

Texas Emergency Services Retirement System

Report on Pension Information
August 31, 2018

C O N T E N T S

Page

Independent Auditor's Report	1
Schedule of Participating Department Allocations.....	3
Schedule of Collective Pension Amounts	8
Notes to Schedule of Participating Department Allocations and Schedule of Collective Pension Amounts	9

Independent Auditor's Report

To the Board of Trustees and Executive Director
Texas Emergency Services Retirement System

We have audited the accompanying schedule of participating department allocations of Texas Emergency Services Retirement System (the System) as of and for the year ended August 31, 2018, and the related notes. We have also audited the columns titled net pension liability, total deferred outflows of resources excluding participating department specific amounts, total deferred inflows of resources excluding participating department specific amounts, and total plan pension expense (specified column totals) included in the accompanying schedule of collective pension amounts of the System as of and for the year ended August 31, 2018, and the related notes.

Management's Responsibility for the Schedules

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

Auditor's Responsibility

Our responsibility is to express opinions on the schedule of participating department allocations and the specified column totals included in the accompanying schedule of collective pension amounts 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 schedule of participating department allocations and specified columns included in the accompanying schedule of collective pension amounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of participating department allocations and specified column totals included in the accompanying schedule of collective pension amounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule of participating department allocations and the specified column totals included in the accompanying schedule of collective pension amounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedule of participating department allocations and the specified column totals included in the accompanying schedule of collective pension amounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule of participating department allocations and the specified column totals included in the accompanying schedule of collective pension amounts.

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

The Board of Trustees and Executive Director
Texas Emergency Services Retirement System

Opinion

In our opinion, the schedules referred to above presents fairly, in all material respects, the schedule of participating department allocations and the columns titled net pension liability, total deferred outflows of resources excluding participating department specific amounts, total deferred inflows of resources excluding participating department specific amounts, and total pension expense included in the accompanying schedule of collective pension amounts of Texas Emergency Services Retirement System as of and for the year ended August 31, 2018, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the System as of and for the year ended August 31, 2018, and our report thereon, dated December 19, 2018, expressed an unmodified opinion on those financial statements.

Restriction on Use

Our report is intended solely for the information and use of the System's management, board of trustees and executive director, participating departments and their auditors, and is not intended to be, and should not be, used by anyone other than these specified parties.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
February 8, 2019

Texas Emergency Services Retirement System

Schedule of Participating Department Allocations

As of and for the Year Ended August 31, 2018

Contributing Entity	2018 Contributions	Contributing Entity Allocation Percentage
Alamo Volunteer Fire Department	\$ 4,296	0.090%
Alpine Volunteer Fire Department	4,370	0.091%
Alvarado Volunteer Fire Department	1,689	0.035%
Alvin Volunteer Fire Department	104,155	2.175%
Andrews Volunteer Fire Department	15,606	0.326%
Angleton Volunteer Fire Department	15,298	0.319%
Baird Volunteer Fire Department	9,179	0.192%
Ballinger Fire Department	11,135	0.233%
Bastrop County ESD # 1	20,806	0.434%
BASTROP COUNTY ESD#2	2,203	0.046%
Bexar County ESD#5 Fire and Rescue	19,427	0.406%
Brady Volunteer Fire Department	4,847	0.101%
Brazoria Cty EDS#3	28,473	0.595%
Brazoria Volunteer Fire Department	10,413	0.217%
Bremont Fire Department	13,413	0.280%
Brenham Fire Department	59,690	1.246%
Bridge City Fire & Rescue	17,404	0.363%
Bridgeport Volunteer Fire Department	8,717	0.182%
Brownfield Fire Department	3,525	0.074%
BUFFALO VFD	5,324	0.111%
Burkburnett Fire Department	14,793	0.309%
Burnet County ESD#4	6,633	0.138%
Burnet Fire Department	7,550	0.158%
Cactus Volunteer Fire Department	11,385	0.238%
Cameron Volunteer Fire Department	9,694	0.202%
Canadian Volunteer Fire Department	31,924	0.667%
Canyon Fire Department	39,270	0.820%
Carthage Volunteer Fire Department	14,720	0.307%
Cedar Hill Fire Department	-	0.000%
Center Volunteer Fire Department	11,812	0.247%
Clarksville Volunteer Fire Department	2,644	0.055%
Claude Volunteer Fire and Ambulance Department	4,406	0.092%
Clute Volunteer Fire Department	28,550	0.596%
Columbus Fire Department	32,069	0.670%
Crockett Volunteer Fire Department	4,584	0.096%
Crosbyton Volunteer Fire Department	5,655	0.118%
Cuero Volunteer Fire Department	14,622	0.305%
Daingerfield Volunteer Fire Department	7,491	0.156%
Dalhart Volunteer Fire Department	14,818	0.309%
Dallas County Fire and Rescue	4,590	0.096%
Dayton Volunteer Fire Department	13,144	0.274%
Deer Park Volunteer Fire Department	102,581	2.142%
Del Rio Fire & Rescue Department	-	0.000%
Denver City Volunteer Fire Department	18,355	0.383%
Diboll Volunteer Fire Department	10,869	0.227%

