



**Employees Retirement System of Texas**  
**Schedule of Employer Allocations for ERS Fund**  
**As of and for the year ended 8/31/2014**

Agency #	AgencyName	Fiscal Year 2014 Actual Employer Contributions	Employer Allocation Percentage
0101	Senate	1,855,662.07	0.384729511%
0102	House of Representatives	2,056,499.15	0.426368532%
0103	Texas Legislative Council	1,970,029.91	0.408441093%
0104	Legislative Budget Board	1,004,172.99	0.208192531%
0105	Legislative Reference Library	92,942.17	0.019269454%
0116	Sunset Advisory Commission	140,647.78	0.029160132%
0201	Supreme Court	256,360.71	0.053150588%
0202	State Bar of Texas	1,449,742.38	0.300571255%
0203	Board of Law Examiners	78,110.43	0.016194429%
0211	Court of Criminal Appeals	285,068.46	0.059102490%
0212	Office of Court Administration	1,118,584.11	0.231913086%
0213	State Prosecuting Attorney, Office of	29,538.35	0.006124108%
0215	Office of Capital Writs	41,449.85	0.008593688%
0221	Court of Appeals – First Court of Appeals District	180,068.49	0.037333124%
0222	Court of Appeals – Second Court of Appeals District	154,713.56	0.032076353%
0223	Court of Appeals – Third Court of Appeals District	137,098.17	0.028424201%
0224	Court of Appeals – Fourth Court of Appeals District	152,394.01	0.031595447%
0225	Court of Appeals – Fifth Court of Appeals District	267,052.03	0.055367191%
0226	Court of Appeals – Sixth Court of Appeals District	75,328.78	0.015617717%
0227	Court of Appeals – Seventh Court of Appeals District	78,316.66	0.016237186%
0228	Court of Appeals – Eighth Court of Appeals District	61,880.62	0.012829545%
0229	Court of Appeals – Ninth Court of Appeals District	97,615.23	0.020238308%
0230	Court of Appeals – Tenth Court of Appeals District	67,434.75	0.013981068%
0231	Court of Appeals – Eleventh Court of Appeals District	57,572.15	0.011936282%
0232	Court of Appeals – Twelfth Court of Appeals District	74,297.72	0.015403950%
0233	Court of Appeals – Thirteenth Court of Appeals District	131,302.97	0.027222698%
0234	Court of Appeals – Fourteenth Court of Appeals District	195,331.24	0.040497510%
0241	District Courts – Comptroller’s Judiciary Section	1,800,428.19	0.373278017%
0242	State Commission on Judicial Conduct	60,246.14	0.012490673%
0243	State Law Library	42,155.88	0.008740067%
0300	Governor - Fiscal	504,024.87	0.104498144%
0301	Governor - Executive	753,624.05	0.156246882%
0302	Attorney General	15,867,330.67	3.289731717%
0303	Texas Facilities Commission	1,091,992.61	0.226399941%
0304	Comptroller of Public Accounts	11,921,075.89	2.471565146%
0305	General Land Office	3,398,393.63	0.704579966%
0306	TX State Library & Archives Commission	465,327.82	0.096475187%
0307	Secretary of State	696,650.11	0.144434625%
0308	State Auditor	1,036,519.32	0.214898810%
0312	State Securities Board	460,604.80	0.095495975%
0313	Department of Information Resources	1,120,934.98	0.232400486%
0320	TX Workforce Commission	9,227,503.41	1.913113886%
0326	TX Emergency Services Retirement System	18,187.07	0.003770677%
0327	Employees Retirement System of Texas	1,943,628.12	0.402967279%
0329	TX Real Estate Commission	389,504.79	0.080754998%
0332	Department of Housing & Community Affairs	1,475,596.49	0.305931519%
0338	State Pension Review Board	54,063.60	0.011208863%
0347	TX Public Finance Authority	43,603.61	0.009040221%
0352	Bond Review Board	42,786.38	0.008870787%
0356	TX Ethics Commission	125,145.85	0.025946158%
0359	Public Insurance Counsel, Office of	56,688.19	0.011753013%
0360	State Office of Administrative Hearings	603,928.26	0.125210849%
0362	TX Lottery Commission	1,421,968.19	0.294812905%
0364	Health Professions Council	22,297.73	0.004622929%
0401	Texas Military Department	1,984,966.35	0.411537825%



