

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, April 10, 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 Board on any concern whether on this agenda or not. In accordance with the State of Texas Open Meetings Act, the Board may not comment or deliberate such statements during this period, except as authorized by Section 551.042, Texas Government Code.

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 13, 2023
 - b. Annuity checks for FR&R Retirees and other disbursements for the month of May 2023
4. Consider Waxahachie Firemen's Relief and Retirement Fund Financial Statements for year ended September 30, 2022
5. Consider invoice from YWRD, P.C. for auditing services
6. Discuss and consider Amendment 12 to the October 11, 2021 Plan Document
7. Set next meeting date and time of Firemen's Relief and Retirement Fund Board
8. 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.

Firemen's Relief and Retirement Fund
March 13, 2023

(3a)

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, on Monday, March 13, 2023 at 8:30 a.m.

Members Present: Gary Myers, Chairman
Matt Dorsey, Vice Chairman
Scott Safford, Secretary
Chris Wright, Mayor Pro Tem
Phillip Young

Members Absent: Chad Tustison, Finance Director
Lee Statham

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 20, 2023
- b. Annuity checks for FR&R Retirees and other disbursements for the month of April 2023

Action:

Vice Chairman Matt Dorsey moved to approve items a. and b. on the Consent Agenda. Secretary Scott Safford seconded, All Ayes.

4. Discuss and consider the Retirement Horizons Actuarial Report dated as of September 30, 2022

The Board heard an overview of the Retirement Horizons Actuarial Report dated September 30, 2022 noting:

- Fair value assets lost 3.7%. As of October 1, 2022, the fund reflected a balance of \$19,023,702.
- The actuarial accrued liability fund reflects a balance of \$30,183,508 and is 63% funded.
- Unfunded liabilities reflect a balance of \$11,159,806.
- Retirement Horizons feels positive about long term investment assumptions and assumed rate of return at 7%.
- The Actuary encourages the fund to raise contributions from the City and consider a retiree cost of living adjustment.

(3a)

Action:

Vice Chairman Matt Dorsey moved to accept the Retirement Horizons Actuarial Report dated as of September 30, 2022. Secretary Scott Safford seconded, All Ayes.

5. Discuss and consider the YWRD Audit Report dated as of September 30, 2022

Item 5 was continued for further discussion. No action taken.

6. Consider invoice from Retirement Horizons for Actuarial Report

Chairman Myers noted the invoice is actually from Definiti, not Retirement Horizons, and will be considered at the April meeting. No action taken.

7. Consider invoice from YWRD for Audit Report

Item 7 was continued for further discussion. No action taken.

8. Discuss and consider Amendment 12 to the October 11, 2021 Plan Document

The Board discussed a proposed language change to Amendment 12 to reflect a revision for the retirement group hired in 2006 through 2018. The revised Amendment 12 to the October 11, 2021 Plan Document will be considered at the April meeting. No action taken.

9. Discuss and consider Amendment 13 to the October 11, 2021 Plan Document

Action:

Vice Chairman Matt Dorsey moved to accept the proposed language for Amendment 13 to the October 11, 2021 Plan Document as presented. Secretary Scott Safford seconded, All Ayes.

10. Discuss and consider Amendment 14 to the October 11, 2021 Plan Document

Action:

Vice Chairman Matt Dorsey moved to accept the proposed language for Amendment 14 to the October 11, 2021 Plan Document as presented. Secretary Scott Safford seconded, All Ayes.

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

Action:

Secretary Scott Safford moved to accept GASB 67 Plan Year ending September 30, 2022 and GASB 68 City Fiscal Year ended September 30, 2023 as presented. Vice Chairman Matt Dorsey seconded, All Ayes.

12. 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 10 at 8:30 a.m. at Station 2.

(3a)

Firemen's Relief and Retirement Fund

March 13, 2023

Page 3

13. Adjourn

There being no further business, the meeting adjourned at 10:15 a.m.

Respectfully submitted,

Jami Bonner

Assistant City Secretary

(3b)

MEMORANDUM

TO: FR&R Board Members
FROM: Amber Villarreal, City Secretary
DATE: April 10, 2023
SUBJECT: ANNUITY CHECKS

Please approve the annuity checks for the month of May 2023 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
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

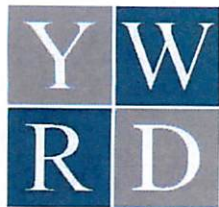
**WAXAHACHIE FIREMEN'S RELIEF
AND RETIREMENT FUND**

FINANCIAL STATEMENTS

Year Ended September 30, 2022

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-3
Financial Statements:	
Statement of Fiduciary Net Position	4
Statement of Changes in Fiduciary Net Position	5
Notes to the Financial Statements	6-12
Required Supplementary Information:	
Schedule of Changes in the Plan's Net Pension Liability and Related Ratios	14
Schedule of Investment Returns	15
Other Information:	
Schedule of Investment Expenses	17



YWRD, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Greer Yeldell, CPA | Tracie Wood, CPA | Joyce Reeve, CPA | Bryan Thomas, CPA

(4)

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

In our opinion, the 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, 2022, 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.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Waxahachie Firemen's Relief and Retirement Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Waxahachie Firemen's Relief and Retirement Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misinterpretations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing our audit in accordance with generally accepted auditing standards, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that are identified during the audit.

