



Independent Auditor's Report

Employees Retirement Systems Board of Trustees:

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

Report on the Schedules

We have audited the accompanying 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, 2017, and the related notes. We have also audited the columns titled net OPEB liability beginning September 1, 2016, net OPEB liability ending August 31, 2017, total deferred outflows of resources excluding employer specific amounts, total deferred inflows of resources excluding employer specific amounts, and OPEB expense included in the accompanying Schedule of Collective OPEB Amounts for Other Post-Employment Benefits (OPEB) Fund of the System as of and for the year ended August 31, 2017, 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 opinions on the Schedule of Employer Allocations for Other Post-Employment Benefits (OPEB) and the specific 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 Other Post-Employment Benefits (OPEB) and the specific column totals included in the Schedule of Collective OPEB Amounts for Other Post-Employment Benefits (OPEB) Fund are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule of Employer Allocations for Other Post-Employment Benefits (OPEB) and the specific 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 Other Post-Employment Benefits (OPEB) and the specific 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 for Other Post-Employment Benefits (OPEB) and the specific 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 Other Post-Employment Benefits (OPEB) and the specific 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 opinions.

Opinions

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations, net OPEB liability beginning September 1, 2016, net OPEB liability ending August 31, 2017, total deferred outflows of resources excluding employer specific amounts, total deferred inflows of resources excluding employer specific amounts, and OPEB expense for the OPEB Fund administered by the System as of and for the year ended August 31, 2017, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

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

Restriction on Use

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

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

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

June 27, 2018



Employees Retirement System of Texas
Audited Schedule of Employer Allocations for Other Postemployment Benefits (OPEB)
As of and for the year ended 08/31/2017

STATE OF TEXAS

State Matching funds:

1	Non-Employer Contributing Entity (NECE)	45,035,436.99	4.80511114%
	Employer Contributions - State Universities	79,710,474.95	8.50480682%
2	Other Entities - State	23,027,034.38	2.45689765%
	Employer Contributions - State Agencies	716,270,719.86	76.42338229%
Total - STATE OF TEXAS		864,043,666.18	92.19019791%

ALL OTHER EMPLOYERS

	Other Entities - Universities	19,342,644.33	2.06378714%
	Other Entities - Junior and Community Colleges	53,030,484.58	5.65815255%
	Other Entities	823,481.86	0.08786241%
Total - ALL OTHER EMPLOYERS		73,196,610.77	7.80980209%

GRAND TOTAL

937,240,276.95	100.00000000%
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Agency No.	Agency Name	Fiscal Year 2017 Employer Contributions	Employer Allocation Percentage
0902	¹ State of Texas Non Employer Contributing Entity (NECE)	45,035,436.99	4.80511114%
0902	State of Texas Employer for Universities	79,710,474.95	8.50480682%
0902	² Other Entities - State	23,027,034.38	2.45689765%
Employer Contributions - State Agencies			
0101	Senate	2,563,791.48	0.27354687%
0102	House of Representatives	4,509,343.18	0.48112990%
0103	Texas Legislative Council	1,461,173.98	0.15590175%
0104	Legislative Budget Board	536,986.64	0.05729445%
0105	Legislative Reference Library	81,175.84	0.00866116%
0116	Sunset Advisory Commission	70,590.72	0.00753176%
0201	Supreme Court	252,528.48	0.02694384%
0202	State Bar of Texas	923,684.34	0.09855363%
0203	Board of Law Examiners	104,285.16	0.01112683%
0211	Court of Criminal Appeals	264,908.24	0.02826471%
0212	Office of Court Administration	521,041.82	0.05559320%
0213	State Prosecuting Attorney	41,642.40	0.00444309%
0221	Court of Appeals - First Court of Appeals District	165,276.78	0.01763441%
0222	Court of Appeals - Second Court of Appeals District	110,149.92	0.01175258%
0223	Court of Appeals - Third Court of Appeals District	177,186.12	0.01890509%
0224	Court of Appeals - Fourth Court of Appeals District	124,998.00	0.01333682%
0225	Court of Appeals - Fifth Court of Appeals District	252,355.44	0.02692537%
0226	Court of Appeals - Sixth Court of Appeals District	86,486.64	0.00922780%
0227	Court of Appeals - Seventh Court of Appeals District	103,842.38	0.01107959%
0228	Court of Appeals - Eighth Court of Appeals District	91,052.64	0.00971497%
0229	Court of Appeals - Ninth Court of Appeals District	85,727.76	0.00914683%
0230	Court of Appeals - Tenth Court of Appeals District	61,422.24	0.00655352%
0231	Court of Appeals - Eleventh Court of Appeals District	68,508.00	0.00730955%
0232	Court of Appeals - Twelfth Court of Appeals District	98,820.48	0.01054377%
0233	Court of Appeals - Thirteenth Court of Appeals District	105,867.84	0.01129570%
0234	Court of Appeals - Fourteenth Court of Appeals District	179,342.90	0.01913521%
0241	Comptroller - Judiciary Section	5,618,372.43	0.59945913%
0242	State Commission on Judicial Conduct	74,308.60	0.00792845%

