February 4, 2016

Members of the Legislative Audit Committee:

Based on our audit work, the State Auditor’s Office concluded that the Employees Retirement System (System) presented the following schedules fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America:

- Schedules of Employer Allocation as of August 31, 2013.¹
- Schedule of Net Pension Liability as of September 1, 2013.¹
- Schedules of Employer Allocation as of August 31, 2014.
- Schedules of Employer Allocation as of August 31, 2015.
- Schedules of the Collective Pension Amounts as of August 31, 2015.

The State Auditor’s Office conducted audit work on the above schedules based on auditing guidance from the American Institute of Certified Public Accountants (AICPA) regarding Governmental Accounting Standards Board requirements (see text box for additional details).

The System administers the following defined benefit pension plans included in our audit: Employees Retirement System Plan, Law Enforcement and Custodial Officer Supplemental Retirement Plan, and Judicial Retirement System of Texas Plan II. The System intends to post all of the schedules and our audit reports on its Web site at www.ers.state.tx.us.

We also issued reports on internal control over financial reporting of the schedules and on compliance and other matters as required by auditing standards. Our procedures did not identify any material weaknesses in internal control over financial reporting of the schedules or any noncompliance with laws or regulations.

¹ Based on auditing standards, auditors needed to conduct audit work on 2013 information.
that materially affected the schedules. In addition, the major internal controls that we tested for the purpose of forming our opinions on the schedules were operating effectively.

Our procedures were not intended to provide an opinion on internal control over financial reporting of the schedules or to provide an opinion on compliance with laws and regulations. Accordingly, we do not express an opinion on the effectiveness of the System’s internal control over financial reporting of the schedules or on compliance with laws and regulations.

As required by auditing standards, we will also communicate to the System’s board of trustees certain matters related to the conduct of this audit.

We appreciate the System’s cooperation during this audit. If you have any questions, please contact Verma Elliott, Audit Manager, or me at (512) 936-9500.

Sincerely,

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

cc: The Honorable Greg Abbott, Governor
Members of the Employees Retirement System Board of Trustees
    Mr. I. Craig Hester, Chair
    Mr. Doug Danzeiser, Vice Chair
    Ms. Ilesa Daniels
    Ms. Cydney Donnell
    Mr. Brian D. Ragland
    Mr. Frederick E. Rowe, Jr.
    Mr. Porter Wilson, Executive Director, Employees Retirement System