

UNAUDITED

ANNUAL FINANCIAL REPORT

For the year ended August 31, 2014



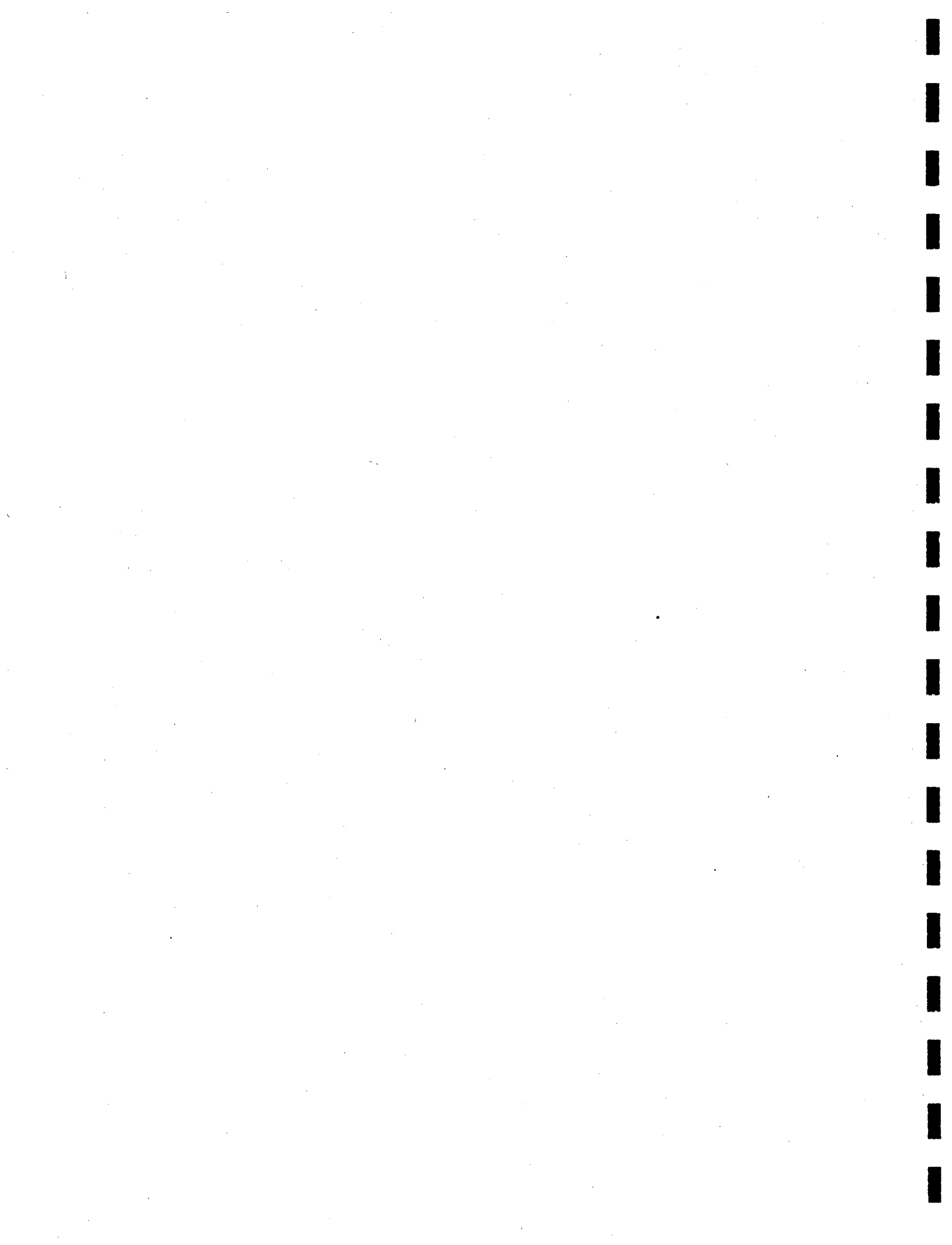
**Texas Emergency Services
Retirement System**

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www.tesrs.texas.gov



TABLE OF CONTENTS

Letter of Transmittal.....	i
COMBINED GENERAL PURPOSE FINANCIAL STATEMENTS	
Exhibit I - Combined Balance Sheet/Statement of Net Position-Governmental Funds	1
Exhibit II - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities-Governmental Funds	2
Exhibit VI - Combined Statement of Position-Fiduciary Funds	3
Exhibit VII - Combined Statement of Changes in Fiduciary Net Position.....	4
NOTES TO THE FINANCIAL STATEMENTS	
1. Summary of Significant Accounting Policies	5
2. Capital Assets.....	9
3. Deposits, Investments, and Repurchase Agreements	10
4. Short-Term Debt.....	10
5. Summary of Long Term Liabilities.....	11
6. Bonded Indebtedness.....	11
7. Derivatives.....	11
8. Leases	11
9. Pension Plans.....	11
10. Deferred Compensation	11
11. Postemployment Health Care and Life Insurance Benefits.....	11
12. Interfund Balances/Activities	12
13. Continuance Subject to Review	12
14. Adjustments to Fund Balance/Net Assets.....	12
15. Contingencies and Commitments	12
16. Subsequent Events	12
17. Risk Management.....	13
18. Management Discussion and Analysis.....	13
19. The Financial Reporting Entity	13
20. Stewardship, Compliance and Accountability	13
21. Not Applicable to the AFR	13
22. Donor Restricted Endowments.....	13
23. Pension Disclosures.....	14
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress and Employer Contributions- TESRS Plan.....	
Notes to Required Supplementary Information	
SCHEDULES	
1. Pension Fund Investments.....	15
COMBINING FINANCIAL STATEMENTS	
A-1-Combining Balance Sheet-All General and Consolidated Funds.....	29
A-2 Combining Statement of Revenues, Expenditures, and Changes In Fund Balances-All General and Consolidated Funds.....	30
G-1 Combining Statement of Fiduciary Net Position.....	31
G-2 Combining Statement of Changes in Fiduciary Net Position	32





TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM

November 20, 2014

Honorable Rick Perry, Governor
Honorable Susan Combs, Texas Comptroller
Ursula Parks, Director, Legislative Budget Board
John Keel, CPA, State Auditor

Ladies and Gentlemen:

We are pleased to submit the annual financial report of the Texas Emergency Services Retirement System for the year ended Aug. 31, 2014, in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) 34, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the state auditor as part of the audit of the State of Texas *Comprehensive Annual Financial Report* (CAFR); therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

A separate audit and opinion will be expressed on the financial statements contained in this report.

If you have questions or need additional information, please contact Judy Johnson, CPA, at (512) 565-1735 or judy.johnson@tesrs.texas.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Michelle Jordan".

Michelle Jordan
Executive Director

UNAUDITED

Texas Emergency Services Retirement System (326)
Exhibit I - Combined Balance Sheet/Statement of Net Position - Governmental Funds
August 31, 2014

	General Funds (Ex A-1)	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Net Position
ASSETS AND DEFERRED OUTFLOWS					
Current Assets:					
Cash in State Treasury	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Legislative Appropriations	59,438.07	59,438.07			59,438.07
Accounts Receivable					0.00
Consumable Inventories	5,924.00	5,924.00			5,924.00
Other Current Assets					
Total Current Assets	<u>65,362.07</u>	<u>65,362.07</u>	<u>0.00</u>	<u>0.00</u>	<u>65,362.07</u>
Non-Current Assets:					
Capital Assets (Note 2):					
Depreciable:					
Other Capital Assets			6,937.00		6,937.00
Less Accumulated Depreciation			-6,937.00		-6,937.00
Other Non-Current Assets					
Total Non-Current Assets	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Assets and Deferred Outflow:	<u>\$65,362.07</u>	<u>\$65,362.07</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$65,362.07</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities					
Current Liabilities:					
Payables from:					
Accounts	\$24,890.22	\$24,890.22			\$24,890.22
Payroll	33,559.74	33,559.74			33,559.74
Due To Other Funds (Note 12)					0.00
Employees' Compensable Leave (Note 5)	0.00	0.00		1,592.30	1,592.30
Total Current Liabilities	<u>58,449.96</u>	<u>58,449.96</u>	<u>0.00</u>	<u>1,592.30</u>	<u>60,042.26</u>
Non-Current Liabilities					
Employees' Compensable Leave (Note 5)	0.00	0.00		14,431.55	14,431.55
Total Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>14,431.55</u>	<u>14,431.55</u>
Total Liabilities and Deferred Inflows	<u>58,449.96</u>	<u>58,449.96</u>	<u>0.00</u>	<u>16,023.85</u>	<u>74,473.81</u>
Fund Financial Statement					
Fund Balances (Deficits):					
Nonspendable	5,924.00	5,924.00			5,924.00
Restricted					
Committed					
Assigned					
Unassigned	988.11	988.11			988.11
Total Fund Balances	<u>6,912.11</u>	<u>6,912.11</u>			<u>6,912.11</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$65,362.07</u>	<u>\$65,362.07</u>		<u>\$16,023.85</u>	<u>\$81,385.92</u>
Government-Wide Statement of Net Position					
Net Position					
Invested in Capital Assets, net of Related Debt			0.00		0.00
Restricted For					
Debt Service					
Capital Projects					
Other					
Funds Held as Permanent Investments:					
Expendable					
Non-Expendable					
Other					
Unrestricted				-16,023.85	-16,023.85
Total Net Position			<u>\$0.00</u>	<u>-\$16,023.85</u>	<u>-\$9,111.74</u>

The accompanying notes
to the financial statements
are an integral part of this statement.