The Notes to Schedule of Participating Department Allocations and Schedule of Collective Pension Amounts are an integral part of this statement.

Texas Emergency Services Retirement System
Schedule of Participating Department Allocations – Continued
As of and for the Year Ended August 31, 2018

Contributing Entity	2018 Contributions	Contributing Entity Allocation Percentage
Dickinson Volunteer Fire Department	\$ 29,896	0.624%
Dimmitt Fire Department	6,169	0.129%
Donna Volunteer Fire Department	9,070	0.189%
Dumas Volunteer Fire Department	3,782	0.079%
Eagle Lake Volunteer Fire Department	22,569	0.471%
Edcouch Volunteer Fire Department	441	0.009%
Edgecliff Volunteer Fire Department	2,791	0.058%
Edinburg Volunteer Fire Department	116,363	2.430%
El Campo Volunteer Fire Department	44,720	0.934%
El Paso County Emergency District #1	43,057	0.899%
El Paso County Emergency District #2	65,762	1.373%
Electra Volunteer Fire Department	7,858	0.164%
Fairfield Volunteer Fire Department	5,728	0.120%
Farmersville Volunteer Fire Department	8,549	0.178%
Ferris Fire Department	4,598	0.096%
Flatonía Volunteer Fire Department	37,638	0.786%
Forney Volunteer Fire Department	6,573	0.137%
Fort Stockton Volunteer Fire Department	26,523	0.554%
Fredericksburg Fire Department	35,006	0.731%
Freeport Volunteer Fire Department	881	0.018%
Freer Volunteer Fire Department	10,519	0.220%
Friendswood Volunteer Fire Department	86,271	1.801%
Gainesville Fire Department	1,028	0.021%
Galena Park Fire Department	477	0.010%
Georgetown Fire Department	-	0.000%
Giddings Volunteer Fire Department	8,299	0.173%
Gilmer Volunteer Fire Department	6,365	0.133%
Gonzales Fire Department	9,327	0.195%
Grand Saline Volunteer Fire Department	1,799	0.038%
Grandbury Volunteer Fire Department	58,971	1.231%
Grandview Volunteer Fire Department	2,203	0.046%
Greenwood Rural VFD	4,994	0.104%
Groesbeck Volunteer Fire Department	7,696	0.161%
Groves Volunteer Fire Department	4,406	0.092%
Gun Barrel City Fire Department	441	0.009%
Hallettsville Volunteer Fire Department	22,163	0.463%
Hamlin Volunteer Fire Department	5,912	0.123%
Harris County Emergency Services District No. 80	22,746	0.475%
Harris County ESD No 46	76,223	1.592%
Haskell Volunteer Fire Department	9,486	0.198%
Hawkins Volunteer Fire Department	1,957	0.041%
Hays County ESD#6	14,684	0.307%
Hearne Volunteer Fire Department	21,894	0.457%
Hereford Fire Department	20,492	0.428%
Huntsville Fire Department	12,888	0.269%

The Notes to Schedule of Participating Department Allocations and Schedule of Collective Pension Amounts are an integral part of this statement.

