

# **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. 2, 1601 Cleaver Street, Waxahachie, Texas, on ***Monday, March 13, 2023 at 8:30 a.m.***

BOARD MEMBERS: Gary Myers, Chairman  
Matt Dorsey, Vice Chairman  
Scott Safford, Secretary  
Chris Wright, Mayor Pro Tem  
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 February 20, 2023
  - b. Annuity checks for FR&R Retirees and other disbursements for the month of April 2023
4. Discuss and consider the Retirement Horizons Actuarial Report dated as of September 30, 2022
5. Discuss and consider the YWRD Audit Report dated as of September 30, 2022
6. Consider invoice from Retirement Horizons for Actuarial Report
7. Consider invoice from YWRD for Audit Report
8. Discuss and consider Amendment 12 to the October 11, 2021 Plan Document
9. Discuss and consider Amendment 13 to the October 11, 2021 Plan Document

10. Discuss and consider Amendment 14 to the October 11, 2021 Plan Document
11. Receive and accept GASB 67 Plan Year ended September 30, 2022 and GASB 68 City Fiscal Year ended September 30, 2023 from Definiti LLC
12. Set next meeting date and time of Firemen's Relief and Retirement Fund Board
13. Adjourn

**The 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.** 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  
February 20, 2023

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, February 20, 2023 at 8:30 a.m.

Members Present: Gary Myers, Chairman  
Scott Safford, Secretary  
Chris Wright, Mayor Pro Tem  
Chad Tustison, Finance Director  
Lee Statham  
Phillip Young

Member Absent: Matt Dorsey, Vice Chairman

**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 January 9, 2022
- b. Annuity checks for FR&R Retirees and other disbursements for the months of February and March 2023

**Action:**

*Secretary Scott Safford moved to approve items a. and b. on the Consent Agenda. Mr. Lee Statham seconded, All Ayes.*

**4. Discuss resignation from Financial Consultant, Claude Parenteau, and take any necessary action**

Chairman Myers announced the resignation of Claude Parenteau. The Board discussed experienced consultants and resolved to contact them for further information.

**5. Hear and accept the 4<sup>th</sup> quarter financial report**

Chairman Myers presented the 4<sup>th</sup> quarter financial reports generated by bookkeeper Helen Duval. The reports reflected a fund balance of \$20,142,183.

**Action:**

*Mr. Lee Statham moved to accept the 4<sup>th</sup> quarter financial report. Secretary Scott Safford seconded, All Ayes.*

**6. Consider invoice from YWRD, P.C. for September 30, 2022 audit**

(3a)

**Action:**

*Mr. Phillip Young moved to approve payment for an invoice from YWRD, P.C. for September 30, 2022 audit in the amount of \$1,332.50. Finance Director Chad Tustison seconded, All Ayes.*

**7. Consider invoice from Retirement Horizons, Inc. for valuation fee on 10/1/2022 actuarial report**

**Action:**

*Finance Director Chad Tustison moved to approve payment for an invoice from Retirement Horizons, Inc. for valuation fee of October 1, 2022 actuarial in the amount of \$5,000. Mr. Lee Statham seconded, All Ayes.*

**8. Discuss changes in the Deferred Retirement Option Plan (DROP) from yearly to monthly**

Chairman Myers explained the Actual and Actuarial Study will be available in March and will recommend a proposed change to the DROP. Chairman Myers will contact Horizon for a letter explaining the proposed DROP and their approval of the change.

**9. 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, March 13, 2023 at 8:30 a.m.

**10. Adjourn**

There being no further business, the meeting adjourned at 9:00 a.m.

Respectfully submitted,

Jami Bonner  
Assistant City Secretary

(36)

# MEMORANDUM

TO: FR&R Board Members  
FROM: Amber Villarreal, City Secretary  
DATE: March 13, 2023  
SUBJECT: ANNUITY CHECKS

Please approve the annuity checks for the month of April 2023 for the following retirees/beneficiaries:

Alexander Donald  
Alexander Jeffery  
Bennett Don  
Bratcher Billy  
Carrington Paul  
Chenault John  
Cobb Sharon  
Creelius 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  
Rust Paul  
Skipper Terry  
Slay Mike  
Sport Jeffery  
Sykes Jerry  
Tillery John  
Turner Sharon  
Turner John Olin  
Warren Lisa  
Williams Sidney  
Wilson Darla