Agency No.	Agency Name	Fiscal Year 2017 Employer Contributions	Employer Allocation Percentage
0243	State Law Library	26,466.96	0.00282393%
0300	Governor - Fiscal	382,313.06	0.04079136%
0301	Governor - Executive	875,480.22	0.09341044%
0302	Attorney General	12,780,522.56	1.36363352%
0303	Texas Facilities Commission	2,786,383.46	0.29729660%
0304	Comptroller of Public Accounts	16,620,523.86	1.77334716%
0305	General Land Office	2,932,555.92	0.31289265%
0306	Texas State Library and Archives Commission	775,675.88	0.08276169%
0307	Secretary of State	1,080,988.04	0.11533734%
0308	State Auditor	771,511.64	0.08231738%
0312	State Securities Board	400,153.76	0.04269490%
0313	Department of Information Resources	1,056,944.76	0.11277202%
0320	Texas Workforce Commission	27,036,985.05	2.88474426%
0323	Teacher Retirement System of Texas	2,251,440.52	0.24022021%
0327	Employees Retirement System of Texas	1,548,558.30	0.16522533%
0329	Texas Real Estate Commission – Semi-Independent	501,084.70	0.05346385%
0332	Texas Department of Housing and Community Affairs	1,198,204.92	0.12784394%
0338	State Pension Review Board	75,156.72	0.00801894%
0347	Texas Public Finance Authority	59,175.36	0.00631379%
0352	Bond Review Board	51,021.34	0.00544378%
0356	Texas Ethics Commission	120,146.64	0.01281919%
0359	Office Of Public Insurance Counsel	22,222.80	0.00237109%
0360	State Office of Administrative Hearings	423,820.66	0.04522007%
0362	Texas Lottery Commission	1,182,331.88	0.12615035%
0401	Texas Military Department	1,633,791.76	0.17431941%
0403	Texas Veterans Commission	1,529,192.68	0.16315909%
0405	Department of Public Safety	42,607,158.28	4.54602297%
0407	Texas Commission on Law Enforcement	313,868.64	0.03348860%
0409	Commission on Jail Standards	83,027.74	0.00885875%
0411	Texas Commission on Fire Protection	265,018.44	0.02827647%
0448	Office of Injured Employee Counsel – Administered by 454	449,947.00	0.04800765%
0450	Department of Savings and Mortgage Lending – Semi-Independent	160,858.10	0.01716295%
0451	Texas Department of Banking – Semi-Independent	621,263.80	0.06628650%
0452	Texas Department of Licensing and Regulation	1,149,118.10	0.12260656%
0454	Texas Department of Insurance	9,495,541.32	1.01313842%
0455	Railroad Commission of Texas	4,833,105.96	0.51567416%
0456	Texas State Board of Plumbing Examiners	210,531.14	0.02246288%
0457	Texas State Board of Public Accountancy – Semi-Independent	164,061.04	0.01750469%
0458	Texas Alcoholic Beverage Commission	3,916,931.94	0.41792185%
0459	Texas Board of Architectural Examiners – Semi-Independent	97,379.52	0.01039003%
0460	Texas Board of Professional Engineers – Semi-Independent	151,404.72	0.01615431%
0464	Texas Board of Professional Land Surveying	37,722.37	0.00402483%
0466	Office of Consumer Credit Commissioner – Semi-Independent	232,102.14	0.02476442%
0469	Credit Union Department – Semi-Independent	104,035.62	0.01110021%
0473	Public Utility Commission of Texas	869,620.54	0.09278523%
0475	Office of Public Utility Counsel	82,709.44	0.00882479%
0476	Texas Racing Commission	383,498.80	0.04091787%
0477	Commission on State Emergency Communications	86,026.74	0.00917873%
0479	State Office of Risk Management	256,968.58	0.02741758%
0503	Texas Medical Board	606,530.12	0.06471447%
0504	State Board of Dental Examiners	153,476.88	0.01637540%
0507	Texas Board of Nursing	244,716.96	0.02611038%
0508	Texas Board of Chiropractic Examiners	22,840.10	0.00243695%
0512	State Bd of Podiatric Medical Examiners	11,651.76	0.00124320%