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

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 14-15 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 provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of investment expenses but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

YWRD, P.C.
Certified Public Accountants

Ennis, Texas
March 9, 2023

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
STATEMENT OF FIDUCIARY NET POSITION
September 30, 2022

ASSETS

Cash and Cash Equivalents	\$ 388,724
Receivables:	
Accrued Interest Receivable	16,772
Contributions	67,333
Total Receivables	<u>84,105</u>
Investments, at Fair Value:	
Common Stocks	1,513,219
Mutual Funds	15,549,115
Alternate Investments	1,491,539
Total Investments	<u>18,553,873</u>
Total Assets	<u>19,026,702</u>

LIABILITIES

Accounts Payable	<u>3,000</u>
Total Liabilities	<u>3,000</u>

NET POSITION RESTRICTED FOR PENSIONS	<u><u>\$19,023,702</u></u>
---	----------------------------

The accompanying notes are an integral part of this statement.

(4)

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended September 30, 2022

ADDITIONS

Contributions:	
Employer	\$ 978,930
Employee	744,314
	<u>1,723,244</u>
Investment income:	
Interest and dividends	1,835,248
Net appreciation (depreciation) in fair value of investments	(7,520,193)
Less investment expenses	(40,710)
	<u>(5,725,655)</u>
Total additions	<u>(4,002,411)</u>

DEDUCTIONS

Benefits paid to participants	1,121,450
Administrative expenses	15,085
	<u>1,136,535</u>
Total deductions	<u>1,136,535</u>
NET DECREASE IN NET POSITION	(5,138,946)
NET POSITION RESTRICTED FOR PENSIONS	
BEGINNING OF YEAR	<u>24,162,648</u>
END OF YEAR	<u><u>\$19,023,702</u></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, 2022

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, 2022

NOTE 2 - DESCRIPTION OF THE PLAN

A. Plan Membership

Membership of the plan consisted of the following at September 30, 2022:

Retired members and their beneficiaries		37
Vested terminated members		2
Active members:		
Vested	5	
Nonvested	62	
Total active members	<u>67</u>	<u>67</u>
Total plan membership		<u><u>106</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 for each of the first ten years and 2.2% of the firefighter's highest 60-month average salary for each year between eleven and twenty-seven, 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, 2022

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, 2022

NOTE 3 - CONTRIBUTIONS (continued)

For the year ending September 30, 2022, the City contributed 15.78% of each active Plan member's annual compensation excluding lump sum distributions for accumulated sick leave or vacation. Members contributed 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 2022 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, 2022

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, 2022 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%

D. Concentrations

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

Thornburg Strategic Income, 377,075 shares	\$ 4,144,059
Baron Real Estate Fd, 45,963 shares	1,244,667
Fidelity Advisor Growth Opps, 15,198 shares	1,493,544
Parnassus Endeavor Fd, 55,619 shares	2,285,367
State Street Sm/Mid Cap Eq Index, 7,264 shares	1,749,144
Kopernik Intl Fd, 128,986 shares	1,591,688
Driehaus Emerg Mkts Growth, 102,090 shares	1,491,539
	<u>\$14,000,008</u>

E. Rate of Return

For the year ended September 30, 2022 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -23.41%. 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, 2022

NOTE 5 - ACTUARIAL METHODS AND ASSUMPTIONS

In the October 1, 2022 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, 2022.

The total pension liability was determined by an actuarial valuation as of October 1, 2022, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Projected rate of amortization increase	4.0 percent
Salary Increase	2.5 percent, average, including inflation
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-2021. There have been no other assumption changes since the prior valuation.

The actuarial assumption used in the October 1, 2022 valuation were based on the results of an actuarial experience study as of September 30, 2022.

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.

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

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, 2022, were as follows:

Total pension liability	\$ 30,183,508
Less: Plan fiduciary net position	<u>19,023,702</u>
Net pension liability	<u>\$ 11,159,806</u>

Plan fiduciary net position as a percentage of total pension liability	63.0%
Covered payroll	\$ 6,202,617
Net pension liability as a percentage of covered payroll	179.9%

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	\$ 15,144,261	\$ 11,159,806	\$7,850,346

REQUIRED SUPPLEMENTARY INFORMATION

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

DRAFT

(4)

