

A G E N D A

A regular meeting of the Board of Trustees of the Waxahachie Firemen's Relief and Retirement (FR&R) Fund to be held at Waxahachie Fire Station No. 1, 407 Water Street, Waxahachie, Texas, on **May 11, 2026 at 8:30 a.m.**

BOARD MEMBERS: Matt Dorsey, Chairman
 Jeff Aycock, Vice Chairman
 Shane Petty, Secretary
 Chris Wright, City Council Representative
 Chad Tustison, Finance Director
 Lee Statham
 Phillip Young

1. Call to Order
2. **Public Comments:** Persons may address the Waxahachie Firemen's Relief and Retirement (FR&R) Fund on any issues. This is the appropriate time for citizens to address the Board on any concern whether on this agenda or not. In accordance with the State of Texas Open Meetings Act, the Board may not comment or deliberate such statements during this period, except as authorized by Section 551.042, Texas Government Code. ***Speakers must observe the three (3) minute time limit.***

In order to be recognized during Public Comments, please complete a Public Appearance Card located at the entrance of the meeting room. Please present the card to the City Secretary, or their designee, ten (10) minutes before the start of the business meeting.

3. Consent Agenda

All matters listed under Item 3, Consent Agenda, are considered to be routine by the Board Members and will be enacted by one motion. Approval of the Consent Agenda authorizes the Chairman to execute all matters necessary to implement each item. Any item may be removed from the Consent Agenda for separate discussion and consideration by any Board Member.

- a. Minutes of the regular Firemen's Relief & Retirement Fund meeting of April 13, 2026
 - b. Annuity checks for FR&R Retirees and other disbursements for the month of May 2026
4. Discuss and consider the 2025 Audit
5. Discuss and consider changing Kevin Lindsey's death benefit to a line of duty death benefit
6. Discuss and consider back pay for the Lindsey family
7. Set next meeting date and time of the Firemen's Relief and Retirement Fund Board to June 8, 2026

8. Adjourn

The Firemen's Relief and Retirement Fund Board reserves the right to go into Executive Session as authorized by Section 551.071(2) of the Texas Government Code, for the purpose of seeking confidential legal advice from legal counsel on any agenda item listed herein.

ACCESSIBILITY STATEMENT

This meeting location is wheelchair-accessible. Parking for mobility-impaired persons is available. Any request for sign interpretive services must be made forty-eight hours ahead of the meeting. To make arrangements, call the ADA Coordinator at (469) 309-4000 or (TDD) 1-800-RELAY TX

Notice of Potential Quorum

One or more members of the Waxahachie City Council may be present at this meeting.

No action will be taken by the City Council at this meeting.

A regular meeting of the Board of Trustees of the Waxahachie Firemen's Relief and Retirement (FR&R) Fund was held at Waxahachie Fire Station No. 1, 407 Water Street, Waxahachie, Texas, on Monday, April 13, 2026 8:30 a.m.

Members Present: Matt Dorsey, Chairman
 Jeff Aycock, Vice Chairman
 Shane Petty, Secretary
 Chris Wright, Mayor Pro Tem
 Chad Tustison, Finance Director
 Phillip Young
 Lee Statham

Others Present: Gary Myers, Administrator

1. Call to Order

Chairman Matt Dorsey called the meeting to order at 8:47 am.

2. Public Comments

None.

3. Consider appointment of Civilian Member to the FR&R Board

Lee Statham's position expired March 2026.

Action

Chris Wright moved to reappoint Lee Statham to the Civilian Board Member position. The motion was seconded Phillip Young and carried unanimously (6-0) with Lee Statham abstaining.

4. Administer Oath of Office to Civilian Board Member

Chairman Matt Dorsey administered the Oath of Office to Lee Statham.

5. Consent Agenda

- a. Minutes of the regular Firemen's Relief & Retirement Fund meeting of March 9, 2026
- b. Annuity checks for FR&R Retirees and other disbursements for the month of April 2026

Annuity and other disbursement checks are estimated to total \$131,642.55 for the month of April.

Action

Phillip Young moved to approve all items on the consent agenda as presented. The motion was seconded by Jeff Aycock and carried unanimously (7-0).

- 6. Discuss and consider Invoice from Mariner Investments 1st Quarter 2026 in the amount of \$7500.00**

Action

Chris Wright moved to pay Invoice 80335 in the amount of \$7,500.00. The motion was seconded by Chad Tustison and carried unanimously (7-0).

- 7. Discuss and consider Invoice from Gary Myers 1st quarter in the amount of \$3,000.00**

Action

Phillip Young moved to pay Invoice 006 in the amount of \$3,000.00. The motion was seconded by Lee Statham and carried unanimously (7-0).

- 8. Discuss and consider 1st Quarter investment report from Tony Kay with Mariner**

Tony Kay, Mariner, presented the 1st quarter investment report.

No action taken.