Texas Emergency Services Retirement System (326)
Exhibit II - Combined Statement of Revenues, Expenditures
and Changes in Fund Balances/Statement of Activities - Governmental Funds
For the Fiscal Year Ended August 31, 2014

	General Funds (Ex A-2)	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Activities
REVENUES					
Legislative Appropriations					
Original Appropriations (GR)	\$617,345.00	\$617,345.00	\$0.00	\$0.00	\$617,345.00
Additional Appropriations (GR)	81,911.12	81,911.12			81,911.12
Other (PR - Seminar Fees)	0.00	0.00			0.00
Other (GR)					
Total Revenues	<u>699,256.12</u>	<u>699,256.12</u>	<u>0.00</u>	<u>0.00</u>	<u>699,256.12</u>
EXPENDITURES					
Salaries and Wages	337,113.26	337,113.26		-14,851.81	322,261.45
Payroll Related Costs	88,476.74	88,476.74			88,476.74
Professional Fees and Services	234,941.91	234,941.91			234,941.91
Travel	7,803.73	7,803.73			7,803.73
Materials and Supplies	34,162.19	34,162.19			34,162.19
Communication and Utilities	12,508.48	12,508.48			12,508.48
Repairs and Maintenance	8,536.17	8,536.17			8,536.17
Rentals and Leases	9,571.68	9,571.68			9,571.68
Printing and Reproduction	2,894.55	2,894.55			2,894.55
Judgments and Settlements	0.00	0.00			0.00
Other Expenditures	22,928.66	22,928.66			22,928.66
Capital Outlay					
Depreciation Expense					
Total Expenditures/Expenses	<u>758,937.37</u>	<u>758,937.37</u>	<u>0.00</u>	<u>-14,851.81</u>	<u>744,085.56</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-59,681.25</u>	<u>-59,681.25</u>	<u>0.00</u>	<u>14,851.81</u>	<u>-44,829.44</u>
OTHER FINANCING SOURCES (USES)					
Transfers In					
Total Other Financing Sources (Uses)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
SPECIAL ITEMS					
					<u>0.00</u>
EXTRAORDINARY ITEMS					
					<u>0.00</u>
Net Change in Fund Balances/Net Position	<u>-59,681.25</u>	<u>-59,681.25</u>	<u>0.00</u>	<u>14,851.81</u>	<u>-44,829.44</u>
Fund Financial Statement - Fund Balances					
Fund Balances - Beginning	66,593.36	66,593.36			66,593.36
Restatements					
Fund Balances - September 1, 2013, as Restated	<u>66,593.36</u>	<u>66,593.36</u>			<u>66,593.36</u>
Appropriations Lapsed	0.00	0.00			0.00
Fund Balances, August 31, 2014	<u>\$6,912.11</u>	<u>\$6,912.11</u>	<u>\$0.00</u>	<u>\$14,851.81</u>	<u>\$21,763.92</u>
Government-Wide Statement of Net Position					
Net Position/Net Change in Net Position			<u>0.00</u>	<u>14,851.81</u>	
Net Position, Beginning			<u>0.00</u>	<u>-30,875.66</u>	<u>-30,875.66</u>
Restatements					
Net Position, September 1, 2013, as Restated			<u>0.00</u>	<u>-30,875.66</u>	<u>-30,875.66</u>
Net Position as of August 31, 2014			<u>\$0.00</u>	<u>-\$16,023.85</u>	<u>-\$9,111.74</u>

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Texas Emergency Services Retirement System (326)
Exhibit VI - Combined Statement of Fiduciary Net Position
August 31, 2014

	Pension and Other Employee Benefit Trust Funds (Exhibit G-1)	Agency Funds (Exhibit J-1)	Totals
ASSETS			
Cash and Cash Equivalents			
Cash in State Treasury	\$296,301.37	\$0.00	\$296,301.37
Short Term Investments (Note 3)			
Other Short Term Investments	1,131,863.87		1,131,863.87
Investments (Note 3)		0.00	
Corporate Equity	42,268,491.64		42,268,491.64
Other Investments	46,974,741.87		46,974,741.87
Receivables from:			
Retirement System Contributions Receivable	1,054,509.05		1,054,509.05
Interest and Dividends	88,999.38	0.00	88,999.38
Sale of Investments	151,902.75	0.00	151,902.75
Other	0.00	0.00	0.00
Other Assets		0.00	
Due From Other Funds (Note 12)	0.00		0.00
Properties, at Cost, net of Accumulated Depreciation			
Total Assets	<u>\$91,966,809.93</u>	<u>\$0.00</u>	<u>\$91,966,809.93</u>
LIABILITIES			
Payables from:			
Accounts Payable	102,662.21	0.00	102,662.21
Investment Payable	114,669.17		114,669.17
Unearned Revenue	66,322.40	0.00	66,322.40
Retirement Benefits	0.00		0.00
Due To Other Funds (Note 12)	0.00	0.00	0.00
Funds Held for Others		0.00	0.00
Claims and Judgments			
Employees' Compensable Leave (Note 5)	0.00		0.00
Capital Lease Obligations (Note 7)			
Total Liabilities	<u>283,653.78</u>	<u>0.00</u>	<u>283,653.78</u>
NET Position			
Held in Trust For			
Pension and Other Employee Benefits	91,683,156.15		91,683,156.15
Total Net Position	<u>\$91,683,156.15</u>	<u>\$0.00</u>	<u>\$91,683,156.15</u>

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UNAUDITED

Texas Emergency Services Retirement System (326)
Exhibit VII - Combined Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended August 31, 2014

	Pension and Other Employee Benefit Trust Funds (Exhibit G-2)	Totals
Additions		
Contributions:		
Original Appropriations (GR)	\$1,530,343.00	\$1,530,343.00
Dues	3,840,049.58	3,840,049.58
Prior Service	336,608.99	336,608.99
Total Contributions	<u>5,707,001.57</u>	<u>5,707,001.57</u>
Investment Income		
From Investing Activities:		
Net Appreciation (Depreciation) in Fair Value of Investments	11,392,290.32	11,392,290.32
Treasury Interest	3,059.68	3,059.68
Interest and Investment Income	1,048,345.36	1,048,345.36
Total Investing Income (Loss)	<u>12,443,695.36</u>	<u>12,443,695.36</u>
Less Investing Activities Expense	538,166.01	538,166.01
Net Income from Investing Activities	<u>11,905,529.35</u>	<u>11,905,529.35</u>
Other Additions		
Other Revenue	2,792.40	2,792.40
Total Other Additions	<u>2,792.40</u>	<u>2,792.40</u>
Total Additions	<u>17,615,323.32</u>	<u>17,615,323.32</u>
Deductions		
TESRS Retirement System Benefits Paid:		
Death Benefits	85,038.82	85,038.82
Retirement Benefits	3,544,856.47	3,544,856.47
Disability Benefits	32,354.80	32,354.80
Survivor's Benefits	505,884.33	505,884.33
Salaries and Wages	0.00	0.00
Payroll related Costs	0.00	0.00
Professional Fees and Services	124,795.96	124,795.96
Travel	33,797.77	33,797.77
Materials & Supplies	0.00	0.00
Communications & Utilities	0.00	0.00
Repairs & Maintenance	0.00	0.00
Rentals & Leases	2,501.88	2,501.88
Printing and Reproduction	0.00	0.00
Depreciation Expense	0.00	0.00
Interest Expense	0.00	0.00
Other Expense	4,572.88	4,572.88
Transfer Out	0.00	0.00
Total Deductions	<u>4,333,802.91</u>	<u>4,333,802.91</u>
Net Increase (Decrease)	<u>13,281,520.41</u>	<u>13,281,520.41</u>
Net Position - Beginning	78,401,635.74	78,401,635.74
Restatements	0.00	0.00
Net Position, September 1, 2013, as Restated	<u>78,401,635.74</u>	<u>78,401,635.74</u>
Net Position, August 31, 2014	<u>\$91,683,156.15</u>	<u>\$91,683,156.15</u>

The accompanying notes
to the financial statements
are an integral part of this statement.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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. This includes compliance with the Texas Comptroller of Public Accounts' Reporting Requirements for State Agencies.

The TESRS was created as a standalone agency by the 83rd Legislature via the passage of SB 220, effective September 1, 2013, to assume the related functions of the abolished Office of the Fire Fighters' Pension Commissioner (agency 325). While the agency is new, the System has been in existence since 1977. TESRS, which is under the authority of Title 8, Subtitle H, Chapters 861-865 of the Texas Government Code, provides death and disability benefits to active volunteer firefighters and first responders, and a pension to members with vested service, as well as to their survivor/beneficiaries.

No blended or discretely presented component units have been identified as having a relationship to the TESRS.

Due to the statewide requirements embedded in Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

B. FUND STRUCTURE

The accompanying financial statements of the TESRS are presented on the basis of funds each of which is considered a separate accounting entity.

GOVERNMENTAL FUND TYPE

General Fund

The General Fund is the principal operating fund used to account for most of the state's general activities. It accounts for all financial resources except those accounted for in another fund.

FIDUCIARY FUND TYPES

Fiduciary Fund

Fiduciary funds account for assets held by the state in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. When assets are held under the terms of a formal trust agreement, either a pension trust fund, or a private purpose trust fund is used.

The TESRS Fund is used to account for the accumulation of resources for pension benefit payments to qualified volunteer firefighters and emergency responders and their beneficiaries. Administrative expenses totaling \$165,668.49 were funded out of the TESRS Fund.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF ACCOUNTING

The basis of accounting determines when revenues and expenses/expenditures are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Governmental fund types that build the fund financial statements are accounted for using the modified accrual method basis of accounting. Under the modified accrual method, revenues are recognized in the period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year end. The State of Texas considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year for Fund Financial Statements prepared on the modified basis of accrual. Expenditures and other uses of financial resources are recognized when the related liability is incurred.

Governmental adjustment fund types that will build the government-wide financial statements are accounted for using the full accrual method of accounting. This includes capital assets, accumulated depreciation, unpaid Employee Compensable Leave, the unmatured debt service (principal and interest) on general long-term liabilities, long-term capital leases, long-term claims and judgments and full accrual revenues and expenses. The activity will be recognized in these fund types.

Pension Trust Funds are accounted for on the accrual basis of accounting. Revenues, including contributions, are recognized when earned and expenses are recognized when the liability is incurred. Benefit expenses are recognized when the benefit is earned and refunds are recognized when processed.

