

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, Texas, on ***Monday, April 11, 2022 at 8:30 a.m.***

BOARD MEMBERS: Gary Myers, Chairman
Matt Dorsey, Vice Chairman
Scott Safford, Secretary
Doug Barnes, Mayor
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 Waxahachie Firemen's Relief and Retirement (FR&R) Fund on any concern whether on this agenda or not. In accordance with the State of Texas Open Meetings Act, the Waxahachie Firemen's Relief and Retirement (FR&R) Fund may not comment or deliberate such statements during this period, except as authorized by Section 551.042, Texas Government Code.
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 March 14, 2022
 - b. Annuity checks for FR&R Retirees and other disbursements for the month of May 2022
4. Consider actuary report from Definiti LLC for the GASB 67 Plan Year Ended September 30, 2021 and GASB 68 City Fiscal Year Ended September 30, 2022
5. Review and consider the September 30, 2021 audit
6. Hear quarterly report from Claude Parenteau
7. Discuss and consider revising the Investment Policy
8. Discuss and consider changes to the Plan Document
9. Set next meeting date and time of Firemen's Relief and Retirement Fund Board

10. Adjourn

The Waxahachie Firemen's Relief and Retirement Fund reserves the right to go into Executive Session on any posted item.

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 City Secretary at 469-309-4006 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.

(3a)

Firemen's Relief and Retirement Fund
March 14, 2022

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. 2, 1601 Cleaver Street, Waxahachie, Texas, Texas, on Monday, March 14, 2022 at 8:30 a.m.

Members Present: Gary Myers, Chairman
Matt Dorsey, Vice Chairman
Doug Barnes, Mayor
Chad Tustison, Finance Director
Lee Statham

Members Absent: Scott Safford, Secretary
Phillip Young

1. Call to Order

Chairman Gary Myers called the meeting to order.

2. Public Comments

None.

3. Consent Agenda

- a. Minutes of the regular Firemen's Relief & Retirement Fund meeting of February 14, 2022
- b. Annuity checks for FR&R Retirees and other disbursements for the month of April 2022

Action:

Vice Chairman Matt Dorsey moved to approve items a. and b. on the Consent Agenda. Mr. Lee Statham seconded, All Ayes.

4. Discuss and act on YWRD, PC invoice for audit

The board discussed an invoice in the amount of \$7,472.98 for an audit performed by YWRD, PC.

Action:

Finance Director Chad Tustison moved to approve an invoice for audit performed by YWRD, PC. Mayor Doug Barnes seconded, All Ayes.

5. Discuss and act on refund of contribution for Mark Douglas

Action:

Vice Chairman Matt Dorsey moved to approve a refund of contribution for Mark Douglas in the amount of \$60,750.81. Mr. Lee Statham seconded, All Ayes.

6. Discuss and act on refund of contribution for Taylor Roger

(3a)

Firemen's Relief and Retirement Fund
March 14, 2022
Page 2

Action:

Mr. Lee Statham moved to approve a refund of contribution for Roger Taylor in the amount of \$2,125.27. Mayor Doug Barnes seconded, All Ayes.

7. Discuss and act on revising the Investment Policy

No action taken.

8. Discuss and act on potential Plan changes for the 2022 Actuary

The Board discussed potential plan changes for the 2022 Actuary.

9. Discuss and act on reimbursement of shredding expense for Gary Myers

Action:

Vice Chairman Matt Dorsey moved to approve reimbursement for shredding expense to Gary Myers. Finance Director Chad Tustison seconded, All Ayes.

10. Set next meeting date and time of Firemen's Relief and Retirement Fund Board

The Firemen's Relief and Retirement Board set their next meeting for Monday, April 11, 2022 at 8:30 a.m.

11. Adjourn

There being no further business, the meeting adjourned at 9:15 a.m.

Respectfully submitted,

Jami Bonner
Assistant City Secretary

(3/6)

MEMORANDUM

TO: FR&R Board Members
FROM: Amber Villarreal, City Secretary
DATE: April 11, 2022
SUBJECT: ANNUITY CHECKS

Please approve the annuity checks for the month of April for the following retirees/beneficiaries:

Alexander Donald
Alexander Jeffery
Bennett Don
Bratcher Billy
Carrington Paul
Chenault John
Cobb Sharon
Crecelius Dennis
Creed Lori
Crow Len
Evans Larry
Fuller Donald
Gilley Dorothy
Hamilton Denise
Hamilton Steven
Irvin James
Johnston Randy
Junkin Loyd Wayne
Kuykendal Terry
Lewis Sammy
Morgan Alan
Muirhead Randal
Nunn Carol
Ogletree Billy
Potter Randall
Skipper Terry
Slay Mike
Sport Jeffery
Sykes Jerry
Tillery John
Turner Sharon
Turner John Olin
Warren Lisa
Williams Sidney
Wilson Darla

TOTAL \$89,301.94

(4)



**Firemen's Relief and Retirement Fund
City of Waxahachie, Texas**

**Actuarial Report
GASB 67 Plan Year Ended September 30, 2021
GASB 68 City Fiscal Year Ended September 30, 2022**

**Prepared by
Definiti LLC
March 29, 2022**



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The Woodlands, TX 77380
(281) 296-1100
definiti-llc.com

March 29, 2022

Board of Trustees
Waxahachie Firemen's Relief and Retirement Fund
P.O. Box 757
Waxahachie, Texas 75168

Re: 2021 GASB 67 and 2022 GASB 68 Measurements

Ladies and Gentlemen:

The Board of Trustees for the Waxahachie Firemen's Relief and Retirement Fund ("Fund") retained Definiti LLC to provide financial accounting and disclosure information in accordance with GASB Nos. 67 and 68, with results organized as follows:

- Section 1 – Valuation Highlights
- Section 2 – Actuarial Exhibits
- Section 3 – Valuation Basis

Summary of Results

The net pension liability was \$3.766 million (86.5% funded status) as of September 30, 2021, compared to \$6.666 million (74.9% funded status) as of September 30, 2020.

Certification

We certify the amounts presented in this report have been determined according to the actuarial assumptions and methods selected by the Board of Trustees, with review and concurrence by Definiti. However, it is important to note that future results may be materially different if actual plan experience varies significantly from the underlying valuation basis. Differences could occur for a number of reasons such as plan experience differing from underlying demographic and economic assumptions, changes in the plan provisions, or changes in the law or accounting standards. Due to the limited scope of this report, an analysis of the potential range of impact on results from any such future measurements has not been performed.

The GASB measurement were completed using a roll-forward of the September 30, 2020 actuarial valuation which was based upon member census data and plan provisions as provided by the Plan Administrator, with audited financial information provided as of September 30, 2021. We relied on the member census data provided, but performed testing as needed to assure the reasonableness of the underlying input and the results of the study, but we did not perform a full audit of the data. The 2021 GASB measurements were prepared in accordance with generally accepted actuarial principles and practices, including compliance with applicable Actuarial Standards of Practice issued by the Actuarial Standards Board.