- 9. Discuss and consider rebalancing the investment portfolio**

The Trustees did not request any rebalancing of the investment portfolio.

No action taken.

- 10. Discuss and consider changes to the Investment Policy**

The Board discussed adding a cash category to the Investment Policy.

Action

Chris Wright moved to add a Cash category to the Investment Policy. The motion was seconded by Jeff Aycock and carried unanimously (7-0).

- 11. Discuss and consider the 2025 Audit**

The audit report was not received by the meeting date; therefore, the item was tabled.

- 12. Discuss and consider the Lindsey family benefits**

The Lindsey family benefits were discussed.

No action taken.

- 13. Set next meeting date and time of Firemen's Relief and Retirement Fund Board May 11, 2026**

The May 11, 2026 will be held the Fire Admin Office at 8:30 a.m.

14. Adjourn

Meeting adjourned at 9:34 a.m.

Respectfully submitted,
Gary Myers
Administrator

MEMORANDUM

(3b)

TO: FR&R Board Members
FROM: Gary Myers, Plan Administrator
DATE: Monday, May 11, 2026
SUBJECT: Annuity Payments for the Month of May 2026 for Retirees/Beneficiaries

Alexander	Donald
Alexander	Jeffery
Banks	Dwight
Bennett	Don
Bratcher	Billy
Carrington	Paul
Chenault	John
Cobb	Sharon
Creceilius	Dennis
Creed	Lori
Crow	Len
Evans	Karen
Fuller	Donald
Gilley	Dorothy
Hamilton	Denise
Hamilton	Steven
Irvin	James
Johnston	Randy
Junkin	Pam
Kuykendall	Terry
Lewis	Sammy
Lindsey	Kylie
Lindsey	Karsyn
Lindsey	Kallen
Maeker	David
Marrs	Jeffery
Martin	J
Morgan	Alan
Muirhead	Randal
Myers	Gary
Nunn	Carol
Ogletree	Billy
Potter	Randall
Rodgers	John
Rust	Paul
Skipper	Terry
Slay	Mike
Sport	Jeffery
Sykes	Jerry
Tillery	Daryl Anne
Turner	John Olin
Turner	Sharon
Warren	Lisa
Williams	Sidney
Wilson	Darla
Wilson	Kaleb

\$131,642.55

**WAXAHACHIE FIREMEN'S RELIEF
AND RETIREMENT FUND**

WAXAHACHIE, TEXAS

FINANCIAL STATEMENTS

SEPTEMBER 30, 2025 AND 2024

**WAXAHACHIE FIREMEN’S RELIEF
AND RETIREMENT FUND
SEPTEMBER 30, 2025 AND 2024**

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Waxahachie Firemen's Relief and Retirement Fund
Waxahachie, Texas

Opinion

We have audited the accompanying financial statements of the Waxahachie Firemen's Relief and Retirement Fund ("Fund"), which comprise the statement of fiduciary net position as of September 30, 2025, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the fiduciary net position of the Fund as of September 30, 2025, and the changes in fiduciary net position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments; administering the plan; and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.

TYLER OFFICE

P: 903 597-6311
3304 S Broadway Ave.
Tyler, Texas 75701

LONGVIEW OFFICE

P: 903 758-0648
2101 Judson Road
Longview, Texas 75605

FRISCO OFFICE

P: 469 956-5400
8000 Warren Pkwy #103
Frisco, Texas 75034



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund'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 Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 - 7 and Required Supplementary Schedules on pages 19 - 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis and Required Supplementary Schedules in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Auditor's Report on the 2024 Financial Statements

The financial statements as of and for the fiscal year ended September 30, 2024 for the Waxahachie Firemen's Relief and Retirement Fund were audited by a predecessor auditor whose report, dated May 6, 2025, expressed an unmodified opinion on such financial statements.

Henry + Peters, P.C.

Tyler, Texas
April 15, 2026



**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

**WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
SEPTEMBER 30, 2025 AND 2024**

The Management's Discussion and Analysis ("MD&A") of the Waxahachie Firemen's Relief and Retirement Fund ("Fund") for the years ended September 30, 2025 and 2024, provides a summary of the financial position and performance of the Fund, including highlights and comparisons. The MD&A is presented as a narrative overview and analysis. For more detailed information regarding the Fund's financial activities, the reader should also review the actual financial statements, including the notes and supplementary schedules.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the Fund's basic financial statements, which comprise the following components:

- Basic Financial Statements
- Notes to Financial Statements
- Required Supplementary Schedules

Collectively, this information presents the net position and summarizes the changes in fiduciary net position of the Fund as of September 30, 2025 and 2024. The information available in each of these sections is briefly summarized below.