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 As of and for the year ended 8/31/2014**

Agency No.	Agency Name	Fiscal Year 2014 Actual Employer Contributions	Employer Allocation Percentage
0403	TX Veterans Commission	1,149,271.23	0.238275366%
0405	Department of Public Safety	35,536,963.12	7.367784608%
0407	TX Commission on Law Enforcement	154,298.21	0.031990240%
0409	Commission on Jail Standards	51,490.07	0.010675300%
0411	TX Commission on Fire Protection	111,584.41	0.023134501%
0448	Office of Injured Employee Counsel	576,433.77	0.119510490%
0450	Department of Savings and Mortgage Lending	306,697.56	0.063586794%
0451	TX Department of Banking	1,151,503.81	0.238738240%
0452	TX Department of Licensing & Regulation	1,396,913.79	0.289618443%
0454	TX Department of Insurance	5,608,455.92	1.162786338%
0455	Railroad Commission of Texas	3,069,815.36	0.636456702%
0456	Board of Plumbing Examiners	114,135.72	0.023663457%
0457	TX State Board of Public Accountancy	130,972.75	0.027154234%
0458	TX Alcoholic Beverage Commission	2,398,744.27	0.497325308%
0459	TX Board of Architectural Examiners	103,387.48	0.021435053%
0460	TX Board of Professional Engineers	141,191.73	0.029272908%
0464	TX Board of Land Surveying	13,756.18	0.002852032%
0466	Office of Consumer Credit Commissioner	314,116.35	0.065124912%
0469	Credit Union Department	142,995.69	0.029646918%
0473	Public Utilities Commission	842,203.61	0.174611848%
0475	Office of Public Utility Counsel	88,025.16	0.018250024%
0476	TX Racing Commission	217,883.12	0.045173131%
0477	Commission on State Emergency Communications	106,242.80	0.022027039%
0479	State Office of Risk Management	420,225.22	0.087124184%
0481	TX Board of Professional Geoscientists	29,470.63	0.006110068%
0503	TX Medical Board	592,442.87	0.122829614%
0504	State Board of Dental Examiners	160,344.23	0.033243745%
0507	TX Board of Nurse Examiners	412,851.41	0.085595391%
0508	TX Board of Chiropractic Examiners	37,591.13	0.007793670%
0512	State Board of Podiatric Medical Examiners	15,291.08	0.003170259%
0513	TX Funeral Service Commission	36,702.26	0.007609383%
0514	TX Optometry Board	18,996.68	0.003938531%
0515	TX State Board of Pharmacy	287,976.50	0.059705406%
0520	Board of Examiners of Psychologists	44,075.92	0.009138144%
0529	Health & Human Services Commission	35,241,666.52	7.306561545%
0530	Department of Family & Protective Services	34,373,423.33	7.126550980%
0533	Executive Council of Physical & Occupational Therapy	64,528.38	0.013378498%
0537	Department of State Health Services	35,206,312.04	7.299231594%
0538	Department of Assistive & Rehabilitative Services	11,169,036.85	2.315646881%
0539	Department of Aging & Disability Services	40,726,478.18	8.443713045%
0542	Cancer Prevention & Research Institute of Texas	143,628.07	0.029778028%
0551	Department of Agriculture	2,419,865.97	0.501704414%
0554	TX Animal Health Commission	515,662.83	0.106911011%
0578	State Board of Veterinary Medical Examiners	61,091.55	0.012665950%
0580	TX Water Development Board	1,452,456.18	0.301133900%
0582	TX Commission on Environmental Quality	11,445,917.68	2.373051851%
0592	Soil & Water Conservation Board	273,220.23	0.056646028%
0601	TX Department of Transportation	46,544,909.07	9.650032939%
0608	TX Department of Motor Vehicles	2,770,921.40	0.574487808%
0644	Texas Juvenile Justice Department	8,060,054.53	1.671069796%
0696	TX Department of Criminal Justice	106,153,912.31	22.008609982%
0701	TX Education Agency	4,319,702.18	0.895592432%
0723	University of Texas Medical Branch at Galveston	233,814.53	0.048476148%
0771	TX School for the Blind and Visually Impaired	1,163,636.31	0.241253640%
0772	TX School for the Deaf	1,399,178.35	0.290087948%



