

**AUDITED**  
**ANNUAL FINANCIAL REPORT**  
For The Year Ended August 31, 2024



*Texas Emergency Services Retirement System*

**208 E. 10<sup>th</sup> Street, 3<sup>rd</sup> Floor, Suite 309**

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# Texas Emergency Services Retirement System



Pilar Rodriguez, Chairman

Jessica Almaguer, Executive Director

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

(800) 919-3372

[www.tesrs.texas.gov](http://www.tesrs.texas.gov)

January 27, 2025

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, 2024, 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) 936-3410.

Sincerely,

A handwritten signature in cursive script that reads "Jessica Almaguer".

Jessica Almaguer  
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, 2024, 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, each major fund, and the aggregate remaining fund information of the System, as of August 31, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

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, 2024 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 \$22,700,000 as of August 31, 2024, 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 2023 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated January 4, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2023, 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 January 27, 2025 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  
January 27, 2025

## 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, 2024. Please review this narrative in conjunction with the Basic Financial Statements, which begin after this discussion.

### Using this Annual Financial Report

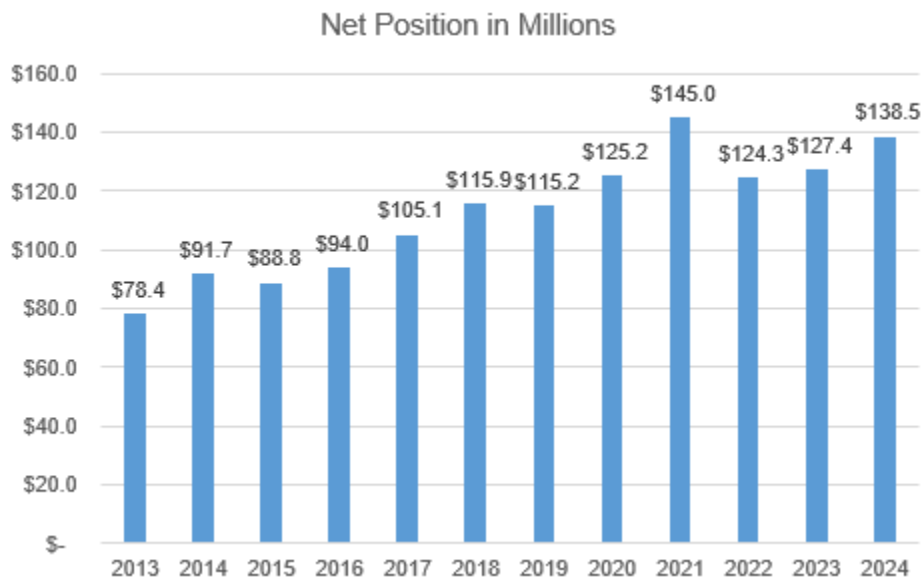
The Texas Emergency Services Retirement System administers death, disability, and pension benefits, to eligible volunteer fire and emergency services personnel and their beneficiaries from member departments statewide. At the close of fiscal year 2024, there were 244 member departments in the System.

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, 2024, 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, 2024, 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 2024 totaled \$138.5 million, which represents an increase of \$11.1 million over funds held at the close of fiscal year 2023.



The majority of plan assets are held as investments. For the year ending August 31, 2024, the money-weighted rate of return on pension plan investments was 11.85%.

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 2024, system investment details were as follows:

<b>Summary of Net Investment Assets as of August 31, 2024</b>				
<b>Investment Category</b>	<b>Actual Amounts</b>	<b>Actual Allocation</b>	<b>Target Allocation</b>	<b>Allocation Range</b>
Short Term Investments	\$ 3,253,857	2.4%	0.0%	0%-5%
US Market Equities-Large Cap				
Value	16,585,206	12.2%	10.0%	5%-20%
Growth	19,710,670	14.5%	10.0%	5%-20%
US Market Equities-Small/Mid Cap				
Value	7,527,740	5.5%	5.0%	0%-10%
Growth	4,205,363	3.1%	5.0%	0%-10%
International Equity-Developed Markets	25,953,464	19.1%	15.0%	10%-20%
International Equity-Emerging Markets	-	0.0%	5.0%	0%-10%
Core Fixed Income	28,355,281	20.8%	25.0%	15%-30%
Non-Core Fixed Income	12,438,552	9.1%	10.0%	0%-15%
US Core Real Estate	12,129,925	8.9%	10.0%	0%-15%
Global Infrastructure	5,931,648	4.4%	5.0%	0%-10%
Other				
Payables and other liabilities	-	N/A	N/A	N/A
Receivables	229,597	N/A	N/A	N/A
<b>Total Net Investment Assets as of August 31, 2024</b>	<b>\$ 136,321,303</b>	<b>100.0%</b>	<b>100.0%</b>	

### 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 2023 to 2024:

<b>Description</b>	<b>2024</b>	<b>2023</b>	<b>Increase/ (Decrease)</b>	<b>% Change</b>
Total Assets	\$ 138,585,277	\$ 127,527,086	\$ 11,058,191	8.7%
Total Liabilities	(116,824)	(142,954)	(26,130)	-18.3%
<b>Total Net Position</b>	<b>\$ 138,468,453</b>	<b>\$ 127,384,132</b>	<b>\$ 11,084,321</b>	<b>8.7%</b>

## Statement of Changes in Fiduciary Net Position of Pension Fund

### Additions

The primary additions as of August 31, 2024 are shown below, along with those same categories in fiscal year 2023 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.

<b>Description</b>	<b>2024</b>	<b>2023</b>	<b>Increase/ (Decrease)</b>	<b>% Change</b>
Original Appropriations	\$ 1,292,763	\$ 1,262,763	\$ 30,000	0.0%
Dues	\$ 4,153,754	\$ 3,736,446	\$ 417,308	11.2%
Prior Service	\$ 18,484	\$ -	\$ 18,484	100.0%
Net Investment Income	\$ 14,776,434	\$ 6,878,758	\$ 7,897,676	114.8%

### Deductions

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

<b>Description</b>	<b>2024</b>	<b>2023</b>	<b>Increase/ (Decrease)</b>	<b>% Change</b>
Death Benefits	\$ 230,728	\$ 308,546	\$ (77,818)	-25.2%
Retirement Benefits	\$ 7,956,901	\$ 7,550,873	\$ 406,028	5.4%
Disability Benefits	\$ 21,750	\$ 26,400	\$ (4,650)	-17.6%
Survivor Benefits	\$ 645,644	\$ 645,500	\$ 144	0.0%
Administrative Expenses	\$ 307,475	\$ 350,249	\$ (42,774)	-12.2%

### Actuarial Status

On December 5, 2024, the Board received and accepted the August 31, 2024 actuarial valuation report from Rudd and Wisdom, Inc. that concluded that the System has an inadequate contribution arrangement, even with Maximum Part Two Contributions.

In order to have an adequate contribution arrangement, the Texas Pension Review Board guidelines say that contributions to a public retirement system should be expected to both pay the current normal cost and amortize the existing unfunded actuarial accrued liability (UAAL) in 30 years or less. In Section 2 of the report, they determined that without appropriations from the

state, the System has an inadequate contribution arrangement because the UAAL will never be amortized but instead will increase every year.

The expected contributions from the state are appropriations equal to (1) the maximum annual contribution (one-third of all contributions to the System by governing bodies of participating departments in a year) as needed in accordance with state law governing the System, and (2) approximately \$825,000 each year to pay for part of the System's administrative expenses. Based on this August 31, 2024 actuarial valuation, they projected that with the expected Part One contributions from the governing bodies of participating departments and \$825,000 each year from the state for administrative expenses, the maximum annual contributions from the state for 30 years would be inadequate for the System to have a 30-year amortization period for its UAAL. This valuation also determined that even if the board established the maximum Part Two contributions, the System still has an inadequate contribution arrangement because the UAAL will never be amortized but instead will increase every year.