- **Basic Financial Statements.** The financial statements presented include Fiduciary Fund statements. Fiduciary Fund statements represent the financial position and activities of the Pension Trust Fund. A Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position are presented for the Pension Trust Fund as of and for the years ended September 30, 2025 and 2024. These financial statements reflect the resources available to pay benefits to retirees and other beneficiaries.
- **Notes to Financial Statements.** The financial statement notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. Information available in the notes to the financial statements is described below:
 - Note 1 provides a general description of the Fund, including membership and benefit provisions, as well as a description of its reporting entity.
 - Note 2 provides a summary of significant accounting policies, including the basis of presentation and accounting and explanations of investment fair value estimates.
 - Note 3 provides a general description of the contributions.
 - Note 4 provides information on the Fund's investment portfolio including information pertaining to the investment policy, and rate of return of the portfolio.
 - Note 5 provides the components of the net pension liability of the employer, summarizes actuarial assumptions and discount rate.
 - Note 6 explains that the Fund and related trust are designed in accordance with applicable sections of the Internal Revenue Code.
 - Note 7 explains that the Fund is exposed to various investment risks.
 - Note 8 provides a description of the required supplementary schedules.
 - Note 9 explains that the Fund has evaluated subsequent events through the date on which the financial statements were available to be issued.
- **Required Supplementary Schedules.** The required supplementary information includes schedules and related notes concerning the net pension liability of the Fund, investment return on plan assets, investment and administrative expenses, and notes to the required supplementary schedules.

**WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
SEPTEMBER 30, 2025 AND 2024**

Financial Highlights

Fiduciary Fund - Pension Trust Fund

The following table displays a summary of assets, liabilities, net position and changes in net position for the Fund at September 30, 2025 and 2024, respectively:

	2025	2024
Assets	\$ 33,194,457	\$ 27,891,611
Liabilities	(57,294)	(25,925)
Net position	33,137,163	27,865,686
Change in fiduciary net position	\$ 5,271,477	\$ 6,097,026

Additions to net assets held in the trust for pension benefits include employer and member contributions as well as investment income, net of investment-related expenses. Such amounts for the years ended September 30, 2025 and 2024, were as follows:

	2025	2024
Employer contributions	\$ 1,635,804	\$ 1,449,849
Member contributions	1,129,986	1,033,523
Net investment income	4,117,641	5,346,505
Other income	-	944
Total contributions and investment income, net	\$ 6,883,431	\$ 7,830,821

Fund membership totaled 86 and 80 participants as of September 30, 2025 and 2024, respectively. The employer contribution rate was 17.01% for the period from October 1, 2024 through December 31, 2024, and 17.49% for the period from January 1, 2025 through September 30, 2025. For the year ended September 30, 2024, the employer contribution rate was 16.79%. The employee contribution rate was 12.00% for the years ended September 30, 2025 and 2024.

Investment income includes appreciation/depreciation in fair value of investments, interest and dividends, and is shown net of investment-related expenses. The investment income for 2025 was due in large part to the change in fair value of investments and fluctuations of the market and economic conditions.

Deductions from net position restricted for pension benefits include payments of retirement benefits and refunds as well as administrative and other expenses. Such amounts for the years ended September 30, 2025 and 2024, were as follows:

	2025	2024
Benefits paid to members	\$ 1,506,468	\$ 1,347,967
Refunds and DROP payments	38,170	349,299
Administrative expenses	67,316	36,529
Total deductions	\$ 1,611,954	\$ 1,733,795

Requests for Information

This financial report is designed to provide a general overview of the Waxahachie Firemen's Relief and Retirement Fund finances. Questions and requests for additional information should be addressed to the Board of Trustees, P.O. Box 757, Waxahachie, TX 75168.

BASIC FINANCIAL STATEMENTS

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
STATEMENTS OF FIDUCIARY NET POSITION SEPTEMBER
30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash	\$ -	\$ 15,305
Receivables:		
Employer contributions	-	62,694
Member contributions	-	44,228
Interest and dividends	4,400	31,116
Total receivables	<u>4,400</u>	<u>138,038</u>
Investments, at fair value:		
Short-term investment funds	879,320	445,687
Equities:		
Domestic	17,643,132	14,236,991
International	4,806,425	3,866,268
Fixed income:		
Domestic	4,782,628	4,234,020
Alternative investments	2,672,984	2,655,302
Real estate	2,405,568	2,300,000
Total investments, at fair value	<u>33,190,057</u>	<u>27,738,268</u>
Total assets	<u>33,194,457</u>	<u>27,891,611</u>
LIABILITIES		
Accrued expenses	57,294	25,925
Net position - restricted for pension benefits	<u><u>\$ 33,137,163</u></u>	<u><u>\$ 27,865,686</u></u>

See accompanying notes to financial statements.

