

Annual Financial Report

For Fiscal Year Ending August 31, 2026



PENSION REVIEW BOARD

TEXAS PENSION
REVIEW BOARD

October 1, 2026

The Honorable Greg Abbott, Governor
The Honorable Don Huffines, Texas Comptroller
Phillip Ashley, Director, Legislative Budget Board
Lisa Collier, State Auditor

Ladies and Gentlemen:

We are pleased to submit the annual financial report of the Texas Pension Review Board for the year ended August 31, 2026, in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

In accordance with statewide requirements associated with Governmental Accounting Standards Board (GASB) Statement No. 103, the Comptroller of Public Accounts does not require this annual financial report to adhere fully to all provisions of the statement. This report will be subject to consideration by the State Auditor as part of the audit of the State of Texas Annual Comprehensive Financial Report (ACFR). As a result, no audit opinion has been issued on the financial statements or related information included in this report.

If you have any questions, please contact Tony Araguz at 512-463-1739.

Sincerely,



Ashley Rendon
Interim Executive Director

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Exhibit I: Balance Sheet/Statement of Net Position- Governmental Funds

Combined Balance Sheet/Statement of Net Position	General Funds	Government Funds Total	Long-Term Liabilities Adjustment	Statement of Net Position
ASSETS				
Legislative Appropriations	\$797,338.65	\$797,338.65		\$797,338.65
Total Assets	\$797,338.65	\$797,338.65		\$797,338.65
LIABILITIES AND FUND BALANCES				
Current Liabilities:				
Payroll Payable	\$257,449.53	\$257,449.53		\$257,449.53
Employees' Compensable Leave (Note 5)			\$63,255.62	\$63,255.62
Total Current Liabilities	\$257,449.53	\$257,449.53	\$63,255.62	\$320,705.15
Non-Current Liabilities:				
Employees' Compensable Leave (Note 5)			\$48,389.82	\$48,389.82
Total Non-Current Liabilities			\$48,389.82	\$48,389.82
Total Liabilities	\$257,449.53	\$257,449.53	\$111,645.44	\$369,094.97
Unassigned Fund Balance	\$539,889.12	\$539,889.12		\$539,889.12
Total Liabilities and Fund Balances	\$797,338.65	\$797,338.65		
Less Unrestricted Net Position			\$(111,645.44)	\$(111,645.44)
Total Net Position				\$428,243.68

Exhibit II: Combined Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities-Governmental Funds

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities-Governmental Funds	General Funds	Government Funds Total	Statement of Activities
REVENUES			
Legislative Appropriations			
Original Appropriations	\$1,435,469.00	\$1,435,469.00	\$1,435,469.00
Additional Appropriations	\$299,619.98	\$299,619.98	\$299,619.98
Total Revenues	\$1,735,088.98	\$1,735,088.98	\$1,735,088.98
EXPENDITURES			
Salaries and Wages	\$1,329,277.72	\$1,329,277.72	\$1,329,277.72
Payroll-Related Costs	\$317,114.61	\$317,114.61	\$317,114.61
Professional Fees and Services	\$161,127.49	\$161,127.49	\$161,127.49
Travel	\$12,618.70	\$12,618.70	\$12,618.70
Materials and Supplies	\$52,098.09	\$52,098.09	\$52,098.09
Communication and Utilities	\$7,633.02	\$7,633.02	\$7,633.02
Repairs and Maintenance	\$18,344.08	\$18,344.08	\$18,344.08
Rentals and Leases	\$1,718.97	\$1,718.97	\$1,718.97
Printing and Reproduction	\$517.87	\$517.87	\$517.87
Other Expenditures	\$6,409.45	\$6,409.45	\$6,409.45
Total Expenditures/Expenses	\$1,906,860.00	\$1,906,860.00	\$1,906,860.00
Excess (Deficiency) of Revenues over (under) Expenditures	\$(171,771.02)	\$(171,771.02)	\$(171,771.02)
OTHER FINANCING SOURCES (USES)			
Transfer Out	\$(322.99)	\$(322.99)	\$(322.99)
Legislative Financing Sources	\$7,805.00	\$7,805.00	\$7,805.00
Other Financing Sources	\$415.80	\$415.80	\$415.80
Total Other Financing Sources (Uses)	\$7,897.81	\$7,897.81	\$7,897.81
Net Change in Fund Balances/Net Position	\$(163,873.21)	\$(163,873.21)	\$(163,873.21)

UNAUDITED
Texas Pension Review Board (338)

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities-Governmental Funds	General Funds	Government Funds Total	Statement of Activities
Fund Financial Statement-Fund Balances			
Fund Balances, September 1, 2025	\$704,722.10	\$704,722.10	\$704,722.10
Restatements	\$(180.94)	\$(180.94)	\$(180.94)
Fund Balances, September 1, 2025, as Restated	\$704,541.16	\$704,541.16	\$704,541.16
Appropriations Lapsed	\$(778.83)	\$(778.83)	\$(778.83)
Fund Balances/Net Position, August 31, 2026	\$539,889.12	\$539,889.12	\$539,889.12

Note 1: Summary of Significant Accounting Policies

Entity

Historical Background

The Texas Pension Review Board (PRB) was created in 1979 by House Bill 1506 (66R) as an independent state agency to oversee and review Texas state and local public pension systems.

