

A G E N D A

A regular meeting of the Board of Trustees of the Waxahachie Firemen's Relief and Retirement (FR&R) Fund to be held at Waxahachie Fire Station No. 1, 407 Water Street, Waxahachie, Texas on **Monday, August 10, 2020 at 8:30 a.m.**

BOARD MEMBERS: Gary Myers, Chairman
Matt Dorsey, Vice Chairman
Scott Safford, Secretary
John Tillery
Lee Statham
David Hill, Mayor
Chad Tustison, Finance Director

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 9, 2020
4. Consider Annuity Checks for FR&R Retirees and other disbursements for the months of May, June, July, August, and September 2020
5. Consider Retirement Horizons, Inc. invoice dated 5/31/20
6. Consider Yeldell, Wilson, Wood and Reeve, P.C. invoice dated 4/30/20
7. Consider Jon Wilson's retirement benefit
8. Consider James Landry's refund of contributions
9. Discuss Glenn Morrill's refund of contributions
10. Consider the FR&R Retirement Fund financial statements for year ended September 30, 2019
11. Consider report on the transfer of funds to Frost Bank and Claude Parenteau
12. Discuss the State Pension Review Board compliance letter dated 7/13/20
13. Set next meeting date and time of Firemen's Relief and Retirement Fund Board
14. 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 469-309-4005 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 & Retirement Fund
March 9, 2020

(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. 1, 407 Water Street, Waxahachie, Texas on Monday, March 9, 2020 at 8:30 a.m.

Members Present: Gary Myers, Chairman
Matt Dorsey, Vice Chairman
Scott Safford, Secretary
John Tillery
Lee Statham
David Hill, Mayor

Member Absent: Charles Harris, Finance Director

Others Present: Lori Cartwright, City Secretary

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 10, 2020
- b. Annuity checks for FR&R Retirees and other disbursements for the month of April 2020

Action:

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

4. Discuss Financial Consultant search and take any necessary action

Chairman Myers recapped three (3) Financial Consulting firms recently interviewed for consideration of a Financial Consultant. They were Vanguard Institutional Investor Group, Parenteau Analytics, and Morgan Stanley.

The Board discussed in-debt the pros and cons of each consultant. After further discussion, it was determined to hire the services of Mr. Claude Parenteau, Parenteau Analytics.

Action:

Mr. John Tillery moved to hire Mr. Claude Parenteau, Parenteau Analytics, as the Fund's Financial Consultant and transfer custodianship to Frost Bank. Mr. Lee Statham seconded, All Ayes.

Firemen's Relief & Retirement Fund

March 9, 2020

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(MA)

Mr. John Tillery moved to release Morgan Stanley as the Fund's Financial Consultant. Vice Chairman Matt Dorsey seconded, All Ayes.

5. 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 13, 2020 at 8:30 a.m.

6. Adjourn

There being no further business, the meeting adjourned at 9:04 a.m.

Respectfully submitted,

Lori Cartwright
City Secretary

(4)

MEMORANDUM

TO: FR&R Board Members
FROM: Lori Cartwright, City Secretary
DATE: August 10, 2020
SUBJECT: ANNUITY CHECKS

Please approve the annuity checks for the months of May, June, July, August, & September for the following retirees:

Mrs. James Gilley	Widow Benefits
Alan Morgan	Disability
Jimmy Turner	Service Retirement
John Olin Turner	Service Retirement
Mike Slay	Service Retirement
(Sharon Cobb QDRO Payment)	
John Tillery	Service Retirement
Loyde Junkin	Service Retirement
Don Fuller	Service Retirement
Billy Bratcher	Service Retirement
Larry Evans	Service Retirement
Dwayne Williams	Service Retirement
Don Bennett	Service Retirement
Terry Kuykendall	Service Retirement
Steve Hamilton	Service Retirement
(Denise Hamilton QDRO payment)	
Sam Lewis	Service Retirement
John Chenault	Service Retirement
Rusty Ogletree	Service Retirement
Jeff Sport	Service Retirement
Paul Carrington	Service Retirement
(Carol Nunn QDRO payment)	
Randy Johnston	Service Retirement
Terry Skipper	Service Retirement
Jeff Alexander	Service Retirement
(Lisa Warren QDRO payment)	
James Irvin	Service Retirement
(Lori Irvin QDRO payment)	
David Len Crow	Service Retirement
Randy Muirhead	Service Retirement
Jerry Sykes	Service Retirement
Don Alexander	Service Retirement
Dennis Crecelious	Service Retirement

