

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND

FINANCIAL STATEMENTS

September 30, 2024 and 2023

KILLEEN FIREFIGHTER’S RELIEF AND RETIREMENT FUND

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements**Opinion**

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, 2024 and 2023, 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 basic financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of Killeen Firefighter's Relief and Retirement Fund as of September 30, 2024 and 2023, and the changes in fiduciary net position for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Fund Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Killeen Firefighter's Relief and Retirement Fund's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the plan, and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

GF Valdez, P.C.

A Public Accounting Firm

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Corpus Christi, Texas 78411
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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other required supplementary information on pages 4-6 and 24-25 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an 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 regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit were conducted for the purpose of forming an opinion on the Fund's financial statements as a whole. The additional supplementary information, on pages 26-28, 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 audit 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 accounting principles generally accepted in the United States of America. 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.

GF Valdez, P.C.

Corpus Christi, Texas
February 14, 2025

MANAGEMENT'S DISCUSSION & ANALYSIS

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2024 and 2023

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, 2024 and 2023. 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 the current year's results with those of the prior year, and discusses the positive and negative aspects of the 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.

FINANCIAL HIGHLIGHTS

The Fund held \$74,693,643 in assets and had outstanding \$29,727 in total liabilities at September 30, 2024. The net amount of \$74,663,916 is held in trust to provide for future benefit payments. The Fund held \$61,077,982 in assets and had outstanding \$20,258 in total liabilities at September 30, 2023. The net amount of \$61,057,724 is held in trust to provide for future benefit payments.

From 2023 to 2024, the City's contributions to the Fund increased \$206,056, or 7.07%. The City's contributions were \$3,122,109 and \$2,916,053 for 2024 and 2023, respectively. From 2022 to 2023, the City's contributions to the Fund increased \$115,434, or 4.12%. From 2023 to 2024, Firefighter's contributions increased by \$345,554, or 16.13%, year over year. Firefighter's contributions were \$2,488,245 and \$2,142,691 for 2024 and 2023, respectively. From 2022 to 2023, Firefighter's contributions increased by \$88,905, or 4.33%.

Net realized and unrealized gains of \$9,650,191 and \$3,737,343 were recognized in 2024 and 2023, respectively, resulting in an increase of \$5,912,848, or 158.21%. The Fund earned \$2,332,211 and \$2,337,167 in income from interest and dividends in 2024 and 2023, respectively. Investment expenses increased by \$2,073, or 1.47%, from 2024 to 2023. Investment expenses decreased by \$717, or .51%, from 2022 to 2023.

From 2023 to 2024, benefits payments increased by \$257,190, or 8.52%, and refunds of contributions decreased by \$250,629, or 37.15%. From 2022 to 2023, benefits payments increased by \$172,432, or 6.06%, and refunds of contributions increased by \$421,688, or 166.68%. From 2023 to 2024, administrative expenses increased by \$2,717, or 1.95%. Administrative expenses increased by \$5,836, or 4.37%, from 2022 to 2023.

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2024 and 2023

THE STRUCTURE OF OUR ANNUAL FINANCIAL 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 the Financial Statements

The Notes to the Financial Statements (Notes) 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 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.

FUNDING PROGRESS

The Fund contracted with Rudd and Wisdom, Inc. to conduct an actuarial valuation to determine the funding position of the Fund as of September 30, 2024. The actuarial valuation report indicated that the overall funding of the Fund remains sound and the current contribution rates are sufficient to keep the Fund actuarially sound. In preparing the valuation, the actuary uses a smoothing method over a rolling five-year period of investment data to remove year-to-year volatility in asset returns.

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2024 and 2023

ASSET ALLOCATION

On September 30, 2024, the Fund's investment portfolio totaled \$74,629,369. The allocations were as follows: Mutual Funds 79.59% (\$59,394,733), Limited Partnerships 9.60% (\$7,170,082), and cash & cash equivalents 10.81% (\$8,064,554). Year over year changes in investment and cash balances were as follows: Cash and cash equivalents increased by \$2,279,809, Mutual Funds increased \$11,846,667, and Limited Partnerships decreased by \$473,576.