D. BUDGETS AND BUDGETARY ACCOUNTING

The budget is prepared biennially and represents appropriations authorized by the Legislature and approved by the Governor (the General Appropriations Act).

Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

E. ASSETS, LIABILITIES AND FUND BALANCES/NET ASSETS

ASSETS

Investments

Investments of the Plan 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.

Accounts Receivable

Accounts receivable represents contributions due to the TESRS Funds, investment income earned but not received as of August 31, 2014, and investment trades initiated before August 31, 2014 with settlement dates after August 31, 2014.

In addition, included in this category are receivables relating to the financing of prior service contracts. Pursuant to Senate Bill No. 411, 65th Legislature, Regular Session (1977), pension plans that elect to participate in the pension system administered by the 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 these plans have the option of financing these contributions with TESRS. The time period for financing is established by board rule at 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. The 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVENTORIES AND PREPAID ITEMS

Inventories include both merchandise inventories on hand for sale and consumable inventories. Inventories are valued at cost, generally utilizing the last-in, first-out method. The consumption method of accounting is used to account for inventories and prepaid items that appear in the governmental and proprietary fund types. The cost of these items is expensed when the items are consumed.

Capital Assets

Assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year should be capitalized. These assets are capitalized at cost or, if not purchased, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all "exhaustible" assets. "Inexhaustible" assets such as works of art and historical treasures are not depreciated. Road and highway infrastructure is reported on the modified basis. Assets are depreciated over the estimated useful life of the asset using the straight-line method.

All capital assets acquired by proprietary funds or trust funds are reported at cost or estimated historical cost, if actual historical cost is not available. Donated assets are reported at fair value on the acquisition date. Depreciation is charged to operations over the estimated useful life of each asset, using the straight-line method.

LIABILITIES

Payables

Accounts Payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending, as well as unpaid retirement obligations of the TESRS Fund.

Unearned Revenue

Unearned Revenue represents the liability that the TESRS has to pay future retirement benefits that were prepaid.

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 statement of net position.

FUND BALANCE / NET POSITION

"Fund Balance" is the difference between assets plus deferred outflow of resources and liabilities plus deferred inflows of resources on the governmental fund statements. "Net position" is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources on the government-wide and fiduciary fund statements. Fund Balances for governmental funds are classified as nonspendable, restricted, committed, assigned or unassigned.

Nonspendable fund balance includes amounts not available to be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. The balance in this category as of August 31, 2014 is \$5,924.00, representing the amount of supplies to be used in the next fiscal year.

Restricted fund balance includes those resources that have constraints placed on their use through external parties or by law through constitutional provisions.

Committed fund balance can be used only for specific purposes pursuant to constraints imposed by a formal action of the Texas Legislature, the state's highest level of decision making authority.

Assigned fund balance includes amounts constrained by the state's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (1) the Texas Legislature or (2) a body (for example, a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unassigned fund balance is the residual classification for the General fund. 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. The balance at August 31, 2014 was \$988.11.

TESRS NET POSITION HELD IN TRUST FOR PENSION BENEFITS

TESRS Reserves

This represents reserves available to fund future retirement, death, and survivor benefits. The balance in this reserve is sufficient to meet the statutory requirements of the TESRS Fund. The balance at August 31, 2014 was \$91,683,156.15.

F. INTERFUND TRANSACTIONS AND BALANCES

The TESRS has the following type of transactions between agencies:

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

The composition of the TESRS' interfund receivables and payables at August 31, 2014 is presented in Note 12.

NOTE 2: CAPITAL ASSETS

A summary of changes in General Fixed Assets for the year ended August 31, 2014, is presented below.

	PRIMARY GOVERNMENT					Balance 08/31/14
	Balance 9/1/2013	Adjust- ments	Reclass- ification	Additions	Deletions	
Governmental Activities:						
Depreciable Assets						
Other Assets	\$6,937.00					\$6,937.00
Total depreciable assets at historical cost:	\$6,937.00					\$6,937.00
Less accumulated depreciation for:						
Other Assets	\$(6,937.00)					\$(6,937.00)
Total accumulated depreciation	\$(6,937.00)					\$(6,937.00)
Depreciable assets, net	0.00					\$0.00
Governmental activities Capital assets, net:	0.00					\$0.00

	PRIMARY GOVERNMENT					Balance 08/31/14
	Balance 9/1/2013	Adjust- ments	Reclass- ification	Additions	Deletions	
Fiduciary Activities						
Depreciable Assets						
Furniture and Equipment	\$13,965.00					\$13,965.00
Total depreciable assets at historical cost:	\$13,965.00					\$13,965.00
Less accumulated depreciation for:						
Furniture and Equipment	\$(13,965.00)					\$(13,965.00)
Total accumulated depreciation	\$(13,965.00)					\$(13,965.00)
Depreciable assets, net	\$0.00					\$0.00
Fiduciary activities Capital assets, net:	\$0.00					\$0.00

NOTE 3: DEPOSITS, INVESTMENTS, & REPURCHASE AGREEMENTS

Title 8, Government Code Subtitle H. Texas Emergency Services Retirement System Section 865.008 states 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, Article 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. The Board's investment objectives are to achieve an annualized investment return that equals or exceeds the actuarial investment return assumption of the System.

The TESRS contracts with Bank of Texas for custodial services and Milliman USA, Inc. for investment consulting services. The TESRS contracts with five money managers to manage the fixed income and equity portfolios. The money managers are Luther King Capital Management Corp., Atlanta Capital Management Co, LLC., Robeco Investment Management Inc., Pier Capital LLC, and Harvest Fund Advisors LLC. The TESRS also invests with four mutual funds—PIMCO, T-Rowe Price, Wells Fargo, and OFITC..

INVESTMENTS

As of August 31, 2014, the fair value of investments are as presented below:

Fiduciary Funds	Fair Value
Equity	\$42,268,491.64
Fixed Income Money Market and Bond Mutual Funds	\$23,111,077.19
Other Commingled Funds	\$1,131,863.87
International Other Commingled Funds	\$23,863,664.68
Total	\$90,375,097.38

G. CREDIT RISK

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investment policies of the System require that investments in the fixed income money market and core bond investments not exceed 26% (20.6% actual) of the portfolio, and International Bond investments not exceed 10% (4.9% actual).

Although, TESRS's Fixed Income Mutual Fund itself is not rated, the average credit quality of the fund's security holdings is A. The high average credit quality is a function of the higher weighting in AAA governments and MBS investments, and underweight in high yield bond portfolios. The System's International Bond fund holdings are comprised primarily of high-quality (A or better) foreign bonds, with lower percentages of high yield, below investment-grade bonds. Credit risk is managed through diversification and by operating within defined parameters.

Standard & Poor's

Fund Type	GAAP Fund	Investment Type	Not Rated
10	976	Fixed Income Money Market and Bond Mutual Fund	\$18,665,151.14
10	976	International Bond Fund	\$4,445,926.05

All investments are registered and held in the name of the TESRS or in the name of the Agency's custodian, which was established through a custodial agreement.

The Agency has contracted with Bank of Texas, to serve as a custodian of the Agency's securities. The Agency has authorized their five money managers to invest cash in money market funds pending completion of an investment settlement.

NOTE 4: SHORT-TERM DEBT

Not Applicable

NOTE 5: SUMMARY OF LONG TERM LIABILITIES

Changes in Long-Term Liabilities

During the year ended August 31, 2014, the following changes occurred in long-term liabilities.

Governmental Activities	Balance 9/1/2013	Additions	Reductions	Balance 8/31/2014	Amounts Due Within One Year
Compensable Leave	\$ 30,875.66	\$ 2,094.86	\$ 16,946.67	\$ 16,023.85	\$ 1,592.30
Total Governmental Activities	\$ 30,875.66	\$ 2,094.86	\$ 16,946.67	\$ 16,023.85	\$ 1,592.30

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. For these fund types, the liability for unpaid benefits is recorded in the Statement of Net Position. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

NOTE 6: BONDED INDEBTEDNESS

Not Applicable

NOTE 7: DERIVATIVES

Not Applicable

NOTE 8: LEASES

Not Applicable

NOTE 9: PENSION PLANS

See note 23

NOTE 10: DEFERRED COMPENSATION

Not Applicable

NOTE 11: POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

Not Applicable

NOTE 12: INTERFUND BALANCES/ACTIVITIES

As explained in Note 1 on 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, 2014, follows:

Current Portion	Current Interfund Receivable	Current Interfund Payable
General Revenue (01)	\$	\$
TESRS (976)	\$	\$
Total Interfund Receivable/Payable	\$	\$
Non-Current Portion	Non-Current Interfund Receivable	Non-Current Interfund Payable
General Revenue (01)	\$	\$
TESRS (976)	\$	\$
Total Interfund Receivable/Payable	\$	\$
	Due From Other Funds	Due To Other Funds
Agy 325, Fd 1, D23 Fund 0050		
Agy 325, Fd 1, D23 Fund 0001	\$	\$
Agy 325, Fd 976, D23 Fd 976 TESRS	\$	\$
Agy 325, FD 976, D23 Fd 976 TLFFRA	\$	
Total Due From/To Other Funds	\$ 0	\$0

NOTE 13: CONTINUANCE SUBJECT TO REVIEW

TESRS is subject to Sunset review (but not abolishment) in 2015 and every 12 years thereafter..

NOTE 14: ADJUSTMENTS TO FUND BALANCE/NET ASSETS

Not Applicable

NOTE 15: CONTINGENCIES AND COMMITMENTS

Not Applicable

NOTE 16: SUBSEQUENT EVENTS

Not Applicable

NOTE 17: RISK MANAGEMENT

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

The TESRS assumes substantially all risks associated with tort claims and liability claims due to the performance of its duties.