### **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](mailto:info@tesrs.texas.gov).

**AUDITED**

**Texas Emergency Services Retirement System  
Exhibit I - Governmental Fund Balance Sheet/Statement of Net Position  
August 31, 2024**

	General Fund			
	Balance Sheet 2024	Adjustments*	Statement of Net Position	
			2024	2023
<b>ASSETS</b>				
Current Assets:				
Legislative Appropriations	\$ 156,352	\$ -	\$ 156,352	\$ 196,565
Consumable Inventories	2,739	-	2,739	6,408
Total Current Assets	\$ 159,091	\$ -	\$ 159,091	\$ 202,973
Non-Current Assets:				
Capital Assets:				
Depreciable:				
Other Capital Assets (Note 2)	\$ -	\$ -	\$ -	\$ -
Less Accumulated Depreciation (Note 2)	-	-	-	-
Total Non-Current Assets	\$ -	\$ -	\$ -	\$ -
Total Assets	\$ 159,091	\$ -	\$ 159,091	\$ 202,973
<b>LIABILITIES AND FUND BALANCES/NET POSITION</b>				
Liabilities:				
Current Liabilities:				
Accounts Payable	\$ 17,430	\$ -	\$ 17,430	\$ 34,719
Payroll Payable	70,276	-	70,276	76,441
Interfund Payable	46,249	-	46,249	-
Due To Other Agencies	3,544	-	3,544	-
Employees' Compensable Leave (Note 4)	-	42,275	-	66,479
Total Current Liabilities	\$ 137,499	\$ 42,275	\$ 137,499	\$ 177,639
Non-Current Liabilities:				
Employees' Compensable Leave (Note 4)	\$ -	\$ 23,279	\$ 23,279	\$ 8,443
Total Non-Current Liabilities	\$ -	\$ 23,279	\$ 23,279	\$ 8,443
Total Liabilities	\$ 137,499	\$ 65,554	\$ 203,053	\$ 186,082
<b>FUND BALANCES/NET POSITION</b>				
Fund Balances (Deficits):				
Nonspendable	\$ 2,739	\$ (2,739)	\$ -	\$ -
Unassigned	18,853	(18,853)	-	-
Total Fund Balances	\$ 21,592	\$ (21,592)	\$ -	\$ -
Net Position:				
Unrestricted	\$ -	\$ (43,962)	\$ (43,962)	\$ 16,891
Total Net Position	\$ -	\$ (43,962)	\$ (43,962)	\$ 16,891
Total Liabilities and Fund Balances/Net Position	\$ 159,091	\$ -	\$ 159,091	\$ 202,973

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

\*Adjustments represent Liability for Compensable Leave, and the conversion from Fund Balance to Net Position.

**AUDITED**

**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, 2024**

	<b>General Fund</b>			
	<b>Statement of Revenues, Expenditures, and Changes in Fund Balance</b>		<b>Statement of Activities</b>	
	<b>2024</b>	<b>Adjustments*</b>	<b>2024</b>	<b>2023</b>
<b>REVENUES</b>				
Legislative Appropriations:				
Original Appropriations	\$ 787,470	\$ -	\$ 787,470	\$ 680,661
Additional Appropriations	149,796	-	149,796	126,150
Total Revenues	\$ 937,266	\$ -	\$ 937,266	\$ 806,811
<b>EXPENDITURES/EXPENSES</b>				
Salaries and Wages	\$ 571,733	\$ (9,368)	\$ 562,366	\$ 475,374
Payroll Related Costs	163,162	-	163,162	136,099
Professional Fees and Services	97,532	-	97,532	48,020
Travel	12,969	-	12,969	9,226
Materials and Supplies	32,869	-	32,869	54,427
Communication and Utilities	9,159	-	9,159	8,462
Repairs and Maintenance	11,414	-	11,414	9,000
Rentals & Leases	-	-	-	-
Printing and Reproduction	761	-	761	1,439
Other Expenditures	21,389	-	21,389	11,710
Total Expenditures/Expenses	\$ 920,988	\$ (9,368)	\$ 911,621	\$ 753,757
Excess(Deficiency) of Revenues Over (Under) Expenditures/Expenses	\$ 16,278	\$ 9,368	\$ 25,645	\$ 53,054
Other Financing Sources (Uses)				
Transfers In/Out	\$ -	\$ -	\$ -	\$ (28,177)
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ (28,177)
Excess of Revenues and Transfers In Over Expenditures and Transfers Out	\$ 16,278	\$ (16,278)		
Change in Net Position	\$ 16,278	\$ (16,278)	\$ 25,645	\$ 24,877
<b>Fund Balances/Net Position</b>				
Fund Balances/Net Position--Beginning of Year	\$ 91,812		\$ 16,891	\$ 16,867
Appropriations Lapsed	(86,498)		(86,498)	(24,853)
Restatements	-		-	-
Fund Balances/Net Position--End of Year	\$ 21,592		\$ (43,962)	\$ 16,891

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

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



**AUDITED**

**Texas Emergency Services Retirement System  
Exhibit III - Statement of Fiduciary Net Position  
Pension Trust Funds  
August 31, 2024**

	Pension Trust	
	2024	2023
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents:		
Cash in State Treasury (Note 3)	\$ 117,195	\$ 778,615
Short Term Investments (Note 3, Schedule 1)	3,253,857	5,913,477
Receivables:		
Retirement System Contributions	2,086,117	1,780,641
Interest and Dividends	229,597	244,352
Sale of Investments	-	-
Interfund Receivable	46,249	-
Total Current Assets	\$ 5,733,015	\$ 8,717,085
Non-Current Assets:		
Receivables:		
Retirement System Contributions	\$ 14,413	\$ 41,261
Investments (Note 3, Schedule 1)		
Corporate Equity	81,788,807	64,898,533
US Government Obligations	19,742,958	16,984,261
Corporate Obligations	8,612,323	9,340,495
Other Investments	22,693,761	27,545,451
Total Non-Current Assets	\$ 132,852,262	\$ 118,810,001
Total Assets	\$ 138,585,277	\$ 127,527,086
<b>LIABILITIES</b>		
Current Liabilities:		
Payables:		
Accounts Payables	\$ 116,611	\$ 135,981
Investment Purchases Payable	-	6,973
Unearned Revenue	-	-
Pension Payroll	213	-
Total Current Liabilities	\$ 116,824	\$ 142,954
Total Liabilities	\$ 116,824	\$ 142,954
<b>NET POSITION</b>		
Restricted for Pensions	\$ 138,468,453	\$ 127,384,132

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

**AUDITED**

**Texas Emergency Services Retirement System  
Exhibit IV - Statement of Changes in Fiduciary Net Position  
Pension Trust Funds  
Year Ended August 31, 2024**