(4)

Board of Trustees
March 29, 2022

Information contained in this report was prepared for the Board of Trustees as well as the respective auditors of the GASB Nos. 67 and 68 financial disclosure information. If the results of the Fund's audited financials differ from the asset values used in this report, then the exhibits contained herein may need to be updated. This report is not intended for any other purposes, and it should not be distributed to any outside party without the express written consent of Definiti, as significantly different results from those contained in this report may be needed for other purposes.

Please note the measurements of funded status contained in this report should not be relied upon for assessing the need for or amount of future contributions or for assessing the sufficiency of plan assets for settlement of plan liabilities for plan termination.

The undersigned has met the "Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States" and is available to respond to any questions regarding the information contained in this report or provide further details or explanations as needed, respectfully submitted by Definiti LLC.



David A. Sawyer
Fellow of the Society of Actuaries
Member of the American Academy of Actuaries

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1. Valuation Highlights

<u>GASB 67 PLAN ACCOUNTING DISCLOSURE</u>	<u>September 30, 2019</u>	<u>September 30, 2020</u>	<u>September 30, 2021</u>
Total Pension Liability	\$25,134,813	\$26,520,571	\$27,929,092
Plan Fiduciary Net Position	<u>\$18,107,043</u>	<u>\$19,854,398</u>	<u>\$24,162,648</u>
GASB 67 Fund Net Pension Liability	\$7,027,770	\$6,666,173	\$3,766,444
Effective Discount Rate	7.00%	7.00%	7.00%
<u>GASB 68 EMPLOYER ACCOUNTING DISCLOSURE</u>	<u>Fiscal Year Ending September 30, 2020</u>	<u>Fiscal Year Ending September 30, 2021</u>	<u>Fiscal Year Ending September 30, 2022</u>
Total Pension Liability	\$25,134,813	\$26,520,571	\$27,929,092
Plan Fiduciary Net Position	<u>\$18,107,043</u>	<u>\$19,854,398</u>	<u>\$24,162,648</u>
Fund Net Pension Liability	\$7,027,770	\$6,666,173	\$3,766,444
Measurement Date	September 30, 2019	September 30, 2020	September 30, 2021
Pension Expense	\$936,606	\$855,312	\$72,520
Effective Discount Rate	7.00%	7.00%	7.00%
<u>DEMOGRAPHICS</u>	<u>October 1, 2020</u>		
Active	60		
Terminated with Deferred Benefits	2		
Retirees and Beneficiaries in Pay	<u>35</u>		
Total	97		
Valuation Compensation	\$5,395,613		
Average Compensation	\$89,927		
Average Age	38.6		
Average Service	11.0		
<u>ASSUMPTIONS</u>			
Investment Return	7.00%		
Salary Scale	Service Graded		
Payroll Growth	4.00%		
Administrative Expense Assumption (as a % of payroll)	0.83%		

2.1 GASB 67 Plan Accounting Information

Schedule of Changes in Waxahachie's Firemen's Relief and Retirement Fund Net Pension Liability and Related Ratios

	<u>September 30, 2019</u>	<u>September 30, 2020</u>	<u>September 30, 2021</u>
Total Pension Liability			
Service Cost	\$833.689	\$892.047	\$944.056
Interest	\$1,656.614	\$1,752.767	\$1,874.024
Changes of benefit terms	\$0	\$238.938	\$0
Differences between expected and actual experience	\$0	(\$574.211)	\$0
Changes of assumptions	\$0	\$162.109	\$0
Benefit payments, including refunds of member contributions	(\$1,202.880)	(\$1,085.892)	(\$1,409.559)
Net change in total pension liability	\$1,287.423	\$1,385.758	\$1,408.521
Total pension liability - beginning	\$23,847.390	\$25,134.813	\$26,520.571
Total pension liability - ending (a)	\$25,134.813	\$26,520.571	\$27,929.092
Plan fiduciary net position			
Contributions - employer	\$731.486	\$791.086	\$874.711
Contributions - member	\$575.821	\$614.027	\$667.230
Net investment income	\$597.764	\$1,443.125	\$4,207.585
Benefit payments, including refunds of member contributions	(\$1,202.880)	(\$1,085.892)	(\$1,409.559)
Administrative expense	(\$23.187)	(\$14.991)	(\$31.717)
Other	\$0	\$0	\$0
Net change in plan fiduciary net position	\$679.004	\$1,747.355	\$4,308.250
Plan fiduciary net position - beginning	\$17,428.039	\$18,107.043	\$19,854.398
Plan fiduciary net position - ending (b)	\$18,107.043	\$19,854.398	\$24,162.648
Fund's net pension liability - ending (a) - (b)	\$7,027.770	\$6,666.173	\$3,766.444
Plan fiduciary net position as a percentage of the total pension liability	72.0%	74.9%	86.5%
Actual Covered-employee payroll	\$4,798,508	\$5,116,892	\$5,560,250
Fund's net position liability as a percentage of covered employee payroll	146.5%	130.3%	67.7%

Notes to Schedule: Actual covered-employee payroll is estimated using firefighter contributions divided by the contribution percentage.

2.1 GASB 67 Plan Accounting Information (continued)

Schedule of Waxahachie's Contributions

	<u>September 30, 2019</u>	<u>September 30, 2020</u>	<u>September 30, 2021</u>
City required contribution	\$731,486	\$791,086	\$874,711
Contributions in relation to the City required contribution	\$731,486	\$791,086	\$874,711
Contribution deficiency (excess)	\$0	\$0	\$0
Covered-employee payroll	\$4,798,508	\$5,116,892	\$5,560,250
Contributions as a percentage of covered-employee payroll	15.2%	15.5%	15.7%

Notes to Schedule

Valuation date: September 30, 2021

Contributions to the fund are based on negotiations between the members and the City rather than an actuarially determined rate. The funding policy of the Waxahachie Firemen's Relief and Retirement Fund requires contributions from both the City and the firefighters. The City's contribution rate is currently 15.79% of member payroll for firefighters. Each active member contributes 12.00% of member payroll.

The mortality table was updated to the Society of Actuaries new public safety mortality tables with projection scale MP-2019. There were no changes in provisions since the prior valuation.

The plan was amended to extend the period for the 2.6% portion of the benefit formula from January 1, 2018 to January 1, 2020. There have been no other changes since the prior valuation except for the increase in the City's contribution rate.

2.1 GASB 67 Plan Accounting Information (continued)

Notes to Schedule

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, 2021 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	6.0%
Fixed Income	3.5%
Cash	0.0%

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 15.79% 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.

Sensitivity of the net pension liability to changes in the Discount rate: 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:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
City's net pension liability	\$7,142,402	\$3,766,444	\$507,264

Schedule of Investment Returns

Fiscal Year Ending September 30

	<u>2019</u>	<u>2020</u>	<u>2021</u>
Annual money-weighted rate of return, net of investment expense	3.42%	7.90%	21.14%

2.2 GASB 68 City Accounting Information

Changes in Net Pension Liability

The Net Pension Liability amounts shown below are based on the City using a measurement date equal to the Fund's prior year fiscal year end. Under this method, the City's fiscal year end September 30, 2022 reporting period would use the Fund's September 30, 2021 measurement.

