

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
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SEPTEMBER 30, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Killeen Firefighter's Relief and Retirement Fund
Killeen, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the Killeen Firefighter's Relief and Retirement Fund, (the "Fund") which comprise the Statements of Fiduciary Net Position as of September 30, 2020 and 2019, and the related Statements of Changes in Fiduciary Net Position for the years then ended, and the related notes to the financial statements, collectively, the Fund's financial statements.

Fund Management's Responsibility for the Financial Statements

Fund 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 (US GAAP); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Fund's 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America (US GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 risks 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 Fund'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 Fund's internal control. 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 Fund's 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.

Opinion

In our opinion, the Fund's financial statements referred to above present fairly, in all material respects, the fiduciary net position as of September 30, 2020 and 2019 and the changes in fiduciary net position for the years then ended, in accordance with US GAAP.

Required Supplementary Information

US GAAP requires that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the Fund's financial statements. Such information, although not a part of the Fund's financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the Fund's financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with US GAAS, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the Fund's financial statements, and other knowledge we obtained during our audit of the Fund's 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 assurance.

Additional Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the Fund's financial statements as a whole. The additional supplementary information, as listed in the table of contents, is presented for the purpose of additional analysis and is not a required part of the Fund's financial statements. Such information is the responsibility of the Fund's management and was derived from and relates directly to the underlying accounting and other records used to prepare the Fund's financial statements. The information has been subjected to the auditing procedures applied in our audits of the Fund's financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Fund's financial statements, and other additional procedures in accordance with US GAAS. In our opinion, the additional supplementary information is fairly stated in all material respects in relation to the Fund's financial statements as a whole.

A handwritten signature in black ink that reads "Brooks Watson & Co." in a cursive, stylized font.

BrooksWatson & Co., PLLC
Certified Public Accountants
Houston, Texas
May 20, 2021

***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

**KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

The purpose of the Management's Discussion and Analysis (the "MD&A") is to give the readers an objective and easily readable analysis of the financial activities of the Killeen Firefighter's Relief and Retirement Fund (the "Fund") for the years ended September 30, 2020 & 2019. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the Fund's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Governmental Accounting Standards Board (GASB) Statement No. 34 establishes the content of the minimum requirements for MD&A. Please read the MD&A in conjunction with the Fund's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT

The annual financial report is presented as compliant with the financial reporting model in effect pursuant to GASB Statement No. 34. The financial reporting model requires governments to present certain basic financial statements as well as a Management's Discussion and Analysis (MD&A) and certain other Required Supplementary Information (RSI). The basic financial statements include (1) statement of fiduciary net position, (2) statement of changes fiduciary net position, and (3) notes to the financial statements.

The Statement of Fiduciary Net Position presents information on all of the Fund's assets and liabilities. The difference between the two is reported as *net position – restricted for pension benefits*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Fund is improving or deteriorating. Other financial factors, such as the Fund's total pension liability need to be considered to assess the overall health of the Fund.

The Statement of Change in Fiduciary Net Position presents information showing how the Fund's net position changed during the most recent year. This activity includes Fund and member contributions, benefits and refunds paid out, as well as investment income and expense. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes can be found after the financial statements within this report.

Other Information

In addition to basic financial statements, this MD&A, and accompanying notes, this report also presents certain RSI. The RSI that GASB 67 requires includes a Schedule of Changes in the

**KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

Fund's Net Pension Liability and Related Ratios as well as a Schedule of Investment Returns. The RSI can be found after the notes to the financial statements within this report.

FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Fund's financial position. For the Fund, assets exceed liabilities (net position restricted for pension benefits) by \$50,912,599 as of year end.

Statement of Fiduciary Net Position:

The following table reflects the comparative Statement of Fiduciary Net Position:

	<u>2020</u>	<u>2019</u>
<i>Assets</i>		
Cash & cash equivalents	\$ 2,999,329	\$ 2,268,461
Prepaid Expenses	378	-
Investments, at fair value		
Mutual funds	43,546,806	38,888,061
Limited partnerships	4,428,296	4,515,227
Total Investments, at fair value	<u>47,975,102</u>	<u>43,403,288</u>
Receivables		
Investment distributions receivable	-	12,656
Employer contributions receivable	116,301	96,260
Employee contributions receivable	94,009	81,451
Other receivables	130	280
Total Receivables	<u>210,440</u>	<u>190,647</u>
Total Assets	<u><u>\$ 51,185,249</u></u>	<u><u>\$ 45,862,396</u></u>
<i>Liabilities</i>		
Accounts payable and accrued expenses	\$ 272,650	\$ 500
Contributions payable	-	-
Total Liabilities	<u>272,650</u>	<u>500</u>
<i>Net Position</i>		
Plan net position, restricted for pension benefits	<u>50,912,599</u>	<u>45,861,896</u>
Total Liabilities and Plan Net Position	<u><u>\$ 51,185,249</u></u>	<u><u>\$ 45,862,396</u></u>

**KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

Statement of Changes in Fiduciary Net Position

The following table provides a summary of the Fund's changes in net position:

	<u>2020</u>	<u>2019</u>
Additions to plan net position:		
Contributions:		
City of Killeen	\$ 2,013,825	\$ 1,919,225
Participants	1,699,605	1,623,962
Total contributions	<u>3,713,430</u>	<u>3,543,187</u>
Investment income:		
Net appreciation in fair of investments	2,353,489	-
Net realized gain on sales of investments	656,968	397,315
Interest and dividends	1,855,992	1,726,504
Total investment income	<u>4,866,449</u>	<u>2,123,819</u>
Total additions to plan net position	<u>8,579,879</u>	<u>5,667,006</u>
Deductions from plan net position:		
Net depreciation in fair value of investments	-	616,974
Benefits paid to participants	2,990,983	2,514,252
Contribution refunds paid to participants	281,270	308,581
Investment expenses	149,812	191,130
Administrative expenses	107,111	121,394
Total deductions from plan net position	<u>3,529,176</u>	<u>3,752,331</u>
Net increase (decrease) in plan net position	5,050,703	1,914,675
Plan net position restricted for benefits, beginning of year	<u>45,861,896</u>	<u>43,947,221</u>
Plan net position, restricted for pension benefits	<u><u>\$ 50,912,599</u></u>	<u><u>\$ 45,861,896</u></u>

The Fund reported an increase in net position of \$5,050,703. The most significant additions include plan contributions and net appreciation of investments of \$2,353,489. Current year member and City contributions totaled \$1,699,605 and \$2,013,825, respectively, on \$15,450,955 of pensionable wages. Overall contributions increased \$170,243 when compared to the prior year. This increase is primarily due to annual pay rises and number of participants. Plan deductions decreased by \$233,155, which is primarily a result of the depreciation in the fair value of investments due to market conditions in the current year. Benefits, refunds, and payments to participants totaled \$3,272,253, an increase of \$449,420 or 16% from the prior year.

**KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

CONTACTING THE FUND'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Fund's financial activity. Questions concerning this report or requests for additional financial information should be directed to Jennifer Hanna, Plan Administrator, P.O. Box 1250 Conroe, TX, 77305.

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
STATEMENTS OF FIDUCIARY NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<i>Assets</i>		
Cash & cash equivalents	\$ 2,999,329	\$ 2,268,461
Prepaid Expenses	378	-
Investments, at fair value		
Mutual funds	43,546,806	38,888,061
Limited partnerships	4,428,296	4,515,227
Total Investments, at fair value	<u>47,975,102</u>	<u>43,403,288</u>
Receivables		
Investment distributions receivable	-	12,656
Employer contributions receivable	116,301	96,260
Employee contributions receivable	94,009	81,451
Other receivables	130	280
Total Receivables	<u>210,440</u>	<u>190,647</u>
Total Assets	<u><u>\$ 51,185,249</u></u>	<u><u>\$ 45,862,396</u></u>
<i>Liabilities</i>		
Accounts payable and accrued expenses	\$ 272,650	\$ 500
Total Liabilities	<u>272,650</u>	<u>500</u>
<i>Net Position</i>		
Plan net position, restricted for pension benefits	<u>50,912,599</u>	<u>45,861,896</u>
Total Liabilities and Plan Net Position	<u><u>\$ 51,185,249</u></u>	<u><u>\$ 45,862,396</u></u>

See accompanying notes to the financial statements.

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Additions to plan net position:		
Contributions:		
City of Killeen	\$ 2,013,825	\$ 1,919,225
Participants	1,699,605	1,623,962
Total contributions	<u>3,713,430</u>	<u>3,543,187</u>
Investment income:		
Net appreciation in fair value of investments	2,353,489	-
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Plan net position, restricted for pension benefits	<u><u>\$ 50,912,599</u></u>	<u><u>\$ 45,861,896</u></u>

See accompanying notes to the financial statements.

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

Note 1 - Description of Plan

The following description of the Killeen Firefighter's Relief and Retirement Fund ("Fund") provides only general information. Participants should refer to the Fund's plan document for a more complete description of the Fund's provisions.

General

The Fund was formed during the 1950's in accordance with the provisions of H.B. 258 passed by the Texas State Legislature in 1937, with the purpose of providing pension benefits to volunteer, part-time and full-time firefighters. Under the provisions of H.B. 258, all incorporated cities in the State of Texas, having regularly organized active fire department, shall provide retirement, disability, and death benefits for their employees and their beneficiaries.

