

AUDITED
ANNUAL FINANCIAL REPORT
For The Year Ended August 31, 2022



Texas Emergency Services Retirement System

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www.tesrs.texas.gov

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Texas Emergency Services Retirement System



Pilar Rodriguez, Chairman
Tiffany White, Executive Director

P.O. Box 12577 Austin, TX 78711-2577

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February 13, 2023

Honorable Greg Abbott, Governor
Honorable Dan Patrick, Lieutenant Governor
Honorable Dade Phelan, Speaker of the House
Honorable Glenn Hegar, Texas Comptroller
Mr. Jerry McGinty, Director, Legislative Budget Board
Ms. Lisa Collier, State Auditor Legislative
Reference Library

Dear Lady and Gentlemen:

I am pleased to submit the Audited Annual Financial Report of the Texas Emergency Services Retirement System (TESRS) for the year ending August 31, 2022, in compliance with the Texas Government Code Ann. 2101.011, and in accordance with the requirements established by the Comptroller of Public Accounts.

Weaver and Tidwell, LLP, has audited the accompanying Annual Financial Report and their opinion of the financial statements is contained in this report.

If you have any questions, please contact me at (512) 936-3474.

Sincerely,

A handwritten signature in black ink that reads "Tiffany White".

Tiffany White
Executive Director



Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Texas Emergency Services Retirement System ("the System"), as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the System, as of August 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

Fund Financial Statements

As discussed in Note 1, the financial statements present only the System, a fiduciary fund of the State of Texas and do not purport to, and do not, present fairly the financial position of the State of Texas as of August 31, 2022 and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Investments With Values That Are Not Readily Determined

As discussed in Notes 1 and 3, the financial statements include investments valued at approximately \$23,300,000 as of August 31, 2022, whose fair values have been estimated by management in the absence of readily determinable fair values. Our opinion is not modified with respect to this matter.

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

Responsibilities of Management for the Financial Statements

The System's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, and schedule of investment returns as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The information in Schedules 1 through 3 as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The information in Schedules 1 through 3 is the responsibility of management and was derived from and relates 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, the information in Schedules 1 through 3 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information. The other information comprises Schedule 4 as listed in the table of contents, but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

Report on Summarized Comparative Information

We have previously audited the System's fiscal year 2021 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated December 20, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2021, is consistent, in all material respects, with the audited financial statements from which it was derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2023 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
February 13, 2023

MANAGEMENT’S DISCUSSION AND ANALYSIS

This discussion and analysis provides an overview of the financial activities of the Texas Emergency Services Retirement System (‘TESRS’ or the ‘System’) for the year ending August 31, 2022. Please review this narrative in conjunction with the Basic Financial Statements, which begin after this discussion.

Using this Annual Financial Report

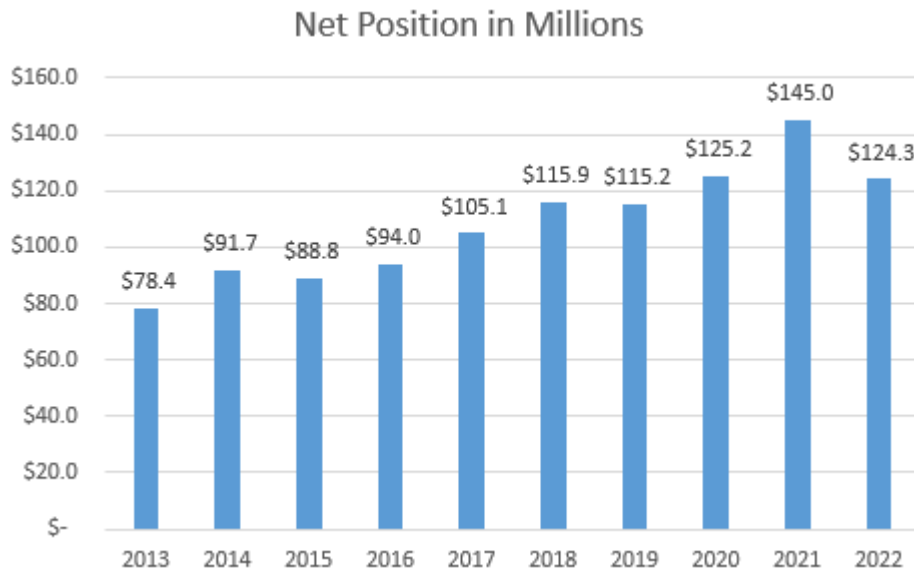
The Texas Emergency Services Retirement System administers death, disability, and pension benefits, to eligible volunteer fire and emergency services personnel and their beneficiaries from member departments statewide. At the close of fiscal year 2022, there were 239 member departments in the System.

This discussion and analysis is intended to serve as an introduction to the System’s basic financial presentation, which presents the net position held in trust for pension benefits as of August 31, 2022, and summarizes the changes. The information available in each of these sections is briefly summarized below.

- **Financial Statements** – Fund Financial statements are presented as of August 31, 2022, and reflect the resources available to pay benefits to retirees and other beneficiaries for covered plan participants, and for System administration costs.
- **Notes to the Financial Statements** – The notes to the financial statements provide information essential to a full understanding of the financial statements.
- **Required Supplementary Information** – Required supplementary information consists of a Schedule of Changes in the System’s Net Pension Liability and Related Ratios and a Schedule of Investment Returns.
- **Other Supplementary Schedules** – Other schedules include information on System investments, administrative expenses, investing expenses, and Trustees.

Statement of Plan Net Position

Net position held in trust at the end of fiscal year 2022 totaled \$124.3 million, which represents a decrease of \$20.7 million over funds held at the close of fiscal year 2021.



The majority of plan assets are held as investments. The money weighted net real rate of return on investments was (12.41)% as of August 31, 2022.

As part of its investment Policy, the Board of Trustees sets asset allocation targets for each of its investment strategies. Actual asset allocations are monitored by staff and reviewed by the Trustees on a regular basis. Amounts invested in funding categories are considered for rebalancing when actual allocations fall outside of the approved target ranges. At the close of fiscal year 2022, system investment details were as follows:

Summary of Net Investment Assets as of August 31, 2022				
Investment Category	Actual Amounts	Actual Allocation	Target Allocation	Allocation Range
Short Term Investments	\$2,808,666	2.3%	0.0%	0%-5%
US Market Equities-Large Cap				
Value	\$14,145,980	11.6%	10.0%	5%-20%
Growth	\$11,959,172	9.8%	10.0%	5%-20%
US Market Equities-Small/Mid Cap				
Value	\$6,890,768	5.7%	5.0%	0%-10%
Growth	\$3,787,194	3.1%	5.0%	0%-10%
International Equity-Developed Markets	\$16,036,126	13.2%	15.0%	10%-20%
International Equity-Emerging Markets	\$4,513,873	3.7%	5.0%	0%-10%
Core Fixed Income	\$26,262,362	21.5%	20.0%	15%-30%
Non-Core Fixed Income	\$10,683,493	8.8%	10.0%	0%-15%
US Core Real Estate	\$14,721,488	12.1%	10.0%	0%-15%
Multi-Asset Investments	\$4,793,619	3.9%	5.0%	0%-20%
Global Infrastructure	\$5,338,263	4.4%	5.0%	0%-10%
Other				
Payables and other liabilities	-\$74,736	N/A	N/A	N/A
Receivables	\$302,396	N/A	N/A	N/A
Total Net Investment Assets as of August 31, 2022	\$122,168,664	100.0%	100.0%	

Statement of Fiduciary Net Position

The TESRS System is a pension program exclusively for volunteer fire and emergency services personnel, which is financed by local contributions (each department must have a political subdivision designated as its 'governing entity' that enters into an agreement with the System on behalf of the department), state contributions, and investment income.

Governing entities contribute a minimum of \$36 per member per month based on rosters of active participants – these payments are reflected as 'Dues' in the financial statements. Additionally, within two years of joining the System, member departments may purchase up to ten years' credit for active volunteers with service prior to a department's entry into the System. Payments made of this nature, are shown as 'Prior Service' in the financial statements. The following illustrates the changes in the fiduciary net position from fiscal years 2021 to 2022:

Description	2022	2021	Increase/ (Decrease)	% Change
Total Assets	\$124,544,792	\$145,223,044	-\$20,678,252	-14.2%
Total Liabilities	-\$200,283	-\$253,431	-\$53,148	-21.0%
Total Net Position	\$124,344,509	\$144,969,613	-\$20,625,104	-14.2%

Statement of Changes in Fiduciary Net Position of Pension Fund

Additions

The primary additions as of August 31, 2022 are shown below, along with those same categories in fiscal year 2021 for comparative purposes. The amount shown as Net Investment Income is comprised of net appreciation in fair value of investments, plus treasury interest, plus interest and investment income, less investing activities expenses. Additions (as well as deductions) may all be found on Exhibit IV in the Combined Statement of Changes in Fiduciary Net Position.