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION FOR
THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Contributions:		
Employer	\$ 1,635,804	\$ 1,449,849
Members	1,129,986	1,033,523
Total contributions	<u>2,765,790</u>	<u>2,483,372</u>
Investment income, net:		
Interest and dividend income	597,123	729,436
Net appreciation in fair value of investments	3,680,860	4,770,059
Less investment expense	<u>(160,342)</u>	<u>(152,990)</u>
Total investment income, net	4,117,641	5,346,505
Other income	<u>-</u>	<u>944</u>
Total contributions and investment income, net	6,883,431	7,830,821
Deductions:		
Benefits paid to members	1,506,468	1,347,967
Refunds and DROP payments	38,170	349,299
Administrative expenses	<u>67,316</u>	<u>36,529</u>
Total deductions	<u>1,611,954</u>	<u>1,733,795</u>
Net increase in fiduciary net position	5,271,477	6,097,026
Net position - restricted for pension benefits		
Beginning of year	27,865,686	21,768,660
End of year	<u><u>\$ 33,137,163</u></u>	<u><u>\$ 27,865,686</u></u>

See accompanying notes to financial statements.

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 1 - FUND DESCRIPTION

BACKGROUND AND REPORTING ENTITY

The Waxahachie Firemen's Relief and Retirement Fund ("Fund") was established pursuant to the Texas Local Firefighter's Retirement Act of 1937 ("Act"). The purpose of the Fund is to provide for the receipt, control, handling, management, and dispersing of assets accumulated in the Fund, which has been established for the purpose of providing specific benefits to members at retirement or disability and to their beneficiaries in case of death.

The Fund is administered by a seven-member Board of Trustees ("Board"), which includes three members elected from and by the Fund members, two representatives of the City of Waxahachie (the "City"), and two citizen members elected by the Board. The Board oversees the Fund and sets policies for its operation, including appointing management and directing investments.

The Fund is a single-employer defined benefit pension fund. The Fund is an independent entity for financial reporting purposes.

MEMBERSHIP

Firefighters for the City are covered by the Fund. The membership consisted of the following as of September 30:

	<u>2025</u>	<u>2024</u>
Inactive Plan members or beneficiaries currently receiving benefits	45	42
Active Plan members	<u>86</u>	<u>80</u>
Total membership	<u><u>131</u></u>	<u><u>122</u></u>

BENEFIT PROVISIONS

The Fund provides service retirement, disability, death, and vested termination benefits. A firefighter becomes fully vested upon meeting the normal service retirement requirements, which are age 50 with 20 years of Service for those hired before July 1, 2005, and age 55 with 20 years of Service for those hired on or after that date. Firefighters who terminate employment with at least 10 but fewer than 20 years of Service are entitled to a vested termination benefit that begins on the later of reaching the applicable retirement age or the date on which they would have completed 20 years of Service had they remained employed. The normal monthly retirement benefit is calculated using the firefighter's Highest 60-Month Average Salary, applying the Plan's tiered accrual rates of 2.60% per year of Service before January 1, 2020 (up to 27 years), 2.50% for each of the first 10 years earned on or after that date, 2.50% for the 11th through 27th years earned on or after that date, and 1.30% for each year of Service above 27.

A firefighter eligible for normal service retirement may also elect to participate in the Reverse Deferred Retirement Option Provision (Reverse DROP). This election allows the firefighter to choose a DROP Benefit Calculation Date 1 to 36 whole months before termination of Service, provided the firefighter meets the age and Service requirements based on hire date and has at least 20 years of Service. Under this provision, the firefighter receives a lump-sum Reverse DROP payment, consisting of the firefighter's contributions made during the DROP period plus the monthly benefit calculated as of the DROP Benefit Calculation Date multiplied by the number of DROP months, in addition to receiving the ongoing monthly retirement benefit. The benefit structure of the Fund is authorized under the Texas Local Fire Fighters Retirement Act, which establishes the procedures for amending plan provisions. The Plan does not provide automatic post-retirement benefit increases, but the Fund may grant ad hoc increases if approved in accordance with the Act.

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024
CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The Fund financial statements are prepared in accordance with generally accepted accounting principles established by the Governmental Accounting Standards Board ("GASB") for pension trust funds, with the financial activities recorded in a separate fund. The financial statements are prepared using the accrual basis of accounting. Member and employer contributions are recognized when due. Benefits and refunds are recognized when paid in accordance with the provisions of the Fund. Investment transactions are recorded as of the date a transaction is agreed upon and investment income, from interest and dividends, is recorded when earned or declared. All expenses are recognized when the liability is incurred.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires the Fund administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

INVESTMENTS

Investments are reported at fair value. The Fund determines the fair value of investments as follows:

- Short-term investments, such as debt securities with a maturity date of less than one year, are reported at cost, which approximates fair value.
- Debt and equity securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates.
- Debt securities not traded on national or international exchanges are reported at estimated fair value based on equivalent values of comparable securities with similar yield and risk.
- Investments in open-ended mutual funds are based on the funds' current share price.
- Investments in partnerships or other alternative investments that are not traded on national or international exchanges are valued at the last reported share value.
- Investments in common/collective trusts are valued at Net Asset Value ("NAV") based on values reported by the sponsor of the trust.
- Investments in real estate are reported at estimated fair value based on independent appraisals, recent market transactions, or other valuation techniques that reflect current market conditions.