TOTAL

\$80,662.87

(5)



BILL TO		INVOICE		
Waxahachie Firefighters ATTN: Gary Myers PO Box 1045 Waxahachie, TX 75168	DATE	INVOICE #	DUE DATE	
	05/31/2020	RHI-000663-INV	06/20/2020	
PLAN YEAR 2019				

CONTRACT	DESCRIPTION	QTY	RATE	LINE TOTAL
115954Relief & Retirement Fund	Valuation Fee - 2019 GASB 67/68 Report	5	200.00	\$1,000.00
			Invoice Total:	\$1,000.00

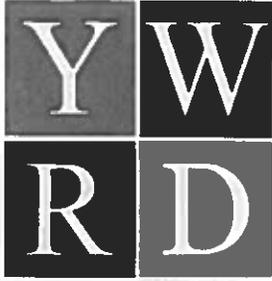
You may mail a check to the address on the invoice or remit via ACH to Bank of America, ABA Number 111000012, Account Number 4451345679.

Please notate the invoice number(s) being paid on the check or ACH remittance.

We are pleased to offer the following payment methods: 1) Auto debit authorization; 2) ACH; 3) Check; 4) Forfeitures; and 5) from Plan Assets.

If you are interested, please contact billing.

Sent to Faust 6/19/2020



(L)

YWRD, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

611 S. Clay St. | P.O. Box 1087 | Ennis, Texas 75120
405 Sycamore St. | Waxahachie, Texas 75165 • 109 N. Jackson Street | Kaufman, TX 75142
P: 972.878.2611 | www.ywrddcpa.com | F: 972.878.2220

Invoice

Waxahachie Firemen's Relief and Retirement Fund
P.O. Box 1045
Waxahachie, TX 75168

ID: 123
Invoice: 98110
Date: 04/30/2020
Due: Upon Receipt

For professional service rendered as follows:

Assist with reconciling balances for audit reporting	\$325.80
Progress billing on December 31, 2019 audit	\$7700.00
Billed Time & Expenses	<u>\$8,025.80</u>
Invoice Total	<u>\$8,025.80</u>

Please return this portion with payment.

ID: 123
Waxahachie Firemen's Relief and Retirement Fund

Invoice: 98110
Date: 04/30/2020
Amount Due: \$8,025.80
Amount Enclosed: \$ _____

Please check here if you prefer to receive your invoices/statements by email. Send to email address:

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

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

(u)

Waxahachie Firemen's Relief and Retirement

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

April 23, 2020

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, 2019, 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 April 23, 2020, 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 April 27, 2017, 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 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) 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.

(u)

YWRD, P.C.
Page Two

- 7) 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.
- 8) 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.
- 9) Material concentrations have been properly disclosed in accordance with U.S. GAAP.
- 10) Financial instruments with concentrations of credit risk have been properly recorded or disclosed in the financial statements.
- 11) 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

- 12) 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) 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.
- 13) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 14) 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.
- 15) 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.
- 16) 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.
- 17) 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.