The Board of Trustees of the Killeen Firefighter's Relief and Retirement Fund is the administrator of a single-employer defined benefit pension plan. The board is composed of seven members: the mayor or the mayor's designated representative; the City's chief financial officer or a person designated by the chief financial officer; three active members of the retirement system elected by participating members; and two citizen members who are elected by the other members of the board.

The Fund is a governmental plan under Section 414(d) of the Internal Revenue Code of 1986, as amended, and is established and maintained by the City of Killeen, Texas ("City") as a single-employer defined benefit pension plan covering both active paid and volunteer firefighters of the City for the purpose of providing these firefighters retirement, death, disability, and withdrawal benefits. The operation of the Fund is solely for the City firefighters. The Fund is considered a part of the City's financial reporting entity and is included in the City's financial reports as a pension trust fund. As a governmental entity, the Fund is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Governmental entities are an exception to the ERISA provisions.

The assets of the Fund are held in trust and are administered in accordance with State law by a volunteer Board of Trustees of the Fund. The Board is comprised of active firefighters, the City's Treasurer, or an individual performing those functions, the Mayor of the City, or an appointed representative of the Mayor, and citizen members elected by the firefighter trustees. The Board of Trustees has general powers and duties to administer the Fund, including appointing an administrator to carry out the business of the Board, investing the assets of the Fund, making expenditures from the Fund, and determining eligibility for benefits.

The Fund's fiscal year is the twelve-month period beginning October 1 and ending September 30.

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

Firefighters in the Killeen Fire Department are covered by the Killeen Firefighter's Relief and Retirement Fund. The table below summarizes the membership of the fund included in the September 30, 2018 (the most recent date available) actuarial valuation of the fund.

• Retirees and Beneficiaries Currently Receiving Benefits	72
• Terminated Members Entitled to Benefits But Not Yet Receiving Them	10
• Active Participants (Vested and Nonvested)	<u>225</u>
Total Members	<u>307</u>

Benefits

Fund provides service retirement, death, disability, and withdrawal benefits for both paid and volunteer firefighters. These benefits fully vest after 20 years of credited service. Firefighters may retire at age 50 with 25 years or at age 55 with 20 years of service. A partially vested benefit is provided for firefighters who terminate employment with at least 10 but less than 20 years of service. If a terminated firefighter has a fully or partially vested benefit, he may retire starting on the date he would have satisfied service retirement eligibility if he had remained a Killeen firefighter. The present plan provides a monthly normal service retirement benefit, payable in a Joint and Two-Thirds to Spouse form of annuity, equal to 58.40% of Highest 60-Month Average Salary plus 2.275% of Highest 60-Month Average Salary for each year of service in excess of 20.

A retiring paid firefighter who is at least 3.5 years beyond first becoming eligible for service retirement has the option to elect the Retroactive Deferred Option Plan (RETRO DROP) which will provide a lump sum benefit and a reduced monthly benefit. The reduced monthly benefit is based on the service and Highest 60-Monthly Average Salary as if he had terminated employment on his selected RETRO DROP benefit calculation date, which is no earlier than the later of the date which is 3.5 years following his earliest eligibility for retirement and the date two years prior to the date he actual retires. Upon retirement, the member will receive, in addition to his monthly retirement benefit, a lump sum equal to the sum of (1) the amount of monthly contributions the member has made to the fund after the RETRO DROP benefit calculation date plus (2) the total of the monthly retirement benefits the member would have received between the RETRO DROP benefit calculation date and the date he retired under the plan. There are no account balances. The lump sum is calculated at the time of retirement and distributed as soon as administratively possible.

If a firefighter is separated from the service of the Killeen Fire Department before becoming entitled to service retirement benefits, the firefighter will received an amount equal to the excess of contributions to the Fund over the amount of benefits previously received from the Fund. The amount will not include any interest on the firefighter's contributions.

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

An active firefighter will qualify for a service-connected disability benefit if the disability occurs in the line of duties as a firefighter. The disability benefit will commence after the firefighters has exhausted all regular salary, including vacation and sick leave pay and will continue as long as the firefighter remains alive and eligible for the benefit. The amount of the disability benefit will equal the sum of the standard benefit.

Death benefits are available to a surviving spouse, dependent children or dependent parents. Line-of-duty death benefits are payable at an amount equal to 38.93% of Highest 60-Month Average Salary plus 1.517% of Highest 60-Month Average Salary for each year and fraction thereof of Service in excess of 20 years. If an active firefighter dies after service retirement, disability retirement, or if the death was not the result of line-of-duty, the standard death benefit will equal two-thirds of the retirement benefit the firefighter was receiving (or would have received) at the time of death. If there are no eligible survivors, the Fund will refund to the firefighter's designated beneficiary or estate the amount equal to the excess of the firefighter's own contributions (without interest) over the amount of payments which have been made to the firefighter, spouse, child, or dependent parents.