Investment gains and losses arising from increases or decreases in the current market values from the beginning of the year to the end of the year and investment gains and losses arising from the sale or maturity of investments are reported as net appreciation (depreciation) in fair value of investments in the statements of changes in fiduciary net position. Potential credit losses are measured and recognized in accordance with ASU 2016-13, Financial Instruments - Credit Losses.

ADMINISTRATIVE COSTS

The administrative costs are paid by the Fund through the use of investment earnings.

RECLASSIFICATION

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. These reclassifications did not affect previously reported net income, total assets, or equity.

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024
CONTINUED

NOTE 3 - CONTRIBUTIONS

The contribution provisions of the Fund are authorized by the Act. The Act provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each member and a percentage of payroll by the City.

While the contributions are not actuarially determined, state law requires that each change in plan benefits adopted by the Fund must first be approved by an eligible actuary, certifying that the contribution commitment by the firefighters and the assumed City contribution rate together provide an adequate contribution arrangement. Using the entry age of actuarial cost method, the Fund's normal cost contribution rate is determined as a percentage of payroll. The excess of the total contribution rate over the normal cost contribution rate is used to amortize the Fund's unfunded actuarial accrued liability ("UAAL"). The number of years needed to amortize the Fund's UAAL is actuarially determined using an open, level percentage of payroll method.

Contributions and contribution rates for the years ended September 30 were as follows:

	2025		2024	
	Amount	Percentage	Amount	Percentage
Employer	\$ 1,635,804	17.01% & 17.49%	\$ 1,449,849	16.79%
Members	\$ 1,129,986	12.00%	\$ 1,033,523	12.00%

NOTE 4 - INVESTMENTS

INVESTMENTS OVERVIEW

The Board has established, and has the authority to amend, the following investment guidelines:

SHORT-TERM INVESTMENT FUNDS

- The money market fund or short-term investment fund options provided by the Fund's custodian; and
- Have a minimum rating of A1/P1, or its equivalent, by a major credit rating service.

EQUITIES

- Must be traded on a national exchange or electronic network; and
- Not more than five percent (5%) of the Fund's assets, at book value, shall be invested in the stock of one corporation, nor shall a retirement system own more than five percent (5%) of the voting stock of one corporation.

FIXED INCOME

- The purchase of high yield bonds and convertible bonds is permitted if so stated in the investment manager agreement for that manager. All other fixed income investments shall have a minimum rating of investment grade or higher as reported by a major credit rating service unless specifically approved by the Board to invest below investment grade; and
- Not more than five percent (5%) of the Fund's assets, at book value, shall be invested in the bonds of one corporation.

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024
CONTINUED

NOTE 4 - INVESTMENTS - CONTINUED

INVESTMENTS OVERVIEW - CONTINUED

ALTERNATIVE INVESTMENTS/REAL ESTATE

- Alternative investment strategies are defined as those strategies that seek to produce investment returns that have low correlation to traditional equity and fixed income markets and are highly dependent on manager skill more than market results. These strategies include private equity, hedge funds and fund of funds, real estate, and real assets.
- No more than five percent (5%) of the total Fund should be allocated to any one manager at the time of the commitment. To the extent possible, the allocation to a single manager should be limited to no more than ten percent (10%) of the total Fund based upon market value.
- Given the illiquid nature of most alternative investments and the broad latitude given to most alternative managers, due diligence on these types of investments is of greater importance and shall be conducted, for the most part, by the investment consultant. In evaluating a given opportunity, factors to be analyzed include, but are not necessarily limited to: (1) the type of investment strategy to be employed, (2) the length of time the manager has been operating, (3) the internal controls in place, (4) the external controls in place such as independent administrators, auditors, legal representatives, etc. (5) reporting frequency, (6) valuation policy, (7) registration issues, (8) liquidation rights and (9) personal capital at risk or subordinated to the Fund's investment.

FAIR VALUE

The Fund's investments are reported at fair value in the accompanying statements of fiduciary net position. Following is a description of the valuation methodologies used for investments measured at fair value.