Description	2022	2021	Increase/ (Decrease)	% Change
Original Appropriations	\$1,262,763	\$1,329,224	-\$66,461	0.0%
Dues	\$3,820,454	\$3,806,833	\$13,621	0.4%
Prior Service	\$228,639	\$6,915	\$221,724	3206.4%
Net Investment Income	-\$17,756,679	\$22,296,266	-\$40,052,945	-179.6%

Deductions

Total deductions are comprised of benefit payments and the cost of administering the system, as shown below.

Description	2022	2021	Increase/ (Decrease)	% Change
Death Benefits	\$191,894	\$223,673	-\$31,779	-14.2%
Retirement Benefits	\$7,137,886	\$6,623,384	\$514,502	7.8%
Disability Benefits	\$28,200	\$28,650	-\$450	-1.6%
Survivor Benefits	\$593,049	\$558,387	\$34,662	6.2%
Administrative Expenses	\$241,482	\$268,418	-\$26,936	-10.0%

Actuarial Status

On December 1, 2022, the Board received and accepted the August 31, 2022 actuarial valuation report from Rudd and Wisdom, Inc. that concluded that the System has an adequate contribution arrangement, assuming that:

- the state will continue to appropriate the maximum annual contribution as needed in accordance with the state law governing the System;
- the state will contribute \$675,000 each year to pay for part of the System's administrative expenses; and
- due to the funded status of the System and the expectation of continued state contributions, the actuary determined that the additional Part Two contribution from

member Departments is not necessary to ensure an adequate contribution arrangement.

The calculated August 31, 2022 amortization period needed to pay for the \$25,898,809 in unfunded actuarial accrued liabilities of the system is 21 years. The funding ratio is 84.3%.

It should be noted that without expected appropriations from the state and the expected additional contributions from participating departments, the System would have an inadequate contribution arrangement because the unfunded actuarial accrued liability (UAAL) will never be amortized, but instead will increase every year. According to state statute, the state must contribute the sum necessary to make the fund actuarially sound each year, with the caveat that the state's contribution may not exceed the amount of one-third of the total of all contributions by governing bodies in one year.

The Schedule of Changes in the System's Net Pension Liability and Related Ratios for the Last 10 fiscal Years (under Section II - Required Supplementary Information) shows a total Net Pension Liability of \$41,030,076 and a related funding ratio of 75.2% for the fiscal year ending August 31, 2022. The difference between these numbers and those reflected in the August 31, 2021 actuarial valuation is due to the valuation methodology of investment assets. The actuarial valuation utilizes a smoothing method which tends to produce less volatility than the market value method, which is required in the Annual Financial Report.

Request for Information

This financial report is designed to provide a general overview of the Texas Emergency Services Retirement System finances for those with an interest in the System. Questions concerning any of the information provided in this report should be emailed to info@tesrs.texas.gov.

AUDITED

Texas Emergency Services Retirement System
Exhibit I - Governmental Fund Balance Sheet/Statement of Net Position
August 31, 2022

	General Fund			
	Balance Sheet 2022	Adjustments*	Statement of Net Position 2022	2021
ASSETS				
Current Assets:				
Legislative Appropriations	\$ 123,791	\$ -	\$ 123,791	\$ 131,193
Consumable Inventories	2,035	-	2,035	1,995
Total Current Assets	\$ 125,826	\$ -	\$ 125,826	\$ 133,188
Non-Current Assets:				
Capital Assets:				
Depreciable:				
Other Capital Assets (Note 2)	\$ -	\$ -	\$ -	\$ -
Less Accumulated Depreciation (Note 2)	-	-	-	-
Total Non-Current Assets	\$ -	\$ -	\$ -	\$ -
Total Assets	\$ 125,826	\$ -	\$ 125,826	\$ 133,188
LIABILITIES AND FUND BALANCES/NET POSITION				
Liabilities:				
Current Liabilities:				
Accounts Payable	\$ 26,162	\$ -	\$ 26,162	\$ 13,282
Payroll Payable	40,885	-	40,885	66,332
Employees' Compensable Leave (Note 4)	-	30,842	30,842	30,131
Total Current Liabilities	\$ 67,047	\$ 30,842	\$ 97,889	\$ 109,745
Non-Current Liabilities:				
Employees' Compensable Leave (Note 4)	\$ -	\$ 11,071	\$ 11,071	\$ 25,997
Total Non-Current Liabilities	\$ -	\$ 11,071	\$ 11,071	\$ 25,997
Total Liabilities	\$ 67,047	\$ 41,913	\$ 108,960	\$ 135,742
FUND BALANCES/NET POSITION				
Fund Balances (Deficits):				
Nonspendable	\$ 2,035	\$ (2,035)	\$ -	\$ -
Unassigned	56,744	(56,744)	-	-
Total Fund Balances	\$ 58,779	\$ (58,779)	\$ -	\$ -
Net Position:				
Unrestricted	\$ -	\$ 16,866	\$ 16,866	\$ (2,554)
Total Net Position	\$ -	\$ 16,866	\$ 16,866	\$ (2,554)
Total Liabilities and Fund Balances/Net Position	\$ 125,826	\$ -	\$ 125,826	\$ 133,188

* Adjustments represent Capital Assets and the liability for Compensable Leave, and the conversion from Fund Balance to Net Position.

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**Texas Emergency Services Retirement System
Exhibit II - Statement of Governmental Fund Revenues, Expenditures,
and Changes in Fund Balances/Statement of Activities
For the Fiscal Year Ended August 31, 2022**

	General Fund			
	Statement of Revenues, Expenditures, and Changes in Fund Balance	Adjustments*	Statement of Activities	
	2022		2022	2021
REVENUES				
Legislative Appropriations:				
Original Appropriations	\$ 629,466		\$ 629,466	\$ 682,532
Additional Appropriations	149,623		149,623	128,009
Total Revenues	<u>\$ 779,089</u>	<u>\$ -</u>	<u>\$ 779,089</u>	<u>\$ 810,541</u>
EXPENDITURES/EXPENSES				
Salaries and Wages	\$ 498,529	\$ (14,215)	\$ 484,314	\$ 510,660
Payroll Related Costs	161,701		161,701	138,522
Professional Fees and Services	57,679		57,679	73,112
Travel	8,679		8,679	283
Materials and Supplies	23,212		23,212	27,731
Communication and Utilities	8,473		8,473	7,230
Repairs and Maintenance	9,782		9,782	13,936
Rentals & Leases	-		-	-
Printing and Reproduction	1,886		1,886	828
Other Expenditures	3,560		3,560	5,134
Total Expenditures/Expenses	<u>\$ 773,501</u>	<u>\$ (14,215)</u>	<u>\$ 759,286</u>	<u>\$ 777,436</u>
Excess(Deficiency) of Revenues Over (Under) Expenditures/Expenses	<u>\$ 5,588</u>	<u>\$ 14,215</u>	<u>\$ 19,803</u>	<u>\$ 33,105</u>
Other Financing Sources (Uses)				
Transfers In	\$ -	\$ -	\$ -	\$ (937)
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (937)</u>
Excess of Revenues and Transfers In Over Expenditures and Transfers Out	<u>\$ 5,588</u>	<u>\$ (5,588)</u>		
Change in Net Position	<u>\$ 5,588</u>	<u>\$ (5,588)</u>	<u>\$ 19,803</u>	<u>\$ 32,168</u>
Fund Balances/Net Position				
Fund Balances/Net Position--Beginning of Year	\$ 53,574		\$ (2,554)	\$ 2,246
Appropriations Lapsed	(383)		(383)	(37,905)
Restatements	-		-	937
Fund Balances/Net Position--End of Year	<u>\$ 58,779</u>		<u>\$ 16,866</u>	<u>\$ (2,554)</u>

*Adjustments are associated with compensable leave and capital outlay, and the conversion from Fund Balance to Net Position.