There is no provision for automatic post-retirement benefit increases. The Fund has the authority to provide, and has periodically in the past provided for, ad hoc post-retirement benefit increases. The benefit provisions of this Fund are authorized by the Texas Local Fire Fighters' Retirement Act (TLFFRA). TLFFRA provides the authority and procedure to amend benefit provisions.

Funding Policy

The contribution provisions of this plan are authorized by TLFFRA. TLFFRA provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each paid firefighter and by the city and as a dollar amount for volunteer firefighters by the City.

The funding policy of the Killeen Firefighter's Relief and Retirement Fund requires contributions equal to 11% of pay by the firefighters, the rate elected by the firefighters according to TLFFRA. The city currently contributes 13% of pay for each active firefighter according to the annual city budget process. The actuarial valuation includes the assumption that the city contribution rate will be 13% over the UAAL amortization period and that the contributions for volunteers will continue each year. The costs of administering the plan are paid from the fund.

The funding policy also depends upon the total return of the fund's assets, which varies from year to year. For the year ending September 30, 2020, the money-weighted rate of return was 10.18%. This measurement of the investment performance is net of investment expenses and

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
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reflects the estimated effect of the timing of the contributions received and the benefits paid during the year.

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

Note 2 - Summary of Accounting Policies

Basis of Presentation

The accompanying basic financial statements are presented in accordance with generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), which designates accounting principles and financial reporting standards applicable to State and local governmental units. The accompanying basic financial statements include solely the accounts of the Fund, which include all programs, activities, and functions relating to the accumulation and investment of the net assets and related income necessary to provide the service, disability, and death benefits required under the terms of the governing statutes and amendments thereto.

Basis of Accounting

The accrual basis of accounting is used by the Fund. Under the accrual basis of accounting, revenues, which include contributions and investment income, are recognized when they are earned and collection is reasonably assured, and expenses are recognized when the liability is incurred. Member and employer contributions are recognized when due, pursuant to formal commitments according to the Fund requirements and State statute. Benefits paid to members and contribution refunds are recognized when due and payable in accordance with the terms of the Fund. Accrued income, when deemed uncollectible, is charged to operations.

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

Reporting Entity

The Fund is reported as Other Information in the financial statement notes of the City and required supplemental information is included in the City's Comprehensive Annual Financial Report.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from the estimates that were used.

Cash and Cash Equivalents

The Fund considers only demand deposits as cash. Cash equivalent securities, which are comprised of all highly liquid investments with a maturity of three months or less when purchased, are considered to be cash equivalents.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is defined as the price that would either be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Securities, including domestic and foreign equities as well as mutual funds, traded on a national securities exchange are valued at the last reported closing price. Short-term investments with a maturity of less than one year are valued at cost which approximates fair value. Investments in limited partnerships are reported at their capital value as provided by the General Partner.

Unrealized gains and losses, arising from increases or decreases in the current market values from the beginning of the year to the end of the year, are presented as net appreciation (depreciation) in fair value of investments on the statements of changes in plan net position, along with gains and losses realized on sales of investments. Net appreciation (depreciation) includes the Fund's gains and losses on investments bought and sold as well as held during the year. Dividend income is recorded on the ex-dividend date. Interest income and income from other investments is recorded on the accrual basis.

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

Administrative Expenses

The cost of administering the Fund is paid by the Fund from current earnings pursuant to an annual fiscal budget approved by the Fund's Board of Trustees.

Federal Income Tax

The Fund received a favorable letter of determination from the Internal Revenue Service stating that the Fund qualifies as a tax-exempt plan and trust. The Fund's management and Board believe that the Fund is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require Fund's management to evaluate tax positions taken by the Fund and recognize a tax liability (or asset) if the Fund has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service.

Fund management has analyzed the tax positions taken by the Fund and has concluded that as of September 30, 2020 and 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the basic financial statements.

The Fund is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Note 3 - Cash and Cash Equivalents

For cash deposits and cash equivalents, custodial risk is the risk that, in the event of a bank failure, the Fund's deposits may not be returned to it. The Fund's deposits are held by the Custodian (Frost Wealth Advisors) and by First National Bank of Texas.

As of September 30, 2020 and 2019, the Fund's cash deposits in bank and money market accounts totaled \$2,999,329 and \$2,268,461, respectively. Demand deposits are subject to coverage by the Federal Deposit Insurance Corporation (FDIC), but not collateralized. The Fund does not have a deposit policy for custodial credit risk; however, management believes that the Fund's credit risk exposure for amounts not covered by Federal depository insurance is mitigated by the financial strength of the banking institution in which the deposit is held. As of September 30, 2020 and 2019, deposits exceeded FDIC by \$2,649,329 and \$2,018,461, respectively.