CONTACTING THE FUND'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Retirement Board, our membership, taxpayers, investors, and creditors with a general overview of the Fund's financial activity and to demonstrate accountability for the money they receive. If anyone has any questions about this report or need additional financial information, they should contact the Plan Administrator of the Killeen Firefighter's Relief and Retirement Fund, Jennifer Hanna, P.O. Box 1250, Conroe, Texas 77305.

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
STATEMENTS OF FIDUCIARY NET POSITION
September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Cash and cash equivalents (at fair value)	\$ 8,064,554	\$ 5,784,745
Investments - mutual funds (at fair value)	59,394,733	47,548,066
Investments - limited partnerships (at fair value)	<u>7,170,082</u>	<u>7,643,658</u>
Total cash and investments	74,629,369	60,976,469
Receivables:		
Employer contributions	27,620	45,072
Employee contributions	22,096	37,305
Distributions due from limited partnerships	<u>14,558</u>	<u>19,136</u>
Total receivables	64,274	101,513
Total assets	<u>74,693,643</u>	<u>61,077,982</u>
<u>LIABILITIES</u>		
Accounts payable and accrued expenses	<u>29,727</u>	<u>20,258</u>
Total liabilities	29,727	20,258
<u>NET FIDUCIARY POSITION</u>		
NET FIDUCIARY POSITION ASSETS HELD IN TRUST FOR PENSION BENEFITS (a schedule of changes in net pension liability is presented on page 24)	<u>74,663,916</u>	<u>61,057,724</u>
Total Liabilities and Plan Net Fiduciary Position	<u><u>\$ 74,693,643</u></u>	<u><u>\$ 61,077,982</u></u>

The accompanying notes are an integral part of these financial statements.

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
For The Years Ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>ADDITIONS TO NET ASSETS</u>		
Investment income:		
Net realized & unrealized gains on investments	\$ 9,650,191	\$ 3,737,343
Dividends	1,741,269	1,802,519
Interest	590,942	534,648
	<u>11,982,402</u>	<u>6,074,510</u>
Less investment expenses	142,943	140,870
Net investment income	<u>11,839,459</u>	<u>5,933,640</u>
Contributions:		
City of Killeen	3,122,109	2,916,053
Firefighters	2,488,245	2,142,691
Total contributions	<u>5,610,354</u>	<u>5,058,744</u>
Total additions	<u>17,449,813</u>	<u>10,992,384</u>
 <u>DEDUCTIONS FROM NET ASSETS</u>		
Benefits paid	3,277,339	3,020,149
Refund of contributions	424,058	674,687
Administrative expenses	142,224	139,507
Total deductions	<u>3,843,621</u>	<u>3,834,343</u>
NET INCREASE IN PLAN ASSETS	13,606,192	7,158,041
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, beginning of year	<u>61,057,724</u>	<u>53,899,683</u>
NET FIDUCIARY POSITION HELD IN TRUST FOR PENSION BENEFITS, end of year	<u>\$ 74,663,916</u>	<u>\$ 61,057,724</u>

The accompanying notes are an integral part of these financial statements.

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE 1 – PLAN DESCRIPTION

The following brief description of the Killeen Firefighter's Relief and Retirement Fund (the Fund) is provided for general information purposes only. The Fund's pension plan (Plan) document and the most recent actuarial study should be referred to for more complete information. The provisions of the Plan are established by the Texas Local Firefighter's Retirement Act of the State of Texas (TLFFRA) and the Board of Trustees.

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 a regularly organized active fire department, shall provide retirement, disability, and death benefits for their employees and their beneficiaries. The table below summarizes the membership of the Fund included in the September 30, 2022 actuarial valuation of the Fund, the most recently completed biennial actuarial valuation.

Retirees and beneficiaries currently receiving benefits	77
Terminated members entitled to benefits, but not yet receiving them	15
Active participants (vested and non-vested)	<u>230</u>
Total	<u><u>322</u></u>

Fund Administration

The Board of Trustees (Board) 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 of Killeen 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 fund elected by participating members; and two citizen members who are elected by the other members of the Board.

The Fund is a government 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's 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 Security Act of 1974 (ERISA). Governmental entities are an exception to the ERISA provisions.