- Interest-bearing cash: Valued at cost, which approximates fair value.
- Equity securities and mutual funds: Valued at the daily closing price as reported in the active market where the securities and individual funds are traded. Equity securities and mutual funds held by the Fund are registered with the Securities and Exchange Commission.
- Fixed income: Valued at prices quoted in active markets where the securities are traded.
- Alternative investments and real estate: Valued at NAV as reported by each individual alternative investment. The NAV is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by each individual alternative investment or comingled fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 - inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 - observable inputs, such as, quoted market prices of similar assets or liabilities in active markets or for identical assets or liabilities in markets that are not active, and Level 3 - inputs are unobservable and have the lowest priority. As discussed above, the Fund uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Fund measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024
CONTINUED

NOTE 4 - INVESTMENTS - CONTINUED

FAIR VALUE - CONTINUED

In accordance with generally accepted accounting principles established by the Governmental Accounting Standards Board for pension trust funds, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The following table sets forth by level, within the fair value hierarchy, the Fund's investments at fair value as of September 30, 2025 and 2024, respectively:

	Assets at Fair Value as of September 30, 2025	
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Total
Short-term investment funds	\$ 879,320	\$ 879,320
Equities	22,449,557	22,449,557
Fixed income	4,782,628	4,782,628
Investments measured at NAV		5,078,552
Investments at fair value	\$ 28,111,505	\$ 33,190,057

	Assets at Fair Value as of September 30, 2024	
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Total
Short-term investment funds	\$ 445,687	\$ 445,687
Equities	18,103,259	18,103,259
Fixed income	4,234,020	4,234,020
Investments measured at NAV		4,955,302
Investments at fair value	\$ 22,782,966	\$ 27,738,268

RATE OF RETURN

For the years ended September 30, 2025 and 2024, the annual money-weighted rate of return on Fund investments, net of investment expenses, was 14.42 and 24.22 percent, respectively. The money-weighted return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

In 2019, the Texas Legislature passed Senate Bill 322 which modified Section 802.109 of the Texas Government Code to require a listing, by asset class, of all direct and indirect commissions and fees paid by the retirement system during the system's previous fiscal year for the sale, purchase, or management of system assets. The Fund includes all management fees as outlined above. Brokerage fees and commissions include brokerage commissions for public debt and equity securities that are held directly by the Fund through their custodial bank and all third-party brokerage commissions paid on wholly owned private assets. Carried interest includes any preferred return paid to an investment manager, which is typical in private equity structures. During the years ended September 30, 2025 and 2024, there were no brokerage fees and commissions or carried interest expenses paid out by the Fund.

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024
CONTINUED

NOTE 4 - INVESTMENTS - CONTINUED

INVESTMENT MANAGEMENT

The Fund is invested in various financial instruments that are managed by their own respective investment management companies. The following table lists the various investment managers of the Fund:

Investment	Investment Managers
Apollo Total Return Fund	Apollo Capital Management, L.P.
Baird Aggregate Bd Fd Instl	Baird
DFA International Value Portfolio	Dimensional Fund Advisor
Fidelity Advisor Growth Opps Fd Instl	Fidelity Investments
Fidelity Total Mkt Index Instl Prem	Fidelity Investments
Invesco Stit Govt & Agcy-Instl	Invesco
TA Realty Core Property Fund, L.P.	TA Realty LLC

INVESTMENT EXPENSE

In the normal course of operations, the Fund will incur various expenses on behalf of its members due to advisory, consulting, and administrative duties required. Investment management fees included in the Schedule of Investment and Administrative Expenses of the supplemental schedules represent both fees paid directly and indirectly by the Fund. For fees paid indirectly, the Fund incurs investment management fees which are charged by general partners or investment managers at the fund level. The below table presents all fees paid during the years ended September 30, 2025 and 2024, net of any rebates or discounts received:

September 30, 2025 Asset Class	Management Fees Paid From Trust	Management Fees Netted From Returns	Brokerage Fees & Commissions	Total Investment Management Fees
Equities	\$ 23,235	\$ 46,822	\$ -	\$ 70,057
Fixed income	-	13,346	-	13,346
Real estate	-	16,599	-	16,599
Alternate	-	21,190	-	21,190
Total	<u>\$ 23,235</u>	<u>\$ 97,957</u>	<u>\$ -</u>	<u>\$ 121,192</u>

September 30, 2024 Asset Class	Management Fees Paid From Trust	Management Fees Netted From Returns	Brokerage Fees & Commissions	Total Investment Management Fees
Equities	\$ 15,839	\$ 49,415	\$ -	\$ 65,254
Fixed income	-	29,458	-	29,458
Real estate	-	9,332	-	9,332
Alternate	-	10,132	-	10,132
Total	<u>\$ 15,839</u>	<u>\$ 98,337</u>	<u>\$ -</u>	<u>\$ 114,176</u>

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024
CONTINUED

NOTE 5 - NET PENSION LIABILITY OF THE EMPLOYER

The components of the net pension liability of the employer on September 30, 2025 were as follows:

Total pension liability	\$	41,476,163
Plan fiduciary net position		(33,137,163)
Employer's net pension liability	\$	<u>8,339,000</u>
Plan fiduciary net position as a percentage of total pension liability		79.89%

ACTUARIAL ASSUMPTIONS

The total pension liability in the September 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.50%
Payroll growth	4.00%
Salary increases	8.00% grading down to 0.50% per annum for longevity and promotion based on years of service.
Discount rate	7.00%
Investment rate of return	7.00%, net of pension plan investment expenses

The mortality rates were based on the PubS-2010 (public safety) total dataset mortality tables for employees and for retirees (sex distinct), projected for mortality improvement generationally using the projection scale MP-2021.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed 2.5%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocations as of September 30, 2025 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset class	Target Allocation	Long term expected real rate of return
Equity	50.00 - 80.00%	6.00%
Fixed Income	15.00 - 35.00%	3.50%
Cash	2.00%	0.00%

Because actuarial valuations are prepared on a biennial basis, the asset class information presented above reflects the investment allocation as of September 30, 2024. Since that valuation date, the plan's investment allocation has shifted, including increased exposure to real estate and alternative investments, which are not separately presented in this table.