The 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 cancelled its fidelity dishonesty insurance coverage. Changes in the balances of the TESRS' claims liabilities during fiscal 2013 and 2014 were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims	Balance at Fiscal Year-End
2013	\$ -0-	\$ -0-	\$ -0-	\$ -0-
2014	\$ -0-	\$ -0-	\$ -0-	\$ -0-

NOTE 18: MANAGEMENT DISCUSSION AND ANALYSIS

Not Applicable

NOTE 19: THE FINANCIAL REPORTING ENTITY

Not Applicable

NOTE 20: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Not Applicable

NOTE 21: NOT APPLICABLE TO THE AFR

Not Applicable

NOTE 22: DONOR RESTRICTED ENDOWMENTS

Not Applicable

NOTE 23: PENSION DISCLOSURES

The Pension Disclosures note and Required Supplementary Information will be submitted as soon as the 2014 actuarial valuation is completed.

Texas Emergency Services Retirement System (326)
Schedule 1
Pension Fund Investments
August 31, 2014 (With Comparative totals for August 31, 2013)

	Market Value As of August 31, 2014 Amount	Market Value As of August 31, 2013 Amount
MONEY MARKET MUTUAL FUND		
Money Market Securities	\$1,131,864	\$798,064
BOND FUNDS		
Pimco Total Return Fund	\$18,665,151	\$13,287,156
T Rowe Price International Fund	\$4,445,926	\$3,033,295
Total Bond Funds	\$23,111,077	\$16,320,451
Equity Funds		
OFITC International Growth Fund	\$18,197,292	\$18,700,584
Wells Fargo International Emerging Markets	\$5,666,373	\$4,316,808
Total Equity Funds	\$23,863,665	\$23,017,392
A10 NETWORKS INC	\$48,261	
AARON'S INC	\$33,793	
ABBVIE INC	\$119,294	\$81,087
ACADIA HEALTHCARE	\$64,269	\$77,848
ACCESS MIDSTREAM PARTNERS LP	\$91,120	
ACE LTD	\$207,450	\$170,879
ACETO CORP	\$53,623	
ACI WORLDWIDE INC	\$60,746	\$54,754
ACTIVISION BLIZZARD INC	\$44,679	
ACTUANT CORP-CL A	\$33,899	\$54,473
ACXIOM CORP	\$45,899	\$62,076
ADVANCED MICRO DEVICES COMMON STOCK USD.01		\$35,365
ADVISORY BOARD CO/THE COMMON STOCK USD.01		\$47,267
AES CORP	\$183,541	\$121,139
AGCO CORP COMMON STOCK USD.01		\$114,647
AIR METHODS CORP COMMON STOCK USD.06		\$47,426
AKORN INC	\$114,407	\$63,021
ALIGN TECHNOLOGY INC COMMON STOCK USD.0001		\$12,194
ALLEGiant TRAVEL CO	\$44,230	
ALLERGAN INC	\$170,064	\$194,436
ALLIANCE DATA SYSTEMS CORP COMMON STOCK USD.01		\$106,461
ALLOT COMMUNICATIONS LTD	\$8,556	\$27,938
ALLSTATE CORP	\$245,714	
AMAZON.COM INC	\$185,116	\$236,304
AMBARELLA INC	\$51,238	\$21,869
AMC NETWORKS INC A COMMON STOCK		\$59,191
AMERICAN CAPITAL AGENCY CORP	\$72,062	
AMERICAN EXPRESS CO	\$200,144	\$207,820
AMERICAN HOMES 4 RENT	\$58,950	\$67,411
AMERICAN RAILCAR INDUSTRIES	\$0	

Texas Emergency Services Retirement System (326)
Schedule 1
Pension Fund Investments
August 31, 2014 (With Comparative totals for August 31, 2013)

	Market Value As of August 31, 2014 Amount	Market Value As of August 31, 2013 Amount
AMERISOURCEBERGEN CORP COMMON STOCK USD.01		\$31,135
AMGEN INC COMMON STOCK USD.0001		\$199,578
AMTRUST FINANCIAL SERVICES COMMON STOCK USD.01		\$106,992
ANHEUSER BUSCH INBEV SPN ADR ADR		\$0
APOGEE ENTERPRISES INC	\$46,879	
APOLLO EDUCATION GROUP, INC.	\$73,118	
APPLE INC COM	\$1,102,694	\$526,988
APPLIED INDUSTRIAL TECH INC COMMON STOCK NPV		\$50,953
APPLIED MICRO CIRCUITS CORP	\$33,999	
APPROACH RESOURCES INC COMMON STOCK USD.01		\$38,911
ARCTIC CAT INC COMMON STOCK USD.01		\$35,429
ARMSTRONG WORLD INDUSTRIES COMMON STOCK USD.01		\$29,136
ASBURY AUTOMOTIVE GROUP COMMON STOCK USD.01		\$47,165
ASPEN TECHNOLOGY INC	\$27,530	\$53,321
ATHLON ENERGY INC	\$94,569	\$33,555
ATWOOD OCEANICS INC COMMON STOCK USD1.		\$34,800
AUTOLIV INC COMMON STOCK USD1.		\$0
AXIS CAPITAL HOLDINGS LTD COMMON STOCK USD.0125		\$57,865
BALLY TECHNOLOGIES INC COMMON STOCK USD.1		\$56,334
BANCORPSOUTH INC	\$58,599	\$58,586
BANK OF AMERICA CORP COMMON STOCK USD.01		\$290,406
BANK OF THE OZARKS	\$44,538	
BANKUNITED INC	\$64,046	
BARNES GROUP INC	\$49,648	\$47,687
BARRICK GOLD CORP	\$69,882	
BB&T CORPORATION	\$111,803	\$119,064
BEACON ROOFING SUPPLY INC COMMON STOCK USD.01		\$49,954
BEBE STORES INC COMMON STOCK USD.001		\$0
BED BATH + BEYOND INC COMMON STOCK USD.01		\$260,155
BELDEN CDT INC	\$66,859	\$66,646
BELMOND LTD	\$57,037	
BENEFITFOCUS INC	\$52,667	
BERKSHIRE HATHAWAY INC-CL B	\$563,823	\$564,664
BIG 5 SPORTING GOODS CORP COMMON STOCK USD.01		\$36,739
BILL BARRETT CORP	\$93,630	
BIOSCRIP INC COMMON STOCK USD.0001		\$55,290
BJ S RESTAURANTS INC COMMON STOCK NPV		\$0
BLACK DIAMOND INC COMMON STOCK USD.0001		\$48,287
BLOOMIN BRANDS INC COMMON STOCK USD.01		\$20,700
BODY CENTRAL CORP COMMON STOCK		\$0
BORGWARNER INC COMMON STOCK USD.01		\$0
BOTTOMLINE TECHNOLOGIES (DE) COMMON STOCK USD.001		\$47,363
BRISTOL-MYERS SQUIBB CO	\$274,878	

Texas Emergency Services Retirement System (326)
Schedule 1
Pension Fund Investments
August 31, 2014 (With Comparative totals for August 31, 2013)

	Market Value As of August 31, 2014 Amount	Market Value As of August 31, 2013 Amount
BROADCOM CORP CL A COMMON STOCK USD.0001		\$0
BROCADE COMMUNICATIONS SYS	\$130,440	\$70,522
BUCKEYE PARTNERS LP	\$111,232	
BUFFALO WILD WINGS INC	\$48,166	
CAESAR STONE SDOT YAM LTD	\$53,466	\$71,410
CALLIDUS SOFTWARE INC COMMON STOCK USD.001		\$52,169
CAMERON INTERNATIONAL CORP	\$242,093	\$302,123
CAPITAL ONE FINANCIAL CORP	\$431,225	\$256,393
CAPITOL FED FINL INC	\$39,582	\$43,452
CARPENTER TECHNOLOGY	\$35,301	
CARPENTER TECHNOLOGY COMMON STOCK USD5.		\$34,682
CARTER'S INC	\$45,529	
CASEY S GENERAL STORES INC COMMON STOCK NPV		\$55,390
CASH AMERICA INTL INC COMMON STOCK USD.1		\$34,010
CAVIUM INC	\$56,573	
CBS.CORP CLASS B NON VOTING COMMON STOCK USD.001		\$116,304
CELGENE CORP	\$281,354	
CEMPRA INC	\$23,254	
CENTENE CORP	\$47,659	
CEPHEID INC	\$64,769	
CERNER CORP COMMON STOCK USD.01		\$0
CHARLES RIVER LABORATORIES	\$10,933	
CHART INDUSTRIES INC	\$26,890	\$45,900
CIENA CORP	\$59,173	\$95,895
CIGNA CORP COMMON STOCK USD.25		\$240,477
CINEMARK HOLDINGS INC COMMON STOCK USD.001		\$50,836
CIRCOR INTERNATIONAL INC COMMON STOCK USD.01		\$0
CIRRUS LOGIC INC COMMON STOCK USD.001		\$25,650
CISCO SYSTEMS INC	\$303,678	\$331,631
CITIGROUP INC	\$457,981	\$467,883
CLARCOR INC COMMON STOCK USD1.		\$21,156
CLEAN HARBORS INC COMMON STOCK USD.01		\$0
COACH INC COMMON STOCK USD.01		\$0
COCA-COLA CO/THE	\$390,457	\$387,412
COGNIZANT TECH SOLUTIONS A COMMON STOCK USD.01		\$0
COHERENT INC	\$47,063	
COLUMBIA BANKING SYSTEM INC	\$58,522	\$52,200
COMCAST CORP-CL A	\$449,963	\$428,182
COMMERCIAL METALS CO	\$35,424	\$45,012
COMMUNITY BANK SYSTEM INC COMMON STOCK USD1.		\$52,353
COMPUTER PROGRAMS + SYSTEMS COMMON STOCK USD.001		\$0
COMSCORE INC	\$22,450	
CONCUR TECHNOLOGIES INC COMMON STOCK USD.001		\$0

Texas Emergency Services Retirement System (326)
Schedule 1
Pension Fund Investments
August 31, 2014 (With Comparative totals for August 31, 2013)