(6)

YWRD, P.C.
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- 18) 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.
- 19) 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 of which we are aware.
- 20) The Plan has satisfactory title to all owned assets, which are recorded at fair value.
- 21) 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.
- 22) Amendments to the Plan instrument, if any, have been properly recorded or disclosed in the financial statements.
- 23) 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.
- 24) 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.
- 25) 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.
- 26) 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.
- 27) All required filings of Plan documents with the appropriate agencies have been made.
- 28) 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.
- 29) 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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30) 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
Date: 4/27/2020

(10)

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

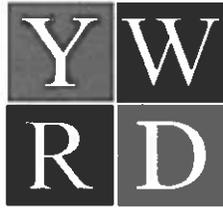
FINANCIAL STATEMENTS

Year Ended September 30, 2019

(10)

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(10)
YWRD, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Greer Yeldell, CPA | Glon Wilson, CPA | Tracie Wood, CPA | Joyce Reeve, CPA | Brandon Diviney, 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, 2019, 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.

(10)

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, 2019, 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
April 24, 2019

(10)

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
STATEMENT OF FIDUCIARY NET POSITION
September 30, 2019

ASSETS

Cash and Cash Equivalents	\$ 390,471
Receivables:	
Accrued Interest Receivable	9,268
Investments, at Fair Value:	
Common Stocks	8,289,944
US Government and Government Agency Securities	413,998
Exchange Traded and Closed End Funds	722,835
Corporate Bonds	1,043,807
Mutual Funds	5,110,150
Alternate Investments	<u>2,126,570</u>
Total Investments	<u>17,707,304</u>
 Total Assets	 <u>18,107,043</u>

LIABILITIES

Total Liabilities	<u>-</u>
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NET POSITION RESTRICTED FOR PENSIONS	<u><u>\$18,107,043</u></u>
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The accompanying notes are an integral part of this statement.

(10)

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended September 30, 2019

ADDITIONS

Contributions:	
Employer	\$ 731,486
Employee	<u>575,821</u>
	<u>1,307,307</u>

Investment income:	
Interest and dividends	540,083
Net appreciation (depreciation) in fair value of investments	<u>226,562</u>
	<u>766,645</u>

Total additions	<u>2,073,952</u>
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DEDUCTIONS

Benefits paid to participants	1,202,880
Investment expenses	168,881
Administrative expenses	<u>23,187</u>

Total deductions	<u>1,394,948</u>
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NET INCREASE IN NET POSITION	679,004
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NET POSITION RESTRICTED FOR PENSIONS

BEGINNING OF YEAR	<u>17,428,039</u>
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END OF YEAR	<u><u>\$18,107,043</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
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

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.

(10)

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 2 - DESCRIPTION OF THE PLAN

A. Plan Membership

Membership of the plan consisted of the following at September 30, 2019:

Retired members and their beneficiaries		32
Vested terminated members		1
Active members:		
Vested	6	
Nonvested	52	
Total active members	<u>58</u>	
Total plan membership		<u><u>91</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.

(10)

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

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.

(10)

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 3 - CONTRIBUTIONS (continued)

For the year ending September 30, 2019, the City contributed 15.24% 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 2019 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. Morgan Stanley Smith Barney, LLC serves as investment consultant to the Plan and 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.

(10)

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Equity	6.0%
Fixed Income	4.0%

D. Concentrations

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

Blackstone RE Income Fund II A, 2,051 shares	\$2,126,570
Victory TrivInt Intl Sml Cap Y, 72,409 shares	950,010
Driehaus Emerg Mkts Growth I, 36,065 shares	1,290,055
Blackrock Strategic Inc. Opp I, 211,962 shares	2,100,546
	<u>\$6,467,181</u>

E. Rate of Return

For the year ended September 30, 2019 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.44%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

(10)

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 5 - ACTUARIAL METHODS AND ASSUMPTIONS

In the October 1, 2018 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 18.9 years; the new amortization period was first adopted for the year ended September 30, 2018. There were no benefit changes during the year ended September 30, 2019.

The total pension liability was determined by an actuarial valuation as of October 1, 2018, 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 RP-2014 mortality tables with generational projection using Scale MP-2016. The salary scale assumption was updated to a service based salary scale. There have been no other assumption changes since the prior valuation.

The actuarial assumption used in the October 1, 2018 valuation were based on the results of an actuarial experience study as of September 30, 2018.

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.

