
SECTION TWO (CONTINUED)

Fiduciary Funds

(AND SIMILAR COMPONENT UNITS)

Pension and Other Employee Benefit Trust Funds

The **Teacher Retirement System Trust Account** is for the accumulation of resources for pension benefit payments for qualified employees of public education in Texas.

The **State Employees Retirement System (S.E.R.S.) Trust Account** is for the accumulation of resources for pension benefit payments to qualified state employees or beneficiaries.

The **Law Enforcement and Custodial Officer Supplement Retirement Fund** provides supplemental retirement and death benefits for members of the Employees Retirement System of Texas who completed 20 or more years of service or became occupationally disabled or died while serving as commissioned law enforcement officers of a state agency.

The **Judicial Retirement System—Plan Two Trust Fund** accounts for receipt of monies for retirement and death benefits for certain state-paid judges and judicial officers.

The **Texas Emergency Services Retirement System Fund** accounts for the accumulation of resources for pension, death and disability benefits for eligible fire and emergency services personnel who serve without monetary reward.

The **Retired School Employees Group Insurance Trust** receives contributions and other funds authorized to be deposited in the fund to pay insurance premiums, to reimburse for claims paid by a non-state entity and

to pay administrative expenses. The Teacher Retirement System of Texas, as trustee, administers the fund for public school retirees and their dependents. The public school entities are not considered part of the reporting entity for the state of Texas.

The **State Retiree Health Plan Trust** accounts for the receipt of monies for postemployment health care, life and dental insurance benefits provided under the Group Benefits Program. The Employees Retirement System of Texas, as trustee, administers the fund for retired employees of the state and other non-state entities as specified by the Texas Legislature.

The **Deferred Compensation Trust Fund** receives employee deferrals in accordance with Internal Revenue Code 457, appropriations by the state for the administration of the deferred compensation plan, trust income, and fees. The state of Texas is the only employer participating in the plan.

The **State Employee Cafeteria Plan Trust Fund** receives salary reduction payments and makes disbursements for benefits included in a cafeteria plan, other than Employees Uniform Group Insurance Program coverages. The fund also receives appropriations by the state for the administration of the cafeteria plan.

The **TexaSaver Administrative Trust Fund** receives deferrals, purchases qualified investments and pays expenses associated with administration of the deferred compensation plan.

STATE OF TEXAS

Combining Statement of Fiduciary Net Position – Pension and Other Employee Benefit Trust Funds

August 31, 2020 (Amounts in Thousands)

	Teacher Retirement System Trust Account	S.E.R.S. Trust Account	Law Enforcement and Custodial Officer Supplement Retirement Fund	Judicial Retirement System - Plan Two Trust Fund	Texas Emergency Services Retirement System Fund	Retired School Employees Group Insurance Trust
ASSETS						
Cash and Cash Equivalents	\$ 679,814	\$ 67,205	\$ 3,039	\$ 1,546	\$ 1,188	\$ 1,753,804
Receivables:						
Accounts	479,640	118,987	1,405	1,875	1,992	375,179
Taxes	956					
Federal						
Investment Trades	2,637,030	194,652	6,629	3,331	242	
Interest and Dividends	258,550	95,603	3,257	1,636	215	4,768
From Other Funds	32,955	22,569				7,568
Investments:						
U.S. Government	21,705,792	2,916,492	99,329	49,908	10,929	
Corporate Equity	17,842,856	5,636,463	191,965	96,453	73,945	
Corporate Obligations	163,854	1,871,424	63,736	32,024	15,344	
Foreign Securities	31,279,585	4,747,027	161,673	81,233	15,481	
Externally Managed	75,588,432	9,924,226	337,996	169,826		
Other Investments	26,462,724	2,414,232	82,225	41,312	6,134	
Securities Lending Collateral	7,167,588	107,364	3,657	1,837		
Prepaid Items	2,690					
Other Assets	109					
Properties, at Cost, Net of Accumulated Depreciation or Amortization	59,301	43,788				7,570
Total Assets	184,361,876	28,160,032	954,911	480,981	125,470	2,148,889
LIABILITIES						
Payables:						
Accounts	3,263	30,013	596	362	55	148,597
Payroll	13,475					778
Investment Trades	4,340,239	69,277	2,359	1,185	185	
Annuities	41,244					
To Other Funds	9,297	2,340	860	216		
Obligations:						
Securities Lending	7,288,848	107,393	3,658	1,838		
Reverse Repurchase Agreements	7,150,530					
Funds Held for Others	6					
Employees' Compensable Leave	13,354	4,360				987
Other Liabilities	197					
Unearned Revenue		195	113	51		
Total Liabilities	18,860,453	213,578	7,586	3,652	240	150,362
NET POSITION						
Restricted for:						
Pensions	165,501,423	27,946,454	947,325	477,329	125,230	
OPEB ¹						1,998,527
Other Purposes						
Total Net Position	\$ 165,501,423	\$ 27,946,454	\$ 947,325	\$ 477,329	\$ 125,230	\$ 1,998,527