**Employees Retirement System of Texas  
 Schedule of Employer Allocations for ERS Fund  
 As of and for the year ended 8/31/2014**

AgencyNo.	AgencyName	Fiscal Year 2014 Actual Employer Contributions	Employer Allocation Percentage
0781	Texas Higher Education Coordinating Board	1,041,588.51	0.215949792%
0802	Parks & Wildlife Department	11,153,218.48	2.312367300%
0808	Texas Historical Commission	611,114.94	0.126700845%
0809	State Preservation Board	550,751.59	0.114185871%
0813	Texas Commission on the Arts	58,376.79	0.012103106%
0851	Texas Cooperative Inspection Program	112,387.42	0.023300987%
0907	State Energy Conservation Commission	60,474.83	0.012538087%
0930	Safekeeping Trust Operations	480,246.76	0.099568291%
<b>Grand Total</b>		<b>482,329,017.59</b>	<b>100.000000000%</b>

Notes:

The contributions for Fiscal Year 2014 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 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 LECOSRF  
 As of and for the year ended 8/31/2014**

Agency No.	Agency Name	Fiscal Year 2014 Actual Employer Contributions	Employer Allocation Percentage
0405	Department of Public Safety	\$1,147,460.59	15.11909636%
0458	TX Alcoholic Beverage Commission	75,324.24	0.99248240%
0515	TX State Board of Pharmacy	671.29	0.00884501%
0644	Texas Juvenile Justice Department	5,034.28	0.06633236%
0696	TX Department of Criminal Justice	6,134,086.43	80.82355472%
0723	University of TX Medical Branch Galveston	12,631.29	0.16643159%
0802	Parks & Wildlife Department	214,270.53	2.82325756%
<b>Grand Total</b>		<b>\$7,589,478.65</b>	<b>100.00000000%</b>

Notes:

The contributions for Fiscal Year 2014 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 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 JRS, Plan 2  
 As of and for the year ended 8/31/2014**

Agency #	Agency Name	Fiscal Year 2014 Actual Employer Contributions	Employer Allocation Percentage
0201	Supreme Court	\$215,061.17	1.76125716%
0211	Court of Criminal Appeals	211,384.76	1.73114897%
0221	Court of Appeals – First Court of Appeals District	217,480.32	1.78106894%
0222	Court of Appeals – Second Court of Appeals District	169,720.91	1.38994021%
0223	Court of Appeals – Third Court of Appeals District	145,117.44	1.18844853%
0224	Court of Appeals – Fourth Court of Appeals District	169,399.18	1.38730538%
0225	Court of Appeals – Fifth Court of Appeals District	320,532.51	2.62502142%
0226	Court of Appeals – Sixth Court of Appeals District	48,633.60	0.39828797%
0227	Court of Appeals – Seventh Court of Appeals District	97,358.05	0.79731996%
0228	Court of Appeals – Eighth Court of Appeals District	73,076.23	0.59846244%
0229	Court of Appeals – Ninth Court of Appeals District	98,558.86	0.80715407%
0230	Court of Appeals – Tenth Court of Appeals District	72,754.56	0.59582811%
0231	Court of Appeals – Eleventh Court of Appeals District	52,262.10	0.42800380%
0232	Court of Appeals – Twelfth Court of Appeals District	72,754.56	0.59582811%
0233	Court of Appeals- Thirteenth Court of Appeals District	145,519.50	1.19174122%
0234	Court of Appeals – Fourteenth Court of Appeals District	214,754.14	1.75874272%
0241	District Courts - Comptroller's Judiciary Section	9,886,294.74	80.96444099%
<b>Grand Total</b>		<b>\$12,210,662.63</b>	<b>100.00000000%</b>