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

Note 4 – Investments and Investment Risk

The Fund's Board has adopted an Investment Policy Statement (Investment Policy) to set forth the factors involved in the management of investment assets for the Fund, with the objective to invest the Fund's assets in a manner consistent with generally accepted standards of fiduciary responsibility. The Board shall manage the investment program of the Fund in compliance with all applicable Federal and State statutes and regulations concerning the investment of pension assets. The safeguards which would guide a prudent man will be observed.

Safety of principal shall be emphasized and the Fund will be diversified so as to avoid the risk of large loss. All transactions undertaken on behalf of the Fund will be for the sole benefit of the Fund participants and beneficiaries and for the exclusive purpose of providing benefits to them and defraying reasonable administrative expenses.

The Board has contracted with The Bogdahn Group as Investment Advisors for the Fund's mutual fund and equity investments, respectively, to provide advice and guidance on managing the Fund's assets. The Bogdahn Group provides investment advice only for the investments under its advisement agreement, subject to the Fund's Investment Policy. All final investment decisions for these investments are made by the Fund's Board.

The Board has employed Frost Wealth Advisors (Custodian) as Custodian of the assets of the Fund, and in said capacity, the Custodian shall be a fiduciary of the Fund's assets with respect to its discretionary duties including safekeeping the Fund's assets. The Custodian has established and maintained a custodial account to hold, or direct its agents to hold, for the account of the Fund all assets that the Board shall from time to time deposit with the Custodian. All rights, title and interest in and to the Fund's assets shall at all times be vested with the Fund's Board. In holding all Fund assets, the Custodian shall act with the same care, skill, prudence and diligence under the prevailing circumstances that a prudent person acting in like capacity and familiar with matters of this type would use in the conduct of an enterprise with a like character and with like aims. Further, the Custodian shall hold, manage and administer the Fund's assets for the exclusive purpose of providing the benefits to the members and the qualified survivors of the Fund.

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

The following asset allocation was adopted by the Board as of year end:

<u>Asset Classes</u>	<u>Target Allocation</u>
Equity	
Domestic	40%
International	15%
Fixed Income	
Domestic	18.5%
Direct lending	6.5%
Global	5%
Alternatives	
Real Estate	5%
Tactical Strategies	5%
Balanced Fund	5%
Total	<u><u>100%</u></u>

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Fund does not have a formal policy limiting investment credit risk, but rather mandates such limits within the Investment Policy and the Investment Advisor agreement.

Concentration of Credit Risk

The asset allocation guide of the Fund's Investment Policy contains guideline percentages, at market value, of total Fund Assets to be invested in various asset classes, with the objective of optimizing the investment return of the Fund within framework of acceptable risk and diversification. Actual asset allocations will be dictated by current and anticipated market conditions, the independent actions of the Board and/or investment managers, and the required cash flow to and from the Fund.

Custodial Credit Risk

For an investment, custodial credit is the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investment or collateral securities that are in possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Fund, and are held by either the counterparty or the counterparty's trust department or agent but not in the Fund's name. At September 30, 2020 and 2019, the Fund did not hold any such securities.

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
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Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. Interest rate risk is the greatest risk faced by an investor in the fixed income market. The price of a fixed income security typically moves in the opposite direction of the change in interest rates. The Fund invests in fixed income securities with maturities greater than one year. The Fund's Investment Policy sets limits on exposure to certain securities as a way of managing its exposure to potential fair value losses arising from future changes in interest rates.

Investments at September 30, 2020 that represent 5% or more of the fair value of the Plan's assets are as follows:

	<u>Value</u>	<u>% of Total</u>
Dodge & Cox Income Fund (DODIX)	\$ 9,959,002	20.77%
Vanguard 500 Index Fund - Admiral (VFIAX)	9,296,488	19.39%
Harbor Capital Appreciation Fund Retirement (HNACX)	5,031,406	10.49%
American Funds - Europacific Growth Fund (RERGX)	3,827,786	7.98%
Vanguard International Value Fund IV (VTRIX)	3,563,126	7.43%
Brandywine Dynamic (LMBGX)	3,536,711	7.38%
Vanguard Extended Market Fund Admiral Class (VEXAX)	3,103,922	6.47%
Total	<u><u>\$ 38,318,442</u></u>	<u><u>79.92%</u></u>

Investments at September 30, 2019 that represent 5% or more of the fair value of the Plan's assets are as follows:

	<u>Value</u>	<u>% of Total</u>
Vanguard 500 Index Fund (VFINX)	\$ 9,398,422	19.60%
Dodge & Cox Income Fund (DODIX)	9,246,831	19.29%
Harbor Capital Appreciation Fund - Institutional (HACAX)	3,585,504	7.48%
Brandywine Dynamic (LMBGX)	3,478,980	7.26%
American Funds - Europacific Growth Fund (RERGX)	3,329,405	6.94%
Vanguard International Value Fund IV (VTRIX)	3,212,878	6.70%
Vanguard Extended Market Index Fund (VEMPX)	2,747,219	5.73%
Total	<u><u>\$ 34,999,239</u></u>	<u><u>73%</u></u>

Note 5 – Fair Value Measurements

Governmental Accounting Standards Board (GASB), Statement No. 72 *Fair Value Measurements and Application*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for

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identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under GASB 72 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 Inputs to the valuation methodology include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from our corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2020.