The PRB's general duties outlined in Chapter 801, Texas Government Code are to:

- conduct a continuing review of all public retirement systems, compiling and comparing information about benefits, creditable service, financing and administration of systems;
- conduct intensive studies of potential or existing problems that threaten the actuarial soundness of or inhibit an equitable distribution of benefits in one or more public retirement systems;
- provide information and technical assistance on pension planning to public retirement systems on request; and
- recommend policies, practices, and legislation to public retirement systems and appropriate governmental entities.

Additionally, the agency must:

- prepare and provide an actuarial impact statement for any bill or resolution that proposes to change the amount or number of benefits or participation in benefits of a public retirement system that proposes to change a fund liability of a public retirement system;
- develop and administer an educational training program for trustees and system administrators of Texas public retirement systems; and
- receive and analyze system investment expense information and report to the legislature on Texas public retirement system investment practices and performance.

Due to significant changes related to Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to be in compliance with Generally Accepted Accounting Principles (GAAP). The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Annual Comprehensive Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

Blended Component Units

The agency does not have any blended component units.

Discretely Presented Component Units

The agency does not have any discretely presented component units

Fund Structure

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

Governmental Fund Types & Government-Wide Adjustment Fund Types

General Revenue Fund Type

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

Capital Asset Adjustment Fund Type

Capital Asset Adjustment fund type will be used to convert governmental fund types' capital assets from modified accrual to full accrual.

Basis of Accounting

The basis of accounting determines when revenues and expenditures or expenses 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 are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized in the period that 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 60 days after fiscal year-end to be available and recognizes them as revenues of the current year for fund financial statements prepared on the modified accrual basis. **Expenditures and other uses of financial resources are recognized when the related liability is incurred.**

Basis conversion adjustment fund types convert modified accrued basis to full accrued basis of accounting. The following activities are recognized in these fund types.

- Capital assets
- Accumulated depreciation
- Unpaid employee compensable leave
- The outstanding debt service principal on long-term liabilities
- Leases and subscription-based information technology arrangements (SBITAs)
- Long-term claims and judgments
- Full accrual revenues and expenses
- Pension amounts in governmental activities

Budget 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 fiscal year-end for which they were appropriated.

Assets, Liabilities, and Fund Equity

Capital and Intangible Assets

Assets that meet the reporting threshold and useful life are capitalized. The capitalization threshold and the estimated useful life vary depending on the asset type. These assets are capitalized at cost or, if 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. Other depreciable assets are depreciated over the estimated useful life of the asset using the straight-line method.

Liabilities

Accounts Payable

Accounts payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

Employees’ Compensable Leave Balances

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. These obligations are normally paid from the same funding source from which each employee’s salary or wage compensation was paid.

Fund Balance/Net Position

The difference between fund assets and liabilities is ‘Net Position’ on the government-wide, proprietary and fiduciary fund statements, and the ‘Fund Balance’ is the difference between fund assets and liabilities on the governmental fund statements.

Reservations of Fund Balance

Fund balances for governmental funds are classified as either reserved or unreserved in the fund financial statements. Reservations are legally restricted to a specific future use or not available for expenditure.

Reserved for Encumbrances

This represents commitments of the value of contracts awarded or assets ordered prior to year-end, but not received as of that date. Encumbrances are not included with expenditures or liabilities. They represent current resources designated for specific expenditures in subsequent operating periods.

Unreserved/Undesignated

Other represents the unappropriated balance at year-end.

Invested in Capital Assets, Net of Related Debt

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bond, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Interfund Transactions and Balances

The agency has the following types of transactions among funds.

Transfers

Legally required transfers that are reported when incurred as 'Transfers In' by the recipient fund and as 'Transfer Out' by the disbursing fund.

Reimbursements

Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another that are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in financial statements.

Note 2: Capital Assets

Depreciable Assets

Item	Balance 9/1/2025	Additions	Deletions	Balance 8/31/2026
Furniture and Equipment	\$48,357.47	\$0	\$(34,903.47)	\$13,454.00
Less Accumulated Depreciation	\$(43,357.47)	\$0	\$34,903.47	\$(13,454.00)
Depreciable Assets, Net	\$0	\$0	\$0	\$0

Note 5: Changes in Long Term Liabilities

Liability	Balance 9/1/2025	Additions	Reductions	Adjustments	Balance 8/31/2026	Amount Due Within One Year	Amount Due Thereafter
Employee Compensable Leave	\$117,990.03	\$99,845.17	\$99,861.39	\$(6,238.37)	\$111,645.44	\$63,255.62	\$48,389.82

A state employee is entitled to be paid for all unused annual leave accrued, in the event of the employee's resignation, dismissal, or separation from state employment, provided the employee has 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 Assets. Both an expense and a liability for business-type activities are recorded in the proprietary funds as the benefits accrue to the employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. This obligation is usually paid from the same funding source(s) from which the employee's salary and wage compensation was paid.