Texas Emergency Services Retirement System
Schedule of Participating Department Allocations – Continued
As of and for the Year Ended August 31, 2018

Contributing Entity	2018 Contributions	Contributing Entity Allocation Percentage
Iowa Park Volunteer Fire Department	\$ 9,842	0.205%
Iraan Volunteer Fire Department & EMS	881	0.018%
Jasper Volunteer Fire Department	21,573	0.450%
Jeff Davis County Emergency Services District #1	15,042	0.314%
Jefferson Volunteer Fire Department	9,251	0.193%
Kermit Volunteer Fire Department	12,999	0.271%
Kingsville Volunteer Fire Department	3,966	0.083%
La Grange Volunteer Fire Department	23,868	0.498%
Lake Jackson EMS	1,224	0.026%
Lake Jackson Volunteer Fire Department	64,509	1.347%
Lamesa Volunteer Fire Department	69,576	1.453%
Lancaster Fire Department	-	0.000%
LaPorte Fire Department	30,180	0.630%
League City Volunteer Fire Department	139,378	2.910%
Levelland Fire Department	6,610	0.138%
Lindale Volunteer Fire Department	15,606	0.326%
Linn-San Manuel VFD	4,260	0.089%
Littlefield Volunteer Fire Department	5,508	0.115%
Llano Volunteer Fire Department	13,463	0.281%
Lockhart Volunteer Fire Department	624	0.013%
Louise Volunteer Fire Department	19,404	0.405%
Lucas Volunteer Fire Department	9,327	0.195%
Madisonville Volunteer Fire Department	9,474	0.198%
MARFA VOLUNTEER FIRE DEPARTMENT	8,968	0.187%
Mathis Volunteer Fire Department	6,896	0.144%
Mercedes Volunteer Fire Department	4,296	0.090%
Merkel Volunteer Fire Department	2,203	0.046%
Mineola Volunteer Fire Department	9,878	0.206%
Mineral Wells Volunteer Fire Department	7,674	0.160%
Mission Volunteer Fire Department	12,891	0.269%
Mont Belvieu Fire Department	19,196	0.401%
Morton Volunteer Fire Department	4,573	0.095%
Moulton Fire Department	8,994	0.188%
Mount Vernon Volunteer Fire Department	9,007	0.188%
Muleshoe Volunteer Fire Department	6,610	0.138%
Northeast Gaines County ESD#1	12,342	0.258%
Odem Volunteer Fire Department	5,288	0.110%
Old Ocean Volunteer Fire Department	8,270	0.173%
Orange County ESD #1	1,506	0.031%
Ovilla Fire Department	5,794	0.121%
Palacios Volunteer Fire Department	21,243	0.444%
Pasadena Fire Department	211,926	4.425%
Pearland Volunteer Fire Department	6,610	0.138%
Pearsall Volunteer Fire Department	19,629	0.410%
Pecos Volunteer Fire Department	13,953	0.291%

The Notes to Schedule of Participating Department Allocations and Schedule of Collective Pension Amounts are an integral part of this statement.

Texas Emergency Services Retirement System
Schedule of Participating Department Allocations – Continued
As of and for the Year Ended August 31, 2018