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Texas Emergency Services Retirement System
Exhibit III - Statement of Fiduciary Net Position
Pension Trust Funds
August 31, 2022

	Pension Trust	
	2022	2021
ASSETS		
Current Assets:		
Cash and Cash Equivalents:		
Cash in State Treasury (Note 3)	\$ 355,669	\$ 1,129,150
Short Term Investments (Note 3, Schedule 1)	2,808,666	1,145,389
Receivables:		
Retirement System Contributions	1,829,200	1,903,548
Interest and Dividends	250,834	261,229
Sale of Investments	51,563	122,473
Total Current Assets	<u>\$ 5,295,932</u>	<u>\$ 4,561,789</u>
Non-Current Assets:		
Receivables:		
Retirement System Contributions	\$ 116,523	\$ 149,239
Investments (Note 3, Schedule 1)		
Corporate Equity	78,148,488	81,370,902
US Government Obligations	15,484,178	18,849,638
Corporate Obligations	10,778,185	11,879,311
Other Investments	14,721,486	28,412,165
Total Non-Current Assets	<u>\$ 119,248,860</u>	<u>\$ 140,661,255</u>
Total Assets	<u>\$ 124,544,792</u>	<u>\$ 145,223,044</u>
LIABILITIES		
Current Liabilities:		
Payables:		
Accounts Payables	\$ 119,758	\$ 95,044
Investment Purchases Payable	74,736	158,387
Unearned Revenue	-	-
Other Payables	5,789	-
Total Current Liabilities	<u>\$ 200,283</u>	<u>\$ 253,431</u>
Total Liabilities	<u>\$ 200,283</u>	<u>\$ 253,431</u>
NET POSITION		
Restricted for Pensions	<u>\$ 124,344,509</u>	<u>\$ 144,969,613</u>

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Texas Emergency Services Retirement System
Exhibit IV - Statement of Changes in Fiduciary Net Position
Pension Trust Funds
Year Ended August 31, 2022

	Pension Trust	
	2022	2021
ADDITIONS		
Contributions:		
Dues	\$ 3,797,060	\$ 3,794,744
Prior Service	228,639	6,915
Interest on Contracts to Purchase		
Prior Service	23,394	12,089
Appropriations from General Revenue	1,262,763	1,329,224
Total Contributions	<u>\$ 5,311,856</u>	<u>\$ 5,142,972</u>
Investment Income:		
Net Appreciation (Depreciation) in		
Fair Value of Investments	\$ (19,974,793)	\$ 20,399,381
Treasury Interest	7,833	9,221
Interest and Investment Income	2,728,332	2,380,686
Total	<u>\$ (17,238,628)</u>	<u>\$ 22,789,288</u>
Less Investing Activities Expense		
(Schedule 3)	\$ 518,051	\$ 493,022
Net Increase/Loss	<u>\$ (17,756,679)</u>	<u>\$ 22,296,266</u>
Other Additions:		
Voided warrants	\$ 12,230	\$ 3,226
Total Other Additions	<u>\$ 12,230</u>	<u>\$ 3,226</u>
Total Additions	<u>\$ (12,432,593)</u>	<u>\$ 27,442,464</u>
DEDUCTIONS		
Retirement System Benefits Paid:		
Death Benefits	\$ 191,894	\$ 223,673
Retirement Benefits	7,137,886	6,623,384
Disability Benefits	28,200	28,650
Survivor's Benefits	593,049	558,387
Administrative Expenses (Schedule 2)	241,482	268,418
Total Deductions	<u>\$ 8,192,511</u>	<u>\$ 7,702,512</u>
Net Increase	\$ (20,625,104)	\$ 19,739,952
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year	\$ 144,969,613	\$ 125,229,661
End of Year	<u>\$ 124,344,509</u>	<u>\$ 144,969,613</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 TESRS.

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 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.

This report includes all activities and organizations for which TESRS exercises fiscal control and responsibility and includes all funds that comprise its legal entity. No blended or discretely presented component units have been identified as having a relationship to TESRS.

B. BASIS OF ACCOUNTING

The accounts of TESRS are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a complete set of self-balancing accounts that comprise its assets, liabilities, additions, deductions, revenues and expenses/expenditures. Separate financial statements are provided for each fund. The following fund types are used to reflect its transactions:

GOVERNMENTAL FUND TYPE

The general fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. The general fund Statement of Net Position and Statement of Activities are maintained on the full accrual basis of accounting and the economic resources measurement focus.

FIDUCIARY FUND TYPES

The fiduciary fund reports assets held in a trustee or agency capacity on behalf of others. Financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Additions are recognized when earned, and deductions are recognized when the liability is incurred, regardless of the timing of related cash flows. Contributions are recognized immediately upon billing, reflecting actual participation in the member fire department during the prior six months. Benefits are recognized when due and payable in accordance with the terms of the plan.

All economic resources, including financial and capital assets, and related liabilities, both current and long-term, and the changes therein are reported in the fund's financial statements. Capital assets are depreciated.

C. BUDGETS AND BUDGETARY ACCOUNTING

The budget is prepared biennially and represents appropriations authorized by the Legislature and approved by the Governor.

Encumbrance accounting is employed for budgetary control purposes. Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

D. ASSETS, LIABILITIES AND FUND BALANCES/NET POSITION

ASSETS

Cash and Cash Equivalents

The category Cash and Cash Equivalents includes cash on hand, cash in state treasury, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments of TESRS are reported at fair value. The fair value of investments is based on market prices provided by the fund custodian, Bank of Texas. For investments where no readily ascertainable market value exists, management, in consultation with their investment advisors, determines the fair values for the individual investments. Two investments are held which are non-publicly traded, so no quoted market prices are available. For the Custodial Bank Short Term Investment fund, a unit or share value of \$1.00 is used, as reported by the Custodial Bank. For the Invesco Intl Growth 2 Class A Commingled Fund and Prime Property Fund (real estate), the monthly statements provided by the fund manager are used. These statements provide the NAV/unit and total market value of TESRS' interest in these funds.

Accounts Receivable

Accounts receivable represents contributions due to TESRS, and investment income earned but not received as of August 31, 2022.

Pursuant to Senate Bill No. 411, 65th Legislature, Regular Session (1977) - TESRS Fund, sponsors of current pension plans that elect to participate in the pension system administered by TESRS must make contributions to the pension system to fund the unfunded prior service costs applicable to their volunteer emergency service personnel. The sponsors of current pension plans have the option of funding these contributions. The time period for funding is established by board rule, and is a maximum of 10 years. However, there are some contracts still outstanding which were operating under a previous rule which set the maximum at 40 years. TESRS has entered into written contracts with these merging sponsors, establishing the terms of the funding of the buybacks and unfunded prior service costs. The contracts specify interest on the unpaid balance, which is the actuarially assumed investment rate of return at the effective date of the contract.

Accounts Receivable relating to these contracts are shown on the Statement of Fiduciary Net Position. As of August 31, 2022, the total outstanding balance of these financing arrangements was \$93,355.

Inventories

Inventories, shown on the balance sheet at cost, consist of inventories of consumable office supplies and postage at August 31, 2022. The consumption method of accounting is used to account for inventories and prepaid items that appear in the governmental fund types. The cost of these items is expensed when the items are consumed.

LIABILITIES

Payables

Accounts Payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending, as well as investment purchases executed but not yet closed.

Unearned Revenue

Unearned Revenue represents the liability that the TESRS has to pay future retirement benefits that are prepaid by local governing bodies.

Employees' Compensable Leave

Employees' Compensable Leave balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or noncurrent in the Governmental Statement of Net Position.

FUND BALANCE / NET POSITION

The difference between fund assets and liabilities is "Net Position" on the Governmental Statement of Net Position. "Fund Balance" is the difference between fund assets and liabilities on the Governmental Fund Balance Sheet.

Nonspendable

This represents the amount of supplies inventory to be used in the next fiscal year, classified as such because this balance is not available to be spent as it is not in spendable form.

Unassigned

This classification represents fund balance that was not assigned to other funds and was not restricted, committed, or assigned to specific purposes within the general fund.

NET POSITION RESTRICTED FOR PENSIONS

This represents reserves available to fund future retirement, death, and survivor benefits.

E. INTERFUND TRANSACTIONS AND BALANCES

The TESRS has the following type of transactions between agencies:

Other Payables: Distributions returned as undeliverable that are held until the funds can be cleared.

The composition of the TESRS' interfund receivables and payables at August 31, 2022 is presented in Note 5.

NOTE 2: CAPITAL ASSETS

Summaries of changes in Capital Assets for the year ended August 31, 2022, are presented below:

Governmental Activities					
Asset Type	Balance 09/01/21	Restatements	Adjustments	Deletions	Balance 08/31/22
Other Capital Assets	0	0	0	0	0
Accumulated Depreciation	0	0	0	0	0

Pension Trust Fund					
Asset Type	Balance 09/01/21	Restatements	Adjustments	Deletions	Balance 08/31/22
Furniture & Equipment	0	0	0	0	0
Accumulated Depreciation	0	0	0	0	0

NOTE 3: DEPOSITS AND INVESTMENTS

The Texas Emergency Services Retirement System (TESRS), Texas Government Code, Section 865.008 (a) and (b) state "If a surplus exists in the fund over the amount necessary to pay benefits due for a reasonable period of time, the state board shall invest the surplus. The assets of the pension system shall be invested and reinvested in accordance with Section 67, Art XVI, Texas Constitution. A determination of whether the state board has exercised prudence with respect to an investment decision must be made, taking into consideration the investment of all assets of the trust over which the state board has management and control rather than considering the prudence of a single investment". All major sectors of the capital markets should be considered in order to diversify and minimize total investment program risk. This asset mix is determined by the TESRS Board of Trustees, and currently includes equities, fixed income, convertible bonds, short-term cash equivalents, master limited partnerships, and alternative investments. The following was TESRS Board's adopted asset allocation policy as of August 18, 2022.