Mutual funds: Valued at the quoted net asset value ("NAV") of shares held by the Fund at year end.

Limited Partnerships: Valued at \$1.00 for every dollar of capital invested adjusted for appreciation or depreciation.

Equities, domestic & foreign: Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumption to determine the fair value of

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certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's fair value measurements at September 30, 2020.

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual Funds	\$ 43,546,806	\$ -	\$ -	\$ 43,546,806
Limited Partnerships	-	4,428,296	-	4,428,296
Total Assets at Fair Value	<u>\$ 43,546,806</u>	<u>\$ 4,428,296</u>	<u>\$ -</u>	<u>\$ 47,975,102</u>

The following table sets forth by level, within the fair value hierarchy, the Plan's fair value measurements at September 30, 2019.

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual Funds	\$ 38,888,061	\$ -	\$ -	\$ 38,888,061
Limited Partnerships	-	4,515,227	-	4,515,227
Total Assets at Fair Value	<u>\$ 38,888,061</u>	<u>\$ 4,515,227</u>	<u>\$ -</u>	<u>\$ 43,403,288</u>

Note 6 – Actuarial Information

The Fund may adopt an actuarial valuation once every two years in order to determine whether the fund has an adequate contribution arrangement. The most recent actuarial valuation was completed for the year ended September 30, 2018. In May 2019, the Board adopted and certified the September 30, 2018 actuarial valuation, based on an assumed total contribution rate of 24%, comprised of 11% by the firefighters and 13% by the City. This total contribution rate exceeds the normal cost rate of 17.02%, leaving 6.98% available to amortize the UAAL. Since the total contributions are sufficient to pay the Fund's normal cost and to amortize the Fund's UAAL in 39.8 years, within the maximum acceptable period of 40 years, the Fund has an adequate contribution arrangement.

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
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Recently adopted accounting standards require that the statement of fiduciary net position state assets at fair value, and include only benefits and refunds due Fund members and beneficiaries, as well as accrued investment and administrative expenses as of the reporting date. The new standards also require disclosure of the total pension liability and the net pension liability as of the reporting date.

Note 7 – Net Pension Liability of the City

The fund's net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2018 and rolled forward to September 30, 2020.

Total pension liability	\$70,156,342
Plan fiduciary net position	<u>50,912,599</u>
Fund's net pension liability	<u>\$19,243,743</u>

Plan fiduciary net position as a percentage of the total pension liability	72.52%
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1. Actuarial Assumptions

The total pension liability in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	3% plus promotion, step, and longevity increases that vary by service
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS-2010 (safety employees) below-median income mortality tables (sex distinct) for employees and for retirees, projected for mortality improvement generationally using the projection scale MP-2018.

The long-term expected rate of return on pension plan investments is reviewed for each biennial actuarial valuation and was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

weighting the expected future net real rates of return by the target asset allocation percentage (currently resulting in 4.54%) and by adding expected inflation (3%). In addition, the final 7.5% assumption was selected by rounding down. The target allocation and expected arithmetic net real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities		
Large cap domestic	30.0%	5.99%
Small/mid cap domestic	10.0	6.74
International developed	15.0	6.38
Fixed Income		
Domestic core	18.5	1.41
Direct lending	6.5	1.49
Global	5.0	1.68
Alternatives		
Tactical strategies	5.0	7.09
Real estate	5.0	3.59
Balanced fund	5.0	2.81
Cash	<u>0.0</u>	0.24
Total	100.0%	
Weighted Average		4.54%

2. Discount Rate

The discount rate used to measure the total pension liability was 7.5%. No projection of cash flows was used to determine the discount rate because the September 30, 2018 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 40 years. Because of the 40-year amortization period of the UAAL, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments of 7.5% was applied to all periods of projected benefit payments as the discount rate to determine the total pension liability.

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
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3. 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 7.5%, compared to what the city's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Fund's net pension liability	\$29,693,125	\$19,243,743	\$10,659,380

Note 8 - Commitments and Contingencies

The Fund is a party to various claims and legal actions arising in the ordinary course of business which, in the opinion of management, do not have a material effect on the Fund's financial position.