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE 1 – PLAN DESCRIPTION (Continued)

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 of Killeen, or an appointed representative of the mayor, and citizen members elected by the firefighter's 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.

Fund Benefits

The 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-Month 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 actually retires. Upon retirement, the firefighter will receive, in addition to his monthly retirement benefits, 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.

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE 1 – PLAN DESCRIPTION (Continued)

If a firefighter is separated from the service of the Killeen Fire Department before becoming entitled to service retirement benefits, the firefighter will receive an amount equal to the excess of contributions to the Fund over the amount of benefits previously received from the Fund. This amount will not include any interest on the firefighter's contributions. 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 firefighter has exhausted all regular salary, including vacation and sick pay leave 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 the Highest 60-Month Average Salary plus 1.517% of the 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, ad hoc post-retirement benefit increases. The benefit provisions of the Plan are authorized by 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 Fund requires contributions equal to 12% of pay by the firefighters, the rate elected by the firefighters according to TLFFRA. Effective October 1, 2020, the City began contributing 15% of pay for each active firefighter. The September 30, 2022 actuarial valuation includes the assumption that the City contribution rate will be 15% over the UAAL amortization period. The costs of administering the Plan are paid from the Fund assets.

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, 2024, the money-weighted rate of return (loss) was 19.09%. This measurement of the investment performance is net of investment expenses and reflects the estimated effect of the timing of the contributions received and the benefits paid during the year.

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE 1 – PLAN DESCRIPTION (Continued)

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 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 SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Fund have been presented in accordance with accounting principles generally accepted in the United States of America, as applied to government units hereinafter referred to as generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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.

Reporting Entity

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

Basis of Accounting

The Fund's financial statements are prepared using the accrual basis of accounting. 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 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.

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.

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Valuation of Investments

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.

Income Recognition

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 an accrual basis.

Administrative Expenses

The Fund's expenses are paid by the Fund from current earnings pursuant to an annual fiscal budget approved by the Fund's Board of Trustees. Certain expenses incurred in connection with the general administration of the Fund that are paid by the Fund are recorded as deductions in the accompanying statement of changes in fiduciary net position. In addition, certain investment-related expenses are included in net appreciation in fair value of investments presented in the accompanying statement of changes in fiduciary net position.

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, 2024 and 2023, 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.

Payment of Benefits

Benefit payments to participants are recorded upon distribution or when due.

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect certain 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 those estimates that were used.

Risk 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.

Reclassifications

Certain amounts in the prior year, none affecting net income, may have been reclassified to be consistent with the current year's presentation.

Date of Management's Review of Subsequent Events

Subsequent events were evaluated through February 14, 2025, which is the date the financial statements were available to be issued.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, to establish standards of accounting and financial reporting for PPPs and APAs for governments. Adoption of Statement No. 94, which was effective for the Fund's year ending September 30, 2023, did not have a material impact on the financial statements.

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. It will require recognition of a right-to-use asset and a corresponding subscription liability at the commencement of the subscription term, and amortization of the asset and liability in subsequent financial reporting periods. Adoption of Statement No. 96, which was effective for the Fund's year ending September 30, 2023, did not have a material impact on the financial statements.

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, 2024 and 2023, the Fund's cash deposits in bank and money market accounts totaled \$8,064,554 and \$5,784,745, 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, 2024 and 2023, deposits exceeded FDIC by \$7,814,554 and \$5,534,745, respectively.

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 of investing 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 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 Mariner, LLC as Investment Advisors for the Fund's mutual fund and equity investments, respectively, to provide advice and guidance on managing the Fund's assets. Mariner, LLC provides investment advice only for 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.

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE 4 – INVESTMENTS AND INVESTMENT RISK (Continued)

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 always 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.

The following asset allocation was adopted by the Board as of September 30, 2024:

Asset Classes	Target Allocation
Equity	
Domestic	38.0%
International	15.0%
Fixed Income	
Domestic	18.5%
Bank Loans	3.0%
Global	5.0%
Direct Lending	2.5%
Alternatives	
Real Estate	7.5%
Balanced Fund	6.0%
Tactical Strategies	4.5%
Total	100%

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an 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.