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024
CONTINUED

NOTE 5 - NET PENSION LIABILITY OF THE EMPLOYER - CONTINUED

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that the City contribution would equal 16.90% of payroll and that member contributions would equal 12.00% of compensation. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of benefit payments to determine the total pension liability.

The following presents the net pension liability of the City, calculated using the discount rate of 7.00% as well as what the City's net pension liability would be if it were to be calculated using the discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease in Discount Rate 6.00%	Discount Rate 7.00%	1% Increase in Discount Rate 8.00%
Employer's net pension liability	\$ 14,025,422	\$ 8,339,000	\$ 3,619,410

NOTE 6 - TAX STATUS

The Internal Revenue Service has determined and informed the Fund that the Fund and related trust are designed in accordance with applicable sections of the Internal Revenue Code ("IRC"). The Fund has been amended since receiving the determination letter. However, the Fund's board and tax counsel believe that the Fund is designed and is currently being operated in compliance with the applicable requirements of the IRC.

NOTE 7 - RISKS AND UNCERTAINTIES

The Fund invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements. Investment values are subject to market fluctuations that may cause a decline in the value of investments held at year-end.

Plan contributions are made, and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near-term would be material to the financial statements.

NOTE 8 - REQUIRED SUPPLEMENTARY SCHEDULES

Required supplementary schedules for the Fund include the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Investment Returns, Schedule of Investment and Administrative Expenses, and the Notes to Required Supplementary Schedules. These are presented in order to demonstrate the Fund's ability to pay the net pension liability and its progress in doing so.

NOTE 9 - SUBSEQUENT EVENTS

The Fund has evaluated subsequent events through April 15, 2026, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY SCHEDULES (UNAUDITED)

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
REQUIRED SUPPLEMENTARY SCHEDULES - UNAUDITED
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS

	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Total pension liability										
Service cost	\$ 1,584,888	\$ 1,213,805	\$ 1,134,397	\$ 1,010,140	\$ 944,056	\$ 892,047	\$ 833,689	\$ 794,610	\$ 742,626	\$ 701,002
Interest	2,652,351	2,270,719	2,143,991	1,987,159	1,874,024	1,752,767	1,656,614	1,564,450	1,476,426	1,465,623
Changes of benefit terms	1,718,461	-	-	463,173	-	238,938	-	-	-	-
Differences between expected and actual experience	-	3,218,452	-	(41,525)	-	(574,211)	-	6,224	-	19,944
Changes of assumptions	-	-	-	(43,081)	-	162,109	-	-	-	(831,167)
Benefit payments, including refunds of member contributions	(1,544,638)	(1,697,114)	(1,402,657)	(1,121,450)	(1,409,559)	(1,085,892)	(1,202,880)	(937,342)	(1,040,184)	(1,391,513)
Net change in total pension liability	4,411,062	5,005,862	1,875,731	2,254,416	1,408,521	1,385,758	1,287,423	1,427,942	1,178,868	(36,111)
Total pension liability - beginning	37,065,101	32,059,239	30,183,508	27,929,092	26,520,571	25,134,813	23,847,390	22,419,448	21,240,580	21,276,691
Total pension liability - ending (a)	<u>\$ 41,476,163</u>	<u>\$ 37,065,101</u>	<u>\$ 32,059,239</u>	<u>\$ 30,183,508</u>	<u>\$ 27,929,092</u>	<u>\$ 26,520,571</u>	<u>\$ 25,134,813</u>	<u>\$ 23,847,390</u>	<u>\$ 22,419,448</u>	<u>\$ 21,240,580</u>
Plan fiduciary net position										
Contributions - employer	\$ 1,635,804	\$ 1,449,849	\$ 1,073,399	\$ 978,930	\$ 874,711	\$ 791,086	\$ 731,486	\$ 688,260	\$ 633,627	\$ 620,782
Contributions - member	1,129,986	1,033,523	800,183	744,314	667,230	614,027	575,821	532,528	493,454	485,928
Net investment income	4,102,489	5,362,341	2,309,310	(5,725,655)	4,207,585	1,443,125	597,764	1,347,475	1,556,723	927,521
Benefit payments, including refunds of member contributions	(1,544,638)	(1,697,114)	(1,402,657)	(1,121,450)	(1,409,559)	(1,085,892)	(1,202,880)	(937,342)	(1,040,184)	(1,391,513)
Administrative expense	(67,316)	(36,421)	(35,277)	(15,085)	(31,717)	(14,991)	(23,187)	(19,970)	(27,691)	(21,760)
Net change in plan fiduciary net position	5,256,325	6,112,178	2,744,958	(5,138,946)	4,308,250	1,747,355	679,004	1,610,951	1,615,929	620,958
Plan fiduciary net position - beginning	27,880,838	21,768,660	19,023,702	24,162,648	19,854,398	18,107,043	17,428,039	15,817,088	14,201,159	13,580,201
Plan fiduciary net position - ending (b)	<u>\$ 33,137,163</u>	<u>\$ 27,880,838</u>	<u>\$ 21,768,660</u>	<u>\$ 19,023,702</u>	<u>\$ 24,162,648</u>	<u>\$ 19,854,398</u>	<u>\$ 18,107,043</u>	<u>\$ 17,428,039</u>	<u>\$ 15,817,088</u>	<u>\$ 14,201,159</u>
Net pension liability - ending (a) - (b)	<u>\$ 8,339,000</u>	<u>\$ 9,184,263</u>	<u>\$ 10,290,579</u>	<u>\$ 11,159,806</u>	<u>\$ 3,766,444</u>	<u>\$ 6,666,173</u>	<u>\$ 7,027,770</u>	<u>\$ 6,419,351</u>	<u>\$ 6,602,360</u>	<u>\$ 7,039,421</u>
Plan fiduciary net position as a percentage of the total pension liability	79.89%	75.22%	67.90%	63.03%	86.51%	74.86%	72.04%	73.08%	70.55%	66.86%
Covered member payroll	\$ 9,416,550	\$ 8,612,692	\$ 6,668,192	\$ 6,202,617	\$ 5,560,250	\$ 5,116,892	\$ 4,798,508	\$ 4,437,733	\$ 4,112,117	\$ 4,049,400
Net pension liability as a percentage of covered member payroll	88.56%	106.64%	154.32%	179.92%	67.74%	130.28%	146.46%	144.65%	160.56%	173.84%

