

AUDITOR'S REPORT

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM FOR THE 12 MONTH PERIOD ENDED 12/31/2014



March 6, 2015

**Barbara J. Schott, C.P.A.
Harris County Auditor**

Mike Post, C.P.A.
Chief Assistant County Auditor
Accounting Division

Mark Ledman, C.P.A., M.P.A.
Chief Assistant County Auditor
Audit Division



1001 Preston, Suite 800
Houston, Texas 77002-1817
(713) 755-6505

FAX (713) 755-8932
Help Line (713) 755-HELP

BARBARA J. SCHOTT, C.P.A.
HARRIS COUNTY AUDITOR

March 6, 2015

Mr. David Kester, Director
Human Resources & Risk Management
1310 Prairie, 4th Floor
Houston, Texas 77002

RE: Texas County and District Retirement System (TCDRS) Annual Engagement for the 12 month period ended December 31, 2014

The Audit Services Department performed procedures relative to the TCERS Annual Engagement for the 12 month period ended December 31, 2014. The objective of the engagement was to issue a letter to TCERS on whether the monthly retirement contribution reporting to TCERS is complete to fulfill the County's individual financial reporting responsibilities for the pension plan. Our procedures included the following:

- Selectively tested Monthly Reports to evaluate whether:
 - All eligible employees were enrolled in TCERS, and
 - The deposit reporting for all eligible employees was materially accurate and complete.

The engagement process included providing you with a combined engagement and scope letter and conducting an entrance conference with your personnel. The purpose of the letter and conference was to explain the process, identify areas of concern, describe the procedures performed, discuss issues identified during the engagement, and solicit suggestions for resolving the issues. A draft report was provided to you and your personnel for review.

The enclosed Auditor's Report does not include any significant issues or recommendations as none were identified during our procedures.

Mr. David Kester, Director
Human Resources & Risk Management

We appreciate the time and attention provided by you and your staff during this engagement.

Sincerely,



Barbara J. Schott
County Auditor

cc: District Judges
County Judge Ed Emmett
Commissioners:
 R. Jack Cagle
 El Franco Lee
 Jack Morman
 Steve Radack
Devon Anderson
Vince Ryan
William J. Jackson

TABLE OF CONTENTS

OVERVIEW	4
RESULTS	4

OVERVIEW

TCDRS was created in 1967 by the Texas Legislature and partners with Texas counties and districts to provide their employees with retirement, disability, and survivor benefits. TCDRS is governed by the Texas Legislature and is overseen by an independent board of trustees, which is responsible for the administration of the system. Each plan is funded independently by the county or district (employer contributions), its employees (employee contributions), and investment earnings.

As outlined in the County's Personnel Regulations for calendar year 2014, the County is a member of TCDRS. Commissioners Court determines and approves the amount of employee contributions and employer matching to TCDRS annually at its discretion. TCDRS uses an Annually Determined Contribution Rate Plan to determine the rate required to finance these benefits. The cost is based on a number of factors and the benefit option's adopted by Commissioners Court and includes the results of an annual actuarial valuation of liabilities to finance these options. The Greater Harris County 9-1-1 Emergency Network (9-1-1) is also a TCDRS participant, and the County's Human Resources & Risk Management Department (HRRM) performs the monthly TCDRS calculation and payment to TCDRS for both the County and 9-1-1. HRRM enters all required TCDRS form data into the TCDRS secure online system directly.

To fulfill the compliance requirements of the Government Accounting Standards Board (GASB) Statement 50 for calendar year 2014, TCDRS requested an independent party send a letter confirming the completeness of the payroll data submitted for calendar year 2014. The letter must confirm that all eligible employees are enrolled in TCDRS and that the deposit reporting for these employees was complete. As such, HRRM requested Audit Services perform this independent review and submit a letter to TCDRS indicating the results of the review.

RESULTS

Based on the procedures performed covering the TCDRS monthly certifications for the 12 month period ended December 31, 2014, it appears that all qualified employees are enrolled and the deposit reporting for the employees is materially accurate and complete. As such, a letter confirming this was sent to TCDRS on March 6, 2015, as requested.