Contributing Entity	2018 Contributions	Contributing Entity Allocation Percentage
Perryton Fire Department	\$ 20,194	0.422%
Pharr Volunteer Fire Department	37,810	0.789%
Pilot Point Fire Department	-	0.000%
Port Aransas Volunteer Fire Department	10,392	0.217%
Princeton Volunteer Fire Department	10,404	0.217%
Quanah Volunteer Fire Department	11,750	0.245%
Quitman Volunteer Fire Department	6,752	0.141%
Randall County ESU	11,553	0.241%
Randall County Volunteer Fire Deptment	37,356	0.780%
Raymondville Volunteer Fire Department	20,992	0.438%
Reno Volunteer Fire Department	5,983	0.125%
Richwood Volunteer Fire Department	12,868	0.269%
River Oaks Fire Department	14,782	0.309%
Roby Volunteer Fire Department	4,627	0.097%
Rockwall Volunteer Fire Department	3,698	0.077%
Rosenberg Fire Department	1,408	0.029%
Rotan Volunteer Fire Department	8,047	0.168%
San Augustine Volunteer Fire Department	9,988	0.209%
San Juan Volunteer Fire Department	10,043	0.210%
San Marcos Fire Rescue	-	0.000%
San Saba Volunteer Fire Department	10,000	0.209%
Sanger Volunteer Fire Department	2,387	0.050%
Santa Fe Volunteer Fire Department	43,860	0.916%
Schulenburg Volunteer Fire Department	50,233	1.049%
Seabrook Volunteer Fire Department	17,626	0.368%
Sealy Volunteer Fire Department	2,788	0.058%
Seguin Fire Department	3,268	0.068%
Seminole Volunteer Fire Department	27,875	0.582%
Seymour Volunteer Fire Department	12,852	0.268%
Shiner Volunteer Fire Department	21,108	0.441%
Sinton Volunteer Fire Department	16,374	0.342%
Slaton Volunteer Fire Department	13,825	0.289%
Snyder Volunteer Fire Department	4,553	0.095%
Sonora Volunteer Fire Department	11,964	0.250%
South Houston Volunteer Fire Department	16,524	0.345%
Spearman Volunteer Fire Department	3,961	0.083%
Spring Fire Department	128,928	2.692%
Spur Volunteer Fire Department	10,354	0.216%
Sunray Volunteer Fire Department	4,993	0.104%
Sweeny Fire and Rescue	7,344	0.153%
Tahoka Volunteer Fire Department	9,180	0.192%
Teague Fire Department	12,941	0.270%
Terrell Volunteer Fire Department	14,484	0.302%
Travis County ESD #6	2,056	0.043%
Trinity Volunteer Fire Department	9,636	0.201%

The Notes to Schedule of Participating Department Allocations and Schedule of Collective Pension Amounts are an integral part of this statement.

Texas Emergency Services Retirement System
Schedule of Participating Department Allocations – Continued
As of and for the Year Ended August 31, 2018

Contributing Entity	2018 Contributions	Contributing Entity Allocation Percentage
UPTON COUNTY ESD #2	\$ 8,011	0.167%
Uvalde Volunteer Fire Department	46,982	0.981%
Waller Harris ESD 200	23,602	0.493%
Weimar Volunteer Fire Department	14,688	0.307%
Wellington Volunteer Fire Department	8,628	0.180%
West Columbia Volunteer Fire Department	16,442	0.343%
Wharton Fire Department	14,472	0.302%
Wild Peach Volunteer Fire Department	8,541	0.178%
Wills Point Fire Department	-	0.000%
Windcrest Fire Department	17,940	0.375%
Wolfforth Volunteer Fire & EMS	11,163	0.233%
Woodville Volunteer Fire Department	13,673	0.285%
Yoakum Volunteer Fire Department	8,958	0.187%
Yorktown Volunteer Fire Department	13,622	0.284%
State of Texas' 2018 Contribution	1,329,219	27.754%
Total	\$ 4,789,358	100.000%

The Notes to Schedule of Participating Department Allocations and Schedule of Collective Pension Amounts are an integral part of this statement.

Texas Emergency Services Retirement System
 Schedule of Collective Pension Amounts
 As of and for the Year Ended August 31, 2018

Deferred Outflows of Resources				Deferred Inflows of Resources					
				Total			Total		
				Deferred			Deferred		
				Outflows of			Inflows of		
				Resources			Resources		
				Excluding	Differences		Excluding		
				Participating	Between		Participating		
				Department	Expected		Department		
				Specific	and Actual		Specific	Plan	
				Amounts*	Experience		Amounts*	Expense	
Net Pension	Differences	Changes of	Net Difference	Total	Differences	Changes of	Net Difference	Total	
Liability	Between	Assumptions	Between	Deferred	Between	Assumptions	Between	Deferred	
	Expected		Projected	Outflows of	Expected		Projected	Inflows of	
	and Actual		and Actual	Resources	and Actual		and Actual	Resources	
	Experience		Investment	Excluding	Experience		Investment	Excluding	
			Earnings on	Participating			Earnings on	Participating	
			Pension Plan	Department			Pension Plan	Department	
			Investments	Specific			Investments	Specific	
				Amounts*				Amounts*	
\$ 21,650,451	\$ 5,878	\$ 80,908	\$ -	\$ 86,786	\$ 62,352	\$ -	\$ 1,196,587	\$ 1,258,939	\$ 6,863,293

* Participating department specific amounts that are excluded from this schedule are the changes in proportion and differences between participating department contributions and proportionate share of contributions as defined in paragraphs .54 and .55 of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

The Notes to Schedule of Participating Department Allocations and Schedule of Collective Pension Amounts are an integral part of this statement.