	Market Value As of August 31, 2014 Amount	Market Value As of August 31, 2013 Amount
CONMED CORP	\$32,587	
CONN S INC COMMON STOCK USD.01		\$50,957
CONSTELLATION BRANDS INC A COMMON STOCK USD.01		\$0
CORE LABORATORIES N.V.	\$103,167	
CORNERSTONE ONDEMAND INC	\$43,964	
COSTCO WHOLESALE CORP	\$339,145	\$310,988
COVIDIEN PLC	\$168,103	
COVIDIEN PLC COMMON STOCK USD.2		\$134,600
CRANE CO	\$91,441	
CRESTWOOD MIDSTREAM PARTNERS LP	\$9,858	
CROWN HOLDINGS INC	\$96,057	\$86,398
CST BRANDS INC COMMON STOCK USD.01		\$45,430
CUSTOMERS BANCORP INC	\$48,308	
CVENT INC	\$66,216	
CVS HEALTH CORPORATION	\$733,721	\$591,588
CYBERONICS	\$92,513	\$72,134
CYNOSURE INC-A	\$42,469	
CYTEC INDUSTRIES INC COMMON STOCK USD.01		\$0
DANAHER CORP	\$246,991	\$263,194
DAVITA HEALTHCARE PARTNERS I COMMON STOCK USD.001		\$117,293
DEL FRISCOS RESTAURANT	\$44,149	\$24,672
DELTA AIR LINES INC	\$97,446	
DEMANDWARE INC COMMON STOCK USD.01		\$46,162
DEVRY EDUCATION GROUP INC.	\$39,496	
DEXCOM INC	\$132,600	\$111,608
DIAMONDBACK ENERGY INC	\$49,219	
DIAMONDBACK ENERGY INC COMMON STOCK USD.01		\$51,869
DISCOVER FINANCIAL SERVICE	\$192,287	\$129,512
DOMINO S PIZZA INC COMMON STOCK USD.01		\$46,633
DORMAN PRODUCTS	\$22,415	
DOVER CORP	\$76,359	\$135,144
DSW INC CLASS A COMMON STOCK NPV		\$105,460
E2OPEN INC	\$0	
EATON CORP PLC	\$129,148	
EBAY INC	\$229,104	
EBAY INC COMMON STOCK USD.001		\$179,364
ECHO GLOBAL LOGISTICS INC COMMON STOCK USD.0001		\$46,786
ECOLAB INC	\$180,727	\$225,635
EL PASO PIPELINE PARTNERS LP	\$29,175	
ELECTRONIC ARTS INC COMMON STOCK USD.01		\$0
ELOQUA INC COMMON STOCK		\$0
EMC CORP MASS	\$268,014	
EMERSON ELECTRIC CO	\$70,294	

Texas Emergency Services Retirement System (326)
Schedule 1
Pension Fund Investments
August 31, 2014 (With Comparative totals for August 31, 2013)

	Market Value As of August 31, 2014 Amount	Market Value As of August 31, 2013 Amount
ENABLE MIDSTREAM PARTNERS LP	\$9,970	
ENBRIDGE ENERGY PARTNERS LP	\$55,606	
ENDOLOGIX INC	\$43,294	\$49,596
ENDURANCE SPECIALTY HOLDINGS COMMON STOCK USD1.		\$47,113
ENERGEN CORP	\$66,476	
ENERGY TRANSFER EQUITY LP	\$382,156	
ENERGY TRANSFER PARTNERS LP	\$283,975	
ENLINK MIDSTREAM LLC	\$5,261	
ENLINK MIDSTREAM PARTNERS LP	\$58,261	
ENPRO INDUSTRIES INC COMMON STOCK USD.01		\$0
ENTERPRISE PRODUCTS PARTNERS LP	\$608,394	
ENVESTNET INC COMMON STOCK		\$57,415
EOG RESOURCES INC	\$115,044	\$136,162
EPAM SYSTEMS INC	\$44,163	
EQT CORPORATION	\$142,845	
EQT MIDSTREAM PARTNERS LP	\$138,728	
EQUITY RESIDENTIAL REIT USD.01		\$104,714
ESTEE LAUDER COMPANIES-CL A	\$119,855	
ETHAN ALLEN INTERIORS INC COMMON STOCK USD.01		\$40,930
EURONET WORLDWIDE INC	\$74,354	\$38,816
EV ENERGY PARTNER LP	\$29,594	
EVERCORE PARTNERS INC- CL A	\$47,388	
EW SCRIPPS CO-CL A	\$55,174	
EXA CORP COMMON STOCK		\$0
EXACT SCIENCES CORP	\$78,187	\$43,388
EXPRESS SCRIPTS HOLDING CO	\$509,230	\$460,575
EXTERRAN HOLDINGS INC	\$77,686	
EXTERRAN PARTNERS LP	\$60,900	
EXXON MOBIL CORP	\$645,296	\$530,717
FASTENAL CO	\$230,475	\$153,789
FIDELITY NATIONAL INFO SVCS, INC.	\$60,779	
FIFTH + PACIFIC COS INC COMMON STOCK USD1.		\$136,675
FIFTH THIRD BANCORP	\$198,112	\$178,547
FINANCIAL ENGINES INC COMMON STOCK USD.0001		\$50,243
FINISAR CORPORATION COMMON STOCK USD.001		\$57,848
FIRST CASH FINL SVCS INC COMMON STOCK USD.01		\$41,729
FIRST HORIZON NATIONAL CORP COMMON STOCK USD.625		\$55,079
FIRSTENERGY CORP COMMON STOCK USD.1		\$101,132
FIRSTSERVICE CORP COMMON STOCK NPV		\$0
FIVE BELOW INC	\$76,740	\$40,094
FLEETMATICS GROUP PLC COMMON STOCK EUR.015		\$58,994
FLUIDIGM CORP	\$30,350	\$50,843
FORTINET INC	\$44,832	

Texas Emergency Services Retirement System (326)
Schedule 1
Pension Fund Investments
August 31, 2014 (With Comparative totals for August 31, 2013)

	Market Value As of August 31, 2014 Amount	Market Value As of August 31, 2013 Amount
FRANCESCAS HOLDINGS CORP COMMON STOCK USD.01		\$35,215
FRANKLIN ELECTRIC CO INC	\$55,042	\$56,394
FRESH MARKET INC/THE COMMON STOCK USD.01		\$45,637
G III APPAREL GROUP LTD COMMON STOCK USD.01		\$41,366
GANNETT CO COMMON STOCK USD1.		\$91,060
GASLOG LTD	\$27,385	
GASLOG PARTNERS LP	\$10,032	
GENERAL ELECTRIC CO COMMON STOCK USD.06		\$301,329
GENESCO INC COMMON STOCK USD1.		\$30,840
GENESEE & WYOMING INC-CL A	\$71,683	
GENESIS ENERGY LP	\$81,656	
GIGAMON INC COMMON STOCK USD..0001		\$45,630
GILEAD SCIENCES INC	\$623,633	\$384,523
GLOBAL PAYMENTS INC	\$61,376	
GLOBE SPECIALTY METALS INC	\$16,945	
GNC HOLDINGS INC CL A COMMON STOCK USD.001		\$0
GOLDMAN SACHS GROUP INC COMMON STOCK USD.01		\$129,463
GOOGLE INC-CL A	\$323,210	\$568,270
GOOGLE INC-CL C	\$317,238	
GRAND CANYON EDUCATION INC COMMON STOCK USD.01		\$46,071
GREENBRIER COMPANIES INC	\$75,168	
GREENHILL + CO INC COMMON STOCK USD.01		\$22,036
GREIF INC-CL A	\$37,594	\$50,638
GROUP 1 AUTOMOTIVE INC COMMON STOCK USD.01		\$54,478
GT ADVANCED TECHNOLOGIES INC	\$53,572	
GUESS? INC COMMON STOCK USD.01		\$47,885
GUIDEWIRE SOFTWARE INC COMMON STOCK USD.0001		\$0
GULFPORT ENERGY CORP COMMON STOCK USD.01		\$113,811
HALCON RESOURCES CORP COMMON STOCK USD.0001		\$30,543
HALLIBURTON CO COMMON STOCK USD2.5		\$119,328
HANCOCK HOLDING CO	\$33,406	\$36,973
HANMI FINANCIAL CORP	\$39,353	
HARRIS CORP COMMON STOCK USD1.		\$0
HARSCO CORP	\$2,299	
HAVERTY FURNITURE COMMON STOCK USD1.		\$43,166
HAYNES INTERNATIONAL INC COMMON STOCK USD.001		\$0
HEADWATERS INC	\$48,258	\$31,800
HEALTH NET INC COMMON STOCK USD.001		\$43,550
HEALTHCARE SERVICES GROUP	\$51,790	
HEALTHWAYS INC COMMON STOCK USD.001		\$52,947
HEARTLAND PAYMENT SYSTEMS IN COMMON STOCK USD.001		\$0
HEXCEL CORP	\$46,545	\$76,476
HFF INC CLASS A COMMON STOCK USD.01		\$47,380

Texas Emergency Services Retirement System (326)
Schedule 1
Pension Fund Investments
August 31, 2014 (With Comparative totals for August 31, 2013)

