

Texas Emergency Services Retirement System

Report on Pension Information
August 31, 2023

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying schedule of participating department allocations of Texas Emergency Services Retirement System ("the System"), as of and for the year ended August 31, 2023, and the related notes.

We have also audited the columns titled net pension liability, total deferred outflows of resources excluding participating department specific amounts, total deferred inflows of resources excluding participating department specific amounts, and plan pension expense (specified column totals) included in the accompanying schedule of collective pension amounts of the System, as of and for the year ended August 31, 2023, and the related notes.

In our opinion, the schedules referred to above present fairly, in all material respects, the participating department allocations and the net pension liability, total deferred outflows of resources excluding participating department specific amounts, total deferred inflows of resources excluding participating department specific amounts, and plan pension expense for the total participating departments for the System, as of and for the year ended August 31, 2023, 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). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedules 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.

Responsibilities of Management for the Schedules

The System's management is responsible for the preparation and fair presentation of the schedules 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 the schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the schedule of participating department allocations and the specified column totals included in the schedule of collective pension amounts, 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 schedules, 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 schedules.
- 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 schedules.
- 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.

Other Matter

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the System as of and for the year ended August 31, 2023, and our report thereon, dated January 4, 2024, expressed an unmodified opinion on those financial statements.

Restrictions on Use

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
February 8, 2024

Texas Emergency Services Retirement System

Schedule of Participating Department Allocations

As of and for the Year Ended August 31, 2023

Contributing Entity	2023 Contributions	Contributing Entity Allocation Percentage
Alamo Volunteer Fire Department	\$ 3,492	0.073%
Alpine Volunteer Fire Department	8,424	0.177%
Alvarado Volunteer Fire Department	1,764	0.037%
Alvin Volunteer Fire Department	119,285	2.504%
Andrews Volunteer Fire Department	13,968	0.293%
Angleton Volunteer Fire Department	81,182	1.704%
Austin County Emergency Services District #2	1,332	0.028%
Baird Volunteer Fire Department	4,600	0.097%
Ballinger Fire Department	14,715	0.309%
Bastrop County ESD # 1	15,550	0.326%
BASTROP COUNTY ESD#2	1,296	0.027%
Bexar County ESD#5 Fire and Rescue	432	0.009%
Brady Volunteer Fire Department	4,752	0.100%
Brazoria County ESD#3	3,600	0.076%
Brazoria Volunteer Fire Department	7,980	0.167%
Bremond Fire Department	4,644	0.097%
Brenham Fire Department	24,780	0.520%
Bridge City Fire & Rescue	11,412	0.240%
Bridgeport Volunteer Fire Department	5,400	0.113%
Brownfield Fire Department	3,024	0.063%
BUFFALO VFD	6,588	0.138%
Burkburnett Fire Department	9,810	0.206%
Burnet County ESD#4	3,600	0.076%
Burnet Volunteer Fire Department	7,308	0.153%
Cactus Volunteer Fire Department	2,952	0.062%
Cameron Volunteer Fire Department	10,584	0.222%
Canadian Volunteer Fire Department	31,100	0.653%
Canyon Fire Department	38,850	0.815%
Carthage Volunteer Fire Department	14,436	0.303%
Center Volunteer Fire Department	9,960	0.209%
CITY OF BEACH CITY	3,000	0.063%
Clarksville Volunteer Fire Department	4,176	0.088%
Claude Volunteer Fire and Ambulance Department	3,960	0.083%
Clute Volunteer Fire Department	38,130	0.800%
Columbus Fire Department	33,570	0.705%
Crockett Volunteer Fire Department	3,636	0.076%
Crosbyton Volunteer Fire Department	6,912	0.145%
Cuero Volunteer Fire Department	12,012	0.252%
Daingerfield Volunteer Fire Department	14,150	0.297%
Dalhart Volunteer Fire Department	12,600	0.264%
Dallas County Fire and Rescue	864	0.018%
Dayton Volunteer Fire Department	12,096	0.254%
Deer Park Volunteer Fire Department	88,128	1.850%
Denver City Volunteer Fire Department	14,832	0.311%
Diboll Volunteer Fire Department	3,420	0.072%

