

Dallas Police and Fire Pension System

(An Independently Governed Blended Component Unit of the City of Dallas, Texas)

Combining Financial Statements, Required Supplementary Information and Supplementary Information

December 31, 2025 and 2024

(With Independent Auditor's Reports Thereon)

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Independent Auditor's Reports



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To the Board of Trustees
 Dallas Police and Fire Pension System
 Dallas, TX

Report on the Audit of the Financial Statements

Opinion

We have audited the combining financial statements of the Dallas Police and Fire Pension System (DPFP), a component unit of the City of Dallas, Texas, as of and for the years ended December 31, 2025 and 2024, and the related notes to the combining financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of DPFP as of December 31, 2025 and 2024, 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 DPFP and to meet our other ethical responsibilities, in accordance with the 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.

Responsibility of Management for the Financial Statements

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

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

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 GAAS and *Government Auditing Standards* 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the DPFP'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 DPFP'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) and the schedules of changes in the net pension liability and related ratios, employer contributions, and investment returns be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise DFPF's basic financial statements. The accompanying supplementary schedule of Administrative, Investment, and Professional Services Expenses for the year ended December 31, 2025 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary schedule of Administrative, Investment, and Professional Services Expenses for the year ended December 31, 2025 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2026, on our consideration of DFPF's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of DFPF's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DFPF's internal control over financial reporting and compliance.

BDO USA, P.C.

Dallas, Texas
June 15, 2026



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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Trustees
 Dallas Police and Fire Pension System
 Dallas, TX

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Dallas Police and Fire Pension System (DPFP), a component unit of the City of Dallas, Texas, which comprise the combining statement of fiduciary net position as of December 31, 2025, and the related combining statement of changes in fiduciary net position for the year then ended, and the related notes to the combining financial statements, and have issued our report thereon dated June 15, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered DPFP's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DPFP's internal control. Accordingly, we do not express an opinion on the effectiveness of DPFP's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the DPFP's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, P.C.

Dallas, Texas
June 15, 2026

Management's Discussion and Analysis

(Unaudited)

Overview

Management's Discussion and Analysis (MD&A) provides an overall review of the financial activities of the Dallas Police and Fire Pension System (DPFP), including the Combined Pension Plan and the Supplemental Police and Fire Pension Plan of the City of Dallas (Supplemental Plan), collectively referred to as the Plans, for the fiscal years ended December 31, 2025 and 2024. This discussion and analysis is intended to serve as an introduction to the financial statements, which reflect the Plans' resources available for payment of benefits and other related expenses. MD&A should be read in conjunction with the combining financial statements, notes to the combining financial statements, required supplementary information, and additional supplementary information provided in this report.

Financial Statements

The combining financial statements consist of the following:

Combining Statements of Fiduciary Net Position, which reflect a snapshot of the Plans' financial position and reflect resources available for the payment of benefits and related expenses at year end. The resulting Net Position ($\text{Assets} - \text{Liabilities and Deferred Inflows of Resources} = \text{Net Position}$) represents the value of the assets held in trust for pension benefits, net of liabilities owed and deferred inflows of resources as of the financial statement date.

Combining Statements of Changes in Fiduciary Net Position, which reflect the results of all transactions that occurred during the fiscal year and present the additions to and deductions from the net position. Effectively, these statements present the changes in plan net position during the fiscal year ($\text{Additions} - \text{Deductions} = \text{Net Change in Net Position}$). If the change in net position increased, additions were more than deductions. If the change in net position decreased, additions were less than deductions.

Notes to Combining Financial Statements, which are an integral part of the combining financial statements, include additional information that may be needed to obtain an adequate understanding of the overall financial status of the Plans.

Required Supplementary Information (Unaudited) and additional Supplementary Information provide historical and additional information considered useful in obtaining an overall understanding of the financial positions and activities of the Plans.

Financial Highlights

The combining financial statements are presented solely on the accounts of the Plans. The accrual basis of accounting is utilized, whereby revenues are recognized when they are earned and collection is reasonably assured, and expenses are recognized when the related liability has been incurred. Investments are reported at fair value.

A summary of the Combining Statements of Fiduciary Net Position of the Plans is as follows (in thousands):

DECEMBER 31:	2025	2024	2023
Assets			
Investments, at fair value	\$ 2,157,249	\$ 1,939,829	\$ 1,875,833
Receivables	27,528	17,807	15,349
Cash and cash equivalents	93,564	72,317	62,346
Prepaid expenses	570	602	561
Capital assets, net	11,342	11,480	11,456
Total assets	2,290,253	2,042,035	1,965,545
Liabilities			
Securities purchased	5,449	116	4,476
Accounts payable and accrued liabilities	5,689	5,203	4,307
Total liabilities	11,138	5,319	8,783
Deferred Inflow of Resources	2,101	2,439	2,138
Net position restricted for pension benefits	\$ 2,277,014	\$ 2,034,277	\$ 1,954,624

The assets of the Combined Pension Plan and the Supplemental Plan are co-invested through a Group Master Trust (Group Trust). The money-weighted rate of return, net of fees for all time periods, on Group Trust investments during 2025 was 16.47% compared to a rate of return of 8.30% for 2024 and 10.15% for 2023. Meketa Investment Group, Inc., DFPF's general investment consultant at December 31, 2025, provides the rate of return for all years. The methodology used by the investment consultants to calculate the money-weighted rate of return incorporates a one-quarter lag on fair value adjustments for private investments. This "lagged with cash flow adjustments" methodology is consistent with standard industry practice and allows for timely reporting to the Board of Trustees (Board). Gains and losses on lagged investments, which occur in the fourth quarter of any year, are recognized in the following year's rate of return.

For December 31, 2025, private investments have been valued using their September 30, 2025 valuations, adjusted for capital affected cash flows during the fourth quarter of 2025.

The Plans' net position increased by \$243 million in 2025, \$80 million in 2024, and by \$131 million in 2023. While benefit payments continue to exceed contribution payments, the shortfall was offset by investment gains.

The increase in receivables in 2025 and 2024 is primarily the result of the timing of the last payroll of the year for the City of Dallas as such timing impacts the collection of benefit contributions and the accrual of the 2025 Supplemental contributions. Additionally, in 2024 receivables increased due to the implementation of another lease covered under Governmental Accounting Standards Board (GASB) 87, *Leases*, which requires the recognition of a lease receivable and deferred inflow of resources. See Note 11 for additional information on leases.

The cash balance increased in 2025 and 2024 due to the timing of rebalancing transactions and a higher allocation to cash due to a higher total portfolio asset level.

A summary of the Combining Statements of Changes in Fiduciary Net Position of the Plans is as follows (in thousands):

YEARS ENDED DECEMBER 31:	2025	2024	2023
Additions			
Contributions			
City	\$ 218,426	\$ 192,890	\$ 175,626
Members	75,941	68,215	62,789
Total contributions	294,367	261,105	238,415
Net income(loss) from investing activities	308,575	175,759	197,575
Other income	541	517	47,748
Total additions	603,483	437,381	483,738
Deductions			
Benefits paid to members	348,283	344,975	340,976
Refunds to members	4,304	5,260	5,310
Professional and administrative expenses	8,159	7,493	6,036
Total deductions	360,746	357,728	352,322
Net increase (decrease) in net position	242,737	79,653	131,416
Net position restricted for pension benefits			
Beginning of period	2,034,277	1,954,624	1,823,208
End of period	\$ 2,277,014	\$ 2,034,277	\$ 1,954,624

City contributions to the Plans increased by \$25.5 million or 13.2% in 2025 and \$17.3 million or 9.8% in 2024 due to increased salaries, the number of employees, and changes in the funding methodology. See Funding Overview in the MD&A and Note 1 for additional information on the changes in the funding methodology.

Prior to October 1, 2024, the City's contribution rate for the Combined Pension Plan was 34.5% of Computation pay, plus a floor amount to meet the minimum required contribution, plus an additional amount of \$13 million paid over 26 pay periods.

Beginning October 1, 2024, the City made contributions pursuant to a resolution adopted by the City Council on September 11, 2024. The contributions under this plan included a fixed-dollar payment to amortize the January 1, 2023 actuarial unfunded liability over a 30-year period and a fixed percentage of Computation Pay set at 6.78% for the period October 1, 2024 to September 30, 2025 and 6.66% for the period October 1, 2025 to September 30, 2026. See Note 1 for additional information on City contribution rates.

2025 City contributions to the Combined Pension Plan include fixed-dollar payments of \$177.3 million and contributions based on the percentage of Computation Pay of \$37.8 million.

2024 City contributions to the Combined Pension Plan include fixed-dollar payments of \$51.7 million and contributions based on the percentage of Computation Pay of \$136.9 million.

The City is required by ordinance to contribute amounts necessary to ensure the payment of benefits in the Supplemental Plan. The City's contributions shall be made in accordance with actuarial requirements established by the actuary and the Board. City contributions to the Supplemental Plan in 2025 decreased by \$902 thousand over 2024 contributions.

The 2025 and 2024 Contribution rates for members were statutorily defined for the Plans. Contributions for all active members (including members in Deferred Retirement Option Plan (DROP)) were 13.5% of Computation Pay.

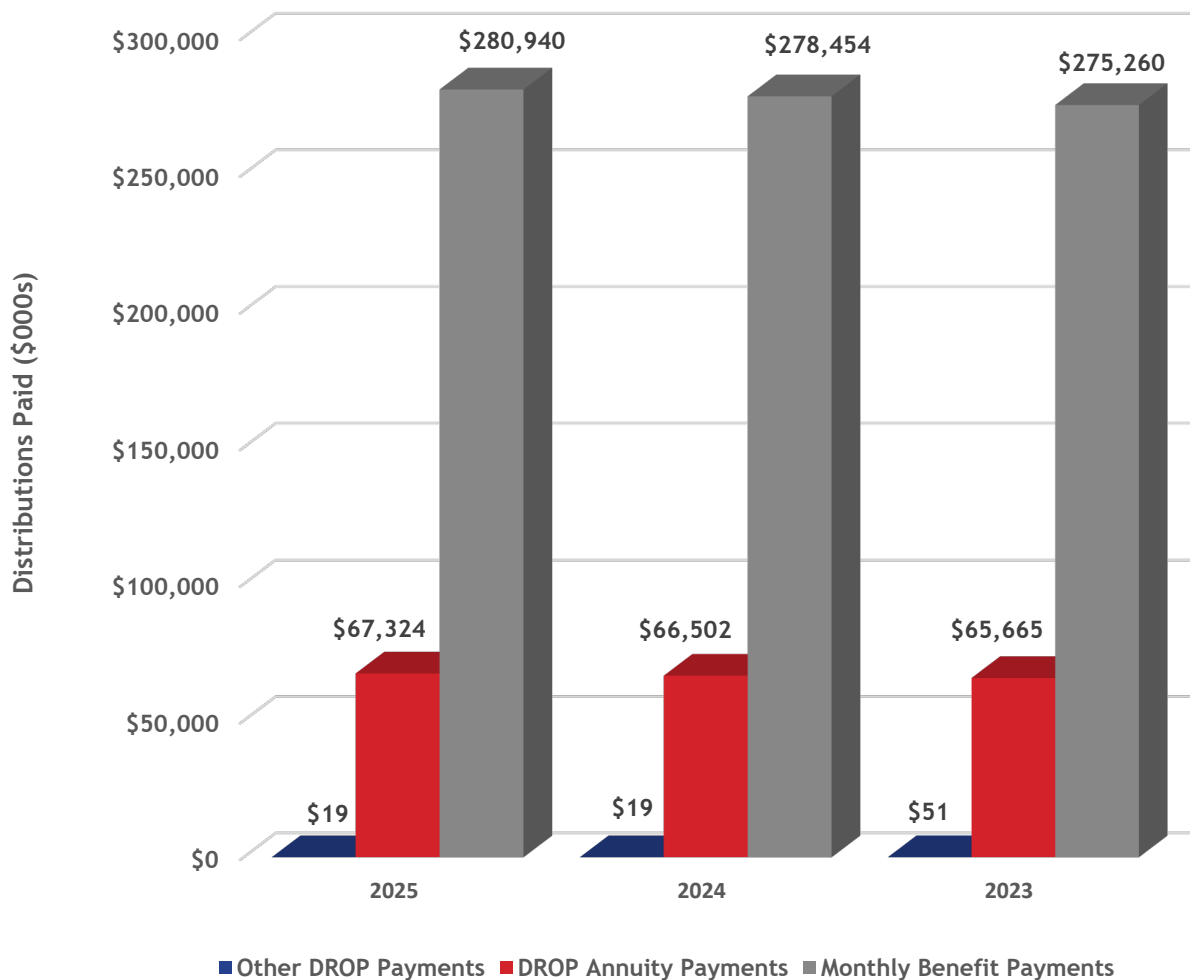
Member contributions for the Plans increased by \$7.7 million or 11.3% in 2025 and \$5.4 million or 8.6% in 2024 due to increased salaries and the number of employees.

Other income increased by \$24 thousand in 2025 and decreased by \$47.2 million in 2024 because in 2023 the System reached an agreement with a prior vendor and received a financial settlement.

Net investment income (loss) is presented net of investment expenses and is comprised of interest, dividend income, gains (losses) from the sale of investments and net unrealized appreciation (depreciation) in the fair value of investments. Net investment gain in 2025 and 2024 was driven primarily by the increase in the fair value of investments held in public equity securities, fixed income and public credit.

Distributions to members consist of monthly payments of retirement, disability, and survivor benefits, as well as monthly DROP annuity payments and other DROP payments made in accordance with Section 6.14 of Article 6243a-1 of the Texas Civil Statutes. The following chart compares the components of distributions paid to members for the years ended December 31, 2025, 2024, and 2023.

**Distributions Paid to Members
Twelve Months Ended December 31**



Total benefits paid in 2025 increased \$3.3 million or 1.0% over 2024. Monthly benefit payments increased \$2.5 million or 0.89% in 2025 and \$3.2 million or 1.2% in 2024 due to additional retirees and beneficiaries receiving monthly benefits and higher monthly benefit amounts. Distributions from DROP balances, paid as DROP annuity payments, totaled \$67.3 million in 2025 and \$66.5 million in 2024. See Note 6 for additional information on DROP.

Refund expense decreased \$956 thousand in 2025 and decreased \$50 thousand in 2024.

The cost of administering the Plans, including administrative costs and professional fees, increased approximately \$666 thousand in 2025. Increases in non-investment legal expenses, risk insurance, legislative consultants, IT related expenses, and employee related expenses were partially offset by a decrease in actuarial expense. The cost of administering the Plans, including administrative costs and professional fees, increased approximately \$1.5 million in 2024. Increases in actuarial expenses, non-investment legal expenses, and salaries and benefits were partially offset by decreases in risk insurance and legislative consultants.

A pro rata share of the total expenses of the Plans is allocated to the Combined Pension Plan and the Supplemental Plan according to the ratio of Combined Pension Plan and Supplemental Plan investment assets to the total investment assets of the Group Trust. City and member contributions and member benefits and refunds paid are specific to either the Combined Pension Plan or the Supplemental Plan and are charged directly as a reduction of such plan's net position.

Funding Overview

DPFP's actuarial firm, Segal Consulting (Segal), conducts the annual actuarial valuations to determine if the assets and contributions are sufficient to provide the prescribed benefits (funding positions) of the Plans.