	Increase (Decrease)		
	<u>Total Pension Liability (TPL)</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (NPL)</u>
Balance at 9/30/2021	\$26,520,571	\$19,854,398	\$6,666,173
Changes for the year:			
Service Cost	944,056		944,056
Interest	1,874,024		1,874,024
Experience	-		-
Employer Contributions		874,711	(874,711)
Member Contributions		667,230	(667,230)
Net Investment Income		4,207,585	(4,207,585)
Benefit Payments	(1,409,559)	(1,409,559)	-
Administrative Expense		(31,717)	31,717
Assumption Changes	-		-
Changes in Benefit Terms	-		-
Net Change	<u>1,408,521</u>	<u>4,308,250</u>	<u>(2,899,729)</u>
Balance at 9/30/2022	<u>\$27,929,092</u>	<u>\$24,162,648</u>	<u>\$3,766,444</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate.

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

	<u>1% Decrease 6.00%</u>	<u>Current Discount Rate of 7.00%</u>	<u>1% Increase 8.00%</u>
Firefighters' Fund Net Pension Liability	\$7,142,402	\$3,766,444	\$507,264

2.2 GASB 68 Accounting Information (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Expense Components	FYE 9/30/2022
Service Cost	\$ 944,056
Interest on TPL	1,874,024
Differences between expected and actual experience	(59,678)
Changes in Assumptions	(27,845)
Changes in Benefit Terms	-
Employee Contributions	(667,230)
Projected Earnings on Pension Plan Investments	(1,393,272)
Differences between projected and actual earnings on plan investments	(629,252)
Pension Plan Administrative Expenses	31,717
Other Changes in Fiduciary Net Position	-
Total Pension Expense	\$ 72,520

For the year ended September 30, 2022, the City should recognize a pension expense of \$72,520. At September 30, 2022, the City should report deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	13,508	446,607
Changes in assumptions	189,811	317,045
Net difference between projected and actual investment earnings	-	2,146,794
City Contributions subsequent to Measurement Date	<u>To be determined</u>	<u>-</u>
Total	To be determined	2,910,446

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

Year Ended September 30:	
2023	(\$604,661)
2024	(\$574,923)
2025	(\$724,668)
2026	(\$666,548)
2027	(\$45,141)
Thereafter	(\$91,186)

2.2 GASB 68 Accounting Information (continued)

Recognition of Changes in TPL

City Fiscal Year Ending	Differences Between Expected and Actual Experience	Recognition Period (Years)	City Fiscal Year Ending 9/30							
			2022	2023	2024	2025	2026	2027	2028	2029
			2015	\$13,620	9.6	\$1,419	\$1,419	\$849	\$0	\$0
2017	\$19,944	9.7	\$2,056	\$2,056	\$2,056	\$2,056	\$1,440	\$0	\$0	\$0
2019	\$6,224	9.6	\$648	\$648	\$648	\$648	\$648	\$648	\$392	\$0
2021	(\$574,211)	9	(\$63,801)	(\$63,801)	(\$63,801)	(\$63,801)	(\$63,801)	(\$63,801)	(\$63,801)	(\$63,801)
Subtotal			(\$59,678)	(\$59,678)	(\$60,248)	(\$61,097)	(\$61,713)	(\$63,153)	(\$63,409)	(\$63,801)

City Fiscal Year Ending	Changes in Assumptions	Recognition Period (Years)	City Fiscal Year Ending 9/30							
			2022	2023	2024	2025	2026	2027	2028	2029
			2015	\$382,367	9.6	\$39,830	\$39,830	\$23,897	\$0	\$0
2017	(\$831,167)	9.7	(\$85,687)	(\$85,687)	(\$85,687)	(\$85,687)	(\$59,984)	\$0	\$0	\$0
2021	\$162,109	9	\$18,012	\$18,012	\$18,012	\$18,012	\$18,012	\$18,012	\$18,012	\$18,012
Subtotal			(\$27,845)	(\$27,845)	(\$43,778)	(\$67,675)	(\$41,972)	\$18,012	\$18,012	\$18,012

Recognition of Investment (Gains) / Losses

City Fiscal Year Ending	Differences between Projected and Actual Earnings on Pension Plan Investment	Recognition Period (Years)	City Fiscal Year Ending 9/30							
			2022	2023	2024	2025	2026	2027	2028	2029
			2017	\$12,363	5	\$0	\$0	\$0	\$0	\$0
2018	(\$560,570)	5	(\$112,114)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2019	(\$231,213)	5	(\$46,243)	(\$46,241)	\$0	\$0	\$0	\$0	\$0	\$0
2020	\$624,994	5	\$124,999	\$124,999	\$124,999	\$0	\$0	\$0	\$0	\$0
2021	(\$165,164)	5	(\$33,033)	(\$33,033)	(\$33,033)	(\$33,033)	\$0	\$0	\$0	\$0
2022	(\$2,814,313)	5	(\$562,861)	(\$562,863)	(\$562,863)	(\$562,863)	(\$562,863)	\$0	\$0	\$0
Subtotal			(\$629,252)	(\$517,138)	(\$470,897)	(\$595,896)	(\$562,863)	\$0	\$0	\$0
Total			(\$716,775)	(\$604,661)	(\$574,923)	(\$724,668)	(\$666,548)	(\$45,141)	(\$45,397)	(\$45,789)

(4)

3.1 Demographic Summary

	<u>October 1, 2018</u>	<u>October 1, 2020</u>
A. Active Members		
1. Number	58	60
2. Valuation payroll	\$4,869,681	\$5,395,613
3. Average pay	\$83,960	\$89,927
4. Average age	38.1	38.6
5. Average service	10.5	11.0
B. Refund of Contributions Payable		
1. Number	1	1
2. Average age	50.0	52.3
C. Terminated Vested		
1. Number	1	1
2. Average age	46.0	48.0
D. Retired or Disabled		
1. Number	26	26
2. Total benefits	\$868,161	\$917,864
3. Average annual benefits	\$33,391	\$35,302
E. Beneficiaries		
1. Number	7	9
2. Total benefits	\$57,477	\$94,620
3. Average annual benefits	\$8,211	\$10,513

3.2 Data Reconciliation

	Active	Term. Vested	Disabled	Retired	Beneficiaries	Total
A. Prior Valuation Date	58	2	1	25	7	93
B. Change due to:						
1. New hires, rehires	5	0	0	0	0	5
2. Cash Out	(1)	0	0	0	0	(1)
3. Termination (Nonvested)	0	0	0	0	0	0
4. Retirement	(1)	0	0	1	0	0
5. Disability	0	0	0	0	0	0
6. Death without beneficiary	0	0	0	0	(1)	(1)
7. Death with beneficiary	(1)	0	0	(1)	3	1
8. Expiration of benefits	0	0	0	0	0	0
9. Data corrections	0	0	0	0	0	0
10. Net change	2	0	0	0	2	4
C. Current Valuation Date	60	2	1	25	9	97