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

Texas Emergency Services Retirement System
Schedule of Participating Department Allocations – Continued
As of and for the Year Ended August 31, 2023

Contributing Entity	2023 Contributions	Contributing Entity Allocation Percentage
Dickinson Volunteer Fire Department	\$ 65,600	1.377%
Dimmitt Fire Department	17,095	0.359%
Donna Volunteer Fire Department	11,664	0.245%
Dumas Volunteer Fire Department	2,772	0.058%
Eagle Lake Volunteer Fire Department	22,368	0.469%
Edcouch Volunteer Fire Department	12,240	0.257%
Edgecliff Volunteer Fire Department	2,124	0.045%
Edinburg Volunteer Fire Department	40,745	0.855%
El Campo Volunteer Fire Department	48,240	1.012%
El Paso County Emergency District #1	37,191	0.781%
El Paso County Emergency District #2	59,076	1.240%
Electra Volunteer Fire Department	8,748	0.184%
Fairfield Volunteer Fire Department	3,600	0.076%
Farmersville Volunteer Fire Department	9,612	0.202%
Ferris Fire Department	504	0.011%
Flatonia Volunteer Fire Department	50,750	1.065%
Fort Stockton Volunteer Fire Department	12,744	0.267%
Fredericksburg Fire Department	28,800	0.604%
Freeport Volunteer Fire Department	576	0.012%
Freer Volunteer Fire Department	8,640	0.181%
Friendswood Volunteer Fire Department	115,572	2.426%
Giddings Volunteer Fire Department	8,928	0.187%
Gilmer Volunteer Fire Department	7,640	0.160%
Gonzales County Emergency Services District #1	7,344	0.154%
Gonzales Fire Department	23,472	0.493%
Grand Saline Volunteer Fire Department	10,600	0.222%
Grandbury Volunteer Fire Department	83,030	1.743%
Grandview Volunteer Fire Department	2,736	0.057%
Greenwood Rural VFD	5,652	0.119%
Groesbeck Volunteer Fire Department	5,616	0.118%
Groves Volunteer Fire Department	4,320	0.091%
Gun Barrel City Fire Department	3,456	0.073%
Hallettsville Volunteer Fire Department	21,950	0.461%
Hamlin Volunteer Fire Department	14,175	0.298%
Harris County Emergency Services District No. 80	20,020	0.420%
Harris County ESD No 46	31,200	0.655%
Haskell Volunteer Fire Department	11,050	0.232%
Hays County ESD#6	21,000	0.441%
Hearne Volunteer Fire Department	20,250	0.425%
Hereford Fire Department	25,130	0.527%
Huntsville Fire Department	5,256	0.110%
Iowa Park Volunteer Fire Department	18,700	0.392%
Iraan Volunteer Fire Department & EMS	3,816	0.080%
Jasper Volunteer Fire Department	46,050	0.967%
Jeff Davis County Emergency Services District #1	12,384	0.260%

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

Texas Emergency Services Retirement System
Schedule of Participating Department Allocations – Continued
As of and for the Year Ended August 31, 2023