**TOTAL** \$91,722.22



# YWRD, P.C. (7)

CERTIFIED PUBLIC ACCOUNTANTS

611 S. Clay St. | P.O. Box 1087 | Ennis, Texas 75120  
405 Sycamore St. | Waxahachie, Texas 75165  
P: 972.878.2611 | [ywrd.cpa](mailto:ywrd.cpa) | F: 972.878.2220

## Invoice

Waxahachie Firemen's Relief and Retirement Fund  
407 Water St  
Waxahachie, TX 75165

ID: 123  
Invoice: 111310  
Date: 02/28/2023  
Due: Upon Receipt

For professional service rendered as follows:

Additional time incurred to generate auditable balances for  
investments and investment related activity \$1,450.00

Progress billing on September 30, 2022 audit \$5,872.75

Billed Time & Expenses \$7,322.75

Invoice Total \$7,322.75

Please return this portion with payment.

ID: 123  
Waxahachie Firemen's Relief and Retirement Fund

Invoice: 111310

Date: 02/28/2023

Amount Due: \$7,322.75

Amount Enclosed: \$ \_\_\_\_\_

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

PAY ONLINE AT  
<https://secure.cpacharge.com/pages/ywrdcpa/creditcard>



AMENDMENT 12 TO  
WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND

This Amendment is made this 13 day of March, 2023, by The Board of Trustees, hereafter the Board.

WITNESSETH:

WHEREAS, the Board did heretofore adopt on **October 11**, 2023 a restated plan document of the WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND (herein referred to as "the Fund"); and

WHEREAS, the Board now desires to amend the provisions of the Fund Plan Document effective immediately.

NOW, THEREFORE, to carry such Amendment into effect, the Board does hereby amend said Fund and all instruments thereof heretofore executed effective immediately, as follows:

I.

Section 3.01 shall be amended to read as follows:

- a. A Firefighter who was hired before August 15, 2018 and has attained the age of **Fifty Two (52)** may elect a Reverse DROP Benefit Calculation Date which is **One (1) to Thirty Six (36) whole months prior to the Firefighter's Termination of Service. The DROP Calculation Date shall not be before the Firefighter's 52 birthday and not before the Firefighter's 20<sup>th</sup> anniversary with the Fire Department.**
- b. A Firefighter who was hired on or after August 15, 2018 and has attained the age of **Fifty Five (55)** may elect a Reverse DROP Benefit Calculation Date which is **One (1) to Thirty Six (36) whole months prior to the Firefighter's Termination of Service. The DROP Calculation Date shall not be before the Firefighter's 55 birthday or the Firefighter's 20<sup>th</sup> anniversary with the Fire Department.**
- c. The Reverse DROP is not a vested accrued benefit and the provisions of the Reverse DROP may be amended.

II.

The Fund, as amended hereinabove and all instruments thereof heretofore executed, be and are hereby ratified and affirmed.

IN WITNESS WHEREOF, the Board has called these presents to be executed on the day and year first written above.

(8)

AMENDMENT 12 TO  
WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND

March 13, 2023

TRUSTEES OF THE WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND

Gary Myers

Chris Wight

Scott Safford

Chad Tustison

Matt Dorsey

Phillip Young

Lee Statham

\_\_\_\_\_

"Board of Trustees"



RESOLUTION FOR ADOPTION  
BY THE BOARD OF TRUSTEES  
OF  
WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND

A copy of the Amendment 12 to the Waxahachie Firemen's Relief and Retirement Fund plan Document ("the Amendment") was presented to the Board of Trustees of the Waxahachie Firemen's Relief and Retirement Fund. After discussion of the Amendment, the following motions were duly made, seconded and adopted:

RESOLVED, that the plan Amendment to the Waxahachie Firemen's Relief and Retirement Fund as presented to the Board of Trustees be Adopted by the Waxahachie Firemen's Relief and Retirement Fund.

I, \_\_\_\_\_, Chairman of the Board of Trustees of the Waxahachie Firemen's Relief and Retirement Fund, certify that the above is a true and correct copy of a portion of the minutes of the meeting of the Board of Trustees held on \_\_\_\_\_, 2023

Date: \_\_\_\_\_, 2023

\_\_\_\_\_  
CHAIRMAN OF THE BOARD OF TRUSTEES  
WAXAHACHIE FIREMEN'S RELIEF AND  
RETIREMENT FUND

(9)

AMENDMENT 13 TO  
WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND

This Amendment is made this 13 day of March, 2023, by The Board of Trustees, hereafter the Board.