(10)

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

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, 2018, were as follows:

Total pension liability	\$ 23,847,390
Less: Plan fiduciary net position	17,428,039
Net pension liability	<u>\$ 6,419,351</u>

Plan fiduciary net position as a percentage of total pension liability	73.1%
Covered employee payroll	\$ 4,437,733
Net pension liability as a percentage of covered employee payroll	144.7%

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	\$ 9,565,508	\$ 6,419,351	\$3,817,348

(10)

REQUIRED SUPPLEMENTARY INFORMATION

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

(10)

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
Total Pension Liability							
Service Cost	\$ 509,046	\$ 544,583	\$ 582,704	\$ 655,142	\$ 701,002	\$ 742,626	\$ 794,610
Interest	1,140,023	1,154,339	1,194,519	1,392,693	1,465,623	1,476,426	1,564,450
Changes of benefit terms	-	-	937,622	-	-	-	-
Differences between expected and actual experience	(257,626)	-	13,620	-	19,944	-	6,224
Assumption changes	100,018	-	382,367	-	(831,167)	-	-
Benefit payments	(540,161)	(561,290)	(567,869)	(678,363)	(1,391,513)	(1,040,184)	(937,342)
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
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
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
Plan Fiduciary Net Position							
Contributions from employer	\$ 564,265	\$ 584,578	\$ 601,797	\$ 615,039	\$ 620,782	\$ 633,627	\$ 688,260
Contributions from plan members	386,553	412,167	432,959	452,414	485,928	493,454	532,528
Net investment income	1,436,773	1,436,104	966,467	(498,706)	927,521	1,556,723	1,347,475
Benefit payments	(540,161)	(561,290)	(567,869)	(678,363)	(1,391,513)	(1,040,184)	(937,342)
Administrative expense	(15,895)	(33,332)	(17,120)	(27,428)	(21,760)	(27,691)	(19,970)
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
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
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
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
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%
Covered employee payroll	\$ 3,221,275	\$ 3,434,725	\$ 3,607,992	\$ 3,770,117	\$ 4,049,400	\$ 4,112,117	\$ 4,437,733
Plan's net pension liability as a percentage of covered employee payroll	178.9%	147.4%	171.6%	204.1%	173.8%	160.8%	144.7%

Notes to Schedule:

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

(10)

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Annual money weighted rate of return, net of investment expense	17.55%	14.67%	7.72%	-3.59%	6.91%	10.94%	8.45%	3.44%

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STATE PENSION REVIEW BOARD OF TEXAS

7/13/2020

**Waxahachie Firemen's Relief & Retirement Fund
407 Water St
Waxahachie, TX 75168**

The State Pension Review Board (PRB) has received and reviewed the documentation you recently submitted. At this time, your plan is currently in compliance with annual reporting requirements contained in Chapter 802 of the Texas Government Code and we have updated our records based on this information.

The membership and assets information is displayed on two tables on the following page; please review the information in order to verify that it is correct. The third table shows the dates of the most recent actuarial valuation, benefits summary, investment policy and investment returns and assumptions report that have been received by our office for your plan. If any of these documents have been updated, please submit the most recent copy to our office.

Please feel free to contact our office at one of the numbers shown below if you have any questions regarding the information shown.

Sincerely,

**State Pension Review Board
(800) 213-9425
(512) 463-1736**

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Waxahachie Firemen's Relief & Retirement Fund

7/13/2020

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Membership Information

Total Members	91
Total Annuitants	32

Asset Breakdown

Cash	\$390,471.00
Equities	\$9,012,779.00
Fixed Income	\$1,457,805.00
Mutual Funds	\$5,110,150.00
Real Estate	\$2,126,570.00
Receivables	\$9,268.00
Liabilities	\$0.00
Total Net Assets	\$18,107,043.00

Document	Most recent date on file with the PRB
Actuarial Valuation	10/1/2018
Benefit Summary	1/1/2016
Investment Policy	1/14/2019
Investment Returns and Assumptions Report	9/30/2019

If any of these documents have been updated, please submit the most recent copy to our office