3.3 Active Members by Age and Service

Attained Age	Years of Service as of October 1, 2020							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30 & up	
Under 25	2	0	0	0	0	0	0	2
25-29	2	2	0	0	0	0	0	4
30-34	9	5	1	0	0	0	0	15
35-39	3	7	5	4	0	0	0	19
40-44	0	1	3	6	1	0	0	11
45-49	0	0	0	2	1	1	0	4
50-54	0	0	0	1	0	1	0	2
55-59	0	0	0	0	1	0	0	1
60 & up	0	0	0	0	0	0	2	2
Total	16	15	9	13	3	2	2	60

Not Vested	Vested	Retirement Eligible
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3.4 Assumptions and Methods

Economic Assumptions

Interest Rates:

- Investment Return 7.00% per annum net of investment expenses.
- Administrative Expense 0.83% of payroll.
- Individual Salary Increases 2.50% per annum for wage inflation.
8.00% grading down to 0.50% per annum for longevity and promotion based on years of service.

The total annual assumed salary increase for wage inflation plus longevity and promotion is based on years of service according to the following table:

<u>Years of Service</u>	<u>Salary Increase</u>
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%

- Total Payroll Growth 4.00% per annum.

Demographic Assumptions

- Mortality PubS-2010 mortality tables projected forward on a generational basis with Scale MP-2019.
- Termination Table T-1 (Excess over GAT-51) from the Actuary’s Pension Handbook.

Sample rates per 100 firefighters:

<u>Age</u>	<u>Rate</u>
25	4.89
30	3.70
35	2.35
40	1.13
45	0.27
50	0.00

3.4 Assumptions and Methods (continued)

➤ Retirement

Terminated firefighters entitled to deferred benefits are assumed to retire on the later of age 50 or age on the valuation date. Active firefighters are assumed to retire based on the rates per 100 as shown below:

<u>Age</u>	<u>Rate</u>
50	25.0
51	25.0
52	25.0
53	25.0
54	25.0
55	30.0
56	40.0
57	50.0
58	60.0
59	80.0
60	100.0

➤ Disability

Active firefighters are assumed to incur disabilities based on experience firefighter rates that vary by age as shown below. All disabilities are assumed to be on-duty.

Sample rates per 100 firefighters:

<u>Age</u>	<u>Rate</u>
25	0.06
30	0.08
35	0.10
40	0.23
45	0.39
50	0.70

Disabled firefighters are assumed to experience higher mortality during their disability as based on the PubS-2010 Disabled Mortality Table projected forward on a generational basis with Scale MP-2019.

3.5 Plan Provisions

Effective Date	The Plan was most recently amended effective August 15, 2018.
Eligibility	A firefighter shall become a member when he first becomes employed with the Waxahachie Fire Department.
Service	<p>A firefighter receives credit for the number of years and completed months of employment with the Fire Department. It includes the period of time during which the firefighter pays into and keeps on deposit in the fund the contributions required by this plan.</p> <p>Periods of leave of absence are deemed continuous employment provided the firefighter returns to active employment prior to the expiration of his leave and he does not withdraw his contributions from the Fund.</p>
Compensation	<p>Compensation includes regular salary or wages, longevity and overtime pay, but excludes lump sum distributions for unused sick leave or vacation. If a firefighter's total pay has been reduced by Workers' compensation benefits, then the pay used for the valuation will include the amount by which the pay was reduced.</p> <p>Highest 60-Month Average Salary is the monthly average of the firefighter's five highest calendar years of compensation during the last 10 calendar years of service with the department.</p>
Contributions	<p>City contribution percentage is equal to the greater of 12% of firefighter payroll or the same percentage that the City contributes to the Texas Municipal Retirement System for other employees (15.79% currently).</p> <p>Active firefighters contribute 12% of their compensation.</p>

3.5 Plan Provisions (continued)

Service Retirement

For a firefighter hired before July 1, 2005, the retirement eligibility date is the attainment of age 50 and the completion of 20 years of service. For a firefighter hired on or after July 1, 2005, the retirement eligibility date is the attainment of age 55 and the completion of 20 years of service.

Each firefighter who retires on or after his retirement eligibility date receives a monthly retirement income equal to the sum of (a) plus (b) plus (c), where:

- (a) A “base” benefit of 2.60% of the Highest 60-Month Average Salary multiplied by the lesser of (i) his years of service and fractions thereof earned before January 1, 2020, or (ii) 27 years
- (b) An additional “base” benefit of 2.00% of the Highest 60-Month Average Salary multiplied by the lesser of (i) his years of Service and fractions thereof earned on or after January 1, 2020, or (ii) 27 years minus his years of service before January 1, 2020
- (c) A “longevity” benefit of 1.3% of the Highest 60-Month Average Salary (minimum of \$73) for each year of service in excess of 27 years.

For a firefighter hired on or before August 1, 1997, the benefit described in (a), (b) and (c) above will not be less than a minimum benefit of \$90 per month for each year of service.

Vested Termination Benefit

Upon a firefighter’s termination, he is eligible for a deferred benefit if he has completed at least 10 years of service and agrees to leave his contributions in the Fund.

The benefit is equal to his service retirement benefit determined as of the date of separation from service. Commencement of benefits for this benefit varies based on the member’s date of hire. For members hired before August 1, 1997, commencement can begin at age 50. For members hired between August 1, 1997 and July 1, 2005, the earliest commencement is the later of age 50 and the date the member would have 20 years of service if employment hadn’t terminated. For members hired on or after July 1, 2005, the earliest commencement date is the later of age 55 and the date the member would have 20 years of service if employment hadn’t terminated.

3.5 Plan Provisions (continued)

Disability Retirement

An active firefighter is eligible for a disability benefit if he becomes disabled while on-duty from any physical or mental reasons, subject to the plan document's provisions.

A disability benefit equal to the retirement benefit based on compensation history as of the date of disability and a minimum of 20 years of service will be paid if the disability was duty related.

A firefighter who suffers an off-duty disability will receive either a Service Retirement Benefit, a Termination Benefit or a Refund of Contributions based on his eligibility for these benefits as of the date of off-duty disability.

Refund of Contributions

If a firefighter terminates employment with less than 10 years of service, he will receive an amount equal to the excess of his own contributions to the fund over the amount of benefits that he has previously received from the fund. A firefighter with 10 or more years of service may elect a refund of his own contributions; however, he will forfeit his right to all future benefits he otherwise would have been entitled to receive.