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
REQUIRED SUPPLEMENTARY SCHEDULES - UNAUDITED
SCHEDULE OF INVESTMENT RETURNS
LAST 10 FISCAL YEARS

	<u>9/30/2025</u>	<u>9/30/2024</u>	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>
Annual money-weighted rate of return net of investment expense	14.42%	24.22%	12.00%	-23.41%	21.14%	7.90%	3.42%	8.45%	10.94%	6.91%

**WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
REQUIRED SUPPLEMENTARY SCHEDULES - UNAUDITED
SCHEDULE OF INVESTMENT AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

	2025	2024
Investment expenses		
Investment management	\$ 121,192	\$ 114,176
Consulting	30,000	30,000
Custodial	9,150	8,814
Total investment expenses	<u>\$ 160,342</u>	<u>\$ 152,990</u>
 Administrative expenses		
Actuarial	\$ 17,475	\$ 2,000
Accounting	30,583	23,311
Salaries	12,000	2,000
Legal	3,949	5,022
Miscellaneous	3,309	4,196
Total administrative expenses	<u>\$ 67,316</u>	<u>\$ 36,529</u>

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
REQUIRED SUPPLEMENTARY SCHEDULES - UNAUDITED
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES

Valuation date: 10/1/2024

Methods and assumptions used to determine contribution rates:

Measurement date: September 30, 2025
Asset valuation method: Market Value
Entry age normal actuarial cost method: Entry Age Normal Actuarial Cost Method
Investment return: 7.00% per annum net of investment expenses.
Administrative expense: 0.83% of payroll.
Mortality rate: PubS-2010 mortality tables projected forward on a generational basis with Scale MP-2021.
Retirement age: See table below.
Termination rates: See table below.
Disability rates: See table below.

Termination, retirement and disability rate table.

Termination		Retirement		Disability	
Age	rate	Age	rate	Age	rate
25	0.049%	50	0.25%	25	0.01%
30	0.037%	51	0.25%	30	0.01%
35	0.024%	52	0.25%	35	0.01%
40	0.011%	53	0.25%	40	0.02%
45	0.003%	54	0.25%	45	0.04%
50	0.000%	55	0.30%	50	0.07%
		56	0.40%		
		57	0.50%		
		58	0.60%		
		59	0.80%		
		60	1.00%		

Salary increases:	Service	Increase
	0-4	10.50%
	5-9	5.50%
	10-14	5.00%
	15-19	4.50%
	20-24	4.00%
	25-29	3.50%
	30+	3.00%

Payroll growth: 4.00% per year for amortization of the Unfunded Actuarial Accrued Liability.
Marital status: 90% of all active firefighters are assumed to be married at the time benefits commence. Males are assumed to be two years older than their spouses.