Asset Allocation	Target
US Market Equities-Large Cap Value	10%
US Market Equities-Large Cap Growth	10%
US Market Equities-Small/Mid Cap Value	5%
US Market Equities-Small/Mid Cap Growth	5%
Core Fixed Income	20%
Non-Core Fixed Income	10%
International Equity-Developed Markets	15%
International Equity-Emerging Markets	5%
Cash & Equivalents	0%
US Core Real Estate	10%
Multi-Asset Investments	5%
Global Infrastructure	5%
Total	100%

The TESRS contracts with Bank of Texas for custodial services and AndCo Consulting, LLC for investment consulting services. The TESRS contracts with three money managers to manage the fixed income and equity portfolios. The money managers are Boston Partners LLC, Garcia Hamilton & Associates L.P., and Richmond Capital Management, Inc. The TESRS also invests with eight mutual funds—Allspring Emerging Markets, Ifm Global Infrastructure, Blackrock Multi-Asset, Clarkston Partners, Alger Capital, Jackson Square Partners, Oakmark, and Pimco Diversified Income and with one Commingled Fund - Invesco International Growth Commingled Fund. TESRS also invests in the Real Estate Investment Fund Prime Property Fund, LLC.

A. DEPOSITS

The bank balance of \$355,669 is deposited in the State Treasury.

CUSTODIAL CREDIT RISK-DEPOSITS

The custodial credit risk for deposits is the risk that, in the event of bank failure, the government 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.

The State Treasury invests funds in time deposits, repurchase and reverse repurchase agreements, obligations of the United States, and obligations of various federal credit organizations. The State Treasury has an arrangement with financial institutions to collateralize state deposits in excess of depository insurance. TESRS does not have a formal deposit policy for custodial credit risk.

B. INVESTMENTS

Investments measured and reported at fair value are classified according to the following hierarchy:

Level 1—Investments reflect prices quoted in active markets.

Level 2—Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.

Level 3—Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

As of August 31, 2022, the fair value of investments are as presented below:

AUDITED
Texas Emergency Services Retirement System

Description	Fair Value Hierarchy				Fair Value
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Net Asset Value	
U.S. Treasury Securities	9,740,806				9,740,806
U.S. Government Agency Obligations		149,308			149,308
Corporate Obligations		10,205,575			10,205,575
Corporate Asset and Mortgage Backed Securities		6,166,673			6,166,673
Equity	65,011,131				65,011,131
International Equity	4,513,873				4,513,873
International Other Commingled Funds				8,623,483	8,623,483
Other Commingled Funds	2,808,666				2,808,666
Real Estate				14,721,488	14,721,488
Total Investments	82,074,476	16,521,556	0	23,344,971	121,941,003
Reconciliation of Investments per Exhibit III					
Other Short Term Investments					2,808,666
Corporate Equity					78,148,488
U.S. Government Obligations					15,484,178
Corporate Obligations					10,778,185
Other Investments					14,721,486
Investment per Exhibit VI					121,941,003

The International Other Commingled Funds listed in the Fair Value Hierarchy schedule above are not SEC-registered.

The Invesco Trust Company Institutional Retirement Trust, an Invesco Ltd company, was established pursuant to, and in conformity with, the applicable laws of the State of New York relating to common trust funds and the pertinent rules and regulations of the Comptroller of the Currency pertaining to collective investment funds, for the purpose of facilitating the collective investment and reinvestment of monies contributed by participating trusts in conformity with the requirements of the Internal Revenue Service. The preparation of the Invesco fund financial statements is in conformity with accounting principles generally accepted in the United States of America. TESRS has no unfunded commitments to Invesco. Redemptions are allowable daily, and a redemption notice period of 3-5 days is required prior to redemption.

The Prime Property Fund, LLC was established pursuant to, and in conformity with, the applicable laws of the State of New York relating to common trust funds and the pertinent rules and regulations of the Comptroller of the Currency pertaining to collective investment

funds, for the purpose of facilitating the collective investment and reinvestment of monies contributed by participating trusts in conformity with the requirements of the Internal Revenue Service. The preparation of the Prime Property Fund financial statements is in conformity with accounting principles generally accepted in the United States of America. TESRS has no unfunded commitments to Prime Property Fund. Redemptions are allowable daily, and a redemption notice period of 3-5 days is required prior to redemption.

For the year ended August 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was (12.41)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

See Schedule 1 for investments that represent greater than 5% of the TESRS fiduciary net position.

CREDIT RISK

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Investment policies of TESRS require that investments in Core Fixed Income not exceed 25% (22.0% actual) of the portfolio.

TESRS' domestic fixed income is managed by Richmond Capital Management, Inc. and Garcia Hamilton & Associates L.P. 40% of these holdings are either not subject to credit risk or AAA rated, while 34% is rated A or better. Credit risk is managed through diversification and by operating within defined parameters.

Investment Type	Not Rated
U.S. Treasury Securities	\$650,986
U.S. Government Agency Obligations	\$0
Corporate Asset and Mortgage-Backed Securities	\$5,674,016
Total Not Rated	\$6,325,002

TESRS has authorized their four money managers to invest cash in Bank of Texas' Short Term Investment Fund pending completion of investment activities relating to the sale/purchase of securities. Bank of Texas' Short Term Investment Fund is not rated.

INTEREST RATE RISK

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. TESRS maintains an investment of \$26,262,363 in Core Fixed Income which is subject to Interest Rate Risk. The average portfolio duration of Richmond Capital Management, Inc. is 6.294 years, and Garcia Hamilton is 6.78 years.

Interest rate risk is managed through diversification and by operating within defined parameters. The TESRS Board of Trustees has no specific policy relating to interest rate risk.

FOREIGN CURRENCY RISK

Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investments. TESRS' policy for managing foreign currency risk relies upon the parameters established within the investment policy.

CUSTODIAL CREDIT RISK-INVESTMENTS

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

There is no exposure to custodial credit risk for investments due to the fact that all equity securities are held by the custodian in TESRS' name. Mutual Fund and Commingled Fund investments are not subject to custodial credit risk. TESRS does not have a policy relating to custodial credit risk for investments.

NOTE 4: SUMMARY OF LONG TERM LIABILITIES

Changes in Long-Term Liabilities

During the year ended August 31, 2022, the following changes occurred in long-term liabilities:

Governmental Activities					
	Balance 09/01/21	Additions	Reductions	Balance 08/31/22	Amounts Due Within One Year
Compensable Leave	56,128	56,712	70,927	41,913	30,842
Total Governmental Activities	56,128	56,712	70,927	41,913	30,842

Employees' Compensable Leave

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal, or separation from employment, provided the employee has had continuous employment with the State for six months. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in Governmental fund types. The liability for unpaid benefits is recorded in the Governmental Statement of Net Position. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

NOTE 5: INTERFUND BALANCES/ACTIVITIES

The TESRS does not have any interfund balances as of August 31, 2022.

NOTE 6: EMPLOYEES' RETIREMENT PLAN

The State provides a defined benefit retirement plan for its employees. The TESRS participates in the plan administered by the Employees Retirement System of Texas (ERS). Future pension costs are the liabilities of ERS. ERS does not account for each state agency separately. Annual financial reports prepared by ERS include audited financial statements and actuarial assumptions and conclusions.

NOTE 7: DEFERRED COMPENSATION

State employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in the TEX. GOV'T. CODE ANN., sec 609.001. Two plans are available for employee's deferred compensation (457 and 401k). Both plans are administered by the Employees Retirement System.

NOTE 8: CONTINGENT LIABILITIES

Sick Leave, the accumulation of which is unlimited, is earned at the rate of eight hours per month and is paid to the employee only in the event of illness. In the event of an employee’s death, a payment is made to the employee’s estate for one-half of the employee’s accumulated leave or 336 hours, whichever is less. TESRS’ policy is to recognize the cost of any sick leave when paid. No liability is recorded since experience indicates the probability of a material effect on any given year’s operations, as a result of death or abnormally high rate of illness, is minimal.

NOTE 9: CONTINUANCE SUBJECT TO REVIEW

TESRS is subject to Sunset review (but not abolishment) in 2025, and every 12 years thereafter.

NOTE 10: RISK FINANCING AND RELATED INSURANCE

TESRS is exposed to a variety of civil claims resulting from the performance of its duties. It is the TESRS’ policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed.

TESRS assumes substantially all risks associated with tort claims and liability claims due to the performance of its duties. TESRS’ liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience and economic factors. Because of the low statewide incident of claims, the TESRS has no fidelity dishonesty insurance coverage.