Certain members of the Fund are entitled to refunds of their accumulated contributions upon termination of employment with the City, prior to being eligible for pension benefits.

Note 9 - Risks and Uncertainties

The Fund invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, including interest rate, currency, equity, and credit conditions, it is at least reasonably possible that changes in the values of investment securities may occur and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits. The effect of those risks and uncertainties on the Fund's investment portfolio is mitigated by the diversification of its holdings.

The Fund's contribution rates and the actuarial information included in the notes and supplemental schedules are based on certain assumptions pertaining to interest rates, inflation rates, and participant demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term could be material to the financial statements.

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
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Note 10 - Subsequent Events

Management of the Fund has evaluated events, transactions, and pronouncements that may impact the financial statements for the year ended September 30, 2020 through May 20, 2021, the date the financial statements were available to be issued. The City has approved a 2% increase in the City's retirement contribution rate from 13% to 15%. This change is anticipated to increase contributions by \$330,982 over the current year. The Fund had no additional subsequent events or transactions that require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
SCHEDULE OF CHANGES IN THE FUND'S NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS

	¹ 9/30/2020	9/30/2019	9/30/2018
Total pension liability			
Service cost	\$ 2,319,369	\$ 2,251,815	\$ 2,113,543
Interest	5,008,777	4,710,130	4,434,845
Differences between expected and actual experience	-	-	(527,995)
Changes of assumptions	-	-	2,222,160
Benefit payments, including refunds of member contributions	(3,272,253)	(2,822,833)	(2,782,964)
Net change in total pension liability	<u>4,055,893</u>	<u>4,139,112</u>	<u>5,459,589</u>
Total pension liability—beginning	<u>66,100,449</u>	<u>61,961,337</u>	<u>56,501,748</u>
Total pension liability—ending (a)	² <u><u>\$ 70,156,342</u></u>	<u><u>\$ 66,100,449</u></u>	<u><u>\$ 61,961,337</u></u>
Plan fiduciary net position			
Contributions—employer	\$ 2,013,825	\$ 1,919,225	\$ 1,817,845
Contributions—member	1,699,605	1,623,962	1,538,179
Net investment income	4,716,637	1,315,715	3,585,949
Benefit payments, including refunds of member contributions	(3,272,253)	(2,822,833)	(2,782,964)
Administrative expense	(107,111)	(121,394)	(96,351)
Net change in plan fiduciary net position	<u>5,050,703</u>	<u>1,914,675</u>	<u>4,062,658</u>
Plan fiduciary net position—beginning	<u>45,861,896</u>	<u>43,947,221</u>	<u>39,884,563</u>
Plan fiduciary net position—ending (b)	<u><u>\$ 50,912,599</u></u>	<u><u>\$ 45,861,896</u></u>	<u><u>\$ 43,947,221</u></u>
City's net pension liability—ending (a) – (b)	<u><u>\$ 19,243,743</u></u>	<u><u>\$ 20,238,553</u></u>	<u><u>\$ 18,014,116</u></u>
Plan fiduciary net position as a percentage of the total pension liability	72.57%	69.38%	70.93%
Covered- payroll	\$ 15,450,955	\$ 14,763,291	\$ 13,983,445
City's net pension liability as a percentage of covered payroll	124.55%	137.09%	128.82%

Notes to Schedule:

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

2) Most recent dates available. Measurements for the fiscal year ended September 30, 2020 were taken as of September 30, 2018 and rolled forward to the current yearend.

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
SCHEDULE OF CHANGES IN THE FUND'S NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS

<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
\$ 2,047,015	\$ 1,891,004	\$ 1,827,057	\$ 1,830,207
4,185,617	4,132,431	3,854,103	3,548,068
-	(2,575,843)	-	-
-	(224,913)	-	779,646
(3,383,661)	(2,001,167)	(2,306,409)	(2,105,453)
2,848,971	1,221,512	3,374,751	4,052,468
53,652,777	52,431,265	49,056,514	45,004,046
<u>\$ 56,501,748</u>	<u>\$ 53,652,777</u>	<u>\$ 52,431,265</u>	<u>\$ 49,056,514</u>
\$ 1,873,368	\$ 1,770,872	\$ 1,696,664	\$ 1,541,096
1,585,161	1,483,972	1,419,132	1,284,686
4,603,775	3,110,934	(1,444,977)	1,972,592
(3,383,661)	(2,001,167)	(2,306,409)	(2,105,453)
(136,910)	(94,483)	(135,909)	(130,049)
4,541,733	4,270,128	(771,499)	2,562,872
35,342,830	31,072,702	31,844,201	29,281,329
<u>\$ 39,884,563</u>	<u>\$ 35,342,830</u>	<u>\$ 31,072,702</u>	<u>\$ 31,844,201</u>
<u>\$ 16,617,185</u>	<u>\$ 18,309,947</u>	<u>\$ 21,358,563</u>	<u>\$ 17,212,313</u>
70.59%	65.87%	59.26%	64.91%
\$ 14,410,555	\$ 13,490,655	\$ 12,901,200	\$ 11,678,964
115.31%	135.72%	165.55%	147.38%