3.5 Plan Provisions (continued)

Pre-Retirement Death Benefit

- Upon the death of an active or terminated vested firefighter, a benefit is payable to his beneficiaries commencing on the first of the month following his death.
- Spouse

The benefit payable to the surviving spouse of an active firefighter is equal to 34.67% of his Highest 60-Month Average Salary plus an additional death benefit equal to 66.66% of any “longevity” benefit that the firefighter was entitled to receive on his date of death. The benefit payable to the spouse of a vested terminated firefighter is equal to 66.66% of the deferred monthly benefit. The benefit shall be paid until the earlier of remarriage or death of the spouse.
 - Child

Each surviving unmarried child under age 18 (or age 25 for a full time student) shall receive a benefit equal to 6.93% of the firefighter’s Highest 60-Month Average Salary. However, if the firefighter is unmarried or the firefighter’s widow dies or remarries after being entitled to a benefit, each unmarried child will receive a benefit equal to 13.86% of the firefighter’s Highest 60-Month Average Salary. This death benefit shall be paid until age 18, or continue until age 25 as long as the child remains a full-time student. In addition, benefits are payable after age 18 for as long as a child remains totally disabled.
 - No Spouse or Child

The total of the firefighter’s contributions, without interest, shall be payable to the firefighter’s estate.

3.5 Plan Provisions (continued)

Post-Retirement Death Benefit

Upon the death of a retiree or disabled firefighter, a benefit is payable to his beneficiaries commencing on the date of death.

➤ Spouse

The benefit payable to the surviving spouse of a retiree or disabled firefighter is equal to 66.66% of the benefit being paid as of the date of death. This benefit shall be paid until the earlier of remarriage or death.

➤ Child

Each surviving unmarried child under age 18 (or age 25 for a full time student) of a retiree shall receive a benefit equal to 6.93% of the firefighter's Highest 60-Month Average Salary. However, if the firefighter is unmarried or the firefighter's widow dies or remarries after being entitled to a benefit, each unmarried child will receive a benefit equal to 13.86% of the firefighter's Highest 60-Month Average Salary. This death benefit shall be paid until age 18, or continue until age 25 as long as the child remains a full-time student. In addition, benefits are payable after age 18 for as long as a child remains totally disabled.

Limitation on Death Benefits

The sum of all death benefits payable on behalf of a retired firefighter may not exceed the benefit he was receiving as of the date of his death. The sum of all death benefits payable on behalf of a non-retired firefighter may not exceed the retirement benefit that he would have been entitled to receive as of his date of death. In the event this limit is exceeded, each beneficiary is reduced pro-rata until the limit is met.

Ad-Hoc COLA

The plan was amended to provide a one-time increase to retiree and beneficiary benefits of \$50 per month effective January 1, 2015. This change was reflected in the October 1, 2014 valuation.

3.5 Plan Provisions (continued)

Reverse Deferred Retirement Option Provision (Reverse DROP)

The firefighter's annuity will be calculated as of the beginning of the DROP period. In addition to the annuity, the firefighter receives a lump sum equal to his accumulated annuity payments and contributions during the DROP period.

Eligibility

- Members hired before August 15, 2018

Upon reaching age 55 with 21 years of service, a member may elect a Reverse DROP in lieu of the Service Retirement for one full year prior to his termination of service. The reverse DROP period can increase to two or three years with the attainment of 22 or 23 years of service at termination, respectively.

- Members hired on or after August 15, 2018

Upon reaching age 56 with 21 years of service, a member may elect a Reverse DROP in lieu of the Service Retirement for one full year prior to his termination of service. The reverse DROP period can increase to two or three years with the attainment of age 57 and 22 years of service or age 58 with 23 years of service at termination, respectively.

Changes in Plan Provisions

The plan was amended to extend the service period for the 2.6% portion of the benefit formula from January 1, 2018 to January 1, 2020. There have been no other changes since the prior valuation except for the increase in the City's contribution from 15.16% to 15.79% effective January 1, 2021.

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

FINANCIAL STATEMENTS

Year Ended September 30, 2021

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YWRD, P.C.

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CERTIFIED PUBLIC ACCOUNTANTS

Greer Yeldell, CPA | Glen Wilson, CPA | Tracie Wood, CPA
Joyce Reeve, CPA | Brandon Diviney, CPA | Bryan Thomas, CPA

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Waxahachie Firemen's Relief and Retirement Fund, which comprise the statement of fiduciary net position as of September 30, 2021, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements 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 Plan's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of Waxahachie Firemen's Relief and Retirement Fund as of September 30, 2021, and the changes in its financial status for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the net pension liability and investment returns information on pages 13-14 be presented to supplement the financial statements. Such information, although not part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provided any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not required to be part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

YWRD, P.C.

YWRD, P.C.
Certified Public Accountants

Ennis, Texas
March 16, 2022

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WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
STATEMENT OF FIDUCIARY NET POSITION
September 30, 2021

ASSETS

Cash and Cash Equivalents	\$ 2,979,844
Receivables:	
Accrued Interest Receivable	9,300
Contributions	69,915
Total Receivables	<u>79,215</u>
Investments, at Fair Value:	
Common Stocks	2,297,340
Mutual Funds	16,922,847
Alternate Investments	1,957,583
Total Investments	<u>21,177,770</u>
Total Assets	<u>24,236,829</u>

LIABILITIES

Accounts Payable	<u>74,181</u>
Total Liabilities	<u>74,181</u>

NET POSITION RESTRICTED FOR PENSIONS	<u><u>\$24,162,648</u></u>
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The accompanying notes are an integral part of this statement.

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WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended September 30, 2021

ADDITIONS

Contributions:	
Employer	\$ 874,711
Employee	667,230
	<u>1,541,941</u>
Investment income:	
Interest and dividends	424,695
Net appreciation (depreciation) in fair value of investments	3,835,176
	<u>4,259,871</u>
Total additions	<u>5,801,812</u>

DEDUCTIONS

Benefits paid to participants	1,409,559
Investment expenses	52,286
Administrative expenses	31,717
	<u>1,493,562</u>
Total deductions	<u>1,493,562</u>
NET INCREASE IN NET POSITION	4,308,250
NET POSITION RESTRICTED FOR PENSIONS	
BEGINNING OF YEAR	<u>19,854,398</u>
END OF YEAR	<u>\$24,162,648</u>

The accompanying notes are an integral part of this statement.

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity/Overview of Plan

The Waxahachie Firemen's Relief and Retirement Fund (the "Plan") is a single employer defined benefit plan, covering all firefighters of the City of Waxahachie, Texas. The current plan was adopted as amended and restated on January 1, 2016. The Plan is a local governmental plan and therefore is not subject to the Employee Retirement Income Security Act of 1974. The Waxahachie Firemen's Relief and Retirement Fund is established under the authority of the Texas Local Fire Fighter's Retirement Act (TLFFRA). The Plan is administered by a Board of Trustees. The Board is made up of three members elected from and by the Plan members, two representatives of the City of Waxahachie, Texas, and two citizen members.

B. Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting and the economic resources measurement focus. Employee and employer contributions are recognized when due, pursuant to formal commitments. Benefits and refunds are recognized when due and payable in accordance with the plan provisions.

C. Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value, which is determined by the Plan's custodian in consultation with the Plan's investment managers. When sold, the cost of common stock sold is determined on the average cost method. Realized and unrealized gains or losses are reflected in revenues.

D. Estimates

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

E. Administrative Costs

Costs of administering the Plan are paid from Plan assets.