WITNESSETH:

WHEREAS, the Board did heretofore adopt on **October 11**, 2023 a restated plan document of the WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND (herein referred to as "the Fund"); and

WHEREAS, the Board now desires to amend the provisions of the Fund Plan Document effective immediately.

NOW, THEREFORE, to carry such Amendment into effect, the Board does hereby amend said Fund and all instruments thereof heretofore executed effective immediately, as follows:

I.

Section 1.10 shall be amended to read as follows:

- 1.10 "Service" will be equal to the Firefighter's number of years of continuous employment (computed to completed **days**) with the Fire Department of the City of Waxahachie during which a Firefighter pays into and keeps on deposit in the Fund, the contributions required by the Fund.

II.

Section 2.02.b shall be amended to read as follows:

- b. A partial Year of Service will be given partial credit based on the number of whole **days** completed in excess of whole years.

III.

The Fund, as amended hereinabove and all instruments thereof heretofore executed, be and are hereby ratified and affirmed.

IN WITNESS WHEREOF, the Board has called these presents to be executed on the day and year first written above.

(9)

AMENDMENT 13 TO  
WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND

March 13, 2023

TRUSTEES OF THE WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND

Gary Myers

Chris Wight

Scott Safford

Chad Tustison

Matt Dorsey

Phillip Young

Lee Statham

\_\_\_\_\_

"Board of Trustees"

RESOLUTION FOR ADOPTION  
BY THE BOARD OF TRUSTEES  
OF  
WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND

A copy of the Amendment 13 to the Waxahachie Firemen's Relief and Retirement Fund plan Document ("the Amendment") was presented to the Board of Trustees of the Waxahachie Firemen's Relief and Retirement Fund. After discussion of the Amendment, the following motions were duly made, seconded and adopted:

RESOLVED, that the plan Amendment to the Waxahachie Firemen's Relief and Retirement Fund as presented to the Board of Trustees be Adopted by the Waxahachie Firemen's Relief and Retirement Fund.

I, \_\_\_\_\_, Chairman of the Board of Trustees of the Waxahachie Firemen's Relief and Retirement Fund, certify that the above is a true and correct copy of a portion of the minutes of the meeting of the Board of Trustees held on \_\_\_\_\_, 2023

Date: \_\_\_\_\_, 2023

\_\_\_\_\_  
CHAIRMAN OF THE BOARD OF TRUSTEES  
WAXAHACHIE FIREMEN'S RELIEF AND  
RETIREMENT FUND

AMENDMENT 14 TO  
WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND

This Amendment is made this 13 day of March, 2023, by The Board of Trustees, hereafter the Board.

WITNESSETH:

WHEREAS, the Board did heretofore adopt on **October 11**, 2023 a restated plan document of the WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND (herein referred to as "the Fund"); and

WHEREAS, the Board now desires to amend the provisions of the Fund Plan Document effective immediately.

NOW, THEREFORE, to carry such Amendment into effect, the Board does hereby amend said Fund and all instruments thereof heretofore executed effective immediately, as follows:

I.

Section 1.12 and 1.13 shall be amended to read as follows:

- 1.12 "Termination Date" is the date the firefighter leaves the employment of The City of Waxahachie's Fire Department.
- 1.13 The "Reverse DROP Benefit Calculation Date" will be the date of the payroll ending immediately prior to the Firefighter's date of Termination of Service minus the DROP period elected.

II.

The Fund, as amended hereinabove and all instruments thereof heretofore executed, be and are hereby ratified and affirmed.

IN WITNESS WHEREOF, the Board has called these presents to be executed on the day and year first written above.

(10)

AMENDMENT 14 TO  
WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND

March 13, 2023

TRUSTEES OF THE WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND

Gary Myers

Chris Wight

Scott Safford

Chad Tustison

Matt Dorsey

Phillip Young

Lee Statham

\_\_\_\_\_

"Board of Trustees"

RESOLUTION FOR ADOPTION  
BY THE BOARD OF TRUSTEES  
OF  
WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND

A copy of the Amendment 14 to the Waxahachie Firemen's Relief and Retirement Fund plan Document ("the Amendment") was presented to the Board of Trustees of the Waxahachie Firemen's Relief and Retirement Fund. After discussion of the Amendment, the following motions were duly made, seconded and adopted:

RESOLVED, that the plan Amendment to the Waxahachie Firemen's Relief and Retirement Fund as presented to the Board of Trustees be Adopted by the Waxahachie Firemen's Relief and Retirement Fund.