Agency No.	Agency Name	Fiscal Year 2017 Employer Contributions	Employer Allocation Percentage
0513	Texas Funeral Service Commission	35,649.04	0.00380362%
0514	Texas Optometry Board	33,526.08	0.00357711%
0515	Texas State Board of Pharmacy	257,814.52	0.02750784%
0520	Texas State Board of Examiners of Psychologists	66,953.68	0.00714371%
0529	Health and Human Services Commission	75,186,692.06	8.02213626%
0530	Department of Family and Protective Services	23,389,690.52	2.49559170%
0533	Executive Council of Physical and Occupational Therapy Examiners	63,247.90	0.00674831%
0537	Department of State Health Services	64,314,674.68	6.86213304%
0539	Department of Aging and Disability Services	70,879,959.71	7.56262417%
0551	Department of Agriculture	4,050,832.60	0.43220855%
0554	Texas Animal Health Commission	1,531,714.26	0.16342813%
0578	State Board of Veterinary Medical Examiners	58,412.68	0.00623241%
0580	Texas Water Development Board	2,019,521.00	0.21547527%
0582	Texas Commission on Environmental Quality	12,640,414.18	1.34868448%
0592	Soil and Water Conservation Board	199,142.22	0.02124772%
0601	Texas Department of Transportation	104,513,652.70	11.15121226%
0608	Texas Department of Motor Vehicles	1,270,287.50	0.13553488%
0644	Texas Juvenile Justice Department	12,800,109.68	1.36572339%
0696	Texas Department of Criminal Justice	149,598,350.29	15.96157933%
0701	Texas Education Agency	6,729,529.52	0.71801540%
0771	Texas School for the Blind and Visually Impaired	1,315,011.36	0.14030675%
0772	Texas School for the Deaf	1,812,675.51	0.19340564%
0781	Texas Higher Education Coordinating Board	1,319,063.96	0.14073915%
0802	Parks and Wildlife Department	16,664,591.62	1.77804903%
0808	Texas Historical Commission	479,709.08	0.05118315%
0809	State Preservation Board	372,855.02	0.03978222%
0813	Texas Commission on the Arts	45,526.32	0.00485749%
0907	Comptroller - State Energy Conservation Office	63,504.96	0.00677574%
0930	Texas Treasury Safekeeping Trust Company	88,967.52	0.00949250%
Total of Employer Contributions - State Agencies		716,270,719.86	
Other Entities - Universities			
0717	Texas Southern University	2,481.96	0.00026482%
0719	Texas State Technical College System	94,045.48	0.01003430%
0730	University of Houston	3,171,337.48	0.33836974%
0731	Texas Woman's University	558,735.88	0.05961501%
0733	Texas Tech University	4,336,844.24	0.46272491%
0734	Lamar University	21,191.92	0.00226110%
0735	Midwestern State University	321,195.80	0.03427038%
0737	Angelo State University	293,013.74	0.03126346%
0739	Texas Tech University Health Sciences Center	2,331,653.77	0.24877866%
0752	University of North Texas	1,793,180.04	0.19132554%
0753	Sam Houston State University	860,019.98	0.09176089%
0754	Texas State University	2,467,654.28	0.26328940%
0755	Stephen F. Austin State University	1,341,132.56	0.14309378%
0756	Sul Ross State University	120,409.16	0.01284720%
0758	Texas State University System	0.00	0.00000000%
0759	University of Houston - Clear Lake	67,924.08	0.00724724%
0763	University of North Texas Health Science Center at Fort Worth	436,131.20	0.04653355%
0765	University of Houston - Victoria	0.00	0.00000000%
0768	Texas Tech University System	135,111.62	0.01441590%
0769	University of North Texas System	147,058.98	0.01569064%
0773	University of North Texas at Dallas	0.00	0.00000000%
0774	Texas Tech University Health Sciences Center - El Paso	795,969.82	0.08492698%