Notes:

The contributions for Fiscal Year 2014 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 2014

Actuarial Valuation for FY 2014

GASB Reporting and Disclosure Information for ERS FY 2014



**Employees Retirement System of Texas  
Schedule of Collective Pension Amounts for ERS Fund  
As of and for the year ended 8/31/2014**

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	Changes of Assumptions	Total Deferred Inflows of Resources Excluding Employer Specific Amounts *
			830,123,579				1,264,535,651

\*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*.

The recognition for amortization period for deferred outflow and deferred inflow of resources is prescribed by GASB 68, paragraph 33. Specifically, for the difference between projected and actual earnings on pension plan investments should be included in pension expense using a systematic and rational method over a closed five-year period. 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 3.25 years.

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 2014  
Actuarial Valuation for FY 2014  
GASB Reporting and Disclosure Information for ERS FY 2014





**Employees Retirement System of Texas  
Schedule of Collective Pension Amounts for LECOSRF  
As of and for the year ended 8/31/2014**

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	Changes of Assumptions	Total Deferred Inflows of Resources Excluding Employer Specific Amounts *
			55,207,725				62,511,822

\*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*. The recognition for amortization period for deferred outflow and deferred inflow of resources is prescribed by GASB 68, paragraph 33. Specifically, for the difference between projected and actual earnings on pension plan investments should be included in pension expense using a systematic and rational method over a closed five-year period. 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 5.24 years.

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 actuarial 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 2014  
Actuarial Valuation for FY 2014  
GASB Reporting and Disclosure Information for ERS FY 2014



**Employees Retirement System of Texas  
Schedule of Collective Pension Amounts for JRS, Plan 2  
As of and for the year ended 8/31/2014**

Deferred Outflows of Resources				Deferred Inflows of Resources			
	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 *	
Net Pension Liability							
\$	20,996,295	-	-	476,746	16,549,252	19,310,864	4,467,312

\*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*. The recognition for amortization period for deferred outflow and deferred inflow of resources is prescribed by GASB 68, paragraph 33. Specifically, for the difference between projected and actual earnings on pension plan investments should be included in pension expense using a systematic and rational method over a closed five-year period. 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 3.92 years.

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 actuarial 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 2014  
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 GASB Reporting and Disclosure Information for ERS FY 2014





## Notes to the 2014 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 Auditors Office of Texas in conformance with generally accepted auditing standards.

### A. Comprehensive Annual Financial Report (CAFR) 2014

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 (LECOS), 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:

[http://www.ers.state.tx.us/About\\_ERS/Reports/Overview/](http://www.ers.state.tx.us/About_ERS/Reports/Overview/)

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 that is 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.

## Independent Auditor's Report

### Employees Retirement System Board of Trustees

Mr. Brian D. Ragland, Chair  
Mr. Frederick E. Rowe, Jr., Vice-Chair  
Mr. Doug Danzeiser  
Ms. Cydney Donnell  
Ms. Yolanda Griego  
Mr. I. Craig Hester

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, 2014, 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, 2014, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedules of employer allocations and specified column totals included in the schedules of collective pension amounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedules of employer allocations and 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 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 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 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 and net pension liability, total deferred outflow of resources excluding employer specific amounts, total deferred inflows of resources excluding employer specific amounts, and pension expense for the three pension plans administrated by the System as of August 31, 2014, 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 Pension Plan as of and for the year ended August 31, 2014, and our report thereon, dated November 17, 2014, 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, 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.



John Keel, CPA  
State Auditor

May 29, 2015