Contributing Entity	2023 Contributions	Contributing Entity Allocation Percentage
Jefferson Volunteer Fire Department	\$ 8,100	0.170%
Kermit Volunteer Fire Department	16,850	0.354%
Kingsville Volunteer Fire Department	7,488	0.157%
La Grange Volunteer Fire Department	23,625	0.496%
Lake Jackson Volunteer Fire Department	60,950	1.279%
Lamesa Volunteer Fire Department	44,600	0.936%
LaPorte Fire Department	67,900	1.425%
League City Volunteer Fire Department	311,400	6.536%
Levelland Fire Department	6,120	0.128%
Lindale Volunteer Fire Department	16,128	0.339%
Linn-San Manuel VFD	6,696	0.141%
Littlefield Volunteer Fire Department	7,092	0.149%
Llano Volunteer Fire Department	17,150	0.360%
Lockhart Volunteer Fire Department	432	0.009%
Louise Volunteer Fire Department	15,800	0.332%
Madisonville Volunteer Fire Department	11,016	0.231%
MARFA VOLUNTEER FIRE DEPARTMENT	10,170	0.213%
Mathis Volunteer Fire Department	3,312	0.070%
Mercedes Volunteer Fire Department	1,296	0.027%
Merkel Volunteer Fire Department	2,160	0.045%
Mineola Volunteer Fire Department	7,344	0.154%
Mineral Wells Volunteer Fire Department	2,400	0.050%
Mission Volunteer Fire Department	3,456	0.073%
Mont Belvieu Fire Department	44,400	0.932%
Morton Volunteer Fire Department	5,184	0.109%
Moulton Fire Department	8,208	0.172%
Mount Vernon Volunteer Fire Department	7,056	0.148%
Muleshoe Volunteer Fire Department	7,956	0.167%
Nixon Volunteer Fire Department	7,260	0.152%
Northeast Gaines County ESD#1	13,500	0.283%
Odem Volunteer Fire Department	5,256	0.110%
Old Ocean Volunteer Fire Department	10,400	0.218%
Ovilla Fire Department	2,916	0.061%
Palacios Volunteer Fire Department	12,000	0.252%
Pasadena Fire Department	126,809	2.662%
Pearland Volunteer Fire Department	1,080	0.023%
Pearsall Volunteer Fire Department	19,800	0.416%
Perryton Fire Department	17,640	0.370%
Pharr Volunteer Fire Department	39,440	0.828%
Port Aransas Volunteer Fire Department	9,288	0.195%
Princeton Volunteer Fire Department	72	0.002%
Quanah Volunteer Fire Department	8,856	0.186%
Quitman Volunteer Fire Department	6,804	0.143%
Randall County	20,892	0.438%
Randall County Volunteer Fire Department	27,504	0.577%

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

Texas Emergency Services Retirement System
Schedule of Participating Department Allocations – Continued
As of and for the Year Ended August 31, 2023

Contributing Entity	2023 Contributions	Contributing Entity Allocation Percentage
Raymondville Volunteer Fire Department	\$ 10,620	0.223%
Reno Volunteer Fire Department	8,532	0.179%
Richwood Volunteer Fire Department	17,270	0.362%
Roby Volunteer Fire Department	3,672	0.077%
Rockwall Volunteer Fire Department	2,940	0.062%
Rosenberg Fire Department	189	0.004%
Rotan Volunteer Fire Department	4,032	0.085%
San Augustine Volunteer Fire Department	7,344	0.154%
San Juan Volunteer Fire Department	9,000	0.189%
San Saba Volunteer Fire Department	6,264	0.131%
Sanger Volunteer Fire Department	1,296	0.027%
Santa Fe Volunteer Fire Department	74,900	1.572%
Schulenburg Volunteer Fire Department	72,080	1.513%
Seabrook Volunteer Fire Department	23,199	0.487%
Seguin Fire Department	144	0.003%
Seminole Volunteer Fire Department	26,640	0.559%
Seymour Volunteer Fire Department	12,600	0.264%
Shiner Volunteer Fire Department	30,024	0.630%
Sinton Volunteer Fire Department	10,476	0.220%
Slaton Volunteer Fire Department	8,856	0.186%
Snyder Volunteer Fire Department	5,148	0.108%
Sonora Volunteer Fire Department	12,272	0.258%
South Houston Volunteer Fire Department	20,880	0.438%
Spearman Volunteer Fire Department	1,296	0.027%
Spring Fire Department	52,200	1.096%
Spur Volunteer Fire Department	7,992	0.168%
Sunray Volunteer Fire Department	4,320	0.091%
Sweeny Fire and Rescue	13,580	0.285%
Tahoka Volunteer Fire Department	9,180	0.193%
Teague Fire Department	9,288	0.195%
Terrell Volunteer Fire Department	12,000	0.252%
Trinity Volunteer Fire Department	8,028	0.168%
UPTON COUNTY ESD #2	3,816	0.080%
Uvalde Volunteer Fire Department	46,320	0.972%
Waller Harris ESD 200	16,164	0.339%
Weimar Volunteer Fire Department	20,124	0.422%
Wellington Volunteer Fire Department	7,668	0.161%
West Columbia Volunteer Fire Department	21,436	0.450%
Wharton Fire Department	30,395	0.638%
Wild Peach Volunteer Fire Department	17,100	0.359%
Williamson County ESD #1	59,290	1.244%
Windcrest Fire Department	4,896	0.103%
Wolfforth Volunteer Fire & EMS	9,576	0.201%
Woodville Volunteer Fire Department	14,850	0.312%
Yoakum Volunteer Fire Department	7,344	0.154%