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

NOTE 2 - DESCRIPTION OF THE PLAN

A. Plan Membership

Membership of the plan consisted of the following at September 30, 2021:

Retired members and their beneficiaries		34
Vested terminated members		2
Active members:		
Vested	6	
Nonvested	<u>57</u>	
Total active members		<u>63</u>
Total plan membership		<u><u>99</u></u>

B. Pension Benefits

A firefighter hired prior to July 1, 2005, may retire at age 50 with 20 years of service. A firefighter hired on or after July 1, 2005, may retire at age 55 with 20 years of service. A firefighter who qualifies for service retirement benefit receives a monthly retirement benefit equal to the sum of 2.6% of the firefighter's highest 60-month average salary multiplied by the lesser of (A) his years of service earned before July 1, 2018 (including fractions) or (B) 27 years; plus 2% of the firefighter's highest 60-month average salary, multiplied by the lesser of (A) his year of service (including fractions) earned on or after July 1, 2018, or (B) 27 years minus firefighter's years of service before January 1, 2020; plus 1.3% of the firefighter's highest 60-month average salary, multiplied by the whole years of service in excess of 27 years of service. A partial year of service will be given credit based on the number of whole months completed in excess of whole years.

C. Death and Disability Benefits

An active firefighter will qualify for a disability benefit if he becomes disabled (whether on-duty or off-duty) for either physical or mental reasons, as described in the plan document. Death benefits are also prescribed for spouses and dependent children of the firefighters. Upon the death of an active or terminated vested firefighter, a benefit is payable to his beneficiaries commencing on the first of the month following his death, as described in the plan document. Upon the death of a retiree or disabled firefighter, a benefit is payable to his beneficiaries commencing on the date of death, as described in the plan document.

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

NOTE 2 - DESCRIPTION OF THE PLAN (continued)

D. Termination Benefit

Upon a firefighter's termination, he is eligible for a deferred benefit. If a Firefighter was hired on or before August 1, 1997, and has completed at least ten (10) years of Service but is not eligible for service retirement under Section 2 at Termination of Service, he will receive a deferred monthly retirement benefit commencing at the later of (i) the end of the month of attaining age 50, or (ii) the end of the month in which the Firefighter Terminated Service. If a Firefighter was hired on or after August 1, 1997, but before July 1, 2005, and has completed at least ten (10) years of Service but is not eligible for service retirement under Section 2 at Termination of Service, he will be entitled to receive a deferred monthly retirement benefit commencing at the later of (i) the date he attains age 50, or (ii) the date the Firefighter would have had 20 years of Service but for his Termination of Service. If a Firefighter was hired on or after July 1, 2005, and has completed at least ten (10) years of Service, he will be entitled to receive a deferred monthly retirement benefit commencing at the end of the month following the later of (i) the date the Firefighter attains age 55, or (ii) the date the Firefighter would have had 20 years of Service but for his Termination of Service.

NOTE 3 - CONTRIBUTIONS

The Plan's minimum required contribution provisions are established under the authority of the Texas Local Fire Fighters' Retirement Act. Active members are required to contribute to the Fund a certain percentage of qualifying salary. The City is required to contribute at a rate that has been adopted by the Board. Changes in the members' or City's contribution rate requires a plan amendment. An actuarial valuation is performed every two years to be certain that Plan benefits and Plan contributions are in balance.

Each firefighter will make contributions of 12% of his total compensation. A firefighter's contributions shall be "picked up" by the City as permitted under Code §414(h), and excluded from the taxable income of the firefighter. The contributions "picked up" by the City shall continue to be considered as contributions by the firefighter for purposes of the relevant provisions of the fund. Any reduction in compensation of a firefighter corresponding to the firefighter's contribution being picked up by the City shall continue to be taken into consideration in determining the firefighter's highest 60-month average salary for purposes of relevant provisions of the fund.

The City will make contributions of the greater of 12% of each Firefighter's total Compensation or if the City agrees the same percentage of pay that the City contributes to the Texas Municipal Retirement System for other employees.

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

NOTE 3 - CONTRIBUTIONS (continued)

For the year ending September 30, 2021, the City contributed 15.73% of each active Plan member's annual compensation excluding lump sum distributions for accumulated sick leave or vacation. Members contribute to the fund at a rate of 12% of annual compensation excluding lump sum distributions for accumulated sick leave or vacation. The City's contributions for 2021 met the minimum funding requirements of TLFFRA.

NOTE 4 - INVESTMENTS

A. Investment Policy

The Plan's investment policy and asset class allocations are established by the Board of Trustees and may be amended by the Board of Trustees. The Board of Trustees establishes investment policies to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. In making investment decisions, the Board of Trustees will exercise its responsibilities as a prudent body in conformance with all applicable statutes of the State of Texas and the Federal Government. The Board, as a fiduciary, must operate under an extremely high ethical standard and, therefore, must not enter into any action or transaction that would be in conflict or perceived to be in conflict with the best interests of the Fund. Investment custodians hold the Plan's investments.

B. Investment Valuation and Income Recognition

If available, quoted market prices are used to value investments. Corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Investments in certain restricted common stocks are valued at the quoted market price of the issuer's unrestricted common stock less an appropriate discount. If quoted market price for unrestricted common stock of the issuer is not available, restricted common stocks are valued at a multiple of current earnings less an appropriate discount. The multiple chosen is consistent with multiples of similar companies based on current market prices.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the plan's gains and losses on investments bought and sold as well as held during the year. Parenteau Analytics serves as investment consultant to the Plan and The Frost National Bank serves as custodian of the Plan's investments.

The Plan categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. There are no plan assets requiring Level 2 or Level 3 inputs for the period presented.

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

NOTE 4 - INVESTMENTS (continued)

C. Long-term Expected Return on Plan Assets

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 allocation as of the latest actuarial valuation dated October 1, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Equity	5.5%
Fixed Income	3.0%
Cash	0.0%

D. Concentrations

The following presents investments that represent 5% or more of the Plan's fiduciary net position:

Thornburg Strategic Income, 363,346 shares	\$ 4,512,763
Baron Real Estate Fd, 42,247 shares	1,697,500
Fidelity Advisor Growth Opps, 13,895 shares	2,404,931
Parnassus Endeavor Fd, 47,362 shares	2,763,566
Kopernik Intl Fd, 121,918 shares	2,034,817
Oberweis Intl Opps Insti Fd, 75,273 shares	1,351,911
Driehaus Emerg Mkts Growth, 102,090 shares	1,928,485
	<u>\$16,693,973</u>

E. Rate of Return

For the year ended September 30, 2021 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 21.29%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

NOTE 5 - ACTUARIAL METHODS AND ASSUMPTIONS

In the October 1, 2020 actuarial valuation, the level-percent contribution requirements and actuarial present values are calculated using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.00 percent investment rate of return (net of administrative expenses); and (b) projected salary increases at 4.00% compounded annually. The assumptions do not include postretirement benefit increases or inflation assumptions, because there is no guarantee or requirement that future increases will be granted.