¹ Other Post Employment Benefits (OPEB)

Concluded on the following page

STATE OF TEXAS

Combining Statement of Fiduciary Net Position – Pension and Other Employee Benefit Trust Funds (concluded)

August 31, 2020 (Amounts in Thousands)

	State Retiree Health Plan Trust	Deferred Compensation Trust Fund	State Employee Cafeteria Plan Trust Fund	TexaSaver Administrative Trust Fund	Totals
ASSETS					
Cash and Cash Equivalents	\$ 47,429	\$ 3,811	\$ 2,823	\$ 3,187	\$ 2,563,846
Receivables:					
Accounts	15,809	85	5,870	138	1,000,980
Taxes					956
Federal	166,127				166,127
Investment Trades					2,841,884
Interest and Dividends	28	2	3	2	364,064
From Other Funds	11				63,103
Investments:					
U.S. Government					24,782,450
Corporate Equity					23,841,682
Corporate Obligations					2,146,382
Foreign Securities					36,284,999
Externally Managed					86,020,480
Other Investments	38,095		23,594		29,068,316
Securities Lending Collateral					7,280,446
Prepaid Items					2,690
Other Assets					109
Properties, at Cost, Net of Accumulated Depreciation or Amortization					110,659
Total Assets	<u>267,499</u>	<u>3,898</u>	<u>32,290</u>	<u>3,327</u>	<u>216,539,173</u>
LIABILITIES					
Payables:					
Accounts	160,268	130	8,448	401	352,133
Payroll					14,253
Investment Trades					4,413,245
Annuities					41,244
To Other Funds	1,715	59	86	97	14,670
Obligations:					
Securities Lending					7,401,737
Reverse Repurchase Agreements					7,150,530
Funds Held for Others					6
Employees' Compensable Leave					18,701
Other Liabilities					197
Unearned Revenue	21	6			386
Total Liabilities	<u>162,004</u>	<u>195</u>	<u>8,534</u>	<u>498</u>	<u>19,407,102</u>
NET POSITION					
Restricted for:					
Pensions					194,997,761
OPEB ¹	105,495				2,104,022
Other Purposes		3,703	23,756	2,829	30,288
Total Net Position	<u>\$ 105,495</u>	<u>\$ 3,703</u>	<u>\$ 23,756</u>	<u>\$ 2,829</u>	<u>\$ 197,132,071</u>

¹ Other Post Employment Benefits (OPEB)

STATE OF TEXAS

Combining Statement of Changes in Fiduciary Net Position – Pension and Other Employee Benefit Trust Funds

For the Fiscal Year Ended August 31, 2020 (Amounts in Thousands)