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE 4 – INVESTMENTS AND INVESTMENT RISK (Continued)

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.

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. On September 30, 2024 and 2023, the Fund did not hold any such securities.

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.

The following table presents the fair values of investments on September 30, 2024 and 2023. Investments that represent 5% or more of the Fund's net assets are separately identified.

	<u>2024</u>	<u>2023</u>
Vanguard Admiral 500 Index Fund (VFIAX)	\$ 15,170,435	\$ 11,725,334
Dodge & Cox Income Fund (DODIX)	12,622,266	9,995,498
Vanguard International Value Fund IV (VTRIX)	5,175,902	4,255,976
Fidelity Large Cap Growth Index (FSPGX)	4,889,277	3,820,196
Brandywine Dynamic (LMBGX)	4,575,311	3,742,396
American Funds – Europacific Growth Fund (RERGX)	4,567,586	3,662,483
Vanguard Admiral Extended Mkt Index Fund (VEXAX)	4,316,031	3,357,210
Blackrock Multi-Asset Income (BKMIX)	<u>4,166,262</u>	<u>3,527,200</u>
Total	<u>\$ 55,483,070</u>	<u>\$ 44,086,293</u>

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024 and 2023

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 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 Fair Value Measurements

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

Level 2 Fair Value Measurements

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
- 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 Fair Value Measurements

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.

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

The 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, 2024.

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 Fund 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 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 Fund's fair value measurements at September 30, 2024 and 2023:

<u>Fair Value Measurements at Reporting Date Using:</u>				
		Quoted Prices In Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
<u>September 30, 2024</u>				
Mutual Funds	\$ 59,394,733	\$ 59,394,733	\$ --	\$ --
Limited Partnerships	<u>7,170,082</u>	<u>--</u>	<u>7,170,082</u>	<u>--</u>
Total	<u>\$ 66,564,815</u>	<u>\$ 59,394,733</u>	<u>\$ 7,170,082</u>	<u>\$ --</u>
<u>September 30, 2023</u>				
Mutual Funds	\$ 47,548,066	\$ 47,548,066	\$ --	\$ --
Limited Partnerships	<u>7,643,658</u>	<u>--</u>	<u>7,643,658</u>	<u>--</u>
Total	<u>\$ 55,191,724</u>	<u>\$ 47,548,066</u>	<u>\$ 7,643,658</u>	<u>\$ --</u>

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024 and 2023

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, 2023. In September 2023, the Board adopted and certified the September 30, 2022 actuarial valuation, based on an assumed total contribution rate of 26%, comprised of 11% by the firefighters and 15% by the City. This total contribution rate exceeds the normal cost rate of 17.14%, leaving 9.86% available to amortize the UAAL.

Effective October 1, 2020, the City began contributing 15% of pay for each active firefighter. The September 30, 2022 actuarial valuation included the assumption that the City's contribution rate will be 15% over the UAAL amortization period. Since the total contributions are sufficient to pay the Fund's normal cost and to amortize the Fund's UAAL in 21 years, within the maximum acceptable period of 40 years, the Fund has an adequate contribution arrangement.

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 FUND

The Fund's net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of September 30, 2022. The components of the net pension liability of the Fund at September 30, 2024, are as follows:

Total pension liability	\$98,488,154
Plan fiduciary net position	<u>74,651,683</u>
Fund's net pension liability	<u>\$23,836,471</u>
Plan fiduciary net position as a percentage of total pension liability	75.8%

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE 7 – NET PENSION LIABILITY OF THE FUND (Continued)

Actuarial Assumptions - the total pension liability was determined by an actuarial valuation as of September 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.75%
Salary increases:	2.75% plus promotion, step, and longevity increases that vary by service
Investment rate of return:	7.25%, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS-2010 (public safety) total dataset tables for employees and for retirees (sex distinct), 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 weighting the expected future net real rates of return by the target asset allocation percentage (currently resulting in 4.49%) and by adding expected inflation (2.75%). In addition, the final 7.25% 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:

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE 7 – INVESTMENT ASSET ALLOCATION (Continued)