The projection of benefits for financial accounting purposes also does not explicitly incorporate the potential effects of legal or contractual funding limitations, since they do not apply. The actuarial value of assets was determined based on the actual market value of the assets. The Unfunded Actuarial Accrued Liability is being amortized as a level percentage of payroll on an open period of 17.5 years; the new amortization period was first adopted for the year ended September 30, 2020. There were no benefit changes during the year ended September 30, 2021.

The total pension liability was determined by an actuarial valuation as of October 1, 2020, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Projected rate of amortization increase	4.0 percent
Investment rate of return	7.00 percent, net of Plan investment expense, including inflation

Mortality rates were based on the PubS-2010 mortality tables with generational projection using Scale MP-2019. There have been no other assumption changes since the prior valuation.

The actuarial assumption used in the October 1, 2020 valuation were based on the results of an actuarial experience study as of September 30, 2020.

NOTE 6 - MEASUREMENT OF NET PENSION LIABILITY

The net pension liability is measured as the total pension liability less the amount of the plan's fiduciary net position. In actuarial terms, this will be the accrued liability less the market value of assets.

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WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

NOTE 6 - MEASUREMENT OF NET PENSION LIABILITY (continued)

The discount rate used to measure the total pension liability was 7.00% net of investment expense. The projection of cash flows used to determine the discount rate assumed that the City and employee contribution would equal the actuarially determined contribution rates. 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 components of the net pension liability as of October 1, 2020, were as follows:

Total pension liability	\$ 26,520,571
Less: Plan fiduciary net position	<u>19,854,398</u>
Net pension liability	<u>\$ 6,666,173</u>

Plan fiduciary net position as a percentage of total pension liability	74.9%
Covered payroll	\$ 5,116,892
Net pension liability as a percentage of covered payroll	130.3%

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

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Plan's net pension liability	\$ 9,871,875	\$ 6,666,173	\$3,571,360

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REQUIRED SUPPLEMENTARY INFORMATION

These supplementary schedules are included to supplement the basic financial statements as required by the Governmental Accounting Standards Board.

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WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
SCHEDULE OF CHANGES IN THE PLAN'S NET PENSION LIABILITY AND RELATED RATIOS
 Last 10 Fiscal Years (will ultimately be displayed)

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Pension Liability									
Service Cost	\$ 509,046	\$ 544,583	\$ 582,704	\$ 655,142	\$ 701,002	\$ 742,626	\$ 794,610	\$ 833,689	\$ 892,047
Interest	1,140,023	1,154,339	1,194,519	1,392,693	1,465,623	1,476,426	1,564,450	1,656,614	1,752,767
Changes of benefit terms	-	-	937,622	-	-	-	-	-	238,938
Differences between expected and actual experience	(257,626)	-	13,620	-	19,944	-	6,224	-	(574,211)
Assumption changes	100,018	-	382,367	-	(831,167)	-	-	-	162,109
Benefit payments	(540,161)	(561,290)	(567,869)	(678,363)	(1,391,513)	(1,040,184)	(937,342)	(1,202,880)	(1,085,892)
Net Change in Total Pension Liability	951,300	1,137,632	2,542,963	1,369,472	(36,111)	1,178,868	1,427,942	1,287,423	1,385,758
Total Pension Liability - Beginning	15,275,324	16,226,624	17,364,256	19,907,219	21,276,691	21,240,580	22,419,448	23,847,390	25,134,813
Total Pension Liability - Ending	\$16,226,624	\$17,364,256	\$19,907,219	\$21,276,691	\$21,240,580	\$22,419,448	\$23,847,390	\$25,134,813	\$26,520,571
Plan Fiduciary Net Position									
Contributions from employer	\$ 564,265	\$ 584,578	\$ 601,797	\$ 615,039	\$ 620,782	\$ 633,627	\$ 688,260	\$ 731,486	\$ 791,086
Contributions from plan members	386,553	412,167	432,959	452,414	485,928	493,454	532,528	575,821	614,027
Net investment income	1,436,773	1,436,104	966,467	(498,706)	927,521	1,556,723	1,347,475	597,764	1,443,125
Benefit payments	(540,161)	(561,290)	(567,869)	(678,363)	(1,391,513)	(1,040,184)	(937,342)	(1,202,880)	(1,085,892)
Administrative expense	(15,895)	(33,332)	(17,120)	(27,428)	(21,760)	(27,691)	(19,970)	(23,187)	(14,991)
Net Change in Plan Fiduciary Net Position	1,831,535	1,838,227	1,416,234	(137,044)	620,958	1,615,929	1,610,951	679,004	1,747,355
Plan Fiduciary Net Position - Beginning	8,631,249	10,462,784	12,301,011	13,717,245	13,580,201	14,201,159	15,817,088	17,428,039	18,107,043
Plan Fiduciary Net Position - Ending	\$10,462,784	\$12,301,011	\$13,717,245	\$13,580,201	\$14,201,159	\$15,817,088	\$17,428,039	\$18,107,043	\$19,854,398
Plan's Net Pension Liability - Ending	\$ 5,763,840	\$ 5,063,245	\$ 6,189,974	\$ 7,696,490	\$ 7,039,421	\$ 6,602,360	\$ 6,419,351	\$ 7,027,770	\$ 6,666,173
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.5%	70.8%	68.9%	63.8%	66.9%	70.6%	73.1%	72.0%	74.9%
Covered payroll	\$ 3,221,275	\$ 3,434,725	\$ 3,607,992	\$ 3,770,117	\$ 4,049,400	\$ 4,112,117	\$ 4,437,733	\$ 4,798,508	\$ 5,116,892
Plan's net pension liability as a percentage of covered payroll	178.9%	147.4%	171.6%	204.1%	173.8%	160.6%	144.7%	146.5%	130.3%

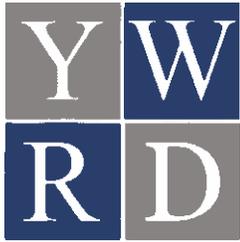
Notes to Schedule:

Actual covered payroll is estimated using firefighter contributions divided by the contribution percentage

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WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years (will ultimately be displayed)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Annual money weighted rate of return, net of investment expense	17.55%	14.67%	7.72%	-3.59%	6.91%	10.94%	8.45%	3.42%	7.90%	21.29%



YWRD, P.C. ⁽⁵⁾

CERTIFIED PUBLIC ACCOUNTANTS

Greer Yeldell, CPA | Glen Wilson, CPA | Tracie Wood, CPA
Joyce Reeve, CPA | Brandon Diviney, CPA | Bryan Thomas, CPA

March 16, 2022

Board of Trustees
Waxahachie Firemen's Relief and Retirement Fund
P.O. Box 1045
Waxahachie, Texas 76168