The DPFP Board adopted a new funding plan in August 2024. The funding plan components were recommended by an independent actuary selected by the Texas Pension Review Board and included adopting an ADC funding model, no change in employee contributions and modifying the current COLA provision to provide some COLA earlier than the current plan provisions. In August 2024, DPFP filed a Declaratory Judgement Action against the City of Dallas related to the interpretation of the DPFP plan and Section 802 of the Texas Government Code. The District Court in Travis County ruled in favor of DPFP. The City of Dallas appealed the decision to the Court of Appeals. The DPFP Plan ADC contribution funding policy was effective October 1, 2024, and the City did not make the contributions based on the adopted Plan. Subsequently, in December 2025, the Board reached a settlement with the City of Dallas regarding future funding of the plan and the lawsuit was dismissed.

Beginning October 1, 2024, the City made contributions pursuant to a resolution adopted by the City Council on September 11, 2024. The contributions under this plan included a fixed-dollar payment to amortize the January 1, 2023 actuarial unfunded liability over a 30-year period and a fixed percentage of Computation Pay set at 6.78% for the period October 1, 2024 to September 30, 2025 and 6.66% for the period October 1, 2025 to September 30, 2026. See Note 1 for additional information on the City contribution.

The January 1, 2025 actuarial valuation report for the Combined Pension Plan was updated after DPFP and the City of Dallas reached a settlement on the funding agreement. The funding metric changes in the two actuarial reports are summarized in the table below:

Combined Pension Plan

FUNDING METRIC	UPDATED JANUARY 1, 2025 REPORT RECEIVED FEBRUARY 6, 2026	ORIGINAL JANUARY 1, 2025 REPORT RECEIVED OCTOBER 20, 2025
Unfunded Actuarial Accrued Liability (UAAL)	\$3.7 billion	\$4.0 billion
Funded Percentage (AVA)	34.1%	32.2%
Effective Amortization Period	28 years	28 years

The January 1, 2026 actuarial valuation reported a funded ratio of 35.2%, based on the actuarial value of assets, an Unfunded Actuarial Accrued Liability (UAAL) of \$3.7 billion and an expected fully funded date of 2053 for the Combined Pension Plan. The increase in the funded percentage is due to investment gains which were offset by a loss from sources other than investments. The loss was primarily due to the active population increase.

These projections may vary on an annual basis due to actual experience and demographics, which may vary from the current actuarial assumptions.

The January 1, 2025 actuarial valuation report for the Supplemental Plan was updated after DPFP and the City of Dallas reached a funding agreement. The funding metric changes in the two actuarial reports are summarized in the table below:

Supplemental Plan

FUNDING METRIC	REVISED JANUARY 1, 2025 REPORT RECEIVED FEBRUARY 6, 2026	ORIGINAL JANUARY 1, 2025 REPORT RECEIVED OCTOBER 20, 2025
Unfunded Actuarial Accrued Liability (UAAL)	\$22.8 million	\$25.8 million
Funded Percentage (AVA)	50.0%	47.0%
Effective Amortization Period	11 years	11 years

The January 1, 2026 actuarial valuation reported a funded ratio of 53.0%, based on the actuarial value of assets and an Unfunded Actuarial Accrued Liability (UAAL) of \$23.0 million. The increase in funded percentage is due to investment gains offset by a loss from sources other than investments. The City's contributions to the Supplemental Plan are based on the ADC as determined by the actuary.

These projections may vary on an annual basis due to actual experience and demographics, which may vary from the current actuarial assumptions.

The Board's funding policy for the Supplemental Plan is based on a closed amortization period of 20 years. Beginning in 2021, future gains or losses each year are amortized over separate, closed 10-year periods.

Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*, (GASB No. 67) requires disclosure of the Net Pension Liability (NPL). The GASB No. 67 valuation is prepared by Segal and is a calculation for accounting purposes as opposed to the actuarial valuation, which is completed to determine the funding adequacy of the Plans. The NPL is the difference between the Total Pension Liability (TPL) and the Fiduciary Net Position (FNP). GASB No. 67 requires the determination of the TPL using the individual entry age method, level percent of pay actuarial cost method, and a discount rate.

The GASB No. 67 reports for December 31, 2024 for the Combined Pension Plan and the Supplemental Plan were updated after DPFP and the City of Dallas reached a funding agreement.

GASB No. 67 for the Combined Pension Plan for December 31, 2025 reports an NPL of \$3.5 billion, and the December 31, 2024 updated reports a NPL of \$3.6 billion, which is a decrease of \$39 million. The Fiduciary Net Position as a Percentage of Total Pension Liabilities for the Combined Pension Plan was 39.0% at December 31, 2025 and 36.1% at December 31, 2024.

The Supplemental Plan had a NPL of \$23.0 million and \$22.8 million at December 31, 2025 and 2024, respectively. The Supplemental Plan had a FNP of 52.9% and 50% at December 31, 2025 and 2024, respectively.

Information about whether the Plans' net positions are increasing or decreasing over time relative to the TPL is provided in the accompanying Schedule of Changes in the Net Pension Liability and Related Ratios.

[Contacting DPFP's Financial Management](#)

This financial report is designed to provide members and other users with a general overview of DPFP's finances and present the Plans' accountability for the funding received. If you have questions about this report, you may contact the Executive Director of the Dallas Police and Fire Pension System at 4100 Harry Hines Boulevard, Suite 100, Dallas, Texas 75219, by phone at 214-638-3863, or by email at info@dpfp.org.

Combining Statements of Fiduciary Net Position

DECEMBER 31,	2025			2024		
	COMBINED PENSION PLAN	SUPPLEMENTAL POLICE AND FIRE PENSION PLAN OF THE CITY OF DALLAS	TOTAL	COMBINED PENSION PLAN	SUPPLEMENTAL POLICE AND FIRE PENSION PLAN OF THE CITY OF DALLAS	TOTAL
Assets						
Investments, at fair value						
Short-term investments	\$ 17,386,128	\$ 174,806	\$ 17,560,934	\$ 27,630,911	\$ 315,307	\$ 27,946,218
Fixed income securities	281,934,228	2,834,664	284,768,892	401,780,308	4,584,868	406,365,176
Equity securities	1,221,448,015	12,280,862	1,233,728,877	1,055,766,008	12,047,747	1,067,813,755
Real assets	200,540,951	2,016,308	202,557,259	247,322,377	2,822,290	250,144,667
Private equity	189,228,294	1,902,567	191,130,861	185,443,416	2,116,165	187,559,581
Public Credit	225,237,739	2,264,618	227,502,357	-	-	-
Forward currency contracts	-	-	-	(49)	(1)	(50)
Total investments	2,135,775,355	21,473,825	2,157,249,180	1,917,942,971	21,886,376	1,939,829,347
Receivables						
City	9,233,636	3,354,094	12,587,730	7,787,490	-	7,787,490
Members	3,139,773	14,818	3,154,591	2,625,157	10,055	2,635,212
Interest and dividends	5,715,167	57,462	5,772,629	4,495,688	51,302	4,546,990
Investment sales proceeds	3,497,068	35,161	3,532,229	60,047	685	60,732
Lease receivable	2,436,254	24,495	2,460,749	2,721,879	31,060	2,752,939
Other receivables	19,358	195	19,553	23,461	268	23,729
Total receivables	24,041,256	3,486,225	27,527,481	17,713,722	93,370	17,807,092
Cash and cash equivalents	92,633,041	931,365	93,564,406	71,500,901	815,924	72,316,825
Prepaid expenses	564,587	5,677	570,264	595,422	6,795	602,217
Capital assets, net	11,228,878	112,899	11,341,777	11,350,562	129,526	11,480,088
Total assets	2,264,243,117	26,009,991	2,290,253,108	2,019,103,578	22,931,991	2,042,035,569
Other Payables						
Securities purchased	5,394,914	54,242	5,449,156	115,026	1,313	116,339
Accounts payable and other accrued liabilities	5,643,746	45,635	5,689,381	5,154,700	48,595	5,203,295
Total liabilities	11,038,660	99,877	11,138,537	5,269,726	49,908	5,319,634
Deferred inflow of resources	2,079,872	20,912	2,100,784	2,411,479	27,518	2,438,997
Net position restricted for pension benefits	\$ 2,251,124,585	\$ 25,889,202	\$ 2,277,013,787	\$ 2,011,422,373	\$ 22,854,565	\$ 2,034,276,938

See accompanying notes to combining financial statements.

Combining Statements of Changes in Fiduciary Net Position

YEARS ENDED DECEMBER 31,	2025			2024		
	COMBINED PENSION PLAN	SUPPLEMENTAL POLICE AND FIRE PENSION PLAN OF THE CITY OF DALLAS	TOTAL	COMBINED PENSION PLAN	SUPPLEMENTAL POLICE AND FIRE PENSION PLAN OF THE CITY OF DALLAS	TOTAL
Additions (Reductions)						
Contributions						
City	\$ 215,072,214	\$ 3,354,094	\$ 218,426,308	\$ 188,633,391	\$ 4,256,587	\$192,889,978
Members	75,608,346	332,240	75,940,586	67,919,867	295,055	68,214,922
Total contributions	290,680,560	3,686,334	294,366,894	256,553,258	4,551,642	261,104,900
Investment income (loss)						
Net appreciation (depreciation) in fair value of investments	286,302,228	2,491,992	288,794,220	156,354,599	1,675,792	158,030,391
Interest and dividends	27,836,432	279,876	28,116,308	25,003,075	285,319	25,288,394
Total gross investment income	314,138,660	2,771,868	316,910,528	181,357,674	1,961,111	183,318,785
Less: Investment expense	(8,251,679)	(82,965)	(8,334,644)	(7,474,450)	(85,294)	(7,559,744)
Net investment income (loss)	305,886,981	2,688,903	308,575,884	173,883,224	1,875,817	175,759,041
Other income	535,190	5,381	540,571	511,667	5,839	517,506
Total additions	597,102,731	6,380,618	603,483,349	430,948,149	6,433,298	437,381,447
Deductions						
Benefits paid to members	345,018,519	3,264,758	348,283,277	341,808,845	3,166,479	344,975,324
Refunds to members	4,303,639	-	4,303,639	5,124,597	135,537	5,260,134
Professional and administrative expenses	8,078,361	81,223	8,159,584	7,408,894	84,546	7,493,440
Total deductions	357,400,519	3,345,981	360,746,500	354,342,336	3,386,562	357,728,898
Net increase/(decrease) in fiduciary net position	239,702,212	3,034,637	242,736,849	76,605,813	3,046,736	79,652,549
Net position restricted for pension benefits						
Beginning of period	2,011,422,373	22,854,565	2,034,276,938	1,934,816,560	19,807,829	1,954,624,389
End of period	\$ 2,251,124,585	\$ 25,889,202	\$ 2,277,013,787	\$ 2,011,422,373	\$ 22,854,565	\$ 2,034,276,938

See accompanying notes to combining financial statements.

Notes to Combining Financial Statements

1. Organization

General

The Dallas Police and Fire Pension System (DPFP) is an independently governed blended component unit of the City of Dallas (City, or Employer) and serves as a single-employer pension and retirement fund for police officers and firefighters employed by the City. The general terms “police officers” and “firefighters” also include fire and rescue operators, fire alarm operators, fire inspectors, apprentice police officers, and apprentice firefighters. DPFP is comprised of a single defined benefit pension plan (Combined Pension Plan) designed to provide retirement, death, and disability benefits for police officers and firefighters (collectively, members). DPFP was originally established under former Article 6243a of the Revised Civil Statutes of Texas and, since 1989, derives its authority to continue in operation under the provisions of Article 6243a-1 of the Revised Civil Statutes of Texas (the Governing Statute). All active police officers and firefighters employed by the City are required to participate in the Combined Pension Plan.

The Supplemental Police and Fire Pension Plan of the City of Dallas (Supplemental Plan) was created in 1973 to supplement DPFP’s Plan B Defined Benefit Pension Plan (Plan B). Former Plan B members are now denominated as Group B members of the Combined Pension Plan. The intent of the Supplemental Plan is to provide additional retirement benefits to those members of the Supplemental Plan holding a rank higher than the highest corresponding civil service rank as provided in the Combined Pension Plan. Members receive a supplemental pension based upon the difference between compensation for the civil service position held before entrance into the Supplemental Plan and compensation while in the Supplemental Plan. The Supplemental Plan was established and derives its authority from a City ordinance.

The Combined Pension Plan and Supplemental Plan are collectively referred to as the Plans.

As of December 31, 2025 and 2024, the Combined Pension Plan’s membership consisted of:

	2025	2024
Retirees and beneficiaries (Inactive plan members or their beneficiaries currently receiving benefits)	5,272	5,242
Beneficiaries, DROP Only	227	203
Non-active vested members not yet receiving benefits	235	240
Non-active non-vested members not yet refunded	229	234
Total non-active members	5,963	5,919
Vested active members	3,996	3,976
Non-vested active members	1,610	1,380
Total active members	5,606	5,356

As of December 31, 2025 and 2024, the Supplemental Plan's membership consisted of:

	2025	2024
Retirees and beneficiaries (Inactive plan members or their beneficiaries currently receiving benefits)	157	159
Beneficiaries, DROP Only	6	3
Non-active vested members not yet receiving benefits	-	-
Non-active non-vested members not yet refunded	-	-
Total non-active members	163	162
Vested active members	61	57
Non-vested active members	1	-
Total active members	62	57

The benefit, contribution, and administration plan provisions discussed below are as of December 31, 2025 and 2024.

Benefits

Members hired by the City before March 1, 1973 are Group A members of the Combined Pension Plan. Members hired on or after March 1, 1973 are Group B members of the Combined Pension Plan.

Group A members of the Combined Pension Plan receive one of two benefit structures as of December 31, 2025 and 2024:

- Members with 20 years or more of pension service are entitled to monthly pension benefits beginning at age 50 equal to 50% of base pay, defined as the maximum monthly civil service pay established by the City for a police officer or firefighter at the time of retirement, plus 50% of the longevity pay the member was receiving either at the time he or she left active service with the City or the effective date the member joined the Deferred Retirement Option Plan (DROP). Benefit payments are adjusted annually according to changes in active service base pay, if any. Additionally, a member is eligible to receive 50% of the difference between any annualized City service incentive pay granted to the member less annual longevity pay.
- Members with 20 years or more of pension service are entitled to monthly pension benefits beginning at age 55 equal to 3% of their base pay, computed as noted in the prior paragraph, for each year of pension service with a maximum of 32 years. In addition, a member receives 50% of the longevity pay and 1/24th of any City service incentive pay the member was receiving either at the time he or she left active service with the City or the effective date the member joined DROP.
- Members are eligible for an ad hoc cost of living increase after the Combined Pension Plan is 70% funded after accounting for the impact of the COLA as approved by the Board. The ad hoc cost of living adjustment is calculated as a percentage equal to the average annual rate of actual investment return for the five-year period ending on December 31st preceding the effective date of the adjustment less five percent.