	Teacher Retirement System Trust Account	S.E.R.S. Trust Account	Law Enforcement and Custodial Officer Supplement Retirement Fund	Judicial Retirement System - Plan Two Trust Fund	Texas Emergency Services Retirement System Fund	Retired School Employees Group Insurance Trust
ADDITIONS						
Contributions:						
Member	\$ 3,758,333	\$ 713,985	\$ 8,950	\$ 8,634	\$ 3,755	\$ 243,532
State	2,283,236	700,366	22,294	14,186		666,526
Federal						186,169
Other Contributions	1,869,566					748,400
Total Contributions	<u>7,911,135</u>	<u>1,414,351</u>	<u>31,244</u>	<u>22,820</u>	<u>3,755</u>	<u>1,844,627</u>
Investment Income:						
From Investing Activities:						
Net Increase in Fair Value of Investments	5,131,599	1,207,109	41,047	20,674	10,183	
Interest, Dividend and Other Investment Income	6,122,844	617,987	21,250	10,508	2,416	25,537
Total Investing Income	11,254,443	1,825,096	62,297	31,182	12,599	25,537
Less Investing Activities Expense	222,312	38,251	1,343	620		
Net Income from Investing Activities	<u>11,032,131</u>	<u>1,786,845</u>	<u>60,954</u>	<u>30,562</u>	<u>12,599</u>	<u>25,537</u>
From Securities Lending Activities:						
Securities Lending Income	238,742	1,621	56	27		
Less Securities Lending Expense:						
Borrower Rebates ¹	191,637	(967)	(33)	(16)		
Management Fees	10,319	276	9	5		
Net Income from Securities Lending	<u>36,786</u>	<u>2,312</u>	<u>80</u>	<u>38</u>	<u>0</u>	<u>0</u>
Total Net Investment Income	<u>11,068,917</u>	<u>1,789,157</u>	<u>61,034</u>	<u>30,600</u>	<u>12,599</u>	<u>25,537</u>
Other Additions:						
Settlement of Claims		1,861	64	31		
Transfer In	27,608	108,004			1,329	2,208
Other Revenue	10,266	275	9		3	18
Total Other Additions	<u>37,874</u>	<u>110,140</u>	<u>73</u>	<u>31</u>	<u>1,332</u>	<u>2,226</u>
Total Additions	<u>19,017,926</u>	<u>3,313,648</u>	<u>92,351</u>	<u>53,451</u>	<u>17,686</u>	<u>1,872,390</u>
DEDUCTIONS						
Benefits	10,975,639	2,545,011	83,228	31,913	6,882	1,076,575
Refunds of Contributions	421,366	121,569	3,487	128		
Administrative Expenses	56,502	22,419	1,893	269	725	6,296
Depreciation and Amortization	12,935	688				
Transfer Out	108,004	27,655				
Other Deductions	7,502	1,076	40	4	5	82,967
Total Deductions	<u>11,581,948</u>	<u>2,718,418</u>	<u>88,648</u>	<u>32,314</u>	<u>7,612</u>	<u>1,165,838</u>
INCREASE (DECREASE) IN NET POSITION	<u>7,435,978</u>	<u>595,230</u>	<u>3,703</u>	<u>21,137</u>	<u>10,074</u>	<u>706,552</u>
Net Position, September 1, 2019	158,065,445	27,351,224	943,622	456,192	115,156	1,291,975
Net Position, August 31, 2020	<u>\$ 165,501,423</u>	<u>\$ 27,946,454</u>	<u>\$ 947,325</u>	<u>\$ 477,329</u>	<u>\$ 125,230</u>	<u>\$ 1,998,527</u>

¹ The pension funds of the Employees Retirement System of Texas received rebates from borrowers in excess of payments made to borrowers due to increased demand in the securities lending market.

Concluded on the following page

STATE OF TEXAS

Combining Statement of Changes in Fiduciary Net Position – Pension and Other Employee Benefit Trust Funds (concluded)

For the Fiscal Year Ended August 31, 2020 (Amounts in Thousands)