I, \_\_\_\_\_, Chairman of the Board of Trustees of the Waxahachie Firemen's Relief and Retirement Fund, certify that the above is a true and correct copy of a portion of the minutes of the meeting of the Board of Trustees held on \_\_\_\_\_, 2023  
Date: \_\_\_\_\_, 2023

\_\_\_\_\_  
CHAIRMAN OF THE BOARD OF TRUSTEES  
WAXAHACHIE FIREMEN'S RELIEF AND  
RETIREMENT FUND

(11)



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

Actuarial Report  
GASB 67 Plan Year Ended September 30, 2022  
GASB 68 City Fiscal Year Ended September 30, 2023

**Prepared by  
Definiti LLC  
March 6, 2023**





2201 Timberloch Place, Suite 150  
The Woodlands, TX 77380

(281) 296-1107  
definiti.com

March 6, 2023

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

Re: 2022 GASB 67 and 2023 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 \$11.160 million (63.0% funded status) as of September 30, 2022, compared to \$3.766 million (86.5% funded status) as of September 30, 2021. The increase is primarily due to unfavorable investment returns and the plan amendment increasing benefits.

### ***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 the results of the September 30, 2022 actuarial valuation which was based upon member census data and plan provisions as provided by the Plan Administrator, with preliminary audited financial information provided as of September 30, 2022. We relied on the member census data provided. While we performed testing as needed to assure the reasonableness of the underlying input and the results of the study, we did not perform a full audit of the data. The 2022 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.

Board of Trustees  
March 6, 2023

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. GASB Measurement Highlights

GASB 67 PLAN ACCOUNTING DISCLOSURE	September 30, 2020	September 30, 2021	September 30, 2022
Total Pension Liability	\$26,520,571	\$27,929,092	\$30,183,508
Plan Fiduciary Net Position	<u>\$19,854,398</u>	<u>\$24,162,648</u>	<u>\$19,023,702</u>
GASB 67 Fund Net Pension Liability	\$6,666,173	\$3,766,444	\$11,159,806
Effective Discount Rate	7.00%	7.00%	7.00%
GASB 68 EMPLOYER ACCOUNTING DISCLOSURE	Fiscal Year Ending September 30, 2021	Fiscal Year Ending September 30, 2022	Fiscal Year Ending September 30, 2023
Total Pension Liability	\$26,520,571	\$27,929,092	\$30,183,508
Plan Fiduciary Net Position	<u>\$19,854,398</u>	<u>\$24,162,648</u>	<u>\$19,023,702</u>
Fund Net Pension Liability	\$6,666,173	\$3,766,444	\$11,159,806
Measurement Date	September 30, 2020	September 30, 2021	September 30, 2022
Pension Expense	\$855,312	\$72,520	\$1,893,055
Effective Discount Rate	7.00%	7.00%	7.00%
DEMOGRAPHICS	October 1, 2020	October 1, 2022	
Active	60	67	
Terminated with Deferred Benefits	2	2	
Retirees and Beneficiaries in Pay	<u>35</u>	<u>37</u>	
Total	97	106	
Valuation Compensation	\$5,395,613	\$6,273,074	
Average Compensation	\$89,927	\$93,628	
Average Age	38.6	37.9	
Average Service	11.0	10.4	
ASSUMPTIONS			
Investment Return	7.00%	7.00%	
Salary Scale	Service Graded	Service Graded	
Payroll Growth	4.00%	4.00%	
Administrative Expense Assumption (as a % of payroll)	0.83%	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, 2020</u>	<u>September 30, 2021</u>	<u>September 30, 2022</u>
<b>Total Pension Liability</b>			
Service Cost	\$892,047	\$944,056	\$1,010,140
Interest	\$1,752,767	\$1,874,024	\$1,987,159
Changes of benefit terms	\$238,938	\$0	\$463,173
Differences between expected and actual experience	(\$574,211)	\$0	(\$41,525)
Changes of assumptions	\$162,109	\$0	(\$43,081)
Benefit payments, including refunds of member contributions	(\$1,085,892)	(\$1,409,559)	(\$1,121,450)
<b>Net change in total pension liability</b>	<b>\$1,385,758</b>	<b>\$1,408,521</b>	<b>\$2,254,416</b>
<b>Total pension liability - beginning</b>	<b>\$25,134,813</b>	<b>\$26,520,571</b>	<b>\$27,929,092</b>
<b>Total pension liability - ending (a)</b>	<b>\$26,520,571</b>	<b>\$27,929,092</b>	<b>\$30,183,508</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$791,086	\$874,711	\$978,930
Contributions - member	\$614,027	\$667,230	\$744,314
Net investment income	\$1,443,125	\$4,207,585	(\$5,725,655)
Benefit payments, including refunds of member contributions	(\$1,085,892)	(\$1,409,559)	(\$1,121,450)
Administrative expense	(\$14,991)	(\$31,717)	(\$15,085)
Other	\$0	\$0	\$0
<b>Net change in plan fiduciary net position</b>	<b>\$1,747,355</b>	<b>\$4,308,250</b>	<b>(\$5,138,946)</b>
<b>Plan fiduciary net position - beginning</b>	<b>\$18,107,043</b>	<b>\$19,854,398</b>	<b>\$24,162,648</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$19,854,398</b>	<b>\$24,162,648</b>	<b>\$19,023,702</b>
<b>Fund's net pension liability - ending (a) - (b)</b>	<b>\$6,666,173</b>	<b>\$3,766,444</b>	<b>\$11,159,806</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>74.9%</b>	<b>86.5%</b>	<b>63.0%</b>
<b>Actual Covered-employee payroll</b>	<b>\$5,116,892</b>	<b>\$5,560,250</b>	<b>\$6,202,617</b>
<b>Fund's net position liability as a percentage of covered employee payroll</b>	<b>130.3%</b>	<b>67.7%</b>	<b>179.9%</b>