- Supplemental payments, that do not add to the base benefit, are available prior to meeting the 70% funding threshold for the COLA. The supplemental payments consist of two components:
 - Automatic Payment (1%) - Payable only to individuals in pension status prior to January 1, 2026.
 - Contingent Payment (additional 1%) - Payable to all individuals in pension status (current and future), only if the System achieves a one-year rate of return on the market value of assets greater than 0.0% in the prior plan year, as reported in the most recent actuarial valuation report. For any year in which the System does not achieve a rate of return greater than 0.0%, this contingent payment will not be made. It is assumed the System will have a positive return 70% of the time.
 - Individuals in pension status prior to January 1, 2026, may receive both the automatic and contingent payments (up to 2% total), while individuals retiring on or after January 1, 2026, are eligible only for the contingent payment (1%).

Group B members of the Combined Pension Plan receive one of two benefit structures as of December 31, 2025 and 2024:

- Members who began membership before March 1, 2011, who have 5 or more years of pension service are entitled to monthly pension benefits beginning at age 50 equal to 3% of the member's average base pay plus education and longevity pay (Computation Pay) determined over the highest 36 consecutive months of Computation Pay, multiplied by the number of years of pension service prior to September 1, 2017. The monthly pension benefit for service earned after September 1, 2017 is based on the highest 60 consecutive months of Computation Pay multiplied by a 2.5% multiplier at age 58. The multiplier is reduced to between 2.0% and 2.4% for retirement prior to age 58. The member cannot accrue a monthly pension benefit that exceeds 90% of the member's average Computation Pay. Certain members may receive a 2.5% multiplier for pension service after September 1, 2017 prior to age 58 if the combination of their pre and post September 1, 2017 pension service calculations using the 2.5% multiplier for post September 1, 2017 meets or exceeds the 90% maximum benefit. Certain members who meet the service prerequisite or were 45 prior to September 1, 2017 may elect to take early retirement with reduced benefits starting at age 45, or earlier if the member had 20 years of pension service as of September 1, 2017.
- Members who began membership after February 28, 2011 are entitled to monthly pension benefits after accruing 5 years of pension service and the attainment of age 58. Pension benefits are equal to the member's average Computation Pay determined over the highest 60 consecutive months of Computation Pay, multiplied by 2.5% for the number of years of pension service. The member cannot accrue a monthly pension benefit that exceeds 90% of the member's average Computation Pay. Members who have 20 years of service may elect to take early retirement. Vested members may take a reduced benefit starting at age 53.
- A Group B member who has accrued 20 or more years of pension service and who has been on active service at any time on or after January 1, 1999 may take a pension benefit regardless of age except that the percent multiplier would be based on the member's age at the time of applying for the pension, or earlier if the member has 20 years of pension service.
- Members are eligible for an ad hoc cost of living increase after the Combined Pension Plan is 70% funded after accounting for the impact of the COLA as approved by the Board. The ad hoc cost of living adjustment is calculated as a percentage equal to the average annual rate of actual investment return for the five-year period ending on December 31st preceding the effective date of the adjustment less five percent.

- Supplemental payments, that do not add to the base benefit, are available prior to meeting the 70% funding threshold for the COLA. The supplemental payments consist of two components:
 - Automatic Payment (1%) - Payable only to individuals in pension status prior to January 1, 2026.
 - Contingent Payment (additional 1%) - Payable to all individuals in pension status (current and future), only if the System achieves a one-year rate of return on the market value of assets greater than 0.0% in the prior plan year, as reported in the most recent actuarial valuation report. For any year in which the System does not achieve a rate of return greater than 0.0%, this contingent payment will not be made. It is assumed the System will have a positive return 70% of the time.
 - Individuals in pension status prior to January 1, 2026, may receive both the automatic and contingent payments (up to 2% total), while individuals retiring on or after January 1, 2026, are eligible only for the contingent payment (1%).

Additional provisions under the Combined Pension Plan as of December 31, 2025 and 2024 are as follows:

- Prior to September 1, 2017 members with over 20 years of pension service, upon attaining age 55, received a monthly supplement equal to the greater of \$75 or 3% of their total monthly benefits (excluding the benefit supplement amount). After September 1, 2017, no additional members will receive the monthly supplement, and no increases will be made to the amount of the supplement received by those members receiving the supplement prior to September 1, 2017.
- Service-connected disability benefits are available for members in active service who began service prior to March 1, 2011 and have not entered DROP who become disabled during the performance of their duties from the first day of employment. Members receiving service-connected disability benefits are given credit for the greater of actual pension service or 20 years of pension service. A benefit of 3% times the average of the highest 36 consecutive months of Computation Pay times the number of years of pension service prior to September 1, 2017, plus a 2.5% multiplier for pension service on or after September 1, 2017, times the average of the highest 60 consecutive months of Computation Pay times the number of years of pension service. If needed, additional service time necessary to reach 20 years of service credit will be included with pension service on or after September 1, 2017. Members who began membership after February 28, 2011 and have not entered DROP are entitled to a disability benefit based on the average of the highest 60 consecutive months of Computation Pay times a 2.5% multiplier regardless of their age. If the member has fewer than 36 or 60 months of service, based on hire date, the benefit is based on the average Computation Pay during their entire pension service. All service-connected disability benefits are subject to a minimum benefit of \$2,200 per month.
- Members who began membership before March 1, 2011, who are determined to be eligible for a non-service connected disability benefit are entitled to a benefit of 3% times the average of the highest 36 consecutive months of Computation Pay times the number of years of pension service prior to September 1, 2017, plus a 2.5% multiplier for pension service on or after September 1, 2017 times the average of the highest 60 consecutive months of Computation Pay. Total service is rounded to the nearest whole year.

Members who began membership after February 28, 2011, are entitled to a disability benefit based on the average of the highest 60 consecutive months of Computation Pay, times a 2.5% multiplier regardless of their age. All non-service-connected disability benefits are subject to a minimum benefit of \$110 for every year of pension service. The minimum benefit cannot exceed \$2,200 per month. If the member has fewer than 36 or 60 months of service, based on hire date, the benefit is based on the average Computation Pay during their entire pension service.

- Members who are eligible to retire are eligible to enter the DROP program, which is an optional method of accruing monthly pension benefits prior to leaving active service. The amount of an active member's DROP balance is based on the accumulation of the member's monthly benefit each month while in active DROP, and, for members who joined DROP prior to September 1, 2017, interest accrued prior to September 1, 2017. DROP balances of retired members and certain other non-member DROP account holders, were converted to annuities (a stream of payments) on November 30, 2017. DROP balances of active members are annuitized upon retirement. The life expectancy of a DROP account holder at the time of annuitization determines the term of the annuity. Interest is included in the annuity calculation for balances accrued prior to September 1, 2017. The interest rate is based on the provisions of Article 6243a-1 and rules adopted by the Board. See Note 6 for information about the changes in the DROP program resulting from the passage of HB 3158. See below, under Contributions, for discussion of required DROP contributions. The total DROP balance and the present values of the annuitized balances for the Combined Pension Plan was \$827.0 million and \$869.3 million at December 31, 2025 and 2024, respectively. The total DROP balances include amounts that may be paid out of the Excess Benefit Plan and Trust.
- A minimum benefit is paid to vested retired members of \$2,200 per month subject to any restrictions and adjustments contained in the Combined Pension Plan. The minimum benefit is prorated for members who retire with less than 20 years of service credit and equals \$1,200 monthly for a qualified surviving spouse if there are no qualified surviving children receiving benefits. The minimum benefit is \$1,100 monthly for qualified surviving children combined and qualified surviving spouses if qualified surviving children are receiving or had received benefits.

Additional provisions under the Supplemental Plan as of December 31, 2025 and 2024 are as follows:

- The Supplemental Plan's benefits are designed to supplement Group B benefits for those members holding a rank higher than the highest civil service rank because their Combined Pension Plan benefits are capped by the Combined Pension Plan's definition of Computation Pay. Computation Pay is defined as base pay, determined by the civil service pay schedule, education incentive pay and longevity pay. Accordingly, when Group B benefits are amended, the Supplemental Plan's benefit calculation is also affected. The basis for a member's benefits is the difference between the monthly rate of pay a member is due as the base pay for the rank the member currently holds and the monthly rate of pay the member is due for the highest civil service rank (and pay step) the member held as a result of competitive examinations. The service time used to determine the member's Group B benefit is used to determine the member's benefit under the Supplemental Plan so that the same length of time is used for both plans. Average Computation Pay is calculated for each plan separately and combined to determine the benefit. Application for benefits under the provisions of the Combined Pension Plan is deemed to be an application for benefits under the Supplemental Plan and no additional application need be filed.
- Members of the Supplemental Plan who enter the DROP program in the Combined Pension Plan also enter the DROP program in the Supplemental Plan. The total DROP account balance and the present value of the annuitized balances related to the Supplemental Plan was \$4.8 million and \$5.2 million on December 31, 2025 and 2024, respectively. The total DROP balances include amounts that may be paid out of the Excess Benefit Plan and Trust.
- Death benefits are available to a surviving spouse, dependent children, disabled children, or dependent parents in the event of the death of a member either after disability or service retirement, prior to leaving active service or retirement eligible deferred vested members. A payment equal to a ten-year certain benefit is paid to the beneficiaries upon the death of an active member with no qualified survivors.

Contributions

Employee contribution rates did not change in 2025. The employee contribution rate is 13.5% of Computation Pay for all active members, including members in the DROP program.

Prior to October 1, 2024, City contributions for the Combined Pension Plan were established by statute. City contributions were 34.5% of Computation Pay, subject to a minimum floor, plus \$13 million.

Section 2.025 of the Texas Statute required that during 2024 an independent actuary selected by the Texas State Pension Review Board (PRB) perform an analysis that included the independent actuary's 1) conclusion regarding whether the Pension System meets funding guidelines under the Texas Government Code Section 802 and 2) recommendations regarding changes to benefits or to member or City contribution rates.

Additionally, Section 2.025 of the Governing Statute required the Board to adopt a plan, by rule, no later than November 1, 2024 and to ensure the plan met the funding guidelines established by section 802 of the Texas Government Code and consider the recommendation of the independent actuary in adopting the plan. On August 8, 2024, the Board of Trustees of DPFPP adopted, by rule, the 2.025 Plan which met all of the requirements of Section 2.025 of the Statute. The funding policy for City contributions changed as a result of the required review process and plan adoption.

The City disagreed with the Board's interpretation of Section 2.025 and with the 2.025 Plan adopted by the Board. The City Council adopted a resolution on September 11, 2024 and began paying contributions based on that resolution. Beginning October 1, 2024, the City paid contributions of \$6.487 million per bi-weekly pay period, plus 6.78% of Computation Pay.

In August 2024, DPFPP filed a declaratory judgement against the City of Dallas related to the interpretation of Section 2.025 and Section 802 of the Texas Government Code. The district court ruled in favor of DPFPP. The City appealed this decision.

In December 2025, the Board reached a settlement with the City of Dallas regarding future funding of the plan, and the lawsuit was dismissed.

City contributions will be structured to include the combination of both fixed-dollar amortization schedules and a percentage based on Computation Pay. The largest portion of the payment will be a fixed-dollar amortization schedule that steps up over a period of five years and was derived from the unfunded actuarial accrued liability reported in the January 1, 2023 actuarial valuation. Over a 30-year period, the schedule will pay off the majority of the liability on January 1, 2023. The contributions will be paid by the City each bi-weekly pay period as a fixed-dollar amount equal to 1/26th of the fixed dollar schedule for each City fiscal year.

Additionally, the City will contribute a percentage of the members' Computation Pay for each fiscal year. The fiscal year runs from October 1 to September 30. For the fiscal year ended September 30, 2025, the contribution percentage was 6.78%. The rates for 2026 through 2029 are below:

FOR THE FISCAL YEAR OCTOBER 1 ST TO SEPTEMBER 30 TH	CONTRIBUTION PERCENTAGE
2026	6.66%
2027	6.57%
2028	6.51%
2029	6.45%

Beginning in 2030, the normal cost will be reset based on the most recent experience study. The normal cost will become the midpoint of a corridor range, set at $\pm 5\%$ around the range. On an annual basis, the portion of the payment based on the percentage of Computation Pay will include the actual normal cost calculation and the amortization of gains/losses, subject to the corridors. Amounts above or below the corridors will be amortized as a separate layer over a longer period of 20 years or through 2053. Also, additional fixed-dollar payment layers will be added in 2026 to amortize the cost of the Supplemental Pay, and in 2030 to amortize any net losses incurred through 2029. These fixed-dollar layers are amortized through 2053.

The City is required by ordinance to contribute amounts necessary to ensure the payment of benefits in the Supplemental Plan. The City's contributions shall be made in accordance with actuarial requirements established by the actuary and the board. Member contributions in the Supplemental Plan follow the same rules as the Combined Pension Plan on Computation Pay over the compensation of the highest civil service rank held as a result of competitive examinations.

The Combined Pension Plan may only be changed, per the Revised Civil Statutes, Article 6243a-1, by the following:

- by the legislature;
- by a majority vote of the voters of the city;
- in accordance with a written agreement entered into between the pension system, by at least a two-thirds vote of all trustees of the board, and the city, provided that change may not increase the period required to amortize the unfunded actuarial accrued liability of the fund; or
- in accordance with section 2.025 which expired September 1, 2025.

The Supplemental Plan's plan document can be amended only by the City Council in accordance with City ordinance. The benefit and contribution provisions of the Supplemental Plan follow those of the Combined Pension Plan.

Members of Group B are immediately vested in their member contributions. If a member's employment is terminated and the member is not vested, or the member elects not to receive present or future pension benefits, the member's contributions are refunded, without interest, upon written application. If application for a refund is not made within three years of normal retirement age, the member forfeits the right to a refund of his or her contribution; however, a procedure exists whereby the member's right to the contributions can be reinstated and refunded by the Board after the three-year period.

Administration

Collectively, the Combined Pension Plan Board of Trustees and the Supplemental Plan Board of Trustees are referred to as the Board. The Board is responsible for the general administration of DPFP and has the full power to invest the Plans' assets.

The Plans are administered by an eleven-member Board consisting of six Trustees appointed by the Mayor of the City of Dallas, in consultation with the City Council; one current or former police officer, elected by active members; one current or former firefighter, elected by active members; and three non-member Trustees (who may not be active members or retirees) elected by the active members and retirees from a slate of candidates vetted and nominated by the Nominations Committee. The Nominations Committee consists of representatives from 11 named police and fire associations and the Executive Director of DPFP. The Executive Director is a nonvoting member of the committee.

To serve as a Trustee, a person must have demonstrated financial, accounting, business, investment, budgeting, real estate, or actuarial expertise and may not be an elected official or current employee of the City of Dallas, with the exception of a current police officer or firefighter.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States (GAAP). In doing so, DPFP adheres to guidelines established by the Governmental Accounting Standards Board (GASB). The accompanying financial statements include solely the accounts of the Plans on a combined basis, which include all programs, activities and functions relating to the accumulation and investment of the net position 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 economic resources measurement focus basis of accounting is the method by which revenues and expenses are recognized in the accounts and reported in the basic financial statements. The accrual basis of accounting is used for the Plans. Under the accrual basis of accounting, revenues, which include contributions and investment income, are recognized in the period in which they are earned, and collection is reasonably assured. Expenses are recognized when liability is incurred. Member and employer contributions are recognized in the period in which the contributions are due, pursuant to Plan requirements and State statute. Accrued income, when deemed uncollectible, is charged to operations.