	Pension Trust	
	2024	2023
<b>ADDITIONS</b>		
Contributions:		
Dues	\$ 4,153,754	\$ 3,726,158
Prior Service	5,662	-
Interest on Contracts to Purchase		
Prior Service	12,822	10,288
Appropriations from General Revenue	1,292,763	1,262,763
Total Contributions	\$ 5,465,001	\$ 4,999,209
Investment Income:		
Net Appreciation (Depreciation) in Fair Value of Investments	\$ 12,097,530	\$ 4,097,421
Treasury Interest	72,175	69,565
Interest and Investment Income	3,008,582	3,158,594
Total	\$ 15,178,287	\$ 7,325,580
Less Investing Activities Expense (Schedule 3)	\$ 401,853	\$ 446,822
Net Increase/Loss	\$ 14,776,434	\$ 6,878,758
Other Additions:		
Voided warrants	\$ 5,384	\$ 15,046
Transfers In/Out	-	28,177
Total Other Additions	\$ 5,384	\$ 43,223
Total Additions	\$ 20,246,819	\$ 11,921,190
<b>DEDUCTIONS</b>		
Retirement System Benefits Paid:		
Death Benefits	\$ 230,728	\$ 308,546
Retirement Benefits	7,956,901	7,550,873
Disability Benefits	21,750	26,400
Survivor's Benefits	645,644	645,500
Administrative Expenses (Schedule 2)	307,475	350,249
Total Deductions	\$ 9,162,498	\$ 8,881,568
Net Increase	\$ 11,084,321	\$ 3,039,622
<b>NET POSITION RESTRICTED FOR PENSIONS</b>		
Beginning of the Year	\$ 127,384,132	\$ 124,344,510
End of Year	\$ 138,468,453	\$ 127,384,132

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

## 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 firefighters 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**

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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. Three 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, 2024.

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, 2024, the total outstanding balance of these financing arrangements was \$69,346.

Inventories

Inventories, shown on the balance sheet at cost, consist of inventories of consumable office supplies and postage at August 31, 2024. 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

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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

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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

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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:

Due to other agencies: Represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

Interfund Receivable/Payable: Represents value of services owed or to be received by another fund within the agency

The composition of the TESRS' interfund receivables and payables at August 31, 2024 is presented in Note 5.

**NOTE 2: CAPITAL ASSETS**

Summaries of changes in Capital Assets for the year ended August 31, 2024, are presented below:

<b>Governmental Activities</b>					
<b>Asset Type</b>	<b>Balance 09/01/23</b>	<b>Restatements</b>	<b>Adjustments</b>	<b>Deletions</b>	<b>Balance 08/31/24</b>
Other Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -

<b>Pension Trust Fund</b>					
<b>Asset Type</b>	<b>Balance 09/01/23</b>	<b>Restatements</b>	<b>Adjustments</b>	<b>Deletions</b>	<b>Balance 08/31/24</b>
Furniture & Equipment	\$ -	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -

**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 29, 2024.

<b>Asset Allocation</b>	<b>Target</b>
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	25%
Non-Core Fixed Income	10%
International Equity-Developed Markets	15%
International Equity-Emerging Markets	5%
Cash & Equivalents	0%
US Core Real Estate	10%
Global Infrastructure	5%
<b>Total</b>	<b>100%</b>

The TESRS contracts with Bank of Texas for custodial services and Mariner 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 LP, and Richmond Capital Management, Inc. The TESRS also invests with six mutual funds—Fidelity Total Institutional Index, IFM Global Infrastructure, Mainstay Fiera SMID Growth, Alger Capital, Clarkston Partners, 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 \$117,195 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, 2024, the fair value of investments are as presented below:

AUDITED  
Texas Emergency Services Retirement System

Description	Fair Value Hierarchy			Net Asset Value	Fair Value
	Level 1	Level 2	Level 3		
U.S. Treasury Securities	8,289,155				8,289,155
U.S. Government Agency Obligations		11,453,803			11,453,803
Corporate Obligations		7,154,619			7,154,619
Corporate Asset and Mortgage Backed Securities		1,215,162			1,215,162
International Obligations		242,542			242,542
Equity	48,028,979				48,028,979
International Equity	21,321,275				21,321,275
International Other Commingled Funds				10,563,837	10,563,837
Mutual Funds (Money Market)	3,253,857				3,253,857
Fixed Income/Bond Mutual Funds		12,438,552			12,438,552
Real Estate				12,129,925	12,129,925
<b>Total Investments</b>	<b>80,893,266</b>	<b>32,504,678</b>	<b>-</b>	<b>22,693,762</b>	<b>136,091,706</b>
<b>Reconciliation of Investments per Exhibit III</b>					
Other Short Term Investments					3,253,857
Corporate Equity					81,788,807
U.S. Government Obligations					19,742,958
Corporate Obligations					8,612,323
Other Investments					22,693,761
<b>Investment per Exhibit III</b>					<b>136,091,706</b>

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 ending August 31, 2024, the money-weighted rate of return on pension plan investments was 11.85%. 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% (21% actual) of the portfolio.

TESRS' domestic fixed income is managed by Richmond Capital Management, Inc. and Garcia Hamilton & Associates L.P. 31% of these holdings are either not subject to credit risk or AAA rated, while 18% is rated A or better. Credit risk is managed through diversification and by operating within defined parameters.

<b>Investment Type</b>	<b>Not Rated</b>
U.S. Treasury Securities	\$8,289,155
U.S. Government Agency Obligations	\$11,453,803
Corporate Asset and Mortgage-Backed Securities	\$740,946
<b>Total Not Rated</b>	<b>\$20,483,904</b>

TESRS has authorized their three 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 \$28,355,280 in Core Fixed Income which is subject to Interest Rate Risk. The average portfolio duration of Richmond Capital Management, Inc. is 6.07 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, 2024, the following changes occurred in long-term liabilities:

<b>Governmental Activities</b>					
	Balance 09/01/23	Additions	Reductions	Balance 08/31/24	Amounts Due Within One Year
Compensable Leave	\$ 74,922	\$ 65,927	\$ 75,295	\$ 65,554	\$ 42,275
<b>Total Governmental Activities</b>	<b>\$ 74,922</b>	<b>\$ 65,927</b>	<b>\$ 75,295</b>	<b>\$ 65,554</b>	<b>\$ 42,275</b>

**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**

As explained in Note 1, Interfund Transactions and Balances there are transactions between funds. At year-end amounts to be received or paid are reported as:

- Interfund Receivables or Interfund Payables (Note 12 presentation required)
- Due From Other Agencies or Due to Other Agencies
- Due From Other Funds or Due To Other Funds
- Transfers In or Transfers Out (Note 8 presentation required)
- Legislative Transfers In or Legislative Transfers Out (Note 12 presentation required)

Individual balances and activity at August 31, 2024, follows:

	<b>Interfund Receivable</b>		<b>Interfund Payable</b>	
General Fund (001)	\$	-	\$	46,249
Pension Fund (976)	\$	46,249	\$	-

	<b>Due from Other Agencies</b>		<b>Due to Other Agencies</b>	
General Fund (001)	\$	-	\$	3,544
Pension Fund (976)	\$	-	\$	-

**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 2023 and 2024 were as follows:

	Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claims Payments	End of Fiscal Year
2024	\$ -	\$ -	\$ -	\$ -
2023	\$ -	\$ -	\$ -	\$ -

**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](http://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, 2024, there were 244 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, 2024, the pension system membership consisted of:

Retirees and beneficiaries currently receiving benefits	4,122
Terminated members entitled to but not yet receiving benefits	1,806
Active participants	3,394

### 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, 2024 actuarial valuation, even the maximum 15% Part Two contributions are not enough to have 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.

Ultimately, the contribution policy also depends upon the total return of the System’s assets, which varies from year to year. Investment policy decisions are established and maintained by the board of trustees. For the year ending August 31, 2024, the money-weighted rate of return on pension plan investments was 11.85%. This measurement of the investment performance is net of investment-related expenses, reflecting the effect of the timing of the contributions received and the benefits paid during the year.

**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, 2024, total contributions of \$4,172,237 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state appropriated \$1,292,763 for the fiscal year ending August 31, 2024.