**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, 2020</u>	<u>September 30, 2021</u>	<u>September 30, 2022</u>
City required contribution	\$791,086	\$874,711	\$978,930
Contributions in relation to the City required contribution	\$791,086	\$874,711	\$978,930
Contribution deficiency (excess)	\$0	\$0	\$0
Covered-employee payroll	\$5,116,892	\$5,560,250	\$6,202,617
Contributions as a percentage of covered-employee payroll	15.5%	15.7%	15.8%

### Notes to Schedule

Valuation date: September 30, 2022

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 16.19% of member payroll for firefighters. Each active member contributes 12.00% of member payroll.

The mortality assumption was updated to use projection scale MP-2021.

The plan was amended, effective October 11, 2021, to split the base formula for service earned on or after January 1, 2020 for service to 27 years. For service earned from the first through tenth years, the formula equals 2.0% of the highest 60-month average salary times service. For service from the eleventh through twenty seventh year, the formula equals 2.2% of the highest 60-month average salary times service. There have been no other changes since the prior valuation except for the increase in the City's contribution from 15.79% to 16.19% effective January 1, 2023.

## 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, 2022 (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 16.19% 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	\$15,144,261	\$11,159,806	\$7,850,346

### Schedule of Investment Returns

Fiscal Year Ending September 30

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Annual money-weighted rate of return, net of investment expense	7.90%	21.14%	-23.41%

## 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, 2023 reporting period would use the Fund's September 30, 2022 measurement.

	Increase (Decrease)		
	Total Pension Liability (TPL)	Plan Fiduciary Net Position	Net Pension Liability (NPL)
Balance at 9/30/2022	\$27,929,092	\$24,162,648	\$3,766,444
Changes for the year:			
Service Cost	1,010,140		1,010,140
Interest	1,987,159		1,987,159
Experience	(41,525)		(41,525)
Employer Contributions		978,930	(978,930)
Member Contributions		744,314	(744,314)
Net Investment Income		(5,725,655)	5,725,655
Benefit Payments	(1,121,450)	(1,121,450)	-
Administrative Expense		(15,085)	15,085
Assumption Changes	(43,081)		(43,081)
Changes in Benefit Terms	463,173		463,173
Net Change	2,254,416	(5,138,946)	7,393,362
Balance at 9/30/2023	\$30,183,508	\$19,023,702	\$11,159,806