	State Retiree Health Plan Trust	Deferred Compensation Trust Fund	State Employee Cafeteria Plan Trust Fund	TexaSaver Administrative Trust Fund	Totals
ADDITIONS					
Contributions:					
Member	\$ 127	\$	\$ 69,512	\$	\$ 4,806,828
State	748,369				4,434,977
Federal	111,099				297,268
Other Contributions			3,779		2,621,745
Total Contributions	<u>859,595</u>	<u>0</u>	<u>73,291</u>	<u>0</u>	<u>12,160,818</u>
Investment Income:					
From Investing Activities:					
Net Increase in Fair Value of Investments					6,410,612
Interest, Dividend and Other Investment Income	1,352	54	185	37	6,802,170
Total Investing Income	1,352	54	185	37	13,212,782
Less Investing Activities Expense	8	31	2	26	262,593
Net Income from Investing Activities	<u>1,344</u>	<u>23</u>	<u>183</u>	<u>11</u>	<u>12,950,189</u>
From Securities Lending Activities:					
Securities Lending Income					240,446
Less Securities Lending Expense:					
Borrower Rebates ¹					190,621
Management Fees					10,609
Net Income from Securities Lending	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>39,216</u>
Total Net Investment Income	<u>1,344</u>	<u>23</u>	<u>183</u>	<u>11</u>	<u>12,989,405</u>
Other Additions:					
Settlement of Claims					1,956
Transfer In					139,149
Other Revenue	24	570	29	1,210	12,404
Total Other Additions	<u>24</u>	<u>570</u>	<u>29</u>	<u>1,210</u>	<u>153,509</u>
Total Additions	<u>860,963</u>	<u>593</u>	<u>73,503</u>	<u>1,221</u>	<u>25,303,732</u>
DEDUCTIONS					
Benefits	809,081		65,837		15,594,166
Refunds of Contributions					546,550
Administrative Expenses	5,767	163	241	244	94,519
Depreciation and Amortization					13,623
Transfer Out					135,659
Other Deductions	1,061	2	1,150	16	93,823
Total Deductions	<u>815,909</u>	<u>165</u>	<u>67,228</u>	<u>260</u>	<u>16,478,340</u>
INCREASE (DECREASE) IN NET POSITION	<u>45,054</u>	<u>428</u>	<u>6,275</u>	<u>961</u>	<u>8,825,392</u>
Net Position, September 1, 2019	60,441	3,275	17,481	1,868	188,306,679
Net Position, August 31, 2020	<u>\$ 105,495</u>	<u>\$ 3,703</u>	<u>\$ 23,756</u>	<u>\$ 2,829</u>	<u>\$ 197,132,071</u>

¹ The pension funds of the Employees Retirement System of Texas received rebates from borrowers in excess of payments made to borrowers due to increased demand in the securities lending market.

Private-Purpose Trust Funds

The **Tobacco Settlement Permanent Trust (Political Subdivisions)** holds the portion of the money received in the settlement of the State of Texas v. The American Tobacco Co., et. al., designated for the exclusive benefit of other political subdivisions. Other political subdivisions include cities, counties and/or local hospital districts that are responsible for indigent health care. The fund is administered by the Treasury Operations Division of the Texas Comptroller of Public Accounts.

Due to GASB 84 implementation the Texas Insurance Companies Assets Account -Reserve and Custodial Fund and the Inmate Trust and Employee Service Option Fund were transferred to other fund types.

The **Catastrophe Reserve Trust Fund** is a state fund created to provide relief to insurance companies within the state in the event of certain catastrophic losses. Certain property insurers authorized to transact property insurance in Texas make payments to the fund.

The **Texas College Savings Plans** receive money contributed by account holders, money acquired from private sources and income from investment of deposits. The plans may be used only to pay costs of program administration and operations, make payments to state, private or independent institutions of higher education and make refunds to account holders.

STATE OF TEXAS

Combining Statement of Fiduciary Net Position – Private-Purpose Trust Funds

August 31, 2020 (Amounts in Thousands)