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, 2024 stated that TESRS has an inadequate 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 \$825,000 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, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2024, revised to use a discount rate of 5.38%.

Total pension liability	\$ 245,843,265
Plan fiduciary net position	138,468,453
System's net pension liability	\$ 107,374,812
Plan of fiduciary net position as a percentage of the total pension liability	56.3%

**1. Actuarial Assumptions**

The total pension liability in the August 31, 2024 actuarial valuation, revised to use a discount rate of 5.38%, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	N/A
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Municipal bond rate	3.87%
Discount rate	5.38%

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 4.60%) and by adding expected inflation (2.75%). In addition, the final 7.25% 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:

Asset Class	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities		
Large cap domestic	20%	5.71%
Small/mid cap domestic	10%	5.98%
Developed international	15%	6.19%
Emerging markets	5%	7.38%
Global infrastructure	5%	6.63%
Real estate	10%	4.50%
Multi asset income	5%	3.75%
Fixed income	30%	1.97%
Cash	0%	0.00%
Total	100%	
Weighted average		4.60%

**2. Discount Rate**

The discount rate used to measure the total pension liability was 5.38%. The projection of cash flows used to determine the discount rate, shown in Section III, assumed that contributions of the governing bodies will be made at the contribution rate as of August 31, 2024 actuarial valuation. Based on those assumptions, the System’s fiduciary net position was projected to make projected future benefit payments of current active and inactive employees through 2051. Therefore, the discount rate of 5.38% is the single rate of return that results in a present value of all projected benefits equal to the sum of (a) the present value of benefits through 2051 discounted at the long-term expected rate of return of 7.25% and (b) the present value of benefits after 2051 discounted at the 3.87% discount rate based on the Bond Buyer Index of general obligation bonds with 20 years to maturity at/near August 31, 2024.

**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 5.38%, 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 (4.38%) or 1 percentage point higher (6.38%) than the current rate:

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	<b>1% Decrease (4.38%)</b>	<b>Current Discount Rate (5.38%)</b>	<b>1% Increase (6.38%)</b>
System's net pension liability	\$ 148,187,616	\$ 107,374,812	\$ 75,156,365



**Required Supplementary Information**  
**Schedule of Changes in the System's Net Pension Liability and Related Ratios for the Last 10 Fiscal Years**

	Fiscal Year Ending						
	8/31/2024	8/31/2023	8/31/2022	8/31/2021	8/31/2020	8/31/2019	8/31/2018
<b>1. Total Pension Liability</b>							
a. Service cost	1,621,989	1,621,989	1,556,329	1,556,329	1,865,886	1,865,886	1,593,479
b. Interest	12,589,929	12,204,900	11,494,844	11,120,987	10,999,272	10,552,731	9,904,123
c. Changes of benefit terms	2,140,492	-	2,429,311	-	2,988,966	-	2,825,337
d. Differences between expected and actual experience	5,814,830	-	2,491,556	-	(1,965,137)	-	(90,439)
e. Assumption changes	61,859,809	-	(329,107)	-	(67,820)	-	-
f. Benefit payments	(8,855,023)	(8,531,319)	(7,951,029)	(7,434,094)	(6,881,663)	(6,431,923)	(5,839,621)
<b>g. Net Change</b>	<b>75,172,026</b>	<b>5,295,570</b>	<b>9,691,904</b>	<b>5,243,222</b>	<b>6,939,504</b>	<b>5,986,694</b>	<b>8,392,879</b>
<b>h. Total – Beginning</b>	<b>170,671,239</b>	<b>165,375,669</b>	<b>155,683,765</b>	<b>150,440,543</b>	<b>143,501,039</b>	<b>137,514,345</b>	<b>129,121,466</b>
<b>i. Total – Ending</b>	<b>245,843,265</b>	<b>170,671,239 <sup>2</sup></b>	<b>165,375,669</b>	<b>155,683,765 <sup>2</sup></b>	<b>150,440,543</b>	<b>143,501,039 <sup>2</sup></b>	<b>137,514,345</b>
<b>2. Plan Fiduciary Net Position</b>							
a. Contributions for participating departments	4,172,237	3,736,446	4,049,093	3,813,748	3,755,240	3,480,509	4,098,834
b. Contributions by the state	1,292,763	1,262,763	1,262,763	1,329,224	1,329,224	1,329,224	1,329,224
c. Net investment income	14,781,818	6,921,981	(17,744,448)	22,299,491	12,191,811	1,140,579	11,313,810
d. Benefit payments	(8,855,023)	(8,531,319)	(7,951,029)	(7,434,094)	(6,881,663)	(6,431,924)	(5,839,621)
e. Administrative expenses	(304,475)	(350,249)	(241,482)	(268,417)	(320,427)	(226,806)	(158,141)
<b>f. Net Change</b>	<b>11,084,320</b>	<b>3,039,622</b>	<b>(20,625,103)</b>	<b>19,739,952</b>	<b>10,074,185</b>	<b>(708,418)</b>	<b>10,744,106</b>
<b>g. Total – Beginning</b>	<b>127,384,133</b>	<b>124,344,510</b>	<b>144,969,613</b>	<b>125,229,661</b>	<b>115,155,476</b>	<b>115,863,894</b>	<b>105,119,788</b>
<b>h. Total – Ending</b>	<b>138,468,453</b>	<b>127,384,132</b>	<b>124,344,510</b>	<b>144,969,613</b>	<b>125,229,661</b>	<b>115,155,476</b>	<b>115,863,894</b>
<b>3. System's Net Pension Liability – [Item 1(i)-2(h)]</b>	<b>107,374,812</b>	<b>43,287,107</b>	<b>41,031,159</b>	<b>10,714,152</b>	<b>25,210,882</b>	<b>28,345,563</b>	<b>21,650,451</b>
<b>4. Plan Fiduciary Net Position as a Percent of the Total Pension Liability</b>	<b>56.3%</b>	<b>74.6%</b>	<b>75.2%</b>	<b>93.1%</b>	<b>83.2%</b>	<b>80.2%</b>	<b>84.3%</b>
<b>5. Number of Active Members<sup>1</sup></b>	<b>3,394</b>	<b>3,343</b>	<b>3,379</b>	<b>3,571</b>	<b>3,634</b>	<b>3,702</b>	<b>3,927</b>
<b>6. System's Net Pension Liability per Active Member</b>	<b>31,637</b>	<b>12,949</b>	<b>12,143</b>	<b>3,000</b>	<b>6,938</b>	<b>7,657</b>	<b>5,513</b>
<b>7. Discount Rate</b>	<b>5.38%</b>	<b>7.50%</b>	<b>7.50%</b>	<b>7.50%</b>	<b>7.50%</b>	<b>7.75%</b>	<b>7.75%</b>

Notes to Schedule

<sup>1</sup> There is no compensation for active members, so number of active members is used instead.

<sup>2</sup> Determined from the beginning of year total pension liability using the roll forward procedure allowed by GASB 67.