	Market Value As of August 31, 2014 Amount	Market Value As of August 31, 2013 Amount
HFF INC-A	\$58,020	
HIBBETT SPORTS INC COMMON STOCK USD.01		\$0
HILLENBRAND INC	\$63,536	
HMS HOLDINGS CORP COMMON STOCK USD.01		\$0
HOLLY ENERGY PARTNERS LP	\$21,992	
HOME BANCSHARES INC	\$59,054	\$57,195
HOME DEPOT INC	\$132,583	
HONEYWELL INTERNATIONAL INC	\$402,918	\$372,388
HUB GROUP INC CL A COMMON STOCK USD.01		\$0
HUMANA INC COMMON STOCK USD.166		\$94,198
HUNT (JB) TRANSPRT SVCS INC COMMON STOCK USD.01		\$0
HUNTSMAN CORP	\$104,710	
HURON CONSULTING GROUP INC	\$45,118	\$43,792
IAC/INTERACTIVECORP COMMON STOCK USD.001		\$181,338
ICON PLC	\$49,986	
ICON PLC COMMON STOCK EUR.06		\$49,987
ICONIX BRAND GROUP INC COMMON STOCK USD.001		\$50,904
IGATE CORP	\$45,241	
INFINERA CORP	\$47,874	\$85,831
INFORMATICA CORP COMMON STOCK USD.001		\$122,727
INPHI CORP	\$43,991	
INSPERITY INC COMMON STOCK USD.01		\$0
INSULET CORP	\$43,296	\$24,372
INTERACTIVE INTELLIGENCE GROUP	\$26,542	\$92,120
INTERCEPT PHARMACEUTICALS INC	\$35,636	
INTERCONTINENTAL EXCHANGE, INC	\$306,747	\$282,208
INTERNATIONAL PAPER CO	\$144,672	\$92,579
INTRALINKS HOLDINGS INC	\$10,878	
IPG PHOTONICS CORP	\$46,016	
IXIA COMMON STOCK NPV		\$45,302
JOHNSON & JOHNSON	\$385,149	\$375,624
JPMORGAN CHASE & CO	\$514,778	\$438,297
JUNIPER NETWORKS INC	\$161,472	\$178,359
K2M GROUP HOLDINGS INC	\$41,323	
KANSAS CITY SOUTHERN	\$156,659	
KATE SPADE & CO	\$44,306	
KB HOME COMMON STOCK USD1.		\$33,952
KENNEDY-WILSON HOLDINGS INC	\$54,042	
KERYX BIOPHARMACEUTICALS COMMON STOCK USD.001		\$24,080
KINDER MORGAN ENERGY PRTNRS LP	\$79,899	
KINDER MORGAN INC/DELAWARE	\$18,036	
KINDER MORGAN MANAGEMENT LLC	\$177,850	
KIRBY CORP COMMON STOCK USD.1		\$25,335

Texas Emergency Services Retirement System (326)
Schedule 1
Pension Fund Investments
August 31, 2014 (With Comparative totals for August 31, 2013)

	Market Value As of August 31, 2014 Amount	Market Value As of August 31, 2013 Amount
KIRKLAND S INC COMMON STOCK NPV		\$47,702
KNIGHT TRANSPORTATION INC COMMON STOCK USD.01		\$0
KNOWLES CORP	\$22,386	
KODIAK OIL + GAS CORP COMMON STOCK NPV		\$37,712
KOHL'S CORP COMMON STOCK USD.01		\$0
LA QUINTA HOLDINGS INC	\$47,993	
LA Z BOY INC COMMON STOCK USD1.		\$0
LABORATORY CRP OF AMER HLDGS	\$107,337	
LEAP WIRELESS INTL INC COMMON STOCK USD.0001		\$0
LEAR CORP	\$170,303	\$168,644
LEHIGH GAS PARTNERS LP	\$17,842	
LIBERTY GLOBAL-C	\$188,098	\$163,531
LIBERTY MEDIA CL C WI	\$122,823	
LIBERTY MEDIA CORP	\$62,374	\$202,400
LIFEPOINT HOSPITALS INC	\$46,675	\$38,536
LITHIA MOTORS INC	\$41,699	\$109,060
LOCKHEED MARTIN CORP	\$268,482	\$118,135
LOGMEIN INC	\$39,109	\$43,196
LORAL SPACE + COMMUNICATIONS COMMON STOCK		\$31,402
LOWE'S COS INC	\$379,542	\$317,716
LSI CORP COMMON STOCK USD.01		\$51,922
MACQUARIE INFRASTRUCTURE CO	\$49,337	\$106,099
MACY'S INC	\$94,930	
MAGELLAN MIDSTREAM PARTNERS LP	\$248,097	
MAIDENFORM BRANDS INC COMMON STOCK USD.01		\$0
MALIBU BOATS INC	\$27,136	
MANITOWOC COMPANY INC	\$55,604	\$51,748
MARATHON PETROLEUM CORP	\$131,600	\$99,847
MARCUS & MILLICHAP INC	\$23,074	
MARKETAXESS HOLDINGS INC	\$42,422	\$36,040
MARKETO INC	\$45,589	
MARKWEST ENERGY PARTNERS LP	\$181,067	
MARSH & MCLENNAN COS	\$224,878	\$256,451
MATADOR RESOURCES CO	\$57,456	
MAXIMUS INC	\$39,428	\$71,119
MCDONALD S CORP COMMON STOCK USD.01		
MCDONALD'S CORP	\$138,424	\$252,885
MCKESSON CORP	\$50,513	\$277,543
MDC PARTNERS INC	\$39,508	\$48,766
MEDASSETS INC COMMON STOCK USD.01		\$52,822
MEDIDATA SOLUTIONS INC	\$44,865	
MEDTRONIC INC	\$176,481	
MELLANOX TECHNOLOGIES LTD	\$56,375	

Texas Emergency Services Retirement System (326)
Schedule 1
Pension Fund Investments
August 31, 2014 (With Comparative totals for August 31, 2013)

	Market Value As of August 31, 2014 Amount	Market Value As of August 31, 2013 Amount
MEMORIAL PRODUCTION PARTNERS LP	\$9,805	
MEN S WEARHOUSE INC/THE COMMON STOCK USD.01		\$0
MENTOR GRAPHICS CORP COMMON STOCK NPV		\$39,002
MERCADOLIBRE INC COMMON STOCK USD.001		\$0
MERCURY COMPUTER SYSTEMS INC COMMON STOCK		\$0
MERIDIAN BIOSCIENCE INC COMMON STOCK NPV		\$0
METHANEX CORP COMMON STOCK NPV		\$44,073
METLIFE INC	\$92,620	\$91,502
MICHAEL KORS HOLDINGS LTD	\$109,284	\$68,681
MICROSOFT CORP	\$302,518	\$696,490
MIDDLEBY CORP COMMON STOCK USD.01		\$83,673
MONOLITHIC POWER SYSTEMS INC COMMON STOCK		\$54,044
MONSANTO CO	\$546,099	\$482,500
MOTORCAR PARTS OF AMERICA INC	\$54,424	
MOVADO GROUP	\$52,539	
MPLX LP	\$18,544	
MRC GLOBAL INC	\$30,777	
MSA SAFETY INC	\$53,422	
MWI VETERINARY SUPPLY INC	\$63,923	\$83,644
NANOSTRING TECHNOLOGIES INC	\$18,481	
NCI BUILDING SYSTEMS	\$47,185	
NETAPP INC COMMON STOCK USD.001		\$168,237
NEWPORT CORP COMMON STOCK USD.1167		\$46,572
NEWS CORP CLASS A	\$63,274	\$65,987
NGL ENERGY PARTNERS LP	\$49,563	
NICE SYSTEMS LTD SPONS ADR ADR		\$50,540
NIKE INC -CL B	\$105,100	\$121,054
NORD ANGLIA EDUCATION INC	\$47,856	
NORDSTROM INC	\$150,480	\$97,249
NORFOLK SOUTHERN CORP	\$124,762	\$134,506
NORTHERN TIER ENERGY LP	\$11,598	
NOVADAQ TECHNOLOGIES INC COMMON STOCK		\$47,454
NOW INC	\$23,022	
NQ MOBILE INC ADR ADR USD.0001		\$49,448
NUSTAR ENERGY LP	\$31,988	
NVIDIA CORP COMMON STOCK USD.001		\$69,532
OASIS PETROLEUM INC	\$42,205	\$112,190
OCCIDENTAL PETROLEUM CORP	\$566,470	\$630,437
OILTANKING PARTNERS LP	\$84,778	
OLD DOMINION FREIGHT LINE	\$49,736	\$58,096
OMNICARE INC	\$128,497	\$169,852
OMNICELL INC	\$52,134	\$49,850
OMNICOM GROUP	\$63,297	

Texas Emergency Services Retirement System (326)
Schedule 1
Pension Fund Investments
August 31, 2014 (With Comparative totals for August 31, 2013)

	Market Value As of August 31, 2014 Amount	Market Value As of August 31, 2013 Amount
OMNICOM GROUP COMMON STOCK USD.15		\$117,418
ON ASSIGNMENT INC	\$41,059	
ON SEMICONDUCTOR CORPORATION	\$70,955	\$95,481
ONEOK INC	\$80,239	
ORACLE CORP	\$397,234	\$184,342
ORBCOMM INC	\$19,562	
OSI SYSTEMS INC COMMON STOCK NPV		\$28,717
OXFORD INDUSTRIES INC	\$47,224	\$47,771
PACIRA PHARMACEUTICALS INC	\$69,070	\$51,360
PANERA BREAD COMPANY-CL A	\$124,150	\$57,735
PAREXEL INTERNATIONAL CORP	\$43,233	
PARKER HANNIFIN CORP COMMON STOCK USD.5		\$100,650
PARSLE ENERGY INC SER A	\$48,662	
PBF LOGISTICS LP	\$17,347	
PDC ENERGY INC	\$53,781	
PEBBLEBROOK HOTEL TRUST	\$44,551	
PEGASYSTEMS INC	\$42,402	\$28,190
PERRIGO CO PLC	\$283,201	\$194,115
PFIZER INC	\$417,896	\$469,612
PGT INC	\$29,657	
PHILIP MORRIS INTERNATIONAL	\$394,609	\$416,950
PHILLIPS 66	\$367,137	\$172,899
PIER 1 IMPORTS INC	\$31,599	\$39,829
PLAINS ALL AMER PIPELINE LP	\$321,405	
PLAINS GP HOLDINGS LP	\$67,583	
POLYONE CORPORATION	\$58,242	\$43,502
POLYPORE INTERNATIONAL INC COMMON STOCK USD.01		\$44,075
POOL CORP	\$57,227	\$52,611
POPEYES LOUISIANA KITCHEN INC	\$46,316	
PORTFOLIO RECOVERY ASSOCIATE	\$44,782	\$72,718
POST HOLDINGS INC	\$46,028	
POWER INTEGRATIONS INC COMMON STOCK USD.001		\$49,670
PRAXAIR INC	\$139,311	
PRECISION CASTPARTS CORP	\$289,455	\$194,552
PRICELINE.COM INC COMMON STOCK USD.008		\$237,448
PRIMORIS SERVICES CORP	\$101,640	\$47,882
PRIVATEBANCORP INC COMMON STOCK NPV		\$42,571
PROOFPOINT INC	\$47,936	
PROSPERITY BANCSHARES INC	\$48,622	\$55,315
PROTO LABS INC	\$51,163	
PRUDENTIAL FINANCIAL INC	\$138,497	
PTC THERAPEUTICS INC	\$28,177	
PZENA INVESTMENT MANAGEMENT INC	\$23,202	

