FOR THE YEARS ENDED DECEMBER 31, 2014 & 2013

TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

TIME IS ON OUR SIDE

At TCDRS, time is on our side. Because members and employers are saving in advance, we take advantage of the maximum power of investment earnings over time. Investments fund nearly 80% of the benefits. In fact, TCDRS is one of the best-funded retirement systems in the nation.

In many ways, the clock at the Caldwell County Courthouse in Lockhart illustrates TCDRS' commitment to our employers and members. The timepiece has served the citizens of Lockhart for more than 120 years.

In our 47th full year of operations, TCDRS serves Texas by providing reliable, responsibly funded retirement and survivor benefits to our members. By partnering with 677 Texas counties and governmental districts, we serve more than 255,000 hardworking Texans who provide vital services to our communities.

In 2014, TCDRS reached an important milestone — we paid out more than $1 billion in total benefits to retirees, their families and former members. Ninety-six percent of that money went to Texas addresses, creating an economic engine for the communities our retirees once served.

Like the Caldwell County Courthouse clock serves the community, TCDRS proudly provides value and service to communities around the state.

ON THE COVER: The Caldwell County Courthouse was completed on March 19, 1894. The structure features mansard roofs on six towers and a central tower with four dials run by an antique Seth Thomas clock. The three-story building is constructed of locally quarried blue limestone with red Pecos sandstone trim. An extensive renovation begun in 1994 led to the courthouse's rededication ceremony in April 2000. The Lockhart courthouse square is recognized on the National Register of Historic Places. – *Photos by Gerald McLeod*

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

901 MoPac Expwy. South | Barton Oaks Plaza IV, Suite 500 | Austin, Texas 78746

Prepared by the Actuarial Services, Communications, Finance and Investment Divisions

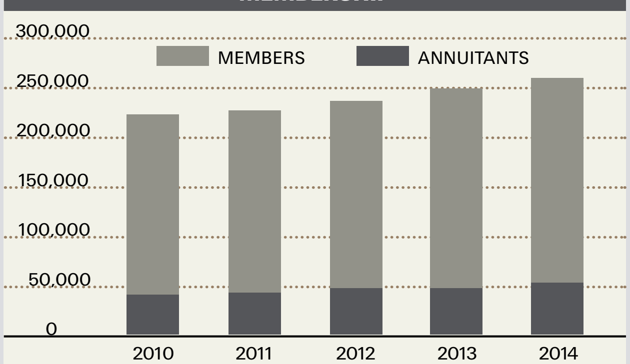
TCDRS: AT A GLANCE

TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

TCDRS partners with counties and districts to provide reliable retirement, disability and survivor benefits for their employees.

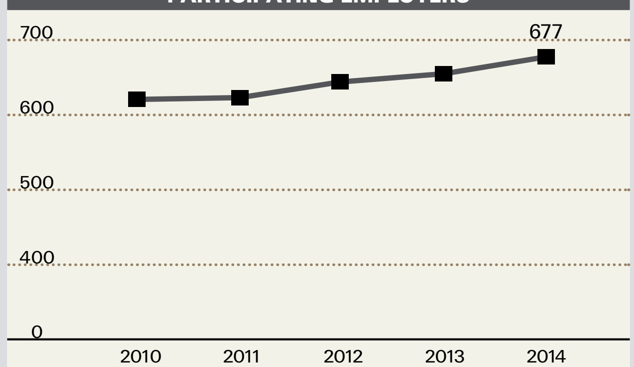
SERVING OUR MEMBERSHIP

MEMBERSHIP



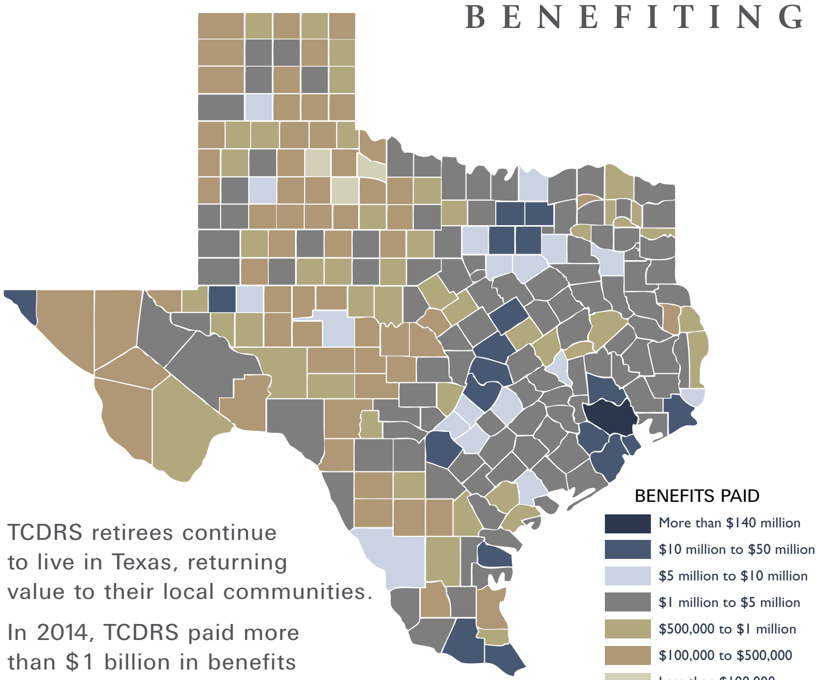
We serve a membership of more than 255,000, including more than 53,000 retirees and beneficiaries.

PARTICIPATING EMPLOYERS



Since 1967, the system has grown to include 677 counties and districts.

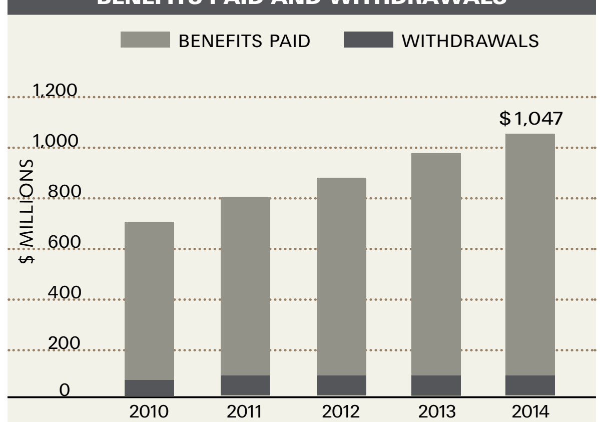
BENEFITING TEXAS



TCDRS retirees continue to live in Texas, returning value to their local communities.

In 2014, TCDRS paid more than $1 billion in benefits with 96% staying in Texas.

BENEFITS PAID AND WITHDRAWALS

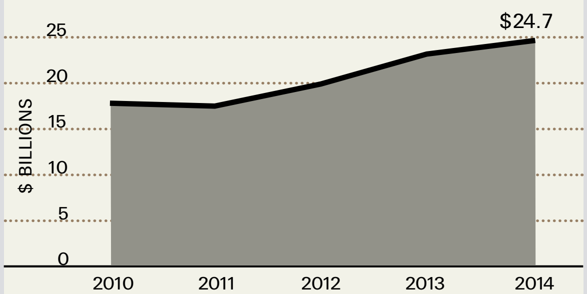


RETIREE PROFILE (as of Jan. 1, 2015)

Average Age at Retirement	Average Years of Service	Average Annual Benefit
61	17	$20,316

INVESTING FOR THE LONG TERM

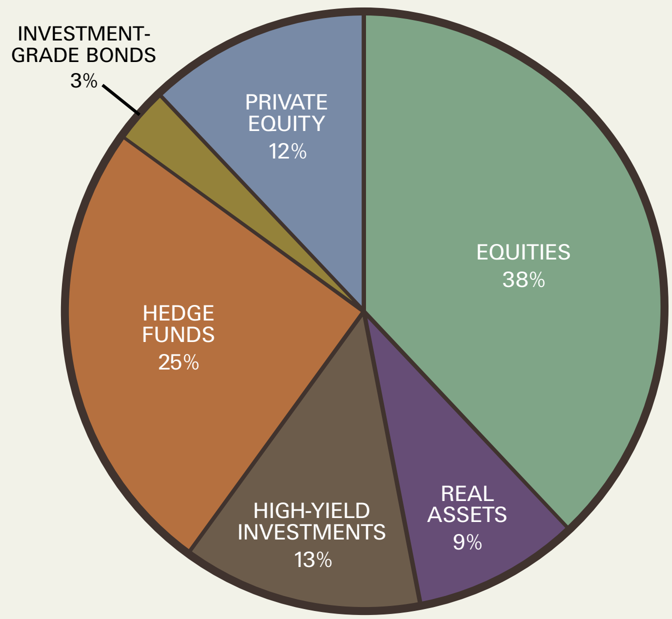
FIDUCIARY NET POSITION[1]



[1] Fiduciary Net Position was formerly reported as Plan Net Position

Fiduciary net position totaled $24.7 billion. Broad diversity in our investment portfolio reduces possible overall losses due to negative experience in any single asset class or investment.

ASSET ALLOCATION TARGETS



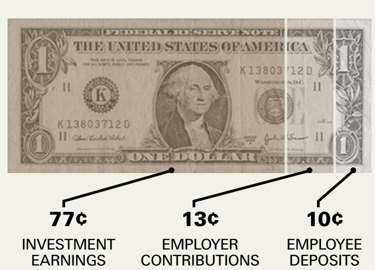
TOTAL FUND RETURN—NET OF ALL FEES

Annualized Returns	2014 Return	5 Year	10 Year	20 Year	25 Year	30 Year
Total Fund	6.8%	9.3%	6.3%	7.9%	8.2%	9.2%

Our investments have exceeded our target return of 8% over the long term.

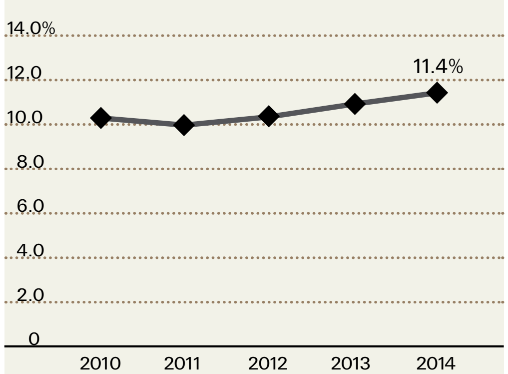
FUNDING PLANS RESPONSIBLY

BENEFIT FUNDING

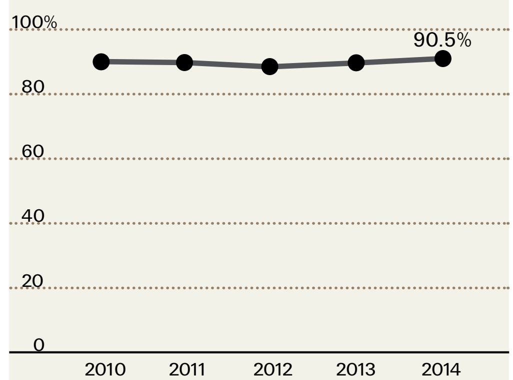


(Estimate from TCDRS inception in 1967 to present).

AVERAGE REQUIRED EMPLOYER CONTRIBUTION RATES



FUNDED RATIO



Investment earnings fund nearly 80¢ of every dollar of benefits. Employers must pay 100% of their required contributions every year. Each plan is funded independently by a county or district and its employees. Our conservative funding methods ensure any debt is paid down to zero within 20 years. This means money is there when needed and debt is not pushed to future generations.

All figures as of Dec. 31, 2014, except where noted.

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INVESTMENT SECTION

ACTUARIAL SECTION

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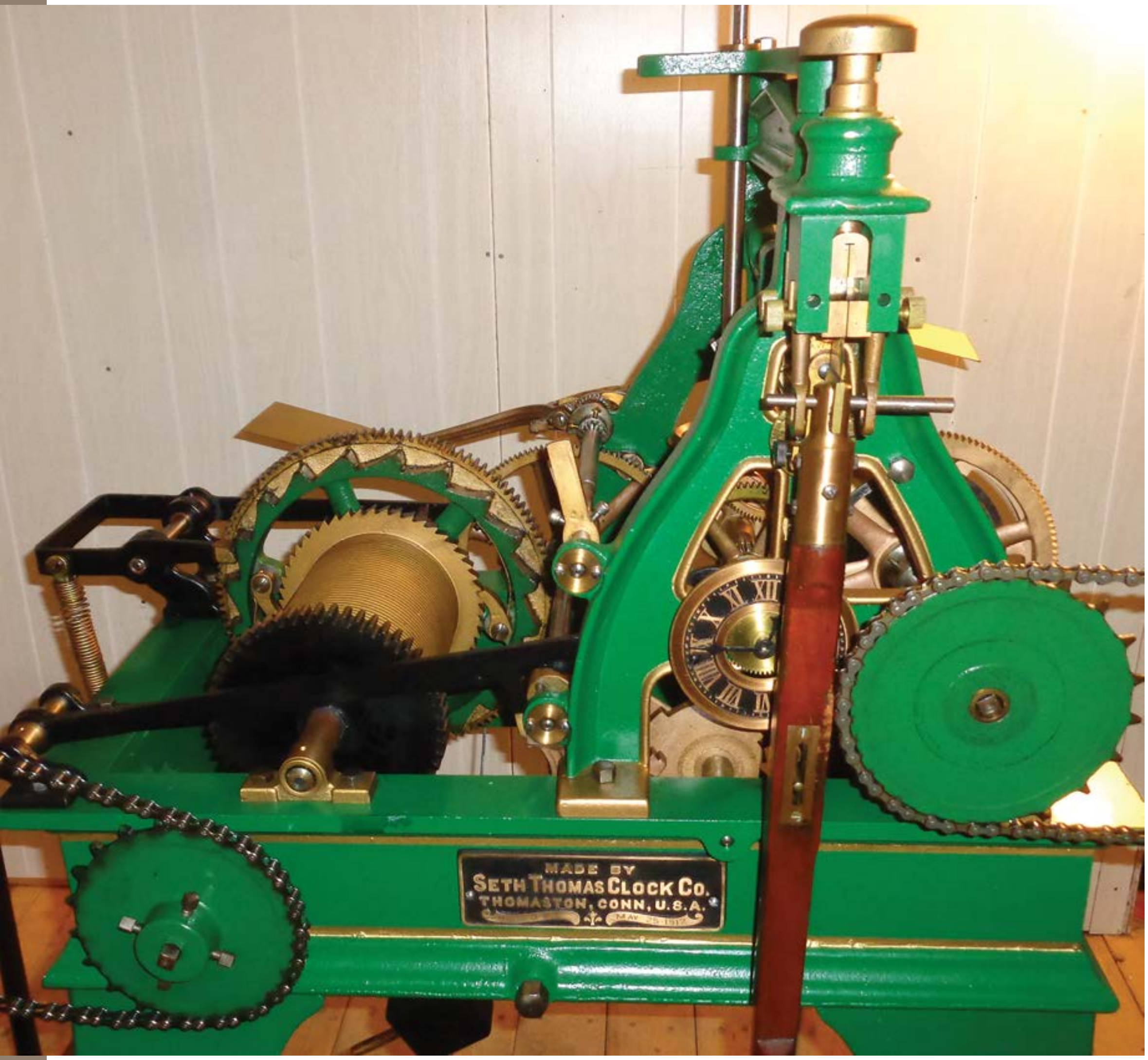
1 INTRODUCTORY

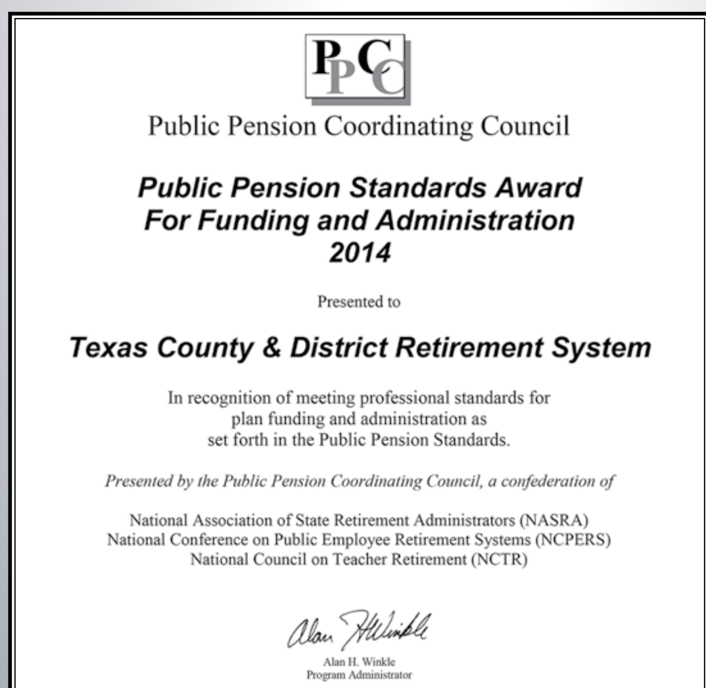


The Seth Thomas clock tower mechanism is a marvel of American engineering. The company's pendulum-powered timepieces were the standard of accurate timekeeping for more than 270 years. The reliable design has kept the clocks running a century or more in courthouses, churches, rail stations and schools around the country.

RELIABLE

For nearly 50 years, TCDRS has been a model for providing reliable retirement benefits. We are one of the best-funded public employee retirement systems in the nation. Each plan is funded by investment earnings, the employer and its employees. We do not receive state funding. It's a plan design that provides a retirement benefit that members can count on.

The Certificate of Achievement for Excellence in Financial Reporting was presented by the Government Finance Officers Association of the United States and Canada for the fiscal year ended Dec. 31, 2013. This was the 22nd consecutive year that TCDRS has received this prestigious award, which recognizes comprehensive annual financial reports that have achieved the highest standards in government accounting and reporting.



TCDRS was awarded the Public Pension Coordinating Council's (PPCC) Public Pension Standards award for the 12th consecutive year. This award is in recognition of meeting professional standards for plan funding and administration as set forth in the Public Pension Standards.

TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

Post Office Box 2034
Austin, Texas 78768-2034

901 MoPac Expwy. South
Barton Oaks Plaza IV
Suite 500
Austin, Texas 78746

Tel. 800-823-7782
512-328-8889

Fax 512-328-8887

www.tcdrs.org

LETTER OF TRANSMITTAL

June 1, 2015

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Texas County & District Retirement System (TCDRS) for the year ended Dec. 31, 2014, our 47th full year of operations. This CAFR is designed to provide a better understanding of TCDRS — a nearly $25 billion retirement system that continues to build a strong and positive financial future.

For nearly 50 years, TCDRS has been a model for providing reliable, responsibly funded retirement benefits. We partner with 677 Texas counties and governmental districts to provide retirement, disability and survivor benefits. By providing attractive benefits, we help our employers hire and retain talented staff. In addition, our employers benefit from the economies of scale with pooled investments and administration. Our number of participating employers continues to grow. For the 10-year period ended Dec. 31, 2014, the number of participating employers increased by 24%.

We serve more than 255,000 Texans who make our local communities better and safer places to live. The number of members has risen from 135,722 to 205,331, a 51% increase; and the number of annuitant accounts has grown over the 10-year period ended Dec. 31, 2014, from 28,496 to 53,169, an 87% increase.

Last year we marked an important milestone — we paid out more than $1 billion in benefits to retirees and former members. Of these benefits, 96% went to Texas addresses, which acts as an economic engine to local economies. On average, our current retirees began taking a benefit at age 61 after working 17 years. The average annual benefit for current retirees is $20,316 as of Dec. 31, 2014.

TCDRS is set up for success. We have built-in features that make us financially strong. TCDRS is a savings-based plan. Members save for their own retirement over the length of their careers. At retirement, TCDRS benefits are based on a member's final savings balance and employer matching. This unique design makes costs more predictable for our employers.

We do not receive funding from the State of Texas. Each plan is funded by our employers, members and investment earnings. Employers pay 100% of their required contributions every year. Many participating employers make additional contributions over the required amounts in order to provide a buffer against future adverse experience or to prefund benefit enhancements.

TCDRS is not a one-size-fits-all system. Each employer maintains its own customized plan of retirement benefits. In addition, employers have the flexibility and local control to adjust their benefits each year based on their needs and budgets. This level of flexibility is not standard in most traditional pension plans.

TCDRS is administered by a nine-person board of trustees appointed by the governor and confirmed by the Texas Senate. The board appoints a director, who is responsible for all day-to-day operations, and a chief investment officer, who oversees investment operations. The board also appoints legal counsel, a consulting actuary, an independent auditor, a medical board and investment consultants.

INVESTMENTS

At TCDRS, employers and members save for benefits in advance over the course of an employee's career. These funds are pooled and invested, with the returns compounding over time. As a result, investment earnings fund most of the benefits.

The TCDRS Board of Trustees constructs the investment portfolio to achieve our long-term investment return goal of 8% with an acceptable amount of risk. We take a long-term view when it comes to managing our investments. Our investment horizon of 30-plus years helps us weather short-term storms in the market.

In 2014, the TCDRS portfolio, net of all fees, returned 6.8%, which exceeded the policy benchmark return of 4.7% by a total of 2.1%. Our 30-year return is 9.2% for the period ended Dec. 31, 2014.

To ensure that the investment process is protected by appropriate safeguards, the board has adopted and periodically reviews an investment policy that defines and restricts investment authority and emphasizes the importance of a long-term investment philosophy with minimization of risk.

MAJOR INITIATIVES

In 2014, TCDRS rolled out the Plan Customizer, a first-of-its-kind online tool to allow participating employers to model benefit and cost scenarios for their TCDRS retirement plan. With the Plan Customizer, decision-makers can save and compare different plan provisions and extra funding scenarios (similar to an online shopping experience). The tool also provides charts and tables that illustrate the effect of plan changes on employee benefits, as well as plan rates, assets and liabilities over time. Plan changes can be submitted electronically to TCDRS through the Plan Customizer.

We also expanded our communications to reach younger members. We created an e-newsletter, *$mart*, targeted for members 18 – 29 years old. And our social media presence continues to grow on Facebook, Twitter and YouTube channel subscriptions. Videos have come to play an important role in our communication mix as they provide educational content in a more compelling way. Last year we introduced several new videos on topics ranging from helping new employees understand their benefits to laying out the options when members leave employment. In addition to member videos, we developed other informative videos on topics such as governance, various investment asset classes and constructing our investment portfolio.

A complete redesign of TCDRS.org was begun in 2014, and was implemented in the spring of 2015. Changes for TCDRS.org include a new global landing page for visitors as well as an updated look for all member and employer pages. The Investments section of the website includes new content and data graphics, an investment mission video, and other enhancements that better share our great investment story with our readers. The redesigned website makes finding investment information easier, and better illustrates how investments are a critical piece of retirement plan funding.

FUNDING

As one of the best-funded retirement systems in the nation, TCDRS was funded in aggregate at 90.5% as of Dec. 31, 2014. The actuarial value of assets and actuarial liabilities totaled $23.75 billion and $26.25 billion, respectively. The net position for pension benefits at year end 2014 and 2013 was $24.72 billion and $23.15 billion, respectively, an increase of $1.57 billion (6.8%).

TCDRS is a model of responsible funding. Employers participating in the system must pay 100% of their required contributions every year. In addition, TCDRS has one of the most conservative funding policies in the nation. By paying the required contribution rate, employers are paying for their current employees' future benefits and are paying down any unfunded liabilities to zero within 20 years. This ensures that funds will be there when employees are ready for retirement.

TCDRS maintains a reserve fund to help keep rates stable and to offset future adverse experience. In 2014, the board added $180 million to the general reserves account. A total of $895 million in the general reserves account is available as of Dec. 31, 2014.

Cash flow from deposits and contributions currently matches the amounts required to meet annual benefits paid to TCDRS retirees, withdrawals and the administrative expenses of the organization in 2014. However, it is expected as the system matures and the number of members receiving benefits increases, the net cash flow from these sources and uses will become increasingly negative. Investment returns and changes in employers' plans will also affect annual cash flow and change in net position.

The recent history of net investment income, contributions and deposits, benefit payments and administrative costs is shown in the Statistical Section on page 77. Information on funding progress for all employers as a group is in the Actuarial Section, Table 7: Funding Progress, on page 65. In addition, each employer receives a customized Summary Valuation Report, which provides detailed information on their individual annual plan evaluation.

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

This report fulfills the requirements established by the Texas Government Code for public retirement systems to publish an annual financial report. TCDRS management is responsible for both the accuracy of the data and the completeness and fairness of the presentation within this report.

The financial statements have been prepared in accordance with the principles of governmental accounting and reporting set forth by the Governmental Accounting Standards Board (GASB).

A comprehensive framework of internal controls exists to provide reasonable assurance regarding the safekeeping of assets and fair presentation of the financial statements and supporting schedules. Internal controls also provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The concept of reasonable assurance recognizes that first, the cost of a control should not exceed the benefits likely to be derived, and second, the valuation of the cost and benefits requires estimates and judgments by management.

KPMG LLP, Certified Public Accountants, has issued an unmodified ("clean") opinion on TCDRS' financial statements for the year ended Dec. 31, 2014. The independent auditor's opinion is located at the front of the Financial Section of this report (see page 20).

Immediately following the independent auditor's opinion is the Management's Discussion and Analysis (MD&A), which provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements the Letter of Transmittal and should be read in conjunction with it.

AWARDS AND ACKNOWLEDGMENTS

TCDRS proudly accepted a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA) for the fiscal year ended Dec. 31, 2013. This was the 22nd consecutive year that the system achieved this prestigious award, which recognizes comprehensive annual financial reports that are readable and efficiently organized, and that satisfy accepted accounting principles and applicable legal requirements.

TCDRS was also awarded the Public Pension Coordinating Council's (PPCC) Public Pension Standards award for 2014, which is the 12th consecutive year that the system received this award in recognition of meeting professional standards for plan funding and administration.

SUMMARY

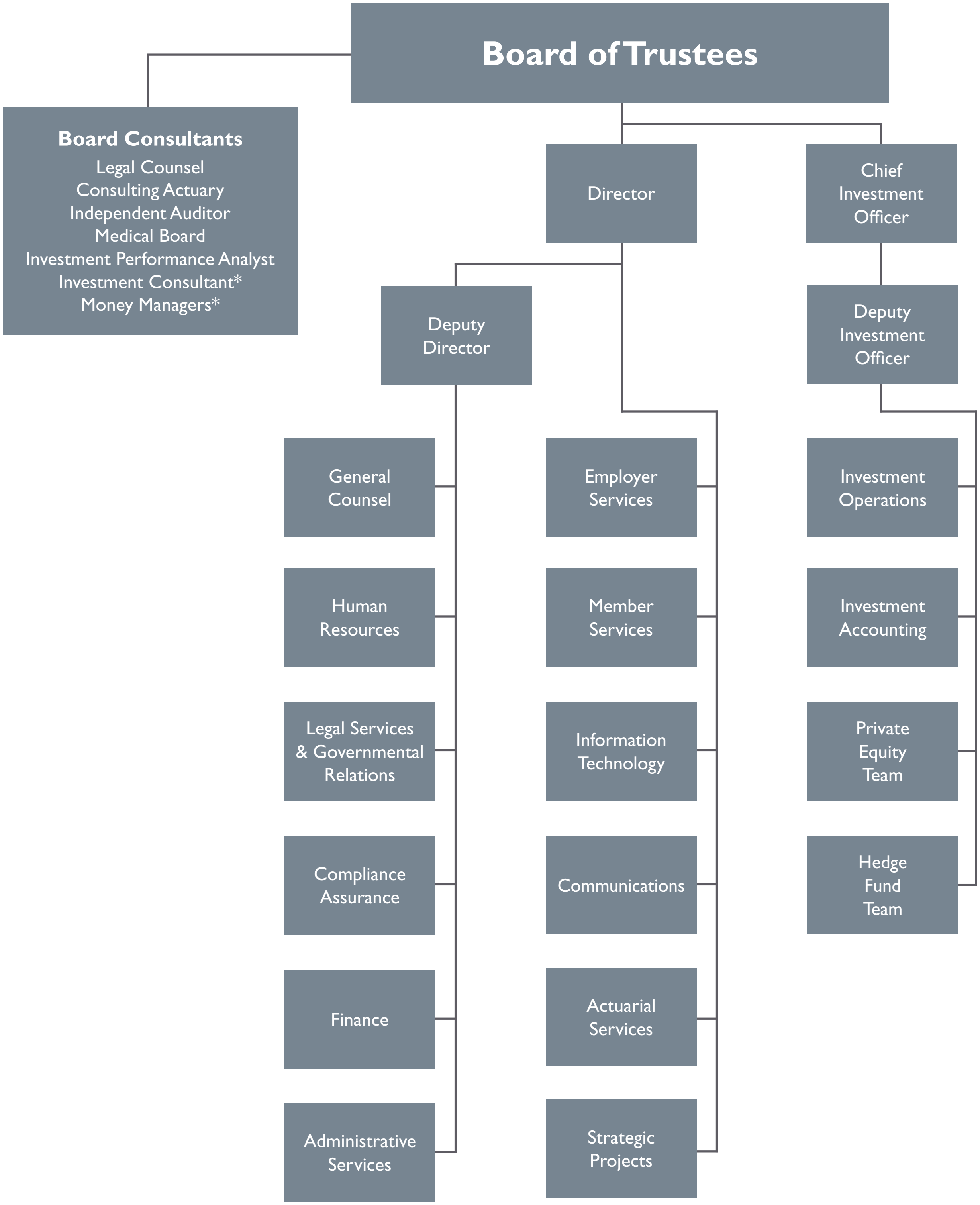
TCDRS staff and the board of trustees worked together to produce this report. Our thanks go out to everyone who has contributed to the preparation of this report and who works diligently to continue to make the Texas County & District Retirement System a model for providing retirement benefits.

At TCDRS we are proud to serve those who serve Texas, and we are dedicated to ensuring that TCDRS continues to provide responsibly funded, reliable benefits and best-in-class services to our employers and members.

Sincerely,

R. Eckels   Amy Bishop   Paul Williams

Robert A. Eckels	Amy Bishop	Paul J. Williams
Chair	Director	Chief Investment Officer



** For information regarding investment professionals' fees, see Tables 8–9 in the Investment Section.*

[LEFT TO RIGHT] Kristeen Roe, Jan Kennady, Mary Louise Garcia, Robert A. Eckels, Bob Willis, H.C. "Chuck" Cazalas, Deborah Hunt (not pictured: Bridget McDowell, Jerry Bigham)

CHAIR
Robert A. Eckels
Retiree
Harris County Judge
Term expires Dec. 31, 2019

VICE-CHAIR
H.C. "Chuck" Cazalas
Retiree
Nueces County Commissioner
Term expires Dec. 31, 2017

Jerry Bigham
Retiree
Randall County
Justice of the Peace
Term expires Dec. 31, 2015

Mary Louise Garcia
County Clerk
Tarrant County
Term expires Dec. 31, 2017

Deborah Hunt
Tax Assessor-Collector
Williamson County
Term expires Dec. 31, 2015

Jan Kennady
Retiree
Comal County Commissioner
Term expires Dec. 31, 2015

Bridget McDowell
County Auditor
Taylor County
Term expires Dec. 31, 2019

Kristeen Roe
Tax Assessor-Collector
Brazos County
Term expires Dec. 31, 2017

Bob Willis
County Commissioner
Polk County
Term expires Dec. 31, 2019

EXECUTIVE STAFF AND PROFESSIONAL ADVISORS

INVESTMENT STAFF

Paul J. Williams
Chief Investment Officer

Sandra Bragg
Deputy Investment Officer

ADMINISTRATIVE STAFF

Amy Bishop
Director

Tom Harrison
Deputy Director

Ann McGeehan
General Counsel

PROFESSIONAL ADVISORS

Vinson & Elkins LLP
Bradshaw & Bickerton PLLC
Investment Counsel

Milliman, Inc.
Consulting Actuary

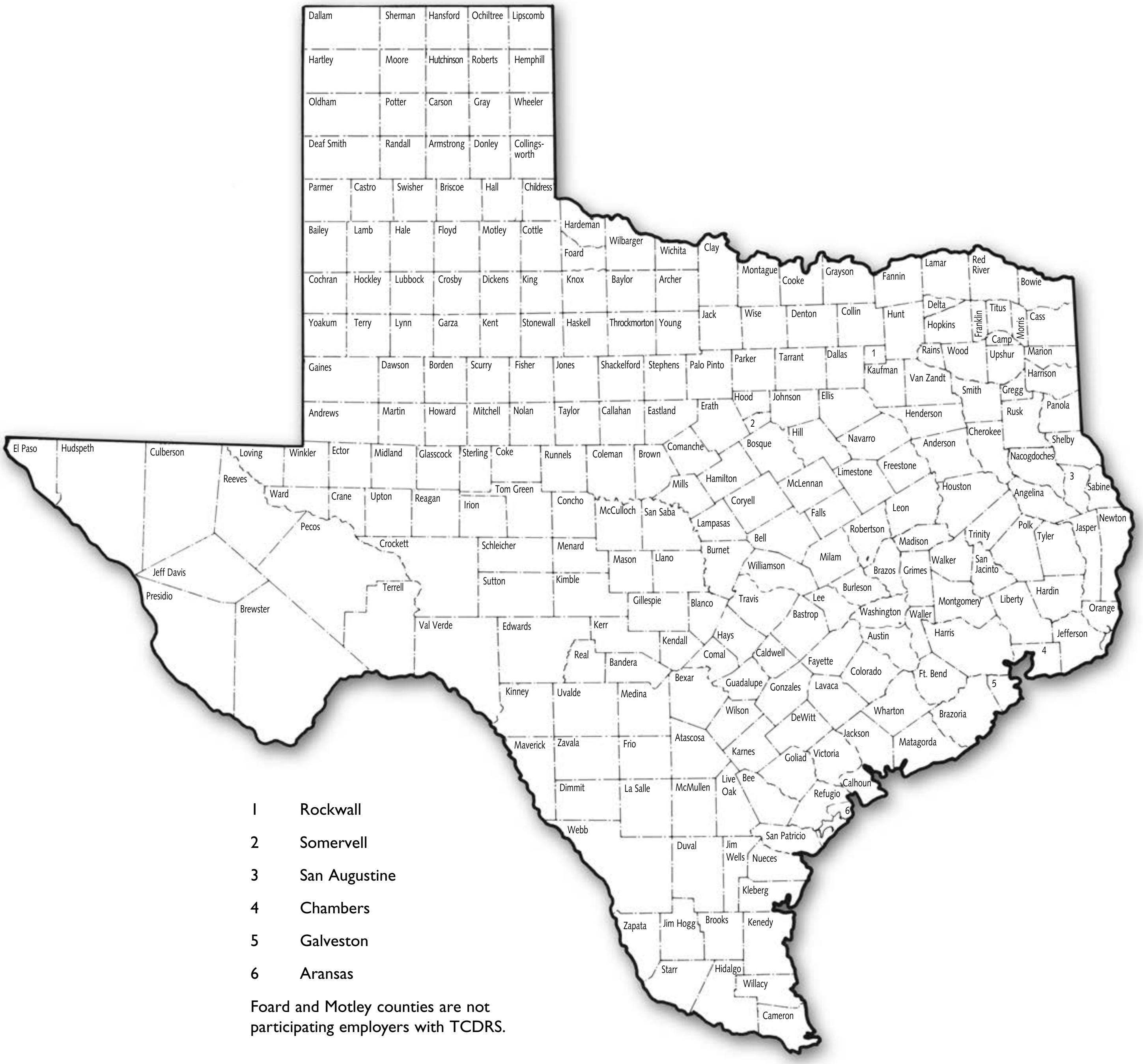
Bank of New York Mellon
Investment Performance Analyst

Cliffwater LLC
Investment Consultant

KPMG LLP
Independent Auditor

Jackson Walker LLP
Fiduciary & Benefit Plan Administration Counsel

Ace Alsup, M.D., Chairman
John P. Vineyard Jr., M.D.
Shelby H. Carter, M.D.
Medical Board



1 Rockwall

2 Somervell

3 San Augustine

4 Chambers

5 Galveston

6 Aransas

Foard and Motley counties are not participating employers with TCDRS.

PARTICIPATING COUNTIES AND DISTRICTS As of Dec. 31, 2014

A

Acton Municipal Utility District
Agua Special Utility District
Alamo Area Council of Governments
Anderson County
Anderson County Appraisal District
Andrews County
Andrews County Central Appraisal District
Angelina County
Angelina County Appraisal District
Angelina-Nacogdoches Counties Water Control & Improvement District #1
Angleton Drainage District
Aquilla Water Supply District — Hill County
Aransas County
Aransas County Appraisal District
Aransas County Navigation District #1
Archer County
Archer County Appraisal District
Armstrong County
Atascosa County
Atascosa County Appraisal District
Austin County
Austin County Appraisal District

B

Bacliff Municipal Utility District
Bailey County
Bandera County
Bastrop County
Bastrop County Emergency Services District #1
Bastrop County Emergency Services District #2
Baylor County
Baylor County Appraisal District
Bayview Irrigation District #11
Bayview Municipal Utility District
Bee County
Bell County
Bell County Appraisal District
Bell County Water Control & Improvement District #1
Benbrook Water Authority
Bexar Appraisal District
Bexar County
Bexar County Emergency Services District #2
Bexar County Emergency Services District #7
Bexar County Water Control & Improvement District #10
Bexar-Medina-Atascosa Water Control & Improvement District #1
Bexar Metro 911 Network District
Bistone Municipal Water Supply District — Limestone County
Blanco County
Borden County
Borden County Appraisal District
Bosque County
Bosque County Central Appraisal District
Bowie County
Brazoria County
Brazoria County Appraisal District
Brazoria County Conservation & Reclamation District #3
Brazoria County Drainage District #4
Brazoria County Drainage District #5
Brazos County
Brazos Central Appraisal District
Brazos County Emergency Communications District
Brazos Regional Public Utility Agency
Brazos River Authority
Brazos Valley Council of Governments
Brazos Valley Groundwater Conservation District
Brewster County
Brewster County Appraisal District
Bright Star-Salem Special Utility District
Briscoe County
Brookesmith Special Utility District
Brooks County
Brookshire-Katy Drainage District
Brookshire Municipal Water District
Brown County
Brownsville Irrigation District
Brushy Creek Municipal Utility District — Williamson County
Burleson County
Burnet Central Appraisal District
Burnet County

C

Caldwell County
Caldwell County Appraisal District
Calhoun County
Calhoun County Appraisal District
Calhoun County E911 Emergency Communications District
Callahan County
Callahan County Appraisal District
Cameron County
Cameron County Appraisal District
Cameron County Drainage District #1
Cameron County Drainage District #3
Cameron County Drainage District #5
Cameron County Emergency Communication District
Cameron County Irrigation District #2
Cameron County Irrigation District #6
Cameron County Regional Mobility Authority
Camp Central Appraisal District
Camp County
Carson County
Cass County
Cass County Appraisal District
Castro County
Central Appraisal District of Bandera County
Central Appraisal District of Johnson County
Central Appraisal District of Taylor County
Central Texas Groundwater Conservation District
Central Texas Regional Mobility Authority
Central Water Control & Improvement District — Angelina County
Chambers County
Chambers County Appraisal District
Chambers County Public Hospital District
Cherokee County
Childress County
Childress County Appraisal District
Childress County Hospital District
Clay County
Clay County Appraisal District
Coastal Bend Groundwater Conservation District
Coastal Plains Groundwater Conservation District
Cochran County
Cochran County Appraisal District
Coke County
Coke County Appraisal District
Coleman County
Collin County
Collin County Central Appraisal District
Collingsworth County
Colorado County
Comal Appraisal District
Comal County
Comal County Emergency Services District #3
Comanche County
Combined Consumers Special Utility District
Concho County
Concho County Hospital District
Concho Valley Council of Governments
Cooke County
Cooke County Appraisal District
Coryell County
Cottle County
Cow Creek Groundwater Conservation District
Crane County
Crane County Hospital District

Crockett County
Crockett County Appraisal District
Crockett County Water Control & Improvement District #1
Crosby County
Crosby County Appraisal District
Crosby Municipal Utility District
Cross Roads Special Utility District
Culberson County

D

Dallam County
Dallam County Appraisal District
Dallas Central Appraisal District
Dallas County
Dallas County Park Cities Municipal Utility District
Dawson County
Dawson County Central Appraisal District
Deaf Smith County
Deaf Smith County Hospital District
Delta County
Delta County Appraisal District
Delta County Municipal Utility District
Delta Lake Irrigation District
Denco Area 911 District — Denton County
Denton Central Appraisal District
Denton County
Denton County Fresh Water Supply District 1A
Denton County Transportation Authority
DeWitt County
DeWitt County Appraisal District
Dickens County
Dickens County Appraisal District
Dimmit County
Donley County
Duval County
Duval County Groundwater Conservation District

E

East Fork Special Utility District
East Medina County Special Utility District
Eastland County
Eastland County Appraisal District
Ector County
Ector County Hospital District
Edwards Aquifer Authority — Bexar County
Edwards Central Appraisal District
Edwards County
El Paso Central Appraisal District
El Paso County
El Paso County 911 District
El Paso County Hospital District
Ellis County
Emerald Bay Municipal Utility District
Emergency Communication District of Ector County
Erath County

F

Falls County
Falls County Appraisal District
Fannin County
Fannin County Appraisal District
Fayette County
Fisher County
Fisher County Hospital District
Floyd County
Fort Bend Central Appraisal District
Fort Bend County
Fort Bend County Water Control & Improvement District #2
Four Way Special Utility District
Franklin County
Freestone County
Freestone County Appraisal District
Frio County
Frio County Appraisal District

G

Gaines County
Gaines County Appraisal District
Galveston Central Appraisal District
Galveston County
Galveston County Consolidated Drainage District
Galveston County Drainage District #1
Galveston County Drainage District #2
Galveston County Emergency Communication District
Galveston County Fresh Water Supply District #6
Galveston County Health District
Galveston County Water Control & Improvement District #1
Garza Central Appraisal District
Garza County
Gillespie Central Appraisal District
Gillespie County
Glasscock County
Goliad County
Gonzales County
Gonzales County Appraisal District
Graham Regional Medical Center
Gray County
Gray County Appraisal District
Grayson Central Appraisal District
Grayson County
Greater Harris County 911 Emergency Network
Greenbelt Municipal & Industrial Water Authority — Donley County
Gregg County
Grimes County
Grimes County Appraisal District
Guadalupe Appraisal District
Guadalupe County
Gulf Coast Water Authority — Galveston County

H

Hale County
Hall County
Hall County Appraisal District
Hamilton County
Hansford County
Hansford County Hospital District
Hardeman County
Hardin County
Hardin County Appraisal District
Harlingen Irrigation District Cameron County #1
Harris County
Harris County Appraisal District
Harris County Emergency Services District #50
Harris County Housing Authority
Harris County Water Control & Improvement District #1
Harris County Water Control & Improvement District #36
Harris County Water Control & Improvement District #50
Harrison County
Hartley County
Hartley County Appraisal District
Haskell County
Haskell Memorial Hospital District
Hays Caldwell Public Utility Agency
Hays County
Hays County Emergency Services District #5
Hays County Emergency Services District #6
Hemphill County
Hemphill County Appraisal District
Hemphill County Hospital District
Hemphill County Underground Water Conservation District
Henderson County
Henderson County 911 Communication District
Henderson County Appraisal District
Hidalgo & Cameron Counties Irrigation District #9
Hidalgo County
Hidalgo County Appraisal District
Hidalgo County Drainage District #1
Hidalgo County Irrigation District #1

Hidalgo County Irrigation District #2
Hidalgo County Irrigation District #6
High Plains Underground Water Conservation District #1
Hill County
Hockley County
Hockley County Appraisal District
Hood County
Hopkins County
Hopkins County Appraisal District
Housing Authority of the City of Abilene
Housing Authority of the City of Edinburg
Housing Authority of the City of Huntington
Housing Authority of the City of Mercedes
Housing Authority of the City of Pharr
Housing Authority of the County of Hidalgo
Houston County
Houston County Appraisal District
Howard County
Hudspeth County
Hunt County
Hunt County Appraisal District
Hutchinson County
Hutchinson County Appraisal District

I

Iraan General Hospital District
Irion County
Irion County Appraisal District

J

Jack County
Jack County Appraisal District
Jackson County
Jackson County Appraisal District
Jackson County County-Wide Drainage District
Jasper County
Jasper County Water Control & Improvement District #1
Jeff Davis County
Jefferson County
Jefferson County Drainage District #3
Jefferson County Drainage District #6
Jefferson County Drainage District #7
Jefferson County Water Control & Improvement District #10
Jim Hogg County
Jim Hogg County Appraisal District
Jim Hogg County Emergency Services District #1
Jim Hogg County Water Control & Improvement District #2
Jim Wells County
Johnson County
Jonah Water Special Utility District
Jones County
Jones County Appraisal District