	Tobacco Settlement Permanent Trust (Political Subdivisions)	Catastrophe Reserve Trust Fund	Texas College Savings Plans	Other Private- Purpose Trust Funds	Totals
ASSETS					
Cash and Cash Equivalents	\$ 3,408	\$ 177,955	\$ 991	\$ 16,298	\$ 198,652
Receivables:					
Interest and Dividends	13		294		307
Other Receivables			521	1	522
Investments:					
Corporate Equity	1,189			1,067	2,256
Corporate Obligations				1,262	1,262
Foreign Securities				796	796
Other Investments	2,622,337		858,609		3,480,946
Loans and Contracts			1,762		1,762
Restricted:					
Cash and Cash Equivalents				14	14
Properties, at Cost, Net of Accumulated Depreciation or Amortization				533	533
Total Assets	<u>2,626,947</u>	<u>177,955</u>	<u>862,177</u>	<u>19,971</u>	<u>3,687,050</u>
LIABILITIES					
Payables:					
Accounts	14,419		530	1	14,950
Interest	132				132
From Restricted Assets			1,653		1,653
Employees' Compensable Leave				5	5
Other Liabilities			856		856
Unearned Revenue			664	479	1,143
Total Liabilities	<u>14,551</u>	<u>0</u>	<u>3,703</u>	<u>485</u>	<u>18,739</u>
NET POSITION					
Held in Trust for Individuals, Organizations and Other Governments	<u>2,612,396</u>	<u>177,955</u>	<u>858,474</u>	<u>19,486</u>	<u>3,668,311</u>
Total Net Position	<u>\$ 2,612,396</u>	<u>\$ 177,955</u>	<u>\$ 858,474</u>	<u>\$ 19,486</u>	<u>\$ 3,668,311</u>

STATE OF TEXAS

Combining Statement of Changes in Fiduciary Net Position – Private-Purpose Trust Funds

For the Fiscal Year Ended August 31, 2020 (Amounts in Thousands)

	Tobacco Settlement Permanent Trust (Political Subdivisions)	Catastrophe Reserve Trust Fund	Texas College Savings Plans	Other Private- Purpose Trust Funds	Texas Insurance Companies Assets Account - Reserve and Custodial Fund	Inmate Trust and Employee Service Option Fund	Totals
ADDITIONS							
Contributions:							
Other Contributions	\$	\$	\$ 274,452	\$ 4,282	\$	\$	\$ 278,734
Total Contributions	0	0	274,452	4,282	0	0	278,734
Investment Income:							
From Investing Activities:							
Net Increase in Fair Value of Investments	50,142		75,828	224			126,194
Interest, Dividend and Other Investment Income	25,272	1,085	21,449	102			47,908
Total Investing Income	75,414	1,085	97,277	326	0	0	174,102
Less Investing Activities Expense			5,108				5,108
Net Income from Investing Activities	75,414	1,085	92,169	326	0	0	168,994
Total Net Investment Income	75,414	1,085	92,169	326	0	0	168,994
Other Additions:							
Transfer In				3,247			3,247
Other Revenue		56,380	525	4,265			61,170
Total Other Additions	0	56,380	525	7,512	0	0	64,417
Total Additions	75,414	57,465	367,146	12,120	0	0	512,145
DEDUCTIONS							
Benefits			258,051	1,459			259,510
Intergovernmental Payments	73,832						73,832
Administrative Expenses	2,979		411	108			3,498
Depreciation and Amortization				39			39
Transfer Out				3,633			3,633
Other Deductions		29	123	140			292
Total Deductions	76,811	29	258,585	5,379	0	0	340,804
INCREASE (DECREASE) IN NET POSITION	(1,397)	57,436	108,561	6,741	0	0	171,341
Net Position, September 1, 2019	2,613,793	120,519	749,913	77,811	188,117	34,567	3,784,720
Restatements				(65,066)	(188,117)	(34,567)	(287,750)
Net Position, September 1, 2019, as Restated	2,613,793	120,519	749,913	12,745	0	0	3,496,970
Net Position, August 31, 2020	<u>\$ 2,612,396</u>	<u>\$ 177,955</u>	<u>\$ 858,474</u>	<u>\$ 19,486</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,668,311</u>

Custodial Funds

The **Educational Custodial Fund** is used to hold funds for various education related activity held in a custodial capacity.

The **Economic Development Custodial Fund** is used to hold various state and local taxes collected by the Texas Comptroller of Public Accounts held in a custodial capacity.

The **External Investment Pool Custodial Fund** is used to hold investment operating and bond activity held in a custodial capacity.