Texas Emergency Services Retirement System (326)
Schedule 1
Pension Fund Investments
August 31, 2014 (With Comparative totals for August 31, 2013)

	Market Value As of August 31, 2014 Amount:	Market Value As of August 31, 2013 Amount
QEP MIDSTREAM PARTNERS LP	\$38,610	
QEP RESOURCES INC	\$149,785	
QUALCOMM INC	\$543,202	\$523,214
QUEST DIAGNOSTICS	\$96,142	
QUESTCOR PHARMACEUTICALS COMMON STOCK NPV		\$0
RALLY SOFTWARE DEVELOPMENT COMMON STOCK		\$42,955
RALPH LAUREN CORP	\$199,656	
RAMBUS INC	\$56,217	\$31,661
RAVEN INDUSTRIES INC	\$27,993	\$30,671
RAYMOND JAMES FINANCIAL INC	\$147,364	
RAYTHEON COMPANY	\$193,258	\$152,027
RED ROBIN GOURMET BURGERS	\$36,214	\$56,558
REGENCY ENERGY PARTNERS LP	\$1,715	
REINSURANCE GROUP OF AMERICA COMMON STOCK		\$60,468
RESTORATION HARDWARE HOLDINGS	\$43,277	
RETAILMENOT INC	\$38,568	
RICE ENERGY INC	\$26,528	
ROADRUNNER TRANSPORTATION	\$41,824	\$72,763
ROCK TENN COMPANY CL A COMMON STOCK USD.01		\$130,221
ROCKWELL AUTOMATION INC COMMON STOCK USD1.		\$66,505
ROSE ROCK MIDSTREAM LP	\$37,692	
ROSS STORES INC	\$160,041	\$154,765
ROYAL DUTCH SHELL PLC ADR ADR		\$182,983
RSP PERMIAN INC	\$65,809	
RUCKUS WIRELESS INC	\$32,549	
SAIA INC	\$50,650	
SALIX PHARMACEUTICALS LTD COMMON STOCK USD.001		\$49,469
SANCHEZ ENERGY CORP	\$59,775	
SANOFI	\$54,700	\$195,134
SAPIENT CORPORATION	\$47,085	\$38,721
SCHLUMBERGER LTD	\$573,966	\$557,272
SCRIPPS NETWORKS INTER-CL A	\$74,051	
SEAGATE TECHNOLOGY	\$74,282	\$76,410
SELECT COMFORT CORPORATION COMMON STOCK USD.01		\$38,285
SEQUENTIAL BRANDS GROUP INC	\$22,762	
SHIRE PLC ADR	\$43,983	
SIEMENS AG SPONS ADR ADR		\$57,220
SIGNATURE BANK	\$49,990	\$45,878
SIX FLAGS ENTERTAINMENT	\$63,876	
SKECHERS USA INC-CL A	\$86,388	\$82,756
SODASTREAM INTERNATIONAL LTD COMMON STOCK		\$68,989
SOLARWINDS INC	\$43,389	
SONIC AUTOMOTIVE INC CLASS A COMMON STOCK USD.01		\$43,035

Texas Emergency Services Retirement System (326)
Schedule 1
Pension Fund Investments
August 31, 2014 (With Comparative totals for August 31, 2013)

	Market Value As of August 31, 2014 Amount	Market Value As of August 31, 2013 Amount
SONUS NETWORKS INC	\$44,203	\$17,043
SOVRAN SELF STORAGE INC REIT	\$42,499	
SPANSION INC	\$51,602	
SPECTRANETICS CORP	\$127,994	\$57,570
SPIRIT AIRLINES INC	\$75,599	\$42,204
SPRAGUE RESOURCES LP	\$20,606	
SPS COMMERCE INC	\$35,522	\$46,942
STAG INDUSTRIAL	\$44,166	
STAPLES INC COMMON STOCK USD.0006		\$43,149
STARBUCKS CORP	\$267,978	\$220,375
STATE STREET CORP COMMON STOCK USD1.		\$169,269
STEVEN MADDEN LTD COMMON STOCK USD.0001		\$49,410
STRATASYS LTD COMMON STOCK		\$104,910
STRATEGIC HOTELS & RESORTS INC. REIT	\$34,987	
SUMMIT MIDSTREAM PARTNERS LP	\$50,139	
SUNTRUST BANKS INC COMMON STOCK USD1.		\$74,222
SURGICAL CARE AFFILIATES INC	\$67,109	
SVB FINANCIAL GROUP COMMON STOCK USD.001		\$66,406
SWIFT TRANSPORTATION CO COMMON STOCK USD.001		\$50,001
SYMANTEC CORP COMMON STOCK USD.01		\$87,458
SYNAGEVA BIOPHARMA CORP	\$18,909	
SYNERGY RESOURCES CORP	\$51,956	
SYNTEL INC COMMON STOCK NPV		\$48,943
T ROWE PRICE GROUP INC	\$137,287	\$158,516
TALLGRASS ENERGY PARTNERS LP	\$10,101	
TARGA RESOURCES CORP	\$38,655	
TARGA RESOURCES PARTNERS LP	\$69,118	
TE CONNECTIVITY LTD	\$101,730	\$93,100
TEAM HEALTH HOLDINGS INC	\$96,851	\$120,440
TEARLAB CORP COMMON STOCK USD.001		\$46,792
TEEKAY LNG PARTNERS LP	\$87,581	
TEEKAY OFFSHORE PARTNERS LP	\$46,834	
TEEKAY SHIPPING CORP	\$2,208	
TELEDYNE TECHNOLOGIES INC	\$60,183	\$43,987
TESORO LOGISTICS	\$76,675	
TEVA PHARMACEUTICAL-SP ADR	\$127,939	
TEXAS CAPITAL BANCSHARES INC	\$64,236	\$48,708
TEXAS INSTRUMENTS INC	\$205,343	\$176,484
TEXAS ROADHOUSE INC COMMON STOCK USD.001		\$44,432
THE FINISH LINE-CL A	\$45,719	
THE PRICELINE GROUP INC	\$282,458	
THE TRAVELERS COMPANIES INC	\$157,029	
THE WALT DISNEY CO.	\$270,719	

Texas Emergency Services Retirement System (326)
Schedule 1
Pension Fund Investments
August 31, 2014 (With Comparative totals for August 31, 2013)

	Market Value As of August 31, 2014 Amount	Market Value As of August 31, 2013 Amount
THERMON GROUP HOLDINGS INC COMMON STOCK USD.001		\$207
THOR INDUSTRIES INC COMMON STOCK USD.1		\$61,630
TILE SHOP HLDGS INC COMMON STOCK USD.0001		\$41,316
TIME INC	\$9,956	\$102,519
TIME WARNER INC	\$226,930	\$198,599
TRAVELERS COS INC/THE COMMON STOCK NPV		\$64,719
TRI POINTE HOMES INC COMMON STOCK USD.01		\$27,485
TRIMAS CORP	\$16,864	
TRINET GROUP INC	\$76,811	
TRINITY BIOTECH PLC - SPON ADR	\$37,164	
TRIQUINT SEMICONDUCTOR INC COMMON STOCK USD.001		\$45,172
TRUEBLUE INC COMMON STOCK NPV		\$0
TRUECAR INC	\$19,120	
TUTOR PERINI CORP	\$55,457	
TWENTY-FIRST CENTURY FOX INC	\$300,397	
TYCO INTERNATIONAL LTD COMMON STOCK CHF6.7		\$69,648
TYSON FOODS INC-CL A	\$113,952	\$96,983
UNION PACIFIC CORP COMMON STOCK USD2.5		\$379,244
UNITED CONTINTETAL HOLDINGS INC	\$49,372	
UNITED PARCEL SERVICE CL B COMMON STOCK USD.01		\$54,942
UNITEDHEALTH GROUP INC	\$63,016	\$482,810
USA COMPRESSION PARTNERS LP	\$23,413	
VALERO ENERGY CORP	\$104,003	
VALERO ENERGY PARTNERS LP	\$46,753	
VALIDUS HOLDINGS LTD	\$40,635	\$51,015
VANDA PHARMACEUTICALS INC COMMON STOCK USD.001		\$48,063
VARIAN MEDICAL SYSTEMS INC COMMON STOCK USD1.		\$143,014
VARONIS SYSTEMS INC	\$49,504	
VERIZON COMMUNICATIONS INC	\$124,749	
VIEWPOINT FINANCIAL GROUP	\$44,467	
VISA INC-CLASS A SHARES	\$357,671	\$98,373
VMWARE INC- CL A	\$217,566	\$143,307
VTTI ENERGY PARTNERS LP	\$24,460	
WAGeworks INC COMMON STOCK USD.001		\$71,876
WALT DISNEY CO/THE COMMON STOCK USD.01		\$194,534
WEB.COM GROUP INC COMMON STOCK USD.001		\$51,022
WEBMD HEALTH CORP COMMON STOCK USD.01		\$46,690
WELLS FARGO & COMPANY	\$910,128	\$790,338
WESCO INTERNATIONAL INC	\$53,334	\$55,328
WESTERN ALLIANCE BANCORP COMMON STOCK USD.0001		\$44,297
WESTERN DIGITAL CORP	\$124,539	\$40,796
WESTERN REFINING LOGISTICS LP	\$71,835	
WESTLAKE CHEMICAL PARTNERS LP	\$50,475	