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

Texas Emergency Services Retirement System
 Schedule of Participating Department Allocations – Continued
 As of and for the Year Ended August 31, 2023

Contributing Entity	2023 Contributions	Contributing Entity Allocation Percentage
Yorktown Volunteer Fire Department	11,916	0.250%
State of Texas' 2023 Contribution	1,262,763	26.504%
Total	\$ 4,764,468	100%

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

Texas Emergency Services Retirement System
Schedule of Collective Pension Amounts
As of and for the Year Ended August 31, 2023

Deferred Outflows of Resources					Deferred Inflows of Resources				
Net Pension Liability	Differences Between Expected and Actual Experience	Changes of Assumptions	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Total Deferred Outflows of Resources Excluding Participating Department Specific Amounts*	Differences Between Expected and Actual Experience	Changes of Assumptions	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Total Deferred Inflows of Resources Excluding Participating Department Specific Amounts*	Plan Pension Expense
\$ 43,287,107	\$ 632,186	\$ -	\$ 12,950,863	\$ 13,583,049	\$ -	\$ 83,505	\$ -	\$ 83,505	\$ 10,242,444

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

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

Texas Emergency Services Retirement System

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

Note 1. Background and Reporting Entity

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

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

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

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

Note 2. Schedule of Participating Department Allocations

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

Participating department contributions for the fiscal year ended August 31, 2023 were used for purposes of preparing the allocation schedule. Adjustments were made in the following circumstances, with the treatment detailed below for material items:

- For newly participating departments, lump sum contributions were eliminated and contributions were annualized
- MTES contributions for legacy departments were eliminated
- Revocation charges were eliminated
- Interest on contributions and administrative penalties were eliminated
- 13th checks, which are passed directly through to the participants, were eliminated

Texas Emergency Services Retirement System

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

Note 3. Schedule of Collective Pension Amounts

The System has prepared the Schedule of Collective Pension Amounts. The collective pension expense based on the System's fiscal year ended August 31, 2023 is shown in the following table:

Service cost	\$	1,621,989
Interest		12,204,900
Projected earnings on pension plan investments		(9,134,286)
Amortization of differences between projected and actual earnings on plan investments		4,392,708
Amortization of changes of assumptions		(122,801)
Amortization of differences between expected and actual experience		929,685
Pension plan administrative expense		350,249
		\$ 10,242,444
		\$ 10,242,444

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

Fiscal Year Ended August 31,	Net Deferred Outflows Minus Deferred Inflows
2024	\$ 3,395,608
2025	3,525,872
2026	6,135,603
2027	442,461
	\$ 13,499,544
	\$ 13,499,544

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

The participating department's proportionate share of the collective pension expense for its fiscal year ended between September 1, 2023 and August 31, 2024 is equal to the collective pension expense multiplied by the participating department's allocation percentage for the System's fiscal year ended August 31, 2023 as shown in the schedule of participating department allocations.