**Required Supplementary Information**  
**Schedule of Changes in the System's Net Pension Liability and Related Ratios for the Last 10 Fiscal Years**

	8/31/2017	8/31/2016	8/31/2015
<b>1. Total Pension Liability</b>			
a. Service cost	1,593,479	1,694,230	1,694,230
b. Interest	9,468,133	8,901,986	8,470,723
c. Changes of benefit terms	-	722,024	-
d. Differences between expected and actual experience	-	64,648	-
e. Assumption changes	-	890,002	-
f. Benefit payments	(5,032,257)	(4,701,770)	(4,498,761)
<b>g. Net Change</b>	<b>6,029,355</b>	<b>7,571,120</b>	<b>5,666,192</b>
<b>h. Total – Beginning</b>	<b>123,092,111</b>	<b>115,520,991</b>	<b>109,854,799</b>
<b>i. Total – Ending</b>	<b>129,121,466</b> <sup>2</sup>	<b>123,092,111</b>	<b>115,520,991</b> <sup>2</sup>
<b>2. Plan Fiduciary Net Position</b>			
a. Contributions for participating departments	5,012,131	3,463,603	3,515,546
b. Contributions by the state	1,583,825	1,583,825	1,637,308
c. Net investment income	9,776,395	4,956,730	(3,292,889)
d. Benefit payments	(5,032,257)	(4,701,770)	(4,498,761)
e. Administrative expenses	(184,314)	(166,840)	(215,900)
<b>f. Net Change</b>	<b>11,155,780</b>	<b>5,135,548</b>	<b>(2,854,696)</b>
<b>g. Total – Beginning</b>	<b>93,964,008</b>	<b>88,828,460</b>	<b>91,683,156</b>
<b>h. Total – Ending</b>	<b>105,119,788</b>	<b>93,964,008</b>	<b>88,828,460</b>
<b>3. System's Net Pension Liability – [Item 1(i)-2(h)]</b>	<b>24,001,678</b>	<b>29,128,103</b>	<b>26,692,531</b>
<b>4. Plan Fiduciary Net Position as a Percent of the Total Pension Liability</b>	<b>81.4%</b>	<b>76.3%</b>	<b>76.9%</b>
<b>5. Number of Active Members</b> <sup>1</sup>	<b>4,046</b>	<b>3,634</b>	<b>4,036</b>
<b>6. System's Net Pension Liability per Active Member</b>	<b>5,932</b>	<b>8,015</b>	<b>6,614</b>
<b>7. Discount Rate</b>	<b>7.75%</b>	<b>7.75%</b>	<b>7.75%</b>

*Notes to Schedule*

<sup>1</sup> There is no compensation for active members, so number of active members is used instead.

<sup>2</sup> Determined from the beginning of year total pension liability using the roll forward procedure allowed by GASB 67.

## Required Supplementary Information

### Schedule of Investment Returns for the Last Ten Fiscal Years

<b>Fiscal Year Ending</b>	<b>Annual Money-Weighted Net Rate of Return<sup>1</sup></b>
8/31/2024	11.85%
8/31/2023	5.68%
8/31/2022	-12.41%
8/31/2021	18.08%
8/31/2020	10.74%
8/31/2019	1.00%
8/31/2018	10.86%
8/31/2017	10.32%
8/31/2016	5.57%
8/31/2015	-3.58%

*Notes to Schedule*

*1 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, 2024 (With comparative totals for August 31, 2023)**

	Fair Value As of August 31, 2024	Fair Value As of August 31, 2023
<b>MONEY MARKET MUTUAL FUND</b>		
Money Market Securities	\$ 3,253,857	\$ 5,913,477
<b>EQUITY MUTUAL/COMMINGLED FUNDS</b>		
Allspring Emerg Mkts EQ-R6 #4660	\$ -	\$ 4,644,329
INVESCO Intl Growth 2 Class A Commingled	10,563,837 *	9,762,748
Prime Property Fund, LLC	12,129,925 *	13,138,375
Total Equity Mutual/Commingled Funds	<u>\$ 22,693,761</u>	<u>\$ 27,545,451</u>
<b>EQUITY MUTUAL</b>		
Alger Cap Apprec Inst-Y #0405	\$ 19,710,670 *	\$ 14,133,156
Clarkston Partners-Inst #21301	7,527,740 *	6,909,514
Fidelity Tot Intl Inx-Inst Prem	15,389,627 *	
IFM Global Infrastructure US LP	5,931,648	5,748,986
Jackson Square Smid/C Grwth-Is #6112		4,094,889
NYLI Fiera SMID Grwth Fund-R6	4,205,363	
Oakmark Intl-Inst #2886		9,348,293
PIMCO Diversified Inc-Inst #0106	12,438,552 *	11,162,614
Total Equity Mutual	<u>\$ 65,203,601</u>	<u>\$ 51,397,451</u>
<b>BOND FUNDS</b>		
AFLAC INC	\$ 5,580	\$ 5,269
ALABAMA POWER CO	65,798	62,102
ALLSTATE CORP	82,865	76,679
ALLSTATE CORP	15,351	
ALTRIA GROUP INC	25,144	24,223
ALTRIA GROUP INC	28,276	25,766
AMAZON.COM INC		82,815
AMAZON.COM INC	22,965	22,498
AMCAR SER 2024-1 CL A2A	240,712	
AMERICAN EXPRESS CO		82,515
AMERICAN EXPRESS CO	35,386	33,630
AMGEN INC	16,572	15,942
AMGEN INC	20,429	19,607
ANHEUSER-BUSCH	19,142	18,605
AON CORP/AON GLOBAL HOLD	17,111	48,812
APPALACHIAN POWER CO	67,110	62,582
ARCHER-DANIELS-MIDLAND	72,390	70,404
AT&T INC	39,850	38,552
AT&T INC	32,314	31,520
AT&T INC	14,374	13,180
BANK OF AMERICA CORP	162,073	156,324
BANK OF AMERICA CORP		257,793
BANK OF AMERICA CORP	22,039	20,556
BANK OF AMERICA CORP	58,766	56,071
BELL CANADA	22,704	21,514
BRISTOL-MYERS SQUIBB CO	37,928	36,037
BRISTOL-MYERS SQUIBB CO	55,166	52,064
BROADCOM INC	70,531	67,508
BURLINGTN NORTH SANTA FE	56,075	54,420

**Texas Emergency Services Retirement System**  
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**August 31, 2024 (With comparative totals for August 31, 2023)**

	<u>Fair Value As of</u> August 31, 2024	<u>Fair Value As of</u> August 31, 2023
BURLINGTON NORTHERN SANTA FE	55,788	53,568
CAMDEN PROPERTY TRUST	28,284	26,962
CAMPBELL SOUP CO	30,709	29,372
CAPITAL ONE FINANCIAL CO		43,706
CAPITAL ONE FINANCIAL CO		73,810
CAPITAL ONE FINANCIAL CO	37,270	34,328
CAPITAL ONE FINANCIAL CO	35,765	33,246
CARMX SER 2023-4 CL A3	137,960	
CATERPILLAR INC	48,927	48,498
CHARLES SCHWAB CORP	85,561	80,096
CHEVRON CORP	94,724	90,661
CHEVRON CORP		19,338
CHUBB CORPORATION	22,617	60,134
CINTAS CORPORATION NO. 2	54,211	52,795
CITIGROUP INC	26,718	26,358
CITIGROUP INC		14,722
CITIGROUP INC		30,430
CITIGROUP INC	106,150	253,259
CME GROUP INC	64,163	62,570
COMCAST CORP	41,094	39,488
COMCAST CORP	14,219	13,679
COMCAST CORP	36,004	35,269
CONSOLIDATED EDISON CO	56,352	53,046
CSX CORP	108,940	
CVS HEALTH CORP	17,261	16,790
CVS HEALTH CORP	13,296	13,157
DEERE & COMPANY		17,574
DIAGEO CAPITAL PLC	54,514	52,791
DOWDUPONT INC	44,829	63,638
DUKE ENERGY PROGRESS LLC	22,206	21,103
EMERSON ELECTRIC CO	27,898	26,587
ENTERPRISE PRODUCTS OPER	28,999	27,530
EOG RESOURCES INC	20,063	18,725
EQUITABLE HOLDINGS INC	75,354	73,803
ERP OPERATING LP	37,488	35,603
FEDEX CORP	33,566	31,883
FHLMC @ 2.000% DUE 10/07/2042		352,675
FHLMC GOLD POOL #G08001	44,147	52,504
FHLMC GOLD POOL #Q27927	46,834	49,358
FHLMC GOLD POOL #Q30470	31,768	32,345
FHLMC GOLD POOL #Q35953	48,429	53,329
FHLMC GOLD POOL #Q38893	31,361	34,689
FHLMC GOLD POOL #V81680		211,243
FHLMC POOL # RA3055	321,817	323,944
FHLMC POOL # SB0623		124,196
FHLMC POOL # SD1658	296,308	302,903
FHLMC POOL # SD8194	324,390	
FHLMC POOL # SD8200	288,845	299,431
FHLMC POOL # SD8255	293,051	300,799
FHLMC POOL #QF0691	350,793	350,415