Texas Emergency Services Retirement System

Notes to Schedule of Participating Department Allocations and Schedule of Collective Pension Amounts

Note 1. Background and Reporting Entity

The Texas Emergency Services Retirement System (TESRS) is an agency of the State of Texas and its financial records comply with state statutes and regulations. The nine- member Board of Trustees, appointed by the Governor, establishes policy for the administration of the Texas Emergency Services Retirement System.

The TESRS was created as a standalone agency by the 83rd Legislature via the passage of SB 220, effective September 1, 2013, to assume the functions of the abolished Office of the Fire Fighters' Pension Commissioner. While the agency is new, the System has been in existence since 1977. TESRS, which is under the authority of Title 8, Subtitle H, Chapters 861-865 of the Texas Government Code, provides death and disability benefits to active volunteer fire fighters and first responders, and a pension to members with vested service, as well as to their survivor/beneficiaries. For financial reporting purposes, the State of Texas is considered the primary reporting government. TESRS' financial statements are included in the State's Comprehensive Annual Financial Report. TESRS issues a publicly available Annual Financial Report, which includes financial statements, notes, and required supplementary information, which can be obtained at www.tesrs.org. The separately issued actuarial valuations which may be of interest are also available at the same link.

Information that is available in the annual financial report is not repeated in the allocation schedules and related notes.

The preparation of the schedules of participating department allocations and collective pension amounts in conformity with accounting principles generally accepted in the United States of America requires management to make significant estimates and assumptions that affect the reported amounts during the reporting period. Actual results could differ from those estimates.

Note 2. Schedule of Participating Department Allocations

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions are set by board rule, and there is no maximum contribution rate.

Participating department contributions for the fiscal year ended August 31, 2018 were used for purposes of preparing the allocation schedule. Adjustments were made in the following circumstances, with the treatment detailed below for material items:

- For newly participating departments, lump sum contributions were eliminated and contributions were annualized
- MTES contributions for legacy departments were eliminated
- Prior service buybacks were eliminated
- Interest on contributions was eliminated
- 13th checks, which are passed directly through to the participants, were eliminated

Texas Emergency Services Retirement System

Notes to Schedule of Participating Department Allocations and Schedule of Collective Pension Amounts

Note 3. Schedule of Collective Pension Amounts

TESRS has prepared the Schedule of Collective Pension Amounts. The collective pension expense based on TESRS's fiscal year ended August 31, 2018 is shown in the following table:

Service cost	\$	1,593,479
Interest		9,904,123
Projected earnings on pension plan investments		(8,070,434)
Amortization of differences between projected and actual earnings on plan investments		191,446
Amortization of changes of assumptions		269,698
Amortization of differences between expected and actual experience		(8,497)
Pension plan administrative expense		158,141
Changes in benefit provisions		2,825,337
		2,825,337
		\$ 6,863,293

Amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized in pension expense in future years as follows:

Fiscal Year Ended August 31,	Net Deferred Outflows Minus Deferred Inflows
2019	\$ 1,395,002
2020	(776,200)
2021	(1,142,280)
2022	(648,675)

Each participating department will need to calculate two additional types of deferred outflows of resources and deferred inflows of resources, which are participating department specific amounts. These amounts relate to differences between actual contributions made by a participating department and their proportionate share of total contributions calculated based on the allocation percentage.

The participating department's proportionate share of the collective pension expense for its fiscal year ended between September 1, 2018 and August 31, 2019 is equal to the collective pension expense multiplied by the participating department's allocation percentage for TESRS's fiscal year ended August 31, 2018 as shown in the schedule of participating department allocations.