Changes in the balances of TESRS’ claims liabilities during fiscal years 2021 and 2022 were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2021	0	0	0	0
2022	0	0	0	0

NOTE 11: PENSION DISCLOSURES

A. General Information about the System

1. Plan Description

The Texas Emergency Services Retirement System (TESRS) administers a cost-sharing multiple employer pension system (the System) established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. Direct financial activity for the System is classified in the financial statements as pension trust funds. The System issues a stand-alone financial report that is available to the public at www.tesrs.org.

Of the nine member state board of trustees, at least five trustees must be active members of the pension system, one of whom must represent emergency medical services personnel. One trustee may be a retiree of the pension system, and three trustees must be persons who have experience in the fields of finance, securities investment, or pension administration. At August 31, 2022, there were 239 contributing fire and/or emergency services department members participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

2. Benefits Provided

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount or continuing monthly payments to a member's surviving spouse and dependent children.

3. Covered Membership

On August 31, 2022, the pension system membership consisted of:

Retirees and beneficiaries currently receiving benefits	3,991
Terminated members entitled to but not yet receiving benefits	1,813
Active participants	3,379

4. Funding Policy

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of the System, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is \$36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the System contribution that directly impacts future retiree annuities.

According to the state law governing the System, the state is required to contribute an amount necessary to make the System "actuarially sound" each year, which may not

exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

The board rule defining contributions was amended in 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the state are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted every two years based on the most recent actuarial valuation. Based on the August 31, 2022 actuarial valuation, the Part Two contributions are not required for an adequate contribution arrangement.

Additional contributions may be made by governing bodies within two years of joining the System, to grant up to 15 years of credit for prior service per member. Prior service must have occurred before the department began participation in the System.

A small subset of participating departments have a different contribution arrangement which is being phased out over time. In this arrangement, contributions made in addition to the monthly contributions for active members, are made by local governing bodies on a pay-as-you-go basis for members who were pensioners when their respective departments merged into the System. There is no actuarial impact associated with this arrangement as the pay-as-you-go contributions made by these governing bodies are always equal to benefit payments paid by the System.

5. Contributions Required and Contributions Made

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. For the fiscal year ending August 31, 2022, total contributions of \$4,049,093 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state appropriated \$1,262,763 for the fiscal year ending August 31, 2022.

The purpose of the biennial actuarial valuation is to determine if the contribution arrangement is adequate to pay the benefits that are promised. Actuarial assumptions are disclosed in Section I(B)(1).

The most recently completed biennial actuarial valuation as of August 31, 2022 stated that TESRS has an adequate contribution arrangement for the benefit provisions recognized in the valuation based on the expected total contributions, including the expected contributions both from the governing body of each participating department and from the state. The expected contributions from the state are state appropriations equal to (1) the maximum annual contribution (one-third of all contributions to TESRS by governing bodies of participating departments in a year) as needed in accordance with state law governing TESRS and (2) approximately \$675,000 each year to pay for part of the System's administrative expenses.

B. Net Pension Liability

The System's net pension liability was measured as of August 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2022.

AUDITED
Texas Emergency Services Retirement System

Total pension liability	\$ 165,375,669
Plan fiduciary net position	<u>124,345,593</u>
System's net pension liability	\$ 41,030,076
Plan fiduciary net position as a percentage of the total pension liability	75.2%

1. Actuarial Assumptions

The total pension liability in the August 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	N/A
Investment rate of return	7.5%, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS-2010 (public safety) below-median income mortality tables for employees and for retirees, projected for mortality improvement generationally using projection scale MP-2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage (currently 4.61%) and by adding expected inflation (3.0%). In addition, the final 7.5% assumption was selected by rounding down. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities		
Large cap domestic	20%	5.83%
Small/mid cap domestic	10	5.94
Developed international	15	6.17
Emerging markets	5	7.36
Global infrastructure	5	6.61
Real estate	10	4.48
Multi asset income	5	3.86
Fixed income	30	1.95
Cash	<u>0</u>	0.00
Total	100%	
Weighted average		4.61%

2. Discount Rate

The discount rate used to measure the total pension liability was 7.5%. No projection of cash flows was used to determine the discount rate because the August 31, 2022 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the level dollar amortization method. Because of the 30-year amortization period with the amortization method, the pension plan’s fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

3. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the System, calculated using the discount rate of 7.5%, in comparison to what the System’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
System’s net pension liability	\$ 64,365,050	\$ 41,030,076	\$ 22,133,739

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the System's Net Pension Liability and Related Ratios for the Last 10 Fiscal Years ¹

	Fiscal Year Ending									
	08/31/22	08/31/21	08/31/20	08/31/19	08/31/18	08/31/17	08/31/16	08/31/15	08/31/14	08/31/13
1. Total Pension Liability										
a. Service cost	1,556,329	1,556,329	1,865,886	1,865,886	1,593,479	1,593,479	1,694,230	1,694,230	1,827,592	
b. Interest	11,494,844	11,120,987	10,999,272	10,552,731	9,904,123	9,468,133	8,901,986	8,470,723	8,051,287	
c. Changes of benefit terms	2,429,311	0	2,988,966	0	2,825,337	0	722,024	0	0	
d. Differences between expected and actual	2,491,556	0	(1,965,137)	0	(90,439)	0	64,648	0	0	
e. Assumption changes	(329,107)	0	(67,820)	0	0	0	890,002	0	0	
f. Benefit payments	(7,951,029)	(7,434,094)	(6,881,663)	(6,431,923)	(5,839,621)	(5,032,257)	(4,701,770)	(4,498,761)	(4,168,134)	
g. Net Change	9,691,904	5,243,222	6,939,504	5,986,694	8,392,879	6,029,355	7,571,120	5,666,192	5,710,745	
h. Total – Beginning	155,683,765	150,440,543	143,501,039	137,514,345	129,121,466	123,092,111	115,520,991	109,854,799	104,144,054	
i. Total – Ending	165,375,669	155,683,765³	150,440,543	143,501,039³	137,514,345	\$129,121,466³	123,092,111	\$115,520,991³	109,854,799	
2. Plan Fiduciary Net Position										
a. Contributions for participating departments	4,049,093	3,813,748	3,755,240	3,480,509	4,098,834	5,012,131	3,463,603	3,515,546	4,176,659	
b. Contributions by the state	1,262,763	1,329,224	1,329,224	1,329,224	1,329,224	1,583,825	1,583,825	1,637,308	1,530,343	
c. Net investment income	(17,743,365)	22,299,491	12,191,811	1,140,579	11,313,810	9,776,395	4,956,730	(3,292,889)	11,908,321	
d. Benefit payments	(7,951,029)	(7,434,094)	(6,881,663)	(6,431,924)	(5,839,621)	(5,032,257)	(4,701,770)	(4,498,761)	(4,168,134)	
e. Administrative expenses	(241,482)	(268,417)	(320,427)	(226,806)	(158,141)	(184,314)	(166,840)	(215,900)	(165,669)	
f. Net Change	(20,624,020)	19,739,952	10,074,185	(708,418)	10,744,106	11,155,780	5,135,548	(2,854,696)	13,281,520	
g. Total – Beginning	144,969,613	125,229,661	115,155,476	115,863,894	105,119,788	93,964,008	88,828,460	91,683,156	78,401,636	
h. Total – Ending	124,345,593	144,969,613	125,229,661	115,155,476	115,863,894	105,119,788	93,964,008	88,828,460	91,683,156	
3. System's Net Pension Liability – [Item 1(i)-2(h)]	41,030,076	10,714,152	25,210,882	28,345,563	21,650,451	24,001,678	29,128,103	26,692,531	18,171,643	
4. Plan Fiduciary Net Position as a Percent of Pension Liability	75.2%	93.1%	83.2%	80.2%	84.3%	81.4%	76.3%	76.9%	83.5%	
5. Number of Active Members²	3,379	3,571	3,634	3,702	3,927	4,046	3,634	4,036	4,036	
6. System's Net Pension Liability per Active Member	12,143	3,000	6,938	7,657	5,513	5,932	8,015	6,614	4,502	

Notes to Schedule

1. This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.
2. There is no compensation for active members, so number of active members is used instead.
3. Determined from the beginning of year total pension liability using the roll forward procedure allowed by GASB 67.