K

Karnes County
Karnes County Appraisal District
Karnes County Hospital District
Kaufman County
Kaufman County Appraisal District
Kendall Appraisal District
Kendall County
Kendall County Water Control & Improvement District #1
Kenedy County
Kenedy County Central Appraisal District
Kenedy County Fire & Emergency Services District #1
Kent County
Kent County Tax Appraisal District
Kerr County
Kerr Emergency 911 Network
Kimble County
King County
King County Appraisal District
Kinney County
Kinney County Appraisal District
Kleberg County
Knox County

L

La Salle County
La Salle County Appraisal District
Laguna Madre Water District — Cameron County
Lake Cities Municipal Utility Authority
Lake Kiowa Special Utility District
Lakeway Municipal Utility District — Travis County
Lamar County
Lamar County Appraisal District
Lamb County
Lampasas County
Lampasas County Appraisal District
Lavaca County
Lavaca-Navidad River Authority — Jackson County
Lee County
Leon County
Leon County Central Appraisal District
Liberty County
Liberty County Central Appraisal District
Limestone County
Limestone County Appraisal District
Lipscomb County
Live Oak County
Live Oak County Appraisal District
Llano County
Loving County
Loving County Appraisal District
Lower Trinity Groundwater Conservation District
Lower Valley Water District
Lubbock Central Appraisal District
Lubbock County
Lubbock County Water Control & Improvement District #1
Lubbock Emergency Communication District
Lubbock Reese Redevelopment Authority
Lumberton Municipal Utility District
Lynn County
Lynn County Appraisal District
Lynn County Hospital District

M

Macedonia-Eylau Municipal Utility District — Bowie County
Mackenzie Municipal Water Authority — Briscoe County
Madison County
Madison County Appraisal District
Marion-Cass Soil & Water Conservation District
Marion County
Marion County Appraisal District
Marshall-Harrison County Health District
Martin County
Martin County Appraisal District
Mason County
Mason County Soil & Water Conservation District #223
Matagorda County
Matagorda County Drainage District
Matagorda County Hospital District
Matagorda County Navigation District #1
Maverick County
Maverick County Hospital District
Maverick County Water Control & Improvement District #1
McCamey County Hospital District
McCulloch County
McCulloch County Appraisal District
McLennan County
McLennan County 911 Emergency Assistance District
McLennan County Appraisal District
McLennan County Water Control & Improvement District #2
McMullen County
Medical Arts Hospital — Dawson County
Medina County
Medina County 911 District

Medina County Appraisal District
Memorial Medical Center — Calhoun County
Menard County
Mesa Underground Water Conservation District
Middle Rio Grande Development Council
Midland Central Appraisal District
Midland County
Midland Emergency Communication District
Milam Appraisal District
Milam County
Mills Central Appraisal District
Mills County
Mitchell County
Mitchell County Appraisal District
Monahans Housing Authority
Montague County
Montague County Tax Appraisal District
Montgomery Central Appraisal District
Montgomery County
Montgomery County Emergency Communication District
Montgomery County Emergency Service District #1
Montgomery County Emergency Service District #3
Montgomery County Emergency Service District #8
Montgomery County Hospital District
Montgomery County Housing Authority
Moore County
Moore County Appraisal District
Moore County Hospital District
Morris County
Mustang Special Utility District

N

Nacogdoches County
Navarro Central Appraisal District
Navarro County
Newton Central Appraisal District
Newton County
Nolan County
North Central Texas Municipal Water Authority
North Hunt Special Utility District
North Plains Groundwater Conservation District
North Texas Tollway Authority
Northeast Texas Municipal Water District
Northeast Texas Public Health District
Nueces County
Nueces County Appraisal District
Nueces County Drainage District #2
Nueces County Emergency Services District #2
Nueces County Water Control & Improvement District #3
Nueces County Water Control & Improvement District #4

O

Ochiltree County
Oldham County
Oldham County Appraisal District
Orange County
Orange County Appraisal District
Orange County Drainage District
Orange County Emergency Services District #1
Orange County Emergency Services District #2
Orange County Navigation & Port District
Orange County Water Control & Improvement District #1

P

Palo Duro River Authority
Palo Pinto Appraisal District
Palo Pinto County
Panola County
Parker County
Parker County Appraisal District
Parker County Emergency Services District #1
Parker County Hospital District
Parker County Special Utility District
Parmer County
Parmer County Appraisal District
Pecan Valley Groundwater Conservation District
Pecos County
Pecos County Appraisal District
Pecos County Water Control & Improvement District #1
Permian Basin Regional Planning Commission
Permian Regional Medical Center
Pineywoods Groundwater Conservation District
Polk Central Appraisal District
Polk County
Polk County Fresh Water Supply District #2
Port of Bay City Authority
Port of Beaumont Navigation District
Port of Corpus Christi Authority
Port of Port Arthur Navigation District
Post Oak Savannah Groundwater Conservation District
Potter County
Potter-Randall County Emergency Communications District
Presidio Appraisal District
Presidio County

R

Rains County
Rains County Appraisal District
Randall County
Randall County Appraisal District
Rankin County Hospital District — Upton County
Reagan County
Reagan Hospital District
Real County
Red Bluff Water Power Control District — Reeves County
Red River Appraisal District
Red River Authority — Wichita County
Red River County
Red River County Soil & Water Conservation District
Reeves County
Reeves County Appraisal District
Reeves County Hospital District
Refugio County
Refugio County Drainage District #1
Refugio Groundwater Conservation District
Rio Grande Council of Governments
Roberts County
Robertson County
Robertson County Appraisal District
Rockwall Central Appraisal District
Rockwall County
Runnels County
Rusk County
Rusk County Appraisal District
Rusk County Groundwater Conservation District

S

Sabine County
Sabine County Appraisal District
Sabine-Neches Navigation District of Jefferson County
Sabine Pass Port Authority
San Augustine County
San Jacinto County
San Jacinto County Appraisal District
San Patricio County
San Patricio County Appraisal District
San Patricio County Drainage District
San Patricio County Navigation District
San Patricio Municipal Water District
San Saba County
Santo Special Utility District
Schleicher County
Scurry County
Scurry County Appraisal District

Scurry County Hospital District
Shackelford County
Shackelford County Appraisal District
Shelby County
Shelby County Appraisal District
Sherman County
Sherman County Appraisal District
Smith County
Smith County 911 Communications District
Smith County Appraisal District
Somervell County
Somervell County Central Appraisal District
Somervell County Water District
South Plains Association of Governments
South Rains Special Utility District
South Texas Development Council
Southeast Texas Groundwater Conservation District
Starr County
Starr County Appraisal District
Stephens County
Stephens County Tax Appraisal District
Sterling County
Sterling County Appraisal District
Stonewall County
Stonewall County Appraisal District
Stonewall Memorial Hospital District
Stratford Hospital District — Sherman County
Sutton County
Sutton County Hospital District
Swisher County
Swisher County Appraisal District

T

Tarrant Appraisal District
Tarrant County
Tarrant County 911 Emergency Assistance District
Tax Appraisal District of Cottle County
Taylor County
Terrell County
Terrell County Water Control & Improvement District #1
Terry County
Terry Memorial Hospital District
Texas Association of Counties
Texas County & District Retirement System
Texas Eastern 911 Network
Throckmorton County
Titus County
Titus County Appraisal District
Titus County Fresh Water Supply District
Tom Green County
Travis Central Appraisal District
Travis County
Travis County Emergency Services District #1 North Lake Travis Fire & Rescue
Travis County Emergency Services District #4
Travis County Water Control & Improvement District—Point Venture
Tri-County Special Utility District
Trinity Bay Conservation District
Trinity County
Trinity County Appraisal District
Trophy Club Municipal Utility District #1
Two Way Special Utility District
Tyler County
Tyler County Appraisal District

U

United Irrigation District — Hidalgo County
Upper Brushy Creek Water Control & Improvement District
Upper Trinity Groundwater Conservation District
Upshur County
Upton County
Upton County Appraisal District
Uvalde County

V

Val Verde County
Valley Municipal Utility District #2 — Cameron County
Valwood Improvement Authority — Dallas County
Van Zandt County
Van Zandt County Appraisal District
Velasco Drainage District — Brazoria County
Victoria County
Victoria County Drainage District #3
Victoria County Groundwater Conservation District

W

Walker County
Walker County Special Utility District
Waller County
Waller County Appraisal District
Ward County
Ward County Central Appraisal District
Ward Memorial Hospital
Washington County
Webb County
Webb County Appraisal District
West Central Texas Council of Governments
West Central Texas Municipal Water District
West Jefferson County Municipal Water District
West Nueces-Las Moras Soil & Water Conservation District #236
Wharton County
Wharton County Water Control & Improvement District #1
Wharton County Water Control & Improvement District #2
Wheeler County
Wheeler County Appraisal District
White River Municipal Water District — Dickens County
Wichita Appraisal District
Wichita County
Wichita County Water Improvement District #2
Wichita-Wilbarger 911 District
Wickson Creek Special Utility District — Brazos County
Wilbarger County
Wilbarger County Appraisal District
Wilbarger County Hospital District
Willacy County
Willacy County Appraisal District
Willacy County Housing Authority
Williamson Central Appraisal District
Williamson County
Williamson County Emergency Services District #3
Williamson County Emergency Services District #5
Wilson County
Wilson County Appraisal District
Winkler County
Winkler County Appraisal District
Wintergarden Groundwater Conservation District
Wise County
Wise County Appraisal District
Wood County
Wood County Appraisal District

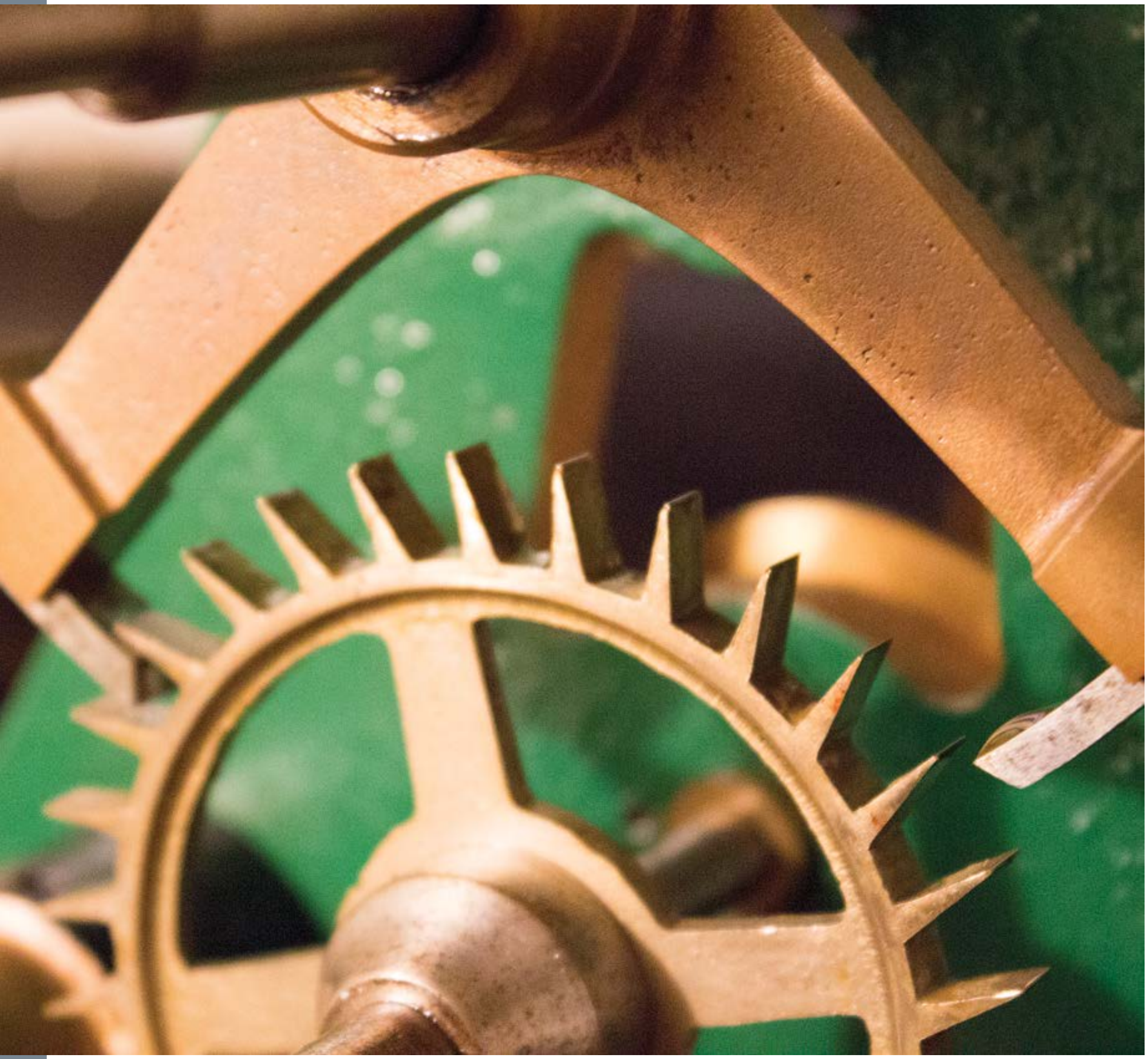
Y

Yoakum County
Yoakum County Appraisal District
Young County

Z

Zapata County
Zapata County Appraisal District
Zavala County
Zavala County Appraisal District

2 FINANCIAL



The Caldwell County Courthouse was restored in 1994 after a 10-year fundraising effort by local citizens. An almost identical 1917 Seth Thomas Clock Company mechanism that was cleaned and polished to new condition replaced the original clockwork. The courthouse and its iconic clock tower are ready for another century of service.

SERVICE

At TCDRS, we're proud to serve the employees and retirees of Texas' counties and districts that define the unique character of the Lone Star State. Our members are nurses, mechanics, road crew workers, sheriffs and judges. They all have one thing in common; their jobs make our communities better by providing valuable services.

KPMG LLP
Suite 1900
111 Congress Avenue
Austin, TX 78701-4091

Independent Auditors' Report

The Board of Trustees
Texas County & District Retirement System

We have audited the accompanying statements of fiduciary net position of the Texas County & District Retirement System (TCDRS), as of December 31, 2014 and 2013, and the related statements of changes in fiduciary net position for the years then ended and the related notes to the financial statements, which collectively comprise TCDRS' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, 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 financial statements 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Texas County & District Retirement System as of December 31, 2014 and 2013, and the changes in fiduciary net position for the years then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note A to the financial statements, in 2014 TCDRS adopted the provisions of Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans.* Our opinion is not modified with respect to this matter.

KPMG

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis, Schedules of Funding Progress and Employer Contributions for the Group Term Life Insurance Fund, and Schedule of Money-Weighted Rates of Return on pages 22-25 and 41 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise TCDRS' basic financial statements. The Introductory Section on pages 6-18, Other Supplementary Information – Changes in Fiduciary Net Position by Fund and Interfund Transfers, Changes in Endowment Fund, Changes in Income Fund, Administrative Revenues and Expenses, Investment Expenses and Professional/Consultant Fees and Services on pages 42-48, the Investment Section on pages 50-58, the Actuarial Section on pages 60-74 and the Statistical Section on pages 76-82 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary Information – Changes in Fiduciary Net Position by Fund and Interfund Transfers, Changes in Endowment Fund, Changes in Income Fund, Administrative Revenues and Expenses, Investment Expenses and Professional/Consultant Fees and Services are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Other Supplementary Information – Changes in Fiduciary Net Position by Fund and Interfund Transfers, Changes in Endowment Fund, Changes in Income Fund, Administrative Revenues and Expenses, Investment Expenses and Professional/Consultant Fees and Services are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory, Actuarial, and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

KPMG LLP

Austin, Texas
June 1, 2015

FINANCIAL

INTRODUCTION

This section provides an overview and analysis of the system's financial position and performance, focusing on the current year's results, changes in those results (including three-year trends), and other currently known information. Readers are encouraged to consider this information in conjunction with information provided in other areas of the Financial Section, as well as information presented in the Letter of Transmittal in the Introductory Section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of the Statements of Fiduciary Net Position, Statements of Changes in Fiduciary Net Position and the Notes to the Financial Statements. Required Supplementary Information and Other Supplementary Information are also presented.

- **The Statements of Fiduciary Net Position** report the assets less liabilities and the resulting net position restricted for pension or insurance benefits at the end of 2014, compared to 2013.
- **The Statements of Changes in Fiduciary Net Position** report the transactions that occurred during 2014 and 2013 for which additions less deductions equal the net increase or decrease in fiduciary net position.
- **Notes to the Financial Statements** include additional information not readily evident in the statements themselves. The notes are considered essential to a full understanding of the information provided in the financial statements.
- **Required Supplementary Information** provides the money-weighted rate of return information. In addition, there is historical funding progress and employer contributions information for the Group Term Life Fund.
- **Other Supplementary Information** provides detailed information, including activity by fund, administrative and investment expenses, and professional and consultant fees and services. These schedules support summary data presented in the basic financial statements.

TCDRS operates two trusts, both of which are accounted for as fiduciary funds. The Pension Trust Fund accounts for and provides retirement, disability and survivor benefits to the employees of participating employers. The Group Term Life Fund (GTLF or Group Term Life) provides a program of group term life insurance for the employees and, if covered, retirees of electing employers. No assets of the Pension Trust Fund may be used to pay any insurance benefit due from the GTLF, nor may assets of the GTLF be used to pay any benefit due from the Pension Trust Fund. Discussion and analysis is provided separately for each of the two trusts.

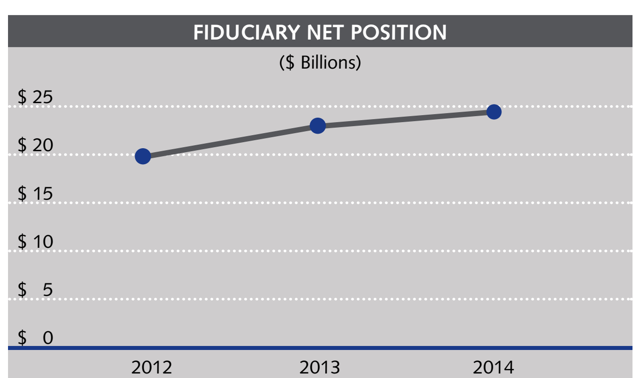
The Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position show financial information for both the Pension Trust Fund and the GTLF.

FINANCIAL ANALYSIS: PENSION TRUST FUND

The Pension Trust Fund is comprised of six individual funds, each with a specific operational purpose. Note A in the Notes to the Financial Statements has additional information about each of these funds.

Summary information about fiduciary net position and the changes in fiduciary net position showing comparative detail for 2014, 2013 and 2012 is presented on page 23.

Net position (the amount that assets exceed liabilities) restricted for pensions at year end 2014 totaled $24.72 billion. The 2013 amount was $23.15 billion and for 2012 was $19.89 billion. The increase in fiduciary net position in 2014 was $1.57 billion, in 2013 was $3.26 billion, and in 2012 was $2.26 billion.



SUMMARY INFORMATION ABOUT FIDUCIARY NET POSITION

Pension Trust Fund
($ Millions)

	Dec. 31, 2014	2013	2012	2014 – 2013 $ Change	2014 – 2013 % Change	2013 – 2012 $ Change	2013 – 2012 % Change
Assets							
Investments, at Fair Value	$ 24,618	$ 23,049	$ 19,779	$ 1,569	6.8%	$ 3,270	16.5%
Invested Securities-Lending Collateral	41	48	80	(7)	(14.6)	(32)	(40.0)
Receivables, Cash and Cash Equivalents, Other	129	132	136	(3)	(2.3)	(4)	(2.9)
Capital Assets, Net	17	16	15	1	6.3	1	6.7
Total Assets	**24,805**	**23,245**	**20,010**	**1,560**	**6.7**	**3,235**	**16.2**
Liabilities							
Securities-Lending Collateral	41	48	80	(7)	(14.6)	(32)	(40.0)
Other Liabilities	49	51	45	(2)	(3.9)	6	13.3
Total Liabilities	**90**	**99**	**125**	**(9)**	**(9.1)**	**(26)**	**(20.8)**
Net Position Restricted for Pensions	**$ 24,715**	**$ 23,146**	**$ 19,885**	**$ 1,569**	**6.8%**	**$ 3,261**	**16.4%**

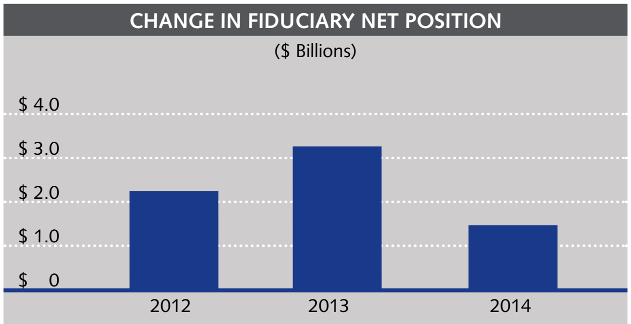
Due to rounding, totals and detail may not equal. Percentages shown are based on rounded amounts and may differ slightly from actual.

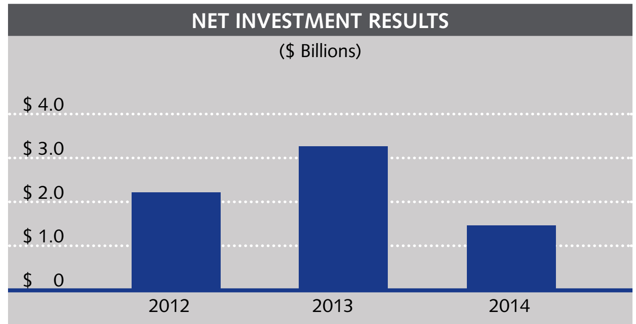
SUMMARY INFORMATION ABOUT CHANGES IN FIDUCIARY NET POSITION

Pension Trust Fund
($ Millions)

	Years Ended Dec. 31, 2014	2013	2012	2014 – 2013 $ Change	2014 – 2013 % Change	2013 – 2012 $ Change	2013 – 2012 % Change
Additions							
Employee Deposits	$ 383	$ 367	$ 353	$ 16	4.4%	$ 14	4.0%
Employer Contributions	684	644	584	40	6.2	60	10.3
Net Investment Results	1,568	3,240	2,212	(1,672)	(51.6)	1,028	46.5
Other Income	2	2	2	0	0.0	0	0.0
Total Additions	**2,637**	**4,253**	**3,151**	**(1,616)**	**(38.0)**	**1,102**	**35.0**
Deductions							
Benefits Paid	964	880	790	84	9.5	90	11.4
Withdrawals	82	91	82	(9)	(9.9)	9	11.0
Administrative Expenses	18	18	17	0	0.0	1	5.9
Other Expenses	4	3	3	1	33.3	0	0.0
Total Deductions	**1,068**	**992**	**892**	**76**	**7.7**	**100**	**11.2**
Net Increase (Decrease) in Fiduciary Net Position	**1,569**	**3,261**	**2,259**	**(1,692)**	**(51.9)**	**1,002**	**44.4**
Net Position Restricted for Pensions	**$ 24,715**	**$ 23,146**	**$ 19,885**	**$ 1,569**	**6.8%**	**$ 3,261**	**16.4%**

Due to rounding, totals and detail may not equal. Percentages shown are based on rounded amounts and may differ slightly from actual.



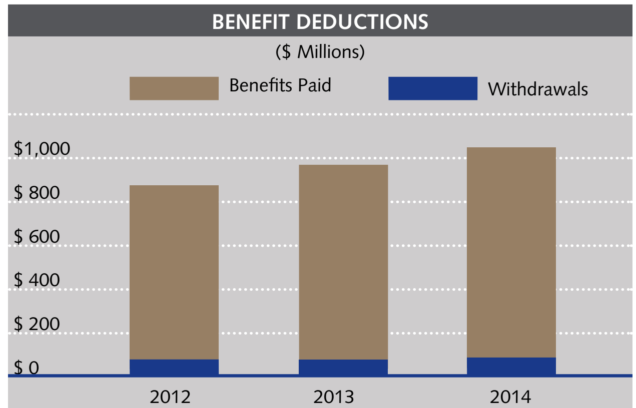


The increase in 2014 fiduciary net position was primarily due to net investment income of $1.57 billion — a 6.8% overall return, net of all fees. Net investment results for 2014 consist of the appreciation in fair value of investments of $1.5 billion, $101 million in interest and dividends, and net income from securities-lending activity of $2 million less $36 million of investment activity expenses. Net investment income in 2013 was $3.24 billion and in 2012 was $2.21 billion.

Most asset classes generated positive returns in 2014, except international equities and commodities. The results from investing activities for all asset classes, net of all fees, are presented on page 53.

Additions to fiduciary net position in 2014 also included $383 million in employee deposits and $684 million in employer contributions. Employee deposits increased $16 million and employer contributions rose $40 million over 2013 amounts. In 2013, employee deposits increased by $14 million and employer contributions increased by $60 million. Together, employee deposits and employer contributions increased during 2014 by 5.5% and in 2013 by 7.9% over the previous year's amounts.

Deductions for benefits paid and withdrawals for 2014 were $1.05 billion, a 7.8% increase over the previous year. These deductions for 2013 were $971 million, an 11.4% increase over 2012. These deductions for 2012 were $872 million, a 9.4% increase over 2011. Higher deductions in 2014 and 2013 were due to several factors, including increases in the number of retiree and beneficiary accounts in 2014 (a 6.7% increase) and in 2013 (a 6.5% increase) along with higher average benefits. Withdrawals declined 9.9% in 2014 and increased 11.0% in 2013.



OTHER CURRENTLY KNOWN INFORMATION: PENSION TRUST FUND

TCDRS' investment return for 2014 was 6.8%, net of all fees, which exceeded its policy benchmark return of 4.7% by 2.1%.

FINANCIAL ANALYSIS: GROUP TERM LIFE FUND (GTLF)

The GTLF provides an optional program of group term life insurance for the employees and, if covered, retirees of electing employers. An actuarial valuation is performed annually to determine employers' premium rates and to maintain adequate funding over the long term. Based on actuarial analysis, the amount of fiduciary net position is expected to be sufficient to cover any adverse experience that may occur.

Summary information about fiduciary net position and the changes in fiduciary net position showing comparative detail for 2014, 2013 and 2012 is presented on the facing page.

The net position restricted for insurance benefits at year end 2014 was $26.4 million, an increase of $1.6 million (6.5%) over the 2013 amount. The increase is due to an interest allocation of $1.7 million. For the year ended Dec. 31, 2014, employer premiums rose $0.3 million (7.3%), while insurance benefits increased $0.3 million (7.4%).

At year end 2013, the net position restricted for insurance benefits was $24.8 million, which was an increase of $1.5 million (6.5%) over the 2012 amount. For the year ended Dec. 31, 2013, employer premiums rose by $0.2 million while insurance benefits increased $0.4 million due to a 23% increase in the number of retiree deaths.

REQUESTS FOR INFORMATION

This annual report is designed to provide a general overview of TCDRS' finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to TCDRS, Finance Division, P.O. Box 2034, Austin, Texas 78768-2034.

SUMMARY INFORMATION ABOUT FIDUCIARY NET POSITION

Group Term Life Fund

	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012	2014 – 2013 $ Change	2014 – 2013 % Change	2013 – 2012 $ Change	2013 – 2012 % Change
Total Assets	$ 26,793,739	$ 25,423,439	$ 23,962,919	$ 1,370,300	5.4%	$ 1,460,520	6.1%
Total Liabilities	371,046	613,284	663,146	(242,238)	(39.5)	(49,862)	(7.5)
Net Position Restricted for Benefits	**$ 26,422,693**	**$ 24,810,155**	**$ 23,299,773**	**$ 1,612,538**	**6.5%**	**$ 1,510,382**	**6.5%**

SUMMARY INFORMATION ABOUT CHANGES IN FIDUCIARY NET POSITION

Group Term Life Fund

	Years Ended Dec. 31, 2014	Years Ended Dec. 31, 2013	Years Ended Dec. 31, 2012	2014 – 2013 $ Change	2014 – 2013 % Change	2013 – 2012 $ Change	2013 – 2012 % Change
Additions							
Employer Premiums	$ 4,510,866	$ 4,203,456	$ 3,949,356	$ 307,410	7.3%	$ 254,100	6.4%
Income Allocation from Pension Trust Fund	1,738,911	1,625,589	1,524,820	113,322	7.0	100,769	6.6
Total Additions	**6,249,777**	**5,829,045**	**5,474,176**	**420,732**	**7.2**	**354,869**	**6.5**
Deductions							
Insurance Benefits	4,637,239	4,318,663	3,878,859	318,576	7.4	439,804	11.3
Total Deductions	**4,637,239**	**4,318,663**	**3,878,859**	**318,576**	**7.4**	**439,804**	**11.3**
Net Increase (Decrease) in Fiduciary Net Position	**1,612,538**	**1,510,382**	**1,595,317**	**102,156**	**6.8**	**(84,935)**	**(5.3)**
Net Position Restricted for Benefits	**$ 26,422,693**	**$ 24,810,155**	**$ 23,299,773**	**$ 1,612,538**	**6.5%**	**1,510,382**	**6.5%**

STATEMENTS OF FIDUCIARY NET POSITION

	Dec. 31, 2014			Dec. 31, 2013		
	Pension Trust Fund	Group Term Life Fund	Total	Pension Trust Fund	Group Term Life Fund	Total
ASSETS						
Cash and Cash Equivalents	$ 26,616,754	$ —	$ 26,616,754	$ 30,404,150	$ —	$ 30,404,150
Receivables:						
Contributions	83,736,203	—	83,736,203	77,776,056	—	77,776,056
Investment Interest and Dividends	18,397,930	—	18,397,930	18,379,755	—	18,379,755
Securities-Lending Interest	231,148	—	231,148	193,854	—	193,854
Foreign Currency & Exchange Contracts	265,781	—	265,781	4,494,363	—	4,494,363
Employer Premiums	—	205,519	205,519	—	207,827	207,827
Other	182,936	—	182,936	365,575	—	365,575
Total Receivables	102,813,998	205,519	103,019,517	101,209,603	207,827	101,417,430
Prepaid Expenses and Other Assets	224,096	—	224,096	365,095	—	365,095
Investments, at Fair Value:						
U.S. Equities	4,895,945,348	—	4,895,945,348	5,103,865,956	—	5,103,865,956
International Equities	4,395,179,639	—	4,395,179,639	3,962,003,385	—	3,962,003,385
Global Equities	489,629,627	—	489,629,627	416,506,302	—	416,506,302
Hedge Funds	6,153,679,967	—	6,153,679,967	5,676,314,651	—	5,676,314,651
High-Yield Investments	3,451,647,583	—	3,451,647,583	3,025,912,619	—	3,025,912,619
Private Equity	2,231,642,975	—	2,231,642,975	1,765,621,656	—	1,765,621,656
REITs	514,283,980	—	514,283,980	663,965,637	—	663,965,637
Master Limited Partnerships	559,520,364	—	559,520,364	468,771,784	—	468,771,784
Private Real Estate Partnerships	468,717,458	—	468,717,458	340,064,479	—	340,064,479
Commodities	327,535,599	—	327,535,599	334,902,325	—	334,902,325
TIPS	49,381,201	—	49,381,201	47,728,844	—	47,728,844
Investment-Grade Bonds	995,121,734	—	995,121,734	1,121,361,520	—	1,121,361,520
Cash and Cash Equivalents	85,535,716	—	85,535,716	121,976,337	—	121,976,337
Total Investments	24,617,821,191	—	24,617,821,191	23,048,995,495	—	23,048,995,495
Invested Securities-Lending Collateral	40,774,522	—	40,774,522	48,152,753	—	48,152,753
Funds Held by Pension Trust Fund	—	26,588,220	26,588,220	—	25,215,612	25,215,612
Capital Assets, Net	17,347,160	—	17,347,160	15,815,410	—	15,815,410
Total Assets	**24,805,597,721**	**26,793,739**	**24,832,391,460**	**23,244,942,506**	**25,423,439**	**23,270,365,945**
LIABILITIES						
Accounts and Investments Payable	23,076,512	—	23,076,512	25,617,768	—	25,617,768
Insurance Benefits Payable	—	371,046	371,046	—	613,284	613,284
Funds Held for Group Term Life Fund	26,588,220	—	26,588,220	25,215,612	—	25,215,612
Securities-Lending Collateral	40,774,522	—	40,774,522	48,152,753	—	48,152,753
Total Liabilities	**90,439,254**	**371,046**	**90,810,300**	**98,986,133**	**613,284**	**99,599,417**
Net Position Restricted for Benefits	**$ 24,715,158,467**	**$ 26,422,693**	**$ 24,741,581,160**	**$ 23,145,956,373**	**$ 24,810,155**	**$ 23,170,766,528**

See accompanying Notes to the Financial Statements.

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

	Year Ended Dec. 31, 2014			Year Ended Dec. 31, 2013		
	Pension Trust Fund	Group Term Life Fund	Total	Pension Trust Fund	Group Term Life Fund	Total
ADDITIONS						
Contributions and Deposits						
Employee Deposits	$ 383,186,524	$ —	$ 383,186,524	$ 367,313,130	$ —	$ 367,313,130
Employer Contributions	684,212,315	—	684,212,315	644,462,694	—	644,462,694
Employer Premiums	—	4,510,866	4,510,866	—	4,203,456	4,203,456
Total	1,067,398,839	4,510,866	1,071,909,705	1,011,775,824	4,203,456	1,015,979,280
Investment Income						
From Investment Activities						
Net Appreciation in Fair Value of Investments	1,501,262,812	—	1,501,262,812	3,137,612,454	—	3,137,612,454
Interest and Dividends	101,371,295	—	101,371,295	133,168,922	—	133,168,922
Total Investment Activity Income	1,602,634,107	—	1,602,634,107	3,270,781,376	—	3,270,781,376
Less Investment Activity Expenses	36,460,292	—	36,460,292	33,486,227	—	33,486,227
Net Income from Investment Activities	1,566,173,815	—	1,566,173,815	3,237,295,149	—	3,237,295,149
From Securities-Lending Activities						
Securities-Lending Income	2,490,425	—	2,490,425	2,450,964	—	2,450,964
Less Securities-Lending Expenses:						
Borrower Rebates and Management Fees	3,533	—	3,533	(48,847)	—	(48,847)
Net Income from Securities-Lending Activities	2,486,892	—	2,486,892	2,499,811	—	2,499,811
Total Net Investment Income	1,568,660,707	—	1,568,660,707	3,239,794,960	—	3,239,794,960
Building Operations and Miscellaneous Income	1,588,730	—	1,588,730	1,524,722	—	1,524,722
Income Allocation from Pension Trust Fund	—	1,738,911	1,738,911	—	1,625,589	1,625,589
Total Additions	**2,637,648,276**	**6,249,777**	**2,643,898,053**	**4,253,095,506**	**5,829,045**	**4,258,924,551**
DEDUCTIONS						
Benefits Paid	964,456,438	—	964,456,438	879,946,561	—	879,946,561
Withdrawals	82,202,752	—	82,202,752	91,018,703	—	91,018,703
Terminating Employers' SAF Refunds	—		—	46,835		46,835
Insurance Benefits	—	4,637,239	4,637,239	—	4,318,663	4,318,663
Interest Allocation to Group Term Life Fund	1,738,911	—	1,738,911	1,625,589	—	1,625,589
Administrative and Building Operations Expenses	20,048,081	—	20,048,081	19,816,891	—	19,816,891
Total Deductions	**1,068,446,182**	**4,637,239**	**1,073,083,421**	**992,454,579**	**4,318,663**	**996,773,242**
Net Increase in Net Position	**1,569,202,094**	**1,612,538**	**1,570,814,632**	**3,260,640,927**	**1,510,382**	**3,262,151,309**
Net Position Restricted for Benefits:						
Beginning of Year	**23,145,956,373**	**24,810,155**	**23,170,766,528**	**19,885,315,446**	**23,299,773**	**19,908,615,219**
End of Year	**$ 24,715,158,467**	**$ 26,422,693**	**$ 24,741,581,160**	**$ 23,145,956,373**	**$ 24,810,155**	**$ 23,170,766,528**

See accompanying Notes to the Financial Statements.

FINANCIAL

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Texas County & District Retirement System (TCDRS or system) was created in 1967 by the Texas Legislature. The system partners with Texas counties and districts to provide their employees with retirement, disability and survivor benefits. TCDRS is governed by the Texas Legislature and overseen by an independent board of trustees, which is responsible for the administration of the system. TCDRS does NOT receive state funding. Each plan is funded independently by the county or district, its employees and by investment earnings.

The TCDRS Board of Trustees provides leadership for the system, which serves more than 255,000 TCDRS members and retirees. Our independent, nine-member board is comprised of system members and retirees appointed by the governor and confirmed by the Texas Senate. TCDRS trustees serve staggered six-year terms and have oversight of all system operations, including the annual budget, policy determination, legislative proposals and investment policy. The board appoints a director to manage the day-to-day operations of TCDRS and an investment officer to oversee TCDRS investments.

The financial statements of TCDRS have been prepared to conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The accompanying financial statements report the operations of TCDRS, which consists of two fiduciary funds: the Pension Trust Fund and the Group Term Life Fund (GTLF). The Pension Trust Fund is used to provide retirement, survivor, disability and withdrawal benefits and to pay the operating expenses of the system. The GTLF is used to operate a voluntary program of group term life insurance benefits.

New Accounting Pronouncements

In 2012, GASB issued two pronouncements that affect pension plans and state and local government employers that sponsor pension plans for their employees. These statements resulted in significant changes for TCDRS and its participating employers.

GASB Statement No. 67, *Financial Reporting for Pension Plans*, was issued June 2012 and is effective for fiscal years beginning after June 15, 2013. This statement amends GASB Statement No. 25 and GASB Statement No. 50, as they relate to pension plans administered through trusts that meet certain criteria. This statement establishes standards for financial reporting and amends note disclosure and supplemental information requirements for defined benefit pension plans administered through qualified trusts. The requirements of this statement have been implemented in 2014.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, was issued June 2012 and is effective for fiscal years beginning after June 15, 2014. This statement amends GASB Statement No. 27 and GASB Statement No. 50, as they relate to governmental employers that provide pensions through trusts. This statement establishes procedures for measuring and recognizing the obligations associated with pensions as well as identifies methods for attributing the associated costs to the appropriate period as they are earned over an employee's career. Also included in this statement are amendments to the note and required supplementary information requirements, as well as details to address special funding situations.

In 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The statement addresses contributions made by a state or local government employer after the measurement date of the government's beginning net pension liability. Contributions made between the measurement date of the beginning net pension liability and the end of the employers' fiscal year end are to be recognized as deferred outflow of resources.

Basis of Accounting

The system's funds are maintained on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred, regardless of when payment is made. Employee deposits and employer contributions are recognized in the period the employer reports compensation for its employees pursuant to statutory requirements. Benefit payments are recognized when due and payable in accordance with the plans' terms.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The system invests in a diversified portfolio of assets. Investments, in general, are exposed to various risks, such as interest rate, credit and market volatility. It is possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Basis of Presentation

TCDRS maintains separate funds and accounts in accordance with the TCDRS Act. This is done to help ensure observance of limitations and restrictions on the use of resources available to TCDRS.

In the Pension Trust Fund, the assets of all employer plans are pooled for investment purposes. However, each employer's plan is accounted for separately, so that each employer's assets are used only for the funding of its individual plan.

The costs of administering TCDRS are paid from investment earnings and general reserves of the pooled assets of all plans.

The TCDRS Act requires that all assets of the retirement system be credited to one of the following funds and accounts, according to the purpose for which they are held:

Employees Saving Fund

The Employees Saving Fund (ESF) contains an account for each member. Each account is increased as a member makes deposits and as interest is allocated. Accounts are reduced for payments due to withdrawal or death, and by retirement.

Subdivision Accumulation Fund

The Subdivision Accumulation Fund (SAF) receives employer contributions and contains an account for each participating employer to fund retirement benefits. An account is increased as an employer makes contributions. Annually, the board decides on the income allocation to each employer's SAF balance. Employer accounts increase if there is a positive allocation of earnings; accounts decrease if there is a negative allocation. When an employee retires, an amount equal to the employee's account balance is transferred to the Current Service Annuity Reserve Fund (CSARF) for the purpose of funding the employee's benefits. If the employer provides retirement benefits in excess of the basic benefit, then the account is also reduced monthly by the amount of the additional benefit payments.

Current Service Annuity Reserve Fund

The CSARF receives employee account balances and employer matching funds when an employee chooses to retire, and annual interest. It maintains all funds reserved for basic benefits granted and in force, and is reduced by all such benefit payments.

Endowment Fund

The Endowment Fund contains accounts that hold the general reserves of the system, inactive accounts from the ESF and reserves to transfer to the Expense Fund for subsequent year operating expenses. Refer to the schedule of Changes in Endowment Fund on page 44.

General reserves are maintained in the Endowment Fund to keep rates stable and to help offset future adverse experience. The Endowment Fund may increase or decrease based on allocation decisions to or from the general reserves by the board of trustees.

Income Fund

All investment income is credited to the Income Fund. It accounts for investment earnings and expenses, and annual allocations to other funds. The fund is reduced by investment expenses and by the statutory allocation of interest to the ESF, CSARF and GTLF. In addition, the board makes an allocation to the SAF.

If any excess exists after all allocations are made, the remainder is transferred to the Endowment Fund. Refer to the Changes in Income Fund schedule on page 45 for additional information.

Expense Fund

TCDRS pays administrative and investment operating expenses from this fund. As mentioned in the Endowment Fund and the Income Fund, operating expenses are financed from general reserves at the beginning of the year, and the Income Fund finances the investment expenses by reimbursing the Expense Fund.

The Group Term Life Fund reports the net position available to pay insurance benefits for covered participants. Premiums paid by employers and an annual allocation are added to the fund, while insurance benefits are paid from the fund.

Investments

Investments consist of a diversified portfolio, including equities, hedge funds, high-yield investments, private equity, real assets and investment-grade bonds along with cash and cash equivalents. The portfolio is further diversified within each of the asset classes.

Investment purchases and sales are recorded as of their trade dates. Investments are reported at fair value, and are primarily valued on the basis of market valuations provided by FT Interactive Data. Government securities (including TIPS) and other fixed-income securities are priced using a matrix methodology. REIT investments are priced using their primary exchange closing price. U.S. and international commingled equity investments, commodities, absolute return investments, private equity and private real estate partnerships are valued based on the net asset value provided by the respective investment company or partnership. Security transactions and any resulting gains or losses are accounted for by the specific identification method on a trade-date basis.

For the years ended Dec. 31, 2014 and 2013, the annual money-weighted rate of return on investments, net of investment expenses, was 6.84% and 16.39%, respectively. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested. In the Required Supplementary Information is a table of the annual money-weighted rates of return for the 10-year period ended Dec. 31, 2014.

Capital Assets

Capital assets, which consist of land, building and improvements, software, and equipment and furniture are reported at historical cost and are depreciated on a straight-line basis over the estimated useful lives. TCDRS has elected to capitalize items that individually exceed $5,000. The estimated useful lives for building and improvements range from 20 to 40 years, for furniture and components 10 years, for office equipment 3 to 5 years, for computer software 3 to 5 years, and for tenant improvements 2 to 12 years.

B: PLAN DESCRIPTION

Pension Trust Fund

TCDRS is a statewide, agent multiple-employer, public-employee retirement system. The system serves 677 actively participating counties and districts throughout Texas. Each employer maintains its own customized plan of benefits. Plan provisions are adopted by the governing body of each employer, within the options available in the TCDRS Act. Because of that, employers have the flexibility and local control to select benefits and pay for those benefits based on their needs and budgets.

Each employer has a defined benefit plan that functions similarly to a cash balance plan. The assets of the plans are pooled for investment purposes, but each employer's plan assets may be used only for the payment of benefits to the members of that employer's plan. In accordance with Texas law, it is intended that the pension plan be construed and administered in a manner that the retirement system will be considered qualified under Section 401(a) of the Internal Revenue Code. All employees (except temporary staff) of a participating employer must be enrolled in the plan. Membership in TCDRS as of Dec. 31, 2014 and 2013 is summarized in Table 1.

Benefits

A percentage of each employee's paycheck is deposited into his or her TCDRS account. That percentage (from 4% to 7%) is set by the employer.

The employee's savings grow, by law, at a rate of 7%, compounded annually. The employer selects a matching rate — at least "dollar for dollar," up to $2.50 per $1.00 in the employee's account. At retirement, the employee's account balance is combined with employer matching and converted into a lifetime monthly benefit.