STATE OF TEXAS

Combining Statement of Fiduciary Net Position – Custodial Funds

August 31, 2020 (Amounts in Thousands)

	Educational Custodial Funds	Economic Development Custodial Funds	External Investment Pool Custodial Funds	Other Custodial Funds	Totals
ASSETS					
Cash and Cash Equivalents	\$ 29,900	\$ 1,208,552	\$ 3,757	\$ 603,166	\$ 1,845,375
Receivables:					
Accounts	18			4,784	4,802
Gifts and Pledges	29,115				29,115
Investment Trades	322		3,702		4,024
Interest and Dividends	166		1,172	1	1,339
Other Receivables	3,460		114		3,574
Investments:					
U.S. Government			267,117	29,021	296,138
Corporate Equity				153	153
Externally Managed			6,080		6,080
Other Investments	2,850		263,674		266,524
Securities Lending Collateral			2,002		2,002
Other Assets	843		350	1,213,516	1,214,709
Restricted:					
Cash and Cash Equivalents	38,272				38,272
Investments	113,650				113,650
Total Assets	<u>218,596</u>	<u>1,208,552</u>	<u>547,968</u>	<u>1,850,641</u>	<u>3,825,757</u>
LIABILITIES					
Payables:					
Accounts	6,562		517	4,350	11,429
Investment Trades	306		5,968		6,274
Interest				26	26
Obligations:					
Securities Lending			2,002		2,002
Derivative Instruments:					
Hedging			492		492
Funds Held for Others				84	84
Other Liabilities	94		594	127,867	128,555
Unearned Revenue	5,807				5,807
Total Liabilities	<u>12,769</u>	<u>0</u>	<u>9,573</u>	<u>132,327</u>	<u>154,669</u>
NET POSITION					
Restricted For:					
Pool Participants			538,395		538,395
Other Purposes	205,827	1,208,552		1,718,314	3,132,693
Total Net Position	<u>\$ 205,827</u>	<u>\$ 1,208,552</u>	<u>\$ 538,395</u>	<u>\$ 1,718,314</u>	<u>\$ 3,671,088</u>

STATE OF TEXAS

Combining Statement of Changes in Fiduciary Net Position – Custodial Funds

For the Fiscal Year Ended August 31, 2020 (Amounts in Thousands)

	Educational Custodial Funds	Economic Development Custodial Funds	External Investment Pool Custodial Funds	Other Custodial Funds	Totals
ADDITIONS					
Contributions:					
Member	\$ 611	\$	\$ 4,065	\$	\$ 4,676
Federal	216				216
Other Contributions	40,838				40,838
Total Contributions	41,665	0	4,065	0	45,730
Investment Income:					
From Investing Activities:					
Net Increase in Fair Value of Investments	6,243		11,807		18,050
Interest, Dividend and Other Investment Income	1,922	56	4,573	34,185	40,736
Total Investing Income	8,165	56	16,380	34,185	58,786
Less Investing Activities Expense	553		82		635
Net Income from Investing Activities	7,612	56	16,298	34,185	58,151
Total Net Investment Income	7,612	56	16,298	34,185	58,151
Other Additions:					
Settlement of Claims				3,811	3,811
Other Revenue	54,865	41,970	377,468	375,948	850,251
Total Other Additions	54,865	41,970	377,468	379,759	854,062
Total Additions	104,142	42,026	397,831	413,944	957,943
DEDUCTIONS					
Benefits				1,173	1,173
Refunds of Contributions	386		520		906
Settlement of Claims				79,490	79,490
Administrative Expenses	1,043			13,505	14,548
Interest Expense				14	14
Other Deductions	92,727	74,035	463,967	190,516	821,245
Total Deductions	94,156	74,035	464,487	284,698	917,376
INCREASE (DECREASE) IN NET POSITION	9,986	(32,009)	(66,656)	129,246	40,567
Restatements	195,841	1,240,561	605,051	1,589,068	3,630,521
Net Position, September 1, 2019, as Restated	195,841	1,240,561	605,051	1,589,068	3,630,521
Net Position, August 31, 2020	\$ 205,827	\$ 1,208,552	\$ 538,395	\$ 1,718,314	\$ 3,671,088