Contributions for the final bi-weekly payroll of the year for the years ended December 31, 2025 and 2024 were not received by DPFP until after year end and accordingly, uncollected contributions are recorded as receivables in the accompanying financial statements. Benefits, lump sum payments, and refunds are recognized when due and payable. Dividend income is recorded on the ex-dividend date. Other income consists primarily of rental income, which is recognized based on the systematic and rational allocation of the deferred inflow of resources over the term of the lease. Realized gains and losses on sales of securities are recognized on the trade date. The cost of investments sold is determined using the average cost method.

Reporting Entity

DPFP is an independently governed blended component unit of the City and the basic financial statements and required supplementary information of the Plans are therefore included in the City's Annual Comprehensive Financial Report.

Administrative Costs

All costs of administering the Plans are paid from the Plans' assets pursuant to an annual budget approved by the Board.

Federal Income Tax

Favorable determinations that the Plans are qualified and exempt from Federal income taxes were received on October 20, 2014. The Board believes that the Plans are designed to meet and operate in material compliance with the applicable requirements of the Internal Revenue Code.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and deferred inflows of resources at the date of the financial statements and the actuarial information included in the notes to the financial statements as of the benefit information date, the reported amounts of income and expenses during the reporting period, and when applicable, disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents

DPFP considers only demand deposits as cash. Cash equivalent securities, which are composed of all highly liquid investments with a maturity of three months or less when purchased, are considered to be cash equivalents. Highly liquid securities invested by third-party investment managers as part of a short-term investment fund are not considered cash equivalents and are classified as short-term investments.

Plan Interest in the Group Master Trust

Effective January 1, 2006, the Board elected to establish a Group Master Trust (Group Trust) in order to unitize the investments of the Combined Pension Plan and the Supplemental Plan. Bank of New York (BNY) served as custodian of the Group Trust for the year ended December 31, 2025 and JPMorgan Chase Bank, N.A. (JPMorgan) served as custodian of the Group Trust for the year ended December 31, 2024. The fair value of the Combined Pension Plan's interest and the Supplemental Plan's interest in the Group Trust is based on the unitized interest that each Plan has in the Group Trust. The Combined Pension Plan's interest in the Group Trust's investments was approximately 99% on December 31, 2025 and 2024, while the remaining interest belongs to the Supplemental Plan. The allocation of investment income and expenses between the Combined Pension Plan and the Supplemental Plan is based on percentage interest in the Group Trust. Shared professional and administrative expenses are allocated to each plan directly in proportion to each plan's ownership interest. Benefits and contributions are attributed directly to the plan that such receipts and disbursements relate to and are not subject to a pro-rated allocation.

Investments

Investment Policy

Statutes of the State of Texas authorize DPFP to invest surplus funds in the manner provided by Government Code, Title 8, Subtitle A, Subchapter C, which provides for the investment of surplus assets in any investment that is deemed prudent by the Board. These statutes stipulate that the governing body of the Plans is responsible for the management and administration of the funds of the Plans and shall determine the procedure it finds most efficient and beneficial for the management of the funds of the Plans. The governing body may directly manage the investments of the Plans or may contract for professional investment management services. Investments are reported at fair value.

The Investment Policy Statement (IPS) of the Board does not restrict the types of investments authorized to be made on behalf of the Group Trust. The Governing Statute requires at least eight members of the Board to approve an investment in an alternative asset. The Board determined that alternative assets include all asset classes other than traditional assets. Traditional assets include publicly traded stocks, bonds, and cash equivalents. The investment policy considers the current and expected financial condition of the Plans, the expected long-term capital market outlook and DPFP's risk tolerance. The following is the Board's adopted asset allocation contained in the Investment Policy Statement as of December 31, 2025 and 2024. The actual asset allocation as of December 31, 2025 has variances to the long-term target allocation.

ASSET CLASS	TARGET ALLOCATION	
	2025	2024
Equity	64%	65%
Public Equity	58%	60%
Private Equity	6%	5%
Credit	15%	0%
Public Credit	11%	0%
Private Credit	4%	0%
Fixed Income & Cash	13%	25%
Cash	3%	3%
Short-term Investment Grade Bonds	6%	6%
Investment Grade Bonds	4%	4%
High Yield Bonds	0%	4%
Bank Loans	0%	4%
Emerging Markets Debt	0%	4%
Real Assets	8%	10%
Real Estate	5%	5%
Natural Resources	3%	5%

The value and performance of DPFP's investments are subject to various risks, including, but not limited to, credit risk, interest rate risk, concentration of credit risk, custodial credit risk, and foreign currency risk, which are in turn affected by economic and market factors impacting certain industries, sectors or geographies. See Note 3 for disclosures related to these risks.

Investment Transactions

The accompanying Combining Statements of Changes in Fiduciary Net Position present the net appreciation (depreciation) in the fair value of investments, which consists of the realized gains and losses on securities sold and the changes in unrealized gains and losses on those investments still held in the portfolio at year end.

Purchases and sales of investments and forward foreign exchange contracts are recorded on the trade date. Unsettled investment trades as of fiscal year end are reported in the financial statements on the accrual basis of accounting. Realized gains or losses on forward foreign exchange contracts are recognized when the contract is settled.

Interest earned but not yet received and dividends declared but not yet received are recorded as accrued interest and dividends receivable, respectively. In addition, unsettled investment purchases and sales are accrued.

Valuation of Investments

The diversity of the investment types in which the Group Trust invests requires a wide range of techniques to determine fair value.

Short-term investments include money market funds and government bonds with a maturity of less than one year and are valued based on stated market rates.

Fixed income investments include government securities such as Treasury securities, foreign securities such as dollar denominated and non-dollar denominated issues of non-US governments and private corporations, plus units of commingled fixed income funds of both US and foreign securities. Equity securities consist of individual shares of equity securities plus units of commingled stock funds of both US and foreign entities. The stated fair value of investments in publicly traded fixed income and equity securities, held in separate accounts, is based on published market prices or quotations from major investment dealers as provided by BNY, utilizing vendor supplied pricing. Vendor supplied pricing data for equity securities is based upon the daily closing price from the primary exchange of each security while vendor supplied pricing data for fixed income securities is based upon a combination of market maker quotes, recent trade activity, and observed cash flows. Securities traded on an international exchange are valued at the last reported sales price as of year-end at exchange rates as of year-end. The fair value of non-publicly traded commingled fixed income funds and commingled stock funds is based on their respective net asset value (NAV) as reported by the investment manager.

The Credit asset class is composed of both Public Credit and Private Credit investments. Public Credit investments include sub-investment grade bank loans, US and international corporate bonds, and foreign bonds and foreign securities such as dollar denominated and non-dollar denominated issues of private corporations and emerging market debt. The stated fair value of public credit investments is based on published market prices or quotations from major investment dealers as provided by BNY, utilizing vendor supplied pricing. DPFP did not classify any investments as Private Credit investments as of December 31, 2025 or 2024.

Real assets consist of privately held real estate, infrastructure, timberland, and farmland investments. Real estate is held in separate accounts, limited partnerships, joint ventures, and as debt investments in the form of notes receivable. Infrastructure, timberland, and farmland are held in separate accounts, limited partnerships, and joint ventures. Real estate, timberland, and farmland are generally subject to independent third-party appraisals performed in accordance with the Uniform Standards of Professional Appraisal Practice on a periodic basis, every three years at minimum, as well as annual financial statement audits. Infrastructure funds are valued based on audited NAV reported by the manager, which is based on internal manager valuation or independent appraisal at the discretion of the manager. Interests in joint ventures, limited partnerships and notes receivable are valued at the dollar value reported by the general partner or investment manager, as applicable. Externally managed partnerships, joint venture, and separate accounts are valued at the NAV provided by the investment or fund manager, as applicable. The investment or fund manager, on a continuous basis, values the underlying investment holdings.

Private equity investments consist of various investment vehicles including limited partnerships and notes receivable. Private equity limited partnership investments and notes receivable are valued as reported by the investment manager. Private equity funds are valued using their respective NAV as reported by the fund's custodian, investment manager or independent valuations obtained by DPFP, as applicable.

DPFP has established a framework to consistently measure the fair value of the Plans' assets and liabilities in accordance with applicable accounting, legal, and regulatory guidance. This framework has been provided by establishing valuation policies and procedures that provide reasonable assurance that assets and liabilities are carried at fair value as described above and as further discussed in Note 4.

Foreign Currency Transactions

DPFP, through its investment managers, is party to certain financial arrangements, utilizing forward contracts, options, and futures as a hedge against foreign currency fluctuations. Entering into these arrangements involves not only the risk of dealing with counterparties and their ability to meet the terms of the contracts, but also the risk associated with market fluctuations. Realized gains and losses on option and future arrangements are recorded as they are incurred. Realized gains and losses on forward contracts are recorded on the settlement date.

Gains and losses resulting from foreign exchange contracts (transactions denominated in a currency other than the Group Trust's functional currency - US dollar) are recorded based on changes in fair values and are included in investment income (loss) in the accompanying financial statements. Investment managers, on behalf of the Group Trust, structure foreign exchange contracts and enter into transactions to mitigate exposure to fluctuations in foreign exchange rates.

Investments and broker accounts denominated in foreign currencies outstanding on December 31, 2025 and 2024 were converted to the US dollar at the applicable foreign exchange rates quoted as of December 31, 2025 and 2024, respectively. The resulting foreign exchange gains and losses are included in net appreciation (depreciation) in fair value of investments in the accompanying financial statements.

Leases

DPFP is a lessor for noncancelable leases of office space and recognizes a lease receivable and a deferred inflow of resources in the System's statements of fiduciary net position.

At the commencement of a lease, DPFP initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for the lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how DPFP determines the discount rate and lease term it uses to discount the expected lease receipts to present value. The System uses 6.5% rate of interest at lease inception as the discount rate for leases. Lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments as outlined in the lease agreements.

3. Investments

The Board has contracted with investment managers to manage the investment portfolio of the Group Trust subject to the policies and guidelines established by the Board. The Board had a custody agreement with BNY at December 31, 2025 and with JPMorgan at December 31, 2024 under which they assume responsibility for the safekeeping of certain investments, handling of transactions based on the instructions of investment managers, and reporting investment transactions.

The fair value of investments on December 31, 2025 and 2024 is as follows (in thousands):

	2025	2024
Short-term investments		
Short-term investment funds	\$ 17,561	\$ 27,946
Fixed income securities		
US Treasury bonds	86,603	53,095
US government agencies	34,204	23,674
Corporate bonds	156,845	179,911
Commingled funds	1,002	144,783
Municipal bonds	6,115	4,902
Equity securities		
Domestic	379,290	363,666
Foreign	216,977	161,832
Commingled funds	637,462	542,316
Real assets		
Real estate	117,207	149,183
Infrastructure	12,816	14,087
Timberland	11,976	12,708
Farmland	60,558	74,167
Private equity		
Private equity	191,131	187,559
Public credit		
Corporate bonds	69,096	-
Commingled funds	158,406	-
Total	\$ 2,157,249	\$ 1,939,829

The assets of the Combined Pension Plan and the Supplemental Plan are co-invested through a Group Master Trust (Group Trust). The money-weighted rate of return, net of fees for all time periods, on Group Trust investments during 2025 was 16.47% and 2024 was 8.30%.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the System's deposits might not be recovered. DPFP does not have a formal deposit policy for custodial credit risk of its deposits.

The Federal Depository Insurance Corporation (FDIC) insures any deposits of an employee benefit plan in an insured depository institution on a "pass-through" basis, in the amount of up to \$250,000 for the non-contingent interest of each plan participant at each financial institution. The pass-through insurance applies only to vested participants. DPFP believes the custodial credit risk for deposits, if any, is not material.

Investments

Portions of DPFP's investments are classified as security investments. A security is a transferable financial instrument that evidences ownership or creditorship. Investments in companies, partnerships, and real estate are investments that are evidenced by contracts rather than securities.

Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the investor will not be able to recover the value of its investment or collateral securities that are in the 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 investor, and are held by either the counterparty or the counterparty's trust department or agent, but not in the investor's name. DPFP mitigates this risk by having investments held at a custodian bank on behalf of DPFP. All investment securities held by the custodian were registered in the name of DPFP and were held in the name of DPFP by BNY as of December 31, 2025 and JPMorgan as of December 31, 2024. DPFP does not have a formal policy for custodial credit risk of its investments; however, management believes that custodial credit risk exposure is mitigated by the financial strength of the financial institutions in which the securities are held.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the Group Trust's investment in a single issuer. The DPFP Investment Policy Statement specifically addresses concentration of credit risk in the public markets by limiting the portfolio to 5% of Public Equity or Public Fixed Income assets invested in a single issuer, except for holdings for US Government and agency securities.

As of December 31, 2025 and 2024, the Group Trust did not have any single investment in a Public Equity, Public Fixed Income, or Public Credit issuer which represented greater than 5% of the Plans' net position.

Concentrations of credit risk on the private markets are addressed in the DPFP Investment Policy in the following ways:

- Prohibiting investments to any direct private market investment that is tied to a single company.
- Limiting the portfolio to a 10% investment in a single fund of private market assets.
- Limiting the portfolio to 2% of the total market value of the entire DPFP investment portfolio in a single private market fund.
- Limiting the portfolio to 5% of the total market value of the DPFP investment portfolio in related private market funds.

As of December 31, 2025 and 2024, the Group Trust had investments in Private Market assets purchased prior to the implementation of this policy that represented greater than 5% of the Plans' net position. As of December 31, 2025, Huff Energy exceeded the 5% limit and as of December 31, 2024, Huff Energy and AEW Capital Management exceeded the 5% limit.

Additionally, the target allocations of assets among various asset classes are determined by the Board with the objective of optimizing the investment return of the Group Trust within a framework of acceptable risk and diversification. For major asset classes, the Group Trust will further diversify the portfolio by employing multiple investment managers who provide guidance for implementing the strategies selected by the Board.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest rate risk is one of the greatest risks faced by an investor in the fixed income or credit market. The price of a fixed income or credit security typically moves in the opposite direction of the change in interest rates. The weighted average maturity of a fixed income or credit security expresses investment time horizons (when the investment comes due and payable) in years, weighted to reflect the dollar size of individual investments within the investment type. DPFP does not have a formal investment policy that limits investment maturities as a means of

managing its exposure to potential fair value losses arising from future changes in interest rates but rather mandates such limits within investment management services contracts. Investment managers have full discretion in adopting investment strategies to address these risks.

The Group Trust invests in fixed income and credit securities including, but not limited to, investments representing instruments with an obligated fixed rate of interest including public and private debentures, mortgage-backed securities, guaranteed investment contracts with maturities greater than one year, and options/futures. Purchases and sales, investment selection, and implementation of investment strategies are delegated to the discretion of the investment manager, subject to compliance with its management agreement and DPFP's IPS.