Employees receive a month of service time for each month that they make a deposit into their account. The amount of service an employee needs to earn a future benefit is called the vesting requirement. When an employee is vested, he

TABLE 1: MEMBERSHIP

Dec. 31,	2014	2013
Pension Trust Fund:		
Annuitants	**53,169**	**49,820**
Terminated Employees' Accounts:		
Vested	18,111	17,515
Nonvested	61,360	55,945
Total	**79,471**	**73,460**
Current Employees' Accounts:		
Vested	61,896	60,321
Nonvested	63,964	64,204
Total	**125,860**	**124,525**
Number of Plans:		
Counties	252	252
Districts	425	404
Inactive Plan	1	1
Total	**678**	**657**
Group Term Life Fund:		
Annuitants	**7,216**	**6,723**
Terminated Employees:		
Vested	**5,569**	**5,285**
Current Employees:		
Vested	15,953	15,417
Nonvested	17,441	17,701
Total	**33,394**	**33,118**
Number of Plans:		
Counties	125	125
Districts	164	154
Total	**289**	**279**

or she has the right to a monthly benefit, which includes employer matching, at age 60 or older. Employers may choose 5-, 8- or 10-year vesting. In addition, employees may retire before age 60 if they meet one of the following requirements, set by the employer:

- **"Rule of" eligibility:** Under these rules, a vested employee can retire if their age plus years of service time add up to at least 75 or 80.
- **20-year or 30-year retirement at any age:** This lets employees retire when they have at least 20 or 30 years of service time.

Retirees elect to receive their lifetime benefit by choosing one of seven actuarially equivalent payment options, which are detailed on page 69.

Employers may elect to provide other optional benefits. Prior service gives employees monetary credit for time worked for an organization before it joined the system. Buybacks allow current employees to re-establish a closed TCDRS account from previous service with an employer. Partial lump-sum payments at retirement allow employees to withdraw part of their TCDRS account balance as a lump sum at retirement with a reduced monthly benefit.

In addition, an employer may choose to adopt a cost-of-living adjustment (COLA) for its retirees. This adjusts retiree benefits to restore purchasing power lost due to the effects of inflation.

Contributions

A combination of three elements funds each employer's plan: employee deposits, employer contributions and investment income.

- The deposit rate for employees is 4%, 5%, 6% or 7% of compensation, as adopted by the employer's governing body.
- Participating employers are required, by law, to contribute at actuarially determined rates, which are determined annually.
- Investment income funds a large part of the benefits employees earn.

Employers have the option of paying more than the required contribution rate each year. Extra contributions can help employers "pre-fund" benefit increases, such as a cost-of-living adjustment to retirees, and they can be used to help offset or mitigate future increases in the required rate due to negative plan experience. There are two approaches for making extra contributions: (a) paying an elected contribution rate higher than the required rate and (b) making an extra lump-sum contribution to the employer account.

Administrative costs of TCDRS are financed through the system's general reserves, which are part of the Endowment Fund.

Group Term Life Fund (GTLF)

TCDRS also administers the Group Term Life program, a group term life insurance. The fund for this benefit is a separate trust administered by the board. The fund receives monthly participating employers' premiums and pays benefits when due. The obligations of the program are payable only from this fund, and are not an obligation of, or a claim against, the

TCDRS Pension Trust Fund. The fund's assets are pooled with those of the Pension Trust Fund under provisions of the TCDRS Act and annually receive an allocation of income based on the fund value. This optional program provides group term life insurance coverage to currently eligible employees, and if elected by employers, to retirees. Participation in the Group Term Life program as of Dec. 31, 2014 and 2013 is summarized in Table 1 on page 31.

Benefits

Current employees of participating employers are insured for an amount equivalent to the employee's current annual compensation. Employers may also choose to cover retirees. Retirees are insured for $5,000. Life insurance proceeds are payable as a lump sum. The coverage provided to retirees is a postemployment benefit other than pension benefits (OPEB).

Contributions

Each participating employer contributes to the Group Term Life program at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is equal to the cost of providing one-year term life insurance. The premium rate is expressed as a percentage of the covered payroll of members employed by the participating employer. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect.

The Group Term Life program is voluntary and employers can cease participation at any time. Therefore, the funding policy of the program is to ensure that adequate resources are available to meet all insurance benefit payments for the upcoming year. It is not the intent of the funding policy to pre-fund retiree term life insurance during employees' entire careers.

Funded Status and Funding Progress

As of Dec. 31, 2014, the most recent actuarial valuation date, the Group Term Life program was 109.5% funded. The actuarial accrued liability for benefits was $24.1 million, and the actuarial value of assets was $26.4 million, resulting in an Overfunded Actuarial Accrued Liability (OAAL) of $2.3 million. The covered payroll (annual payroll of active participants covered by the program) was $1.4 billion and the ratio of the OAAL to the covered payroll was 0.2%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as Required Supplementary Information following the Notes to the Financial Statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation for the GTLF follows:

Valuation Date:	Dec. 31, 2014
Actuarial Cost Method:	
Active Insurance Benefits	Unit credit; determining one-year term cost
Retiree Insurance Benefits	Entry age
Amortization Method:	Level percent, open
Remaining Amortization Period:	30 years
Asset Valuation Method:	Fund value[1]
Actuarial Assumptions:	
Investment Return	7.0%[1]
Inflation	3.0%

[1] The fund's assets are pooled with those of the Pension Trust Fund under provisions of the TCDRS Act. The fund receives an annual earnings allocation of 7% based on the fund value.

C: TCDRS AS EMPLOYER

Pension Trust Fund

TCDRS, as an employer, provides retirement, disability and survivor benefits for all of its non-temporary employees through a plan in the Texas County & District Retirement System. The plan provisions for TCDRS, as an employer, are adopted by its board, within the options available in the TCDRS Act.

Employees deposit 7% of their paychecks into their TCDRS accounts. At retirement, TCDRS provides a match of $2 for every dollar in the employee's account. (For a detailed explanation of how the benefit is calculated, see page 30.) In addition, retirees have the option of a partial lump-sum payment at retirement with a reduced monthly benefit.

TCDRS employees are vested with 8 years of service and can retire once they meet one of the following eligibility requirements: age 60 with at least 8 years of service; 20 years of service regardless of age; or when the sum of their age and service equals 75.

Like other employer plans in the system, retirement benefits for TCDRS employees are funded by investment income, employee deposits and employer contributions. The employer contribution rate for TCDRS is actuarially determined annually. As allowed by the TCDRS Act, the board elected to pay a rate of 10.5% for 2014, 2013 and 2012, which was greater than the required rates for those years.

TABLE 2: TREND INFORMATION FOR THE RETIREMENT PLAN FOR THE EMPLOYEES OF TCDRS

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/12	$879,765	100%	$0
12/31/13	920,532	154	0
12/31/14	971,908	167	0

In addition, in 2014 and 2013, TCDRS made lump-sum contributions of $650,000 and $500,000, respectively. Table 2 presents annual pension costs for the past three years.

The required contribution for 2014 was determined as part of the Dec. 31, 2012 actuarial valuation using the entry-age actuarial cost method. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of employment and mortality. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The actuarial assumptions at Dec. 31, 2014, included (a) 8.0% investment rate of return (net of investment expenses); (b) career average projected salary increases of 4.9% for individuals; and (c) no cost-of-living adjustments. Both investment return and projected salary components include an inflation component of 3.0%.

Actuarial calculations reflect a long-term perspective. The actuarial methods and assumptions used, presented in Table 3, include techniques that are

TABLE 3: ACTUARIAL METHODS AND ASSUMPTIONS FOR THE RETIREMENT PLAN FOR THE EMPLOYEES OF TCDRS

Actuarial Valuation Date	**12/31/12**	**12/31/13**	**12/31/14**
Actuarial Cost Method	Entry age	Entry age	Entry age
Amortization Method	Level percentage of payroll, closed; layered approach	Level percentage of payroll, closed; layered approach	Level percentage of payroll, closed; layered approach
Amortization Period[1]	15 / 20 years	15 / 20 years	15 / 20 years
Asset Valuation Method	SAF: 10-year smoothed value ESF: Fund value	SAF: 5-year smoothed value ESF: Fund value	SAF: 5-year smoothed value ESF: Fund value
Actuarial Assumptions:			
Investment Return[2]	8.0%	8.0%	8.0%
Career Average Projected Salary Increases[2]	5.4	4.9	4.9
Payroll Increase	4.0	3.5	3.5
Inflation	3.5	3.0	3.0
Cost-of-Living Adjustments	0.0	0.0	0.0

[1] Benefit enhancements are amortized over a 15-year closed period. All other changes in the unfunded actuarial accrued liability are amortized over 20-year closed periods.

[2] Includes inflation at the stated rate.

TABLE 4: FUNDING PROGRESS FOR THE RETIREMENT PLAN FOR THE EMPLOYEES OF TCDRS (UNAUDITED — REQUIRED SUPPLEMENTARY INFORMATION)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll[1] (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/2012	$19,541,973	$22,957,890	$3,415,917	85.1%	$8,378,691	40.8%
12/31/2013[2]	22,893,642	25,576,844	2,683,202	89.5	8,766,979	30.6
12/31/2014	26,610,119	28,703,163	2,093,044	92.7	9,256,267	22.6

[1] The annual covered payroll is based on employee deposits received by TCDRS for the year ended with the valuation date.
[2] Revised economic and demographic assumptions due to an experience review were first used in the 12/31/2013 valuation.

designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial values of assets, consistent with the long-term perspective of the calculations. The actuarial value of assets was determined by spreading actuarial asset gains and losses over a 5-year period. Adjustments, if needed, are made to keep the actuarial value from deviating too far from the fund value of assets. TCDRS' UAAL is amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at Dec. 31, 2014, was 8.0 years.

As of Dec. 31, 2014, the most recent valuation date, the plan was 92.7% funded. The actuarial accrued liability for benefits was $28.7 million and the actuarial value of assets was $26.6 million, resulting in a UAAL of $2.1 million. The covered payroll (annual payroll of active employees covered by the plan) was $9.3 million and the ratio of the UAAL to the covered payroll was 22.6%.

The schedule of funding progress, presented in Table 4, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Postemployment Benefits Other Than Pensions

Group Term Life Fund

TCDRS participates in the Group Term Life program. For a general explanation of the Group Term Life program, turn to page 31. TCDRS provides coverage to current eligible employees and to retired employees.

TCDRS, as an employer, contributes to the Group Term Life program at a contractually required rate.

TCDRS' contributions, as an employer, to the Group Term Life program for the years ended Dec. 31, 2014, 2013 and 2012, were $22,215, $20,164 and $17,596 respectively, which equaled the required contributions each year.

TCDRS Bridge Program Health Reimbursement Arrangement

TCDRS adopted the TCDRS Bridge Program Health Reimbursement Arrangement (Bridge Program) for its employees. The program is open to all former TCDRS employees who meet all three conditions: (a) employed with TCDRS on or after Jan. 1, 2007; (b) accumulated at least 10 years of full-time employment with TCDRS; and (c) an active TCDRS employee on or after attaining age 58½.

The Bridge Program is a self-insured medical expense reimbursement plan that provides a maximum credit of $550 per month beginning Jan. 1, 2012, for 60 consecutive months. Coverage begins on the first day of the month immediately after the eligible former employee reaches age 60 or has separated from employment with TCDRS, whichever occurs later.

As of Jan. 1, 2014, the most recent actuarial valuation date, the Bridge Program was 0% funded. The actuarial accrued liability was $775,795 and the actuarial valuation of assets was $0, resulting in a UAAL of $775,795. Based on an annual covered payroll of $9,256,267, the UAAL as a percentage of covered payroll was 8.4%. The annual OPEB cost for 2014 was $102,047 and TCDRS' contributions as an employer in 2014 were $24,750; the annual OPEB cost for 2013 was $82,018 and TCDRS' contributions as an employer in 2013 were $15,400; and the annual

OPEB cost for 2012 was $70,429, and TCDRS' contributions as an employer in 2012 were $22,550. The resulting net OPEB obligation at Dec. 31, 2014 was $429,814.

The actuarial cost method used was the projected unit credit with a level dollar open amortization method and the amortization period of 15 years. The discount rate used was 3.5%.

Deferred Compensation

The employees of TCDRS may participate in a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan, available to all employees of TCDRS, permits the deferral of a portion of their salary until future years. The deferred compensation is not available to the employees until termination, retirement, death or certain unforeseeable emergencies. All compensation deferred under the plan is held by a custodian for the exclusive benefit of participants and beneficiaries.

D: CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of funds on deposit with a financial institution in interest-bearing demand deposit accounts. They are invested on an overnight basis (sweep) in a U.S. dollar-denominated investment under a repurchase agreement. The funds are collateralized at 102% using U.S. Treasury, government or agency securities. Cash held in (1) demand deposit accounts, (2) the overnight sweep, and (3) the JPMorgan U.S. Government Money Market Fund (an open-end institutional money market fund) is available to pay benefits, operational expenses and funds awaiting transfer to investment management.

Custodial credit risk is the risk that in the event of a bank failure, the system's deposits may not be returned to it. A discussion of custodial credit risk pertaining to cash and cash equivalents can be found in Note G, beginning on page 37.

E: INVESTMENTS

Investment decisions of the board are subject to Section 67, Article XVI of the Texas Constitution, and to the applicable statutory provisions of the Texas Trust Code that provide for a "prudent investor" standard of care. Investment authorization is restricted by the investment policy adopted by the board that emphasizes the importance of a long-term investment philosophy with minimization of risk while targeting a long-term investment return of 8%. The board has determined that a diversified portfolio will offer the best opportunity to produce the desired 8% investment return. Accordingly, the TCDRS investment portfolio now includes investments in the following asset classes:

Equity Holdings

The system's U.S. equities and a portion of its developed international and emerging market equities are passively managed in commingled index funds. The remaining developed international, emerging market and global equities are actively managed in commingled funds and one limited partnership.

Hedge Funds

The vehicles for hedge fund investments are typically commingled vehicles, such as limited partnerships, limited liability companies or offshore corporations. At Dec. 31, 2014, the system's hedge fund portfolio consisted of 35 partnerships with a fair value totaling $6.15 billion.

High-Yield Investments

The board has divided the high-yield asset class into four portions. The high-yield bond portfolio encompasses the portion of the U.S. corporate bond market that is rated below BBB- by S&P or below Baa3 by Moody's. Accordingly, credit risks associated with these bonds are greater than risks with investment-grade bonds and have historically traded at yields of 3.5% to 4.5% above comparable U.S. Treasury instruments. The second portion consists of distressed debt partnerships, which invest in securities of companies whose debt has declined in value because they are experiencing financial stress. Typical holdings are senior and subordinated debt instruments. The third portion consists of opportunistic credit partnerships that invest in securitized credit instruments made up of senior corporate bank loans and asset-backed credit investments secured by commercial and residential mortgages, car loans, and other types of assets. The fourth portion, direct lending partnerships, consists of privately originated debt made to small and medium-sized companies or to real estate investors in order to take advantage of disruptions in the

TABLE 5: SCHEDULE OF UNFUNDED COMMITMENTS

at Dec. 31, 2014

Investment Category	Total Commitment	Unfunded Commitment	Fair Value
Opportunistic Credit	$ 2,028,389,049	$ 154,351,105	$ 2,150,107,046
Distressed Debt	1,154,583,663	261,128,983	627,344,532
Direct Lending	507,652,750	222,253,974	298,429,351
Private Equity	4,360,510,309	2,080,328,498	2,231,642,975
Private Real Estate Partnerships	1,071,927,190	617,353,353	468,717,458
Total Contingent Commitments	**$ 9,123,062,961**	**$ 3,335,415,913**	**$ 5,776,241,362**

banking system. Table 5 lists the committed and unfunded capital to opportunistic credit, distressed debt and direct lending investments at Dec. 31, 2014.

Private Equity

TCDRS' private equity investments consist of partnerships that (a) take public companies private in order to improve their operations and then resell them in the future; (b) invest in start-up companies with new ideas or technologies; (c) invest in both traditional and renewable energy discovery and production; and (d) invest in real estate. As of Dec. 31, 2014, TCDRS had committed $4.36 billion of capital to 128 private equity partnerships. Table 5 lists the committed and unfunded capital to private equity investments at Dec. 31, 2014. During the first quarter of 2015, an additional $204 million has been committed to private equity partnerships.

Real Assets

- Real estate investment trusts (REITs) are companies that own and operate income-producing real estate, such as commercial office buildings, apartments, malls, warehouses and storage facilities. Under provisions of the U.S. tax law, if REITs pay out most of their income in dividends, they are not required to pay income taxes. Consequently, substantial amounts of income can be received from investing in REITs.
- Treasury Inflation-Protected Securities (TIPS) are issued by the U.S. Treasury and structured as a hedge against inflation. The principal value of the securities is adjusted based on changes in the consumer price index (CPI). Interest payments are determined by multiplying a fixed coupon by the inflation-adjusted principal. The inflation-adjusted principal is payable at maturity.
- Commodities consist of investments in resources that can be either perishable (grains, sugar, etc.) or non-perishable (metals, energy, etc.). Commodities provide protection against inflation and have low correlation to stocks and other asset classes.
- Private real estate partnerships acquire and operate commercial properties including office buildings, apartments, hotels, malls and residential real estate. Private real estate investments are illiquid and typically have expected holding periods of 10 to 12 years. As reported in Table 5, at Dec. 31, 2014, TCDRS had committed $1.07 billion to 25 private real estate partnerships. During the first quarter of 2015, TCDRS has made an additional $40 million in private real estate partnership commitments.
- Master Limited Partnerships (MLPs) are publicly traded partnership interests created by Congress to encourage investment in domestic energy infrastructure. At the entity level, these interests are tax free provided that 90% of their income comes from natural resources such as oil, natural gas, coal, timber and other depletable resources.

Investment-Grade Bonds

The investment-grade bond portfolio consists of debt instruments issued by the United States Treasury and governmental agencies, asset-backed securities, and corporate bonds that are rated investment grade by the major ratings agencies. Additionally, this portfolio may contain minimal investments in short-term instruments, non-rated securities, private placement securities, convertible bonds and preferred stock.

The portfolio should exhibit an overall dollar-weighted average quality rating of AA with no investment rated lower than BBB- or equivalent as rated by Standard & Poor's (S&P), Moody's Investor Service or Fitch Investor's Service at the time of purchase or, if not rated, be deemed by the manager to be of similar quality.

Cash and Cash Equivalents

The TCDRS Board of Trustees may select one or more commercial banks, depository trust companies or other entities to serve as custodian or custodians of the system's cash, cash equivalents and short-term investments, and may authorize the custodian to invest the cash in such short-term investments as the board determines. TCDRS has authorized its custodian to invest, on an overnight basis, any cash held in the custodian's Collective U.S. Government Short Term Investment Fund (STIF). The investment objective of the STIF is to provide safety of principal, daily liquidity and competitive returns. The STIF owns high-quality debt instruments (which include U.S. government or U.S. government agencies, repurchase agreements, floating-rate notes, etc.) with a dollar-weighted average maturity of 50 days or less. At Dec. 31, 2014, the STIF had an average current yield of 0.25% with the maximum days to maturity of any investment not exceeding 258 days.

The investment officer manages cash in the STIF together with new contributions until they are allocated to a portfolio.

F: SECURITIES LENDING

State statutes and the board's policies permit TCDRS to use its investments to enter into securities-lending transactions — loans of securities to broker-dealers and other entities in exchange for collateral with a simultaneous agreement to return the collateral for the same securities in the future. The system's custodian, The Bank of New York Mellon Corp. (BNY Mellon), is engaged as the lending agent to lend securities from the system's fixed-income portfolios for cash collateral of 102% of the market value of the securities loaned.

Collateral, either cash or securities, is initially pledged for the securities on loan and additional collateral is required from the borrower by the close of the next business day if its value falls to less than 100% of the market value of the securities on loan. U.S. government securities may also be accepted as collateral for loans. TCDRS does not have the ability to pledge or sell collateral securities unless the borrower defaults. At Dec. 31, 2014, BNY Mellon held $40,922,044 of non-cash collateral.

TABLE 6: INVESTED SECURITIES-LENDING COLLATERAL

Investment Type	Dec. 31, 2014	Dec. 31, 2013
Cash and Other Liquid Assets	$ (14,202)	$ (13,186)
Asset-Backed Securities	35,521	56,990
Agencies	—	3,899,634
Repurchase Agreements	36,326,781	37,096,199
Domestic Corporate Fixed-Income Securities	4,426,422	7,113,116
Total Invested Securities-Lending Collateral	**$ 40,774,522**	**$ 48,152,753**

Cash collateral is invested in short-term fixed-income instruments in accordance with the system's securities-lending guidelines. Table 6 lists the categories of collateral investments at Dec. 31, 2014 and 2013.

At the end of years 2014 and 2013, TCDRS had no credit risk exposure to borrowers because the amounts the system owed to borrowers exceeded the amounts the borrowers owed to TCDRS. Contracts with the lending agents require the agents to indemnify TCDRS if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities on loan) or fail to pay TCDRS for income distributions while the securities are on loan. At Dec. 31, 2014 and 2013, the fair values of securities on loan were $79,797,821 and $122,807,440, respectively.

Additionally, TCDRS invests in two commingled domestic and international equity portfolios that participate in securities-lending programs managed by State Street Global Advisors. TCDRS receives a proportionate share of the securities-lending income generated from these activities.

G: DEPOSIT AND INVESTMENT RISK

Identification of credit risk, custodial credit risk, concentration of credit risk, interest rate risk and foreign currency risk is mandated by GASB Statement No. 40.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The TIPS portfolio contains

TABLE 7: CREDIT RISK BY QUALITY

Dec. 31,

	Investment-Grade Bonds				High-Yield Investments			
	2014		2013		2014		2013	
Rating	Fair Value ($ Millions)	% of Total	Fair Value ($ Millions)	% of Total	Fair Value ($ Millions)	% of Total	Fair Value ($ Millions)	% of Total
Governments	$ —	0%	$ —	0%	$ —	0%	$ —	0%
AAA	530.1	53	638.0	57	—	0	—	0
AA	57.0	6	64.0	6	—	0	—	0
A	133.4	13	134.8	12	—	0	—	0
BBB	187.4	19	208.1	18	2.0	0	—	0
BB	29.9	3	30.8	3	96.9	3	66.7	2
B	0.6	0	0.8	0	176.4	5	160.1	5
Less than B	0.4	0	1.7	0	49.1	1	60.4	2
Not Rated - Bonds	56.3	6	43.2	4	51.4	1	42.9	1
Not Rated - Distressed Debt	—	0	—	0	627.3	18	584.9	19
Not Rated - Direct Lending	—	0	—	0	298.4	10	199.4	8
Not Rated - Opportunistic Credit	—	0	—	0	2,150.1	62	1,911.5	63
Total	**$ 995.1**	**100%**	**$ 1,121.4**	**100%**	**$ 3,451.6**	**100%**	**$ 3,025.9**	**100%**

Source: Mellon Performance and Risk Analytics Fund Analysis, Fourth Quarter 2014

obligations of the U.S. government and is not considered to have credit risk. At both Dec. 31, 2014 and 2013, according to Standard and Poor's (S&P) evaluations, the investment-grade bond portfolio exhibited an overall quality rating of AA-. The Barclays U.S. Aggregate Bond Index is the benchmark for performance measurement of the investment-grade bond portfolio. At both Dec. 31, 2014 and 2013, the Barclays Aggregate Bond Index had an average S&P quality rating of AA.

At Dec. 31, 2014 and 2013, according to S&P evaluations, the high-yield investments portfolio exhibited an overall quality rating of B+ and B, respectively. The Citigroup High-Yield Cash-Pay Capped Index is the benchmark for performance measurement of the high-yield investments portfolio. At both Dec. 31, 2014 and 2013, according to S&P evaluations, the benchmark exhibited an average quality rating of B+.

The investment policy does not explicitly outline an acceptable level of credit risk for the investment-grade bond or high-yield investments portfolios, but the board's adoption of their respective benchmark index is an implicit adoption of the market risk inherent in these portfolios.

Table 7 lists the credit risk associated with the investment-grade bond portfolio and the high-yield investments portfolio.

At Dec. 31, 2014, according to Moody's Investors Service evaluations, the BNY Mellon STIF exhibited average short-term quality ratings of P-1/P-2 (Prime-1 and Prime-2), which exhibit a superior ability for repayment of senior short-term debt obligations, and an average long-term (maturity date greater than one year) quality rating of Aaa. Based upon the market value of the fund at Dec. 31, 2014, 78% of the instruments were rated P-1 or P-2 and 22% of the instruments were rated Aaa. At Dec. 31, 2013, according to Moody's Investors Service evaluations, the BNY Mellon STIF exhibited average short-term quality ratings of P-1/P-2 and an average long-term quality rating of Aaa with 91% of the instruments rated P-1 or P-2 and 9% of the instruments rated Aaa.

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, TCDRS will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. TCDRS requires that demand deposit accounts be fully collateralized.

TABLE 8: INTEREST RATE RISK — FIXED-INCOME PORTFOLIOS

	Dec. 31,			
	2014		2013	
Asset Class	Fair Value	Effective Duration in Years	Fair Value	Effective Duration in Years
Investment-Grade Bonds	$ 995,121,734	5.0	$ 1,121,361,520	5.2
TIPS	49,381,201	6.2	47,728,844	7.5
High-Yield Bonds[1]	375,766,654	3.9	330,127,380	4.6

[1] Included in high-yield investments reported in the Statements of Fiduciary Net Position on page 26.

Funds received by its master custodian are invested on an overnight basis or, if the funds are received late during a business day, are maintained in a fully collateralized cash trust account.

TCDRS investments, evidenced by securities in physical or book entry form and not on loan, are registered and held in safekeeping for TCDRS by its custodian bank.

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. Investment guidelines established with the individual investment managers generally address concentration risk limits. At Dec. 31, 2014 and 2013, TCDRS did not have investments in any one issuer which were greater than 5% of net investments.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The values of portfolios of longer duration are more affected by interest rate changes than are those of shorter duration. Increases in bond market yields result in market value losses; decreases result in market value gains. Multiplying the change in market yield by the duration of the portfolio can approximate the size of the gain or loss in market value. For example, if one owned a portfolio of investment-grade bonds that had a duration of 6.5 years and if the yields within the bond market were to immediately fall 1%, the market value gain of the portfolio would approximate 6.5%. This change in market value indicates the level of interest rate risk inherent in the portfolio.

Table 8 discloses the level of interest rate risk inherent in the TCDRS fixed-income portfolios by reporting the effective duration of those portfolios.

The board's adoption of the Barclays U.S. Aggregate Bond Index is an implicit adoption of the market risk inherent in this index.

The effective duration of the Barclays Aggregate Bond Index at both Dec. 31, 2014 and 2013 was 5.3 years.

Performance of the TIPS portfolio is measured against the Barclays U.S. TIPS Index. The effective duration of the Barclays U.S. TIPS Index at Dec. 31, 2014 and 2013 was 6.2 and 7.6 years, respectively.

The high-yield investments portfolio is measured against the Citigroup High-Yield Cash-Pay Capped Index. The effective duration of the Citigroup High-Yield Cash-Pay Capped Index at Dec. 31, 2014 and Dec. 31, 2013 was 4.3 and 4.4 years, respectively.

Cash collateral received from securities lending is invested in instruments whose maturity dates or periodic interest rate reset dates coincide with the maturity date of the particular securities loan providing the cash. This matching of investment and loan maturity/reset dates allows the agent to maintain the spread between the loan rate and the cash collateral investment rate over the term of the loan and eliminates any material interest rate exposure to TCDRS over the term of the loan.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The asset allocation plan adopted in the Investment Policy includes a 21.5% allocation to international and global equities, a 3% allocation to distressed debt, a 2% allocation to REITs and a 12% allocation to private equity, all of which allow non-U.S. dollar denominated investments. Accordingly, the foreign currency risks inherent in the indices that have been identified as the benchmark these asset classes are measured against have been implicitly adopted as an acceptable financial risk for these asset classes.

Table 9 lists the foreign currency risk included in the REIT, distressed debt, private equity, private real estate partnerships and direct lending portfolios.

Additionally, at Dec. 31, 2014 and 2013, the international equity portfolio contained six commingled funds subject to foreign currency risk with an aggregate fair value of $4,395,179,639 and $3,961,998,425, respectively.

Derivative instruments are financial contracts whose values depend on the values of one or more underlying assets, reference rates or financial indexes. The investment policy does not explicitly outline the use of derivatives, but investment guidelines allow two investment-grade bond managers the use of exchange-traded treasury futures to replicate cash investments or to manage yield curve or other risk positions within their portfolio. At Dec. 31, 2014, TCDRS' derivative instruments are considered investments and not hedges for accounting purposes. Table 10 lists the open futures contracts at Dec. 31, 2014.

TABLE 9: FOREIGN CURRENCY RISK

Dec. 31,

Currency	Fair Value (USD) 2014	Fair Value (USD) 2013
Australian Dollar	$ 9,914,707	$ 14,468,528
Brazilian Real	3,474,732	4,966,118
British Pound Sterling	158,855,201	90,022,036
Canadian Dollar	3,195,842	4,224,195
Euro Currency Unit	223,431,805	171,736,181
Hong Kong Dollar	22,858,759	30,528,915
Indonesian Rupiah	599,287	0
Japanese Yen	21,079,092	31,005,367
Malaysian Ringgit	24,962	65,854
Norwegian Krone	322,546	407,067
Philippine Peso	958,796	570,609
South African Rand	1,825,139	1,904,369
Singapore Dollar	4,802,788	6,701,351
Swedish Krona	1,273,480	1,697,998
Swiss Franc	1,060,024	2,153,285
Total subject to currency risk	**$ 453,677,160**	**$ 360,451,873**

H: RISK MANAGEMENT

TCDRS is exposed to various risks related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. To mitigate potential losses, TCDRS purchases commercial insurance in the areas of property damage, general and umbrella liability, fiduciary liability, public official and employee benefits errors and omissions, automobile, crime and workers' compensation. There were no changes in the types of insurance coverage TCDRS maintained in 2014 or 2013. Settlements have not exceeded coverages for each of the past three years.

TABLE 10: FUTURES CONTRACTS

As of Dec. 31, 2014

Futures Contract	Expiration Date	Contracts	Value per Point	Price per Contract	Exposure
U.S. Treasury Bond	Mar 2015	-52.00	1,000	144.5625	$ (7,517,250)
U.S. Treasury Bond	Mar 2015	-44.00	1,000	144.5625	(6,360,750)
U.S. 10-Yr Treasury Note Future	Mar 2015	7.00	1,000	126.7969	887,578
U.S. 10-Yr Treasury Note Future	Mar 2015	139.00	1,000	126.7969	17,624,766
U.S. 5-Yr Treasury Note Future	Mar 2015	91.00	1,000	118.9297	10,822,602
U.S. 5-Yr Treasury Note Future	Mar 2015	205.00	1,000	118.9297	24,380,586
U.S. 2-Yr Treasury Note Future	Mar 2015	-428.00	2,000	109.2969	(93,558,125)
U.S. 2-Yr Treasury Note Future	Mar 2015	148.00	2,000	109.2969	32,351,875
U.S. Ultra Bond	Mar 2015	-169.00	1,000	165.1875	(27,916,688)
U.S. Ultra Bond	Mar 2015	-31.00	1,000	165.1875	(5,120,813)
Total					**$ (54,406,219)**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Table 11 presents the money-weighted rate of return which provides information regarding TCDRS' investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

In addition, the GTLF information presented in the required supplementary schedules — Table 12 and Table 13 — was determined as part of the aggregate actuarial valuation at the date indicated.

TABLE 11: MONEY-WEIGHTED RATES OF RETURN (UNAUDITED)

The money-weighted rates of return are presented to provide information regarding investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Annual money-weighted rate of return, net of investment expenses	6.84%	16.39%	12.63%	-1.15%	12.67%	26.54%	-29.04%	7.92%	13.93%	7.25%

See accompanying independent auditor's report.

TABLE 12: GTLF FUNDING PROGRESS (UNAUDITED)

($ Millions)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded (Overfunded) AAL UAAL (OAAL) (b-a)	Funded Ratio[1] (a/b)	Annual Covered Payroll[2] (c)	UAAL (OAAL) as a Percentage of Covered Payroll [(b-a)/c]
12/31/12	$ 23.3	$ 21.9	$ (1.4)	106.4%	$ 1,293.8	(0.1%)
12/31/13	24.8	22.8	(2.0)	108.8	1,343.4	(0.1)
12/31/14	26.4	24.1	(2.3)	109.5	1,419.0	(0.2)

[1] This table shows GTLF information using accounting principles required by GASB and is intended to be used for GASB disclosure purposes. For funding purposes, contractually required premium rates are calculated annually for each participating employer. These rates have always been sufficient to maintain a surplus in the GTLF.
[2] The annual covered payroll is based on the employee deposits received by TCDRS for the year ended with the valuation date.

See accompanying independent auditor's report.

TABLE 13: GTLF EMPLOYER CONTRIBUTIONS (UNAUDITED)

($ Millions)

	Annual Required Contributions		
Plan Year Ended Dec. 31	Average Rate	Dollar Amount	Percentage Contributed
2012	0.28%	$ 3.6	108%
2013	0.28	4.2	100
2014	0.27	4.5	117

See accompanying independent auditor's report.

CHANGES IN FIDUCIARY NET POSITION BY FUND AND INTERFUND TRANSFERS

Pension Trust Fund
Year Ended Dec. 31, 2014

	Employees Saving Fund	Subdivision Accumulation Fund
ADDITIONS		
Employee Deposits and Employer Contributions	$ 383,186,524	$ 684,212,315
Investment Income		
Net Appreciation in Fair Value of Investments	—	—
Interest and Dividends	—	—
Total Investment Activity Income	—	—
Less Investment Activity Expenses	—	—
Net Income From Investment Activities	—	—
Net Income From Securities—Lending Activities	—	—
Total Net Investment Income	—	—
Building Operations and Miscellaneous Income	—	—
Total Additions	**383,186,524**	**684,212,315**
DEDUCTIONS		
Benefits Paid	—	368,394,931
Withdrawals	82,202,752	—
Interest Allocation to Group Term Life Fund	—	—
Administrative and Building Operations Expenses	—	—
Total Deductions	**82,202,752**	**368,394,931**
TRANSFERS OF FUNDS		
Retirement Allowances	(420,669,692)	(419,045,468)
Investment Allocation and Other	382,429,707	610,554,796
Terminating Employer Transfers	292,417	(292,417)
Escheated Accounts, Net	(150,423)	—
Net Transfers	(38,097,991)	191,216,911
Net Increase in Fiduciary Net Position	**262,885,781**	**507,034,295**
NET POSITION RESTRICTED FOR PENSION BENEFITS		
Beginning of Period	**5,668,885,576**	**10,902,897,043**
End of Period	**$ 5,931,771,357**	**$ 11,409,931,338**

See accompanying independent auditor's report.

CHANGES IN FIDUCIARY NET POSITION BY FUND AND INTERFUND TRANSFERS, continued

Pension Trust Fund
Year Ended Dec. 31, 2014

Current Service Annuity Reserve Fund	Endowment Fund	Income Fund	Expense Fund	Total
$ —	$ —	$ —	$ —	$ 1,067,398,839
—	—	1,501,262,812	—	1,501,262,812
—	—	101,371,295	—	101,371,295
—	—	1,602,634,107	—	1,602,634,107
—	—	36,460,292	—	36,460,292
—	—	1,566,173,815	—	1,566,173,815
—	—	2,486,892	—	2,486,892
—	—	1,568,660,707	—	1,568,660,707
—	—	—	1,588,730	1,588,730
—	**—**	**1,568,660,707**	**1,588,730**	**2,637,648,276**
596,059,301	2,206	—	—	964,456,438
—	—	—	—	82,202,752
—	—	1,738,911	—	1,738,911
—	—	—	20,048,081	20,048,081
596,059,301	**2,206**	**1,738,911**	**20,048,081**	**1,068,446,182**
839,715,160	—	—	—	—
406,084,210	148,453,083	(1,566,921,796)	19,400,000	—
—	—	—	—	—
—	150,423	—	—	—
1,245,799,370	148,603,506	(1,566,921,796)	19,400,000	—
649,740,069	**148,601,300**	**—**	**940,649**	**1,569,202,094**
5,777,882,673	**772,056,779**	**—**	**24,234,302**	**23,145,956,373**
$ 6,427,622,742	**$ 920,658,079**	**$ —**	**$ 25,174,951**	**$ 24,715,158,467**

FINANCIAL

CHANGES IN ENDOWMENT FUND

Pension Trust Fund
Year Ended Dec. 31, 2014

	General Reserves Account	Perpetual Endowment Account	Reserve for Expense Fund	Total
ADDITIONS				
Excess over Allocations — Transfer from Income Fund	$ 180,019,847	$ —	$ —	$ 180,019,847
Escheated Accounts	—	291,978	—	291,978
Total Additions	**180,019,847**	**291,978**	**—**	**180,311,825**
DEDUCTIONS				
Transfer to Expense Fund	—	—	19,400,000	19,400,000
Partial-year Interest to ESF	12,166,764	—	—	12,166,764
Reinstatements of Escheated Accounts	—	141,555	—	141,555
Uncollectible Benefits	2,558	(352)	—	2,206
Total Deductions	**12,169,322**	**141,203**	**19,400,000**	**31,710,525**
TRANSFERS				
Expense Allocation	(21,450,000)	—	21,450,000	—
Total Transfers	**(21,450,000)**	**—**	**21,450,000**	**—**
Net Increase in Fund	**146,400,525**	**150,775**	**2,050,000**	**148,601,300**
Beginning of Year	**749,069,993**	**3,586,786**	**19,400,000**	**772,056,779**
End of Year	**$ 895,470,518**	**$ 3,737,561**	**$ 21,450,000**	**$ 920,658,079**

See accompanying independent auditor's report.

CHANGES IN INCOME FUND

Pension Trust Fund
Year Ended Dec. 31, 2014

INVESTMENT RESULTS	
Net Appreciation in Fair Value of Investments	$ 1,501,262,812
Interest and Dividends	101,371,295
Net Income From Securities-Lending Activities	2,486,892
Investment Activity Expenses	(36,460,292)
Net Investment Results	**1,568,660,707**
STATUTORY ALLOCATIONS	
Allocation of Current Year Income:	
Employees Saving Fund	370,262,943
Current Service Annuity Reserve Fund	406,084,210
Group Term Life Fund	1,738,911
Total Statutory Allocations	**778,086,064**
BOARD OF TRUSTEES' ALLOCATIONS	
Allocation to the Subdivision Accumulation Fund	610,554,796
Allocation Excess — Transfer to General Reserves Account	180,019,847
Total Board of Trustees' Allocations	**790,574,643**
Net Change in Fund[1]	**—**
Beginning of Year	**—**
End of Year	**$ —**

[1] Net Change in Fund is equal to: Net Investment Results less Total Statutory Allocations and Total Board of Trustees' Allocations. For the year ended Dec. 31, 2014 the total net change in fund calculation is: $1,568,660,707 less ($778,086,064 + $790,574,643) equals $0.

See accompanying independent auditor's report.

FINANCIAL

ADMINISTRATIVE REVENUES AND EXPENSES

Year Ended Dec. 31, 2014

	Administrative Operations	Building Operations	Combined Operations
Administrative Revenues:			
Rental Income	$ —	$ 1,580,670	$ 1,580,670
Other Income	8,060	—	8,060
Total Administrative Revenues	**$ 8,060**	**$ 1,580,670**	**$ 1,588,730**
Administrative Expenses:			
Salaries	$ 7,549,307	$ —	$ 7,549,307
Leave and Associated Payments	130,980	—	130,980
Payroll Taxes	534,007	—	534,007
Pension Contributions	1,285,296	—	1,285,296
Employee Insurance and Benefits	1,020,866	—	1,020,866
Recruitment and Temporaries	35,918	—	35,918
Professional Fees/Outsourcing Services	2,100,012	—	2,100,012
Banking Fees	59,613	—	59,613
Equipment Service and Repairs	953,711	—	953,711
Building Operations	—	1,099,205	1,099,205
Office Supplies	30,964	—	30,964
Noncapitalized Equipment	125,222	—	125,222
Postage	290,940	—	290,940
Telephone	102,880	—	102,880
Printing	238,127	—	238,127
Records Management	10,216	—	10,216
Reference Materials and Memberships	81,473	—	81,473
Education and Training	59,694	—	59,694
Travel	309,501	—	309,501
Organization and Meetings	205,822	—	205,822
General Insurance	224,250	—	224,250
Depreciation and Amortization	2,881,327	718,750	3,600,077
Total Administrative Expenses	**$ 18,230,126**	**$ 1,817,955**	**$ 20,048,081**

See accompanying independent auditor's report.

INVESTMENT EXPENSES

Year Ended Dec. 31, 2014

INVESTMENT-ACTIVITY EXPENSES		
Department Operating Expenses		
Salaries	$	2,059,170
Payroll Taxes		125,292
Pension Contributions		342,630
Employee Health and Term Life Insurance		214,914
Professional Fees and Services		2,801,456
Investment Data Systems		95,374
Equipment Service and Repairs		5,292
Office Supplies		30,402
Telephone		9,283
Subscriptions and Memberships		16,370
Education and Travel		130,112
Depreciation and Amortization		5,944
Total Department Operating Expenses	$	5,836,239
Nondepartment Managers' Fees:		
Equities		12,638,262
Master Limited Partnerships		3,222,242
REITs		3,162,931
Private Real Estate Partnerships		2,490,932
Investment-Grade Bonds		2,041,334
Commodities		1,839,764
High-Yield Investments		1,560,849
Private Equity		242,998
TIPS		149,656
Total Nondepartment Managers' Fees	$	27,348,968
Total Department Operating Expenses and Managers' Fees	$	33,185,207
Custodial Fees — Mellon Trust		525,085
Investment Consultant Fees — Cliffwater LLC		2,750,000
Total Investment-Activity Expenses	**$**	**36,460,292**
SECURITIES-LENDING EXPENSES		
Borrower Rebates and Management Fees	$	3,533

See accompanying independent auditor's report.

FINANCIAL

PROFESSIONAL/CONSULTANT FEES AND SERVICES

Year Ended Dec. 31, 2014

Professional/Consultant	Nature of Service	Administrative Operations	Investment Department[1]	Totals
Razorfish LLC	Website consulting	$ 1,981,250	$ —	$ 1,981,250
IBridge Group, Inc.	Software consulting	1,728,896	—	1,728,896
Ewell, Brown & Blanke LLP	Legal	—	1,372,981	1,372,981
Phidiax, LLC	Software consulting	833,362	—	833,362
Vinson & Elkins, L.L.P.	Legal	696	800,008	800,704
Milliman, Inc.	Actuary	385,861	—	385,861
Linea Solutions, Inc.	Software consulting	340,000	—	340,000
Information Control Company	Software consulting	248,000	—	248,000
Reid, Collins & Tsai	Legal	—	152,717	152,717
Liquid Litigation Management Inc.	Legal	—	149,248	149,248
Jackson Walker L.L.P.	Legal	41,552	100,638	142,190
Allied Consultants, Inc.	Software consulting	109,825	—	109,825
Oshyn Inc	Website consulting	107,500	—	107,500
KPMG LLP	Audit	93,100	—	93,100
FTI Consulting, Inc.	Legal	—	91,358	91,358
Bradshaw & Bickerton PLLC	Legal	195	78,975	79,170
McElvaney Public Affairs LLC	Legislative consulting	62,000	—	62,000
TexHahn Media, Inc.	Media relations	58,134	—	58,134
Adjacent Technologies, Inc.	Software consulting	54,600	—	54,600
Almanza, Blackburn & Dickie	Legal	—	47,688	47,688
KPMG LLP	SOC 1 audit	40,000	—	40,000
Paladion Networks	Software consulting	36,000	—	36,000
Ace Hill Alsup III, M.D.	Medical board	15,360	—	15,360
Shelby H. Carter, M.D.	Medical board	12,800	—	12,800
John P. Vineyard, Jr., M.D.	Medical board	12,800	—	12,800
Total Professional/Consultant Fees and Services		**$ 6,161,931**	**$ 2,793,613**	**$ 8,955,544**

[1] Pursuant to GFOA guidelines, investment advisor expenses are shown only on the investment expenses schedule on the preceding page. The members of the Board of Trustees serve without compensation and are reimbursed for actual out-of-pocket travel expenses incurred.

See accompanying independent auditor's report.

3 INVESTMENT

By swinging back and forth at a precise interval, the weighted wooden pendulum drives the speed of the clock. The pendulum would eventually come to a stop without the long-term support of an electric motor to keep a slight pressure on the pendulum's movement to overcome the friction of air resistance.

DRIVE

Investments drive our success. TCDRS employers and employees save for retirement over the course of an employee's career. When you consider that TCDRS members work an average of 17-plus years and are retired another 20-plus years, we have an investment horizon of more than 30 years. As a result, long-term investment earnings fund almost 80 cents of every benefit dollar.

CLIFFWATER LLC

May 2015

Board of Trustees
Texas County and District Retirement System
P.O. Box 2034
Austin, Texas 78768-2034

To the members of the Board:

It is our pleasure to be the investment consultant for the Texas County and District Retirement System (hereinafter referred to as "TCDRS") and to report on your investment performance and activities for the year ending 2014. Retained in 2005, Cliffwater LLC provides investment policy development and review, asset allocation analysis, asset class structure analysis, investment manager searches and investment performance monitoring and evaluation to the Board and its staff. In calculating investment performance, TCDRS uses the industry standard time-weighted rate of return methodology (net of fees) based upon market values.