**Texas Emergency Services Retirement System**  
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**August 31, 2024 (With comparative totals for August 31, 2023)**

	<u>Fair Value As of</u> August 31, 2024	<u>Fair Value As of</u> August 31, 2023
FHLMC POOL #RA5275	272,118	
FHLMC POOL #RA6910	181,470	199,138
FHLMC POOL #RA6996		283,382
FHLMC POOL #RB5044	212,392	224,166
FHLMC POOL #SC0314	243,100	247,906
FHLMC POOL #SC0317	340,025	
FHLMC POOL #SD4712	296,590	
FHLMC POOL #SD8214	315,460	360,538
FHLMC POOL #SD8265	234,251	239,614
FIFTH THIRD BANK	71,176	67,045
FISERV INC	39,500	38,166
FISERV INC	12,859	12,261
FLORIDA POWER & LIGHT CO	165,315	157,533
FLORIDA POWER & LIGHT CO	315,956	
FLORIDA POWER & LIGHT CO	26,052	
FLORIDA POWER CORP	39,271	37,669
FNMA POOL # FM7740		243,777
FNMA POOL # FS2994	342,153	355,562
FNMA POOL # MA4571	219,434	231,977
FNMA POOL # MA4623	289,817	297,233
FNMA POOL #AO7185	36,475	39,200
FNMA POOL #AS5090		30,107
FNMA POOL #BE0468	44,546	47,367
FNMA POOL #BO1345	54,428	55,542
FNMA POOL #BQ7729	358,820	375,643
FNMA POOL #BV5578	353,624	359,131
FNMA POOL #CB2610	263,347	269,349
FNMA POOL #CB3175	168,902	178,874
FNMA POOL #CB8317	456,617	
FNMA POOL #FM4540	146,793	156,856
FNMA POOL #FM7048	120,698	127,900
FNMA POOL #FM7334	135,716	146,715
FNMA POOL #FM8519	147,805	157,242
FNMA POOL #FM9286	342,920	360,313
FNMA POOL #FS0348	224,373	233,466
FNMA POOL #FS0350	276,775	285,292
FNMA POOL #FS1376		307,332
FNMA POOL #FS1507	470,753	486,062
FNMA POOL #FS1858	114,788	124,862
FNMA POOL #FS6854	402,496	
FNMA POOL #FS7129	505,840	
FNMA POOL #FS8486	570,201	
FNMA POOL #MA4783	354,216	367,105
FNMA POOL #MA4804	234,725	240,148
FRANKLIN RESOURCES INC		15,679
FRANKLIN RESOURCES INC	69,096	67,180
GENERAL DYNAMICS CORP	34,501	33,416
GENERAL MILLS INC	29,801	34,115
GENUINE PARTS CO	30,055	28,529
GNMA II POOL # 786656	314,586	333,497

**Texas Emergency Services Retirement System**  
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**August 31, 2024 (With comparative totals for August 31, 2023)**

	<u>Fair Value As of</u> August 31, 2024	<u>Fair Value As of</u> August 31, 2023
GNMA II POOL #AA1000	1,285	2,333
GNMA II POOL #MA2374	10,394	11,284
GNMA II POOL #MA6968	163,520	183,169
GNMA II POOL #MA7024	51,599	58,644
GNMA II POOL #MA7283	39,072	43,675
GNR SER 2021-38 CL AE	63,935	64,417
GOLDMAN SACHS GROUP INC	78,830	75,928
GOLDMAN SACHS GROUP INC	102,042	97,158
HARTFORD FINL SVCS GRP	45,136	
HDMOT SER 2024-A CL A3	142,552	
HOME DEPOT INC	48,258	47,198
IBM CORP	419,375	530,466
IBM CORP	17,125	16,468
INTEL CORP		36,050
JOHN DEERE CAPITAL CORP	59,540	58,427
JOHN DEERE CAPITAL CORP	66,875	
JOHNSON & JOHNSON		4,931
JPMORGAN CHASE & CO		58,306
JPMORGAN CHASE & CO	43,555	41,485
JPMORGAN CHASE & CO	274,689	167,164
JPMORGAN CHASE & CO		90,011
KEYCORP	61,062	55,919
KIMBERLY-CLARK CORP	64,765	63,141
KRAFT HEINZ FOODS CO	41,085	39,891
KROGER CO	19,655	18,637
KROGER CO	11,526	10,943
LINCOLN NATIONAL CORP	53,893	48,787
MAGELLAN MIDSTREAM PARTN		65,384
MARKEL CORP	48,467	
MARKEL CORP	61,312	58,154
MARRIOTT INTERNATIONAL	15,199	
MCDONALD'S CORP	31,992	30,467
MCDONALD'S CORP	15,800	15,654
MCKESSON CORP	51,346	49,615
METLIFE INC		96,478
METLIFE INC		131,244
METLIFE INC	33,705	32,001
MORGAN STANLEY	49,466	48,125
MORGAN STANLEY	48,791	46,377
MORGAN STANLEY	37,451	34,605
MORGAN STANLEY	95,003	89,714
MSC SER 2015-UBS8 CL A3	208,639	233,976
MSC SER 2016-UB11 CL A4	95,543	90,987
NAROT SER 2023-B CL A3	172,992	
NJ ST TPK AUTH TPK REV	71,199	47,769
NORFOLK SOUTHERN CORP		49,612
NORFOLK SOUTHERN CORP	52,801	50,049
NORFOLK SOUTHERN CORP	29,075	26,498
NUTRIEN LTD	30,914	29,272
NUTRIEN LTD	24,682	23,514

**Texas Emergency Services Retirement System**  
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**August 31, 2024 (With comparative totals for August 31, 2023)**