Note 13: Continuance Subject to Review

Under the Texas Sunset Act, the Agency will be abolished effective September 1, 2029, unless continued in existence by the legislature as provided by the Act. The agency is scheduled to undergo the Sunset review process during the 2028-2029 biennium.

Note 14: Adjustments to Beginning Net Position, Fund Balances, or Fund Net Position

Correction to Previously Submitted Accounting Statements

During fiscal year 2026, the Fiscal Management Division of the Texas Comptroller of Public Accounts notified the agency of a general ledger balance in Accounts Payable of \$180.94 which had been unchanged since fiscal year 2022. Further research indicated that the balance in question was originally posted in appropriation year 1999 and has been carried forward into fiscal year 2026 as part of the Accounts Payable balance in the general ledger. The agency reduced this balance through a restatement in the beginning fund balance summarized below.

Adjustment and Restatement of Beginning Balance

During fiscal year 2026, the above error correction resulted in an adjustment to the beginning fund balance as shown below:

Item	Beginning Fund Balance August 31, 2025	Adjustment for Restatement	Beginning Fund Balance August 31, 2025 as Restated
Governmental Activities	\$704,722.10	\$(180.94)	\$704,541.16

Exhibit A-1: Combining Balance Sheet-All General and Consolidated Funds

Combining Balance Sheet	General Funds (0001) F(0001)	Consolidated Fund (9997) F(9997)	Total
ASSETS			
Legislative Appropriations	\$797,338.65		\$797,338.65
Total Assets	\$797,338.65		\$797,338.65
LIABILITIES AND FUND BALANCES			
Current Liabilities:			
Payroll Payable	\$257,449.53		\$257,449.53
Employees' Compensable Leave (Note 5)		\$63,255.62	\$63,255.62
Total Current Liabilities	\$257,449.53	\$63,255.62	\$320,705.15
Non-Current Liabilities:			
Employees' Compensable Leave (Note 5)		\$48,389.82	\$48,389.82
Total Non-Current Liabilities		\$48,389.82	\$48,389.82
Total Liabilities	\$257,449.53	\$111,645.44	\$369,094.97
Unassigned Fund Balance	\$539,889.12	\$(111,645.44)	\$428,243.68
Total Liabilities and Fund Balances	\$797,338.65	\$0	\$797,338.65

Exhibit A-2: Combining Statement of Revenues, Expenditures, and Changes in Fund Balance-All General and Consolidated Funds

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances	General Fund (0001) F(0001)	Consolidated Fund (9998) F(9998)	Total
REVENUES			
Legislative Appropriations			
Original Appropriations	\$1,435,469.00		\$1,435,469.00
Additional Appropriations	\$299,619.98		\$299,619.98
Total Revenues	\$1,735,088.98		\$1,735,088.98
EXPENDITURES			
Salaries and Wages	\$1,329,277.72		\$1,329,277.72
Payroll-Related Costs	\$317,114.61		\$317,114.61
Professional Fees and Services	\$161,127.49		\$161,127.49
Travel	\$12,618.70		\$12,618.70
Materials and Supplies	\$52,098.09		\$52,098.09
Communication and Utilities	\$7,633.02		\$7,633.02
Repairs and Maintenance	\$18,344.08		\$18,344.08
Rentals and Leases	\$1,718.97		\$1,718.97
Printing and Reproduction	\$517.87		\$517.87
Other Expenditures	\$6,409.45		\$6,409.45
Total Expenditures/Expenses	\$1,906,860.00		\$1,906,860.00
Deficiency of Revenues under Expenditures	\$(171,771.02)		\$(171,771.02)
OTHER FINANCING SOURCES (USES)			
Transfer Out	\$(278.44)	\$(44.55)	\$(322.99)
Sale of Capital Assets	\$371.25	\$(371.25)	\$0
Legislative Financing Sources	\$7,805.00		\$7,805.00
Other Financing Sources		\$415.80	\$415.80
Total Other Financing Sources (Uses)	\$7,897.81	\$0	\$7,897.81
Net Change in Fund Balances/Net Position	\$(163,873.21)	\$0	\$(163,873.21)

UNAUDITED
Texas Pension Review Board (338)

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances	General Fund (0001) F(0001)	Consolidated Fund (9998) F(9998)	Total
Fund Financial Statement-Fund Balances			
Fund Balances, September 1, 2025	\$704,722.10		\$704,722.10
Restatements	\$(180.94)		\$(180.94)
Fund Balances, September 1, 2025, as Restated	\$704,541.16		\$704,541.16
Appropriations Lapsed	\$(778.83)		\$(778.83)
Fund Balances/Net Position, August 31, 2026	\$539,889.12		\$539,889.12