2014 was a year in which the economic divergence between the U.S., U.K., Eurozone and Japan became increasingly stark and market swings were greatly affected by the actions and anticipated actions of the respective central banks. Asset pricing did begin to normalize in 2014 with credit spreads expanding to levels closer to long term averages and U.S. stock price-earnings ratios remaining about where they were a year earlier. U.S. stock prices did increase, but the change was roughly in line with strong earnings growth, which itself was a sign of economic expansion. The expected rise in U.S. interest rates did not materialize and, to the contrary, interest rates fell over the course of the year with the 10 Year Treasury yield ending at 2.18% vs. 3.03% at the start of the year. This was partly due to foreign purchases as the potential for European recession looms and a slowdown in emerging markets, in particular China, looks possible. As a consequence, the U.S. dollar strengthened significantly against most major currencies resulting in losses in unhedged non-U.S. portfolios. The returns of real assets varied widely as the improving economy and real estate fundamentals boosted the prices of real estate, both public and private, while the oversupply of oil combined with lower global growth projections resulted in oil dropping 40% in the fourth quarter alone. These lower energy prices have pushed down the inflation rate.

TCDRS' diversified investment portfolio increased in total assets from $23.1 billion to $24.6 billion. The one year total fund return was 6.8% after fees. This exceeded the Board's Total Fund Policy Benchmark return of 4.7%. Over 10 years, the fund's 6.3% return exceeded the Board's Total Fund Policy Benchmark return of 5.6%. At the asset class level, TCDRS' passively-managed US equities portfolio returned 12.5% for the year. TCDRS' balance of active and passive developed international managers resulted in a -4.2% return compared to the -4.3% benchmark return while global equity returned 17.6% vs. 4.9% for the benchmark. Active emerging market equities achieved a return of -2.4% compared to the benchmark of -2.2%. The active REIT managers combined for a 24.3% return versus 23.9% for the benchmark. The commodities portfolios returned -14.4% versus -17.0% for the benchmark. The active investment-grade bond portfolio returned 6.6% relative to 6.0% for the benchmark. The hedge fund portfolio returned 4.8% compared to its benchmark of 3.4%. The active high yield asset class returned 1.8% relative to the benchmark's 1.9% return and the opportunistic credit portfolio returned 8.6% compared to its benchmark return of 1.9%. The private equity program returned 13.7%, distressed debt returned 7.8%, direct lending returned 1.4% and the real estate program returned 17.1% for the year.

The TCDRS Board made no asset allocation policy changes during the year. The fund added select hedge fund and opportunistic credit managers to increase diversification, added a high yield manager, a non-U.S. equity manager, a commodity manager and three emerging market equity managers. The fund also committed to new private equity, private real estate, distressed debt and direct lending partnerships in accordance with its annual commitment budget.

Respectfully submitted,

Kathleen K. Barchick, Sr. Managing Director

A: THE TCDRS ACT AND INVESTMENT POLICY

Investment decisions of the TCDRS Board of Trustees (board) are subject to the Texas Constitution, the TCDRS Act and to the applicable statutory provisions of the Texas Trust Code that provide for a "prudent investor" standard of care.

Additionally, the board has adopted, and reviews at least annually, an investment policy that defines investment authority and emphasizes the importance of a long-term investment philosophy with minimization of risk.

B: INVESTMENT PHILOSOPHY AND STRATEGY

The board has established a long-term target investment return of 8% and has diversified the TCDRS portfolio to include:

- Equities
  - U.S., international developed and emerging markets, and global equities
- Hedge funds
- High-yield investments
  - High-yield bonds, distressed debt, opportunistic credit and direct lending
- Private equity
- Real assets
  - Real estate investment trusts (REITs), commodities, private real estate partnerships, Treasury Inflation-Protected Securities (TIPS) and Master Limited Partnerships (MLPs)
- Investment-grade bonds

(For more information on these types of securities, please see the Glossary on page 100.)

The board uses a long-term, strategic approach to asset allocation based upon capital market assumptions that are reviewed and adopted annually. The assumptions in effect as of January 2014 are shown in Table 1 and include the long-term expected return and risk (standard deviation) for each asset class.

TABLE 1: CAPITAL MARKET ASSUMPTIONS

As of Jan. 1, 2014

Asset Category (Portfolio)	Expected Return	Standard Deviation
Equities		
U.S. Equities	7.15%	17.00%
International Equities — Developed	7.15	18.00
International Equities — Emerging	8.15	26.00
Global Equities	7.55	18.00
Hedge Funds	7.00	6.10
High-Yield Investments		
High-Yield Bonds	5.30	11.00
Opportunistic Credit	7.26	6.26
Distressed Debt	8.30	11.00
Direct Lending	8.00	10.00
Private Equity	10.15	20.00
Real Assets		
REITs	6.60	22.00
Commodities	2.50	18.00
TIPS	3.00	7.00
Private Real Estate Partnerships	9.30	30.00
Master Limited Partnerships (MLPs)	7.15	17.00
Investment-Grade Bonds	2.50	4.00
Cash and Cash Equivalents[1]	1.75	2.00

[1] Money awaiting allocation to an asset category and deposited with the system's custodian.

C: ASSET ALLOCATION

The board has established asset allocation targets for each asset class within the TCDRS portfolio. Table 2 shows the target allocations in effect during 2014 for each asset class.

TABLE 2: ASSET ALLOCATION TARGETS

	Target Allocation Percentages in Effect at:	
Asset Category	Jan. 1, 2014	Dec. 31, 2014
Equities		
U.S. Equities	16.5%	16.5%
International Equities — Developed	11.0	11.0
International Equities — Emerging	9.0	9.0
Global Equities	1.5	1.5
Hedge Funds	25.0	25.0
High-Yield Investments		
High-Yield Bonds	3.0	3.0
Opportunistic Credit	5.0	5.0
Distressed Debt	3.0	3.0
Direct Lending	2.0	2.0
Private Equity	12.0	12.0
Real Assets		
REITs	2.0	2.0
Commodities	2.0	2.0
Private Real Estate Partnerships	3.0	3.0
Master Limited Partnerships	2.0	2.0
Investment-Grade Bonds	3.0	3.0

INVESTMENT

D: ASSET CLASSES, INVESTMENT STYLES AND INVESTMENT MANAGERS

TCDRS uses both active and passive styles of investment management. The passive style seeks to match the performance of an established market index by holding the same securities as the index. An active style seeks to exceed the performance of a benchmark by allowing the manager to actively trade securities that may be different from the index.

Asset classes managed actively are hedge funds, high-yield bonds, opportunistic credit, distressed debt, direct lending, private equity, REITs, TIPS, commodities, MLPs, private real estate partnerships, investment-grade bonds, global equities, and a portion of the developed international and emerging market equities portfolios. Asset classes managed passively are U.S. equities and the remainder of the developed international and emerging market equities.

The investment manager responsible for an externally managed portfolio holds any cash that portfolio generates in interest-bearing instruments or accounts until it is reinvested. The TCDRS Investment Officer manages cash as well as new contributions in a short-term investment fund until allocated to a portfolio.

E: INVESTMENT RESULTS

TCDRS retains a professional performance measurement analyst that regularly reports investment performance to the board for each investment manager, for the aggregate of all managers in each asset class and for the total portfolio.

TABLE 3: BENCHMARK PORTFOLIOS FOR PERFORMANCE MEASUREMENT

Asset Category	Benchmark Portfolio
Equities	U.S. Equity Index
	Dow Jones U.S. Total Stock Market Index
	Developed International Equity Index
	MSCI World ex U.S. Standard Index (net)
	Emerging Market International Equity Index
	MSCI EM (Emerging Markets) Standard Index (net)
	Global Equity Index
	MSCI World Index (net)
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index
High-Yield Investments	High-Yield Bond Index
	Citigroup High-Yield Cash-Pay Capped Index
	Opportunistic Credit Index
	Citigroup High-Yield Cash-Pay Capped Index
	Distressed Debt Index
	Citigroup High-Yield Cash-Pay Capped Index
	Direct Lending Index
	Citigroup High-Yield Cash-Pay Capped Index
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index[1]
Real Assets	REIT Index
	67% FTSE NAREIT Equity REITs Index, 33% FTSE EPRA/NAREIT Global Real Estate Index
	Commodities Index
	Bloomberg Commodities Index
	TIPS Index
	Barclays U.S. TIPS Index
	Private Real Estate Partnerships
	Cambridge Associates Real Estate Index[2]
	MLP Index
	Alerian MLP Index
Investment-Grade Bonds	Barclays U.S. Aggregate Bond Index

[1] Includes vintage years 2006–present of Quarter Pooled Horizon IRRs.
[2] Includes vintage years 2007–present of Quarter Pooled Horizon IRRs.

Performance Reporting

Performance of each investment manager is measured against the performance of similar assets contained within a benchmark portfolio, as represented by a specific index. Comparisons indicate the value added by each manager, if any, in excess of the performance that was experienced by the specific benchmark index. When multiple investment managers are retained within a particular asset class, a benchmark portfolio is selected for measurement of the performance of the entire asset class. Table 3 identifies the benchmark portfolio associated with each asset class contained within the TCDRS investment portfolio.

A policy benchmark portfolio consisting of individual asset class benchmarks, weighted by asset class target allocation, is constructed for measurement of the performance of the entire portfolio.

Performance Results

As shown in Table 4, the TCDRS 2014 portfolio return was 6.8%, net of all fees, exceeding its

TABLE 4: RESULTS FROM INVESTING ACTIVITIES, NET OF ALL FEES[1]

		Annualized Returns				
TCDRS Portfolio/Benchmark Portfolio	2014 Return	3 Year	5 Year	10 Year	20 Year	30 Year
Total Fund	6.8	11.9	9.3	6.3	7.9	9.2
Policy Benchmark Portfolio	4.7	9.7	7.9	5.6	6.9	7.9
Equities						
U.S. Equities	12.5	20.5	15.8	8.2	—	—
Domestic Equity Index Benchmark Portfolio	12.5	20.4	15.7	8.1	—	—
International Equities - Developed	-4.2	11.7	6.2	4.9	—	—
Developed Intl Equity Index Benchmark Portfolio	-4.3	10.5	5.2	4.5	—	—
International Equities - Emerging	-2.4	3.8	1.1	7.4	—	—
Emerging Intl Equity Index Benchmark Portfolio	-2.2	4.0	1.8	8.4	—	—
Global Equity	17.6	—	—	—	—	—
Global Equity Benchmark Portfolio	4.9	—	—	—	—	—
Hedge Funds	4.8	9.0	6.6	—	—	—
Hedge Fund Benchmark Portfolio	3.4	5.7	3.3	—	—	—
High-Yield Investments						
High-Yield Bonds	1.8	8.5	8.8	7.2	—	—
High-Yield Bond Index Benchmark Portfolio	1.9	7.8	8.7	7.6	—	—
Opportunistic Credit	8.6	14.1	10.7	—	—	—
Opportunistic Credit Index Benchmark Portfolio	1.9	7.8	8.4	—	—	—
Distressed Debt	7.8	13.4	11.6	—	—	—
Distressed Debt Index Benchmark Portfolio	1.9	7.8	8.7	—	—	—
Direct Lending	1.4	—	—	—	—	—
Direct Lending Index Benchmark Portfolio	1.9	—	—	—	—	—
Private Equity	13.7	14.8	13.8	—	—	—
Private Equity Benchmark Portfolio	12.7	15.7	13.8	—	—	—
Real Assets						
REITs	24.3	16.2	14.9	7.4	—	—
REIT Index Benchmark Portfolio	23.9	16.1	15.8	7.5	—	—
Commodities	-14.4	-8.6	-3.1	—	—	—
Commodities Index Benchmark Portfolio	-17.0	-9.4	-5.5	—	—	—
TIPS	3.4	0.2	3.8	—	—	—
TIPS Benchmark Portfolio	3.6	0.4	4.1	—	—	—
Private Real Estate Partnerships	17.1	18.1	23.5	—	—	—
Private Real Estate Benchmark Portfolio	14.9	12.1	12.8	—	—	—
MLPs	18.7	—	—	—	—	—
MLP Index Benchmark Portfolio	4.8	—	—	—	—	—
Investment-Grade Bonds	6.6	4.1	5.4	5.0	7.0	8.6
Investment-Grade Bonds Index Benchmark Portfolio	6.0	2.7	4.5	4.8	6.4	7.6

[1] Calculations of performance were prepared using time-weighted rates of return calculations and are reported net of all fees.
Source: BNY Mellon Performance and Risk Analytics Fund Analysis, Fourth Quarter 2014

benchmark return of 4.7% by 2.1%. Divergence in economic growth and monetary policy across the globe led to divergent returns across the TCDRS portfolio. Continued moderate growth in the U.S. contributed to generally positive returns in U.S. assets. U.S. equities returned 12.5%, REITs and private real estate returned 24.3% and 17.1% respectively and Master Limited Partnerships (MLPs) returned 18.7%. Buoyed by a rising dollar and negative interest rates abroad, investment-grade bonds produced an impressive 6.6% return in 2014. Conversely, concerns about growth and deflation led non-U.S. equity returns lower with developed international equity returning -4.2% and emerging markets -2.4%. Global growth concerns along with a collapse in energy prices in the second half of the year drove commodity returns down 14.4%. The still maturing private equity portfolio, although impacted by the energy price decline, still produced a strong 13.7% return. In high yield, the opportunistic credit portfolio continued to produce attractive returns, providing 8.6% for the year. The hedge fund portfolio returned a modest 4.8%.

F: LISTS OF LARGEST HOLDINGS[1]

Equity Holdings

The system's exposure to equity markets is achieved through participation in commingled investment pools, such as State Street Global Advisors (SSgA) U.S. equity and international equity index funds, and direct investment in separately managed REIT portfolios. At Dec. 31, 2014, TCDRS' 10 largest equity holdings were in the SSgA U.S. Total Stock Market Fund which has an aggregate fair value of $4.9 billion. Table 5 displays our exposure to the 10 largest equity holdings.

Fixed-Income Holdings

Table 6 presents the top 10 fixed-income securities owned by TCDRS. The securities are contained within the investment-grade bond and TIPS portfolios. At Dec. 31, 2014, the aggregate fair value of the investment-grade bond and TIPS portfolios was $1 billion and $.49 billion, respectively.

[1] A complete listing of all securities TCDRS owned at Dec. 31, 2014, is available upon written request.

TABLE 5: LIST OF LARGEST EQUITY HOLDINGS[1]

Dec. 31, 2014 ($ Millions)

Company	Prorated Market Value
Apple, Inc.	$138.2
Exxon Mobil Corporation	83.4
Microsoft Corporation	81.6
Johnson & Johnson	62.4
Berkshire Hathaway, Inc.	58.3
Wells Fargo	55.3
General Electric Co.	54.4
Procter & Gamble	52.4
JPMorgan Chase	50.2
Chevron Corporation	45.2

[1] TCDRS owns an 86% undivided interest in a Dow Jones U.S. Total Stock Market Index Fund that in turn owns equity shares in 3,560 U.S. companies. Even though TCDRS does not own any shares of the above companies directly, our undivided interest in each company within the index fund is shown above.

TABLE 6: LIST OF LARGEST FIXED-INCOME HOLDINGS

Dec. 31, 2014 ($ Millions)

Description	Maturity	Interest Rate	Fair Value
Fannie Mae Single-Family Mortgage[1]	1/1/45	4.500%	$ 35.6
U.S. Treasury Note	2/28/19	1.375	35.2
U.S. Treasury Bond	5/15/43	2.875	17.1
U.S. Treasury Bond	8/15/42	2.750	15.4
U.S. Treasury Note	6/30/21	2.125	14.1
U.S. Treasury Bond	11/15/42	2.750	11.7
U.S. Treasury Note	8/31/17	0.625	9.3
U.S. TIPS	4/15/19	0.125	9.2
FNMA GTD REMIC P/T 03-W12 1A9	6/25/43	4.480	9.1
U.S. Treasury Note	2/28/17	0.875	8.8

[1] Commitment to purchase

TABLE 7: SECURITIES-LENDING ACTIVITY

Year Ended Dec. 31, 2014

Elements of Securities-Lending Activity	Amount
Gross Earnings	$ 118,100
Less Rebates Paid to Lenders and Lending Agent's Share of Income	3,533
Net Securities-Lending Income	114,567
Securities-Lending Income (Commingled Funds)	2,372,325
Net Securities-Lending Income	**$ 2,486,892**

TABLE 8: INVESTMENT MANAGERS' FEES

Year Ended Dec. 31, 2014

Asset Class	Fees Paid from the Pension Trust Fund[1] Management Fees	Fees Paid from the Pension Trust Fund[1] Performance Fees	Fees Netted Against Returns Management Fees	Fees Netted Against Returns Performance Fees	Fair Value at Dec. 31, 2014
Equities	$ 9,838,743	$ 2,799,519	$ 6,771,083	$ 6,844,509	$ 9,780,754,614
MLPs	3,222,242	—	—	—	559,520,364
REITs	3,162,931	—	—	—	514,283,980
Investment-Grade Bonds	2,041,334	—	—	—	995,121,734
Commodities	1,839,764	—	—	—	327,535,599
High-Yield Bonds	1,560,849	—	—	—	375,766,654
TIPS	149,656	—	—	—	49,381,201
Cash and Cash Equivalents	—	—	—	—	85,535,716
Alternative Investments	**Management Fees**	**Performance Fees**	**Management Fees**	**General Partner Carried Interest**	**Fair Value at Dec. 31, 2014**
Private Equity	242,998	—	42,104,130	83,951,669	2,231,642,975
Private Real Estate Partnerships	2,490,932	—	11,853,289	16,779,445	468,717,458
Hedge Funds	—	—	99,697,924	79,231,289	6,153,679,967
Opportunistic Credit	—	—	24,552,492	38,367,647	2,150,107,046
Distressed Debt	—	—	11,308,690	7,450,764	627,344,532
Direct Lending	—	—	2,388,061	—	298,429,351
Total	**$ 24,549,449**	**$ 2,799,519**	**$ 198,675,669**	**$ 232,625,323**	**$24,617,821,191**

[1] See Nondepartment Managers' Fees on page 47.

G: RESULTS OF SECURITIES-LENDING ACTIVITIES

TCDRS retains The Bank of New York Mellon Corp. as securities-lending agent to engage in lending securities from the fixed-income portfolios. Securities-lending transactions consist of loans of securities to broker-dealers and other entities in exchange for collateral with a simultaneous agreement to return the collateral for the same securities in the future. The aggregate income and expenses attributable to securities-lending activity and net lending income of $0.1 million are shown in Table 7.

Additionally, SSgA manages U.S. and international equity portfolios of TCDRS in commingled funds. The securities in these funds participate in the securities-lending program of SSgA with TCDRS receiving a proportionate share of the securities-lending income generated from this activity. Also shown in Table 7 is income of $2.4 million representing TCDRS' share of the 2014 equity portfolios' securities-lending income.

H: FEES AND COMMISSIONS

Table 8 presents the 2014 investment managers' fees TCDRS incurred, excluding securities-lending fees.

Note that all returns presented throughout this CAFR are reported net of the amounts reported in Table 8.

Alternative Investment Fees

The investment management fees included in Investment Activity Expenses presented in the Statements of Changes in Net Plan Position represent only those paid directly from the Pension Trust Fund and do not include fees incurred and charged by general partners in partnerships investing in private equity, distressed debt, direct lending, opportunistic credit, private real estate and hedge funds as these types of fees are netted directly against returns for those investments in accordance with FASB ASC 820. GASB 25 provides that plans such as TCDRS are not required to include in the reported amount of investment expenses those investment-related costs that are not readily separable from investment income (where income is reported net of related expenses). In the interest of greater transparency, fees and profit shares associated with these types of investments are disclosed in Table 8, based on information requested and received from fund general partners in conjunction with the annual audit.

The investment expenses related to TCDRS' investments in partnerships investing in private equity, distressed debt, direct lending, opportunistic credit, private real estate and hedge funds fall into the categories of management fees and profit share (also called "carried interest").

Management fees typically range from 1.5% to 2% of the value of invested assets (hedge funds and opportunistic credit) or committed capital (private equity, private real estate, distressed debt and direct lending) and are intended to compensate the general partner for its costs in operating the partnership.

Profit sharing or carried interest incentivizes and aligns the general partner's interest with TCDRS' interest. The carried interest represents the general partner's share of the partnership's profits, typically 20%, with 80% going to the limited partners such as TCDRS. Carried interest earned by hedge fund and opportunistic credit funds is generally accrued monthly and paid annually since the underlying investments are relatively liquid and more easily valued. Due to the long-term nature of private equity, private real estate, distressed debt and direct lending partnerships (typically 8 to 12 years) and the illiquidity associated with the underlying investments, carried interest is accrued over the life of the partnership but is usually not finalized until the fund is fully liquidated. Generally, an agreed rate of return, or preferred return, must first be surpassed before carried interest is earned by the general partner. To incentivize general partners to maintain performance over the life of a partnership, periods of negative performance may result in previously accrued carried interest being reduced or "clawed back". During such periods, negative carried interest expense would be reported.

Table 9 presents the commissions paid to brokers by the system's equity managers. The managers executed trades of 73 million shares through 111 brokers. The $840,000 in commissions earned by these brokers represents a cost of $.01 per share traded.

TABLE 9: BROKER COMMISSIONS PAID BY EQUITY MANAGERS

Year Ended Dec. 31, 2014

Brokerage Firm	Shares Traded (Thousands)	Commissions ($ Thousands)	Commissions Per Share
JP Morgan	7,994	$125	$0.01
Merrill Lynch	6,108	82	0.01
Citigroup	4,588	77	0.02
Goldman Sachs & Co.	8,896	55	0.03
Wells Fargo Securities LLC	2,876	44	0.01
Pershing LLC	1,071	34	0.01
Credit Suisse	7,078	33	0.02
Merlin Securities LLC	3,517	29	0.01
UBS Securities	1,437	29	0.03
Jefferies & Co.	1,657	23	0.04
Summary of 101 other firms	27,902	309	0.01
Totals	**73,124**	**$840**	**$0.01**

I: ASSET GROWTH OF THE SYSTEM

As shown in Figure 1 on page 57, the total value of TCDRS' investment assets, including accrued interest and dividends, has increased by $9.1 billion over the past five years (from $15.5 billion at Dec. 31, 2009 to $24.6 billion at Dec. 31, 2014). Figure 2 identifies the components of plan asset growth over the same period. Employee deposits and employer contributions net of pension payments and refunds ($.3 billion) contributed 4% to asset growth for the period while net investment return ($8.8 billion) contributed the remaining 96%.

J: INVESTMENT SUMMARY

The total value of the portfolio and each asset class at Dec. 31, 2014 is shown in Table 10 and is composed of the fair value of the underlying investments plus the amount of accrued interest and dividends, if any. The values shown in each asset class under the column labeled "Fair Value" are the investment amounts presented in the Statements of Fiduciary Net Position shown on page 26 in the Financial Section of this CAFR.

TABLE 10: INVESTMENTS BY ASSET SUBCLASS

Dec. 31, 2014

Type of Investment	Fair Value	Interest, Dividends and Other Receivables[1]	Total Value	% of Total Value
Equities				
U.S. Equities	$ 4,895,945,348	—	$ 4,895,945,348	19.9%
International Equities	4,395,179,639	—	4,395,179,639	17.8%
Global Equities	489,629,627	—	489,629,627	2.0%
Hedge Funds	6,153,679,967	—	6,153,679,967	25.0%
High-Yield Investments				
High-Yield Bonds	375,766,654	9,532,624	385,299,278	1.6%
Opportunistic Credit	2,150,107,046	—	2,150,107,046	8.7%
Distressed Debt	627,344,532	—	627,344,532	2.5%
Direct Lending	298,429,351	—	298,429,351	1.2%
Private Equity	2,231,642,975	6,818	2,231,649,793	9.1%
Real Assets				
REITs	514,283,980	1,905,988	516,189,968	2.1%
Commodities	327,535,599	—	327,535,599	1.3%
TIPS	49,381,201	209,132	49,590,333	0.2%
Private Real Estate Partnerships	468,717,458	—	468,717,458	1.9%
MLPs	559,520,364	—	559,520,364	2.3%
Investment-Grade Bonds	995,121,734	6,741,629	1,001,863,363	4.1%
Cash and Cash Equivalents	85,535,716	31	85,535,747	0.3%
Total Investments Shown on Statements of Fiduciary Net Position	**$ 24,617,821,191**	**$ 18,396,222**	**$ 24,636,217,413**	**100.0%**

[1] Includes $1,708 of net foreign currency fluctuations payable reported in Receivables and Accounts and Investments Payable from the Statements of Fiduciary Net Position on page 26.

INVESTMENT

FIGURE 1: GROWTH IN INVESTMENT ASSETS

($ Billions)

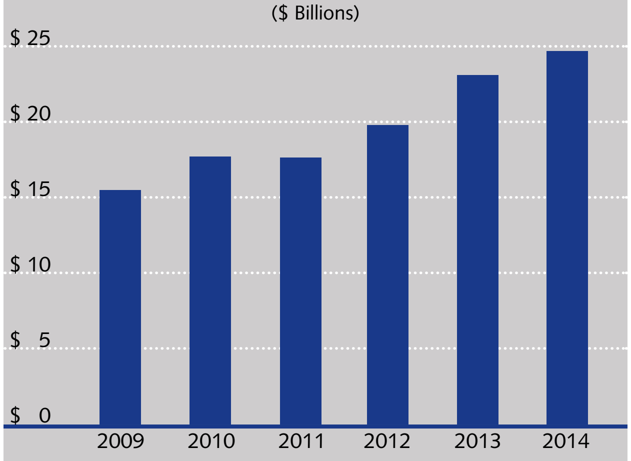
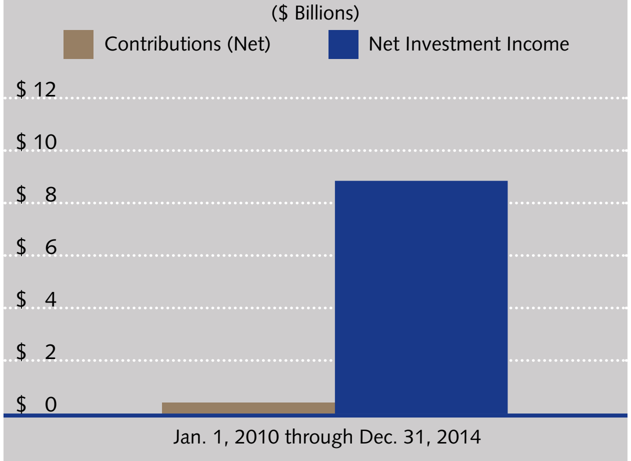


FIGURE 2: SOURCES OF ASSET GROWTH

($ Billions)



READER'S NOTES

4 ACTUARIAL

The citizens of Lockhart can set their watches by the sound of the courthouse clock's bell. The clock's 55-pound hammer strikes the 1,000-pound bell on the hour and half hour. To the community, it is a sound they can count on with confidence.

A SOUND PLAN

In 2014, TCDRS exceeded a 90% funded ratio. A sound plan design requires TCDRS employers to pay their full contribution rate, which ensures that the money is there when needed to pay benefits. Any liabilities are paid down within a 20-year amortization period. This is one of the most conservative funding policies among public pension plans.

Milliman

1301 Fifth Avenue
Suite 3800
Seattle, WA 98101-2605
USA

Tel +1 206 624 7940
Fax +1 206 623 3485

milliman.com

May 20, 2015

Board of Trustees
Texas County & District Retirement System
Austin, Texas

Dear Trustees:

In accordance with the Texas County & District Retirement System (TCDRS) Act, the annual actuarial valuation of the assets and liabilities of TCDRS has been completed as of December 31, 2014. This valuation was performed using actuarial assumptions that were adopted by the Board in December 2013. These assumptions were developed by Milliman and reported to the Board in the 2013 Investigation of Experience Study report. We recommended these assumptions to the Board.

We believe the assumptions individually and collectively represent reasonable expectations of experience over the long-term future. Nevertheless, the emerging costs of the TCDRS employers will vary from those presented in our report to the extent that actual experience differs from that projected by the actuarial assumptions.

To test how well the financing objective for each plan is being achieved, annual actuarial valuations are made. These valuations recognize differences in the past year between the actuarial assumptions and the actual experience, and any benefit changes for each plan.

The financing objective for each TCDRS plan is to provide retirement, death and disability benefits for a county's or a district's employees financed by an employer contribution rate. This rate is determined annually and is expected to remain approximately level as a percent of the employer's covered payroll. The employer contribution rate consists of the normal cost contribution rate plus the unfunded actuarial accrued liability (UAAL) contribution rate. The UAAL as of December 31, 2008 and any subsequent gains and losses are amortized over closed 20-year periods (open 30-year period if the employer is in an overfunded position). Benefit increases are amortized over closed 15-year periods.

A separate actuarial valuation for each participating county and district was performed based on the plan benefits in effect on January 1, 2015. The aggregate results of the actuarial valuation of system-wide assets and liabilities are presented in the Actuarial Section in the Summary Actuarial Valuation Results schedule. The assumptions and methods used in this valuation are summarized in the actuarial section. The member, annuitant and asset data used in the valuation were all prepared and furnished by TCDRS. We relied on that data after examining it for general reasonableness and year-to-year consistency. In addition, we prepared all of the supporting schedules in the actuarial section and the schedule of funding progress, the schedule of employer contributions and the notes to these schedules in the financial section of the comprehensive annual financial report. Please refer to the December 31, 2014 System-wide Actuarial Valuation Report for further disclosures.

Sincerely,

Mark C Olleman

Mark C. Olleman, FSA, EA, MAAA
Consulting Actuary

Nick Collier

Nick J. Collier, ASA, EA, MAAA
Consulting Actuary

Offices in Principal Cities Worldwide

A: ACTUARIAL ASSUMPTIONS

The actuarial assumptions for funding valuation purposes described below were developed from an actuarial experience investigation of TCDRS over the years 2009-2012. They were recommended by Milliman, Inc., adopted by the TCDRS Board of Trustees in 2013 and first used in the Dec. 31, 2013 actuarial valuation. For an explanation of terms used in this section, refer to the Glossary beginning on page 100.

Termination Rates

The termination rates are used to estimate future employment terminations from active participation for reasons other than death, disability or retirement. The rates vary by length of service, entry-age group (age at hire), sex and termination group assignments. The rates exclude termination due to death or disability, and termination rates do not apply after eligibility for retirement. Sample rates for three of the seven termination groups are shown in Table 1.

The termination group assignments for each employer were based primarily upon the termination characteristics of the members of that employer's plan during the years 2009-2012 compared to the termination characteristics of all members of TCDRS during the same period.

TABLE 1: SELECT TERMINATION RATES

Entry Age	Years of Service	Male			Female		
		Low	Mid	High	Low	Mid	High
20 to 29	0	.265	.331	.397	.287	.359	.431
	3	.106	.133	.160	.115	.144	.173
	6	.062	.077	.092	.067	.084	.101
	9	.044	.055	.066	.048	.060	.072
	12	.032	.040	.048	.034	.043	.052
	15	.022	.027	.032	.023	.029	.035
30 to 39	0	.219	.274	.329	.237	.296	.355
	3	.087	.109	.131	.095	.119	.143
	6	.051	.064	.077	.055	.069	.083
	9	.037	.046	.055	.039	.049	.059
	12	.026	.033	.040	.029	.036	.043
	15	.018	.022	.026	.019	.024	.029
40 to 49	0	.196	.245	.294	.212	.265	.318
	3	.078	.098	.118	.085	.106	.127
	6	.046	.057	.068	.050	.062	.074
	9	.033	.041	.049	.035	.044	.053
	12	.023	.029	.035	.026	.032	.038
	15	.016	.020	.024	.017	.021	.025

For plans that have adopted the partial lump-sum payment option, adjustments are made to the termination rates. Rates are reduced at ages near retirement as it is anticipated that a member would be less likely to take a withdrawal if the partial lump-sum payment option is available.

Withdrawal Rates

Employees who have terminated employment with the county or district may either elect to leave their accounts with TCDRS or withdraw their funds. The likelihood that a member will elect to withdraw varies by length of service and vesting requirement. Sample withdrawal rates are shown in Table 2.

Active Employee Mortality Rates

Active employees have lower mortality rates than retirees. Sample generational mortality rates, which vary by age and gender, are shown in Table 3.

TABLE 2: PROBABILITY OF WITHDRAWAL UPON TERMINATION

Years of Service	Vesting Requirement		
	5 Years	8 Years	10 Years
0	100%	100%	100%
4	100	100	100
6	60	100	100
8	50	50	100
10	48	48	48
15	40	40	40
20	30	30	30
25	20	20	20
Over 28	0	0	0

TABLE 3: ACTIVE EMPLOYEE MORTALITY RATES[1]

Age	Male	Female
20	.00037	.00018
25	.00038	.00019
30	.00056	.00021
35	.00090	.00031
40	.00122	.00051
45	.00173	.00077
50	.00245	.00122
55	.00363	.00181
60	.00592	.00276
65	.00860	.00429

[1] Projection Scales AA for Males and Females are applied to these rates.

TABLE 4: DISABILITY RATES

Age	Male and Female Occupational	Male and Female All Other Causes
35	.00001	.00023
40	.00003	.00053
45	.00006	.00086
50	.00009	.00156
55	.00014	.00278
60	.00000	.00000

Disability Rates

There are two types of disability rates, occupational disability rates (predicts disabilities that occur in the performance of job duties) and all-other-causes disability rates (predicts all non-occupational disabilities). Sample disability rates are shown in Table 4. Before a member is vested, only the occupational disability rates are applicable. For members who are vested, but not eligible for service retirement, the rate of disablement is the sum of the occupational rate and the all-other-causes rate. Rates are assumed to be zero after the member is eligible for service retirement.

Service Retirement Rates

Members who are eligible for retirement are assumed to commence receiving benefit payments based on age. Retirement eligible members age 75 and older are assumed to commence receiving benefits immediately. Sample rates are shown in Table 5, and vary by age.

Retiree, Beneficiary and Terminated Member Mortality Rates

For determining the amount of the monthly retirement benefit at the time of retirement, mortality rates are based on the UP-1984 Table with an age set back of five years for retirees and an age set back of 10 years for beneficiaries.

For calculating the actuarial accrued liability and normal cost, generational mortality is used. The RP-2000 Combined Male Table with an age set forward of one year and Projection Scale AA for Males, and the RP-2000 Combined Female Table with no age adjustment and Projection Scale AA for Females are used for service retirees, as well as the beneficiaries of both service and disability retirees. These rates are also used for terminated members who have not elected to withdraw their accounts. For disabled retirees, the RP-2000 Disabled Male Table with no age adjustment and Projection Scale AA for Males, and the RP-2000 Disabled Female Table with an age set forward of two years and Projection Scale AA for Females are used.

Investment Return

The components of the 8% investment return assumption are a 3% rate of inflation and a 5% real rate of return. This rate of 8% is net after investment expenses. It enables the system to make allocations at the nominal annual rates shown to the following major funds:

Subdivision Accumulation Fund 9%
Employees Saving Fund 7%
Current Service Annuity Reserve Fund 7%

Based on these nominal annual rates to the various funds, the following is assumed:

- An annual rate of 9% for calculating the actuarial accrued liability and the contribution rate for the retirement plan of each participating employer.
- An annual rate of 7% as specified in the TCDRS Act for (a) determining the amount of the monthly benefit at future dates of retirement or disability; and (b) calculating the actuarial accrued liability of the systemwide Current Service Annuity Reserve Fund.

Salary Increases

The salary increase assumption projects the salary scale for individuals over their projected careers. The annual salary increase rates assumed for individual employees vary by service and entry age. The annual rates consist

TABLE 5: SERVICE RETIREMENT RATES

Age	Male and Female
40–44	.045
45–49	.090
50–51	.100
52–54	.105
55–57	.110
58–59	.120
60	.140
61	.120
62	.250
63	.160
64	.160
65	.300
66	.250
67	.240
68–74	.220
Over 74	1.000

of a general wage inflation component of 3.5% and a merit, promotion and longevity component ranging from 0.40% to 5.25%. Note that the wage inflation of 3.5% is based on the underlying price inflation assumption of 3.0% and 0.5% for assumed increases in productivity. The salary scale varies by entry age, with an approximately 4.9% average annual increase over a typical employee's entire career. Because the TCDRS benefit is not based on final average salary, this assumption is generally not as significant as for other defined benefit retirement systems. Refer to Table 6 for sample salary increase rates.

TABLE 6: ANNUAL RATE OF SALARY INCREASE

Years of Service	Entry-Age Group			
	< 30	30-39	40-49	> 50
1	8.2%	7.6%	7.1%	6.6%
3	7.1	6.6	6.1	5.6
5	6.2	5.7	5.2	4.7
10	5.4	4.9	4.4	3.9
15	4.9	4.4	3.9	3.9
20	4.5	4.2	3.9	3.9
25	4.3	3.9	3.9	3.9

Payroll Increase

The payroll increase assumption projects the rate of growth of the employer's aggregate payroll. The rate may vary by employer. It is 3.5% or a smaller percentage if considered appropriate based on the employer's number of employees and prior experience. The payroll increase assumption does not consider future increases in the number of employees.

Cost-of-Living Adjustment

An annual increase of 0% cost-of-living adjustment is assumed. Plans may elect to periodically increase the benefit payment amounts to retirees and beneficiaries within certain guidelines.

B: ACTUARIAL METHODS

Actuarial Cost Method

TCDRS uses an entry-age actuarial cost method. The goal of this cost method is to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin. Under this approach, benefits are funded in advance as a level percentage of pay. This portion of the contribution rate is called the normal cost rate and generally remains stable from year to year.

Amortization Policy

The portion of the contribution rate that funds any remaining unfunded amounts for benefits that are not covered by the normal cost is called the unfunded actuarial accrued liability (UAAL) rate. UAAL amounts occur when benefit enhancements are adopted that have not been funded in advance, or when actual investment or demographic experience varies from the actuarial assumptions (actuarial gains and losses). UAAL amounts are amortized on a level-percentage-of-covered-payroll basis over a closed period with a layered approach. The closed periods ensure all unfunded liabilities are financed over no more than 20 years from the time they occur. Each year, new layers are established to amortize changes in the UAAL due to actuarial gains or losses, as well as any plan benefit changes elected by an employer for that year.

Benefit enhancements are amortized over a 15-year closed period. All other changes in the UAAL are amortized over 20-year closed periods.

For newly participating districts that have five or fewer employees who are all within five years of retirement eligibility, any initial UAAL and any subsequent adoption of prior service credits are amortized over a five-year closed amortization period. This ensures that benefits are appropriately funded over the current generation of employees.

Notwithstanding the layered approach, the total UAAL payment may not be less than the required payment obtained by amortizing the entire UAAL over a 20-year period.

If a plan is overfunded, the overfunded actuarial accrued liability (OAAL) is calculated annually using a 30-year open amortization period.

Asset Valuation Method

When determining the actuarial value of assets used for measuring a plan's funded status, TCDRS smooths each year's actuarial investment gains and losses and recognizes them over a five-year period to better reflect the system's long-term investment horizon and to keep employer contribution rates more stable. As actuarial asset investment gains and losses are recognized, they become part of the actuarial gains and losses for the year and are funded according to the amortization policy. The five-year period helps stabilize employer rates while still ensuring that rates are reflective of current market conditions.

In addition, the board has the ability to set aside reserves from investment earnings that are used to help offset future negative economic cycles. These reserves are held separately and are not counted as part of a participating employer's plan assets until they are passed through to employers when determined necessary by the board. Reserves help maintain rate stability for employers. In addition, reserves ensure that employers do not adopt benefit increases based on a temporarily lower plan cost at a high point in a market cycle and, conversely, are not as pressured to immediately reduce benefit levels during a low point in a market cycle.

C: CHANGES IN ACTUARIAL ASSUMPTIONS AND METHODS

There were no changes in actuarial assumptions or methods reflected in the Dec. 31, 2014 actuarial valuation.

SUMMARY ACTUARIAL DATA

FUNDED STATUS AND FUNDING PROGRESS

Pension Trust Fund

The funded status of the pension plan as of Dec. 31, 2014, the most recent actuarial valuation date is:

	($ Millions)
Actuarial Value of Assets (a)	$ 23,751.8
Actuarial Accrued Liability (AAL) – Entry Age (b)	$ 26,252.8
Unfunded AAL (UAAL) (b-a)	$ 2,501.0
Funded Ratio (a/b)	90.5%
Covered Payroll (c)	$ 5,779.0
UAAL as a Percentage of Covered Payroll [(b-a) / c]	43.3%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial calculations reflect a long-term perspective. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial values of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation for the Pension Trust Fund follows:

Valuation Date:	Dec. 31, 2014
Actuarial Cost Method:	Entry age
Amortization Method:	Level percent
Unfunded AAL	Closed
Overfunded AAL	Open
Remaining Amortization Period:	
Unfunded AAL	20 years
Overfunded AAL	30 years
Asset Valuation Method:	
SAF	5-year smoothed value[1]
ESF	Fund value
CSARF	Fund value
Actuarial Assumptions:	
Investment Return	8.0%
Career Average Projected Salary Increases [2]	4.9% avg.
Payroll Increase (varies by plan)	3.5% or less
Inflation	3.0%
Cost-of-Living Adjustments	0.0%

[1] With corridor adjustment
[2] Includes inflation at the indicated rate

TABLE 7: FUNDING PROGRESS

($ Millions)

Actuarial Valuation Date[1]	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)[2] (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll[3] (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/05[4]	$ 11,767.5	$ 12,872.1	$ 1,104.6	91.4%	$ 3,777.4	29.2%
12/31/06	13,229.8	14,035.2	805.4	94.3	4,054.3	19.9
12/31/07	14,483.0	15,364.5	881.5	94.3	4,420.5	19.9
12/31/08	14,861.8	16,767.9	1,906.1	88.6	4,830.3	39.5
12/31/09[4]	16,564.2	18,448.1	1,883.9	89.8	5,168.0	36.5
12/31/10	17,808.6	19,931.2	2,122.6	89.4	5,213.9	40.7
12/31/11	19,016.4	21,409.5	2,393.1	88.8	5,202.5	46.0
12/31/12	20,250.3	22,953.0	2,702.7	88.2	5,283.6	51.2
12/31/13[4]	21,912.7	24,514.8	2,602.1	89.4	5,483.8	47.5
12/31/14	23,751.8	26,252.8	2,501.0	90.5	5,779.0	43.3

[1] Each county and district participating in TCDRS is financially responsible for its own plan. Therefore, the aggregate numbers shown above reflect only the aggregate condition of TCDRS and are not indicative of the status of any one plan. The valuations above reflect changes in benefits elected by individual employers.

[2] The entry-age actuarial cost method is used for all plans. Each valuation above reflects the actuarial cost method, assumptions and benefits in effect as of the valuation date.

[3] The annual covered payroll is based on the employee deposits received by TCDRS for the year ending with the valuation date.

[4] Revised economic and demographic assumptions due to an experience review were first used in this valuation.

TABLE 8: EMPLOYER CONTRIBUTIONS

($ Millions)

	Actuarial Minimum Required Contributions		Annual Required Contributions (ARC)		Actual Contributions		
Plan Year Ended Dec. 31	Average Rate	Dollar Amount	Average Rate	Dollar Amount	Average Rate	Dollar Amount	Percentage of ARC Contributed
2005	N/A%	$ N/A	9.00%	$ 340.1	9.08%	$ 343.1	101%
2006	8.93	362.1	8.98	364.0	9.43	382.3	105
2007	9.50	420.1	9.57	423.2	9.73	430.3	102
2008	9.17	443.0	9.35	451.5	9.54	460.6	102
2009	9.28	479.8	9.46	488.7	9.87	510.3	104
2010	10.20	531.8	10.31	537.8	10.55	550.1	102
2011	9.89	514.6	10.06	523.1	10.97	570.6	109
2012	10.32	545.2	10.43	550.9	11.05	583.9	106
2013	10.93	599.4	11.08	607.7	11.75	644.5	106
2014	11.36	656.7	11.47	662.7	11.84	684.2	103

N/A = Not available.

SUMMARY ACTUARIAL DATA

TABLE 9: RETIREE AND BENEFICIARY DATA — ACCOUNTS*

Year Ended	New Accounts Added	Accounts Removed	Net Change in Accounts	Total Number of Accounts	Percent Change in Number of Accounts
12/31/05	2,503	671	1,832	30,034	6.5%
12/31/06	2,846	778	2,068	32,102	6.9
12/31/07	2,576	735	1,841	33,943	5.7
12/31/08	2,899	804	2,095	36,038	6.2
12/31/09	2,748	807	1,941	37,979	5.4
12/31/10	3,654	797	2,857	40,836	7.5
12/31/11	3,682	883	2,799	43,635	6.9
12/31/12	4,099	933	3,166	46,801	7.3
12/31/13	3,961	942	3,019	49,820	6.5
12/31/14	4,504	1,155	3,349	53,169	6.7

* Accounts reflect the total number of members being paid by separate employers.