### 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:

	1% Decrease 6.00%	Current Discount Rate of 7.00%	1% Increase 8.00%
Firefighters' Fund Net Pension Liability	\$15,144,261	\$11,159,806	\$7,850,346



## 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 9/30/2023
Service Cost	\$ 1,010,140
Interest on TPL	1,987,159
Differences between expected and actual experience	(64,291)
Changes in Assumptions	(32,630)
Changes in Benefit Terms	463,173
Employee Contributions	(744,314)
Projected Earnings on Pension Plan Investments	(1,711,573)
Differences between projected and actual earnings on plan investments	970,306
Pension Plan Administrative Expenses	15,085
Other Changes in Fiduciary Net Position	-
<b>Total Pension Expense</b>	<b>\$ 1,893,055</b>

For the year ended September 30, 2023, the City should recognize a pension expense of \$1,893,055. At September 30, 2023, the City should report deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	9,385	419,718
Changes in assumptions	131,969	269,654
Net difference between projected and actual investment earnings	-	(4,320,128)
City Contributions subsequent to Measurement Date	<u>To be determined</u>	<u>-</u>
Total	To be determined	(3,630,756)

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:	
2024	\$903,122
2025	\$753,377
2026	\$811,497
2027	\$1,432,904
2028	(\$54,798)
Thereafter	(\$73,992)

(11)

## 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							
			2023	2024	2025	2026	2027	2028	2029	2030
2015	\$13,620	9.6	\$1,419	\$849	\$0	\$0	\$0	\$0	\$0	\$0
2017	\$19,944	9.7	\$2,056	\$2,056	\$2,056	\$1,440	\$0	\$0	\$0	\$0
2019	\$6,224	9.6	\$648	\$648	\$648	\$648	\$648	\$392	\$0	\$0
2021	(\$574,211)	9	(\$63,801)	(\$63,801)	(\$63,801)	(\$63,801)	(\$63,801)	(\$63,801)	(\$63,801)	\$0
2023	(\$41,525)	9	(\$4,613)	(\$4,614)	(\$4,614)	(\$4,614)	(\$4,614)	(\$4,614)	(\$4,614)	(\$4,614)
Subtotal			(\$64,291)	(\$64,862)	(\$65,711)	(\$66,327)	(\$67,767)	(\$68,023)	(\$68,415)	(\$4,614)

City Fiscal Year Ending	Changes in Assumptions	Recognition Period (Years)	City Fiscal Year Ending 9/30							
			2023	2024	2025	2026	2027	2028	2029	2029
2015	\$382,367	9.6	\$39,830	\$23,897	\$0	\$0	\$0	\$0	\$0	\$0
2017	(\$831,167)	9.7	(\$85,687)	(\$85,687)	(\$85,687)	(\$59,984)	\$0	\$0	\$0	\$0
2021	\$162,109	9	\$18,012	\$18,012	\$18,012	\$18,012	\$18,012	\$18,012	\$18,012	\$0
2023	(\$43,081)	9	(\$4,785)	(\$4,787)	(\$4,787)	(\$4,787)	(\$4,787)	(\$4,787)	(\$4,787)	(\$4,787)
Subtotal			(\$32,630)	(\$48,565)	(\$72,462)	(\$46,759)	\$13,225	\$13,225	\$13,225	(\$4,787)

### 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							
			2023	2024	2025	2026	2027	2028	2029	2029
2019	(\$231,213)	5	(\$46,241)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2020	\$624,994	5	\$124,999	\$124,999	\$0	\$0	\$0	\$0	\$0	\$0
2021	(\$165,164)	5	(\$33,033)	(\$33,033)	(\$33,033)	\$0	\$0	\$0	\$0	\$0
2022	(\$2,814,313)	5	(\$562,863)	(\$562,863)	(\$562,863)	(\$562,863)	\$0	\$0	\$0	\$0
2023	\$7,437,228	5	\$1,487,444	\$1,487,446	\$1,487,446	\$1,487,446	\$1,487,446	\$0	\$0	\$0
Subtotal			\$970,306	\$1,016,549	\$891,550	\$924,583	\$1,487,446	\$0	\$0	\$0
Total			\$873,385	\$903,122	\$753,377	\$811,497	\$1,432,904	(\$54,798)	(\$55,190)	(\$9,401)