Agency No.	Agency Name	Fiscal Year 2017 Employer Contributions	Employer Allocation Percentage
0783	University of Houston System	0.00	0.00000000%
0784	University of Houston - Downtown	40,144.74	0.00428329%
0787	Lamar State College - Orange	7,407.60	0.00079036%
0788	Lamar State College - Port Arthur	0.00	0.00000000%
0789	Lamar Institute of Technology	0.00	0.00000000%
Total of Other Entities - Universities		19,342,644.33	
Other Entities - Junior and Community Colleges			
0767	³ Southwest Collegiate Institute for the Deaf	71,976.88	0.00767966%
0948	South Texas Community College	364,049.26	0.03884268%
0949	Collin County Community College District	861,492.19	0.09191797%
0951	Alvin Community College	772,184.43	0.08238916%
0952	Amarillo College	1,967,285.83	0.20990197%
0953	Coastal Bend College	610,289.88	0.06511563%
0954	Blinn College	1,193,885.51	0.12738308%
0955	Central Texas College	2,142,878.25	0.22863702%
0956	Cisco Junior College	340,867.63	0.03636929%
0957	Clarendon College	156,458.80	0.01669356%
0958	North Central Texas College	463,770.85	0.04948260%
0959	Dallas County Community College	5,620,873.63	0.59972600%
0960	Del Mar College	2,033,804.34	0.21699925%
0961	Frank Phillips College	159,559.75	0.01702442%
0962	Galveston College	274,267.16	0.02926327%
0963	Grayson County College	706,977.69	0.07543185%
0964	Trinity Valley Community College	745,956.07	0.07959070%
0965	Hill College	277,211.23	0.02957739%
0966	³ Howard College	478,448.02	0.05104860%
0967	Kilgore College	914,440.19	0.09756732%
0968	Laredo Junior College	941,609.78	0.10046621%
0969	Lee College	866,362.67	0.09243763%
0970	McLennan Community College	1,028,470.38	0.10973391%
0971	College Of The Mainland	1,028,437.23	0.10973037%
0972	Navarro College	464,791.99	0.04959155%
0973	Odessa College	801,283.32	0.08549391%
0974	Panola College	302,118.23	0.03223488%
0975	Paris Junior College	573,797.03	0.06122198%
0976	Ranger Junior College	161,616.32	0.01724385%
0977	Alamo Community College	4,355,921.49	0.46476038%
0978	San Jacinto College	2,506,560.21	0.26744051%
0979	South Plains College	1,202,697.06	0.12832324%
0980	Southwest Texas Counties Junior College	531,039.74	0.05665994%
0981	Tarrant County College District	3,696,379.96	0.39438979%
0982	Temple College	580,188.43	0.06190392%
0983	Texarkana College	710,453.86	0.07580275%
0984	Texas Southmost College	6,173.00	0.00065864%
0985	Tyler Junior College	986,328.60	0.10523754%
0986	Victoria College	621,299.54	0.06629032%
0987	Weatherford College	403,508.34	0.04305282%
0988	Wharton County Junior College	648,823.50	0.06922702%
0989	Angelina College	578,240.15	0.06169604%
0990	Brazosport College	372,937.71	0.03979105%
0991	Vernon Regional Junior College	329,720.00	0.03517988%
0992	Western Texas College	281,279.20	0.03001143%

Agency No.	Agency Name	Fiscal Year 2017 Employer Contributions	Employer Allocation Percentage
0993	El Paso Community College	1,623,261.50	0.17319588%
0994	Houston Community College	2,331,365.05	0.24874785%
0995	Midland College	623,277.10	0.06650131%
0996	Lone Star College	2,256,560.23	0.24076646%
0997	Austin Community College	1,726,917.95	0.18425563%
0998	Northeast Texas Community College	332,387.42	0.03546448%
Total of Other Entities - Junior and Community Colleges		53,030,484.58	
Other Entities			
0851	Texas Cooperative Inspection Program	276,017.66	0.02945004%
0897	Texas County District Retirement System	84,609.46	0.00902751%
0898	Texas Municipal Retirement System	70,912.56	0.00756610%
0602	Texas Turnpike Authority	391,942.18	0.04181875%
Total of Other Entities		823,481.86	
GRAND TOTAL of Schedule of Employer Allocation		937,240,276.95	100.00000000%

¹ State of Texas Non Employer Contributing Entity (NECE) represents the Fund 0001 portion for Junior Colleges

² Other Entities - State

University of Texas Medical Branch at Galveston

Community Supervision & Corrections Departments (CSCD) - Department of Criminal Justice

UT Mental Sciences Institute

³ Howard College and Southwest Collegiate Institute for the Deaf are a part of the Howard County Junior College District

The contributions for Fiscal Year 2017 are based on ERS records of employer contributions related to retirees from each of the agencies as shown in the above schedule. State agencies not appearing on the schedule did not have any OPEB employer contributions related to retirees. Certain universities have a zero allocation amount in the schedule because their employer contributions related to retirees were entirely funded by the State.