TABLE 10: RETIREE AND BENEFICIARY DATA — AMOUNTS

Year Ended	New Annual Benefits Added	Annual Benefits Removed	Net Change in Annual Benefits Amount	Annual Benefits	Percent Change in Annual Benefits	Average Annual Benefit*
12/31/05	$ 42,468,195	$ 4,386,868	$ 38,081,326	$ 402,216,571	10.46%	$ 13,392
12/31/06	50,073,153	3,151,802	46,921,351	449,137,922	11.67	13,991
12/31/07	50,559,930	5,561,096	44,998,835	494,136,757	10.02	14,558
12/31/08	61,436,639	5,408,943	56,027,696	550,164,453	11.34	15,266
12/31/09	56,323,360	9,407,651	46,915,709	597,080,162	8.53	15,721
12/31/10	86,661,972	11,490,572	75,171,400	672,251,562	12.59	16,462
12/31/11	83,906,489	8,997,023	74,909,466	747,161,028	11.14	17,123
12/31/12	94,155,638	10,559,930	83,595,708	830,756,736	11.19	17,751
12/31/13	91,413,679	10,968,524	80,445,155	911,201,891	9.68	18,290
12/31/14	114,372,968	13,737,044	100,635,924	1,011,837,815	11.04	19,031

* The average annual benefits are based on the regular benefits paid in January following the valuation date.

TABLE 11: SOLVENCY TEST

($ Millions)

	Actuarial Accrued Liabilities for				Portion of Actuarial Accrued Liabilities Covered by Net Position		
Valuation Date	(1) Current Member Deposits	(2) Retirees and Beneficiaries	(3) Current Members (Employer-Financed Portion)	Actuarial Value of Assets	(1)	(2)	(3)
12/31/05	$ 3,280.1	$ 3,797.4	$ 5,794.7	$ 11,767.5	100%	100%	80.9%
12/31/06	3,534.6	4,244.8	6,255.8	13,229.8	100	100	87.1
12/31/07	3,835.4	4,684.8	6,844.2	14,483.0	100	100	87.1
12/31/08	4,145.6	5,209.5	7,412.9	14,861.8	100	100	74.3
12/31/09	4,518.3	5,710.5	8,219.3	16,564.2	100	100	77.1
12/31/10	4,810.3	6,459.3	8,661.6	17,808.6	100	100	75.5
12/31/11	5,090.7	7,202.8	9,116.0	19,016.4	100	100	73.7
12/31/12	5,364.3	8,014.5	9,574.2	20,250.3	100	100	71.8
12/31/13	5,668.9	8,796.9	10,049.0	21,912.7	100	100	74.1
12/31/14	5,931.8	9,785.8	10,535.2	23,751.8	100	100	76.3

Presented above is one short-term means of checking a system's progress under its funding program. The present assets are compared with: (1) current member contributions on deposit; (2) the liabilities for future benefits to current retirees and beneficiaries; and (3) the employer-financed portion of the liabilities for service already rendered by current members. In a system that has been following the discipline of level percent of payroll financing, the liabilities for current member contributions on deposit (liability 1) and the liabilities for future benefits to current retirees and beneficiaries (liability 2) will be fully covered by present assets (except in rare circumstances). In addition, the employer-financed portion of liabilities for service already rendered by current members (liability 3) will be at least partially covered by the remainder of present assets. Generally, the funded portion of liability 3 will move toward 100% over time if there are no changes in the plan benefits.

Each employer participating in TCDRS is financially responsible for its own plan. Therefore, the aggregate numbers shown above reflect only the aggregate condition of TCDRS and are not indicative of the status of any one plan.

TABLE 12: CONTRIBUTION RATE INFORMATION FOR PARTICIPATING EMPLOYERS

Distribution of TCDRS Plans by Year 2016 Employer Contribution Rate

Number of Depositing Members as of 12/31/2014	Year 2016 Employer Contribution Rate Based on the Plan of Benefits in Effect 1/1/2015						
	Under 5.00%	5.00% – 6.99%	7.00% – 8.99%	9.00% – 10.99%	11.00% – 12.99%	Over 12.99%	Total
1 – 5	34	31	21	14	11	9	120
6 – 15	31	23	29	27	11	14	135
16 – 30	17	8	14	9	9	6	63
31 – 50	12	11	14	12	12	8	69
51 – 85	7	20	18	12	12	10	79
86 – 150	10	5	12	15	16	7	65
151 – 250	9	7	17	15	8	10	66
251 – 500	1	5	6	14	8	5	39
Over 500	1	2	3	14	10	11	41
Total	**122**	**112**	**134**	**132**	**97**	**80**	**677**

TABLE 13: PARTICIPATING EMPLOYERS AND DEPOSITING MEMBERS

Valuation Date	Number of Participating Employers	Depositing Members		Average Annual Pay	Percent Increase in Average Annual Pay	Employer Contributions[1]	Average Employer Rate
		Number	Annual Payroll				
12/31/05	557	107,212	$ 3,777,445,451	$ 35,233	1.7%	$ 343,108,520	9.08%
12/31/06	565	110,791	4,054,275,148	36,594	3.9	380,318,020	9.43
12/31/07	567	116,858	4,420,511,353	37,828	3.4	430,335,867	9.73
12/31/08	585	120,347	4,830,298,018	40,136	6.1	460,635,617	9.54
12/31/09	601	123,446	5,167,980,232	41,864	4.3	510,261,262	9.87
12/31/10	618	122,889	5,213,892,696	42,428	1.3	550,102,572	10.55
12/31/11	624	121,919	5,202,460,203	42,671	0.6	570,562,898	10.97
12/31/12	641	121,963	5,283,625,749	43,322	2.1	583,902,381	11.05
12/31/13	656	124,525	5,483,787,404	44,038	1.7	644,462,694	11.75
12/31/14	677	125,860	5,779,022,617	45,916	4.3	684,212,315	11.84

[1] Employer contributions include optional lump-sum contributions and elected rates.

TABLE 14: ANALYSIS OF FINANCIAL EXPERIENCE

Gains and Losses in Actuarial Accrued Liabilities During Year Ended 2013–14
Resulting from Differences Between Assumed Experience and Actual Experience
($ Millions)

Source of Change	$ Gain (or Loss) for Year 2014	2013
Age and Service Retirements	$ 14.9	$ 17.9
Death In-Service Benefits	(0.5)	(0.2)
Other Termination	58.7	78.6
Pay Increases	16.7	17.9
Contribution Income	20.7	0.0
Investment Income*	88.6	30.1
Death After Retirement	(15.2)	(24.4)
Other	4.8	(1.1)
Gain (Loss) During Year from Financial Experience	**188.7**	**118.8**
Non-Recurring Items		
Plan Changes	(51.4)	(21.9)
Assumption Changes	0.0	42.6
Gain (or Loss) from Non-Recurring Items	**(51.4)**	**20.7**
Composite Gain (or Loss) for Year	**$ 137.3**	**$ 139.5**
Composite Gain (or Loss) as a % of Actuarial Accrued Liabilities	**0.5%**	**0.6%**

* 2013 includes the impact of the adoption of five-year asset smoothing.

ACTUARIAL

SUMMARY OF PLAN PROVISIONS

A: ORGANIZATION

TCDRS is a statewide, agent multiple-employer, public-employee retirement system that provides the employees of participating counties and districts with retirement, disability and survivor benefits. Each county and district that participates in TCDRS maintains its own customized plan of benefits which may be changed annually. The governing body of each employer has the option to adopt or change plan provisions based on their needs and budget.

Each employer has a defined benefit plan where member benefits are based on the final total employee savings balance and employer matching. All plan assets are pooled for investment purposes, but each employer's plan assets may be used only for the payment of benefits to the members of that employer's plan. This summary describes the plan provisions in general terms. Any questions related to the actual administration, provisions or policies of the retirement plans should be directed to TCDRS.

B: MEMBERSHIP

All full- and part-time non-temporary employees participate in TCDRS, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.

C: TERMINATION OF MEMBERSHIP

TCDRS membership is terminated by death, retirement, or withdrawal of account balance.

D: EMPLOYEE DEPOSITS

TCDRS is a savings-based plan. Every paycheck, a portion of each employee's pay — from 4% to 7% as set by the employer — is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest annually.

E: SERVICE

Employees receive a month of service for each month that they make a deposit into their account. Service may also be granted for periods of employment prior to the employer joining TCDRS, and for military and certain other service.

Within TCDRS, all periods of service with any TCDRS participating employers are generally combined. Also, service periods with other Texas public retirement plans participating with TCDRS in the Texas Proportionate Retirement Program are combined to satisfy TCDRS retirement eligibility and vesting requirements.

F: ELIGIBILITY REQUIREMENTS

Service Retirement Benefits

The amount of service an employee needs to earn a future monthly benefit is called the vesting requirement. When an employee is vested, he or she has the right to a monthly benefit at age 60 or older. Employers may choose 5-, 8- or 10-year vesting. In addition, employees may retire before age 60 if they meet one of the following requirements, set by the employer:

- **"Rule of" eligibility:** Under these rules, a vested employee can retire if their age plus years of service time add up to at least 75 or 80.
- **20-year or 30-year retirement at any age:** This lets employees retire when they have at least 20 or 30 years of service time.

Disability Retirement Benefits

A member who is vested and who is totally and permanently disabled is eligible for an immediate disability retirement benefit. A member who is not vested is eligible for an immediate disability retirement benefit if the total and permanent disability was a result of an on-the-job injury.

Survivor Benefits

Benefits are payable to the beneficiaries or estate of a deceased member. The eligibility requirement for an employer-provided survivor benefit is four years of TCDRS service. Otherwise the survivor benefit is the deceased member's account balance.

G: DETERMINATION OF RETIREMENT BENEFITS

The service or disability retirement benefit is calculated based on the employee's account balance and employer matching as selected by the employer, and may include other employer provided funds. The employer matching can range from a "dollar for dollar," up to $2.50 per $1.00 in the employee's account. The employee's account and employer provided funds are combined and converted to a lifetime annuity. The retiree receives a payment every month for the rest of his or her life.

Retirees elect to receive their monthly lifetime benefit by choosing from one of the following seven actuarially equivalent payment options.

- **Single Life option** – Monthly payments cease upon death of the retiree. This option provides the highest monthly benefit.
- **Guaranteed Term Benefit options** – The two guaranteed term benefit options are 10-year guaranteed term and 15-year guaranteed term. These options provide a lifetime monthly benefit to the retiree. In addition, if the retiree passes away within 10 or 15 years of the retirement date, the beneficiary will receive the monthly benefit until the end of the guaranteed term.
- **Dual Life options** – The four dual life options are 100% to beneficiary, 75% to beneficiary, 50% to beneficiary and 100% to beneficiary with pop-up. Under each of these options, after the death of the retiree, the beneficiary receives a monthly lifetime benefit equal to the selected percentage of the retiree's benefit payment. Under the 100% to beneficiary with pop-up option, if the beneficiary dies before the retiree, the monthly benefit amount will "pop-up" to a higher monthly amount, as if the retiree had retired under the single life option.

All options pay a death benefit equal to the excess of the person's account at retirement over the total monthly benefits that have been paid.

Each employer may allow partial lump-sum payments. This allows the retiring member to receive an immediate lump-sum payment not to exceed his or her account balance, and choose a reduced monthly lifetime benefit from any of the payment options.

H: FUNDING PROVISIONS

Contributions are made monthly by both the employees and the employers based on covered payroll.

Each year the actuary determines the required contribution rate for the following year to adequately fund each employer's benefit plan using the actuarial methods described on pages 63–64. Employers may also elect to fund at a rate higher than the required rate, and may also make additional lump-sum contributions.

I: CHANGES IN PROVISIONS

There were no new provisions reflected in the Dec. 31, 2014 valuation.

SUMMARY ACTUARIAL VALUATION RESULTS

SUMMARY ACTUARIAL VALUATION RESULTS				
	Dec. 31, 2014		Dec. 31, 2013	
Valuation Results for Employer Plans				
1 Actuarial present value of future benefits				
Annuitants	$ 3,398,293,610		$ 3,073,845,472	
Members	19,542,278,426		18,587,769,001	
Total	22,940,572,036		21,661,614,473	
2 Actuarial present value of future normal cost contributions	3,075,213,304		2,869,867,550	
3 Actuarial accrued liability [1 - 2]		19,865,358,732		18,791,746,923
4 Actuarial value of assets				
Employees Saving Fund	5,931,771,356		5,668,885,576	
Subdivision Accumulation Fund	11,392,427,088		10,465,943,069	
Total		17,324,198,444		16,134,828,645
5 Total unfunded actuarial accrued liability (UAAL)	2,609,917,675		2,704,966,345	
6 Total overfunded actuarial accrued liability (OAAL)	(68,757,387)		(48,048,067)	
7 Unfunded actuarial accrued liability (UAAL), net of overfunded actuarial accrued liability (OAAL) [5 + 6]. Also equals [3 - 4].		2,541,160,288		2,656,918,278
Valuation Results for Pooled Benefits				
8 Actuarial present value of future benefits from the Current Service Annuity Reserve Fund for annuities in effect	6,387,493,213		5,723,059,761	
9 Actuarial value of assets of the Current Service Annuity Reserve Fund	6,427,622,742		5,777,882,673	
10 Overfunded actuarial accrued liability (OAAL) [8 - 9]		(40,129,529)		(54,822,912)
11 Systemwide UAAL Net of OAAL [7 + 10]		**$ 2,501,030,759**		**$ 2,602,095,366**
12 Funded Ratio [(4 + 9) / (3 + 8)]		**90.5%**		**89.4%**

1301 Fifth Avenue
Suite 3800
Seattle, WA 98101-2605
USA

Tel +1 206 624 7940
Fax +1 206 623 3485

milliman.com

May 20, 2015

Board of Trustees
Texas County & District Retirement System
Austin, Texas

Dear Trustees:

Milliman has performed an actuarial valuation for the Group Term Life Fund (GTLF) which is administered by the Texas County & District Retirement System for purposes of complying with GASB 43/45. The GTLF is an optional cost-sharing multiple-employer defined benefit OPEB plan which provides death benefits to active and, if elected, retired employees of participating subdivisions. This valuation was performed using actuarial assumptions that were adopted by the Board in December 2013. These assumptions were developed by Milliman and reported to the Board in the 2013 Investigation of Experience Study report. We recommended these assumptions to the Board. We believe the assumptions individually and collectively represent reasonable expectations of experience over the long-term future. Nevertheless, the emerging costs of the TCDRS employers will vary from those presented in our report to the extent that actual experience differs from that projected by the actuarial assumptions.

The financing objective of the GTLF is to operate as a group term insured benefit, charging each employer its premium based on current actuarial assumptions and its own demographic membership (number of active and retired members covered by GTLF). The funding of the GTLF is in accordance with Section 845.406 of the TCDRS statute. Contribution rates are established as a percentage of pay.

The GTLF provides death benefits to both active and retired members. Each participating subdivision can elect to cover just active members, or active and retired members. Only those employers that have elected to cover both active members and retired members are included in the actuarial valuation for purposes of the OPEB valuation under GASB 43/45. The required contribution rates are equal to a premium rate which is individually determined for each participating employer annually, and is based on the mortality and service experience of all employees covered by the fund and the demographics specific to the workforce of TCDRS' participating employers. The rate is expressed as a percentage of the compensation of members employed by the participating employer. The required contributions are determined using a one year term cost funding method. However, this method does not meet the parameters under GASB 43/45. Therefore, for purposes of meeting the GASB financial reporting requirements, GTLF retiree benefits are evaluated using the entry age normal cost method. Active accruals are assumed to be equal to the corresponding premium rate.

The GASB required valuation was performed for all counties and districts participating in the retiree benefit for the GTLF based on the plan benefits in effect on January 1, 2015. The results of this valuation are presented in the following tables, as well as in the Financial Section. The assumptions and methods used in this valuation are summarized in the actuarial section and are intended to meet the parameters of Governmental Accounting Standards Board Statement No. 43. The member, annuitant and asset data used in the valuation were all prepared and furnished by TCDRS. We relied on that data after examining it for general reasonableness and year-to-year consistency. In addition, we prepared all of the supporting schedules in the actuarial section, the schedule of funding progress and the notes to these schedules in the financial section of the comprehensive annual financial report. Please refer to the December 31, 2014 System-wide Actuarial Valuation Report for further disclosures.

Sincerely,

Mark C Olleman

Mark C. Olleman, FSA, EA, MAAA
Consulting Actuary

Nick Collier

Nick J. Collier, ASA, EA, MAAA
Consulting Actuary

Offices in Principal Cities Worldwide

A: ACTUARIAL ASSUMPTIONS AND METHODS

The actuarial assumptions described below for the Group Term Life Fund (Group Term Life or GTLF), an other postemployment benefit (OPEB) plan, were developed from an actuarial investigation of the experience of TCDRS over the years 2009-2012. They were recommended by Milliman, Inc., adopted by the TCDRS Board of Trustees in 2013 and first used in the Dec. 31, 2013 actuarial valuation. For an explanation of terms used in this section, refer to the Glossary beginning on page 100.

Termination Rates

The termination rates are used to estimate future employment terminations from active participation for reasons other than death, disability or retirement. The rates vary by length of service, entry-age group (age at hire), sex and termination group assignments. The rates exclude termination due to death or disability, and termination rates do not apply after eligibility for retirement. Sample rates for three of the seven termination groups are shown in Table 1 on page 61.

The termination group assignments for each employer were based primarily upon the termination characteristics of the members of that employer's plan during the years 2009-2012 compared to the termination characteristics of all members of TCDRS during the same period.

For plans that have adopted the partial lump-sum payment option, adjustments are made to the termination rates. Rates are reduced at ages near retirement as it is anticipated that a member would be less likely to take a withdrawal if the partial lump-sum payment option is available.

Withdrawal Rates

Employees who have terminated employment with the county or district may either elect to leave their accounts with TCDRS or withdraw their funds. The likelihood that a member will elect to withdraw varies by length of service and vesting requirement. Sample withdrawal rates are shown in Table 2 on page 61.

Active Employee Mortality Rates

Active employees have lower mortality rates than retirees. A sample of these generational mortality rates, which vary by age and gender, is shown in Table 3 on page 61.

Disability Rates

There are two types of disability rates, occupational disability rates (predicts disabilities that occur in the performance of job duties) and all-other-causes disability rates (predicts all non-occupational disabilities). Sample disability rates are shown in Table 4 on page 62. Before a member is vested, only the occupational disability rates are applicable. For members who are vested, but not eligible for service retirement, the rate of disablement is the sum of the occupational rate and the all-other-causes rate. Rates are assumed to be zero after the member is eligible for service retirement.

Service Retirement Rates

Members who are eligible for retirement are assumed to commence receiving benefit payments based on age. Retirement eligible members age 75 and older are assumed to commence receiving benefits immediately. Sample rates are shown in Table 5 on page 62, and vary by age and gender.

Retiree Mortality Rates

The RP-2000 Combined Male Table with an age set forward of one year and Projection Scale AA for Males, and the RP-2000 Combined Female Table with no age adjustment and Projection Scale AA for Females are used for service retirees, as well as the beneficiaries of both service and disability retirees. These rates are also used for terminated members who have not elected to withdraw their accounts. For disabled retirees, the RP-2000 Disabled Male Table with no age adjustment and Projection Scale AA for Males, and the RP-2000 Disabled Female Table with an age set forward of two years and Projection Scale AA for Females are used.

Investment Return

The rate of return is 7%, which is a statutory allocation and is not dependent on investment earnings.

Salary Increases

The salary increase assumption projects the salary scale for individuals over their projected careers. The annual salary increase rates assumed for individual employees vary by service and entry age. The annual rates consist of a general wage inflation component of 3.5% and a merit, promotion and longevity component ranging from 0.40% to 5.25%. Note that the wage inflation of 3.5% is based on the underlying price inflation assumption of 3.0% and 0.5% for assumed increases in productivity. The salary scale varies by entry age, with an approximately 4.9% average annual increase over a typical employee's entire career. Because the TCDRS' benefit is not based on final average salary, this assumption is generally not as significant as for other defined benefit retirement systems. Refer to Table 6 on page 63 for sample salary increase rates.

Actuarial Value of Assets

All assets are valued at fund value. The fund's assets are pooled with those of the Pension Trust Fund under provisions of the TCDRS Act.

Actuarial Cost Method

For funding purposes, the unit credit cost method is used for determining the cost of one-year term life insurance for both active employees and retirees. The only demographic assumptions used for determining funding requirements are active employee mortality rates and retiree mortality rates.

For accounting reporting purposes, the unit credit cost method for determining one-year term life insurance is used for the active insurance benefit. Thus, the normal cost is equal to the active premium rate. For the retiree Group Term Life benefit, the entry-age actuarial cost method is used. The normal cost rate used in the valuation was calculated based on all current employees who are covered under the Group Term Life program, but only if the participating employer also covers its retirees. The aggregate normal cost is the ratio of the actuarial present value of projected insurance benefits payable after retirement to the projected salaries of all employees covered by the Group Term Life program. The total Group Term Life normal cost is the sum of this normal cost and the entry-age normal cost for the retiree insurance benefit.

B: PROVISIONS OF GOVERNING LAW

Participation in the Group Term Life Program

Employers who participate in the TCDRS retirement plan may elect to participate in the Group Term Life program. Employers may elect to cover active employees only or both active employees and retirees, and may elect to change or discontinue coverage annually.

Benefit Eligibility

The county or district must have elected the applicable Group Term Life coverage for the calendar year in which an active employee or retiree dies.

Amount of Insurance Benefit

If death occurs while the member is actively employed, the benefit is an amount equal to the employee's most recent regular annualized salary. The insurance benefit payable to retirees is $5,000.

TABLE 15: GTLF — RETIREES COVERED

Year Ended	New Retirees Added	Retirees Removed	Net Change in Retirees	Total Number of Retirees[1]	Percent Change in Number Covered
12/31/09	986	261	725	9,239	8.5 %
12/31/10	1,071	245	826	10,065	8.9
12/31/11	555	4,806	(4,251)	5,814	(42.2)
12/31/12	623	136	487	6,301	8.4
12/31/13	618	196	422	6,723	6.7
12/31/14	676	183	493	7,216	7.3

[1] A single individual may have coverage with more than one participating employer.

TABLE 16: GTLF — RETIREES COVERAGE AMOUNTS

Year Ended	New Annual Coverage Added	Annual Coverage Removed	Net Change in Annual Coverage Amount	Annual Coverage Amount[1]	Percent Change in Annual Coverage	Average Annual Coverage Per Retiree
12/31/09	$ 4,930,000	$ 1,305,000	$ 3,625,000	$ 46,195,000	8.5%	$ 5,000
12/31/10	5,355,000	1,225,000	4,130,000	50,325,000	8.9	5,000
12/31/11	2,775,000	24,030,000	(21,255,000)	29,070,000	(42.2)	5,000
12/31/12	3,115,000	680,000	2,435,000	31,505,000	8.4	5,000
12/31/13	3,090,000	980,000	2,110,000	33,615,000	6.7	5,000
12/31/14	3,380,000	915,000	2,465,000	36,080,000	7.3	5,000

[1] A single individual may have coverage with more than one participating employer.

TABLE 17: GTLF SOLVENCY TEST

($ Millions)

Valuation Date	Actuarial Accrued Liabilities for: (1) Current Member Deposits	(2) Retirees and Beneficiaries	(3) Current Members (Employer-Financed Portion)	Actuarial Value of Assets	Portion of Actuarial Accrued Liabilities Covered by Net Position: (1)	(2)	(3)
12/31/09	N/A	$ 18.33	$ 13.77	$ 15.30	N/A	83.5%	0.0%
12/31/10	N/A	19.85	14.07	19.30	N/A	97.2	0.0
12/31/11	N/A	12.03	8.59	22.00	N/A	100.0	100.0
12/31/12	N/A	12.96	8.91	23.30	N/A	100.0	100.0
12/31/13	N/A	13.77	8.99	24.80	N/A	100.0	100.0
12/31/14	N/A	14.73	9.33	26.40	N/A	100.0	100.0

N/A = Not Applicable

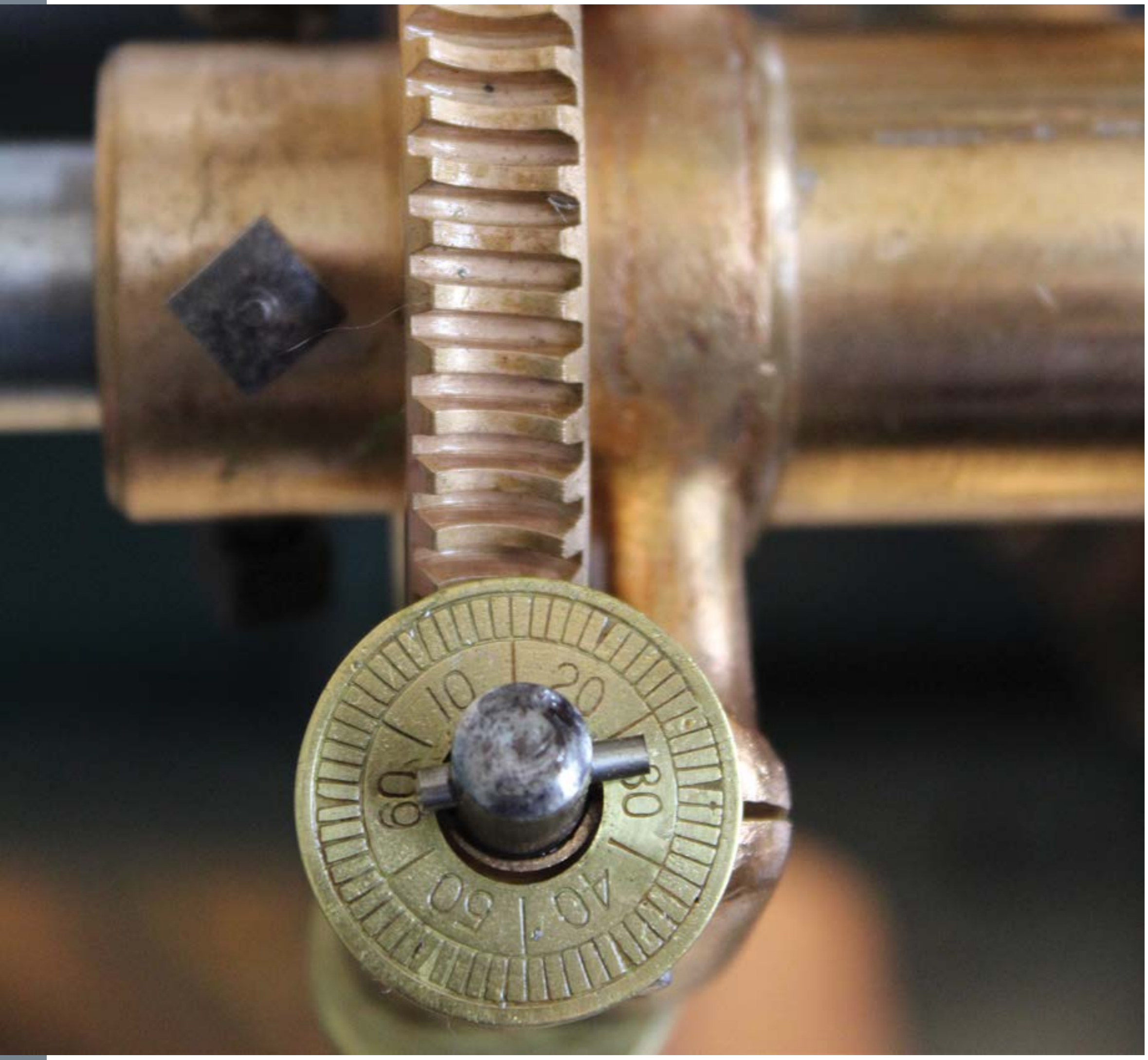
Presented above is one short-term means of checking a system's progress under its funding program. The present assets are compared with: (1) current member contributions on deposit; (2) the liabilities for future benefits to current retirees and beneficiaries; and (3) the employer-financed portion of the liabilities for service already rendered by current members. In a system that has been following the discipline of level percent of payroll financing, the liabilities for current member contributions on deposit (liability 1) and the liabilities for future benefits to current retirees and beneficiaries (liability 2) will be fully covered by present assets (except in rare circumstances). In addition, the employer-financed portion of liabilities for service already rendered by current members (liability 3) will be at least partially covered by the remainder of present assets.

TABLE 18: GTLF PARTICIPATING EMPLOYERS AND COVERED MEMBERS[1]

Valuation Date	Number of Participating Employers	Covered Members: Number	Covered Members: Annual Payroll	Average Annual Pay	Percent Increase in Average Annual Pay	Average Employer Premiums	Employer Rate
12/31/09	266	49,264	$ 2,112,821,143	$ 42,888	3.6 %	$ 7,130,058	0.34%
12/31/10	270	48,061	2,105,375,212	43,806	2.1	7,340,463	0.35
12/31/11	269	32,499	2,064,853,871	39,190	(10.5)	5,927,549	0.29
12/31/12	276	32,579	1,293,840,378	39,714	1.3	3,949,356	0.31
12/31/13	279	33,118	1,343,369,311	40,563	2.1	4,203,456	0.31
12/31/14	289	33,394	1,419,012,335	42,493	4.8	4,510,866	0.32

[1] Includes only employers that participate in the Group Term Life program.

5 STATISTICAL



The tower clock mechanism has several adjustments that control the speed and placement of the clock's hands. Once a week, the time on the Caldwell County Courthouse clock is adjusted to maintain its accuracy. With a slight twist of the dial on the time-setting drive, the clock hands on the tower can be adjusted.

ADJUSTABLE

TCDRS is not a one-size-fits-all system. Each employer maintains its own customized plan of retirement and survivor benefits. In addition, employers have flexibility to adjust their benefits each year based on their workforce needs and budget. This level of local control is not standard in most pension plans.

INTRODUCTION

The Statistical Section provides additional detail to assist you in interpreting the information in the Financial Statements, Notes to Financial Statements and Required Supplementary Information. The information is presented in two main categories: Financial Trends Data and Demographic and Operating Information.

The Financial Trends Data illustrates how TCDRS' financial position has changed over time. The changes in net position for the last 10 fiscal years show additions by source, deductions by type and the total change in Pension Trust Fund and Group Term Life Fund (GTLF) net position for each year. The pension benefit expenses by type gives data on benefits paid and withdrawal deductions for the last 10 fiscal years.

The Demographic and Operating Information provides details about TCDRS' operations and membership. The schedule of New Retiree Average Benefits gives the average monthly benefit and number of retired members, organized by five-year increments of credited service, for the last 10 fiscal years. Data is given for both pension benefits and for GTLF benefit payments. This section also includes information on the number of annuitants grouped by age and by type of benefits, along with a description of the retirement payment options. The schedule of largest participating employers compares the number of current members for those employers for the most recent year-end and as of nine years ago.

TABLE 1: CHANGES IN NET POSITION, LAST TEN FISCAL YEARS

Pension Trust Fund	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Additions										
Employee Deposits	$ 259,406,309	$ 278,179,477	$ 303,430,433	$ 332,040,768	$ 354,627,084	$ 357,797,427	$ 347,995,322	$ 353,349,948	$ 367,313,130	$ 383,186,524
Employer Contributions	343,108,520	382,318,020	430,335,867	460,635,617	510,261,262	550,102,572	570,562,898	583,902,381	644,462,694	684,212,315
Total Net Investment Income (Loss)	900,637,780	1,873,559,211	1,226,671,070	(5,052,167,722)	3,285,201,407	1,980,909,842	(208,287,663)	2,212,163,773	3,239,794,960	1,568,660,707
Other Additions	2,040,623	1,061,744	1,243,332	1,284,521	1,357,102	1,410,153	1,402,399	1,465,105	1,524,722	1,588,730
Total Additions	**1,505,193,232**	**2,535,118,452**	**1,961,680,702**	**(4,258,206,816)**	**4,151,446,855**	**2,890,219,994**	**711,672,956**	**3,150,881,207**	**4,253,095,506**	**2,637,648,276**
Deductions										
Benefits Paid:										
Service Retirements	373,973,847	415,434,027	462,436,351	507,344,095	564,892,564	619,134,926	701,095,589	774,927,826	864,546,467	948,890,194
Disability Retirements	11,938,508	12,536,673	12,991,513	13,297,812	13,870,874	14,176,535	14,702,551	15,112,328	15,400,094	15,566,244
Total Benefits Paid	385,912,355	427,970,700	475,427,864	520,641,907	578,763,438	633,311,461	715,798,140	790,040,154	879,946,561	964,456,438
Withdrawals:										
Separation	63,552,951	64,234,638	64,927,703	61,781,877	55,060,952	63,952,250	79,979,067	80,628,521	89,227,565	81,243,255
Death / Ineligible	349,447	557,880	744,887	1,198,103	777,907	1,221,183	1,203,984	1,321,511	1,791,138	959,497
Total Withdrawals	63,902,398	64,792,518	65,672,590	62,979,980	55,838,859	65,173,433	81,183,051	81,950,032	91,018,703	82,202,752
Administrative and Building Operations Expenses	11,731,184	11,100,215	12,093,768	12,746,067	15,202,472	16,362,612	17,009,339	18,116,762	19,816,891	20,048,081
Interest Allocation to Group Term Life Fund	398,799	505,046	603,773	747,465	920,949	1,152,389	1,376,030	1,524,820	1,625,589	1,738,911
Payments to Terminating Employers	—	2,562,808	351,055	22,900	—	—	—	—	46,835	—
Total Deductions	**461,944,736**	**506,931,287**	**554,149,050**	**597,138,319**	**650,725,718**	**715,999,895**	**815,366,560**	**891,631,768**	**992,454,579**	**1,068,446,182**
Change in Net Position	**$1,043,248,496**	**$2,028,187,165**	**$1,407,531,652**	**$(4,855,345,135)**	**$ 3,500,721,137**	**$ 2,174,220,099**	**$ (103,693,604)**	**$ 2,259,249,439**	**$ 3,260,640,927**	**$ 1,569,202,094**

Group Term Life Fund	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Additions										
Employer Premiums	$ 4,735,938	$ 5,231,646	$ 5,983,265	$ 6,522,399	$ 7,130,058	$ 7,340,463	$ 5,927,549	$ 3,949,356	$ 4,203,456	$ 4,510,866
Income Allocation from Pension Trust Fund	398,799	505,046	603,773	747,465	920,949	1,152,389	1,376,030	1,524,820	1,625,589	1,738,911
Total Additions	**5,134,737**	**5,736,692**	**6,587,038**	**7,269,864**	**8,051,007**	**8,492,852**	**7,303,579**	**5,474,176**	**5,829,045**	**6,249,777**
Deductions										
Insurance Benefits	3,431,285	4,282,636	4,579,865	5,269,548	4,946,963	4,537,617	4,852,898	3,878,859	4,318,663	4,637,239
Total Deductions	**3,431,285**	**4,282,636**	**4,579,865**	**5,269,548**	**4,946,963**	**4,537,617**	**4,852,898**	**3,878,859**	**4,318,663**	**4,637,239**
Change in Net Position	**$ 1,703,452**	**$ 1,454,056**	**$ 2,007,173**	**$ 2,000,316**	**$ 3,104,044**	**$ 3,955,235**	**$ 2,450,681**	**$ 1,595,317**	**$ 1,510,382**	**$ 1,612,538**

FINANCIAL TRENDS DATA

FIGURE 1: ADDITIONS BY SOURCE — 2014

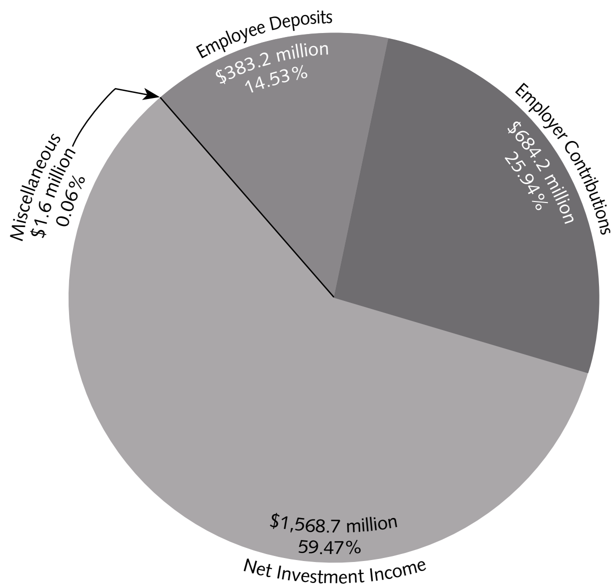


FIGURE 2: DEDUCTIONS BY TYPE — 2014

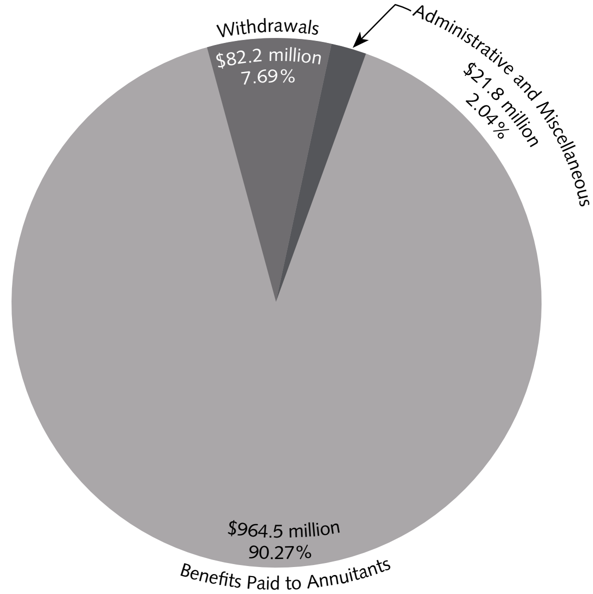


FIGURE 3: BENEFIT EXPENSES BY TYPE

($ Millions)

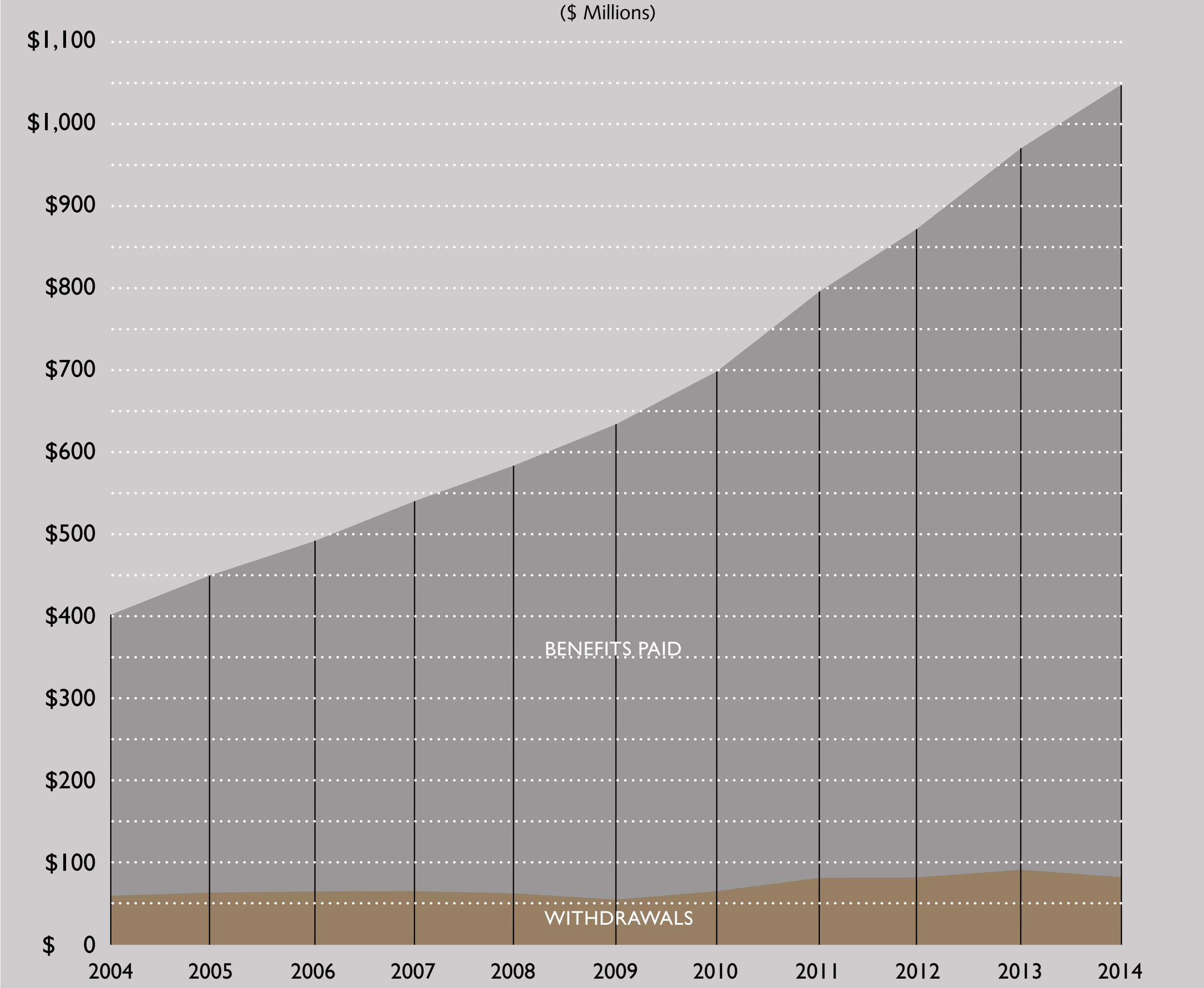


TABLE 2: BENEFIT AT RETIREMENT FOR RECENT RETIREES

This schedule reports the number and average monthly benefit at retirement for recent retirees grouped by years of credited service and year of retirement.

	Years of Credited Service						
	0–5	5–10	10–15	15–20	20–25	25–30	30+
2005							
Average Monthly Benefit	$211	$535	$878	$1,312	$1,801	$2,575	$3,269
Number of Annuitants	196	347	481	470	506	266	141
2006							
Average Monthly Benefit	$246	$537	$923	$1,367	$1,834	$2,693	$3,715
Number of Annuitants	197	421	497	493	535	383	173
2007							
Average Monthly Benefit	$208	$593	$919	$1,344	$1,968	$2,671	$3,768
Number of Annuitants	231	378	492	427	490	351	181
2008							
Average Monthly Benefit	$184	$630	$961	$1,446	$2,023	$2,883	$4,353
Number of Annuitants	243	440	527	479	511	400	247
2009							
Average Monthly Benefit	$230	$608	$1,009	$1,503	$1,998	$3,059	$4,096
Number of Annuitants	268	421	513	439	474	392	220
2010							
Average Monthly Benefit	$237	$731	$1,026	$1,604	$2,190	$3,192	$4,463
Number of Annuitants	400	538	639	557	616	573	342
2011							
Average Monthly Benefit	$256	$683	$1,064	$1,558	$2,376	$3,206	$4,712
Number of Annuitants	412	569	651	546	652	477	356
2012							
Average Monthly Benefit	$253	$649	$1,125	$1,626	$2,250	$3,220	$4,841
Number of Annuitants	484	687	717	590	700	508	411
2013							
Average Monthly Benefit	$235	$668	$1,210	$1,648	$2,247	$3,396	$4,735
Number of Annuitants	449	671	684	575	642	462	415
2014							
Average Monthly Benefit	$253	$708	$1,228	$1,707	$2,423	$3,691	$5,002
Number of Annuitants	459	782	761	677	745	599	512

Note: TCDRS is an account-based plan similar to a cash balance plan, and final average salary data is not used to determine benefits, therefore final average salary data is not presented.

TABLE 3: AVERAGE BENEFITS

This schedule reports the average benefit for retirees and for all retirees and beneficiaries.[1]

	Retirees Only		All Payees	
As of Dec. 31,	Monthly	Annually	Monthly	Annually
2009	$ 1,397	$ 16,764	$ 1,310	$ 15,720
2010	1,465	17,580	1,372	16,464
2011	1,526	18,312	1,427	17,124
2012	1,581	18,972	1,479	17,748
2013	1,629	19,548	1,524	18,288
2014	1,693	20,316	1,586	19,032

[1] In cases of retirees with multiple accounts from a single employer, the accounts are considered as a single benefit. Benefits from multiple employers to a single retiree are calculated as multiple benefits.