(11)

### 3.1 Demographic Summary

	<u>October 1, 2020</u>	<u>October 1, 2022</u>
A. Active Members		
1. Number	60	67
2. Valuation payroll	\$5,395,613	\$6,273,074
3. Average pay	\$89,927	\$93,628
4. Average age	38.6	37.9
5. Average service	11.0	10.4
B. Refund of Contributions Payable		
1. Number	1	1
2. Average age	52.3	54.3
C. Terminated Vested		
1. Number	1	1
2. Average age	48.0	50.0
D. Retired or Disabled		
1. Number	26	27
2. Total benefits	\$917,864	\$1,065,565
3. Average annual benefits	\$35,302	\$39,465
E. Beneficiaries		
1. Number	9	10
2. Total benefits	\$94,620	\$123,625
3. Average annual benefits	\$10,513	\$12,363

## 3.2 Data Reconciliation

	Active	Term. Vested	Disabled	Retired	Beneficiaries	Total
A. Prior Valuation Date	60	2	1	25	9	97
B. Change due to:						
1. New hires, rehires	11	0	0	0	0	11
2. Cash Out	(1)	0	0	0	0	(1)
3. Termination (Nonvested)	0	0	0	0	0	0
4. Retirement	(3)	0	0	3	0	0
5. Disability	0	0	0	0	0	0
6. Death without beneficiary	0	0	0	0	0	0
7. Death with beneficiary	0	0	0	(2)	2	0
8. Expiration of benefits	0	0	0	0	(1)	(1)
9. Data corrections	0	0	0	0	0	0
10. Net change	7	0	0	1	1	9
C. Current Valuation Date	67	2	1	26	10	106

## 3.3 Active Members by Age and Service

Attained Age	Years of Service as of October 1, 2022							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30 & up	
Under 25	4	0	0	0	0	0	0	4
25-29	6	2	0	0	0	0	0	8
30-34	8	3	1	0	0	0	0	12
35-39	3	8	1	4	0	0	0	16
40-44	0	4	4	6	0	0	0	14
45-49	0	0	2	4	2	0	0	8
50-54	0	0	0	0	1	1	0	2
55-59	0	0	0	0	1	1	0	2
60 & up	0	0	0	0	0	0	1	1
Total	21	17	8	14	4	2	1	67

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-2021.
- 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-2021.

### 3.4 Assumptions and Methods (continued)

- **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.
- **Changes in Assumptions** The mortality projection scale was updated to MP-2021 which is the most recently published SOA projection scale. There were no other changes in actuarial assumptions from the prior fiscal year.

#### Methods

**Valuation Date** October 1, 2022

**Asset Valuation Method** Market Value

**Entry Age Normal Actuarial Cost Method** The Entry Age Normal Actuarial Cost Method The present value of the projected benefit (PVB) is determined as of the date the member entered the plan (or would have entered if the plan had always been in effect). The present value of future salary (PVFS) is also determined at entry age. The percentage of the PVFS represented by the PVB is the level percent of pay which, if contributed every year, would exactly fund the benefit if the valuation actuarial assumptions were realized. The Total Pension Liability (TPL) is the theoretical value of assets which would result from the accumulation of these contributions from the plan entry until the valuation date.

**Changes in Methods** There have been no changes in the actuarial methods from the prior valuation.



### 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 (16.19% 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), (b), (c), and (d) 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) For service on or after January 1, 2020, a “base” benefit of 2.00% of the Highest 60-Month Average Salary for each of the first ten years as a member
- (c) For service on or after January 1, 2020, an additional “base” benefit of 2.20% of the Highest 60-Month Average Salary for each year between eleven and twenty-seven as a member (including fractions)
- (d) 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), (c) and (d) above will not be less than a minimum benefit of \$90 per month for each year of service.

### 3.5 Plan Provisions (continued)

#### 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.

#### 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

- Spouse

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.

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

##### ➤ Spouse

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

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, effective October 11, 2021, to split the base formula for service earned on or after January 1, 2020 for service to 27 years. For service earned from the first through tenth years, the formula equals 2.0% of the highest 60-month average salary times service. For service from the eleventh through twenty seventh year, the formula equals 2.2% of the highest 60-month average salary times service. There have been no other changes since the prior valuation except for the increase in the City's contribution from 15.79% to 16.19% effective January 1, 2023.