Asset Class	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities		
Large cap domestic	28.0%	6.18%
Small/mid cap domestic	10.0	6.78
International developed	15.0	6.42
Fixed Income		
Domestic core	18.5	1.95
Direct lending	2.5	1.53
Global	5.0	1.63
Bank Loan	3.0	2.16
Alternatives		
Tactical strategies	2.5	3.63
Real estate	7.5	3.74
Balance fund	6.0	3.35
Cash	2.0	0.00
Total	100.0%	
Weighted Average		4.49%

The discount rate used to measure the total pension liability was 7.25%. No projection of cash flows was used to determine the discount rate because the September 30, 2022 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 21 years. Because of the 21-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 7.25% was applied to all periods of projected benefit payments as the discount rate to determine the total pension liability.

The following presents the net pension liability of the City, calculated using the discount rate of 7.25%, 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 (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Fund's net pension liability	\$ 38,797,778	\$ 23,836,471	\$ 11,569,602

Because of the complexity of the portfolio, the Fund's board of trustees relies on its consultant to provide the necessary guidance to accomplish the Fund's objectives. The Board also understands that return objectives can be achieved while assuming "market" volatility. The Board is willing to forgo potential return in strong markets in return for protection against a severe decline during weak periods.

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE 8 – PLAN TERMINATION

Although the Board has not expressed any intent in terminating the Fund, upon complete or partial termination of the Fund, each affected member's accrued benefit, based on their years of service and average monthly compensation prior to that date of such termination, shall become fully vested and non-forfeitable to the extent then funded.

NOTE 9 – 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 10 – PLAN DOCUMENT RESTATEMENT

On October 20, 2023, an election of the Fund's members was held and signed by the Board of Trustees, to amend in its entirety the Fund's Plan effective October 1, 2023. Among the changes in the restated Plan document, include the definition of "Highest 60-Month Average Salary" and provided a 1.00% increase in employee contributions.