To the best of our knowledge, the information contained within this schedule is accurate and fairly presented in conformity with GASB 74 and 75.

Additional related documents available on the ERS website include:

Comprehensive Annual Financial Report (CAFR) for FY 2017

Governmental Accounting Standards Board (GASB) No. 74 Actuarial Valuation of the OPEB provided under the Texas Group Benefits Program (Texas GBP) for fiscal year 2017

GASB No. 75 Actuarial Valuation of the OPEB provided under the Texas GBP for fiscal year 2018

Schedule of Collective OPEB Amounts for Other Post-Employment Benefits (OPEB) Fund for ERS FY 2017

Agency No.	Agency Name	Fiscal Year 2017 Employer Contributions	Employer Allocation Percentage
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Employees Retirement System of Texas

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

Approved By: Chief Financial Officer *[Signature]* Date: *6/22/2018*



**Employees Retirement System of Texas
 Schedule of Collective OPEB Amounts for Other Post-Employment Benefits (OPEB) Fund
 As of and for the year ended 8/31/2017**

Deferred Outflows of Resources						Deferred Inflows of Resources					
Net OPEB Liability Beginning 9/1/2016	Net Changes	Net OPEB Liability Ending 8/31/2017	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
\$ 40,710,004,018	\$ (6,636,992,285)	\$ 34,073,011,733		\$ 10,087,881		\$ 10,087,881	409,448,265		7,124,258,049	7,533,706,314	\$ 1,823,453,637

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.

The Office of the Comptroller of Public Accounts (CPA) 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 in advance of the current fiscal year end has been selected. Thus, for purposes of GASB No. 75 the measurement date is August 31, 2017 for fiscal year 2018 reporting. In addition, the August 31, 2017 liability shown in the GASB No. 74 Actuarial Valuation of the OPEB provided under the Texas GBP for fiscal year 2017 will be used for fiscal year 2018 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 Comprehensive Annual Financial Report (CAFR) for FY 2017; GASB No. 74 Actuarial Valuation of the OPEB provided under the Texas GBP for fiscal year 2017; and the Rudd and Wisdom, Inc. Consulting Actuaries, GASB No. 75 Actuarial Valuation of the OPEB provided under the Texas GBP for fiscal year 2018.

The Fiscal Year 2017 Schedule of Employers Allocations and the Fiscal Year 2017 Schedule of Collective OPEB Amounts for Other Post-Employment Benefits (OPEB) Fund have been audited by the State Auditor's Office.

Source: GASB No. 75 Actuarial Valuation of the OPEB provided under the Texas GBP for fiscal year 2018; *Rudd and Wisdom, Inc. Consulting Actuaries*.

Notes:

This schedule complements the actuarial valuation report GASB No. 74 Actuarial Valuation of the OPEB provided under the Texas GBP for fiscal year 2017, and GASB No. 75 Actuarial Valuation of the OPEB provided under the Texas GBP for fiscal year 2018, which should be considered together as a complete report for the plan year ending August 31, 2017. Please see the actuarial valuation report for GASB No. 75 Actuarial Valuation of the OPEB provided under the Texas GBP for fiscal year 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:

Comprehensive Annual Financial Report (CAFR) for FY 2017

Governmental Accounting Standards Board (GASB) No. 74 Actuarial Valuation of the OPEB provided under the Texas Group Benefits Program (Texas GBP) for fiscal year 2017

GASB No. 75 Actuarial Valuation of the OPEB provided under the Texas GBP for fiscal year 2018



Notes to the 2017 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) 2017

The Employees Retirement System of Texas was created by the Texas Legislature in 1947 and is administered in accordance with the Texas Constitution. The System provides 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. 18th 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 retirees. Certain universities have a zero allocation amount in the schedule, because their employer contributions related to retirees were entirely funded by the State. As a result, they are included in the amount shown under the State of Texas Employer for Universities. In addition, certain State agencies are not included on the schedule because they did not have any OPEB employer contributions related to retirees.