TABLE 4: AVERAGE BENEFIT PROFILE BY EMPLOYER TYPE

As of Dec. 31, 2014

	Retirees Only		All Payees	
	Monthly	Annually	Monthly	Annually
Counties	$ 1,729	$ 20,749	$ 1,615	$ 19,382
Districts	1,393	16,716	1,325	15,903

TABLE 5: ANNUITANTS BY TYPE OF BENEFIT

	Annuitants		Retirement Option Selected								
Amount of Monthly Benefit	Retiree	Beneficiary	Single Life	100% to Beneficiary	100% to Beneficiary with Pop-Up	75% to Beneficiary	50% to Beneficiary	25% to Beneficiary[1]	15-year Guarantee	10-year Guarantee	5-year Guarantee[1]
$ 0 - 499	9,366	3,489	4,872	3,086	1,296	315	1,026	153	1,366	593	148
500 - 999	10,255	2,197	4,753	2,927	1,410	401	1,104	79	1,044	581	153
1,000 - 1,499	7,185	1,064	2,938	1,838	1,168	309	881	74	584	349	108
1,500 - 1,999	5,070	573	2,055	1,161	759	308	658	54	349	226	73
2,000 - 2,499	3,721	331	1,436	847	567	192	569	18	238	151	34
2,500 - 2,999	2,573	203	1,028	548	417	142	353	13	147	104	24
3,000 - 3,499	1,904	130	745	408	277	111	270	10	114	80	19
3,500 - 3,999	1,283	75	498	256	195	72	194	5	75	56	7
4,000 - 4,499	937	55	363	211	146	57	113	2	46	49	5
4,500 - 4,999	678	26	263	132	90	38	123	2	28	24	4
5,000 - 5,499	527	27	207	98	65	46	83	2	22	29	2
5,500 - 5,999	365	11	143	76	49	33	51	0	16	8	0
6,000 - 6,499	275	3	100	41	36	24	49	2	11	15	0
6,500 - 6,999	192	10	68	38	22	15	36	0	14	8	1
7,000 & Over	623	21	202	136	60	65	119	3	34	24	1
Subtotals	44,954	8,215	19,671	11,803	6,557	2,128	5,629	417	4,088	2,297	579
Totals	**53,169**		**53,169**								

[1] Retirement payment option is no longer available to new retirees.

RETIREMENT BENEFIT PAYMENT OPTIONS

All options pay the retiree a monthly benefit for life and, when a retiree passes away, guarantee that the total benefit paid will equal, at a minimum, the total accumulated contributions of the retiree.

Single Life

Payments cease upon the death of the retiree.

15-year Guaranteed Term

If the retiree dies within 15 years of retirement, the beneficiary will receive the same monthly payment as the retiree for the balance of the 15-year period, at which time payments cease.

10-year Guaranteed Term

If the retiree dies within 10 years of retirement, the beneficiary will receive the same monthly payment as the retiree for the balance of the 10-year period, at which time payments cease.

50% to Beneficiary

At the death of the retiree, the beneficiary will receive 50% of the retiree's monthly payment throughout the beneficiary's life.

75% to Beneficiary

At the death of the retiree, the beneficiary will receive 75% of the retiree's monthly payment throughout the beneficiary's life.

100% to Beneficiary

At the death of the retiree, the beneficiary will receive 100% of the monthly amount paid to the retiree throughout the beneficiary's life.

100% to Beneficiary with Pop-Up

If the beneficiary survives the retiree, monthly payments equal to 100% of the monthly amount paid to the retiree continue to the beneficiary for life. If the retiree outlives the beneficiary, the monthly payment amount will increase (pop up) after the beneficiary's death to the higher amount of the Single Life option.

FIGURE 4: NUMBER OF ANNUITANTS GROUPED BY AGE

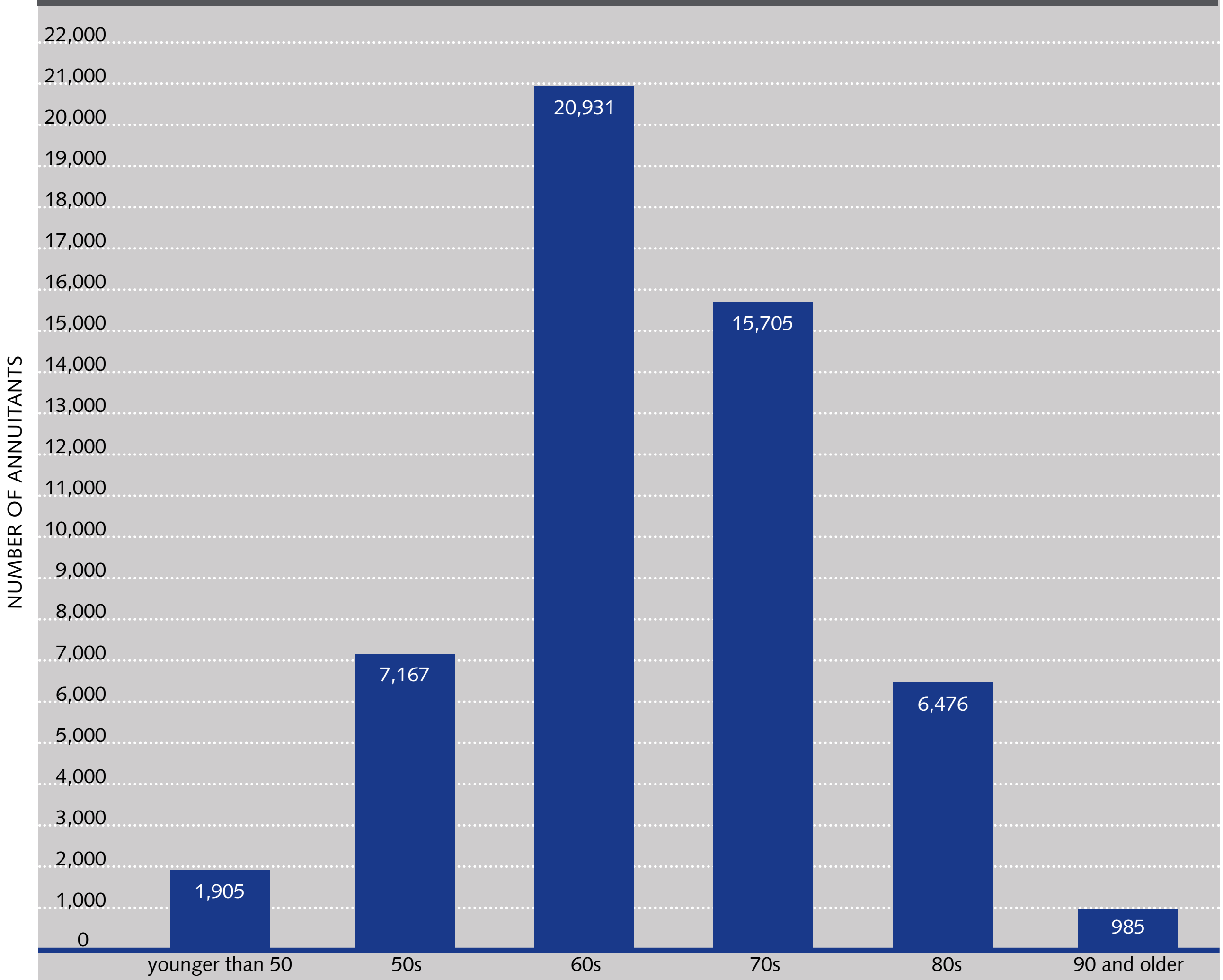


TABLE 6: LARGEST PARTICIPATING EMPLOYERS — CURRENT YEAR AND NINE YEARS AGO

	2014			2005		
Employer	**Number of Current Employee Accounts**	**Rank**	**% of Total System**	**Number of Current Employee Accounts**	**Rank**	**% of Total System**
Harris County	15,801	1	12.6%	15,071	1	14.1%
Dallas County	6,768	2	5.4%	6,054	2	5.6%
Travis County	5,171	3	4.1%	4,217	4	3.9%
Bexar County	4,981	4	4.0%	4,693	3	4.4%
Tarrant County	4,430	5	3.5%	4,057	5	3.8%
Hidalgo County	2,960	6	2.3%	2,438	7	2.3%
El Paso County	2,882	7	2.3%	2,710	6	2.5%
Fort Bend County	2,557	8	2.0%	1,807	8	1.7%
El Paso Co. Hospital District	2,549	9	2.0%	1,702	9	1.6%
Montgomery County	2,118	10	1.7%	1,578	11	1.5%
All others	75,643		60.1%	62,885		58.6%
Totals	**125,860**		**100.0%**	**107,212**		**100.0%**

STATISTICAL

TABLE 7: GROUP TERM LIFE FUND — AVERAGE BENEFITS PAID

This schedule reports the number of GTLF insurance payments and the average benefits paid.

	Active	Retirees
2005		
Average Benefit Payment	$31,353	$4,989
Number of Payments	73	229
2006		
Average Benefit Payment	$33,291	$5,000
Number of Payments	95	224
2007		
Average Benefit Payment	$36,459	$5,000
Number of Payments	89	267
2008		
Average Benefit Payment	$37,068	$5,000
Number of Payments	111	231
2009		
Average Benefit Payment	$39,161	$5,000
Number of Payments	93	261
2010		
Average Benefit Payment	$36,918	$5,000
Number of Payments	90	243
2011		
Average Benefit Payment	$30,026	$5,000
Number of Payments	113	292
2012		
Average Benefit Payment	$35,890	$5,000
Number of Payments	83	180
2013		
Average Benefit Payment	$38,659	$5,000
Number of Payments	83	222
2014		
Average Benefit Payment	$41,205	$5,000
Number of Payments	89	194

KPMG LLP
Suite 1900
111 Congress Avenue
Austin, TX 78701-4091

Independent Auditors' Report

The Board of Trustees
Texas County & District Retirement System

We have audited the fiduciary net position as of December 31, 2014, and the changes in fiduciary net position for the year then ended, included in the accompanying Schedule of Changes in Fiduciary Net Position by Employer (Schedule) of the Texas County & District Retirement System (TCDRS), and the related notes.

Management's Responsibility for the Schedule

Management is responsible for the preparation and fair presentation of the Schedule in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the fiduciary net position and the changes in fiduciary net position included in the Schedule 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 fiduciary net position and the changes in fiduciary net position included in the Schedule are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the fiduciary net position and the changes in fiduciary net position included in the Schedule, 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 fiduciary net position and the changes in fiduciary net position included in the Schedule 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 fiduciary net position and the changes in fiduciary net position included in the Schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Schedule referred to above presents fairly, in all material respects, the fiduciary net position of Texas County & District Retirement System as of December 31, 2014, and the changes in fiduciary net position for the year then ended, in accordance with U.S. generally accepted accounting principles.

Other Matters

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of TCDRS as of and for the year ended December 31, 2014, and our report thereon, dated June 1, 2015, expressed an unmodified opinion on those financial statements.

Our audit of the financial statements of TCDRS was conducted for the purpose of forming an opinion on the financial statements as a whole. The individual employer information presented in each of the individual columns of the accompanying Schedule is presented for purposes of additional analysis and is not a required part of the financial statements. The individual employer information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Each column of individual employer information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual employer information presented in each individual column of the accompanying Schedule is stated fairly, in all material respects, in relation to the financial statements of TCDRS as a whole. We do not express an opinion on the fiduciary net position or changes in fiduciary net position of each individual employer.

Restriction on Use

Our report is intended solely for the information and use of the Board of Trustees and management, TCDRS' participating employers and their auditors and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

Austin, Texas
June 1, 2015

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER*

Year Ended Dec. 31, 2014

			Additions				Deductions				
No.	Employer Name	Balances on Jan. 1, 2014	Employee Deposits	Employer Contributions	Net Investment Income	Total Additions	Benefits Paid & Withdrawals	Administrative Expenses, Net	Other[1]	Total Deductions	Balances on Dec. 31, 2014
638	Acton MUD	$ 2,004,213	$ 57,941	$ 88,068	$ 134,959	$ 280,968	$ (37,436)	$ (1,642)	$ 1,282	$ (37,795)	$ 2,247,386
789	Agua SUD	588,855	68,758	88,872	39,010	196,639	(19,522)	(527)	658	(19,391)	766,103
615	Alamo Area COG	21,374,426	730,043	999,897	1,410,886	3,140,826	(1,010,526)	(17,336)	12,720	(1,015,142)	23,500,111
100	Anderson County	32,438,060	661,243	1,066,489	2,237,562	3,965,294	(1,825,627)	(25,774)	(56,196)	(1,907,597)	34,495,758
691	Anderson Co. CAD	958,882	35,237	40,288	65,694	141,220	(7,856)	(791)	(179)	(8,826)	1,091,276
101	Andrews County	59,466,321	698,708	1,603,027	4,027,671	6,329,405	(3,443,398)	(46,998)	311,795	(3,178,602)	62,617,125
875	Andrews Co. AD	16,697	18,154	28,320	1,333	47,807	—	(32)	(2)	(35)	64,469
102	Angelina County	50,941,839	978,499	1,404,794	3,490,567	5,873,859	(2,455,038)	(40,538)	(13,537)	(2,509,114)	54,306,584
502	Angelina Co. AD	4,444,071	49,211	85,205	301,249	435,666	(209,234)	(3,505)	2,760	(209,979)	4,669,758
684	Angelina-Nacogdoches Co. WCID #1	262,188	8,973	12,129	17,746	38,848	—	(218)	(16)	(233)	300,803
576	Angleton DD	2,614,109	39,529	56,075	177,736	273,340	(42,840)	(2,114)	19,394	(25,560)	2,861,888
614	Aquilla WSD — Hill Co.	1,001,032	23,319	40,341	69,018	132,678	(57,224)	(800)	1,890	(56,133)	1,077,577
103	Aransas County	20,978,592	529,779	662,219	1,416,366	2,608,363	(888,701)	(16,801)	(57,911)	(963,413)	22,623,542
459	Aransas Co. AD	2,182,734	23,424	67,026	147,348	237,798	(158,060)	(1,709)	3,647	(156,122)	2,264,410
668	Aransas Co. ND #1	1,044,891	42,110	67,737	70,154	180,000	(2,792)	(876)	(108)	(3,776)	1,221,115
104	Archer County	7,372,167	155,397	187,364	504,519	847,279	(380,395)	(5,845)	1,562	(384,677)	7,834,769
503	Archer Co. AD	937,453	7,704	8,695	62,523	78,923	(15,762)	(747)	2,500	(14,009)	1,002,366
105	Armstrong County	2,422,375	47,904	41,969	163,728	253,601	(99,347)	(1,929)	8,079	(93,196)	2,582,780
106	Atascosa County	32,504,899	790,073	1,007,343	2,183,243	3,980,659	(1,550,316)	(26,021)	109,101	(1,467,236)	35,018,321
551	Atascosa Co. AD	1,597,743	34,365	56,358	108,108	198,831	(37,441)	(1,295)	4,121	(34,615)	1,761,960
107	Austin County	27,608,887	519,123	636,162	1,919,505	3,074,790	(1,087,601)	(22,071)	87,228	(1,022,444)	29,661,233
461	Austin Co. AD	2,929,623	35,366	42,016	195,100	272,482	(29,798)	(2,351)	786	(31,363)	3,170,742
597	Bacliff MUD	1,411,497	35,254	40,424	94,885	170,563	(10,287)	(1,150)	(210)	(11,647)	1,570,413
108	Bailey County	5,986,072	159,853	147,293	425,627	732,773	(309,573)	(4,776)	21,259	(293,090)	6,425,755
109	Bandera County	18,425,442	537,913	742,320	1,254,017	2,534,250	(615,726)	(14,934)	(37,702)	(668,363)	20,291,329
110	Bastrop County	66,815,858	1,382,621	1,968,285	4,484,787	7,835,694	(2,726,132)	(53,469)	47,927	(2,731,674)	71,919,877
812	Bastrop Co. ESD #1	126,598	20,806	18,258	8,749	47,813	(1,260)	(117)	(8)	(1,385)	173,026
915	Bastrop Co. ESD #2	—	650	615	5	1,270	—	(1)	(0)	(1)	1,270
111	Baylor County	5,508,942	75,594	105,616	382,199	563,410	(247,377)	(4,372)	22,351	(229,398)	5,842,954
685	Baylor Co. AD	188,780	6,700	6,279	13,037	26,016	(3,783)	(154)	471	(3,466)	211,329
613	Bayview ID #11	359,483	6,231	4,455	24,957	35,643	(14,821)	(285)	751	(14,355)	380,771
690	Bayview MUD	141,535	9,038	6,779	9,726	25,543	(3,381)	(118)	140	(3,360)	163,718
112	Bee County	23,027,425	405,139	434,656	1,545,239	2,385,033	(1,191,612)	(18,192)	(46,992)	(1,256,796)	24,155,662
113	Bell County	196,740,920	3,303,297	6,073,341	13,284,588	22,661,226	(9,588,067)	(156,632)	148,680	(9,596,019)	209,806,127
506	Bell Co. AD	11,152,580	159,390	245,232	764,320	1,168,942	(489,620)	(8,851)	3,332	(495,140)	11,826,382
418	Bell Co. WCID #1	6,242,824	185,045	219,266	428,613	832,924	(384,804)	(4,964)	(26,920)	(416,688)	6,659,060
708	Benbrook WA	3,705,098	128,108	148,972	253,798	530,878	(72,608)	(3,052)	25,445	(50,214)	4,185,762
472	Bexar AD	59,319,280	558,514	1,435,115	3,988,211	5,981,840	(2,116,050)	(47,237)	143,559	(2,019,729)	63,281,391
114	Bexar County	1,033,302,516	16,190,301	30,757,771	70,225,240	117,173,311	(49,928,994)	(821,987)	876,450	(49,874,531)	1,100,601,296
861	Bexar Co. ESD # 2	69,009	46,077	25,228	5,164	76,469	—	(85)	(6)	(91)	145,387
828	Bexar Co. ESD #7	237,365	46,950	53,813	16,400	117,163	(2,779)	(230)	(17)	(3,026)	351,502
544	Bexar Co. WCID #10	928,944	19,759	22,045	62,536	104,340	(107,531)	(716)	7,284	(100,962)	932,321
716	Bexar Metro 911 Network Dist.	5,941,383	101,719	395,313	384,709	881,740	(28,611)	(4,921)	(5,442)	(38,974)	6,784,149
737	Bexar-Medina-Atascosa WCID #1	867,052	56,287	73,897	58,393	188,578	(11,125)	(740)	38	(11,827)	1,043,803
616	Bistone MWSD — Limestone Co.	1,217,785	20,664	40,680	82,601	143,945	(38,136)	(979)	1,598	(37,517)	1,324,213
115	Blanco County	6,512,159	157,842	198,429	448,322	804,593	(309,055)	(5,214)	24,255	(290,014)	7,026,738
116	Borden County	4,004,336	53,161	119,612	277,412	450,185	(266,773)	(3,163)	28,424	(241,512)	4,213,009

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER* (continued)

Year Ended Dec. 31, 2014

No.	Employer Name	Balances on Jan. 1, 2014	Additions: Employee Deposits	Additions: Employer Contributions	Additions: Net Investment Income	Additions: Total Additions	Deductions: Benefits Paid & Withdrawals	Deductions: Administrative Expenses, Net	Deductions: Other[1]	Deductions: Total Deductions	Balances on Dec. 31, 2014
525	Borden Co. AD	103,217	5,977	5,977	7,206	19,160	(5,045)	(85)	119	(5,011)	117,366
117	Bosque County	8,596,618	182,862	175,546	595,482	953,889	(385,900)	(6,824)	(47,155)	(439,879)	9,110,628
521	Bosque Co. CAD	1,514,959	17,379	31,187	101,848	150,414	(106,936)	(1,184)	7,376	(100,744)	1,564,629
118	Bowie County	56,998,508	804,120	1,218,355	3,850,885	5,873,360	(3,426,501)	(44,882)	155,189	(3,316,194)	59,555,674
119	Brazoria County	261,911,252	4,544,842	7,985,929	17,794,613	30,325,384	(12,579,115)	(208,696)	319,860	(12,467,950)	279,768,685
508	Brazoria Co. AD	9,004,872	152,478	254,852	618,139	1,025,470	(297,736)	(7,205)	(22,808)	(327,749)	9,702,592
413	Brazoria Co. CRD #3	7,714,685	109,220	281,632	522,527	913,379	(283,577)	(6,193)	15,638	(274,133)	8,353,930
424	Brazoria Co. DD #4	13,242,430	214,561	608,049	875,351	1,697,961	(515,943)	(10,675)	28,434	(498,184)	14,442,208
681	Brazoria Co. DD #5	362,158	31,506	20,794	22,035	74,336	(41,878)	(292)	(21)	(42,192)	394,302
689	Brazos CAD	3,676,781	91,639	176,733	244,368	512,740	(87,559)	(3,010)	11,954	(78,615)	4,110,907
120	Brazos County	150,147,082	2,495,418	4,992,156	10,108,365	17,595,939	(6,069,578)	(120,057)	(137,829)	(6,327,464)	161,415,557
600	Brazos Co. ECD	5,976,567	130,784	149,281	400,221	680,286	(145,018)	(4,815)	968	(148,865)	6,507,988
849	Brazos Regional PUA	193,665	49,878	66,586	12,636	129,100	(15,572)	(197)	(8)	(15,777)	306,989
744	Brazos River Auth.	15,673,016	788,904	1,022,947	1,049,198	2,861,050	(225,078)	(13,148)	6,081	(232,146)	18,301,920
806	Brazos Valley COG	1,495,028	161,590	212,325	102,703	476,618	(19,906)	(1,341)	2,500	(18,747)	1,952,900
809	Brazos Valley GCD	41,959	11,315	20,011	2,947	34,273	—	(47)	(3)	(50)	76,182
121	Brewster County	8,525,404	189,694	307,575	582,231	1,079,499	(412,669)	(6,833)	25,584	(393,918)	9,210,984
581	Brewster Co. AD	610,110	15,903	34,077	41,168	91,148	(10,704)	(502)	339	(10,866)	690,391
745	Bright Star-Salem SUD	185,739	17,793	17,793	12,317	47,903	(7,476)	(160)	(12)	(7,647)	225,994
122	Briscoe County	1,768,388	36,480	37,105	121,318	194,903	(59,151)	(1,418)	9,178	(51,391)	1,911,900
876	Brookesmith SUD	7,524	20,367	14,562	676	35,604	—	(20)	(1)	(22)	43,107
123	Brooks County	18,919,387	199,961	235,097	1,252,665	1,687,724	(1,269,913)	(14,707)	(53,067)	(1,337,687)	19,269,424
522	Brookshire MWD	1,266,483	24,670	21,286	84,118	130,074	(60,450)	(1,002)	1,268	(60,183)	1,336,374
554	Brookshire-Katy DD	557,323	24,499	32,522	37,880	94,900	(42,064)	(451)	3,167	(39,348)	612,875
124	Brown County	17,189,606	317,816	475,453	1,169,056	1,962,325	(737,293)	(13,691)	(55,227)	(806,211)	18,345,719
702	Brownsville ID	692,621	30,084	25,847	47,889	103,820	(18,865)	(567)	232	(19,200)	777,241
642	Brushy Creek MUD — Williamson Co.	2,973,574	129,948	141,860	199,976	471,784	(42,950)	(2,463)	446	(44,968)	3,400,390
125	Burleson County	11,052,272	276,091	329,729	771,142	1,376,962	(499,687)	(8,831)	(46,075)	(554,593)	11,874,642
609	Burnet CAD	3,842,608	50,845	147,015	256,430	454,290	(212,075)	(3,060)	17,674	(197,461)	4,099,437
126	Burnet County	34,445,782	868,425	1,542,078	2,351,079	4,761,583	(1,463,782)	(27,813)	(37,499)	(1,529,094)	37,678,271
127	Caldwell County	14,619,647	408,329	326,662	990,419	1,725,410	(543,659)	(11,711)	(17,254)	(572,625)	15,772,432
718	Caldwell Co. AD	658,454	41,201	54,974	45,308	141,483	(3,455)	(563)	20	(3,998)	795,939
128	Calhoun County	35,741,251	627,920	1,040,410	2,434,843	4,103,173	(1,389,667)	(28,531)	(100,287)	(1,518,485)	38,325,939
709	Calhoun Co. AD	1,156,878	41,587	55,311	77,371	174,269	(13,635)	(956)	(152)	(14,743)	1,316,404
788	Calhoun Co. E911 ECD	27,950	2,156	3,412	1,896	7,464	—	(25)	(2)	(26)	35,388
129	Callahan County	5,237,810	92,770	109,406	364,146	566,321	(322,217)	(4,140)	37,895	(288,462)	5,515,669
542	Callahan Co. AD	823,501	15,025	14,102	55,625	84,751	(28,432)	(634)	(52,529)	(81,596)	826,657
130	Cameron County	229,666,733	4,454,897	6,122,353	15,408,775	25,986,024	(11,011,607)	(182,643)	(103,819)	(11,298,068)	244,354,689
618	Cameron Co. AD	10,161,063	148,547	329,350	680,684	1,158,582	(435,474)	(8,113)	17,867	(425,720)	10,893,925
692	Cameron Co. DD #1	754,952	44,378	31,065	52,243	127,686	—	(633)	(46)	(679)	881,959
664	Cameron Co. DD #3	1,010,588	53,624	35,162	68,501	157,286	(44,331)	(824)	(233)	(45,388)	1,122,486
686	Cameron Co. DD #5	268,156	8,945	12,012	18,297	39,254	—	(222)	(16)	(238)	307,172
851	Cameron Co. ECD	31,856	9,943	17,998	2,323	30,264	—	(37)	(3)	(40)	62,080
462	Cameron Co. ID #2	3,989,984	85,951	73,059	275,153	434,162	(213,073)	(3,155)	4,700	(211,529)	4,212,618
590	Cameron Co. ID #6	799,090	19,171	17,090	55,565	91,825	(57,483)	(628)	4,681	(53,430)	837,486
900	Cameron Co. Reg. Mob. Auth.	—	9,253	13,390	89	22,733	—	(9)	(1)	(10)	22,723
670	Camp CAD	358,822	15,881	7,192	24,615	47,687	(1,733)	(294)	(21)	(2,048)	404,461

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER* (continued)

Year Ended Dec. 31, 2014

			Additions				Deductions				
No.	Employer Name	Balances on Jan. 1, 2014	Employee Deposits	Employer Contributions	Net Investment Income	Total Additions	Benefits Paid & Withdrawals	Administrative Expenses, Net	Other[1]	Total Deductions	Balances on Dec. 31, 2014
131	Camp County	6,758,018	130,779	227,763	457,055	815,597	(436,561)	(5,329)	(49,420)	(491,310)	7,082,305
132	Carson County	8,612,405	161,717	356,008	590,961	1,108,685	(381,819)	(6,892)	(77,676)	(466,388)	9,254,702
133	Cass County	23,134,761	356,713	571,250	1,627,067	2,555,030	(1,267,834)	(18,318)	35,299	(1,250,853)	24,438,938
610	Cass Co. AD	1,121,184	15,539	20,705	76,737	112,981	(85,004)	(868)	(9,538)	(95,410)	1,138,755
134	Castro County	8,295,373	124,961	299,581	562,485	987,027	(439,673)	(6,585)	(18,461)	(464,719)	8,817,681
719	CAD of Bandera Co.	470,220	24,932	33,267	32,232	90,430	(10,724)	(394)	24	(11,095)	549,555
635	CAD of Johnson Co.	6,489,128	126,434	252,868	431,400	810,702	(150,225)	(5,260)	195	(155,290)	7,144,540
602	CAD of Taylor Co.	7,059,810	103,560	133,148	479,371	716,079	(143,901)	(5,674)	8,701	(140,873)	7,635,015
862	Central TX GCD	18,127	8,850	7,027	1,344	17,221	—	(21)	(2)	(23)	35,326
712	Central TX Reg. Mob. Auth.	3,946,226	163,979	327,807	261,626	753,412	—	(3,345)	(242)	(3,588)	4,696,051
648	Central WCID — Angelina Co.	261,166	9,386	10,351	17,958	37,695	(11,931)	(211)	356	(11,785)	287,076
135	Chambers County	72,422,641	1,095,952	2,276,446	4,872,265	8,244,663	(4,210,023)	(57,180)	(295,357)	(4,562,560)	76,104,743
531	Chambers Co. AD	3,793,006	49,843	99,687	252,907	402,437	(137,603)	(3,030)	(1,215)	(141,848)	4,053,595
548	Chambers Co. Public HD	5,938,645	238,493	253,279	396,774	888,546	(185,868)	(4,856)	463	(190,261)	6,636,930
136	Cherokee County	30,346,480	614,434	943,523	2,102,346	3,660,303	(1,892,238)	(24,033)	17,287	(1,898,984)	32,107,800
137	Childress County	2,434,325	99,464	91,706	168,835	360,005	(140,474)	(1,963)	6	(142,431)	2,651,899
511	Childress Co. AD	187,149	3,058	5,505	12,838	21,401	(22,371)	(145)	5,391	(17,125)	191,425
582	Childress Co. HD	20,591,132	708,927	492,774	1,405,037	2,606,737	(647,780)	(16,640)	14,155	(650,265)	22,547,605
138	Clay County	12,736,570	202,054	317,514	870,107	1,389,675	(715,284)	(10,079)	42,252	(683,111)	13,443,134
485	Clay Co. AD	1,046,655	18,394	49,560	71,468	139,422	(117,153)	(814)	2,405	(115,562)	1,070,515
703	Coastal Bend GCD	148,232	7,792	6,835	10,047	24,674	—	(124)	(9)	(132)	172,773
722	Coastal Plains GCD	45,440	2,889	2,315	3,159	8,363	—	(38)	(3)	(41)	53,762
139	Cochran County	10,130,313	140,347	510,645	676,398	1,327,390	(597,096)	(7,965)	(315,261)	(920,322)	10,537,382
477	Cochran Co. AD	383,811	5,432	4,377	26,334	36,142	(24,794)	(301)	3,838	(21,257)	398,697
140	Coke County	4,967,884	74,924	155,414	339,271	569,609	(257,687)	(3,920)	(52,337)	(313,943)	5,223,550
751	Coke Co. AD	75,786	5,920	6,765	5,140	17,825	—	(66)	(5)	(70)	93,541
141	Coleman County	6,601,334	111,212	115,502	454,984	681,698	(410,883)	(5,196)	48,089	(367,989)	6,915,043
142	Collin County	441,063,859	6,123,006	6,994,962	29,115,380	42,233,348	(16,683,122)	(349,826)	1,494	(17,031,454)	466,265,753
457	Collin Co. CAD	28,542,415	377,997	923,493	1,914,871	3,216,361	(1,103,647)	(22,756)	(127,224)	(1,253,627)	30,505,149
143	Collingsworth County	2,076,959	57,751	106,592	139,116	303,459	(137,598)	(1,671)	11,662	(127,606)	2,252,812
144	Colorado County	19,252,845	402,904	697,017	1,312,625	2,412,545	(598,520)	(15,490)	(116,887)	(730,897)	20,934,494
623	Comal AD	3,653,134	71,116	203,189	243,786	518,091	(231,386)	(2,930)	6,052	(228,263)	3,942,961
145	Comal County	79,301,171	1,808,691	2,842,229	5,400,735	10,051,655	(3,245,051)	(63,733)	18,166	(3,290,618)	86,062,208
775	Comal Co. ESD #3	1,171,970	165,320	197,676	82,165	445,161	—	(1,085)	(79)	(1,164)	1,615,968
827	Comal Co. ESD #4 Spring Branch F&R	216,017	20,162	50,042	1,495	71,699	—	—	(287,716)	(287,716)	(0)
824	Comal Co. ESD #5	170,998	9,230	49,939	1,666	60,835	—	—	(231,833)	(231,833)	(0)
146	Comanche County	10,843,306	186,212	344,491	732,488	1,263,191	(434,708)	(8,662)	(38,951)	(482,321)	11,624,175
762	Combined Consumers SUD	262,478	27,913	15,129	18,081	61,123	(2,278)	(226)	(16)	(2,521)	321,081
147	Concho County	4,026,966	85,888	92,006	270,078	447,971	(129,696)	(3,229)	6,104	(126,821)	4,348,116
636	Concho Co. HD	2,183,687	112,367	114,839	150,962	378,167	(66,310)	(1,798)	(25,558)	(93,667)	2,468,188
759	Concho Valley COG	4,429,521	271,671	480,495	288,438	1,040,605	(147,292)	(3,781)	2,799	(148,273)	5,321,852
148	Cooke County	29,824,315	686,818	1,272,234	2,008,728	3,967,780	(1,470,268)	(23,871)	(210,451)	(1,704,591)	32,087,504
487	Cooke Co. AD	3,436,108	44,679	67,849	230,118	342,646	(125,638)	(2,733)	9,644	(118,727)	3,660,028
149	Coryell County	25,126,649	474,004	704,232	1,700,142	2,878,378	(1,225,444)	(19,957)	(60,275)	(1,305,676)	26,699,352
150	Cottle County	1,455,180	30,913	30,913	107,261	169,088	(71,759)	(1,162)	11,172	(61,749)	1,562,519
727	Cow Creek GCD	165,499	8,150	8,951	11,308	28,409	—	(139)	(10)	(149)	193,760
151	Crane County	18,718,068	184,921	567,970	1,276,802	2,029,692	(1,049,057)	(14,822)	61,086	(1,002,794)	19,744,967

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER* (continued)

Year Ended Dec. 31, 2014

			Additions				Deductions				
No.	Employer Name	Balances on Jan. 1, 2014	Employee Deposits	Employer Contributions	Net Investment Income	Total Additions	Benefits Paid & Withdrawals	Administrative Expenses, Net	Other[1]	Total Deductions	Balances on Dec. 31, 2014
757	Crane Co. HD	2,092,981	165,196	219,544	141,208	525,947	(20,454)	(1,820)	2,926	(19,348)	2,599,581
152	Crockett County	21,693,476	390,739	590,952	1,493,032	2,474,723	(1,342,214)	(17,172)	96,892	(1,262,494)	22,905,705
907	Crockett Co. AD	—	4,189	8,788	51	13,028	—	(5)	(0)	(6)	13,022
409	Crockett Co. WCID #1	2,013,861	29,827	23,138	137,649	190,614	(80,923)	(1,591)	1,165	(81,349)	2,123,126
153	Crosby County	6,036,142	89,069	148,108	426,693	663,870	(367,375)	(4,771)	31,229	(340,916)	6,359,095
532	Crosby Co. AD	360,716	7,901	2,438	24,471	34,810	(13,866)	(286)	251	(13,901)	381,625
603	Crosby MUD	1,482,909	43,811	43,811	98,584	186,207	(14,496)	(1,211)	242	(15,464)	1,653,652
710	Cross Roads SUD	179,576	9,294	6,673	12,485	28,452	(13,182)	(144)	235	(13,092)	194,936
154	Culberson County	6,525,041	115,936	116,937	441,378	674,250	(318,369)	(5,167)	17,698	(305,838)	6,893,454
155	Dallam County	8,960,289	156,705	516,581	616,210	1,289,496	(441,347)	(7,215)	(55,336)	(503,898)	9,745,887
771	Dallam Co. AD	105,661	10,188	9,019	7,195	26,402	(3,199)	(91)	(7)	(3,296)	128,767
467	Dallas CAD	99,357,326	896,272	2,756,582	6,634,889	10,287,743	(4,365,237)	(78,763)	(131,161)	(4,575,161)	105,069,909
156	Dallas County	1,670,692,031	23,366,442	38,330,266	113,353,690	175,050,398	(79,300,337)	(1,323,191)	913,958	(79,709,571)	1,766,032,859
430	Dallas Co. Park Cities MUD	6,309,525	86,729	148,183	448,861	683,773	(186,499)	(5,048)	(12,214)	(203,760)	6,789,537
157	Dawson County	15,000,908	290,172	1,961,194	1,035,828	3,287,194	(666,989)	(12,553)	(63,295)	(742,837)	17,545,264
463	Dawson Co. CAD	1,314,278	13,351	13,351	88,196	114,899	(59,730)	(1,034)	382	(60,382)	1,368,794
158	Deaf Smith County	21,105,561	321,348	541,700	1,453,759	2,316,807	(1,168,865)	(16,688)	21,463	(1,164,090)	22,258,278
578	Deaf Smith Co. HD	10,250,167	292,152	73,038	689,988	1,055,178	(464,633)	(8,152)	63,276	(409,509)	10,895,836
159	Delta County	2,809,701	89,501	88,860	198,479	376,840	(171,304)	(2,244)	7,558	(165,990)	3,020,551
855	Delta Co. AD	19,929	6,406	6,717	1,436	14,559	—	(21)	(2)	(23)	34,465
734	Delta Co. MUD	116,635	7,190	4,590	8,014	19,794	—	(98)	(7)	(105)	136,324
732	Delta Lake ID	952,266	64,484	42,560	63,612	170,656	(49,697)	(783)	338	(50,143)	1,072,780
583	Denco Area 911 Dist. — Denton Co.	3,689,051	63,942	211,187	249,309	524,438	(103,921)	(3,010)	(978)	(107,908)	4,105,580
482	Denton CAD	22,443,009	337,582	675,164	1,485,255	2,498,001	(501,443)	(18,082)	15,126	(504,400)	24,436,610
160	Denton County	280,341,556	5,633,438	9,450,767	19,023,670	34,107,876	(10,271,430)	(225,385)	216,279	(10,280,536)	304,168,895
758	Denton Co. Fresh WSD 1A	1,158,111	95,608	122,788	74,318	292,714	(89,908)	(976)	(320)	(91,204)	1,359,621
783	Denton Co. Transportation Auth.	384,974	78,874	72,565	25,740	177,178	(12,905)	(366)	(27)	(13,298)	548,855
161	DeWitt County	13,479,982	380,816	402,578	918,795	1,702,189	(883,722)	(10,712)	69,347	(825,087)	14,357,083
466	DeWitt Co. AD	1,992,823	29,293	39,002	135,088	203,383	(41,533)	(1,600)	691	(42,442)	2,153,764
162	Dickens County	3,560,494	64,852	106,274	244,902	416,027	(228,274)	(2,803)	(21,929)	(253,006)	3,723,515
764	Dickens Co. AD	58,593	5,243	5,513	3,955	14,712	—	(51)	(4)	(55)	73,250
163	Dimmit County	6,640,161	337,489	617,932	443,308	1,398,729	(284,263)	(5,560)	2,749	(287,074)	7,751,816
164	Donley County	2,332,401	58,340	53,483	166,691	278,514	(100,732)	(1,858)	(22,934)	(125,524)	2,485,391
165	Duval County	11,884,475	297,230	491,439	795,940	1,584,609	(739,064)	(9,475)	(28,939)	(777,479)	12,691,606
880	Duval Co. GCD	729	3,117	6,407	87	9,611	—	(4)	(0)	(5)	10,336
879	East Fork SUD	75,188	29,447	33,609	5,207	68,264	—	(87)	35	(52)	143,401
825	East Medina Co. SUD	107,775	21,902	16,558	7,414	45,873	(4,208)	(100)	(7)	(4,315)	149,332
166	Eastland County	12,267,507	266,558	458,481	828,598	1,553,637	(737,646)	(9,755)	(5,233)	(752,634)	13,068,510
593	Eastland Co. AD	1,430,912	18,693	42,489	96,277	157,459	(79,611)	(1,130)	(108)	(80,850)	1,507,521
167	Ector County	198,872,569	2,071,475	4,708,962	13,265,027	20,045,464	(12,959,826)	(155,513)	(416,746)	(13,532,086)	205,385,947
580	Ector Co. HD	325,451,197	4,963,799	8,021,499	21,913,195	34,898,492	(12,201,099)	(259,291)	(608,846)	(13,069,236)	347,280,453
448	Edwards Aquifer Auth. — Bexar Co.	11,634,176	234,099	347,051	791,075	1,372,224	(290,907)	(9,392)	10,095	(290,204)	12,716,196
628	Edwards CAD	224,442	5,977	8,258	15,187	29,422	—	(185)	(13)	(198)	253,666
168	Edwards County	2,556,392	67,503	101,351	168,941	337,794	(116,360)	(2,056)	2,934	(115,482)	2,778,704
819	El Paso CAD	3,562,930	461,578	660,052	246,074	1,367,704	(29,825)	(3,296)	1,244	(31,877)	4,898,758
170	El Paso County	659,961,306	11,207,319	24,527,009	44,436,493	80,170,822	(26,161,837)	(529,596)	152,151	(26,539,281)	713,592,846
567	El Paso Co. 911 Dist.	2,525,679	62,281	117,444	171,011	350,736	(89,303)	(2,049)	2,212	(89,140)	2,787,274

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER* (continued)

Year Ended Dec. 31, 2014

No.	Employer Name	Balances on Jan. 1, 2014	Additions: Employee Deposits	Additions: Employer Contributions	Additions: Net Investment Income	Additions: Total Additions	Deductions: Benefits Paid & Withdrawals	Deductions: Administrative Expenses, Net	Deductions: Other[1]	Deductions: Total Deductions	Balances on Dec. 31, 2014
541	El Paso Co. HD	274,582,380	6,339,003	8,342,166	18,629,026	33,310,195	(8,088,114)	(221,527)	131,971	(8,177,670)	299,714,906
169	Ellis County	71,491,574	1,562,033	2,349,744	4,820,510	8,732,287	(3,009,791)	(57,249)	(133,699)	(3,200,739)	77,023,122
859	Emerald Bay MUD	8,059	5,219	3,901	521	9,641	(1,273)	(10)	(1)	(1,283)	16,417
624	ECD of Ector Co.	1,139,233	15,065	38,869	76,495	130,429	(42,026)	(914)	332	(42,609)	1,227,053
171	Erath County	26,619,077	508,998	1,285,545	1,852,972	3,647,516	(930,118)	(21,569)	(1,335)	(953,022)	29,313,571
172	Falls County	13,739,954	239,048	375,988	934,859	1,549,895	(812,723)	(10,853)	(14,410)	(837,985)	14,451,864
563	Falls Co. AD	379,369	13,961	6,491	25,002	45,454	(20,631)	(303)	1,712	(19,222)	405,601
173	Fannin County	18,212,823	357,849	556,083	1,242,415	2,156,347	(775,709)	(14,558)	4,611	(785,656)	19,583,515
644	Fannin Co. AD	771,182	41,615	61,364	52,311	155,291	(13,239)	(653)	2,358	(11,533)	914,940
174	Fayette County	37,660,713	583,244	878,198	2,567,329	4,028,771	(1,361,169)	(30,037)	(12,623)	(1,403,830)	40,285,654
175	Fisher County	4,496,185	97,684	114,848	310,150	522,682	(262,774)	(3,556)	(4,395)	(270,725)	4,748,142
432	Fisher Co. HD	6,775,214	133,003	132,426	454,704	720,133	(178,604)	(5,433)	430	(183,606)	7,311,741
176	Floyd County	6,556,364	116,835	292,144	452,397	861,376	(486,379)	(5,194)	24,697	(466,876)	6,950,864
474	Fort Bend CAD	15,805,457	254,285	482,052	1,070,455	1,806,792	(667,544)	(12,632)	39,994	(640,182)	16,972,067
178	Fort Bend County	438,552,226	8,374,898	14,592,621	29,818,164	52,785,683	(16,821,825)	(351,781)	(187,536)	(17,361,142)	473,976,767
782	Fort Bend Co. WCID #2	622,548	115,981	123,115	43,865	282,961	(7,381)	(596)	4,252	(3,725)	901,784
769	Four Way SUD	99,138	10,566	10,566	6,755	27,888	(1,936)	(87)	(6)	(2,030)	124,996
179	Franklin County	9,221,496	174,379	298,937	633,076	1,106,392	(433,060)	(7,344)	(38,393)	(478,797)	9,849,090
180	Freestone County	22,023,007	302,251	667,448	1,527,575	2,497,274	(1,280,027)	(17,409)	(17,661)	(1,315,097)	23,205,184
693	Freestone Co. AD	1,163,068	40,716	78,524	77,361	196,601	(11,022)	(971)	120	(11,873)	1,347,796
181	Frio County	13,491,708	325,766	414,686	909,659	1,650,111	(563,743)	(10,782)	(80,808)	(655,332)	14,486,487
509	Frio Co. AD	2,048,644	27,269	49,266	138,714	215,249	(102,442)	(1,625)	10,367	(93,701)	2,170,192
182	Gaines County	27,488,427	501,625	1,763,096	1,895,728	4,160,448	(1,612,645)	(22,042)	(255,310)	(1,889,997)	29,758,878
761	Gaines Co. AD	346,213	28,114	31,929	23,782	83,825	(3,576)	(299)	609	(3,267)	426,771
546	Galveston CAD	14,246,558	131,238	364,090	950,515	1,445,844	(511,000)	(11,349)	26,241	(496,108)	15,196,294
183	Galveston County	329,419,875	3,997,855	6,419,135	22,444,380	32,861,370	(18,511,859)	(258,882)	(117,593)	(18,888,335)	343,392,910
547	Galveston Co. Consolidated DD	2,795,637	49,571	86,325	185,294	321,191	(75,209)	(2,220)	(73,042)	(150,471)	2,966,356
464	Galveston Co. DD #1	1,469,271	35,505	48,135	98,563	182,203	(103,827)	(1,159)	(8,691)	(113,677)	1,537,796
433	Galveston Co. DD #2	3,618,701	30,566	45,063	239,879	315,507	(48,769)	(2,892)	2,464	(49,197)	3,885,012
589	Galveston Co. ECD	2,085,646	37,468	276,649	139,735	453,852	(4,402)	(1,786)	1,524	(4,664)	2,534,834
821	Galveston Co. Fresh WSD #6	101,990	16,454	49,943	7,249	73,646	—	(109)	(8)	(116)	175,520
752	Galveston Co. Health Dist.	8,735,493	836,373	498,239	575,465	1,910,077	(613,133)	(7,265)	(8,021)	(628,420)	10,017,151
407	Galveston Co. WCID #1	10,860,380	134,876	256,264	733,079	1,124,219	(280,604)	(8,706)	26,296	(263,014)	11,721,584
473	Garza CAD	507,306	9,649	15,548	34,782	59,979	(28,046)	(404)	2,906	(25,543)	541,741
184	Garza County	8,009,806	210,167	255,203	543,248	1,008,618	(472,120)	(6,355)	(44,387)	(522,862)	8,495,563
885	Gillespie CAD	—	31,250	45,580	303	77,133	—	(31)	(2)	(33)	77,100
185	Gillespie County	20,113,278	371,068	795,145	1,373,943	2,540,155	(727,591)	(16,254)	134,709	(609,137)	22,044,297
186	Glasscock County	7,266,881	120,818	211,506	484,265	816,589	(419,309)	(5,769)	20,443	(404,635)	7,678,835
187	Goliad County	10,974,971	230,332	240,203	749,355	1,219,890	(824,443)	(8,600)	36,605	(796,438)	11,398,423
188	Gonzales County	13,386,669	413,741	968,268	912,845	2,294,855	(693,130)	(10,918)	(76,138)	(780,186)	14,901,338
498	Gonzales Co. AD	1,927,696	34,451	59,059	129,366	222,876	(50,549)	(1,552)	925	(51,176)	2,099,396
886	Graham Reg. Med. Ctr.	—	379,343	392,721	3,019	775,082	(6,144)	(307)	(22)	(6,473)	768,609
189	Gray County	20,469,346	335,634	440,156	1,412,359	2,188,149	(1,193,278)	(16,156)	80,590	(1,128,844)	21,528,652
518	Gray Co. AD	2,151,365	21,602	30,089	144,990	196,681	(163,395)	(1,664)	231	(164,828)	2,183,218
475	Grayson CAD	7,134,447	108,578	411,930	483,678	1,004,185	(251,303)	(5,793)	14,600	(242,496)	7,896,136
190	Grayson County	85,550,677	937,681	2,265,784	5,785,996	8,989,461	(4,309,126)	(67,710)	59,132	(4,317,705)	90,222,433
528	Greater Harris Co. 911 Emerg. Network	10,301,220	244,373	403,216	685,974	1,333,563	(270,951)	(8,360)	15,086	(264,226)	11,370,557