	<u>Fair Value As of</u> August 31, 2024	<u>Fair Value As of</u> August 31, 2023
ONEOK INC	69,493	
ORACLE CORP		29,958
ORACLE CORP	83,782	81,405
ORACLE CORP	14,602	13,823
PARKER-HANNIFIN CORP	39,003	37,018
PFIZER INC	67,257	66,483
PHILLIPS 66	15,234	14,848
PNC BANK NA	54,302	52,546
PNC FINANCIAL SERVICES	31,806	29,357
PNC FINANCIAL SERVICES	29,050	27,818
PNC FINANCIAL SERVICES	15,953	15,238
PRUDENTIAL FINANCIAL INC	16,007	15,305
PRUDENTIAL FINANCIAL INC	46,263	44,091
PUBLIC SERVICE ELECTRIC	99,528	111,517
RPM INTERNATIONAL INC	14,900	14,066
RTX CORPORATION	15,587	14,967
RTX CORPORATION	15,765	15,014
SCHLUMBERGER INVESTMENT		124,304
SCHLUMBERGER INVESTMENT	30,146	29,450
SPECTRA ENERGY PARTNERS	20,392	19,137
SYSCO CORPORATION	25,848	24,797
SYSCO CORPORATION	15,518	14,588
TAMPA ELECTRIC CO	43,336	39,798
THOMSON REUTERS CORP	62,472	58,767
T-MOBILE USA INC	54,076	51,563
TORONTO-DOMINION BANK		170,774
TOSCO CORP	58,880	57,618
TRAVELERS COS INC	40,985	39,766
TRUIST FINANCIAL CORP	69,127	65,400
UNION PACIFIC CORP	120,536	119,193
UPS OF AMERICA INC	28,942	29,026
US BANCORP	160,053	152,891
US TREAS BOND @ 2.000% 02/15/2050		515,611
US TREAS BOND @ 2.500% 02/15/2045	702,204	686,758
US TREAS BOND @ 2.500% 05/15/2046	451,540	443,061
US TREAS BOND @ 2.875% 05/15/2043	504,451	386,409
US TREAS BOND @ 3.625% 02/15/2053	609,953	
US TREAS BOND @ 3.750% 08/15/2041	662,375	648,571
US TREAS NOTE @ 0.250% 09/30/2025		159,469
US TREAS NOTE @ 0.500% 10/31/2027		136,744
US TREAS NOTE @ 1.125% 02/15/2031	999,020	1,149,942
US TREAS NOTE @ 1.250% 08/15/2031	396,746	379,628
US TREAS NOTE @ 1.750% 12/31/2026		51,345
US TREAS NOTE @ 1.875% 02/15/2032	1,218,658	1,038,277
US TREAS NOTE @ 2.375% 05/15/2029		231,035
US TREAS NOTE @ 2.750% 08/15/2032		148,134
US TREAS NOTE @ 3.500% 02/15/2033	1,376,526	733,425
US TREAS NOTE @ 4.000% 01/31/2029	181,822	
US TREAS NOTE @ 4.000% 01/31/2031	636,917	
US TREAS NOTE @ 4.000% 02/15/2034	472,938	



**Texas Emergency Services Retirement System**  
**Other Supplementary Schedules**  
**Schedule 1 - Pension Fund Investments**  
**August 31, 2024 (With comparative totals for August 31, 2023)**

	<u>Fair Value As of</u> August 31, 2024	<u>Fair Value As of</u> August 31, 2023
US TREAS NOTE @ 4.000% 10/31/2029		59,206
US TREAS NOTE @ 4.625% 09/15/2026	76,005	
VERIZON COMMUNICATIONS	38,395	36,241
VERIZON COMMUNICATIONS	23,924	22,485
VIRGINIA ELEC & POWER CO		197,798
WALMART STORES INC	53,172	51,880
WALT DISNEY COMPANY/THE		22,822
WALT DISNEY COMPANY/THE	11,207	11,240
WALT DISNEY COMPANY/THE		31,196
WELLS FARGO & COMPANY	43,709	41,681
WELLS FARGO & COMPANY	291,652	410,262
WELLS FARGO & COMPANY	40,761	38,072
WESTLAKE CHEMICAL CORP	27,328	25,208
WFCM SER 2015-C29 CL A4	216,764	210,061
WFRBS SER 2014-LC14 CL A5		297,449
WILLIAMS PARTNERS LP	26,920	25,536
WISC ELEC POWER	63,803	62,531
WISCONSIN ELECTRIC POWER	17,260	
WISCONSIN POWER & LIGHT	15,036	
WISCONSIN POWER & LIGHT	14,112	
WISCONSIN POWER & LIGHT	43,943	42,014
Total Bond Funds	<u>\$ 28,355,280</u>	<u>\$ 26,324,757</u>
 <b>EQUITY FUNDS</b>		
ABBOTT LABORATORIES	\$ 215,326	\$ -
ABBVIE INC	247,351	
ACTIVISION BLIZZARD INC		70,556
ADVANCED MICRO DEVICES	193,574	153,188
ALLEGION PLC	89,691	101,746
ALPHABET INC CL A	414,005	466,655
AMERICAN EXPRESS CO	281,411	
AMGEN INC	249,037	154,317
AON PLC	201,764	77,680
APPLIED MATERIALS INC	213,238	172,924
ARES MANAGEMENT CORP CL A		64,133
ARTHUR J GALLAGHER & CO	131,364	125,151
AUTONATION INC	146,122	
AUTOZONE INC	267,244	250,602
AVANTOR INC	93,515	153,672
BERKSHIRE HATHAWAY INC-CL B	390,730	504,280
BLUE OWL CAPITAL INC	155,550	
BOOKING HOLDINGS INC	93,822	111,781
BORGWARNER INC		82,600
BP PLC-SPONS		142,734
BRISTOL-MYERS SQUIBB CO		365,153
BUILDERS FIRSTSOURCE INC	181,482	
CANADIAN NATURAL RESOURCES	165,516	197,499
CATERPILLAR INC		65,784
CENCORA, INC	307,368	170,525
CENOVUS ENERGY INC	245,414	206,933

**Texas Emergency Services Retirement System**  
**Other Supplementary Schedules**  
**Schedule 1 - Pension Fund Investments**  
**August 31, 2024 (With comparative totals for August 31, 2023)**

	<u>Fair Value As of</u> <u>August 31, 2024</u>	<u>Fair Value As of</u> <u>August 31, 2023</u>
CENTENE CORP	201,332	130,390
CENTERPOINT ENERGY INC	140,786	67,438
CHUBB LTD	173,066	154,268
CIGNA CORP	218,171	173,768
CISCO SYSTEMS INC		342,265
COCA-COLA EUROPEAN PARTNERS PLC	109,144	108,474
COGNIZANT TECH SOLUTIONS-A		128,826
CONOCOPHILLIPS	208,349	193,067
CORPAY INC	174,184	
CORTEVA INC		50,005
CRH PLC - SPONSORED ADR	278,482	149,912
DEERE & CO	79,462	121,638
DELL TECHNOLOGIES INC	158,405	131,545
DIAMONDBACK ENERGY INC	220,474	
DISCOVER FINANCIAL SERVICE	87,387	167,620
DOLLAR GENERAL CORP		45,982
DOVER CORP		87,942
DUPONT DE NEMOURS INC USD 0.01		126,407
EATON CORP PLC		167,709
EXTRA SPACE STORAGE INC REIT	121,245	
FIDELITY NATIONAL INFO SVCS, INC.	272,332	
FIRSTENERGY CORP	130,838	107,994
FLEETCOR TECHNOLOGIES INC		164,940
FLEX LTD	179,540	
FORTIVE CORP	156,984	150,288
GENERAL DYNAMICS CORP	238,291	206,242
GLOBAL PAYMENTS INC		191,049
GOLDMAN SACHS GROUP INC	195,426	159,922
HALLIBURTON CO		149,884
HEWLETT PACKARD ENTERPRISE CO	90,748	
HOME DEPOT INC	159,561	
HONEYWELL INTERNATIONAL INC	221,008	
HOWMET AEROSPACE INC		144,601
HUNTINGTON BANCSHARES INC	244,236	
ICON PLC	217,068	177,279
INTERCONTINENTAL EXCHANGE, INC	123,909	115,630
JACOBS SOLUTIONS INC	188,600	
JM SMUCKER CO/THE-NEW COMMON	127,754	
JOHNSON & JOHNSON		251,412
JPMORGAN CHASE & CO	804,559	498,985
KENVUE INC	154,638	38,355
KEURIG DR PEPPER INC		203,179
KEYSIGHT TECHNOLOGIES INC WI	98,483	
KINROSS GOLD CORP	105,551	
LAM RESEARCH CORP		89,205
LEIDOS HOLDINGS INC	207,014	116,329
LENNAR CORP-CL A	203,179	
LKQ CORP		71,598
LPL FINANCIAL	146,943	
MARATHON PETROLEUM CORP	224,411	243,851