On December 31, 2025, the Group Trust had the following fixed income and public credit securities and maturities (in thousands):

INVESTMENT TYPE	LESS THAN 1 YEAR	1 TO 5 YEARS	6 TO 10 YEARS	MORE THAN 10 YEARS	TOTAL
US Treasury bonds	\$ -	\$ 68,152	\$ 7,519	\$ 10,932	\$ 86,603
US Government agencies	28	2,468	4,859	26,849	34,204
Corporate bonds	6,044	131,927	35,668	52,302	225,941
Municipal bonds	-	1,023	667	4,425	6,115
Total	\$ 6,072	\$ 203,570	\$ 48,713	\$ 94,508	\$ 352,863

On December 31, 2024, the Group Trust had the following fixed income securities and maturities (in thousands):

INVESTMENT TYPE	LESS THAN 1 YEAR	1 TO 5 YEARS	6 TO 10 YEARS	MORE THAN 10 YEARS	TOTAL
US Treasury bonds	\$ -	\$ 40,118	\$ 6,208	\$ 6,769	\$ 53,095
US Government agencies	-	1,622	3,107	18,945	23,674
Corporate bonds	1,093	115,242	24,689	38,887	179,911
Municipal bonds	497	1,644	346	2,415	4,902
Total	\$ 1,590	\$ 158,626	\$ 34,350	\$ 67,016	\$ 261,582

Commingled fixed income funds do not have specified maturity dates and are therefore excluded from the above tables. The average duration for these funds range from 0.3 to 4.7 years.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The books and records of the Plans are maintained in US dollars. Foreign currencies and non-US dollar denominated investments are translated into US dollars at the bid prices of such currencies against US dollars at year end. Realized and unrealized gains and losses on investments, which result from changes in foreign currency exchange rates, have been included in net appreciation (depreciation) in fair value of investments in the accompanying financial statements. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date of investment securities transactions, foreign currency transactions, and the difference between the amounts of interest and dividends recorded on the books of the Plans and the amount actually received. International and global managers have permission to use currency forward and futures contracts to hedge currency against the US dollar.

DPFP does not have an investment policy specific to foreign currency risk, however, to mitigate foreign currency risk, investment managers with international exposure are expected to maintain diversified portfolios by sector and by issuer.

The Group Trust's exposure to foreign currency risk in US dollars as of December 31, 2025, is as follows (in thousands):

CURRENCY		EQUITY		REAL ASSETS		TOTAL
Australian Dollar	\$	1,243	\$	570	\$	1,813
Brazilian Real		-		125		125
British Pound Sterling		55,194		-		55,194
Canadian Dollar		-		-		-
Danish Krone		8,140		-		8,140
Euro		91,458		-		91,458
Hong Kong Dollar		10,503		-		10,503
Japanese Yen		25,565		-		25,565
Singaporean Dollar		-		-		-
South African Rand		-		11,724		11,724
South Korean Won		5,570		-		5,570
Swedish Krona		8,567		-		8,567
Swiss Franc		7,974		-		7,974
Taiwanese Dollar		2,763		-		2,763
Total	\$	216,977	\$	12,419	\$	229,396

The Group Trust's exposure to foreign currency risk in US dollars as of December 31, 2024, is as follows (in thousands):

CURRENCY		EQUITY		REAL ASSETS		TOTAL
Australian Dollar	\$	1,883	\$	584	\$	2,467
Brazilian Real		-		2,207		2,207
British Pound Sterling		39,389		-		39,389
Canadian Dollar		4,963		-		4,963
Danish Krone		6,707		-		6,707
Euro		59,435		-		59,435
Hong Kong Dollar		3,909		-		3,909
Japanese Yen		24,740		-		24,740
Singaporean Dollar		1,835		-		1,835
South African Rand		-		11,311		11,311
South Korean Won		5,759		-		5,759
Swedish Krona		5,078		-		5,078
Swiss Franc		5,707		-		5,707
Taiwanese Dollar		2,427		-		2,427
Total	\$	161,832	\$	14,102	\$	175,934

In addition to the above exposures, certain fund-structure investments in the public equity, emerging markets debt, private debt and real assets asset classes with a total fair value of \$718.9 million on December 31, 2025 and \$621.1 million on December 31, 2024, have some level of investments in various countries with foreign currency risk at the fund level. The individual investments in these funds with such exposure are not included in the above table.

Credit Risk

Credit risk refers to the potential for loss arising from an issuer's or other counterparty's failure to fulfill its obligations. It encompasses both the likelihood of default and the potential severity of loss, making it a central consideration in assessing the risk-adjusted return of fixed income and credit-oriented investments. DFPF does not have an investment policy specific to credit risk, however investment managers maintain guidelines and independently consider the inherent credit risk of investments.

The Group Trust's exposure to credit risk in fixed income and public credit securities as of December 31, 2025 and 2024 using the Standard & Poor's rating scale, at fair value, is as follows (in thousands):

DECEMBER 31, 2025

RATING	CORPORATE BONDS	MUNICIPAL BONDS	US GOVERNMENT SECURITIES	TOTAL
AAA	\$ 31,993	\$ 59	\$ 487	\$ 32,539
AA+	1,366	294	62,857	64,517
AA	2,261	1,215	78	3,554
AA-	1,439	1,404	-	2,843
A+	5,453	1,695	-	7,148
A	9,679	384	-	10,063
A-	22,330	293	-	22,623
BBB+	22,330	301	-	22,631
BBB	22,039	-	-	22,039
BBB-	13,149	-	-	13,149
BB+	10,592	88	-	10,680
BB	16,789	-	-	16,789
BB-	11,265	-	-	11,265
B+	7,430	-	-	7,430
B	10,742	-	1,203	11,945
B-	6,628	-	-	6,628
CCC+	5,095	-	-	5,095
CCC	1,194	-	-	1,194
CCC-	286	-	-	286
CC	772	-	-	772
C	401	-	-	401
D	4	-	-	4
NR ⁽¹⁾	22,704	382	56,182	79,268
Total	\$ 225,941	\$ 6,115	\$ 120,807	\$ 352,863
Total credit risk debt securities				\$ 352,863
Commingled (NR)				159,408
Total				\$ 512,271

NR represents those securities that are not rated.

DECEMBER 31, 2024

RATING	CORPORATE BONDS	MUNICIPAL BONDS	US GOVERNMENT SECURITIES	TOTAL
AAA	\$ 22,195	\$ 145	\$ 749	\$ 23,089
AA+	729	295	53,583	54,607
AA	1,054	823	91	1,968
AA-	4,199	1,070	-	5,269
A+	6,145	1,754	-	7,899
A	8,323	-	-	8,323
A-	13,685	735	-	14,420
BBB+	13,759	-	-	13,759
BBB	15,121	-	-	15,121
BBB-	10,600	-	-	10,600
BB+	5,507	-	-	5,507
BB	13,505	-	-	13,505
BB-	9,136	-	-	9,136
B+	8,847	-	-	8,847
B	6,338	-	-	6,338
B-	6,176	-	-	6,176
CCC+	4,943	-	-	4,943
CCC	2,059	-	-	2,059
CCC-	-	-	-	-
CC	1,565	-	-	1,565
C	-	-	-	-
D	12	-	-	12
NR ⁽¹⁾	26,013	80	22,346	48,439
Total	\$ 179,911	\$ 4,902	\$ 76,769	\$ 261,582

Total credit risk debt securities	\$ 261,582
Commingled (NR)	144,783
Total	\$ 406,365

NR represents those securities that are not rated.

Forward Contracts

During fiscal years 2025 and 2024, certain investment managers, on behalf of the Group Trust, entered into forward foreign exchange contracts as permitted by guidelines established by the Board. A currency forward is a contractual agreement between two parties to pay or receive specific amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. Forward commitments are not standardized and carry credit risk due to possible nonperformance by one of the counterparties. The maximum potential loss is the aggregate face value in US dollars at the time the contract was entered into. Forwards are usually traded over the counter. These transactions are initiated to hedge risks from exposure to foreign currency rate fluctuation and to facilitate trade settlement of foreign security transactions. Forwards carry market risk resulting from adverse fluctuations in foreign exchange rates. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the Group Trust records the unrealized currency translation gain or loss based on the applicable forward exchange rates. Forward currency contracts are considered derivative financial instruments and are reported at fair value.

The fair value and notional amounts of derivative instruments outstanding on December 31, 2025 and 2024, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows (in thousands):

DECEMBER 31, 2025

	CHANGE IN FAIR VALUE	FAIR VALUE	NOTIONAL VALUE
Currency Forwards	\$ -	\$ -	\$ -

DECEMBER 31, 2024

	CHANGE IN FAIR VALUE	FAIR VALUE	NOTIONAL VALUE
Currency Forwards	\$ -	\$ -	\$ -

4. Fair Value Measurement

GASB Statement No. 72 requires all investments to be categorized under a fair value hierarchy. Fair value of investments is determined based on both observable and unobservable inputs. Investments are categorized within the fair value hierarchy established by GASB and the levels within the hierarchy are as follows:

- Level 1 - quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date
- Level 2 - inputs (other than quoted prices included within Level 1) that are observable for an asset or liability, either directly or indirectly. These inputs can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs
- Level 3 - significant unobservable inputs for an asset or liability

The remaining investments not categorized under the fair value hierarchy are shown at NAV. These are investments in non-governmental entities for which a readily determinable fair value is not available, such as member units or an ownership interest in partners' capital, to which a proportionate share of net assets is attributed. Investments at NAV are commonly calculated by subtracting the fair value of liabilities from the fair value of assets.

The following table presents a summary of the Group Trust's investments by type as of December 31, 2025, at fair value (in thousands):

	FAIR VALUE DECEMBER 31, 2025	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Investments by Fair Value Level				
Short-term				
Short-term investment funds	\$ 17,561	\$ 17,561	\$ -	\$ -
Fixed income securities				
US Treasury bonds	86,603	-	86,603	-
US government agencies	34,204	-	34,204	-
Corporate bonds	156,845	-	156,845	-
Municipal bonds	6,115	-	6,115	-
Equity securities				
Domestic	379,290	379,290	-	-
Foreign	216,977	216,977	-	-
Real assets				
Real estate ⁽¹⁾	32,501	-	-	32,501
Farmland	60,558	-	-	60,558
Private equity				
Private equity	46,823	-	-	46,823
Public credit				
Corporate Bonds	69,096	-	69,096	-
Total Investments by Fair Value Level	\$ 1,106,573	\$ 613,828	\$ 352,863	\$ 139,882

Investments Measured at NAV	
Equity - commingled funds	\$ 637,462
Fixed income - commingled funds	1,002
Real assets ⁽¹⁾	109,498
Private equity	144,308
Public credit - commingled funds	158,406
Total Investments Measured at NAV	\$ 1,050,676

Total Investments Measured at Fair Value	\$ 2,157,249
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(1) Direct holdings of real estate at Level 3 include only the assets which are wholly owned and valued using significant unobservable inputs. Remaining real estate investments are valued at NAV.

The following table presents a summary of the Group Trust's investments by type as of December 31, 2024, at fair value (in thousands):

	FAIR VALUE DECEMBER 31, 2024	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Investments by Fair Value Level				
Short-term				
Short-term investment funds	\$ 27,946	\$ 27,946	\$ -	\$ -
Fixed income securities				
US Treasury bonds	53,095	-	53,095	-
US government agencies	23,674	-	23,674	-
Corporate bonds	179,911	-	179,911	-
Municipal bonds	4,902	-	4,902	-
Equity securities				
Domestic	363,666	363,666	-	-
Foreign	161,832	161,832	-	-
Real assets				
Real estate ⁽¹⁾	51,558	-	-	51,558
Farmland	74,167	-	-	74,167
Private equity				
Private equity	49,240	-	-	49,240
Total Investments by Fair Value Level	\$ 989,991	\$ 553,444	\$ 261,582	\$ 174,965

Investments Measured at NAV	
Equity - commingled funds	\$ 542,316
Fixed income - commingled funds	144,783
Real assets ⁽¹⁾	124,420
Private equity	138,319
Total Investments Measured at NAV	\$ 949,838

Total Investments Measured at Fair Value	
	\$ 1,939,829

(1) Direct holdings of real estate at Level 3 include only the assets which are wholly owned and valued using significant unobservable inputs. Remaining real estate investments are valued at NAV.

Short-term investments consist of highly liquid securities invested by third party investment managers and held directly by the Group Trust with the custodian.

Fixed income securities consist primarily of US treasury securities, US corporate securities, municipal bonds, and commingled funds. Fixed income securities classified in Level 2 of the fair value hierarchy are valued using matrix pricing. This method uses quoted prices for securities with the same maturities and ratings rather than a fixed price for a designated security. Many debt securities are traded on a dealer market and much less frequently, which is consistent with a Level 2 classification as these investments are valued using observable inputs. Forward currency contracts are classified as Level 2 as these securities are priced using the cost approach on a dealer market traded on lower frequencies.

Public credit securities consist primarily of US corporate securities, international debt securities, bank loans and commingled funds. Public Credit classified in Level 2 of the fair value hierarchy are valued using matrix pricing. This method uses quoted prices for securities with the same maturities and ratings rather than a fixed price for a designated security. Many debt securities are traded on a dealer market and much less frequently, which is consistent with a Level 2 classification as these investments are valued using observable inputs.

Equity securities, which include both domestic and foreign securities, are classified as Level 1 as fair value is obtained using a quoted price from active markets. The security price is generated by market transactions involving identical or similar assets, which is the market approach to measuring fair value. Inputs are observable in exchange markets, dealer markets, and brokered markets for which prices are based on trades of identical securities.

Real assets classified as Level 3 are investments in which DPFP either owns 100 percent of the asset or for which the valuation is based on non-binding offers from potential buyers to purchase the investments. Real asset investments which are wholly owned direct holdings, are valued at the income, cost or market approach depending on the type of holding. All direct holdings are valued using unobservable inputs and are classified in Level 3 of the fair value hierarchy.

Private equity investments classified as Level 3 are investments valued by an independent appraiser. Private equity and real assets valued at NAV are based on per share (or its equivalent) of DPFP's ownership interest in the partners' capital valued by the managers and based on third party appraisals, valuations, and audited financials.

The following table presents a summary of the fair value and remaining unfunded commitments of the Group Trust's investments measured at NAV at December 31, 2025 (in thousands):

ASSET CATEGORY/CLASS	FAIR VALUE	UNFUNDED COMMITMENTS
Equity - commingled funds	\$ 637,462	\$ -
Fixed Income - commingled funds	1,002	514
Real assets	109,498	5,775
Private equity	144,308	450
Public credit - commingled funds	158,406	15,000
Total	\$ 1,050,676	\$ 21,739

The following table presents a summary of the fair value and remaining unfunded commitments of the Group Trust's investments measured at NAV at December 31, 2024 (in thousands):

ASSET CATEGORY/CLASS	FAIR VALUE	UNFUNDED COMMITMENTS
Equity - commingled funds	\$ 542,316	\$ -
Fixed Income - commingled funds	144,783	514
Real assets	124,420	7,141
Private equity	138,319	450
Total	\$ 949,838	\$ 8,105

Investments measured at NAV include commingled funds, real assets, and private equity.

Equity commingled funds are primarily invested in the equity securities of publicly traded companies. Strategies held within commingled funds include international small cap, emerging markets equity and a passive MSCI ACWI IMI allocation. Liquidity is available within 1 to 15 days of notice.

Fixed income commingled funds have redemption periods of 7 to 30 days and are invested in debt instruments of emerging markets countries or corporations, denominated in both local currency and USD.

Public Credit commingled funds have redemption periods of 7 to 30 days and are invested in bank debt instruments of non-investment grade companies.

Real asset investments (including investment strategies in commercial real estate, infrastructure and farmland) are held in separate accounts, as a limited partner, or in a joint venture. These investments are illiquid and resold at varying rates, with distributions received over the life of the investments. They are typically not redeemed, nor do they have set redemption schedules.