We have audited the financial statements of Waxahachie Firemen's Relief and Retirement Fund for the year ended September 30, 2021 and have issued our report thereon dated March 16, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 10, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Waxahachie Firemen's Relief and Retirement Fund are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by the Plan during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the fair value of the Plan's investments - If available, quoted market prices are used to value investments. Corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Investments in certain restricted common stocks are valued at the quoted market price of the issuer's unrestricted common stock less an appropriate discount. If quoted market price for unrestricted common stock of the issuer is not available, restricted common stocks are valued at a multiple of current earnings less an appropriate discount. The multiple chosen is consistent with multiples of similar companies based on current market

Board of Trustees
Waxahachie Firemen's Relief and Retirement Fund
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prices. We evaluated the key factors and assumptions used to develop the fair value of the Plan's investments in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no such misstatements identified during the audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 16, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Plan's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Plan's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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Board of Trustees
Waxahachie Firemen's Relief and Retirement Fund
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Other Matters

We applied certain limited procedures to the schedule of changes in the plan's net pension liability and related ratios and the schedule of investment returns, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

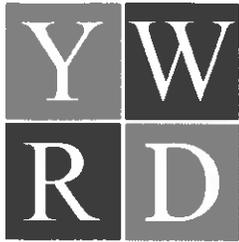
Restriction on Use

This information is intended solely for the use of the Board of Trustees and management of Waxahachie Firemen's Relief and Retirement Fund and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

YWRD, P.C.

YWRD, P.C.
Certified Public Accountants



YWRD, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Greer Yeldell, CPA | Glen Wilson, CPA | Tracie Wood, CPA
Joyce Reeve, CPA | Brandon Diviney, CPA | Bryan Thomas, CPA

March 16, 2022

To the Board of Trustees
Waxahachie Firemen's Relief and Retirement Fund
P.O. Box 1045
Waxahachie, Texas 76168

In planning and performing our audit of the financial statements of Waxahachie Firemen's Relief and Retirement Fund as of and for the year ended September 30, 2021 in accordance with auditing standards generally accepted in the United States of America, we considered Waxahachie Firemen's Relief and Retirement Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the following deficiency in Waxahachie Firemen's Relief and Retirement Fund's internal control to be a material weakness:

Preparation of Financial Statements - We were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Current auditing standards require auditors to communicate this situation to the Board as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. However, based on current auditing standards, it is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.

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Board of Trustees
Waxahachie Firemen's Relief and Retirement Fund
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From a practical standpoint, we prepare the statements and determine the fairness of the presentation at the same time in connection with our audit. This is not unusual for us to do with entities of your size.

The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors. We have instructed management to questions that management might have. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.

Under the circumstances, the most effective controls lie in management's knowledge of the Plan's financial operations. It is the responsibility of management and those charged with governance to make the decisions whether to accept the degree of risk associated with this condition because of cost and other consideration. Regarding the specific situations listed above, we would offer the following specific recommendations: 1) Utilize a disclosure checklist to ensure all required disclosures are present and agree to work papers, and 2) Agree your accounting information to the amounts reported in the financial statements.

This communication is intended solely for the information and use of the management, the Board of Trustees, and others within the Plan, and is not intended to be, and should not be, used by anyone other than these specified parties.

YWRD, P.C.

YWRD, P.C.
Certified Public Accountants

Waxahachie Firemen's Relief and Retirement

407 Water Street, P.O. Box 1045
Waxahachie, Texas 75168
469-309-4200

March 16, 2022

YWRD, P.C.
P. O. Box 1087
Ennis, TX 75120

This representation letter is provided in connection with your audit of the financial statements of Waxahachie Firemen's Relief and Retirement Fund (the "Plan"), which comprise the statement of fiduciary net position as of September 30, 2021, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of March 16, 2022, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 10, 2022, including our responsibility for the preparation and fair presentation of the financial statements and note disclosures in accordance with U.S. GAAP and for the preparation of the required supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP, the notes include all disclosures required by laws and regulations to which the Plan is subject.
- 3) We acknowledge our responsibility for 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 5) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 6) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 7) Related-party relationships and transactions and relationships and transactions with parties-in-interest have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

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YWRD, P.C.
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- 8) No events have occurred subsequent to the date of the financial statements and through the date of this letter that U.S. GAAP would require adjustment or disclosure in the aforementioned financial statements.
- 9) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Plan's accounts.
- 10) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 11) Significant estimates and material concentrations have been properly disclosed in accordance with U.S. GAAP.
- 12) Financial instruments with concentrations of credit risk have been properly recorded or disclosed in the financial statements.
- 13) Guarantees, whether written or oral, under which the Plan is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

Information Provided

- 14) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Plan from whom you determined it necessary to obtain audit evidence.
 - d) Current plan instruments, trust agreements, insurance contracts, or investment contracts and amendments to such documents entered into during the year, including amendments to comply with applicable laws.
 - e) Actuarial reports prepared for the Plan and the Plan's sponsor during the year.
- 15) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 16) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 17) We have no knowledge of any fraud or suspected fraud that affects the Plan and involves:
 - o Management,
 - o Employees who have significant roles in internal control, or
 - o Others where the fraud could have a material effect on the financial statements.
- 18) We have no knowledge of any allegations of fraud or suspected fraud affecting the Plan's financial statements communicated by employees, former employees, participants, regulators, beneficiaries, service providers, third-party administrators, or others.
- 19) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations (including IRS regulations) whose effects should be considered when preparing financial statements.

YWRD, P.C.
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- 20) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 21) We have disclosed to you the names of all of the Plan's related parties and parties in interest and all the related-party and party-in-interest relationships and transactions, including any side agreements.
- 22) The Plan has satisfactory title to all owned assets, which are recorded at fair value.
- 23) We have no—
 - o Plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
 - o Intentions to terminate the Plan.
- 24) Amendments to the Plan instrument, if any, have been properly recorded or disclosed in the financial statements.
- 25) We have no knowledge of any omissions from the participants' data provided to the Plan's actuary for the purpose of determining the actuarial present value of accumulated Plan benefits and other actuarially determined amounts in the financial statements.
- 26) The Plan administrator agrees with the actuarial methods and assumptions used by the actuary for funding purposes and for determining the Plan's accumulated Plan benefits and has no knowledge or belief that such methods or assumptions are inappropriate in the circumstances. We did not give any instructions, nor cause any to be given, to the Plan's actuary with respect to values or amounts derived, and we are not aware of any matters that have impacted the independence or objectivity of the Plan's actuary.
- 27) We have no knowledge of any changes in
 - o The actuarial methods or assumptions used in calculating amounts recorded or disclosed in the financial statements.
 - o Plan provisions between the actuarial valuation date and the date of this letter.
- 28) The methods and significant assumptions used to estimate fair values of financial instruments, including nonreadily marketable securities, are as follows: Fair value is determined quoted market prices. The methods and significant assumptions used result in a measure of fair value appropriate for financial measurement and disclosure purposes.
- 29) All required filings of Plan documents with the appropriate agencies have been made.
- 30) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 31) We have apprised you of all communications, whether written or oral, with regulatory agencies concerning the operation of the Plan.

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YWRD, P.C.
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32) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the RSI.

Signature: 
Title: CHAIRMAN