Schedule of Investment Returns for the Last Ten Fiscal Years¹

Fiscal Year Ending	Annual Money-Weighted Net Real Rate of Return²
August 31, 2022	(12.41)%
August 31, 2021	18.08%
August 31, 2020	10.74%
August 31, 2019	1.00%
August 31, 2018	10.86%
August 31, 2017	10.32%
August 31, 2016	5.57%
August 31, 2015	-3.58%
August 31, 2014	14.92%
August 31, 2013	13.84%

Notes to Schedule

- 1. This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.*
- 2. The money-weighted rate of return expresses investment performance, net of investment expenses, reflecting the timing of the contributions received and the benefits paid during the year.*

Texas Emergency Services Retirement System
Other Supplementary Schedules
Schedule 1 - Pension Fund Investments
August 31, 2022 (With comparative totals for August 31, 2021)

	Fair Value As of August 31, 2022	Fair Value As of August 31, 2021
MONEY MARKET MUTUAL FUND		
Money Market Securities	2,808,666	1,145,389
EQUITY MUTUAL/COMMINGLED FUNDS		
Allspring Emerg Mkts EQ-R6 #4660	4,513,873	7,041,152
INVESCO Intl Growth 2 Class A Commingled	8,623,483 *	11,054,469
Prime Property Fund, LLC	14,721,488 *	10,316,544
Total Equity Mutual/Commingled Funds	27,858,845	28,412,165
EQUITY MUTUAL		
Alger Cap Apprec Inst-Y #0405	11,959,172 *	
Blackrock Multi-Asset Inc-K #1981	4,793,619	10,116,473
Clarkston Partners-Inst #21301	6,890,768 *	7,034,319
IFM Global Infrastructure US LP	5,338,263	
Jackson Square Smid/C Grwth-Is #6112	3,787,194	7,301,022
Oakmark Intl-Inst #2886	7,412,642 *	10,418,939
Pimco Diversified Inc-Inst #0106	10,683,493 *	12,538,583
Total Equity Mutual	50,865,152	47,409,335
BOND FUNDS		
AFLAC INC	9,968	7,296
AFLAC INC	5,482	10,938
ALABAMA POWER CO	35,769	47,493
ALLSTATE CORP	79,471	96,625
ALTRIA GROUP INC	24,209	29,022
ALTRIA GROUP INC	26,398	33,963
AMAZON.COM INC	86,270	
AMAZON.COM INC	23,459	
AMERICAN EXPRESS CO	83,412	90,998
AMGEN INC	17,411	
AMGEN INC	20,995	27,636
ANHEUSER-BUSCH	18,987	25,233
ANHEUSER-BUSCH		44,170
APPALACHIAN POWER CO	65,845	85,361
APPLE INC		54,606
APPLE INC		38,339
APPLE INC		29,797
ARCHER-DANIELS-MIDLAND	71,324	79,859
AT&T INC	39,619	45,579
AT&T INC	32,612	38,851
AT&T INC	14,490	
BANK OF AMERICA CORP	157,509	181,023
BANK OF AMERICA CORP	609,882	658,932
BANK OF AMERICA CORP	21,005	
BANK OF AMERICA CORP	56,792	
BECTON DICKINSON		45,144
BELL CANADA	23,678	
BERKSHIRE HATHAWAY	25,882	37,651
BERKSHIRE HATHAWAY	28,267	
BOSTON PROP LP		62,292

Texas Emergency Services Retirement System
Other Supplementary Schedules
Schedule 1 - Pension Fund Investments
August 31, 2022 (With comparative totals for August 31, 2021)

	Fair Value As of August 31, 2022	Fair Value As of August 31, 2021
BRISTOL-MYERS SQUIBB CO	37,613	48,821
BROADCOM INC	68,776	81,321
BURLINGTN NORTH SANTA FE	57,489	72,699
BURLINGTON NORTHERN SANTA FE	57,640	60,488
BURLINGTON NORTHERN SANTA FE		68,499
CAMDEN PROPERTY TRUST	27,482	32,844
CAPITAL ONE FINANCIAL CO	44,128	48,395
CAPITAL ONE FINANCIAL CO	74,555	80,737
CAPITAL ONE FINANCIAL CO	35,203	
CATERPILLAR INC	49,931	58,092
CHARLES SCHWAB CORP	14,078	16,578
CHARLES SCHWAB CORP	68,884	80,843
CHEVRON CORP	92,444	103,769
CHEVRON CORP	19,696	21,857
CHUBB CORPORATION	64,052	79,245
CINTAS CORPORATION NO. 2	54,198	61,714
CISCO SYSTEMS INC		91,963
CITIGROUP INC	27,183	60,851
CITIGROUP INC	14,701	5,079
CITIGROUP INC	31,460	32,388
CITIGROUP INC	495,736	15,987
CITIGROUP INC	117,725	743,949
CME GROUP INC	63,808	128,566
CME GROUP INC		74,439
COMCAST CORP	42,159	54,154
COMCAST CORP	214,721	16,685
COMM SER 2012-CR2 CL A4		60,756
CONSOLIDATED EDISON CO	56,058	73,824
CVS HEALTH CORP	18,067	24,532
CVS HEALTH CORP	14,442	56,250
DEERE & COMPANY	18,677	24,300
DIAGEO CAPITAL PLC	55,406	71,541
DOWDUPONT INC	65,469	73,408
DUKE ENERGY PROGRESS LLC	22,938	29,543
EMERSON ELECTRIC CO	26,922	30,862
ENTERPRISE PRODUCTS OPER	28,621	37,931
EOG RESOURCES INC	19,952	
EQUITABLE HOLDINGS INC	77,427	
ERP OPERATING LP	36,274	43,234
EXXON MOBIL CORPORATION		33,296
FEDEX CORP	33,689	
FHLMC GOLD POOL #A93614		8,279
FHLMC GOLD POOL #A97673		8,724
FHLMC GOLD POOL #G08001	63,202	96,540
FHLMC GOLD POOL #Q27927	58,269	77,776
FHLMC GOLD POOL #Q30470	38,927	76,236
FHLMC GOLD POOL #Q35953	63,062	99,815
FHLMC GOLD POOL #Q38893	39,711	62,435
FHLMC GOLD POOL #V81680	250,456	331,294
FHLMC POOL #RA6996	332,007	

Texas Emergency Services Retirement System
Other Supplementary Schedules
Schedule 1 - Pension Fund Investments
August 31, 2022 (With comparative totals for August 31, 2021)

	Fair Value As of August 31, 2022	Fair Value As of August 31, 2021
FHLMC POOL #RB5044	266,548	433,053
FHLMC POOL #SC0017		281,565
FHLMC POOL #SD8214	406,806	
FHMS SER K031 CL A2	149,308	156,528
FIFTH THIRD BANK	69,092	79,571
FISERV INC	38,784	45,856
FISERV INC	13,020	18,384
FLORIDA POWER & LIGHT CO	164,933	
FLORIDA POWER CORP	40,383	51,638
FNMA POOL # FM7740	277,572	
FNMA POOL #AL7590	123,358	175,599
FNMA POOL #AO7185	48,474	69,190
FNMA POOL #AS5090	39,087	57,137
FNMA POOL #AY8604	14,995	23,044
FNMA POOL #BC2666	28,608	43,009
FNMA POOL #BE0468	56,115	80,261
FNMA POOL #BM1577	60,331	91,013
FNMA POOL #BO1345	68,680	118,539
FNMA POOL #CB2610	306,783	
FNMA POOL #FM2741		394,344
FNMA POOL #FM3075	173,000	286,739
FNMA POOL #FM3340		436,665
FNMA POOL #FM4540	186,642	309,508
FNMA POOL #FM6990	293,711	488,231
FNMA POOL #FM7048	151,585	247,028
FNMA POOL #FM7334	175,092	290,977
FNMA POOL #FM8519	186,065	309,809
FNMA POOL #FM9286	403,635	
FNMA POOL #FS0348	268,941	
FNMA POOL #FS0350	328,540	
FNMA POOL #FS1376	367,508	
FNMA POOL #FS1858	143,211	
FNMA POOL #MA3243		371,006
FNMA POOL #MA3361		279,417
FRANKLIN RESOURCES INC	15,840	19,343
FRANKLIN RESOURCES INC	67,824	74,717
GENERAL DYNAMICS CORP	34,470	39,874
GENERAL ELECTRIC CO		50,601
GENERAL MILLS INC	34,887	38,661
GENUINE PARTS CO	29,042	
GNMA II POOL #AA1000	3,834	6,361
GNMA II POOL #MA2374	13,314	20,292
GNMA II POOL #MA3035		24,077
GNMA II POOL #MA6968	229,859	348,669
GNMA II POOL #MA7024	72,205	117,310
GNMA II POOL #MA7283	53,936	75,202
GOLDMAN SACHS GROUP INC	77,507	88,459
GOLDMAN SACHS GROUP INC	243,298	61,618
GOLDMAN SACHS GROUP INC	382,468	25,546
GOLDMAN SACHS GROUP INC		458,052

Texas Emergency Services Retirement System
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August 31, 2022 (With comparative totals for August 31, 2021)