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER* (continued)

Year Ended Dec. 31, 2014

No.	Employer Name	Balances on Jan. 1, 2014	Additions: Employee Deposits	Additions: Employer Contributions	Additions: Net Investment Income	Additions: Total Additions	Deductions: Benefits Paid & Withdrawals	Deductions: Administrative Expenses, Net	Deductions: Other[1]	Deductions: Total Deductions	Balances on Dec. 31, 2014
429	Greenbelt MIWA — Donley Co.	2,942,670	32,996	52,936	199,087	285,019	(97,935)	(2,304)	(73,376)	(173,615)	3,054,074
191	Gregg County	106,674,112	1,719,683	2,687,677	7,228,206	11,635,566	(4,930,501)	(84,645)	(155,736)	(5,170,882)	113,138,796
192	Grimes County	17,939,562	441,460	483,463	1,218,178	2,143,100	(625,520)	(14,424)	51,216	(588,728)	19,493,934
483	Grimes Co. AD	3,241,956	36,131	64,983	217,354	318,468	(43,376)	(2,606)	5,830	(40,152)	3,520,272
587	Guadalupe AD	3,351,446	77,917	139,916	223,179	441,012	(59,725)	(2,734)	1,753	(60,706)	3,731,752
193	Guadalupe County	67,765,271	1,815,999	3,307,110	4,592,203	9,715,313	(2,750,241)	(54,997)	144,903	(2,660,335)	74,820,248
526	Gulf Coast WA — Galveston Co.	18,824,325	242,851	550,788	1,283,889	2,077,527	(526,745)	(15,246)	365,134	(176,857)	20,724,996
194	Hale County	28,605,023	457,047	984,610	1,931,213	3,372,870	(1,675,981)	(22,548)	(306,788)	(2,005,317)	29,972,577
195	Hall County	4,345,607	80,040	112,285	302,648	494,973	(339,788)	(3,406)	(2,161)	(345,355)	4,495,226
787	Hall Co. AD	35,045	4,002	4,002	2,445	10,450	(764)	(31)	101	(694)	44,801
196	Hamilton County	4,751,251	106,831	124,944	327,395	559,170	(236,552)	(3,788)	8,555	(231,786)	5,078,636
197	Hansford County	7,944,569	103,791	202,245	548,446	854,482	(340,673)	(6,319)	9,900	(337,092)	8,461,960
585	Hansford Co. HD	9,915,007	252,320	272,506	668,028	1,192,854	(350,218)	(7,989)	36,383	(321,823)	10,786,038
198	Hardeman County	6,492,549	124,168	124,168	437,669	686,006	(308,544)	(5,145)	1,127	(312,561)	6,865,993
199	Hardin County	40,088,298	715,212	1,429,402	2,783,050	4,927,663	(2,121,314)	(31,943)	(24,721)	(2,177,978)	42,837,984
527	Hardin Co. AD	3,113,221	45,900	98,357	209,281	353,538	(118,588)	(2,490)	2,153	(118,924)	3,347,834
571	Harlingen ID Cameron Co. #1	4,257,788	86,909	86,909	291,347	465,165	(100,039)	(3,424)	(1,513)	(104,976)	4,617,977
200	Harris County	4,523,723,513	51,612,616	106,802,688	305,860,019	464,275,323	(201,658,970)	(3,583,019)	(1,698,163)	(206,940,152)	4,781,058,685
598	Harris Co. AD	161,299,467	2,194,012	5,038,460	10,845,397	18,077,868	(5,858,003)	(129,244)	426,166	(5,561,081)	173,816,254
835	Harris Co. ESD #50	840,590	195,787	254,523	58,246	508,557	(26,972)	(847)	(400)	(28,219)	1,320,928
797	Harris Co. Housing Auth.	1,710,437	125,246	145,724	112,531	383,501	(37,115)	(1,460)	51	(38,525)	2,055,413
569	Harris Co. WCID #1	2,316,713	32,102	64,203	156,905	253,210	(32,126)	(1,867)	581	(33,413)	2,536,509
877	Harris Co. WCID #36	34,287	70,709	101,821	3,049	175,580	—	(97)	(7)	(104)	209,763
625	Harris Co. WCID #50	633,029	15,490	21,780	43,641	80,911	(26,507)	(508)	1,207	(25,808)	688,132
201	Harrison County	47,314,471	780,821	1,350,827	3,275,031	5,406,679	(2,531,117)	(37,419)	(274,959)	(2,843,496)	49,877,654
202	Hartley County	4,707,775	75,822	146,877	321,048	543,747	(245,033)	(3,750)	22,876	(225,907)	5,025,615
520	Hartley Co. AD	621,492	10,167	17,067	52,606	79,840	(20,960)	(510)	20,541	(928)	700,404
203	Haskell County	5,696,688	107,378	199,424	395,174	701,976	(346,750)	(4,497)	(52,708)	(403,956)	5,994,708
552	Haskell Memorial HD	5,182,334	110,347	52,084	349,542	511,973	(170,804)	(4,120)	(11,102)	(186,026)	5,508,281
916	Hays Caldwell PUA	—	1,038	1,132	9	2,179	—	(1)	(0)	(1)	2,178
204	Hays County	136,737,143	2,622,862	4,530,055	9,220,032	16,372,949	(5,441,017)	(109,715)	283,379	(5,267,353)	147,842,739
878	Hays Co. ESD #5	15,433	38,948	28,781	1,371	69,100	—	(40)	(3)	(43)	84,490
799	Hays Co. ESD #6	344,266	65,889	81,461	23,351	170,701	(8,021)	(332)	(24)	(8,377)	506,591
205	Hemphill County	15,422,584	206,014	588,614	1,032,376	1,827,004	(912,727)	(12,210)	(25,145)	(950,082)	16,299,506
640	Hemphill Co. AD	488,877	11,903	20,405	33,246	65,554	(10,368)	(398)	(103)	(10,869)	543,562
529	Hemphill Co. HD	10,761,686	327,662	444,685	723,626	1,495,973	(442,760)	(8,708)	17,629	(433,839)	11,823,821
839	Hemphill Co. Underground WCD	25,981	5,480	5,480	1,808	12,767	—	(25)	(2)	(27)	38,721
206	Henderson County	57,618,392	1,003,997	1,946,319	3,946,810	6,897,126	(3,091,788)	(45,832)	(17,488)	(3,155,107)	61,360,410
746	Henderson Co. 911 Comm. Dist.	167,002	8,329	14,278	11,174	33,781	—	(142)	(10)	(153)	200,631
704	Henderson Co. AD	1,797,098	66,802	107,837	121,826	296,464	(25,954)	(1,497)	4,875	(22,577)	2,070,985
414	Hidalgo & Cameron Co. ID #9	6,565,401	73,230	73,230	449,006	595,466	(488,183)	(5,087)	8,309	(484,961)	6,675,905
207	Hidalgo County	363,375,278	8,487,504	13,199,708	24,449,103	46,136,315	(15,337,825)	(292,046)	22,742	(15,607,130)	393,904,464
516	Hidalgo Co. AD	17,523,066	267,685	472,655	1,186,872	1,927,212	(699,932)	(14,004)	92,119	(621,817)	18,828,462
401	Hidalgo Co. DD #1	11,194,380	274,156	493,873	751,128	1,519,157	(499,815)	(9,031)	17,296	(491,550)	12,221,987
713	Hidalgo Co. ID #1	815,883	35,113	30,118	55,517	120,748	(14,658)	(671)	177	(15,152)	921,478
438	Hidalgo Co. ID #2	6,861,142	91,007	124,809	473,595	689,411	(347,088)	(5,420)	7,193	(345,315)	7,205,238
486	Hidalgo Co. ID #6	2,628,437	43,031	46,289	175,766	265,085	(219,798)	(2,041)	4,324	(217,515)	2,676,007

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER* (continued)

Year Ended Dec. 31, 2014

No.	Employer Name	Balances on Jan. 1, 2014	Additions: Employee Deposits	Additions: Employer Contributions	Additions: Net Investment Income	Additions: Total Additions	Deductions: Benefits Paid & Withdrawals	Deductions: Administrative Expenses, Net	Deductions: Other[1]	Deductions: Total Deductions	Balances on Dec. 31, 2014
674	High Plains Underground WCD #1	1,539,552	68,464	68,464	105,048	241,975	(102,354)	(1,250)	10,910	(92,694)	1,688,832
208	Hill County	19,400,585	432,819	582,857	1,323,214	2,338,891	(1,269,827)	(15,369)	84,215	(1,200,981)	20,538,495
209	Hockley County	21,210,768	344,180	914,506	1,459,207	2,717,893	(1,307,736)	(16,884)	48,359	(1,276,261)	22,652,400
728	Hockley Co. AD	598,159	22,060	44,089	39,881	106,029	(15,225)	(497)	542	(15,180)	689,008
210	Hood County	30,895,477	793,556	899,643	2,104,408	3,797,607	(1,208,093)	(24,849)	93,590	(1,139,352)	33,553,733
211	Hopkins County	28,105,817	490,112	956,422	1,926,890	3,373,424	(1,281,337)	(22,466)	(10,097)	(1,313,901)	30,165,340
661	Hopkins Co. AD	636,846	22,324	22,324	42,422	87,070	(22,894)	(516)	542	(22,869)	701,047
772	Housing Auth. City of Abilene	604,321	55,325	32,958	40,584	128,867	(5,613)	(516)	(37)	(6,167)	727,021
909	Housing Auth. City of Edinburg	—	31,809	55,857	346	88,012	—	(35)	(3)	(38)	87,974
777	Housing Auth. City of Huntington	56,819	5,237	5,237	3,932	14,407	—	(50)	(4)	(53)	71,172
917	Housing Auth. City of Mercedes	—	14,158	10,760	98	25,017	—	(10)	(1)	(11)	25,006
913	Housing Auth. City of Pharr	—	26,507	42,543	272	69,323	—	(28)	(2)	(30)	69,293
912	Housing Auth. Co. of Hidalgo	—	28,062	55,675	330	84,067	—	(34)	(2)	(36)	84,031
212	Houston County	11,682,765	298,850	297,141	797,258	1,393,248	(415,502)	(9,385)	13,837	(411,049)	12,664,964
694	Houston Co. AD	756,780	26,390	43,107	51,350	120,846	—	(631)	(46)	(677)	876,949
213	Howard County	29,529,230	444,968	1,369,194	2,022,247	3,836,410	(1,861,243)	(23,483)	(26,029)	(1,910,755)	31,454,885
214	Hudspeth County	5,965,362	130,897	130,897	398,439	660,233	(293,345)	(4,742)	19,434	(278,654)	6,346,941
215	Hunt County	52,005,914	1,075,007	1,600,226	3,515,409	6,190,642	(2,644,960)	(41,408)	(23,263)	(2,709,631)	55,486,925
749	Hunt Co. AD	1,200,174	73,324	153,167	81,523	308,014	(6,366)	(1,048)	81	(7,333)	1,500,855
216	Hutchinson County	34,220,988	442,825	1,729,986	2,355,349	4,528,160	(1,725,712)	(27,481)	137,609	(1,615,584)	37,133,564
778	Hutchinson Co. AD	195,847	19,200	19,200	13,449	51,850	(621)	(172)	(27)	(819)	246,879
711	Iraan General HD	3,202,122	208,413	219,965	214,948	643,325	(48,831)	(2,708)	808	(50,731)	3,794,716
217	Irion County	5,130,410	96,614	566,273	344,831	1,007,718	(293,042)	(4,227)	(5,319)	(302,589)	5,835,539
779	Irion Co. AD	8,294	4,360	7,194	609	12,163	—	(11)	(1)	(12)	20,445
218	Jack County	11,726,488	164,196	294,849	793,087	1,252,133	(740,984)	(9,169)	(130,429)	(880,581)	12,098,039
592	Jack Co. AD	679,777	10,599	13,314	46,676	70,588	(13,094)	(546)	65	(13,575)	736,790
219	Jackson County	19,819,740	291,045	418,687	1,408,935	2,118,667	(928,820)	(15,556)	(380,061)	(1,324,437)	20,613,970
770	Jackson Co. AD	214,969	22,288	22,288	14,970	59,546	(2,020)	(189)	(34)	(2,244)	272,272
441	Jackson Co. County-Wide DD	1,979,218	23,474	52,313	132,798	208,584	(109,522)	(1,565)	9,981	(101,106)	2,086,696
220	Jasper County	26,288,606	454,148	1,138,612	1,796,794	3,389,554	(1,831,388)	(20,838)	10,941	(1,841,285)	27,836,876
657	Jasper Co. WCID #1	485,809	11,348	25,938	33,249	70,535	(12,420)	(397)	49	(12,768)	543,576
221	Jeff Davis County	2,431,644	63,041	63,041	187,669	313,750	(57,515)	(1,953)	(48,104)	(107,572)	2,637,822
222	Jefferson County	341,923,940	4,514,879	11,131,001	23,395,891	39,041,770	(19,372,249)	(270,923)	445,436	(19,197,736)	361,767,975
404	Jefferson Co. DD #3	1,535,078	11,724	20,635	106,665	139,024	(122,886)	(1,189)	11,674	(112,401)	1,561,701
408	Jefferson Co. DD #6	24,804,285	377,529	998,276	1,668,580	3,044,385	(1,028,059)	(19,853)	(83,136)	(1,131,049)	26,717,621
405	Jefferson Co. DD #7	30,384,859	397,563	871,231	2,091,949	3,360,742	(1,356,309)	(24,113)	(150,587)	(1,531,009)	32,214,593
451	Jefferson Co. WCID #10	1,464,591	32,699	42,789	99,556	175,045	(84,409)	(1,164)	5,921	(79,652)	1,559,984
223	Jim Hogg County	7,856,916	142,330	96,592	530,602	769,523	(366,865)	(6,190)	(44,535)	(417,589)	8,208,850
680	Jim Hogg Co. AD	236,047	8,982	10,125	16,001	35,108	—	(196)	(14)	(210)	270,945
656	Jim Hogg Co. ESD #1	60,085	1,383	885	4,061	6,329	—	(49)	(4)	(52)	66,361
641	Jim Hogg Co. WCID #2	794,316	19,277	22,654	57,451	99,382	(37,102)	(638)	2,733	(35,007)	858,690
224	Jim Wells County	33,746,713	591,887	1,142,342	2,287,706	4,021,935	(1,471,906)	(26,972)	(32,749)	(1,531,627)	36,237,022
225	Johnson County	78,056,030	1,688,738	2,470,381	5,292,764	9,451,882	(3,231,425)	(62,523)	(138,000)	(3,431,947)	84,075,965
741	Jonah Water SUD	462,744	34,349	23,357	29,636	87,343	(37,582)	(377)	(27)	(37,987)	512,100
226	Jones County	12,334,440	190,844	449,846	841,086	1,481,776	(899,190)	(9,739)	72,862	(836,067)	12,980,149
496	Jones Co. AD	1,124,827	16,575	22,589	77,319	116,483	(56,246)	(891)	7,593	(49,544)	1,191,766
227	Karnes County	13,140,555	378,833	749,548	898,729	2,027,110	(880,293)	(10,539)	(47,962)	(938,794)	14,228,870

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER* (continued)

Year Ended Dec. 31, 2014

			Additions				Deductions				
No.	Employer Name	Balances on Jan. 1, 2014	Employee Deposits	Employer Contributions	Net Investment Income	Total Additions	Benefits Paid & Withdrawals	Administrative Expenses, Net	Other[1]	Total Deductions	Balances on Dec. 31, 2014
524	Karnes Co. AD	780,657	12,235	23,349	49,301	84,885	(81,780)	(603)	1,798	(80,585)	784,956
455	Karnes Co. HD	15,243,837	394,351	478,154	1,024,968	1,897,474	(566,406)	(12,284)	55,756	(522,933)	16,618,377
228	Kaufman County	61,017,702	1,415,395	1,948,436	4,146,388	7,510,219	(3,101,049)	(48,743)	40,434	(3,109,358)	65,418,563
662	Kaufman Co. AD	2,149,729	52,917	83,165	141,364	277,445	(71,732)	(1,741)	9,473	(64,001)	2,363,174
671	Kendall AD	1,054,797	44,325	92,693	69,540	206,557	(57,462)	(874)	1,901	(56,434)	1,204,920
229	Kendall County	22,631,654	719,206	782,906	1,548,686	3,050,798	(614,402)	(18,380)	(42,969)	(675,751)	25,006,702
619	Kendall Co. WCID #1	949,086	18,527	36,974	64,008	119,508	(55,952)	(756)	1,215	(55,492)	1,013,103
230	Kenedy County	8,929,324	159,167	408,376	624,486	1,192,028	(431,381)	(7,197)	35,619	(402,958)	9,718,394
854	Kenedy Co. CAD	12,104	6,895	5,578	910	13,383	—	(15)	(1)	(16)	25,471
906	Kenedy Co. Fire & ESD #1	—	2,145	2,218	17	4,381	—	(2)	(0)	(2)	4,379
231	Kent County	10,343,336	176,688	386,695	709,070	1,272,453	(649,769)	(8,238)	53,676	(604,331)	11,011,458
594	Kent Co. TAD	453,464	5,996	14,520	30,216	50,732	(19,314)	(358)	(6,688)	(26,361)	477,835
232	Kerr County	45,597,109	988,070	1,660,249	3,098,864	5,747,182	(2,060,640)	(36,447)	(294,726)	(2,391,812)	48,952,478
653	Kerr Emerg. 911 Network	406,288	8,330	6,926	26,934	42,190	—	(330)	(24)	(354)	448,123
233	Kimble County	4,754,301	108,232	112,958	318,591	539,781	(161,700)	(3,813)	3,538	(161,974)	5,132,107
234	King County	3,848,620	48,791	78,553	260,254	387,598	(137,954)	(3,067)	6,362	(134,659)	4,101,559
755	King Co. AD	41,719	2,209	1,853	2,782	6,844	—	(35)	(3)	(37)	48,526
235	Kinney County	5,688,807	147,956	160,005	381,006	688,967	(177,849)	(4,584)	3,771	(178,662)	6,199,112
579	Kinney Co. AD	251,215	6,003	11,044	17,591	34,638	(19,764)	(199)	1,012	(18,951)	266,902
236	Kleberg County	37,075,248	564,702	591,324	2,480,447	3,636,474	(2,464,521)	(29,018)	89,954	(2,403,585)	38,308,137
237	Knox County	3,698,413	78,861	75,369	263,423	417,653	(213,091)	(2,927)	7,701	(208,317)	3,907,749
241	La Salle County	9,150,695	354,258	544,039	616,483	1,514,780	(373,935)	(7,503)	3,789	(377,650)	10,287,826
731	La Salle Co. AD	270,213	17,462	28,937	18,297	64,697	(2,621)	(233)	8	(2,846)	332,063
540	Laguna Madre WD — Cameron Co.	9,490,788	187,581	369,552	643,747	1,200,880	(588,331)	(7,550)	15,773	(580,107)	10,111,561
867	Lake Cities MUA	180,670	69,158	94,153	12,643	175,955	(13,325)	(208)	86	(13,446)	343,179
874	Lake Kiowa SUD	53,262	13,918	17,397	3,630	34,944	—	(56)	(4)	(60)	88,146
514	Lakeway MUD — Travis Co.	4,613,859	79,961	148,842	315,167	543,970	(146,497)	(3,707)	4,071	(146,133)	5,011,696
238	Lamar County	31,377,582	511,356	902,168	2,132,136	3,545,661	(1,430,158)	(24,985)	4,777	(1,450,365)	33,472,878
808	Lamar Co. AD	354,960	43,199	61,715	24,409	129,323	(3,029)	(325)	87	(3,268)	481,016
239	Lamb County	13,829,705	240,242	428,314	952,041	1,620,597	(736,690)	(11,010)	50,544	(697,157)	14,753,145
240	Lampasas County	14,333,768	318,002	740,102	969,505	2,027,609	(894,769)	(11,485)	21,336	(884,918)	15,476,459
650	Lampasas Co. AD	577,320	14,158	20,975	38,821	73,954	(16,925)	(467)	244	(17,148)	634,126
242	Lavaca County	30,643,387	434,509	1,000,610	2,093,326	3,528,444	(1,648,618)	(24,240)	(242,953)	(1,915,810)	32,256,021
439	Lavaca-Navidad River Auth. — Jackson Co.	13,171,063	243,324	521,409	879,836	1,644,569	(386,507)	(10,621)	(65,938)	(463,066)	14,352,567
243	Lee County	13,428,771	208,395	357,606	926,430	1,492,431	(701,325)	(10,649)	28,473	(683,501)	14,237,702
244	Leon County	13,307,671	312,643	312,643	899,902	1,525,189	(539,348)	(10,628)	(4,956)	(554,932)	14,277,928
468	Leon Co. CAD	1,064,113	17,833	8,840	73,965	100,638	(27,523)	(848)	451	(27,920)	1,136,831
245	Liberty County	56,036,862	913,602	2,234,405	3,810,026	6,958,032	(3,631,500)	(44,404)	(49,783)	(3,725,687)	59,269,207
481	Liberty Co. CAD	5,222,098	92,273	151,855	347,100	591,227	(170,927)	(4,180)	(12,022)	(187,129)	5,626,196
246	Limestone County	22,918,215	528,442	528,442	1,563,709	2,620,593	(1,101,328)	(18,269)	91,352	(1,028,246)	24,510,563
695	Limestone Co. AD	971,673	24,272	52,593	64,800	141,665	(19,999)	(797)	(296)	(21,091)	1,092,246
247	Lipscomb County	8,348,343	140,270	253,287	570,636	964,192	(484,607)	(6,582)	(63,682)	(554,870)	8,757,665
248	Live Oak County	13,289,169	305,031	1,188,491	898,680	2,392,202	(614,434)	(10,964)	46,763	(578,635)	15,102,735
591	Live Oak Co. AD	946,371	18,642	42,690	63,750	125,082	(36,461)	(764)	902	(36,322)	1,035,131
249	Llano County	16,992,923	357,552	446,428	1,179,023	1,983,003	(892,978)	(13,462)	(96,701)	(1,003,140)	17,972,787
250	Loving County	4,243,751	58,509	82,414	287,309	428,232	(280,045)	(3,325)	14,308	(269,062)	4,402,920
513	Loving Co. AD	434,721	9,099	25,996	28,664	63,759	(18,070)	(354)	2,652	(15,773)	482,707

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER* (continued)

Year Ended Dec. 31, 2014

No.	Employer Name	Balances on Jan. 1, 2014	Additions: Employee Deposits	Additions: Employer Contributions	Additions: Net Investment Income	Additions: Total Additions	Deductions: Benefits Paid & Withdrawals	Deductions: Administrative Expenses, Net	Deductions: Other[1]	Deductions: Total Deductions	Balances on Dec. 31, 2014
756	Lower Trinity GCD	68,566	4,134	8,522	4,584	17,239	—	(60)	(4)	(64)	85,741
714	Lower Valley WD	3,963,908	165,437	246,777	265,970	678,185	(58,210)	(3,303)	(2,609)	(64,122)	4,577,971
499	Lubbock CAD	14,865,014	142,784	276,388	993,309	1,412,480	(623,994)	(11,805)	87,561	(548,238)	15,729,256
251	Lubbock County	161,263,247	3,798,494	5,735,720	10,930,992	20,465,207	(6,722,749)	(129,463)	(290,884)	(7,143,097)	174,585,357
425	Lubbock Co. WCID #1	1,225,352	32,238	27,080	80,703	140,020	(22,558)	(990)	830	(22,718)	1,342,654
558	Lubbock ECD	1,854,650	40,580	63,768	124,953	229,301	—	(1,520)	(110)	(1,630)	2,082,321
647	Lubbock Reese Redevelopment Auth.	832,986	25,509	13,316	57,939	96,763	(27,615)	(667)	1,101	(27,180)	902,569
639	Lumberton MUD	2,255,900	87,958	115,664	151,881	355,504	(13,164)	(1,875)	(1,302)	(16,340)	2,595,064
252	Lynn County	3,605,237	81,959	49,176	243,293	374,429	(166,006)	(2,863)	15,957	(152,912)	3,826,754
497	Lynn Co. AD	219,991	4,123	6,325	15,196	25,644	(19,092)	(174)	5,298	(13,968)	231,667
442	Lynn Co. HD	8,602,402	257,960	254,885	574,074	1,086,919	(424,988)	(6,894)	33,896	(397,986)	9,291,334
630	Macedonia-Eylau MUD — Bowie Co.	1,333,467	20,900	31,797	90,596	143,293	(41,046)	(1,068)	(252)	(42,366)	1,434,393
500	Mackenzie MWA — Briscoe Co.	1,676,253	11,180	7,987	112,939	132,105	(166,306)	(1,272)	962	(166,616)	1,641,743
256	Madison County	4,868,919	206,109	270,298	335,071	811,478	(256,778)	(3,975)	22,755	(237,998)	5,442,399
596	Madison Co. AD	581,780	17,021	29,933	39,414	86,369	(7,175)	(480)	661	(6,994)	661,154
257	Marion County	8,766,825	129,013	196,838	601,722	927,573	(436,718)	(6,896)	(95,358)	(538,972)	9,155,426
675	Marion Co. AD	360,433	13,477	13,728	21,700	48,905	(38,720)	(282)	535	(38,468)	370,870
931	Marion-Cass Soil & WCD	—	135	268	2	405	—	(0)	(0)	(0)	405
658	Marshall-Harrison Co. Health Dist.	256,801	9,000	2,274	17,282	28,556	(3,893)	(208)	520	(3,581)	281,776
258	Martin County	10,324,699	197,037	436,011	709,860	1,342,907	(597,147)	(8,307)	156,359	(449,095)	11,218,512
595	Martin Co. AD	418,595	9,312	15,418	28,740	53,470	(3,403)	(342)	501	(3,244)	468,820
259	Mason County	4,392,357	101,931	149,110	299,355	550,397	(206,768)	(3,513)	(11,546)	(221,827)	4,720,926
924	Mason Co. Soil & WCD #223	—	206	203	2	410	—	(0)	(0)	(0)	410
260	Matagorda County	43,420,376	537,553	1,149,603	2,975,354	4,662,510	(2,734,719)	(34,335)	427,673	(2,341,380)	45,741,506
678	Matagorda Co. DD	636,884	20,126	34,645	43,512	98,282	(22,956)	(520)	325	(23,152)	712,014
440	Matagorda Co. HD	43,554,582	839,143	745,439	2,943,730	4,528,312	(1,732,808)	(34,591)	(69,695)	(1,837,094)	46,245,800
677	Matagorda Co. ND #1	588,340	19,754	21,672	38,399	79,825	(13,264)	(479)	(2,859)	(16,602)	651,563
261	Maverick County	25,946,981	711,066	1,166,148	1,733,967	3,611,180	(1,311,566)	(20,913)	36,492	(1,295,987)	28,262,175
729	Maverick Co. HD	3,025,944	134,761	88,493	197,186	420,441	(61,222)	(2,484)	11,935	(51,770)	3,394,615
453	Maverick Co. WCID #1	3,730,123	47,815	47,815	253,820	349,449	(219,321)	(2,918)	3,590	(218,649)	3,860,923
844	McCamey Co. HD	1,427,695	305,366	180,602	96,846	582,815	(29,041)	(1,328)	(714)	(31,083)	1,979,427
253	McCulloch County	4,783,364	94,570	94,570	322,177	511,318	(276,740)	(3,781)	12,949	(267,572)	5,027,109
512	McCulloch Co. AD	816,820	9,653	14,962	55,347	79,962	(32,298)	(647)	186	(32,759)	864,023
254	McLennan County	198,707,217	1,970,906	5,530,345	13,403,170	20,904,420	(11,596,355)	(156,366)	(443,544)	(12,196,265)	207,415,372
725	McLennan Co. 911 EAD	703,006	27,204	54,409	46,439	128,052	—	(593)	(43)	(636)	830,422
491	McLennan Co. AD	10,085,100	123,674	258,791	679,673	1,062,138	(696,581)	(7,844)	(112,779)	(817,205)	10,330,033
679	McLennan Co. WCID #2	83,734	5,006	3,003	5,710	13,719	(3,526)	(69)	533	(3,061)	94,392
255	McMullen County	4,584,972	157,323	843,700	317,976	1,319,000	(332,904)	(3,911)	(22,340)	(359,155)	5,544,817
841	Medical Arts Hospital — Dawson Co.	845,126	302,151	209,239	59,768	571,159	(28,897)	(875)	(50)	(29,822)	1,386,463
262	Medina County	19,690,586	479,959	639,941	1,335,589	2,455,489	(926,667)	(15,734)	(9,303)	(951,704)	21,194,372
705	Medina Co. 911 Dist.	201,116	8,122	9,543	13,655	31,319	—	(167)	(12)	(180)	232,255
535	Medina Co. AD	2,290,252	33,933	45,403	154,543	233,879	(62,887)	(1,830)	(4,486)	(69,203)	2,454,927
419	Memorial Med. Ctr. — Calhoun Co.	30,754,621	620,401	708,827	2,098,712	3,427,940	(1,157,854)	(24,573)	46,496	(1,135,931)	33,046,630
263	Menard County	3,590,862	82,851	103,564	241,758	428,173	(202,283)	(2,837)	(42,060)	(247,180)	3,771,856
743	Mesa Underground WCD	111,977	7,070	6,050	7,734	20,854	—	(95)	(7)	(102)	132,730
669	Middle Rio Grande Development Council	13,770,644	198,667	505,181	900,517	1,604,365	(385,207)	(11,101)	17,868	(378,440)	14,996,569
492	Midland CAD	10,254,156	88,067	192,993	692,533	973,593	(475,814)	(8,132)	125,381	(358,565)	10,869,184

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER* (continued)

Year Ended Dec. 31, 2014

			Additions				Deductions				
No.	Employer Name	Balances on Jan. 1, 2014	Employee Deposits	Employer Contributions	Net Investment Income	Total Additions	Benefits Paid & Withdrawals	Administrative Expenses, Net	Other[1]	Total Deductions	Balances on Dec. 31, 2014
264	Midland County	111,951,500	2,020,340	3,752,055	7,596,673	13,369,068	(5,437,547)	(89,151)	(411,369)	(5,938,067)	119,382,501
570	Midland ECD	1,187,723	14,734	24,775	70,542	110,051	(66,230)	(814)	(313,202)	(380,245)	917,529
911	Milam AD	—	3,379	4,941	33	8,353	—	(3)	(0)	(4)	8,349
265	Milam County	21,261,290	422,695	603,895	1,457,663	2,484,253	(1,325,953)	(16,822)	36,602	(1,306,173)	22,439,370
617	Mills CAD	314,098	6,266	6,537	20,904	33,707	(401)	(255)	(15)	(672)	347,133
266	Mills County	4,544,287	113,012	195,672	315,301	623,984	(266,027)	(3,646)	26,767	(242,906)	4,925,365
267	Mitchell County	10,450,654	196,670	351,196	725,017	1,272,883	(579,904)	(8,285)	(60,061)	(648,250)	11,075,287
484	Mitchell Co. AD	377,549	6,686	9,752	24,254	40,692	(22,880)	(295)	7,163	(16,012)	402,229
919	Monahans Housing Auth.	—	1,313	1,799	12	3,125	—	(1)	(0)	(1)	3,124
268	Montague County	16,196,392	305,149	654,316	1,093,493	2,052,958	(1,007,382)	(12,873)	(15,662)	(1,035,917)	17,213,433
504	Montague Co. TAD	1,693,004	16,977	48,506	114,912	180,396	(71,549)	(1,347)	6,930	(65,967)	1,807,433
605	Montgomery CAD	16,850,280	267,775	912,058	1,121,123	2,300,956	(521,830)	(13,678)	(4,293)	(539,801)	18,611,435
269	Montgomery County	339,456,166	6,328,534	12,941,853	22,791,347	42,061,734	(13,944,641)	(272,575)	200,508	(14,016,708)	367,501,192
667	Montgomery Co. ECD	2,862,787	52,507	113,485	191,267	357,259	(102,906)	(2,309)	515	(104,700)	3,115,346
651	Montgomery Co. ESD #1	2,551,622	166,762	289,924	174,685	631,372	(8,070)	(2,222)	(161)	(10,453)	3,172,541
696	Montgomery Co. ESD #3	1,697,201	150,099	97,669	117,500	365,267	(21,654)	(1,446)	(105)	(23,205)	2,039,264
800	Montgomery Co. ESD #8	1,139,503	258,834	326,871	78,593	664,298	(49,756)	(1,132)	(82)	(50,969)	1,752,832
763	Montgomery Co. HD	12,066,619	1,190,523	1,093,580	822,292	3,106,395	(193,020)	(10,485)	1,284	(202,222)	14,970,792
804	Montgomery Co. Housing Auth.	289,315	9,699	12,263	18,755	40,717	(7,306)	(237)	154	(7,389)	322,643
270	Moore County	25,333,457	453,005	892,115	1,735,781	3,080,901	(1,303,109)	(20,202)	39,940	(1,283,370)	27,130,988
733	Moore Co. AD	284,734	15,432	15,432	22,033	52,898	(6,996)	(241)	8,042	804	338,436
412	Moore Co. HD	32,084,487	981,758	740,526	2,159,226	3,881,510	(1,010,874)	(25,825)	(45,690)	(1,082,389)	34,883,608
271	Morris County	14,148,734	178,863	322,976	1,009,361	1,511,199	(880,857)	(11,141)	45,943	(846,056)	14,813,878
738	Mustang SUD	486,054	44,875	79,412	32,743	157,030	(14,462)	(432)	(31)	(14,925)	628,159
273	Nacogdoches County	40,102,115	707,595	1,050,271	2,750,243	4,508,109	(1,912,363)	(31,914)	57,034	(1,887,243)	42,722,981
515	Navarro CAD	2,214,821	32,316	63,570	154,219	250,105	(138,863)	(1,750)	11,919	(128,694)	2,336,232
274	Navarro County	49,653,883	863,421	1,319,809	3,381,156	5,564,386	(2,452,066)	(39,486)	147,464	(2,344,088)	52,874,181
572	Newton CAD	2,217,602	33,614	73,663	149,005	256,282	(76,380)	(1,791)	27,670	(50,500)	2,423,385
275	Newton County	8,834,537	199,756	241,137	607,206	1,048,099	(407,319)	(7,053)	9,979	(404,394)	9,478,243
276	Nolan County	14,948,601	284,161	440,451	1,034,882	1,759,494	(894,249)	(11,850)	13,866	(892,233)	15,815,862
556	North Cent. TX MWA	1,623,771	26,216	29,971	112,452	168,640	(70,317)	(1,287)	554	(71,050)	1,721,361
852	North Hunt SUD	13,868	10,033	6,747	1,061	17,840	—	(18)	(1)	(19)	31,689
838	North Plains GCD	111,959	56,712	56,712	8,324	121,749	—	(137)	(10)	(147)	233,561
646	North TX Tollway Auth.	80,440,335	2,320,145	3,197,933	5,330,438	10,848,517	(2,059,927)	(65,461)	(32,293)	(2,157,681)	89,131,170
562	Northeast TX MWD	2,180,384	52,046	52,046	147,141	251,233	(101,636)	(1,740)	9,175	(94,201)	2,337,416
632	Northeast TX Public Health Dist.	9,950,516	272,810	272,810	664,288	1,209,909	(305,355)	(8,031)	23,099	(290,286)	10,870,138
277	Nueces County	286,615,719	3,496,680	6,242,443	19,403,544	29,142,667	(16,061,500)	(225,709)	299,103	(15,988,106)	299,770,280
683	Nueces Co. AD	7,017,301	222,805	393,729	468,063	1,084,597	(294,377)	(5,719)	3,423	(296,673)	7,805,225
400	Nueces Co. DD #2	2,187,693	24,568	29,482	148,406	202,456	(64,735)	(1,737)	3,489	(62,983)	2,327,166
791	Nueces Co. ESD #2	92,146	21,835	32,066	6,374	60,275	—	(95)	(7)	(102)	152,319
416	Nueces Co. WCID #3	5,462,898	86,813	99,463	377,002	563,277	(193,558)	(4,352)	18,939	(178,971)	5,847,204
450	Nueces Co. WCID #4	4,321,843	62,486	160,052	293,825	516,363	(258,413)	(3,432)	14,077	(247,769)	4,590,437
278	Ochiltree County	12,707,301	212,808	633,365	874,464	1,720,637	(747,916)	(10,175)	47,289	(710,802)	13,717,136
279	Oldham County	6,217,990	87,767	185,565	423,948	697,280	(365,943)	(4,930)	29,876	(340,997)	6,574,273
517	Oldham Co. AD	561,457	4,116	11,524	37,871	53,510	(24,797)	(444)	2,629	(22,612)	592,355
280	Orange County	98,175,341	1,405,400	2,778,675	6,698,765	10,882,840	(5,105,689)	(77,763)	(116,283)	(5,299,734)	103,758,447
490	Orange Co. AD	4,542,476	57,152	103,527	310,254	470,932	(222,228)	(3,599)	19,632	(206,195)	4,807,213

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER* (continued)

Year Ended Dec. 31, 2014

			Additions				Deductions				
No.	Employer Name	Balances on Jan. 1, 2014	Employee Deposits	Employer Contributions	Net Investment Income	Total Additions	Benefits Paid & Withdrawals	Administrative Expenses, Net	Other[1]	Total Deductions	Balances on Dec. 31, 2014
421	Orange Co. DD	12,683,978	154,851	388,022	857,458	1,400,331	(503,296)	(10,123)	13,342	(500,077)	13,584,232
665	Orange Co. ESD #1	344,203	12,278	8,251	23,789	44,318	(3,665)	(281)	143	(3,803)	384,718
803	Orange Co. ESD #2	9,825	10,890	8,668	759	20,317	(545)	(16)	(1)	(561)	29,580
660	Orange Co. Navigation & Port Dist.	1,505,232	40,747	36,789	98,437	175,973	(42,440)	(1,218)	5,245	(38,413)	1,642,791
631	Orange Co. WCID #1	2,433,343	75,419	49,669	165,930	291,018	(96,633)	(1,952)	664	(97,921)	2,626,440
730	Palo Duro River Auth.	250,374	13,052	14,730	16,978	44,760	—	(211)	(15)	(226)	294,907
723	Palo Pinto AD	714,552	40,310	36,049	48,679	125,038	(9,838)	(596)	70	(10,365)	829,225
281	Palo Pinto County	24,867,625	483,850	836,369	1,684,170	3,004,389	(1,354,829)	(19,747)	(93,265)	(1,467,841)	26,404,173
282	Panola County	42,865,715	505,905	3,353,570	2,863,212	6,722,687	(1,944,467)	(34,814)	(226,419)	(2,205,700)	47,382,702
283	Parker County	70,431,730	1,475,998	2,317,316	4,721,721	8,515,035	(2,798,116)	(56,458)	(100,779)	(2,955,353)	75,991,412
717	Parker Co. AD	3,442,151	105,603	262,599	226,629	594,830	(58,601)	(2,869)	1,475	(59,995)	3,976,987
922	Parker Co. ESD # 1	—	1,602	1,490	12	3,105	—	(1)	(0)	(1)	3,104
784	Parker Co. HD	1,057,072	271,205	333,597	74,673	679,475	(31,958)	(1,081)	(81)	(33,120)	1,703,427
754	Parker Co. SUD	154,643	17,700	14,514	10,751	42,965	—	(137)	(10)	(146)	197,462
284	Parmer County	6,866,423	147,899	186,143	477,401	811,444	(410,509)	(5,448)	26,839	(389,118)	7,288,748
747	Parmer Co. AD	120,676	10,201	10,201	8,107	28,508	—	(105)	(8)	(112)	149,071
765	Pecan Valley GCD	64,652	8,056	6,893	4,904	19,853	(4,534)	(56)	681	(3,910)	80,595
285	Pecos County	61,914,552	1,574,247	2,159,972	4,215,709	7,949,928	(3,191,714)	(49,507)	(14,286)	(3,255,507)	66,608,973
494	Pecos Co. AD	916,667	17,259	24,951	60,151	102,361	(69,901)	(723)	12,777	(57,848)	961,181
774	Pecos Co. WCID #1	108,969	14,126	12,451	7,598	34,175	—	(98)	(7)	(105)	143,039
796	Permian Basin Reg. Plan. Comsn.	834,549	90,137	54,682	56,046	200,865	(5,717)	(723)	(71)	(6,511)	1,028,903
673	Permian Reg. Med. Ctr.	29,218,014	1,222,647	1,467,177	1,955,769	4,645,594	(571,873)	(24,178)	73,386	(522,665)	33,340,943
707	Pineywoods GCD	195,014	6,125	10,176	13,362	29,664	(16,039)	(156)	1	(16,194)	208,484
697	Polk CAD	1,548,114	45,951	71,946	101,212	219,109	(93,669)	(1,243)	469	(94,443)	1,672,781
286	Polk County	46,611,088	742,511	1,311,060	3,140,528	5,194,099	(1,834,961)	(37,125)	(184,795)	(2,056,881)	49,748,306
739	Polk Co. Fresh WSD #2	379,770	23,708	19,204	24,823	67,736	(16,695)	(314)	346	(16,662)	430,844
676	Port of Bay City Auth.	226,979	10,733	15,702	15,357	41,792	—	(192)	(14)	(206)	268,566
449	Port of Beaumont ND	13,797,686	187,480	374,960	951,153	1,513,593	(499,069)	(11,023)	39,145	(470,947)	14,840,331
620	Port of Corpus Christi Auth.	43,113,568	827,147	827,147	2,888,058	4,542,352	(1,854,244)	(34,241)	19,158	(1,869,327)	45,786,593
622	Port of Port Arthur ND	4,713,900	113,686	24,361	317,359	455,406	(111,198)	(3,765)	4,091	(110,872)	5,058,434
726	Post Oak Savannah GCD	211,923	15,054	13,978	14,632	43,664	—	(181)	(13)	(194)	255,393
287	Potter County	133,446,186	1,984,119	3,899,238	9,074,869	14,958,225	(6,536,621)	(106,048)	29,018	(6,613,652)	141,790,760
560	Potter-Randall Co. ECD	1,205,567	25,725	57,404	81,160	164,290	(82,146)	(963)	9,101	(74,007)	1,295,849
626	Presidio AD	219,255	9,581	8,705	15,454	33,739	(9,153)	(178)	(320)	(9,651)	243,343
288	Presidio County	5,673,344	131,814	147,730	378,461	658,005	(282,912)	(4,520)	12,447	(274,986)	6,056,363
289	Rains County	6,039,992	150,793	160,865	406,445	718,103	(266,780)	(4,828)	(6,002)	(277,610)	6,480,484
537	Rains Co. AD	1,223,241	16,922	29,759	82,127	128,808	(14,051)	(988)	1,097	(13,943)	1,338,106
290	Randall County	79,481,830	1,604,304	2,275,729	5,367,921	9,247,954	(3,267,149)	(63,628)	149,984	(3,180,794)	85,548,991
564	Randall Co. AD	17,541,822	137,212	235,221	1,184,030	1,556,463	(721,202)	(13,824)	28,831	(706,195)	18,392,090
406	Rankin Co. HD — Upton Co.	4,694,384	250,994	225,901	323,379	800,274	(348,239)	(3,804)	20,932	(331,112)	5,163,546
291	Reagan County	11,509,372	241,888	510,038	786,890	1,538,816	(483,688)	(9,286)	21,153	(471,820)	12,576,367
445	Reagan HD	5,739,414	226,732	275,362	390,726	892,820	(300,836)	(4,658)	(2,271)	(307,765)	6,324,469
292	Real County	5,291,892	70,845	150,495	379,791	601,131	(242,717)	(4,208)	(22,455)	(269,380)	5,623,644
505	Red Bluff WPCD — Reeves Co.	664,870	8,190	14,110	46,246	68,546	(47,897)	(522)	10,959	(37,461)	695,955
845	Red River AD	58,337	13,818	17,765	4,133	35,716	(515)	(60)	(7)	(581)	93,472
435	Red River Auth. — Wichita Co.	6,628,261	96,084	96,084	444,841	637,009	(171,004)	(5,286)	9,359	(166,931)	7,098,339
293	Red River County	8,137,060	144,617	189,655	550,859	885,131	(493,989)	(6,419)	11,902	(488,506)	8,533,685