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
SCHEDULE OF CHANGES IN THE PLAN'S NET PENSION LIABILITY AND RELATED RATIOS
 Last 10 Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability										
Service Cost	\$ 544,583	\$ 582,704	\$ 655,142	\$ 701,002	\$ 742,626	\$ 794,610	\$ 833,689	\$ 892,047	\$ 944,056	\$ 1,010,140
Interest	1,154,339	1,194,519	1,392,693	1,465,623	1,476,426	1,564,450	1,656,614	1,752,767	1,874,024	1,987,159
Changes of benefit terms	-	937,622	-	-	-	-	-	238,938	-	463,173
Differences between expected and actual experience	-	13,620	-	19,944	-	6,224	-	(574,211)	-	(41,525)
Assumption changes	-	382,367	-	(831,167)	-	-	-	162,109	-	(43,081)
Benefit payments	(561,290)	(567,869)	(678,363)	(1,391,513)	(1,040,184)	(937,342)	(1,202,880)	(1,085,892)	(1,409,559)	(1,121,450)
Net Change in Total Pension Liability	1,137,632	2,542,963	1,369,472	(36,111)	1,178,868	1,427,942	1,287,423	1,385,758	1,408,521	2,254,416
Total Pension Liability - Beginning	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	27,929,092
Total Pension Liability - Ending	\$17,364,256	\$19,907,219	\$21,276,691	\$21,240,580	\$22,419,448	\$23,847,390	\$25,134,813	\$26,520,571	\$27,929,092	\$30,183,508
Plan Fiduciary Net Position										
Contributions from employer	\$ 584,578	\$ 601,797	\$ 615,039	\$ 620,782	\$ 633,627	\$ 688,260	\$ 731,486	\$ 791,086	\$ 874,711	\$ 978,930
Contributions from plan members	412,167	432,959	452,414	485,928	493,454	532,528	575,821	614,027	667,230	744,314
Net investment income	1,436,104	966,467	(498,706)	927,521	1,556,723	1,347,475	597,764	1,443,125	4,207,585	(5,725,655)
Benefit payments	(561,290)	(567,869)	(678,363)	(1,391,513)	(1,040,184)	(937,342)	(1,202,880)	(1,085,892)	(1,409,559)	(1,121,450)
Administrative expense	(33,332)	(17,120)	(27,428)	(21,760)	(27,691)	(19,970)	(23,187)	(14,991)	(31,717)	(15,085)
Net Change in Plan Fiduciary Net Position	1,838,227	1,416,234	(137,044)	620,958	1,615,929	1,610,951	679,004	1,747,355	4,308,250	(5,138,946)
Plan Fiduciary Net Position - Beginning	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	24,162,648
Plan Fiduciary Net Position - Ending	\$12,301,011	\$13,717,245	\$13,580,201	\$14,201,159	\$15,817,088	\$17,428,039	\$18,107,043	\$19,854,398	\$24,162,648	\$19,023,702
¹ Plan's Net Pension Liability - Ending	\$ 5,063,245	\$ 6,189,974	\$ 7,696,490	\$ 7,039,421	\$ 6,602,360	\$ 6,419,351	\$ 7,027,770	\$ 6,666,173	\$ 3,766,444	\$11,159,806
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.8%	68.9%	63.8%	65.9%	70.6%	73.1%	72.0%	74.9%	86.5%	63.0%
Covered payroll	\$ 3,434,725	\$ 3,607,992	\$ 3,770,117	\$ 4,049,400	\$ 4,112,117	\$ 4,437,733	\$ 4,798,508	\$ 5,116,892	\$ 5,560,250	\$ 6,202,617
Plan's net pension liability as a percentage of covered payroll	147.4%	171.6%	204.1%	173.8%	160.6%	144.7%	146.5%	130.3%	67.7%	179.9%

Notes to Schedule:

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

(4)

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Annual money weighted rate of return, net of investment expense	14.67%	7.72%	-3.59%	6.91%	10.94%	8.45%	3.42%	7.90%	21.14%	-23.41%

DRAFT

OTHER INFORMATION

(4)

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
SCHEDULE OF INVESTMENT EXPENSES
Year Ended September 30, 2022

Investment expenses by type:

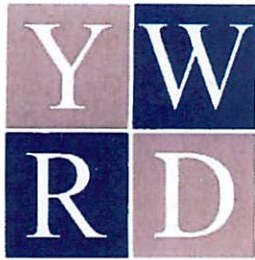
<u>Asset Class</u>	<u>Management Fees Paid from Trust</u>
Public Equity	\$ 15,942
Totals	\$ 15,942

Total investment expenses:

Direct Fees and Commissions	\$ 15,942
Custodial	9,149
Investment Consulting	15,619
Total Investment Expenses	\$ 40,710

Investment managers:

Baron Real Estate Income
Thornburg Statagic Income
Virtus Allianz Conv Bond
Parnassus Endeavor Institute
Fidelity Advisor Growth Opp
State Street Inst Index
Kopernik Global Investors
WCM Intl Growth
Oberweis Intl Opportunity
Driehaus Emerging Markets
Invesco SteelPath MLP
Fidelity US Bond



(5)
YWRD, P.C.

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 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>



(u)

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 20th 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 20th 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.

(u)

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"

(u)

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