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION*
SCHEDULE OF CHANGES IN THE FUND'S NET PENSION LIABILITY AND RELATED RATIOS
 Last Ten Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total pension liability										
Service cost	\$ 1,827,057	\$ 1,891,004	\$ 2,047,015	\$ 2,113,543	\$ 2,251,815	\$ 2,319,369	\$ 2,468,510	\$ 2,536,394	\$ 3,009,082	\$ 3,091,832
Interest	3,854,103	4,132,431	4,185,617	4,434,845	4,710,130	5,008,777	5,271,546	5,607,259	6,365,285	6,782,813
Changes of benefit provisions	-	-	-	-	-	-	-	(1,770,164)	-	-
Differences between expected and actual experience	-	(2,575,843)	-	(527,995)	-	(301,589)	-	5,456,813	-	-
Assumption changes	-	(224,913)	-	2,222,160	-	2,014,756	-	1,550,316	-	-
Benefit payments, including refunds of firefighter contributions	(2,306,409)	(2,001,167)	(3,383,661)	(2,782,964)	(2,822,833)	(3,272,253)	(3,254,092)	(3,100,716)	(3,694,836)	(3,701,397)
Net change in total pension liability	3,374,751	1,221,512	2,848,971	5,459,589	4,139,112	5,769,060	4,485,964	10,279,902	5,679,531	6,173,248
Total pension liability - beginning	49,056,514	52,431,265	53,652,777	56,501,748	61,961,337	66,100,449	71,869,509	76,355,473	86,635,375	92,314,906
Total pension liability - ending (a)	\$ 52,431,265	\$ 53,652,777	\$ 56,501,748	\$ 61,961,337	\$ 66,100,449	\$ 71,869,509	\$ 76,355,473	\$ 86,635,375	\$ 92,314,906	\$ 98,488,154
Plan fiduciary net position										
Contributions - City	\$ 1,696,664	\$ 1,770,872	\$ 1,873,368	\$ 1,817,845	\$ 1,919,225	\$ 2,013,825	\$ 2,440,295	\$ 2,800,619	\$ 2,916,053	\$ 3,122,109
Contributions - Firefighters	1,419,132	1,483,972	1,585,161	1,538,179	1,623,962	1,699,605	1,788,846	2,053,786	2,142,691	2,488,245
Net investment income	(1,444,977)	3,110,934	4,603,775	3,585,949	1,315,715	4,716,637	9,715,290	(9,208,892)	5,933,640	11,827,226
Benefit payments, including refunds of firefighter contributions	(2,306,409)	(2,001,167)	(3,383,661)	(2,782,964)	(2,822,833)	(3,272,253)	(3,254,092)	(3,100,716)	(3,694,836)	(3,701,397)
Administrative expense	(135,909)	(94,483)	(136,910)	(96,351)	(121,394)	(107,111)	(114,381)	(133,671)	(139,507)	(142,224)
Net change in plan fiduciary net position	(771,499)	4,270,128	4,541,733	4,062,658	1,914,675	5,050,703	10,575,958	(7,588,874)	7,158,041	13,593,959
Plan fiduciary net position - beginning	31,844,201	31,072,702	35,342,830	39,884,563	43,947,221	45,861,896	50,912,599	61,488,557	53,899,683	61,057,724
Plan fiduciary net position - ending (b)	\$ 31,072,702	\$ 35,342,830	\$ 39,884,563	\$ 43,947,221	\$ 45,861,896	\$ 50,912,599	\$ 61,488,557	\$ 53,899,683	\$ 61,057,724	\$ 74,651,683
City's net pension liability - ending (a) - (b)	\$ 21,358,563	\$ 18,309,947	\$ 16,617,185	\$ 18,014,116	\$ 20,238,553	\$ 20,956,910	\$ 14,866,916	\$ 32,735,692	\$ 31,257,182	\$ 23,836,471
Plan fiduciary net position as a percentage of the total pension liability	59.3%	65.9%	70.6%	70.9%	69.4%	70.8%	80.5%	62.2%	66.1%	75.8%
Annual covered payroll	\$ 12,901,200	\$ 13,490,655	\$ 14,410,555	\$ 13,983,445	\$ 14,763,291	\$ 15,450,955	\$ 16,262,236	\$ 18,670,782	\$ 19,479,009	\$ 20,735,375
City's net pension liability as a percentage of covered-employee payroll	165.6%	135.7%	115.3%	128.8%	137.1%	135.6%	91.4%	175.3%	160.5%	115.0%
Discount rate	7.75%	7.75%	7.75%	7.50%	7.50%	7.25%	7.25%	7.25%	7.25%	7.25%

Notes to Schedule:

² Determined from the beginning of year total pension liability using the roll forward procedure allowed by GASB 67.

³ Contributions by the firefighters divided by their contribution rate.

* The schedules of required supplementary information (RSI) do not include the one described in paragraph 32(c) of GASB 67 because the Fund does not have actuarially determined contributions. The RSI described in paragraph 32(a) and (b) are combined into one schedule, shown above.

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS*
Last Ten Fiscal Years

Fiscal Year Ending	Annual Money-Weighted Net Real Rate of Return
September 30, 2015	-4.49%
September 30, 2016	9.83%
September 30, 2017	13.04%
September 30, 2018	8.94%
September 30, 2019	2.97%
September 30, 2020	10.18%
September 30, 2021	18.92%
September 30, 2022	-14.78%
September 30, 2023	10.89%
September 30, 2024	19.09%

Notes to Schedule:

* The money-weighted rate of return expresses investment performance, net of investment expense, reflecting the estimated effect of the contributions received and the benefits paid during the year.