	Fair Value As of August 31, 2022	Fair Value As of August 31, 2021
GOLDMAN SACHS GROUP INC		173,651
GSMS SER 2012-GCJ9 CL A3	80,357	98,832
HOME DEPOT INC	50,178	67,440
IBM CORP	542,685	23,682
IBM CORP	17,237	
ILLINOIS TOOL WORKS INC	84,843	59,126
ILLINOIS TOOL WORKS INC		90,672
INTEL CORP	39,034	
JOHN DEERE CAPITAL CORP	59,602	65,713
JOHNSON & JOHNSON	5,181	6,729
JPMCC SER 2013-C13 CL A4	101,914	107,938
JPMORGAN CHASE & CO	59,543	66,163
JPMORGAN CHASE & CO	41,640	110,648
JPMORGAN CHASE & CO	324,754	11,053
JPMORGAN CHASE & CO		168,606
KEYCORP	58,416	67,762
KIMBERLY-CLARK CORP	66,494	23,363
KROGER CO	20,834	28,029
KROGER CO	11,532	14,825
LINCOLN NATIONAL CORP	57,317	67,358
MAGELLAN MIDSTREAM PARTN	66,483	
MARKEL CORP	59,095	71,611
MCDONALD'S CORP	32,071	42,048
METLIFE INC	98,273	107,182
METLIFE INC	201,684	
METLIFE INC	35,414	
MORGAN STANLEY	49,437	55,756
MORGAN STANLEY	47,193	100,955
MORGAN STANLEY	35,316	14,506
MORGAN STANLEY	89,133	582,395
MSC SER 2016-UB11 CL A4	93,411	106,799
NIKE INC	12,716	16,733
NJ ST TPK AUTH TPK REV	50,543	64,744
NORFOLK SOUTHERN CORP	49,945	53,367
NORFOLK SOUTHERN CORP	53,425	62,279
NUTRIEN LTD		79,946
NUTRIEN LTD	24,232	28,822
ORACLE CORP	29,472	31,093
ORACLE CORP	81,476	90,477
ORACLE CORP	13,619	20,854
PARKER-HANNIFIN CORP	37,531	49,361
PFIZER INC	70,527	90,060
PHILLIPS 66		71,616
PNC BANK NA	53,950	59,798
PNC FINANCIAL SERVICES	30,693	36,769
PNC FINANCIAL SERVICES	28,712	32,987
PROCTER & GAMBLE CO/THE	22,170	63,929
PROCTER & GAMBLE CO/THE	51,682	
PRUDENTIAL FINANCIAL INC	16,142	20,803
PRUDENTIAL FINANCIAL INC	46,230	59,388

Texas Emergency Services Retirement System
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August 31, 2022 (With comparative totals for August 31, 2021)

	Fair Value As of August 31, 2022	Fair Value As of August 31, 2021
PUBLIC SERVICE ELECTRIC	112,516	122,876
QUALCOMM INC		31,770
RAYTHEON TECH CORP	15,674	19,873
SCHLUMBERGER INVESTMENT	124,908	132,956
SHELL INTL FIN	118,003	130,156
SPECTRA ENERGY PARTNERS	20,733	27,644
SUNTRUST BANK		269,990
SYSCO CORPORATION	26,536	
SYSCO CORPORATION	15,513	
TAMPA ELECTRIC CO	69,985	56,453
TAMPA ELECTRIC CO	43,841	101,690
THERMO FISHER SCIENTIFIC		65,960
THOMSON REUTERS CORP	60,340	
T-MOBILE USA INC	52,924	
TORONTO-DOMINION BANK	170,914	184,991
TOSCO CORP	60,327	72,393
TRAVELERS COS INC	42,334	56,463
UNION PACIFIC CORP	31,115	
UNITED PARCEL SERVICE	129,164	134,311
UNITED PARCEL SERVICE	100,137	110,415
UNITED TECHNOLOGIES CORP	16,048	20,941
UPS OF AMERICA INC	29,985	35,428
US TREAS BOND @ 2.000% 02/15/2050	650,986	639,771
US TREAS BOND @ 2.500% 05/15/2046	878,337	279,230
US TREAS BOND @ 2.875% 05/15/2043	512,963	
US TREAS BOND @ 3.750% 08/15/2041	1,001,923	
US TREAS BOND @ 4.375% 05/15/2040		264,247
US TREAS NOTE @ 0.250% 09/30/2025	194,861	
US TREAS NOTE @ 1.125% 02/15/2031	995,097	236,926
US TREAS NOTE @ 1.250% 05/31/2028	133,598	2,503,592
US TREAS NOTE @ 1.500% 02/15/2030	2,062,903	1,705,326
US TREAS NOTE @ 1.625% 05/15/2031	53,018	433,125
US TREAS NOTE @ 1.750% 01/31/2023		327,350
US TREAS NOTE @ 1.750% 11/15/2029	354,101	
US TREAS NOTE @ 1.750% 12/31/2026	141,144	
US TREAS NOTE @ 1.875% 07/31/2026	684,110	526,915
US TREAS NOTE @ 2.250% 11/15/2025		778,706
US TREAS NOTE @ 2.250% 11/15/2027	341,129	506,810
US TREAS NOTE @ 2.375% 05/15/2027	396,935	2,323,721
US TREAS NOTE @ 2.375% 05/15/2029	301,814	534,791
US TREAS NOTE @ 2.500% 02/28/2026	716,549	955,782
US TREAS NOTE @ 2.625% 02/15/2029	321,339	537,671
VERIZON COMMUNICATIONS	37,835	48,172
VIRGINIA ELEC & POWER CO	198,812	212,588
VISA INC		55,470
WALMART STORES INC	55,833	68,580
WALT DISNEY COMPANY/THE	25,002	33,381
WALT DISNEY COMPANY/THE	11,544	13,941
WALT DISNEY COMPANY/THE	33,049	37,360
WELLS FARGO & COMPANY	42,517	86,811

Texas Emergency Services Retirement System
Other Supplementary Schedules
Schedule 1 - Pension Fund Investments
August 31, 2022 (With comparative totals for August 31, 2021)

	Fair Value As of August 31, 2022	Fair Value As of August 31, 2021
WELLS FARGO & COMPANY	489,608	581,114
WELLS FARGO & COMPANY	41,273	48,661
WELLS FARGO AND COMPANY		76,271
WESTLAKE CHEMICAL CORP	27,899	38,164
WFRBS SER 2012-C8 CL A3	296,928	45,565
WILLIAMS PARTNERS LP	27,044	36,929
WISC ELEC POWER	65,254	75,984
WISCONSIN POWER & LIGHT	44,576	57,580
Total Bond Funds	<u>26,262,362</u>	<u>30,728,948</u>
 EQUITY FUNDS		
ABBVIE INC	264,617	178,271
ACTIVISION BLIZZARD INC	49,135	87,147
ADOBE INC		610,604
ADVANCE AUTO PARTS		208,936
AKAMAI TECHNOLOGIES		167,157
ALCON INC		246,585
ALIBABA GROUP HOLDING LTD		215,417
ALLEGION PLC	74,178	60,620
ALLISON TRANSMISSION HOLDINGS		48,555
ALLSTATE CORP	58,804	
ALPHABET INC CL A	369,680	422,517
AMAZON.COM INC		1,506,323
AMERICAN INT'L GROUP INC		138,528
AMERISOURCEBERGEN CORP	160,337	141,275
ANHEUSER-BUSCH INBEV SPN ADR		120,663
ANTHEM INC		140,674
APPLE INC COM		819,275
APPLIED MATERIALS INC	119,563	255,125
APTIV PLC		229,198
ASML HLDINGS NY		258,242
ATLASSIAN CORP PLC		348,707
AUTOZONE INC	343,312	340,813
AVANTOR INC	149,012	240,781
AXALTA COATING SYSTEMS LTD	135,806	137,186
BANK OF AMERICA CORP	219,608	324,356
BERKSHIRE HATHAWAY INC-CL B	445,630	504,098
BIOMARIN PHARMACEUTICAL INC		125,473
BOOKING HOLDINGS INC		197,772
BRISTOL-MYERS SQUIBB CO	181,198	169,290
CANADIAN NATL RAILWAY CO		85,752
CANADIAN NATURAL RESOURCES	198,741	139,952
CAPITAL ONE FINANCIAL CORP	63,280	241,984
CATERPILLAR INC	106,393	222,046
CENOVUS ENERGY INC	164,788	
CENTENE CORP	303,860	173,510
CENTERPOINT ENERGY INC	157,429	146,225
CHARTER COMMUNICATIONS INC		153,532
CHUBB LTD	150,673	257,488
CIGNA CORP	303,008	332,502

Texas Emergency Services Retirement System
Other Supplementary Schedules
Schedule 1 - Pension Fund Investments
August 31, 2022 (With comparative totals for August 31, 2021)