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
SCHEDULE OF INVESTMENT RETURNS
LAST TEN FISCAL YEARS

	¹ <u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>
Annual money-weighted rate of return, net of investment expense ²	10.18%	2.97%	8.94%	13.04%	-4.49%	6.67%

Notes to Schedule:

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

2) The money-weighted rate of return expresses investment performance, net of investment expenses, reflecting the estimated effect of the contributions received and the benefits paid

ADDITIONAL SUPPLEMENTARY INFORMATION

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
INVESTMENTS HELD AS OF SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Mutual Funds		
American Funds - Europacific Growth Fund (RERGX)	\$ 3,827,786	\$ 3,329,405
Blackrock Multi-Asset (BIICX)	-	2,043,215
Blackrock Multi-Asset Income (BKMIX)	2,093,307	-
Brandywine Dynamic (LMBGX)	3,536,711	3,478,980
Dodge & Cox Income Fund (DODIX)	9,959,002	9,246,831
Harbor Capital Appreciation Fund (HACAX)	-	3,585,504
Harbor Capital Appreciation Fund Retirement (HNACX)	5,031,406	-
Pacific Life Fltg Rate (PLFRX)	1,373,812	-
Templeton Global Total Return Fund R6 (FTTRX)	1,761,245	-
Templeton Global Total Return Fund (TTRZX)	-	1,845,607
Vanguard 500 Index Fund (VFINX)	-	9,398,422
Vanguard 500 Index Fund - Admiral (VFIAX)	9,296,488	-
Vanguard Extended Market Index Fund (VEMPX)	-	2,747,219
Vanguard Extended Market Index Fund - Admiral (VEXAX)	3,103,922	-
Vanguard International Value Fund (VTRIX)	3,563,126	3,212,878
Total Mutual Funds	<u>\$ 43,546,806</u>	<u>\$ 38,888,061</u>
Limited Partnerships		
Crescent Direct Levered Fund	\$ 1,152,853	\$ 1,191,186
ASB Allegiance Real Estate Fund, LLP	2,178,197	2,185,635
PIMCO Tactical Opportunities Offshore Fund	1,097,246	1,138,406
Total Limited Partnerships	<u>\$ 4,428,296</u>	<u>\$ 4,515,227</u>
Total	<u><u>\$ 47,975,102</u></u>	<u><u>\$ 43,403,288</u></u>

**KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
INVESTMENT EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Direct and Indirect Fees and Commissions

ASSET CLASS	MANAGEMENT FEES NETTED FROM RETURNS	TOTAL INVESTMENT MANAGEMENT FEES (Management Fees Netted from Returns + Management Fees Paid From Trust)	PROFIT SHARE/CARRIED INTEREST	TOTAL DIRECT AND INDIRECT FEES AND COMMISSIONS (Management Fees + Brokerage Fees/Commissions + Profit Share)
Cash	\$ -	\$ -	\$ -	\$ -
Public Equity	\$ -	\$ -	\$ -	\$ -
Fixed Income	\$ 172,383	\$ 172,383	\$ -	\$ 172,383
Real Assets	\$ -	\$ -	\$ -	\$ -
Alternative/Other	\$ 90,664	\$ 90,664	\$ 5,028	\$ 95,692
TOTAL	\$ 263,047	\$ 263,047	\$ 5,028	\$ 268,075

1

Alternative/Other

List of Alternative/Other Investments	List of Investment Manager Names
PIMCO Tactical Opportunities Onshore Fund L.P.	Alternatives of Pacific Investment Management Company LLC
Crescent Direct Lending Levered Fund (Delaware), LP	Crescent Direct Lending Management LLC
ASB Allegiance Real Estate Fund, LP	ASB Capital Management, LLC

Investment Managers

List of Investment Manager Names
Alternatives of Pacific Investment Management Company LLC
Crescent Direct Lending Management LLC
ASB Capital Management, LLC

Total Investment Expenses

Total Direct and Indirect Fees and Commissions	\$
Investment Services	
Custodial	9,120
Research	-
Investment Consulting	45,000
Legal	-
Total Investment Services	\$ 54,120
Total Investment Expenses (Total Direct and Indirect Fees and Commissions + Investment Services)	\$ 322,195

Notes to Schedule:

1) Mutual funds reported net of expense ratio on financial statements.