ADDITIONAL SUPPLEMENTARY INFORMATION SCHEDULES

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
INVESTMENTS HELD AS OF SEPTEMBER 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Mutual Funds		
Vanguard 500 Index Fund - Admiral (VFIAX)	\$ 15,170,435	\$ 11,725,334
Dodge & Cox Income Fund (DODIX)	12,622,266	9,995,498
Vanguard international Value Fund (VTRIX)	5,175,902	4,255,976
Fidelity Large Cap Growth Index (FSPGX)	4,889,277	3,820,196
Brandywine Dynamic (LMBGX)	4,575,311	3,742,396
American Funds - Europacific Growth fund (REGX)	4,567,586	3,662,483
Blackrock Multi-Asset (BHCX)	4,166,262	3,527,200
Vanguard Extended Market Index Fund - Admiral (VEXAX)	4,316,031	3,357,210
PIMCO Diversified Income Fund (PDIX)	2,336,904	2,025,440
Aristotle Floating Rate (PFLRX)	1,574,759	1,436,333
Total Mutual Funds	<u>\$ 59,394,733</u>	<u>\$ 47,548,066</u>
 Limited Partnerships		
ASB Alligiance Real Estate Fund, LLP	\$ 1,672,306	\$ 2,184,524
Carlyle Property Investors LP	1,425,505	1,479,450
Golub Capital Partners International	1,377,706	1,392,964
PIMCO tactical Opportunities Offshore Fund	1,247,212	1,220,278
Principal Enhanced Property LP	1,147,991	1,213,713
Carlyle Property Direct Lending	254,878	-
Crescent Direct Levered Fund	44,484	152,729
Total Limited Partnerships	<u>\$ 7,170,082</u>	<u>\$ 7,643,658</u>
 Total Investments	<u><u>\$ 66,564,815</u></u>	<u><u>\$ 55,191,724</u></u>

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
INVESTMENT EXPENSES AS OF SEPTEMBER 30, 2024*

Direct and Indirect Fees and Commissions

ASSET CLASS	MANAGEMENT FEES PAID FROM TRUST	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	-	86,746	86,746	-	86,746
Fixed Income	-	83,293	83,293	-	83,293
Real Assets	-	47,050	47,050	-	47,050
Alternative/Other	-	54,715	54,715	-	54,715
TOTAL	\$ -	\$ 271,804	\$ 271,804	\$ -	\$ 271,804

Alternative/Other

List of Alternative/Other Investments
<i>PIMCO Tactical Opportunities Onshore Fund L.P.</i> <i>Crescent Direct Lending Levered Fund (Delaware), LP</i> <i>ASB Allegiance Real Estate Fund, LP</i> <i>Principal Enhanced Property, L.P.</i> <i>Carlyle Property Investors, L.P.</i> <i>Golub Capital Partners International</i>

Investment Managers

List of Investment Manager Names
American Funds Aristotle Blackrock Brandywine Dodge & Cox Fidelity Vanguard

Total Investment Expenses

Total Direct and Indirect Fees and Commissions	\$	271,804
Investment Services		
Custodial		8,661
Research		-
Investment Consulting		56,032
Legal		30,924
Total Investment Services		95,617
Total Investment Expenses (Total Direct and Indirect Fees and Commissions + Investment Services)	\$	367,421

Notes to Schedule:

* Mutual funds reported net of expense ratio on financial statements.

KILLEEN FIREFIGHTER'S RELIEF AND RETIREMENT FUND
INVESTMENT EXPENSES AS OF SEPTEMBER 30, 2023*

Direct and Indirect Fees and Commissions

ASSET CLASS	MANAGEMENT FEES PAID FROM TRUST	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	-	70,191	70,191	-	70,191
Fixed Income	-	68,659	68,659	-	68,659
Real Assets	-	53,795	53,795	-	53,795
Alternative/Other	-	36,045	36,045	-	36,045
TOTAL	\$ -	\$ 228,690	\$ 228,690	\$ -	\$ 228,690

Alternative/Other

List of Alternative/Other Investments
<i>PIMCO Tactical Opportunities Onshore Fund L.P.</i> <i>Crescent Direct Lending Levered Fund (Delaware), LP</i> <i>ASB Allegiance Real Estate Fund, LP</i> <i>Principal Enhanced Property, L.P.</i> <i>Carlyle Property Investors, L.P.</i> <i>Golub Capital Partners International</i>

Investment Managers

List of Investment Manager Names
American Funds Aristotle Blackrock Brandywine Dodge & Cox Fidelity Vanguard

Total Investment Expenses

Total Direct and Indirect Fees and Commissions	
	\$ 228,690
Investment Services	
Custodial	13,001
Research	-
Investment Consulting	55,000
Legal	-
Total Investment Services	68,001
Total Investment Expenses (Total Direct and Indirect Fees and Commissions + Investment Services)	\$ 296,691

Notes to Schedule:

* Mutual funds reported net of expense ratio on financial statements.