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER* (continued)

Year Ended Dec. 31, 2014

			Additions				Deductions				
No.	Employer Name	Balances on Jan. 1, 2014	Employee Deposits	Employer Contributions	Net Investment Income	Total Additions	Benefits Paid & Withdrawals	Administrative Expenses, Net	Other[1]	Total Deductions	Balances on Dec. 31, 2014
921	Red River Co. Soil and WCD	—	179	20,660	82	20,920	—	(8)	(1)	(9)	20,911
294	Reeves County	63,204,693	1,787,530	1,787,530	4,174,737	7,749,797	(2,545,013)	(50,717)	(100,967)	(2,696,697)	68,257,793
786	Reeves Co. AD	122,895	18,570	32,948	8,600	60,119	(2,344)	(118)	(9)	(2,471)	180,543
588	Reeves Co. HD	19,433,596	646,044	528,833	1,314,765	2,489,642	(452,319)	(15,769)	(25,275)	(493,363)	21,429,875
295	Refugio County	13,667,873	352,468	353,978	922,450	1,628,896	(772,628)	(10,733)	(291,896)	(1,075,258)	14,221,512
543	Refugio Co. DD #1	585,824	15,444	17,253	40,610	73,306	(29,081)	(470)	4,475	(25,076)	634,054
736	Refugio GCD	104,660	3,411	2,017	5,769	11,197	(21,197)	(77)	(6)	(21,279)	94,578
801	Rio Grande COG	574,168	83,761	153,562	38,960	276,282	(6,539)	(552)	(59)	(7,150)	843,300
296	Roberts County	4,704,483	99,322	102,727	323,769	525,818	(252,767)	(3,733)	12,278	(244,222)	4,986,079
297	Robertson County	16,732,548	400,956	456,727	1,160,700	2,018,382	(587,222)	(13,453)	33,796	(566,879)	18,184,051
904	Robertson Co. AD	—	20,089	25,089	178	45,355	—	(18)	(1)	(19)	45,336
698	Rockwall CAD	2,177,911	49,535	130,957	139,537	320,028	(165,964)	(1,744)	5,917	(161,791)	2,336,148
298	Rockwall County	46,791,537	1,035,153	1,330,911	3,132,080	5,498,145	(1,506,596)	(37,619)	(4,491)	(1,548,706)	50,740,977
299	Runnels County	11,234,734	170,965	225,919	779,631	1,176,515	(669,021)	(8,837)	(17,350)	(695,207)	11,716,042
300	Rusk County	37,572,597	719,526	929,203	2,562,436	4,211,165	(2,252,086)	(29,640)	(112,261)	(2,393,987)	39,389,776
612	Rusk Co. AD	1,378,997	32,199	39,880	92,834	164,913	(63,436)	(1,105)	4,830	(59,711)	1,484,199
848	Rusk Co. GCD	27,772	5,402	4,376	1,613	11,391	(5,171)	(24)	(2)	(5,197)	33,966
301	Sabine County	6,325,753	138,797	109,848	436,792	685,438	(245,617)	(5,038)	(3,831)	(254,486)	6,756,704
863	Sabine Co. AD	26,844	11,106	8,996	1,972	22,073	—	(30)	(2)	(32)	48,885
568	Sabine Pass Port Auth.	700,244	14,095	14,478	48,291	76,864	(41,529)	(558)	12,241	(29,847)	747,261
706	Sabine-Neches ND Jefferson Co.	847,485	38,134	52,734	57,431	148,299	(9,096)	(709)	614	(9,191)	986,593
302	San Augustine County	4,962,616	97,192	124,407	333,684	555,283	(233,965)	(3,954)	17,243	(220,676)	5,297,223
303	San Jacinto County	14,024,576	352,263	498,304	956,050	1,806,617	(957,675)	(11,134)	23,229	(945,580)	14,885,614
553	San Jacinto Co. AD	1,553,372	33,271	34,649	104,725	172,645	(48,659)	(1,248)	5,228	(44,678)	1,681,340
304	San Patricio County	74,617,098	1,154,146	1,790,572	5,063,645	8,008,364	(3,902,350)	(59,093)	121,260	(3,840,183)	78,785,279
495	San Patricio Co. AD	2,350,421	39,221	53,621	154,505	247,348	(219,767)	(1,805)	(27,383)	(248,955)	2,348,815
426	San Patricio Co. DD	5,867,316	34,463	207,384	402,593	644,440	(513,526)	(4,554)	3,253	(514,828)	5,996,928
750	San Patricio Co. ND	80,134	6,215	10,770	5,433	22,419	—	(71)	(5)	(76)	102,477
422	San Patricio MWD	8,634,555	188,684	135,044	604,393	928,121	(292,957)	(6,908)	(12,713)	(312,579)	9,250,098
305	San Saba County	5,369,666	96,935	136,540	367,150	600,624	(247,000)	(4,271)	8,451	(242,820)	5,727,471
766	Santo SUD	180,291	10,382	21,091	12,053	43,527	—	(157)	(11)	(168)	223,650
306	Schleicher County	6,879,227	113,497	228,180	490,494	832,170	(277,733)	(5,524)	26,733	(256,525)	7,454,872
307	Scurry County	44,006,234	553,424	730,381	2,990,133	4,273,938	(2,443,144)	(34,533)	(116,554)	(2,594,232)	45,685,940
893	Scurry Co. AD	—	32,215	58,537	358	91,109	—	(36)	(3)	(39)	91,070
760	Scurry Co. HD	8,271,821	795,036	1,022,190	545,161	2,362,387	(315,745)	(7,215)	10,098	(312,862)	10,321,345
308	Shackelford County	5,611,816	79,115	264,992	373,465	717,571	(234,078)	(4,493)	(35,152)	(273,724)	6,055,664
470	Shackelford Co. AD	743,072	6,680	8,503	51,080	66,263	(30,732)	(587)	4,325	(26,994)	782,340
309	Shelby County	11,802,004	266,626	338,996	802,479	1,408,100	(744,305)	(9,351)	20,185	(733,471)	12,476,633
627	Shelby Co. AD	672,184	18,865	12,576	45,992	77,433	(8,570)	(545)	13	(9,102)	740,515
310	Sherman County	8,203,798	111,839	357,884	560,315	1,030,038	(529,322)	(6,514)	14,033	(521,803)	8,712,033
469	Sherman Co. AD	907,443	9,169	9,484	63,743	82,396	(48,630)	(719)	636	(48,713)	941,126
311	Smith County	117,495,564	2,471,480	2,909,278	8,000,020	13,380,778	(5,988,650)	(93,288)	(16,467)	(6,098,405)	124,777,937
555	Smith Co. 911 Comm. Dist.	2,366,521	20,735	21,713	160,024	202,471	(94,135)	(1,880)	18,795	(77,221)	2,491,772
606	Smith Co. AD	12,007,380	150,028	400,055	780,753	1,330,836	(229,768)	(9,687)	4,830	(234,625)	13,103,592
312	Somervell County	26,717,469	406,846	864,845	1,810,685	3,082,376	(1,423,502)	(21,238)	21,001	(1,423,739)	28,376,106
507	Somervell Co. CAD	696,692	22,149	24,522	47,141	93,811	(32,120)	(561)	2,004	(30,677)	759,826
699	Somervell Co. WD	678,088	31,993	58,410	45,582	135,986	(7,861)	(575)	451	(7,986)	806,088

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER* (continued)

Year Ended Dec. 31, 2014

			Additions				Deductions				
No.	Employer Name	Balances on Jan. 1, 2014	Employee Deposits	Employer Contributions	Net Investment Income	Total Additions	Benefits Paid & Withdrawals	Administrative Expenses, Net	Other[1]	Total Deductions	Balances on Dec. 31, 2014
795	South Plains Assoc. of Governments	897,421	91,867	232,858	59,721	384,445	(13,258)	(843)	(57)	(14,158)	1,267,709
894	South Rains SUD	—	2,083	1,461	14	3,557	—	(1)	(0)	(2)	3,556
645	South TX Development Council	3,317,442	68,218	114,119	217,360	399,697	(195,477)	(2,634)	(6,256)	(204,367)	3,512,772
768	Southeast TX GCD	62,788	4,410	8,228	4,228	16,866	—	(55)	(4)	(59)	79,595
313	Starr County	28,647,545	687,176	1,133,421	1,929,958	3,750,556	(1,385,724)	(23,013)	38,336	(1,370,401)	31,027,700
536	Starr Co. AD	2,775,685	30,788	56,386	185,497	272,671	(112,789)	(2,207)	1,885	(113,110)	2,935,246
314	Stephens County	10,412,269	162,250	278,142	706,673	1,147,065	(469,219)	(8,252)	(41,195)	(518,667)	11,040,667
869	Stephens Co. TAD	11,321	9,870	13,282	876	24,028	—	(19)	(1)	(20)	35,330
315	Sterling County	8,377,866	164,281	192,443	568,189	924,913	(408,001)	(6,635)	(48,014)	(462,650)	8,840,128
837	Sterling Co. AD	1,830	1,600	2,020	142	3,761	—	(3)	(0)	(3)	5,588
316	Stonewall County	3,359,792	64,289	89,637	233,827	387,754	(216,718)	(2,656)	17,177	(202,198)	3,545,347
724	Stonewall Co. AD	78,599	4,291	4,280	5,320	13,892	(5,237)	(64)	591	(4,710)	87,781
458	Stonewall Mem. HD	3,484,338	120,757	78,927	232,119	431,803	(130,779)	(2,744)	(144,763)	(278,286)	3,637,855
539	Stratford HD — Sherman Co.	2,319,231	69,051	43,226	153,353	265,630	(115,036)	(1,848)	7,375	(109,509)	2,475,352
317	Sutton County	13,939,922	176,865	176,865	940,907	1,294,636	(442,906)	(11,020)	(101,898)	(555,824)	14,678,734
573	Sutton Co. HD	5,292,897	297,152	330,263	344,924	972,339	(325,336)	(4,343)	4,489	(325,190)	5,940,045
318	Swisher County	5,731,491	107,144	178,500	389,137	674,780	(420,367)	(4,507)	6,108	(418,766)	5,987,505
460	Swisher Co. AD	1,099,025	7,584	20,174	74,725	102,484	(56,805)	(864)	4,892	(52,778)	1,148,730
607	Tarrant AD	57,656,781	792,505	3,231,556	3,876,826	7,900,887	(2,387,687)	(46,484)	(308,227)	(2,742,399)	62,815,269
319	Tarrant County	1,143,145,708	17,259,013	35,671,325	77,862,998	130,793,336	(55,101,803)	(909,671)	32,909	(55,978,565)	1,217,960,479
545	Tarrant Co. 911 EAD	7,988,020	98,171	140,245	532,264	770,681	(115,949)	(6,414)	(1,592)	(123,956)	8,634,745
574	Tax AD of Cottle Co.	199,773	2,709	2,709	13,649	19,067	—	(161)	(12)	(173)	218,667
320	Taylor County	87,794,549	1,591,328	2,288,264	6,017,829	9,897,421	(4,320,808)	(69,597)	(309,813)	(4,700,217)	92,991,753
321	Terrell County	5,507,221	106,072	229,417	368,683	704,173	(203,666)	(4,434)	(11,205)	(219,305)	5,992,089
753	Terrell Co. WCID #1	160,539	7,432	8,377	10,636	26,444	—	(134)	(10)	(144)	186,839
322	Terry County	12,887,615	247,557	495,113	890,512	1,633,182	(732,628)	(10,262)	(16,066)	(758,956)	13,761,841
402	Terry Memorial HD	19,112,322	381,739	343,538	1,266,086	1,991,363	(723,790)	(15,082)	(307,746)	(1,046,617)	20,057,068
437	Texas Assoc. of Counties	52,552,873	793,926	793,926	3,467,209	5,055,062	(1,765,583)	(41,741)	607	(1,806,717)	55,801,218
354	TCDRS	28,560,596	647,939	1,621,908	1,932,488	4,202,335	(642,269)	(23,417)	37,465	(628,220)	32,134,711
634	Texas Eastern 911 Network	718,735	11,318	16,199	48,416	75,934	—	(584)	(42)	(626)	794,043
323	Throckmorton County	2,552,062	49,102	77,781	175,195	302,078	(137,224)	(2,013)	(36,284)	(175,521)	2,678,619
324	Titus County	23,251,737	374,877	608,019	1,566,641	2,549,537	(1,017,764)	(18,516)	49,608	(986,672)	24,814,602
742	Titus Co. AD	405,640	23,278	15,696	27,857	66,830	(28,071)	(329)	1,291	(27,109)	445,361
501	Titus Co. Fresh WSD	2,133,032	31,400	89,454	144,930	265,784	(108,436)	(1,704)	110	(110,030)	2,288,786
325	Tom Green County	81,630,977	1,706,935	2,067,828	5,555,011	9,329,774	(4,131,317)	(64,944)	224,601	(3,971,661)	86,989,090
601	Travis CAD	28,758,085	438,056	2,136,607	1,932,837	4,507,499	(1,262,607)	(23,479)	56,563	(1,229,523)	32,036,061
326	Travis County	1,222,298,037	20,072,941	39,197,756	82,551,905	141,822,603	(47,505,699)	(978,901)	1,298,473	(47,186,127)	1,316,934,512
720	Travis Co. ESD #1 North Lake Travis F&R	738,764	55,019	43,575	49,882	148,476	(30,162)	(619)	1,051	(29,729)	857,510
831	Travis Co. ESD #4	15,044	74,870	53,963	1,517	130,350	(3,927)	(62)	(5)	(3,993)	141,401
666	Travis Co. WCID — Point Venture	360,550	18,742	13,692	24,866	57,301	(2,209)	(300)	(16)	(2,525)	415,325
659	Tri-County SUD	438,243	17,665	12,395	28,374	58,434	(29,354)	(350)	(25)	(29,729)	466,948
633	Trinity Bay Conservation Dist.	5,435,961	138,602	305,717	366,990	811,309	(213,843)	(4,419)	(9,034)	(227,297)	6,019,973
327	Trinity County	7,882,439	140,838	204,818	553,575	899,231	(470,681)	(6,294)	171,667	(305,308)	8,476,361
857	Trinity Co. AD	70,557	27,069	28,836	4,690	60,594	(8,005)	(76)	(6)	(8,087)	123,064
790	Trophy Club MUD #1	268,557	74,784	93,694	18,561	187,039	(3,156)	(285)	(21)	(3,462)	452,135
735	Two Way SUD	361,130	20,339	30,014	24,390	74,744	(3,309)	(307)	214	(3,403)	432,471
328	Tyler County	17,197,366	303,700	564,834	1,178,307	2,046,842	(873,220)	(13,651)	(109,315)	(996,186)	18,248,022

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER* (continued)

Year Ended Dec. 31, 2014

			Additions				Deductions				
No.	Employer Name	Balances on Jan. 1, 2014	Employee Deposits	Employer Contributions	Net Investment Income	Total Additions	Benefits Paid & Withdrawals	Administrative Expenses, Net	Other[1]	Total Deductions	Balances on Dec. 31, 2014
471	Tyler Co. AD	2,370,584	30,337	91,588	157,817	279,741	(64,037)	(1,913)	2,870	(63,080)	2,587,246
561	United ID — Hidalgo Co.	3,207,650	74,064	74,064	217,401	365,529	(205,246)	(2,530)	(831)	(208,606)	3,364,572
834	Upper Brushy Creek WCID	45,721	6,751	12,235	3,106	22,092	—	(44)	(3)	(48)	67,766
792	Upper Trinity GCD	47,519	14,747	11,178	3,400	29,325	—	(49)	(4)	(52)	76,792
329	Upshur County	31,495,608	452,976	469,153	2,146,140	3,068,268	(1,557,281)	(24,740)	(192,260)	(1,774,281)	32,789,595
330	Upton County	13,639,791	321,918	413,894	921,217	1,657,028	(646,046)	(10,813)	(194,330)	(851,190)	14,445,629
682	Upton Co. AD	496,936	14,112	20,159	33,703	67,974	(9,845)	(406)	1,268	(8,983)	555,927
331	Uvalde County	27,809,922	598,882	810,648	1,878,789	3,288,319	(1,215,361)	(22,138)	(200,195)	(1,437,694)	29,660,547
332	Val Verde County	37,183,116	612,096	1,023,076	2,507,651	4,142,822	(1,734,541)	(29,587)	43,045	(1,721,082)	39,604,855
663	Valley MUD #2 — Cameron Co.	552,075	39,437	30,423	38,549	108,409	(25,824)	(459)	2,876	(23,408)	637,076
586	Valwood Improvement Auth. — Dallas Co.	1,516,616	19,940	41,974	102,319	164,233	—	(1,233)	(89)	(1,322)	1,679,526
333	Van Zandt County	22,892,506	453,117	552,153	1,557,818	2,563,089	(1,220,569)	(18,133)	(1,752)	(1,240,455)	24,215,140
672	Van Zandt Co. AD	1,462,998	49,667	77,368	98,068	225,103	(51,420)	(1,203)	15,277	(37,346)	1,650,755
420	Velasco DD — Brazoria Co.	8,981,596	95,634	131,155	627,192	853,982	(662,924)	(6,985)	12,544	(657,366)	9,178,212
334	Victoria County	106,554,565	1,893,248	3,702,500	7,248,240	12,843,988	(5,762,494)	(84,874)	230,957	(5,616,411)	113,782,142
423	Victoria Co. DD #3	1,562,995	13,073	29,153	105,371	147,597	(58,521)	(1,241)	10,407	(49,355)	1,661,236
767	Victoria Co. GCD	59,884	7,491	8,435	4,138	20,064	—	(54)	(4)	(58)	79,890
335	Walker County	54,559,891	1,141,438	1,981,978	3,755,184	6,878,600	(2,356,148)	(43,790)	1,767	(2,398,170)	59,040,321
748	Walker Co. SUD	541,505	23,094	26,097	35,172	84,363	—	(451)	(33)	(484)	625,383
336	Waller County	34,428,389	678,384	843,133	2,388,736	3,910,253	(1,585,763)	(27,389)	(3,806)	(1,616,958)	36,721,683
773	Waller Co. AD	874,741	46,997	62,631	58,036	167,664	(11,419)	(739)	508	(11,649)	1,030,756
337	Ward County	27,925,050	466,347	1,427,366	1,882,931	3,776,644	(1,446,422)	(22,466)	116,532	(1,352,357)	30,349,338
565	Ward Co. CAD	971,646	11,493	15,707	65,573	92,772	(9,009)	(782)	2,191	(7,599)	1,056,819
444	Ward Memorial Hospital	18,069,997	337,939	430,631	1,213,995	1,982,564	(756,626)	(14,393)	30,114	(740,905)	19,311,656
338	Washington County	28,868,922	587,496	1,030,637	1,956,527	3,574,660	(1,273,187)	(23,112)	(55,733)	(1,352,032)	31,091,550
339	Webb County	208,545,642	4,072,972	7,297,251	13,973,109	25,343,332	(7,241,871)	(167,726)	(46,367)	(7,455,963)	226,433,011
604	Webb Co. AD	5,864,326	169,704	156,856	400,380	726,940	(222,200)	(4,722)	(1,277)	(228,199)	6,363,067
443	West Central TX COG	22,628,544	369,096	700,228	1,514,551	2,583,875	(1,026,815)	(18,031)	18,056	(1,026,791)	24,185,628
410	West Central TX MWD	4,257,178	72,579	99,537	288,869	460,986	(265,977)	(3,291)	(139,480)	(408,749)	4,309,415
454	West Jefferson Co. MWD	2,684,504	31,939	79,267	180,056	291,262	(41,727)	(2,167)	5,414	(38,480)	2,937,286
688	West Nueces-Las Moras Soil & WCD #236	37,622	504	266	2,431	3,201	(1,544)	(30)	(2)	(1,576)	39,246
340	Wharton County	42,358,502	593,743	1,134,048	2,932,816	4,660,608	(2,189,889)	(33,576)	58,118	(2,165,348)	44,853,762
621	Wharton Co. WCID #1	183,409	4,431	7,090	12,297	23,819	(11,159)	(147)	1,328	(9,977)	197,251
923	Wharton Co. WCID #2	—	1,657	2,569	17	4,242	—	(2)	(0)	(2)	4,241
341	Wheeler County	8,710,967	196,360	308,565	593,603	1,098,528	(367,534)	(6,996)	16,657	(357,873)	9,451,622
476	Wheeler Co. AD	580,064	6,833	65,964	38,710	111,507	(69,594)	(463)	3,198	(66,859)	624,712
427	White River MWD — Dickens Co.	2,439,853	26,230	—	165,697	191,926	(159,353)	(1,884)	1,022	(160,215)	2,471,564
740	Wichita AD	2,059,191	66,610	123,964	136,165	326,738	(11,152)	(1,715)	417	(12,450)	2,373,479
342	Wichita County	83,068,108	1,476,224	2,638,162	5,674,226	9,788,612	(4,672,035)	(65,968)	98,000	(4,640,003)	88,216,717
446	Wichita Co. WID #2	3,899,968	33,725	66,872	268,092	368,688	(177,964)	(3,074)	(1,945)	(182,982)	4,085,674
559	Wichita-Wilbarger 911 Dist.	1,634,208	15,759	27,015	109,561	152,335	(60,714)	(1,295)	4,431	(57,578)	1,728,965
655	Wickson Creek SUD — Brazos Co.	1,790,999	43,055	56,383	118,935	218,373	(24,608)	(1,458)	(527)	(26,592)	1,982,779
343	Wilbarger County	14,926,576	254,256	440,759	1,014,994	1,710,009	(719,553)	(11,821)	(114,370)	(845,744)	15,790,841
715	Wilbarger Co. AD	217,549	9,960	14,129	13,956	38,046	(7,450)	(180)	(13)	(7,643)	247,952
530	Wilbarger Co. HD	15,164,720	392,965	186,265	1,015,454	1,594,684	(804,505)	(11,978)	12,310	(804,173)	15,955,231
344	Willacy County	13,088,053	351,190	441,349	864,985	1,657,524	(705,175)	(10,354)	(230,009)	(945,538)	13,800,039
575	Willacy Co. AD	800,781	11,630	28,444	53,810	93,885	(28,372)	(642)	480	(28,535)	866,132

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY EMPLOYER* (continued)

Year Ended Dec. 31, 2014

No.	Employer Name	Balances on Jan. 1, 2014	Additions: Employee Deposits	Additions: Employer Contributions	Additions: Net Investment Income	Additions: Total Additions	Deductions: Benefits Paid & Withdrawals	Deductions: Administrative Expenses, Net	Deductions: Other[1]	Deductions: Total Deductions	Balances on Dec. 31, 2014
652	Willacy Co. Housing Auth.	137,683	5,500	5,170	9,256	19,926	(4,925)	(112)	87	(4,950)	152,660
608	Williamson CAD	16,852,459	252,208	580,824	1,128,797	1,961,829	(634,259)	(13,506)	(1,166)	(648,931)	18,165,357
345	Williamson County	283,281,520	6,237,665	11,388,190	18,970,796	36,596,650	(9,052,920)	(229,176)	136,544	(9,145,552)	310,732,618
798	Williamson Co. ESD #3	223,563	40,924	45,835	15,133	101,893	(10,689)	(210)	(15)	(10,914)	314,541
897	Williamson Co. ESD #5	—	8,558	7,060	62	15,680	—	(6)	(0)	(7)	15,673
346	Wilson County	17,335,803	424,827	560,772	1,187,034	2,172,634	(828,175)	(13,880)	37,144	(804,910)	18,703,527
479	Wilson Co. AD	2,385,370	41,780	65,177	162,600	269,557	(134,126)	(1,890)	8,798	(127,217)	2,527,709
347	Winkler County	30,354,052	611,330	849,960	2,051,462	3,512,751	(1,544,790)	(24,140)	31,332	(1,537,598)	32,329,205
533	Winkler Co. AD	526,796	7,680	12,190	36,123	55,993	(18,998)	(421)	683	(18,736)	564,054
937	Wintergarden GCD	—	746	746	6	1,499	—	(1)	(0)	(1)	1,497
348	Wise County	52,679,989	1,372,754	2,096,387	3,532,953	7,002,094	(1,903,707)	(42,610)	(1,385)	(1,947,703)	57,734,380
493	Wise Co. AD	2,864,023	59,959	62,528	192,468	314,955	(53,945)	(2,309)	4,016	(52,238)	3,126,740
349	Wood County	30,230,141	547,817	1,126,360	2,066,392	3,740,569	(1,740,042)	(24,057)	35,630	(1,728,468)	32,242,241
700	Wood Co. AD	1,276,747	35,990	48,586	86,393	170,969	(6,509)	(1,049)	(113)	(7,671)	1,440,046
350	Yoakum County	44,482,960	983,241	1,652,615	3,050,649	5,686,505	(2,549,057)	(35,472)	55,837	(2,528,692)	47,640,773
776	Yoakum Co. AD	91,849	7,742	9,710	6,303	23,755	(694)	(80)	60	(714)	114,890
351	Young County	17,621,444	276,598	387,237	1,211,550	1,875,385	(870,631)	(13,929)	(36,635)	(921,195)	18,575,634
352	Zapata County	40,562,673	638,767	887,889	2,727,093	4,253,748	(1,432,411)	(32,339)	(13,753)	(1,478,503)	43,337,918
649	Zapata Co. AD	460,033	12,265	21,219	31,058	64,542	(2,391)	(379)	(26)	(2,797)	521,778
353	Zavala County	10,173,495	200,534	276,375	674,790	1,151,699	(488,430)	(8,091)	5,635	(490,887)	10,834,307
566	Zavala Co. AD	945,995	20,237	20,237	63,620	104,093	(25,775)	(760)	1,838	(24,697)	1,025,391
	Subtotal	**23,145,956,373**	**383,186,524**	**684,212,315**	**1,566,858,293**	**2,634,257,133**	**(1,044,744,500)**	**(18,439,950)**	**(1,870,589)**	**(1,065,055,038)**	**24,715,158,467**
	System Accounts for Terminated Employers [2]	—	—	—	1,802,414	1,802,414	(1,914,690)	(19,401)	131,678	(1,802,414)	—
	Totals	**$ 23,145,956,373**	**$ 383,186,524**	**$ 684,212,315**	**$ 1,568,660,707**	**$ 2,636,059,546**	**$ (1,046,659,190)**	**$ (18,459,351)**	**$ (1,738,911)**	**$ (1,066,857,452)**	**$ 24,715,158,467**

Due to rounding, totals and detail may not equal.

* This schedule was prepared to provide participating employers with additional information needed to comply with the financial reporting requirements according to Governmental Accounting Standards Board (GASB) Statement 68, Accounting and Financial Reporting for Pensions. Certain allocations of systemwide amounts including the Endowment Fund, Expense Fund and terminated employers' account balances have been made to participating employers for GASB reporting purposes only.

[1] Relates to allocation of systemwide items.

[2] For employers that terminated their participation in TCDRS, current year activity affecting their members and retirees & beneficiaries is tracked by employer, and then allocated to participating employers for GASB 68 purposes.

See accompanying independent auditor's report.

ACCRUED BENEFIT

An individual's benefit, based on compensation and service, as of a specific date.

ACTUARIAL ACCRUED LIABILITY

The portion, as determined by the actuarial cost method, of the Actuarial Present Value of pension plan benefits and expenses that is not provided for by future Normal Costs.

ACTUARIAL ASSUMPTIONS

In order to estimate the cost of funding benefits, the actuaries use long-term assumptions. Examples include mortality, termination, disablement and retirement; changes in salary; payroll growth; investment returns and other relevant items. Actuarial assumptions are adopted by the board of trustees upon recommendation of the consulting actuaries. The assumptions are reviewed every four years.

ACTUARIAL GAIN (LOSS)

The difference between actual results and what was projected to happen based on Actuarial Assumptions during the period between annual Actuarial Valuations.

ACTUARIAL PRESENT VALUE

The calculated value of a series of projected cash flows expressed in present day dollars as of the valuation date using actuarial assumptions.

ACTUARIAL VALUATION

The process to calculate the employer contribution rate. This process determines the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets and Actuarial Present Values.

ACTUARIAL VALUE OF ASSETS

The value of cash, investments and other property belonging to a pension plan, as used by the actuary for the purpose of an Actuarial Valuation.

ACTUARIALLY EQUIVALENT PAYMENT OPTIONS

Different benefit payment options that pay different amounts per month, but are of equal value at the time the option is selected.

ALERIAN MLP INDEX

This index is a composite of the 50 most prominent energy Master Limited Partnerships. The index is calculated using a float-adjusted, capitalization-weighted methodology.

BARCLAYS AGGREGATE BOND INDEX

This index incorporates all domestic debt issues with maturities greater than one year and in amounts greater than $1 million. Included are publicly issued, nonconvertible, domestic debt issues of the U.S. government and its agencies and corporations in industrial, utility or financial segments.

BARCLAYS U.S. TIPS INDEX

This index consists of inflation-protected securities issued by the U.S. Treasury. Securities must be fixed-rate with at least $250 million of par outstanding and at least one year to final maturity. They must also be rated investment-grade (Baa3/BBB- or higher) by at least two of the three ratings agencies (Moody's, S&P or Fitch).

BASIC BENEFIT

Benefits attributable to the member's accumulated deposits and an equal matching amount provided by the employer.

BENCHMARK PORTFOLIOS

Portfolios represented by specific indices that are created for the purpose of measuring the relative performance of investment managers, asset classes and, in the case of the Policy Benchmark Portfolio, the entire TCDRS portfolio. Data regarding performance of these benchmark portfolios during any period indicate the returns that were available during the period for comparable investments that were passively managed. Comparisons indicate the value added by each manager, if any, in excess of the performance that was experienced by the specific benchmark index.

CAMBRIDGE ASSOCIATES GLOBAL PRIVATE EQUITY & VENTURE CAPITAL INDEX

A custom benchmark index provided by Cambridge Associates based on data compiled from more than 1,500 global private equity and venture capital funds, including fully liquidated partnerships, with first cash flows occurring between 2006 and 2014. The benchmark return is net of fees, expenses and carried interest.

CAMBRIDGE ASSOCIATES REAL ESTATE INDEX

A custom benchmark index provided by Cambridge Associates based on data compiled from nearly 400 global private real estate funds, including fully liquidated partnerships with first cash flows occurring between 2007 and 2014. The benchmark return is net of fees, expenses and carried interest.

CITIGROUP HIGH-YIELD CASH-PAY CAPPED INDEX

This index includes cash-pay bonds with a below-investment-grade rating by both Moody's Investor Services and Standard & Poor's. The bonds must have a maturity of at least one year and a minimum amount outstanding of $100 million. The par value of individual issuers is capped at $5 billion par outstanding.

COMMODITIES

Investment in resources that can be perishable (grains, sugar, etc.) and non-perishable (metals, energy, etc.). Commodities provide protection against inflation and have low correlation to stocks and other asset classes.

DIRECT LENDING

Privately originated debt made to small to medium-sized companies or to real estate investors in order to take advantage of disruptions in the banking system.

DISTRESSED DEBT

Distressed debt investments are investments in partnerships that purchase the debt of companies experiencing financial distress ranging from deteriorating financial conditions to bankruptcy. Strategies employed include trading, participating in restructuring transactions and controlling bankruptcy proceedings.

DOW JONES U.S. TOTAL STOCK MARKET INDEX

This index is one of the broadest measures of domestic equity performance since it is computed based upon all equity trades of U.S. stocks during any day. Each company included within the index is not equally weighted within the index, but rather is weighted according to its market value among the market values of all U.S. companies.

EMPLOYER REQUIRED CONTRIBUTION RATE

The percentage of payroll the employer is required to contribute to fund future benefits for their current employees, former employees and retirees. It is the sum of the Normal Cost Contribution Rate and the Unfunded Actuarial Accrued Liability Contribution Rate.

ENTRY-AGE ACTUARIAL COST METHOD

An actuarial cost method under which the Actuarial Present Value of the Projected Benefits of each individual included in an Actuarial Valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit ages. The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost. The portion of this Actuarial Present Value not provided for at a Valuation Date by the Actuarial Present Value of future Normal Costs is called the Actuarial Accrued Liability.

FTSE EPRA/NAREIT GLOBAL REAL ESTATE INDEX

This index, developed by The Financial Times and London Stock Exchange (FTSE) in conjunction with the European Public Real Estate Association (EPRA) and National Association of Real Estate Investment Trusts (NAREIT) includes worldwide listed stocks of income-producing real estate.

FTSE NAREIT ALL EQUITY REIT INDEX

This index gives a broad exposure to U.S. publicly traded equity REITs in every property sector.

GLOBAL EQUITY

Investments in stocks included in all public markets, both domestic and international.

HEDGE FUND RESEARCH INSTITUTE (HFRI) FUND OF FUNDS COMPOSITE INDEX

This index consists of more than 650 funds with each managing a group of diverse hedge funds. Each fund of funds has at least $50 million under management or has been actively trading for at least twelve months. The index includes both domestic and offshore funds that offer diverse strategies. All constituent funds report returns net of fees on a monthly basis.

HEDGE FUNDS

An investment strategy applied to a variety of different investments to help manage risk within the entire portfolio. Over a full market cycle, hedge funds produce equity-like returns with less than half the risk of stocks. Hedge funds do well when markets are up and mitigate losses during market downturns.

HIGH-YIELD BOND

Domestic fixed-income securities that have not been highly rated by national rating agencies, such as Moody's Investors Service (Moody's) or Standard & Poor's (S&P). A security is considered a high-yield bond if it is rated below Baa3 by Moody's or below BBB- by S&P. To pay for the risk, the interest rates earned are higher than investment-grade bonds.

INVESTMENT-GRADE BONDS

The investment-grade bonds portfolio consists of debt securities issued by the U.S. Treasury or an agency or government-sponsored entity (GSE) of the United States (U.S. governments); mortgage-related instruments, U.S. dollar-denominated fixed-income securities issued by U.S. and foreign corporations; and U.S. dollar-denominated debt issued by foreign governments and supranationals. Additionally, these portfolios may contain minimal investments in short-term instruments, non-rated securities, private placement securities, convertible bonds and preferred stock. The portfolio should exhibit an overall dollar-weighted average quality rating of AA.

MASTER LIMITED PARTNERSHIPS (MLPS)

Publicly traded partnership interests created by Congress to encourage investment in domestic energy infrastructure. At the entity level, these interests are tax free provided that 90% of their income comes from natural resources such as oil, natural gas, coal, timber and other depletable resources.

MSCI EAFE INDEX (EUROPE, AUSTRALASIA, FAR EAST)

This index, prepared by Morgan Stanley Capital International (MSCI), is designed to measure developed market equity performance excluding the United States and Canada.

MSCI EMERGING MARKETS (EM) INDEX

This index, prepared by Morgan Stanley Capital International (MSCI), captures large and mid-cap performance across 23 emerging market countries with 835 constituents.

MSCI WORLD EX U.S.

This index, prepared by Morgan Stanley Capital International (MSCI), is designed to measure developed market equity performance excluding the United States.

NORMAL COST

The portion of the Actuarial Present Value of pension plan benefits and expenses that is allocated to a valuation year by the actuarial cost method.

NORMAL COST CONTRIBUTION RATE

This is the rate required to fund current employees' benefits over their projected careers. It is equal to the Actuarial Present Value at hire of Projected Benefits divided by the Actuarial Present Value at hire of anticipated future compensation. It is calculated for each contributing member and the average is weighted by compensation.

OPPORTUNISTIC CREDIT

Comprises investments primarily in debt instruments that provide return opportunities resulting from dislocations in capital markets.

OVERFUNDED ACTUARIAL ACCRUED LIABILITY (OAAL)

The excess, if any, of the Actuarial Value of Assets over the Actuarial Accrued Liability.

PLAN YEAR

The period from Jan. 1 to Dec. 31 inclusive.

PRIOR SERVICE BENEFITS

Benefits attributable to an amount provided by the employer for service rendered by an employee prior to employer participation in TCDRS.

PRIVATE EQUITY

Private partnerships that (a) take public companies private in order to improve their operations and resell them in the future; (b) invest in start-up companies with new ideas or technologies; and (c) invest in both traditional and renewable energy discovery and production.

PRIVATE REAL ESTATE

Non-publicly traded vehicles that invest in a broad array of real estate properties and ventures. Private real estate investments are expected to be very illiquid and long term in nature. The vehicles for private real estate investments are typically partnerships, but may also include other entities such as limited liability companies or offshore corporations.

PROJECTED BENEFITS

Retirement benefit amounts that are estimated to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such factors as the effect of advancement in age, and past and anticipated future compensation and service time.

REITS

Real estate investment trusts are companies that own and operate income-producing real estate, such as commercial office buildings, apartments, malls, warehouses and storage facilities. Under provisions of the U.S. tax law, if REITs pay out most of their income, they do not pay income taxes. This means higher income earnings along with any increase in the value of the real estate.

TIPS

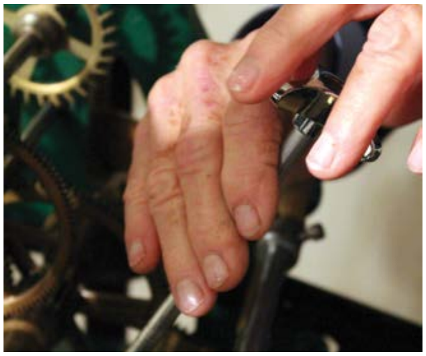
Treasury Inflation-Protected Securities are bonds issued by the U.S. Treasury just like other U.S. government bonds. However, the principal amount of TIPS increases with the rate of inflation so that inflation does not decrease the value of the bond. They provide a way to protect against inflation.

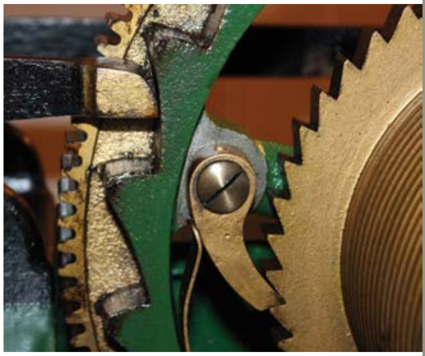
UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)

The excess, if any, of the Actuarial Accrued Liability over the Actuarial Value of Assets.

UNFUNDED ACTUARIAL ACCRUED LIABILITY CONTRIBUTION RATE

The amount needed to amortize the Unfunded Actuarial Accrued Liability over a closed period of 20 years, expressed as a percent of payroll. If the plan has an Overfunded Actuarial Accrued Liability, it is amortized over an open period of 30 years, and the resulting negative Unfunded Actuarial Accrued Liability Contribution Rate is offset against the Normal Cost Contribution Rate.





KEEPING TIME MOVING

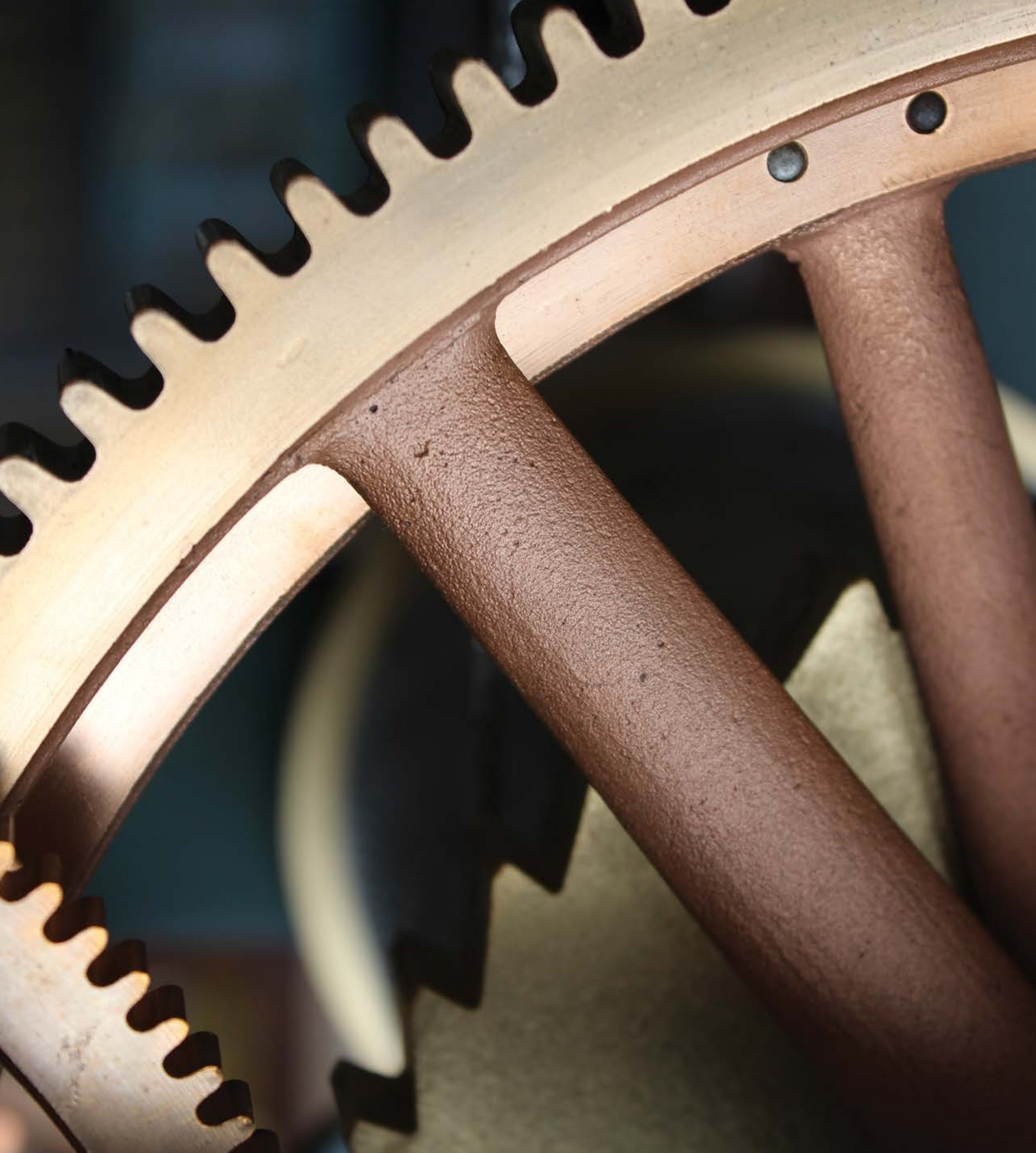
Once a week, Gene Galbraith climbs the four sets of ladders through the Caldwell County Courthouse attic to reach the clockwork in a small, windowless closet in the clock tower to make adjustments to the 98-year-old mechanism.

Galbraith became a horologist almost by accident. The retired music teacher from Austin was helping out at his wife's antique shop when he realized that if the old clocks in the shop worked, then they would be worth more. So he set out to learn a new trade.

Besides giving hundreds of antique clocks a new lease on life, Galbraith has also rejuvenated clocks at the courthouses in Franklin, Cooke, Hood, Maverick and Fort Bend counties.

In 2008, Galbraith and a group of volunteers opened the Southwest Museum of Clocks and Watches across the street from the Caldwell County Courthouse in Lockhart. If you're ever in the "Barbecue Capital of Texas" on a Saturday, stop by the museum to see three centuries of horological achievements.

www.swmuseumofclocks.org



TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

BY MAIL

TCDRS
P.O. Box 2034
Austin, Texas 78768-2034

IN PERSON

901 South MoPac,
Barton Oaks Plaza IV,
Suite 500
Austin, Texas 78746

TELEPHONE

Local: (512) 328-8889
Toll Free: 800-823-7782
Fax: (512) 328-8887

INTERNET

TCDRS.org