Private equity holdings include fund-structure investments with general partners. By their nature, these investments are illiquid and typically not resold or redeemed. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over a period ranging from 5 to 15 years on average. These investments seek long-term capital appreciation in privately held companies. The current composition of the private equity portfolio has a significant concentration to the energy sector.

Upon initial investment with a general partner or in certain fund-structures, DPFP commits to a certain funding level for the duration of the contract. At will, the partners or fund managers may request that DPFP fund a portion of this amount. Such amounts remaining as of December 31, 2025 and 2024 for investments measured at NAV are disclosed above as unfunded commitments.

5. Net Pension Liability

The net pension liability is measured as the total pension liability, less the amount of the plan's fiduciary net position. The components of the net pension liability on December 31, 2025 and 2024 are as follows (in thousands):

Combined Pension Plan

	2025	2024
Total pension liability	\$ 5,766,994	\$ 5,566,762
Less: Plan fiduciary net position	(2,251,125)	(2,011,422)
Net pension liability	\$ 3,515,869	\$ 3,555,340

Plan fiduciary net position as a percentage of the total pension liability at December 31, 2025 and 2024 is 39.0% and 36.1%, respectively.

Supplemental Plan

	2025	2024
Total pension liability	\$ 48,938	\$ 45,704
Less: Plan fiduciary net position	(25,889)	(22,855)
Net pension liability	\$ 23,049	\$ 22,849

Plan fiduciary net position as a percentage of the total pension liability at December 31, 2025 and 2024 is 52.9% and 50.0%, respectively.

The 2024 results were updated subsequent to the publication of the January 1, 2025 actuarial valuation report to reflect the Funding Agreement with the City of Dallas adopted by the Board of Trustees on December 11, 2025 and have been updated for this schedule.

Actuarial Assumptions as of December 31, 2025

The total pension liability was determined by an actuarial valuation as of January 1, 2026, using the below significant assumptions, applied to all periods included in the measurement, except as noted below.

Investment rate of return	6.50% per annum, compounded annually, net of investment expenses. This rate is based on an average inflation rate of 2.50% and a real rate of return of 4.00%.
Discount rate	6.50%, used to measure the total pension liability
Administrative expenses	Explicit assumption of \$7.0 million per year or 1% of Computation Pay, whichever is greater for the Combined Pension Plan and \$55 thousand per year for the Supplemental Plan. Includes investment-related personnel costs.
Projected salary increases	For 2025, range of 10% to 14.00% based on the City's pay plan. Beginning in 2026, service-based rates based on the City's pay plan. The salary scale assumption is service based and ranges from 3.5% to 8% and is based on the 2025 pay scales, along with analysis completed in conjunction with an Experience Study Report for the five-year period ended December 31, 2024.
Payroll growth	3.50% per year
Post-retirement benefit Increases	Ad hoc COLA after the Combined Pension Plan is 70% funded after accounting for the impact of the COLA. 1.50% of original benefit, beginning October 1, 2046.
Interest on DROP account	2.75% on active balances as of September 1, 2017, included in amortized DROP balance upon retirement, 0% on DROP accruals after September 1, 2017.
Retirement age	Experience-based table of rates based on age, extending to age 65, with separate tables for police officers and firefighters
Pre-retirement mortality	Pub-2016 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males and set back two years for females, projected generationally using scale MP-2021.
Post-retirement mortality	Pub-2016 Public Safety Retiree Amount-Weighted Mortality Table, multiplied times 1.25 for males and multiplied by 0.8 for females, projected generationally using scale MP-2021.
Disabled mortality	Pub-2016 Public Safety Disabled Retiree Amount-Weighted Mortality Table, set forward five years for males, projected generationally using scale MP-2021.
DROP election	The DROP Utilization factor is 0% for new entrants.

Actuarial Assumptions as of December 31, 2024

The total pension liability was determined by an updated actuarial valuation as of January 1, 2025, using the below significant assumptions, applied to all periods included in the measurement, except as noted below.

Investment rate of return	6.50% per annum, compounded annually, net of investment expenses. This rate is based on an average inflation rate of 2.50% and a real rate of return of 4.00%.
Discount rate	6.50%, used to measure the total pension liability
Administrative expenses	Explicit assumption of \$7.0 million per year or 1% of Computation Pay, whichever is greater for the Combined Pension Plan and \$55 thousand per year for the Supplemental Plan. Includes investment-related personnel costs.
Projected salary increases	For 2025, range of 10% to 14.00% based on the City's pay plan. Beginning in 2026, service-based rates based on the City's pay plan. The salary scale assumption is service based and ranges from 3.5% to 8% and is based on the 2025 pay scales, along with analysis completed in conjunction with an Experience Study Report for the five-year period ended December 31, 2024.
Payroll growth	3.50% per year
Post-retirement benefit increases	Ad hoc COLA after the Combined Pension Plan is 70% funded after accounting for the impact of the COLA. 1.50% of original benefit, beginning October 1, 2046.
Interest on DROP account	2.75% on active balances as of September 1, 2017, included in amortized DROP balance upon retirement, 0% on DROP accruals after September 1, 2017.
Retirement age	Experience-based table of rates based on age, extending to age 65, with separate tables for police officers and firefighters.
Pre-retirement mortality	Pub-2016 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males and set back two years for females, projected generationally using scale MP-2021.
Post-retirement mortality	Pub-2016 Public Safety Retiree Amount-Weighted Mortality Table, multiplied times 1.25 for males and multiplied by 0.8 for females, projected generationally using scale MP-2021.
Disabled mortality	Pub-2016 Public Safety Disabled Retiree Amount-Weighted Mortality Table, set forward five years for males, projected generationally using scale MP-2021.
DROP election	The DROP Utilization factor is 0% for new entrants.

Long-Term Expected Rate of Return

The long-term expected rate of return used by the external actuary to evaluate the assumed return on the Plans' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The actuary's best estimates of arithmetic real rates of return for each major asset class included in the Plans' target asset allocation as of December 31, 2025 are summarized as shown below. The rates of return below are net of the inflation component of 2.5%.

ASSET CLASS	LONG-TERM EXPECTED REAL RATE OF RETURN	TARGET ASSET ALLOCATION
Global Equity	5.76%	54%
Emerging Market Equity	7.12%	4%
Private Equity	9.27%	6%
Global Fixed Income	1.75%	4%
Short-Term Investment Grade Bonds	1.12%	6%
Investment Grade Bonds	1.41%	4%
High Yield Bonds	2.92%	2%
Bank Loans	2.73%	2%
Emerging Markets Debt	3.12%	3%
Private Credit	5.46%	4%
Real Estate	3.71%	5%
Natural Resources	4.54%	3%
Cash	0.78%	3%

Note: The Target Asset Allocation used in this chart became effective January 1, 2025.

Discount rate

The discount rate used to measure the Combined Pension Plan Total Pension Liability (TPL) was 6.50%. Based on those assumptions, the Plan Fiduciary Net Position (FNP) was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

The discount rate used to measure the Total Pension Liability for the Supplemental Plan was 6.50%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan Fiduciary Net Position (FNP) was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Sensitivity of the net pension liability to changes in the discount rate

The following tables present the Net Pension Liability, calculated using the current discount rate, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate (in thousands).

DECEMBER 31, 2025

	1% DECREASE (5.50%)	CURRENT DISCOUNT RATE (6.50%)	1% INCREASE (7.50%)
Combined Pension Plan			
Net pension liability	\$ 4,233,200	\$ 3,515,869	\$ 2,921,384
Supplemental Plan			
Net pension liability	\$ 28,085	\$ 23,049	\$ 18,795

DECEMBER 31, 2024

	1% DECREASE (5.50%)	CURRENT DISCOUNT RATE (6.50%)	1% INCREASE (7.50%)
Combined Pension Plan			
Net pension liability	\$ 4,242,188	\$ 3,555,340	\$ 2,985,477
Supplemental Plan			
Net pension liability	\$ 27,394	\$ 22,849	\$ 18,998

6. Deferred Retirement Option Plan

DROP interest for active DROP members was eliminated after August 31, 2017; only the balance as of September 1, 2017, is eligible for interest once active DROP members retire. Active DROP participation is limited to 10 years. Retirees are not allowed to defer payments into their DROP accounts. Retirees and other DROP account holders, excluding active DROP members, had their DROP balance converted to an annuity (stream of payments) on November 30, 2017. The term of the annuity was based on the DROP account holders expected lifetime at November 30, 2017. The annuity included interest on balances accrued prior to September 1, 2017 at a rate that is correlated to the United States Treasury Note or Bond rates based on the term of the annuity and rules adopted by the Board.

DROP account balances of a member that retires after November 30, 2017 are converted to an annuity (stream of payments) at the time the member retires. The annuity is based on the member's life expectancy and interest rates at the time of retirement. Interest on retiree DROP accounts is based on the length of the retiree's expected lifetime and will be based on U.S. Treasury Bond Rates and rules adopted by the Board. Interest is only payable on the September 1, 2017 account balance. DROP annuities are assignable at the death of holder.

The following tables reflect the change in DROP balances and the change in the present value of DROP annuities and the number of participants and annuitants during the year ended December 31, 2025:

Combined Pension Plan

	DROP BALANCE (000'S)		DROP PARTICIPANTS
Balance on December 31, 2024	\$ 79,355	Participants on December 31, 2024	201
Accumulations	7,742		
Balances Annuitized	(10,996)		
Other Distributions/Deductions	(19)		
Adjustments	-		
Balance on December 31, 2025	\$ 76,082	Participants on December 31, 2025	182
	ANNUITY BALANCE (000'S)		ANNUITY PARTICIPANTS
Present Value of Annuities on December 31, 2024 ¹	\$ 789,906	Annuitants on December 31, 2024	2,704
Present Value of Annuities on December 31, 2025 ¹	\$ 750,935	Annuitants on December 31, 2025	2,725

Supplemental Plan

	DROP BALANCE (000'S)		DROP PARTICIPANTS
Balance on December 31, 2024	\$ 132	Participants on December 31, 2024	2
Accumulations	13		
Balances Annuitized	-		
Other Distributions/Deductions	-		
Adjustments	-		
Balance on December 31, 2025	\$ 145	Participants on December 31, 2025	3
	ANNUITY BALANCE (000'S)		ANNUITY PARTICIPANTS
Present Value of Annuities on December 31, 2024 ¹	\$ 5,107	Annuitants on December 31, 2024	68
Present Value of Annuities on December 31, 2025 ¹	\$ 4,652	Annuitants on December 31, 2025	69

¹ Includes annuities that may be paid out of the Excess Benefits and Trust.

7. Staff Retirement Plan

In November 2021 the Board passed a resolution authorizing the DPF staff to participate in the Texas Municipal Retirement System (TMRS) beginning in January 2022. TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with Texas Government Code, Title 8, Subtitle G (TMRS Act) for the benefit of the employees of Texas participating cities. The TMRS plan is a cash-balance retirement plan. DPF employees become a participant in the TMRS plan on their first day of service. Employees are required to contribute 7% of their total pay, not to exceed IRS Code limitations, and the system contributes an actuarially determined amount to equal a 2:1 match. DPF contributed approximately \$270 thousand and \$275 thousand for years 2025 and 2024, respectively. Participants contributed approximately \$209 thousand and \$205 thousand to the TMRS plan for the years 2025 and 2024, respectively. The TMRS plan is not a component of the accompanying financial statements.

8. Capital Assets

The DPFP office building and land are recorded at acquisition value. Purchased capital assets, which include building improvements and information technology hardware, are recorded at historical cost. Depreciation is charged over the estimated useful lives of the assets using a straight-line method. Depreciation expense of \$249 thousand and \$238 thousand for years 2025 and 2024, respectively, is included in professional and administrative expenses in the accompanying financial statements for the years ended December 31, 2025 and 2024. All capital assets belong to DPFP. Maintenance and repairs are charged to expense as incurred.

Capitalization thresholds for all capital asset classes and useful lives for exhaustible assets are as follows (in thousands):

ASSET CLASS	CAPITALIZATION THRESHOLD	DEPRECIABLE LIFE
Building	\$ 50	50 years
Building improvements	\$ 50	15 years or term of lease
Information Technology Hardware	\$ 50	5 years

Capital asset balances and changes for the fiscal years ending December 31, 2025 and 2024 are as follows (in thousands):

ASSET CLASS	BALANCE DECEMBER 31, 2023	INCREASES	DECREASES	BALANCE DECEMBER 31, 2024	INCREASES	DECREASES	BALANCE DECEMBER 31, 2025
Land	\$ 3,562	\$ -	\$ -	\$ 3,562	\$ -	\$ -	\$ 3,562
Building	7,782	-	190	7,592	-	189	7,403
Building improvements	105	185	32	258	2	43	217
IT Hardware	7	77	16	68	109	17	160
Total	\$ 11,456	\$ 262	\$ 238	\$ 11,480	\$ 111	\$ 249	\$ 11,342

9. Commitments and Contingencies

Members

As described in Note 1, certain members of the Plans whose employment with the City is terminated prior to being eligible for pension benefits are entitled to refunds of their accumulated contributions, without interest, if they have less than five years of pension service. As of December 31, 2025 and 2024, aggregate contributions from active non-vested members for the Combined Pension Plan were \$33.4 million and \$26.8 million, respectively. The portion of these contributions that might be refunded to members who terminate prior to pension eligibility and request a refund has not been determined. Refunds due to terminated non-vested members in the amount of \$1.1 million and \$896 thousand for December 31, 2025 and 2024, respectively, were included in accounts payable and other accrued liabilities of the Combined Pension Plan. As of December 31, 2025, there were \$29 thousand in aggregate contributions from active non-vested members of the Supplemental Plan. There were no members eligible for a refund from the Supplemental Plan as of December 31, 2025 and 2024.

On December 31, 2025 the total accumulated DROP balance and the present value of the DROP annuities was \$827.0 million for the Combined Pension Plan and \$4.8 million for the Supplemental Plan. On December 31, 2024 the total accumulated DROP balance and the present value of the DROP annuities was \$869.3 million for the Combined Pension Plan and \$5.2 million for the Supplemental Plan.

Investments

The following table depicts the total commitments and unfunded commitments to various limited partnerships and investment advisors on December 31, 2025, by asset class (in thousands).

ASSET CLASS	TOTAL COMMITMENT	TOTAL UNFUNDED COMMITMENT
Real assets	\$ 57,000	\$ 5,775
Private equity	5,000	450
Fixed Income - commingled funds	10,000	514
Public credit	15,000	15,000
Total	\$ 87,000	\$ 21,739

Legal

In August 2021, The Dallas Police Retired Officers Association filed suit against DPF and Nicholas Merrick in his capacity as Board Chairman in state district court in Dallas County alleging that changes to the provisions of the DPF Plans relating to the benefit supplement and annual adjustment were violative of the Texas Constitution. In March 2022, the district court granted DPF's motion for summary judgment. The plaintiff appealed this judgment. In November 2023, the Fifth Court of Appeals affirmed the decision of the district court. The plaintiff filed a motion for a rehearing by the original panel as well as a request for a hearing en banc. These motions were denied. The plaintiff has filed a petition for review with the Texas Supreme Court. In December 2025, the Texas Supreme Court issued a final order denying the plaintiff's petition for review, ending the case.

In August 2024, DPF filed a Declaratory Judgement Action against the City of Dallas related to interpretation of the DPF plan and Section 802 of the Texas Government Code. The District Court in Travis County ruled in favor of DPF. The City of Dallas appealed the decision to the Court of Appeals. In December 2025, the City of Dallas and DPF reached a settlement of the case and the lawsuit was dismissed.

10. Risks and Uncertainties

The Group Trust invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. The effect of such risks on the Group Trust's investment portfolio is mitigated by the diversification of its holdings. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities may occur over the course of different economic and market cycles and that such change could be material to the financial statements.

The Plans' actuarial estimates disclosed in Note 5 are based on certain assumptions pertaining to investment rate of return, inflation rates, and participant demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is reasonably possible that changes in these estimates and assumptions in the near term could be material to the financial statements.

11. Leases

DPF owns an office building and leases two floors of the building. DPF entered into lease agreements, as a lessor, for office space owned by DPF in 2024 and 2025. The lease terms are from 5-10 years with no cancellation period. Upon commencement of the leases, DPF recognized lease receivables and deferred inflow of resources, which were measured at the present value of the future lease payments, discounted using a 6.50% interest rate. The lease receivables are amortized over the life of the leases. In 2025 and 2024, respectively, the principal reduction was \$292 thousand and \$116 thousand and the interest income recorded was \$170 thousand and \$165 thousand. The deferred inflow of resources is amortized and recognized as revenue based on a systematic and rational allocation over the term of the lease. The amount of deferred inflow of resources amortized and recorded as revenue in 2025 and 2024 was \$338 thousand and \$298 thousand, respectively.

The following schedule represents future minimum lease payments receivable as of December 31, 2025:

YEAR	PRINCIPAL	INTEREST	TOTAL FUTURE MINIMUM LEASE PAYMENTS
2026	\$ 294,665	\$ 152,136	\$ 446,801
2027	326,058	131,943	458,001
2028	359,831	109,629	469,460
2029	357,240	85,076	442,316
2030	271,282	65,316	336,598
2031 - 2033	851,673	71,629	923,302
Total	\$ 2,460,749	\$ 615,729	\$ 3,076,478

12. Subsequent Events

Real Asset and Private Equity Sales

Subsequent to year end and prior to the issuance date of the financials, there were three distributions from Real Assets totaling \$4.5 million, one distribution from Fixed Income totaling \$47 thousand, one distribution from Private Equity totaling \$127.3 million, and one distribution from Public Credit for \$33 thousand.

Staff Plan

Employee contributions to the TMRS plan increased to 8% as of January 1, 2026.

Management has evaluated subsequent events through June 15, 2026, which is the date that the financial statements were available for issuance and noted no subsequent events to be disclosed other than those which are disclosed in this Note or elsewhere in the Notes to Combining Financial Statements.

Required Supplementary Information

(Unaudited)

Schedule of Changes in the Net Pension Liability and Related Ratios For Last Ten Fiscal Years (in Thousands)

COMBINED PENSION PLAN					
FOR MEASUREMENT DATE ENDING DECEMBER 31,	2025	2024	2023	2022	2021
Total pension liability					
Service cost	\$ 117,159	\$ 80,814	\$ 80,051	\$ 71,625	\$ 69,963
Interest	358,102	338,949	335,598	329,455	326,951
Changes of benefit terms	51,024	2,703	-	-	-
Differences between expected and actual experience	23,269	109,671	(19,708)	(42,456)	(26,683)
Changes of assumptions	-	74,303	-	65,942	(4,238)
Benefit payments, including refunds of employee contributions	(349,322)	(346,933)	(343,346)	(333,638)	(324,633)
Net change in total pension liability	200,232	259,507	52,595	90,928	41,360
Total pension liability - beginning	5,566,762	5,307,255	5,254,660	5,163,732	5,122,372
Total pension liability - ending (a)	\$ 5,766,994	\$ 5,566,762	\$ 5,307,255	\$ 5,254,660	\$ 5,163,732
Plan fiduciary net position					
Employer contributions	\$ 215,072	\$ 188,633	\$ 171,961	\$ 169,911	\$ 165,541
Employee contributions	75,608	67,920	62,510	59,706	58,560
Net investment income (loss), net of expenses	306,423	174,395	243,098	(240,891)	321,064
Benefit payments, including refunds of employee contributions	(349,322)	(346,933)	(343,346)	(333,638)	(324,633)
Interest expense	-	-	-	-	-
Administrative expenses	(8,078)	(7,409)	(5,974)	(6,362)	(6,391)
Net change in plan fiduciary net position	239,703	76,606	128,249	(351,274)	214,141
Plan fiduciary net position - beginning	2,011,422	1,934,816	1,806,567	2,157,841	1,943,700
Plan fiduciary net position - ending (b)	\$ 2,251,125	\$ 2,011,422	\$ 1,934,816	\$ 1,806,567	\$ 2,157,841
Net pension liability - ending (a) - (b)	\$ 3,515,869	\$ 3,555,340	\$ 3,372,439	\$ 3,448,093	\$ 3,005,891
Plan fiduciary net position as a percentage of total pension liability	39.0%	36.1%	36.5%	34.4%	41.8%
Covered payroll	\$ 546,919	\$ 503,931	\$ 469,276	\$ 462,820	\$ 436,971
Net pension liability as a percentage of covered payroll	642.9%	705.5%	718.6%	745.0%	687.9%

(Continued)

Notes:

The 2024 and 2023 results were updated subsequent to the publication of the January 1, 2025 and January 1, 2024, actuarial valuation reports, respectively, and have been updated for this schedule.

COMBINED PENSION PLAN

FOR MEASUREMENT DATE ENDING DECEMBER 31,	2020	2019	2018	2017	2016
Total pension liability					
Service cost	\$ 56,244	\$ 49,155	\$ 44,792	\$ 148,552	\$ 167,432
Interest	324,046	318,703	318,536	348,171	360,567
Changes of benefit terms	-	-	16,091	(1,167,597)	-
Differences between expected and actual experience	70,548	16,723	(46,555)	(134,665)	(77,463)
Changes of assumptions	257,525	155,569	(31,460)	(2,851,241)	(712,003)
Benefit payments, including refunds of employee contributions	(317,951)	(309,860)	(297,081)	(296,154)	(825,092)
Net change in total pension liability	390,412	230,290	4,323	(3,952,934)	(1,086,559)
Total pension liability - beginning	4,731,960	4,501,670	4,497,347	8,450,281	9,536,840
Total pension liability - ending (a)	\$ 5,122,372	\$ 4,731,960	\$ 4,501,670	\$ 4,497,347	\$ 8,450,281

Plan fiduciary net position					
Employer contributions	\$ 161,950	\$ 155,721	\$ 149,357	\$ 126,318	\$ 119,345
Employee contributions	57,305	52,268	49,332	32,977	25,518
Net investment income (loss), net of expenses	(8,927)	124,260	42,822	98,911	164,791
Benefit payments, including refunds of employee contributions	(317,951)	(309,861)	(297,081)	(296,154)	(825,092)
Interest expense	-	-	-	(1,279)	(4,532)
Administrative expenses	(6,534)	(6,445)	(5,861)	(8,090)	(9,492)
Net change in plan fiduciary net position	(114,157)	15,943	(61,431)	(47,317)	(529,462)
Plan fiduciary net position - beginning	2,057,857	2,041,914	2,103,345	2,150,662	2,680,124
Plan fiduciary net position - ending (b)	\$ 1,943,700	\$ 2,057,857	\$ 2,041,914	\$ 2,103,345	\$ 2,150,662

Net pension liability - ending (a) - (b)	3,178,672	\$ 2,674,103	\$ 2,459,756	\$ 2,394,002	\$ 6,299,619
Plan fiduciary net position as a percentage of total pension liability	38.0%	43.5%	45.4%	46.8%	25.5%
Covered payroll	\$ 427,441	\$ 396,955	\$ 363,117	\$ 346,037	\$ 357,414
Net pension liability as a percentage of covered payroll	743.7%	673.7%	677.4%	691.8%	1,762.6%

Required Supplementary Information

(Unaudited)

Schedule of Changes in the Net Pension Liability and Related Ratios For Last Ten Fiscal Years (in Thousands)

SUPPLEMENTAL PLAN					
FOR MEASUREMENT DATE ENDING DECEMBER 31,	2025	2024	2023	2022	2021
Total pension liability					
Service cost	\$ 1,129	\$ 1,260	\$ 1,262	\$ 1,020	\$ 394
Interest	2,938	2,917	2,786	2,630	2,373
Changes of benefit terms	524	7	-	-	-
Differences between expected and actual experience	1,908	291	1,092	501	3,371
Changes of assumptions	-	(735)	-	891	(4)
Benefit payments, including refunds of employee contributions	(3,265)	(3,302)	(2,941)	(2,843)	(2,750)
Net change in total pension liability	3,234	438	2,199	2,199	3,384
Total pension liability - beginning	45,704	45,266	43,067	40,868	37,484
Total pension liability - ending (a)	\$ 48,938	\$ 45,704	\$ 45,266	\$ 43,067	\$ 40,868
Plan fiduciary net position					
Employer contributions	\$ 3,354	\$ 4,256	\$ 3,666	\$ 2,807	\$ 2,099
Employee contributions	332	295	279	256	228
Net investment income (loss), net of expenses	2,694	1,882	2,224	(2,181)	2,765
Benefit payments, including refunds of employee contributions	(3,265)	(3,302)	(2,941)	(2,843)	(2,750)
Interest expense	-	-	-	-	-
Administrative expenses	(81)	(84)	(61)	(59)	(55)
Net change in plan fiduciary net position	3,034	3,047	3,167	(2,020)	2,287
Plan fiduciary net position - beginning	22,855	19,808	16,641	18,661	16,374
Plan fiduciary net position - ending (b)	\$ 25,889	\$ 22,855	\$ 19,808	\$ 16,641	\$ 18,661
Net pension liability - ending (a) - (b)	\$ 23,049	\$ 22,849	\$ 25,458	\$ 26,426	\$ 22,207
Plan fiduciary net position as a percentage of total pension liability	52.9%	50.0%	43.8%	38.6%	45.7%
Covered payroll	\$ 2,183	\$ 1,838	\$ 1,923	\$ 1,800	\$ 1,631
Net pension liability as a percentage of covered payroll	1,055.8%	1,243.2%	1,324.2%	1,468.0%	1,361.3%

(Continued)

Notes:

The 2024 and 2023 results were updated subsequent to the publication of the January 1, 2025 and January 1, 2024, actuarial valuation reports, respectively, and have been updated for this schedule.

SUPPLEMENTAL PLAN					
FOR MEASUREMENT DATE ENDING DECEMBER 31,	2020	2019	2018	2017	2016
Total pension liability					
Service cost	\$ 379	\$ 212	\$ 222	\$ 111	\$ 70
Interest	2,438	2,223	2,359	2,799	2,911
Changes of benefit terms	-	-	888	(5,305)	-
Differences between expected and actual experience	47	3,007	(2,628)	(1,435)	1,105
Changes of assumptions	1,559	1,332	28	(479)	(916)
Benefit payments, including refunds of employee contributions	(2,778)	(2,766)	(2,708)	(2,668)	(5,912)
Net change in total pension liability	1,645	4,008	(1,839)	(6,977)	(2,742)
Total pension liability - beginning	35,839	31,831	33,670	40,647	43,389
Total pension liability - ending (a)	\$ 37,484	\$ 35,839	\$ 31,831	\$ 33,670	\$ 40,647
Plan fiduciary net position					
Employer contributions	\$ 1,777	\$ 1,530	\$ 1,979	\$ 2,077	\$ 3,064
Employee contributions	245	111	74	66	35
Net investment income (loss), net of expenses	(122)	169	1,220	740	1,141
Benefit payments, including refunds of employee contributions	(2,778)	(2,766)	(2,708)	(2,668)	(5,912)
Interest expense	-	-	-	(11)	(78)
Administrative expenses	(55)	(55)	(52)	(69)	(37)
Net change in plan fiduciary net position	(933)	(1,011)	513	135	(1,787)
Plan fiduciary net position - beginning	17,307	18,318	17,805	17,670	19,457
Plan fiduciary net position - ending (b)	\$ 16,374	\$ 17,307	\$ 18,318	\$ 17,805	\$ 17,670
Net pension liability - ending (a) - (b)	\$ 21,110	\$ 18,532	\$ 13,513	\$ 15,865	\$ 22,977
Plan fiduciary net position as a percentage of total pension liability	43.7%	48.3%	57.6%	52.9%	43.5%
Covered payroll	\$ 627	\$ 584	\$ 622	\$ 916	\$ 525
Net pension liability as a percentage of covered payroll	3,368.0%	3,172.8%	2,173.8%	1,731.6%	4,376.2%

See notes below related to this schedule.

Notes to Schedule:**Changes of benefit terms:*****As of December 31, 2025***

Effective January 1, 2026 a supplemental payment of up to 2% of annual pension benefits was introduced, consisting of a 1% automatic payment for members already in pay status and a 1% payment contingent on positive asset returns. Members retiring on or after January 1, 2026 are eligible only for the contingent portion.

As of December 31, 2024 - None***As of December 31, 2023***

HB 4034 amended section 6.04(f) of Article 6243a-1 regarding disability benefits. The multiplier for disability benefits for members with service after September 1, 2017 was changed to 2.5% instead of an age-based table.

HB 4034 amended section 6.08 of Article 6243a-1 regarding death benefits for qualified survivors if a member dies in the line of duty. The multiplier for members hired prior to March 1, 2011 for service prior to September 1, 2017 was increased to 3% instead of 1.5%. For service after September 1, 2017, the multiplier was increased to 2.5% from 1.25%. For members hired on or after March 1, 2011, the multiplier was increased to 2.5% instead of 1.25%. The increased multiplier is for survivors who are either the member's children or surviving spouse, but not both. The maximum death benefit was increased to 90% from 45% of the member's average Computation Pay determined over 36 or 60 consecutive months.

The benefit changes above were effective September 1, 2023, but were included in the actuary report in 2024.

As of December 31, 2022 - None***As of December 31, 2021***

HB 3375 amended section 6.14 of Article 6243a-1 replacing the word "participant" with "any person" allowing survivors and beneficiaries additional flexibility regarding their DROP accounts, specifically as it relates to hardship distributions.

As of December 31, 2020 and 2019 - None***As of December 31, 2018***

The provision allowing members who entered DROP before June 1, 2017 to revoke the DROP election during a window from September 1, 2017 through February 28, 2018 is reflected in the December 31, 2018 total pension liability.

As of December 31, 2017

HB 3158 was signed by the Governor on May 31, 2017, the significant benefit and contribution changes in the bill were effective September 1, 2017.

- Normal Retirement Age increased from either age 50 or 55 to age 58.
- For members less than the age of 45 on September 1, 2017, hired prior to March 1, 2011, and less than 20 years of pension service the Early Retirement Age increased from age 45 to age 53.
- Vesting for members hired after February 28, 2011 was reduced from ten years to five years of service.
- Benefit multiplier for all future service for members hired prior to March 1, 2011 was lowered from 3.00% to 2.50%.
- Benefit multiplier retroactively increased to 2.50% for members hired on or after March 1, 2011.
- Benefit multipliers for 20 and Out benefit lowered.
- Members hired after February 28, 2011 are eligible for an early retirement benefit after 20 years of service.
- Maximum benefit reduced from 96% of Computation Pay to 90% of Computation Pay for members hired prior to March 1, 2011.

- Average Computation Pay period changed from 36 months to 60 months for future service for members hired prior to March 1, 2011.
- Annual Adjustment (COLA) discontinued for all members. The Board may choose to provide a COLA if the funded ratio on a market value basis is at least 70% after the implementation of a COLA.
- The supplemental benefit is eliminated prospectively; only those for whom the supplement was already granted as of September 1, 2017 will maintain the supplement.
- Active DROP participation is limited to 10 years.
- DROP interest for active DROP members was eliminated after September 1, 2017; only the balance as of September 1, 2017 will be eligible for interest once active DROP members retire.
- Retirees with DROP accounts as of September 1, 2017 will have their DROP account balances paid out over their expected lifetime based on their age as of September 1, 2017.
- Future retirees with DROP accounts will have their DROP account balances paid out over their expected lifetime as of the date of the retirement.
- Interest on retiree DROP accounts as of August 31, 2017 will be paid based on the length of the retiree's expected lifetime and will be based on U.S. Treasury rates which correlate to expected lifetime, as determined by the Board of Trustees.
- Member contributions for both DROP and non-DROP members increased to 13.5% effective September 1, 2017.
- The City's contribution rate will increase to 34.5% of Computation Pay. Between September 1, 2017 and December 31, 2024, the City's contribution will be the greater of (i) 34.5% and (ii) a biweekly contribution amount as stated in HB3158, plus \$13 million per year.

As of December 31, 2016 - None

Changes of methods and assumptions:

The following assumption changes were adopted by the Board for use in the January 1, 2026 actuarial valuation. For further information regarding the changes to actuarial assumptions, refer to the January 1, 2026 Dallas Police and Fire Pension System actuarial valuation reports for the Combined Pension Plan and the Supplemental Plan.

As of December 31, 2025 - None

As of December 31, 2024

- The mortality tables were updated to the Pub-2016 Public Safety Amount-weighted Mortality Tables, with varying adjustments by status and sex.
- The mortality improvement rates were updated to be projected generationally with Scale MP-2021.
- The DROP retirement rates were updated to lowered age-based rates covering the same service age ranges for each group.
- The non-DROP retirement rates were updated to age-based rates covering the same service age ranges for each group.
- The retirement assumption for inactive vested participants was updated to include an assumption that 25% of those who terminate will take a cash out within the first two years after termination. Afterwards, 100% retirement at normal retirement age.
- The Disability rates were updated with lowered age-based rates covering the same service age range.
- Assumed rates of turnover were updated to service-based rates covering the same service ranges for each group.
- Assumed Spousal Age Difference was updated to reflect females as two years younger than males.
- The payroll growth assumption increased to 3.5% from 2.5%.
- The salary scale assumption was updated based on service, with a 10-14% increase based on rank in the first year based on the 2025 Pay Scales.

As of December 31, 2023 -None***As of December 31, 2022***

- The salary scale assumption was updated based on the 2023 Meet and Confer agreement.
- The DROP Active retirement rates for participants in DROP for ten years was lowered from 100% to 75%.

As of December 31, 2021

- Administrative expense assumption was reduced to \$7.0 million from \$8.5 million or 1% of Computation Pay for the Combined Pension Plan and to \$55 thousand from \$65 thousand for the Supplemental Plan for the year beginning January 1, 2022.
- The ad-hoc COLA assumption was lowered from 2.0% to 1.5%. Ongoing, the COLA assumption will remain at five percentage points less than the investment return assumption.
- The ad-hoc COLA assumption was updated to begin October 1, 2073. Last year, the COLA was assumed to begin October 1, 2069.

As of December 31, 2020

- The net investment return assumption was lowered from 7.00% to 6.50%.
- The ad-hoc COLA assumption was updated to begin October 1, 2069. Last year, the COLA was assumed to begin October 1, 2063.

As of December 31, 2019

The following assumption changes were adopted by the Board for use in the January 1, 2020 actuarial valuation. Some of the assumption changes were related to the actuarial experience study completed for the five-year period ending December 31, 2019.

- The net investment return assumption was lowered from 7.25% to 7.0%.
- The salary scale assumption was updated based on the 2019 Meet and Confer agreement, with a new ultimate rate of 2.50%.
- The payroll growth assumption was lowered from 2.75% to 2.50%.
- The mortality rates were updated to the Pub-2010 Public Safety Amount-weighted Mortality Tables, with varying adjustments by status and sex, projected generationally with Scale MP-2019.
- The withdrawal rates were updated, and the ultimate 0% rate was moved up from 38 to 25 years of service.
- The DROP retirement rates were increased at most ages and the ultimate 100% retirement was updated from the earlier of 67 years or 8 years in DROP to the earlier of age 65 or 10 years in DROP.
- The non-DROP retirement rates were lowered at most ages and simplified from three sets to two sets of rates.
- The retirement assumption for inactive vested participants was updated to include an assumption that 75% of those who terminate with a vested benefit prior to age 40 will take a cash out at age 40.
- The DROP annuitization interest rate for account balances as of September 1, 2017 was lowered from 3.0% to 2.75%.
- The ad-hoc COLA assumption was updated to begin October 1, 2063. Last year, the COLA was assumed to begin October 1, 2050.
- The system's expectations for near-term market returns were lowered to -6.0% for 2020, +5.25% for 2021, +5.75% for 2022 and +6.25% for 2023. For valuation purposes, these return assumptions are used for determining the projected full-funding date and the projected COLA start date.

As of December 31, 2018

- The salary scale assumption was updated to reflect the 2016 Meet and Confer Agreement, as amended in 2018.
- The ad-hoc COLA assumption was updated to begin October 1, 2050 based on the updated projection of the unfunded actuarial accrued liability; last year, the COLA was assumed to begin October 1, 2053.

As of December 31, 2017

The discount rate used to measure the total pension liability changed from a blended discount rate of 4.12% to the assumed rate of return of 7.25% for the Combined Pension Plan and from a blended discount rate of 7.10% to the assumed rate of return of 7.25% for the Supplemental Plan.

As a result of the passage of HB 3158 the following assumption were changed:

- The DROP utilization factor was changed from 100% to 0%.
- Current DROP members with at least eight years in DROP as of January 1, 2017 are assumed to retire in 2018. Current DROP members with less than eight years in DROP as of January 1, 2017 are assumed to retire once they have been in the DROP for eight years.
- Retirement rates were changed effective January 1, 2018.
- 100% retirement rate once the projected sum of age plus service equals 90.
- New terminated vested members are assumed to retire at age 58.
- DROP account balances annuitized as of September 1, 2017 are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest.
- DROP payment period based on an 85%/15% male/female blend of the current healthy annuitant mortality tables.
- COLA assumed to be a 2.00% COLA beginning October 1, 2053 and payable every October 1st thereafter.
- The administrative expense assumption was changed from the greater of \$10 million per year or 1% of Computation Pay to the greater of \$8.5 million per year or 1% of Computation Pay for the Combined Pension Plan and from \$60 thousand to \$65 thousand for the Supplemental Plan.

As of December 31, 2016

- The blended discount rate used to measure the total pension liability changed from 3.95% to 4.12% for the Combined Pension Plan and from 7.19% to 7.10% for the Supplemental Plan.
- The remaining amortization period was adjusted from 40 years to 30 years for the Combined Pension Plan based on Section 802.101(a) of the Texas Government Code.

The salary scale was modified for valuation years 2017-2019 in accordance with the Meet and Confer Agreement. DROP interest is assumed to decline from 6.00% to 5.00% effective October 1, 2017, and to 0.00% effective October 1, 2018, per Section 6.14(c) of the plan document as amended and restated through April 16, 2015.

Schedule of Employer Contributions - Combined Pension Plan

(In Thousands)

CITY'S FISCAL YEAR ENDING SEPTEMBER 30,	ACTUARIALLY DETERMINED CONTRIBUTIONS	CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTIONS	CONTRIBUTION DEFICIENCY (EXCESS)	COVERED PAYROLL	CONTRIBUTIONS AS A % OF COVERED PAYROLL
2025	\$ 217,613	\$ 204,889	\$ 12,724	\$ 503,931	40.7%

For 2025, the ADC is calculated using a January 1, 2025 valuation date as of the beginning of the prior year. The actuarially determined contribution for the City's fiscal year ended September 30, 2026 was calculated in the January 1, 2025 actuarial valuation, with an interest and timing adjustment assuming the contribution will be paid in the City's fiscal year beginning October 1, 2025 and ending September 30, 2026.

Schedule of Employer Contributions - Combined Pension Plan

(In Thousands)

MEASUREMENT YEAR ENDING DECEMBER 31,	ACTUARIALLY DETERMINED CONTRIBUTIONS	CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTIONS	CONTRIBUTION DEFICIENCY (EXCESS)	COVERED PAYROLL	CONTRIBUTIONS AS A % OF COVERED PAYROLL
2024	\$ 237,229	\$ 188,633	\$ 48,596	\$ 469,276	40.2%
2023	251,606 ⁽¹⁾	171,961	79,646	462,820	37.2%
2022	228,531	169,911	58,619	436,971	38.9%
2021	221,286	165,541	55,744	427,441	38.7%
2020	185,429	161,950	23,479	396,955	40.8%
2019	152,084	155,721	(3,637)	363,117	42.9%
2018	157,100	149,357	7,743	346,037	43.2%
2017	168,865	126,318	42,547	357,414	35.3%
2016	261,859	119,345	142,514	365,210	32.7%

Note 1) Based on the original January 1, 2023 actuarial valuation, prior to the change in reporting the ADC based on the City's fiscal year.

For 2024, the ADC is calculated as of the valuation date and excludes the 21-month projection to the City's following fiscal year, to allow for a comparison point for the contributions.

Prior to 2024, the City's contributions were based on statutory rates set by State law and not Actuarially Determined Contributions. The difference between the actuarial determined contribution and the City contribution set by State statutes results in the contribution excess or deficiency.

Notes to Schedule:

The following methods and assumptions used to calculate the Actuarial Determined Contribution:

As of December 31, 2025

Actuarial cost method	Entry age normal cost method
Amortization method	The Board adopted a Funding Agreement with the City of Dallas that was based on a methodology that established two amortization bases of specified amounts as of January 1, 2023. The first amortization base was in the amount of \$2.290 billion and is to be amortized over 30 years on a level percent of pay basis. The second amortization base was in the amount of \$988.0 million, with a five-year step up of the amortization payment, with the outstanding balance after five years to be amortized over a 25-year period on a level percent of pay basis. Beginning January 1, 2024, each year's experience due to actuarial gains and losses or plan, assumption, or method changes are amortized over the amortization period remaining on the initial 2023 bases. Beginning in 2033, newly established bases will be set at a period of 20 years.
Remaining amortization period	28 years as of January 1, 2025
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Investment rate of return	6.50% per annum, including inflation, net of pension plan investment expense
Inflation rate	2.50%
Projected salary increases	Inflation plus merit increases, varying by group and year
Retirement rates	Group-specific rates based on age
Mortality	Pre-retirement: Pub-2016 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males and set back two years for females, projected generationally using Scale MP-2021 Post-retirement: Pub-2016 Public Safety Retiree Amount-Weighted Mortality Table, multiplied times 1.25 for males and multiplied times 0.8 for females, projected generationally using Scale MP-2021 Disabled: Pub-2016 Public Safety Disabled Retiree Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2021
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement.

DROP utilization	The DROP utilization factor is 0% for new entrants.
<i>As of December 31, 2024</i>	
Actuarial cost method	Entry age normal cost method
Amortization method	The Board adopted a Funding Agreement with the City of Dallas that was based on a methodology that established two amortization bases of specified amounts as of January 1, 2023. The first amortization base was in the amount of \$2.290 billion and is to be amortized over 30 years on a level percent of pay basis. The second amortization base was in the amount of \$988 million, with a five-year step up of the amortization payment, with the outstanding balance after five years to be amortized over a 25-year period on a level percent of pay basis. Beginning January 1, 2024, each year's experience due to actuarial gains and losses or plan, assumption, or method of changes are amortized over the amortization period remaining on the initial 2023 bases. Beginning in 2033, newly established bases will be set at a period of 20 years.
Remaining amortization period	29 years as of January 1, 2024
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Investment rate of return	6.50% per annum, including inflation, net of pension plan investment expense
Inflation rate	2.50%
Projected salary increases	Inflation plus merit increases, varying by group and year
Retirement rates	Group-specific rates based on age
Mortality	Pre-retirement: Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2019 Post-retirement: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set back one year for females, projected generationally using Scale MP-2019 Disabled: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set forward four years for males and females, projected generationally using Scale MP-2019
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement.
DROP utilization	The DROP utilization factor is 0% for new entrants.

As of December 31, 2023 as differed from above

Amortization method	25-year level percent of payroll for UAAL as of January 1, 2020, 20-year level percent of payroll for changes to the UAAL thereafter, using 2.50% annual increases.
Remaining amortization period	82 years as of January 1, 2023

As of December 31, 2022 as differed from above

Amortization method	25-year level percent of payroll for UAAL as of January 1, 2020, 20-year level percent of payroll for changes to the UAAL thereafter, using 2.50% annual increases.
Remaining amortization period	68 years as of January 1, 2022

As of December 31, 2021 that differed from above

Remaining amortization period	63 years as of January 1, 2021
Post-retirement benefit	COLA assumed to be 2.00% simple increases beginning October 1, 2073

As of December 31, 2020 that differed from above

Amortization method	25-year level percent of pay, using 2.50% annual increases. Beginning January 1, 2021, each year's gains and losses will be amortized over a closed 20-year period.
Remaining amortization period	55 years as of January 1, 2020
Investment rate of return	7.00% per annum, compounded annually, net of pension plan investment expense
Post-retirement benefit	COLA assumed to be a 2.00% beginning October 1, 2063 and increases payable every October 1 thereafter

As of December 31, 2019 that differed from above

Amortization method	30-year level percent of pay, using 2.75% annual increases
Remaining amortization period	38 years as of January 1, 2019
Investment rate of return	7.25% per annum, compounded annually, net of all expense, including administrative expenses.
Inflation rate	2.75%
Projected salary increases	Inflation plus merit increases, varying by group and service
Post-retirement benefit	COLA assumed to be a 2.00% COLA beginning October 1, 2050 and increases payable every October 1 thereafter

Mortality	<p>Pre-retirement: Sex-distinct RP-2014 Employee Mortality Table, set back two years for males, projected generationally using Scale MP-2015</p> <p>Post-retirement: Sex-distinct RP-2014 Healthy Annuitant Mortality Table, set forward two years for females, projected generationally using Scale MP-2015</p> <p>Disabled: Sex-distinct RP-2014 Disabled Retiree Mortality Table, set back three years for males and females, projected generationally using Scale MP-2015</p>
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement.

As of December 31, 2018 that differed from above

Remaining amortization period	45 years as of January 1, 2018
Projected salary increases	Inflation plus merit increases, varying by group and service, ranging from 0.00% to 2.25%
Post-retirement benefit	COLA assumed to be a 2.00% beginning October 1, 2053 and increases payable every October 1 thereafter
Interest on DROP accounts	Beginning September 1, 2017, DROP account balances for annuitants are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest. