74 Actuarial Valuation of the OPEB provided under the Texas GBP for fiscal year ending August 31, 2018 will be used for fiscal year 2019 reporting.

The methods and assumptions used in preparing the Schedule of Employers Allocations and the Schedule of Collective OPEB Amounts for Other Post-Employment Benefits (OPEB) Fund are contained in the: ERS Comprehensive Annual Financial Report (CAFR) for FY 2018; ERS GASB Statement No. 74 Actuarial Valuation of the OPEB provided under the Texas GBP for fiscal year 2018; and the ERS GASB Statement No. 75 Actuarial Valuation of OPEB provided under the Texas Employees GBP for the fiscal year ending August 31, 2018.

The Fiscal Year 2018 Schedule of Employers Allocations and the Fiscal Year 2018 Schedule of Collective OPEB Amounts for Other Post-Employment Benefits (OPEB) Fund have been audited by the State Auditor's Office.

Source: ERS GASB Statement No. 74 Actuarial Valuation of OPEB provided under the Texas Employees GBP for the fiscal year ending August 31, 2018, ERS GASB Statement No. 75 Actuarial Valuation of OPEB provided under the Texas Employees GBP for the fiscal year ending August 31, 2018.

**Notes:**

This schedule complements the actuarial valuation reports: GASB Statement No. 74 Actuarial Valuation of OPEB provided under the Texas Employees GBP for the fiscal year ending August 31, 2018, and GASB Statement No. 75 Actuarial Valuation of OPEB provided under the Texas Employees GBP 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 for GASB Statement No. 75 Actuarial Valuation of OPEB provided under the Texas Employees GBP for the fiscal year ending 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 GASB Statement No. 74 Actuarial Valuation of the OPEB provided under the Texas Group Benefits Program GBP for the fiscal year ending August 31, 2018
- ERS GASB Statement No. 75 Actuarial Valuation of the OPEB provided under the Texas Group Benefits Program GBP for the fiscal year ending August 31, 2018



## Notes to the 2018 Schedule of Employer Allocations and Schedule of Collective OPEB Amounts for Other Postemployment Benefits (OPEB)

The Notes to the Schedule of Employer Allocations and Schedule of Collective OPEB Amounts for Other Postemployment Benefits (OPEB) 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 postemployment health care, life and dental insurance benefits through the Group Benefits Program in accordance with Chapter 1551, Texas Insurance Code. The State Retiree Health Plan (SRHP) is a cost-sharing multiple-employer postemployment health care plan with a special funding situation. The plan covers retired employees of the State, and other entities as specified by the State legislature. Participating Reporting Entities for the State Retiree Health Plan are State Agencies, Universities, Junior and Community Colleges and Other Entities. ERS issues a publicly available, audited Comprehensive Annual Financial Report that includes financial statements, notes and required supplementary information for the 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 75 is not repeated in the allocation schedules and related notes. Please refer to the ERS CAFR referenced above for those items:

- Other Postemployment Benefit Plan (OPEB) Plan Descriptions and Contributions are included in Note 4.A.
- Funded Status and Funding Progress information: significant assumptions used to measure the Net OPEB liability, including discount rate and healthcare cost trend rate assumptions, and sensitivity of Net OPEB liability to changes in the discount rate and healthcare cost trend rate is included in Note 4.B.
- State Retiree Health Plan Membership is included in Note 4.C.
- The State Retiree Health Plan is a pay-as-you-go plan and has no reserves.

### B. GASB Reporting and Disclosure Information

At the request of ERS, Rudd and Wisdom, Inc. has provided information required by the governmental employers participating in ERS in connection with GASB Statement 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." These actuarial valuation reports are the source for the Schedule of Collective OPEB Amounts for Other Postemployment Benefits (OPEB) Fund and are presented in a separate file available online at the following link: <https://ers.texas.gov/About-ERS/Reports-and-Studies/ERS-Actuarial-Valuation-Reports-en>

These reports include the detailed actuarial assumptions used to measure the total OPEB Liability including mortality assumptions and the dates of experience studies on which significant assumptions are based. The schedule and the actuarial reports do not include

information about the employer specific amounts (such as the net effect of changes in the employer's proportion of the collective net OPEB liability since the prior measurement date on OPEB expense and deferred inflows or outflows).

- C. Employer Contributions reported in the schedule of Employer Allocations for OPEB were taken from the ERS Peoplesoft Financials (Financials) system using the OPEB Employer Contribution Premium due billed amounts related to active and retirees.