	Fair Value As of August 31, 2022	Fair Value As of August 31, 2021
CISCO SYSTEMS INC	273,016	457,287
CITIGROUP INC		270,957
COCA-COLA EUROPEAN PARTNERS PLC	114,468	165,483
COGNIZANT TECH SOLUTIONS-A	135,626	79,210
CONOCOPHILLIPS	531,489	338,566
CRH PLC - SPONSORED ADR	123,843	124,141
CVS HEALTH CORPORATION	320,754	172,175
DEERE & CO	178,242	285,413
DEVON ENERGY CORPORATION	187,072	
DOMINION ENERGY INC	147,894	144,782
DOVER CORP	66,854	135,478
DUPONT DE NEMOURS INC USD 0.01	213,991	282,460
EATON CORP PLC	163,285	527,135
ECOLAB INC		202,148
EOG RESOURCES INC	124,575	116,607
EQUINIX INC		261,470
EVEREST RE GROUP LTD	107,351	138,013
FACEBOOK INC-A		1,370,700
FEDEX CORP	82,638	
FIDELITY NATIONAL INFO SVCS, INC	196,080	443,873
FIFTH THIRD BANCORP		123,419
FLEETCOR TECHNOLOGIES INC	136,657	116,370
FORTIVE CORP	88,155	
GENERAL DYNAMICS CORP	142,394	243,176
GLOBAL PAYMENTS INC	140,504	
GOLDMAN SACHS GROUP INC	207,253	256,376
HARLEY-DAVIDSON INC		100,525
HOLLYFRONTIER CORP		78,497
HOME DEPOT INC		349,013
HOWMET AEROSPACE INC	171,836	162,751
ICON PLC	120,442	126,606
IHS MARKIT LTD		327,550
INTUITIVE SURGICAL INC		179,105
JOHNSON & JOHNSON	530,647	550,034
JPMORGAN CHASE & CO	473,231	539,991
KEURIG DR PEPPER INC	278,848	
KLA CORPORATION	61,255	116,606
KOHL'S CORP		91,955
LAM RESEARCH CORP	51,673	165,721
LAS VEGAS SANDS CORP		117,815
LEAR CORP		73,093
LENNAR CORP-CL A		110,315
LEIDOS HOLDINGS INC	117,102	
LKQ CORP	111,656	147,479
LOWE'S COS INC		107,654
MARATHON PETROLEUM CORP	310,209	251,660
MASCO CORP	79,561	
MCKESSON CORP	82,575	150,247
META PLATFORMS, INC.	312,663	
MICROCHIP TECHNOLOGY INC	125,802	

Texas Emergency Services Retirement System
Other Supplementary Schedules
Schedule 1 - Pension Fund Investments
August 31, 2022 (With comparative totals for August 31, 2021)

	Fair Value As of August 31, 2022	Fair Value As of August 31, 2021
MICRON TECHNOLOGY INC	110,912	265,836
MICROSOFT CORP		926,470
MOHAWK INDUSTRIES INC	100,759	174,029
MONSTER BEVERAGE CORP		259,536
NETAPP INC		75,057
NETFLIX INC		261,827
NEWMONT CORP USD 1.6		88,667
NORTHROP GRUMMAN CORP		76,849
NORTONLIFELOCK INC		117,316
NOVARTIS AG	72,549	141,819
NUTANIX INC		67,545
NVIDIA CORP		626,780
NXP SEMICONDUCTOR NV	54,147	411,759
ORACLE CORP		146,084
OLIN CORP	95,928	
OTIS WORLDWIDE CORP	136,857	182,780
OWENS CORNING INC		93,735
PALO ALTO NETWORKS		461,040
PFIZER INC		231,732
PIONEER NATURAL RESOURCES CO	272,718	171,821
POLARIS INC		64,551
PROGRESSIVE CORP		179,867
QORVO INC	88,344	138,390
QUALCOMM INC	255,017	613,604
RAYTHEON TECHNOLOGIES CORP		234,785
SALESFORCE.COM INC		570,331
SANOFI	299,806	128,622
SCHLUMBERGER LTD	175,376	150,435
SCHWAB (CHARLES) CORP	311,471	231,372
SEA LTD		233,441
SONY GROUP CORP	74,986	188,090
SPLUNK INC		240,006
SS&C TECHNOLOGIES HOLDINGS	116,315	126,731
TAPESTRY INC NPV		155,071
THE WALT DISNEY CO.		285,366
THERMO FISHER SCIENTIFIC INC		453,394
TJX COMPANIES INC		110,316
T-MOBILE US INC	244,300	138,801
TRACTOR SUPPLY COMPANY		205,905
TRUIST FINANCIAL CORP	129,325	260,650
UBER TECHNOLOGIES		244,625
UIPATH INC		100,930
ULTA BEAUTY INC		300,940
UNION PACIFIC CORP	160,300	109,071
UNITED PARCEL SERVICE-CL B		383,435
UNITED RENTALS INC	164,419	225,343
UNITEDHEALTH GROUP INC	273,168	848,775
US FOODS HOLDING CORP	88,645	106,590
VERTIV HOLDINGS CO		76,594
VISA INC-CLASS A SHARES		701,962

Texas Emergency Services Retirement System
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	Fair Value As of August 31, 2022	Fair Value As of August 31, 2021
VMWARE INC- CL A		64,014
WABTEC CORP	84,407	127,681
WELLS FARGO & COMPANY	307,543	266,340
WORKDAY INC-A		218,528
WW GRAINGER INC		273,231
ZOETIS INC		424,667
Total Equity Funds	<u>14,145,979</u>	<u>33,961,567</u>
 TOTAL INVESTMENTS	 121,941,003	 141,657,405
 Short Term Investments (Exhibit III)	 2,808,666	 1,145,389
 Investments (Exhibit VI)		
Equity	78,148,488	81,370,902
Bonds	26,262,363	30,728,948
Other Investments	14,721,486	28,412,165
 Total	 <u><u>121,941,003</u></u>	 <u><u>141,657,405</u></u>

* Investment represents greater than 5% of the Fiduciary Net Position as of August 31, 2022.

Texas Emergency Services Retirement System
Other Supplementary Schedules
Schedule 2 - Administrative Expenses for TESRS Trust Fund
For Year Ended August 31, 2022

<u>Category</u>	<u>Expenses</u>
Professional Fees and Services:	
Accounting/Bookkeeping Services	\$ 90,979
IT Services	43,000
Legal Services	30,656
Computer Consultant Services	17,500
Education & Training Services	1,310
Other Services	500
 Total Professional Fees and Services	 <u>\$ 183,945</u>
 Salaries and Wages	 \$ 28,177
Travel	24,985
Other Expense	3,378
Repairs & Maintenance	540
Rentals & Leases	448
Materials & Supplies	8
Interest Expense	1
 Total Administrative Expenses (See Exhibit IV)	 <u><u>\$ 241,482</u></u>

**Texas Emergency Services Retirement System
Other Supplementary Schedules
Schedule 3 - Investing Activity Expenses
For Year Ended August 31, 2022**

Category	Expenses
Boston Partners	\$ 100,368
Andco Consulting	75,000
IFM Global	67,594
Invesco Trust Company	62,415
Clearbridge	55,605
RVK, Inc	42,500
Bank of Texas	40,438
Richmond Capital Management	37,863
Garcia Hamilton & Associates	36,268
 Total Investing Activities Expenses (See Exhibit IV)	 <u>\$ 518,051</u>

Total Direct and Indirect Fees and Commissions (SB 322 Compliance)

Total Direct and Indirect Fees and Commissions	\$ 775,562
Investment Services	
Custodial	\$ 40,438
Research	-
Investment Consulting	117,500
Legal	-
Total	<u>\$ 157,938</u>
Total Investment Expenses (Total Direct and Indirect Fees and Commissions + Investment Services)	 <u>\$ 933,500</u>

**Texas Emergency Services Retirement System
Other Supplementary Schedules
Schedule 4 - Board Members
August 31, 2022**

<u>Name and Address</u>	<u>Term Expires September 1,</u>
Pilar Rodriguez, Chairman	2027
Jerry Romero, Vice-Chairman	2025
Edward J. Keenan, Secretary	2023
Jenny Moore, Trustee	2021
Rodney Alan Ryalls, Trustee	2023
Stephanie Lynn Wagner, Trustee	2023
Matthew Glaves, Trustee	2025
Nathan Douglas, Trustee	2025
Brian Smith, Trustee	2027

Texas Emergency Services Retirement System

Board of Trustees

Pilar Rodriguez, Chairman

Jerry Romero, Vice-Chairman

Edward J. Keenan, Secretary

Jenny Moore, Trustee

Rodney Alan Ryalls, Trustee

Stephanie Lynn Wagner, Trustee

Matthew Graves, Trustee

Nathan Douglas, Trustee

Brian Smith, Trustee

Tiffany White, Executive Director

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