**Texas Emergency Services Retirement System**  
**Other Supplementary Schedules**  
**Schedule 1 - Pension Fund Investments**  
**August 31, 2024 (With comparative totals for August 31, 2023)**

	Fair Value As of August 31, 2024	Fair Value As of August 31, 2023
MASCO CORP	122,522	100,848
MCKESSON CORP	233,409	148,435
MGM MIRAGE	112,394	64,079
MICROCHIP TECHNOLOGY INC	225,940	153,941
MICRON TECHNOLOGY INC	236,847	159,743
MOHAWK INDUSTRIES INC		99,565
MORGAN STANLEY	323,574	176,516
NICE LTD	100,943	
NORFOLK SOUTHERN CORP	210,051	
NOV INC	89,987	
NXP SEMICONDUCTOR NV	110,748	37,235
OLIN CORP		62,778
OMNICOM GROUP	190,214	126,133
ORACLE CORP	419,631	
OTIS WORLDWIDE CORP		82,727
PEABODY ENERGY CORP		59,151
PHILIP MORRIS INTERNATIONAL	362,719	191,928
PHILLIPS 66	200,643	
PIONEER NATURAL RESOURCES CO		114,444
PROGRESSIVE CORP		94,497
QUALCOMM INC	98,168	113,270
RTX CORPORATION		187,223
SANOFI		250,425
SLB	238,514	228,234
SONY GROUP CORP		104,653
SS&C TECHNOLOGIES HOLDINGS		100,887
STARBUCKS CORP	137,883	
TAKE-TWO INTERACTIVE SOFTWARE		60,719
TARGET CORP	84,184	
TECK COMINCO LTD - CLASS B	109,691	69,831
T-MOBILE US INC	186,201	152,873
ULTA BEAUTY INC		48,559
UNITED RENTALS INC	218,672	197,288
UNITEDHEALTH GROUP INC	375,957	223,993
US FOODS HOLDING CORP	234,708	144,335
WABTEC CORP	173,301	115,558
WALMART, INC	312,782	238,711
WARNER BROS DISCOVERY INC		88,892
WELLS FARGO & COMPANY	266,916	280,689
WESCO INTERNATIONAL INC	70,287	100,185
WEYERHAEUSER CO REIT	68,176	
WHIRLPOOL CORP		56,824
WILLSCOT HLDGS CORP	125,062	
Total Equity Funds	<u>\$ 16,585,206</u>	<u>\$ 13,501,081</u>
TOTAL INVESTMENTS	\$ 136,091,706	\$ 124,682,217

**Texas Emergency Services Retirement System  
Other Supplementary Schedules  
Schedule 1 - Pension Fund Investments  
August 31, 2024 (With comparative totals for August 31, 2023)**

	<u>Fair Value As of August 31, 2024</u>	<u>Fair Value As of August 31, 2023</u>
<b>Short Term Investments (Exhibit III)</b>	\$ 3,253,857	\$ 5,913,477
<b>Investments (Exhibit III)</b>		
Equity	\$ 81,788,807	\$ 64,898,533
Bonds	28,355,281	26,324,756
Other Investments	22,693,761	27,545,451
<b>Total</b>	<u>\$ 136,091,706</u>	<u>\$ 124,682,217</u>

\* Investment represents greater than 5% of the Fiduciary Net Position as of August 31, 2024.

**Texas Emergency Services Retirement System  
Other Supplementary Schedules  
Schedule 2 - Administrative Expenses for TESRS Trust Fund  
For Year Ended August 31, 2024**

Category	Expenses
Professional Fees and Services:	
Financial/Accounting Services	\$ 134,765
Computer Consultant Services	77,500
Legal Services	50,000
<b>Total Professional Fees and Services</b>	<b>\$ 262,265</b>
Travel	\$ 36,925
Temporary Employment Agencies	2,532
Rentals & Leases	2,500
Fees & Other Charges	1,285
Registration Fees	820
Communications & Utilities	600
Membership Dues	350
Materials & Supplies	117
Freight/Delivery Services	62
Interest Expense	19
<b>Total Administrative Expenses (See Exhibit IV)</b>	<b>\$ 307,475</b>

**Texas Emergency Services Retirement System  
Other Supplementary Schedules  
Schedule 3 - Investing Activity Expenses  
For Year Ended August 31, 2024**

Direct and Indirect Fees and Commissions						
ASSET CLASS	MANAGEMENT FEES PAID FROM TRUST	MANAGEMENT FEES NETTED FROM RETURNS	TOTAL INVESTMENT MANAGEMENT FEES	BROKERAGE FEES/COMMISSIONS	PROFIT SHARE/CARRIED INTEREST	TOTAL DIRECT AND INDIRECT FEES AND COMMISSIONS
Cash			-			-
<i>Class Action Litigation Fees (Bank of Texas)</i>	100		100			100
Public Equity			-			-
<i>Boston Partners</i>	96,876		96,876			96,876
<i>IFM Global</i>	54,405		54,405			54,405
<i>Bank of Texas (Foreign tax, Broker Commissions, Etc)</i>	4,068		4,068	5,618		9,686
<i>Indirect - Calculation from Mariner</i>		392,998	392,998			392,998
Fixed Income			-			-
<i>Garcia Hamilton</i>	33,898		33,898			33,898
<i>Richmond Capital</i>	35,415		35,415			35,415
Real Assets			-			-
Alternative/Other			-			-
<i>Invesco</i>	64,832		64,832			64,832
<b>TOTAL</b>	<b>289,594</b>	<b>392,998</b>	<b>682,592</b>	<b>5,618</b>	-	<b>688,210</b>

**Total Investment Expenses**

<b>Total Direct and Indirect Fees and Commissions</b>	<b>688,210</b>
<b>Investment Services</b>	
Custodial	
<i>Bank of Texas</i>	38,510
Research	-
Investment Consulting	
<i>Mariner (formerly AndCo)</i>	77,917
Legal	-
<b>Total</b>	<b>116,427</b>

**Total Investment Expenses** **804,637**

**List of Alternative/Other  
Investments**

Invesco Trust Company

**List of Investment  
Managers**

Boston Partners  
Garcia Hamilton & Associates  
Richmond Capital Management

**Texas Emergency Services Retirement System  
Other Supplementary Schedules  
Schedule 4 - Board Members  
August 31, 2024**

<u>Name and Address</u>	<u>Term Expires September 1,</u>
Pilar Rodriguez, Chairman	2027
Jerry Romero, Vice-Chairman	2025
Edward J. Keenan, Secretary	2027
Rodney Alan Ryalls, Trustee	2029
Matthew Glaves, Trustee	2025
Nathan Douglas, Trustee	2025
Brian Smith, Trustee	2027
Rupal Chaudhari, Trustee	2029
Brad Landi, Trustee	2027

# Texas Emergency Services Retirement System

## Board of Trustees

Pilar Rodriguez, Chairman  
Jerry Romero, Vice-Chairman  
Edward J. Keenan, Secretary  
Rodney Alan Ryalls, Trustee  
Matthew Graves, Trustee  
Nathan Douglas, Trustee  
Brian Smith, Trustee  
Rupal Chaudhari, Trustee  
Brad Landi, Trustee

Jessica Almaguer, Executive Director

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