Texas Emergency Services Retirement System (326)
Schedule 1
Pension Fund Investments
August 31, 2014 (With Comparative totals for August 31, 2013)

	Market Value As of August 31, 2014 Amount	Market Value As of August 31, 2013 Amount
WEX INC	\$45,233	
WHOLE FOODS MARKET INC	\$159,300	
WILLBROS GROUP INC	\$45,795	
WILLIAMS COS INC	\$207,148	
WILLIAMS PARTNERS LP	\$97,432	
WINNEBAGO INDUSTRIES	\$43,154	
WIX.COM LTD	\$34,418	
WOLVERINE WORLD WIDE INC COMMON STOCK USD1.		\$49,219
WORTHINGTON INDUSTRIES	\$52,370	
WUXI PHARMATECH CAYMAN INC	\$49,607	\$48,168
XOOM CORP COMMON STOCK USD.0001		\$43,105
ZELTIQ AESTHETICS	\$47,483	
ZIMMER HOLDINGS INC	\$103,978	
ZULILY INC	\$42,706	
 Grand Total	 <u>\$42,268,491</u>	 <u>\$35,595,616</u>
 TOTAL INVESTMENTS	 <u>\$90,375,097</u>	 <u>\$75,731,523</u>
 Short Term Investments (Exhibit VI)	 \$1,131,864	 \$798,064
 Investments (Exhibit VI)		
Corporate Equity	\$42,268,491	\$35,595,616
Other Investments	\$46,974,742	\$39,337,843
Total	<u>\$90,375,097</u>	<u>\$75,731,523</u>

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Texas Emergency Services Retirement System (326)
Exhibit A-1 - Combining Balance Sheet - All General and Consolidated Funds
August 31, 2014

	General Fund 1 (0001)* U/F (0001)	Consolidated Accounts Fund 1 (0001)* U/F (0050)	Total (Ex I)
ASSETS			
Current Assets:			
Cash in State Treasury	\$20,993.49	-\$20,993.49	\$0.00
Legislative Appropriations	47,334.00	12,104.07	59,438.07
Accounts Receivable			
Consumable Inventories	5,924.00		5,924.00
Other Current Assets			
Total Current Assets	<u>74,251.49</u>	<u>-8,889.42</u>	<u>65,362.07</u>
Total Assets	<u>\$74,251.49</u>	<u>-\$8,889.42</u>	<u>\$65,362.07</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Current Liabilities:			
Payables from			
Accounts	\$24,890.22		\$24,890.22
Payroll	33,559.74		33,559.74
Due To Other Funds			
Due To Other Agencies			
Employees' Compensable Leave			
Total Current Liabilities	<u>58,449.96</u>	<u>0.00</u>	<u>58,449.96</u>
Non-Current Liabilities			
Employees' Compensable Leave			
Total Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Liabilities	<u>58,449.96</u>	<u>0.00</u>	<u>58,449.96</u>
Fund Balances (Deficits):			
Nonspendable	5,924.00		5,924.00
Restricted			
Committed			
Assigned			
Unassigned	9,877.53	-8,889.42	988.11
Total Fund Balances	<u>15,801.53</u>	<u>-8,889.42</u>	<u>6,912.11</u>
Total Liabilities and Fund Balance	<u>\$74,251.49</u>	<u>-\$8,889.42</u>	<u>\$65,362.07</u>

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Texas Emergency Services Retirement System (326)
Exhibit A-2 - Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
All General and Consolidated Funds
For the Fiscal Year Ended August 31, 2014

	General Fund 1 (0001)* U/F (0001)	TLFFRA Workshop Fund 1 (0001)* U/F (0050)	Total (Ex II)
REVENUES			
Legislative Appropriations			
Original Appropriations (GR)	\$617,345.00		\$617,345.00
Additional Appropriations (GR)	81,911.12		81,911.12
Other (PR - Seminar Fees)			0.00
Other (GR)			0.00
Total Revenues	699,256.12	0.00	699,256.12
EXPENDITURES			
Salaries and Wages	337,113.26		337,113.26
Payroll Related Costs	88,476.74		88,476.74
Professional Fees and Services	234,941.91		234,941.91
Travel	7,803.73		7,803.73
Materials and Supplies	34,162.19		34,162.19
Communication and Utilities	12,508.48		12,508.48
Repairs and Maintenance	8,536.17		8,536.17
Rentals and Leases	9,571.68		9,571.68
Printing and Reproduction	2,894.55		2,894.55
Judgments and Settlements			0.00
Other Expenditures	22,928.66		22,928.66
Capital Outlay			
Total Expenditures	758,937.37	0.00	758,937.37
Excess (Deficiency) of Revenues over Expenditures	-59,681.25	0.00	-59,681.25
OTHER FINANCING SOURCES (USES)			
Transfers In			
Total Other Financing Sources (Uses)	0.00	0.00	0.00
SPECIAL ITEMS			
	0.00	0.00	0.00
EXTRAORDINARY ITEMS			
Net Change in Fund Balances	-59,681.25	0.00	-59,681.25
Fund Financial Statement - Fund Balances			
Fund Balances - Beginning	75,482.78	-8,889.42	66,593.36
Restatements			0.00
Fund Balances - September 1, 2013, as Restated	75,482.78	-8,889.42	66,593.36
Appropriations Lapsed			0.00
Fund Balances, August 31, 2014	\$15,801.53	-\$8,889.42	\$6,912.11

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Texas Emergency Services Retirement System (326)
Exhibit G-1 - Combining Statement of Fiduciary Net Position
August 31, 2014

	Pension Trust Fund 1 TESRS (976) U/F (0976)	Pension Trust Fund 2 (976) U/F (8976)	Pension Trust Fund 3 (976) U/F (9000)	Totals (Ex VI)
ASSETS				
Cash and Cash Equivalents				
Cash in State Treasury	\$296,561.21	-\$259.84		\$296,301.37
Short Term Investments				
Other Short Term Investments	1,131,863.87			1,131,863.87
Investments				
Corporate Equity	42,268,491.64			42,268,491.64
Other Investments	46,974,741.87			46,974,741.87
Receivables from:				
Retirement System Contributions Receivable	1,054,509.05			1,054,509.05
Interest and Dividends	88,999.38			88,999.38
Sale of Investments	151,902.75			151,902.75
Other				0.00
Due From Other Funds				0.00
Properties, at Cost, net of Accumulated Depreciation	0.00			0.00
Total Assets	\$91,967,069.77	-\$259.84	\$0.00	\$91,966,809.93
LIABILITIES				
Payables from:				
Accounts Payable	102,662.21			102,662.21
Investment Payable	114,669.17			114,669.17
Deferred Revenue	66,322.40			66,322.40
Retirement Benefits				0.00
Due To Other Funds				0.00
Deferred Revenues				
Claims and Judgments				
Employees' Compensable Leave				0.00
Capital Lease Obligations				
Total Liabilities	283,653.78	0.00	0.00	283,653.78
NET Position				
Held in Trust For:				
Pension and Other Employee Benefits	91,683,415.99	-259.84	0.00	91,683,156.15
Total Net Position	\$91,683,415.99	-\$259.84	\$0.00	\$91,683,156.15

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**Texas Emergency Services Retirement System (326)
Exhibit G-2 - Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended August 31, 2014**

	Pension Trust Fund 1 TESRS (0976) U/F (0976)	Pension Trust Fund 2 TESRS (0976) U/F (8976)	Pension Trust Fund 3 TESRS (0976) U/F (9000)	Totals (Ex VII)
Additions				
Contributions:				
Original Appropriations (GR)	\$1,530,343.00			\$1,530,343.00
Dues	3,840,049.58	0.00	0.00	3,840,049.58
Default-Voided warrant				0.00
Prior Service	336,608.99			336,608.99
Total Contributions	5,707,001.57	0.00	0.00	5,707,001.57
Investment Income				
From Investing Activities:				
Net Appreciation (Depreciation) in Fair Value of Investments	11,392,290.32			11,392,290.32
Treasury Interest	3,319.52	-259.84		3,059.68
Interest and Investment Income	1,048,345.36			1,048,345.36
Total Investing Income (Loss)	12,443,955.20	-259.84	0.00	12,443,695.36
Less Investing Activities Expense	538,166.01			538,166.01
Net Income from Investing Activities	11,905,789.19	-259.84	0.00	11,905,529.35
Total Net Investment Income (Loss)	11,905,789.19	-259.84	0.00	11,905,529.35
Other Additions				
Voided warrants	2,792.40			2,792.40
Total Other Additions	2,792.40	0.00		2,792.40
Total Additions	17,615,583.16	-259.84	0.00	17,615,323.32
Deductions				
Retirement System Benefits Paid:				
Death Benefits	85,038.82			85,038.82
Retirement Benefits	3,544,856.47			3,544,856.47
Disability Benefits	32,354.80			32,354.80
Survivor's Benefits	505,884.33			505,884.33
Salaries and Wages				0.00
Payroll Related Costs				0.00
Professional Fees and Services	124,795.96			124,795.96
Travel	33,797.77			33,797.77
Materials & Supplies				0.00
Communications & Utilities				0.00
Repairs & Maintenance				0.00
Rentals & Leases	2,501.88			2,501.88
Printing and Reproduction				0.00
Depreciation Expense				0.00
Interest Expense				0.00
Other Expense	4,572.88			4,572.88
Transfer Out				0.00
Total Deductions	4,333,802.91	0.00	0.00	4,333,802.91
Net Increase (Decrease)	13,281,780.25	-259.84	0.00	13,281,520.41
Net Position - Beginning	78,401,635.74		0.00	78,401,635.74
Restatements				0.00
Net Position, September 1, 2013, as Restated	78,401,635.74	0.00	0.00	78,401,635.74
Net Position, August 31, 2014	\$91,683,415.99	-\$259.84	\$0.00	\$91,683,156.15

The accompanying notes
to the financial statements
are an integral part of this statement.

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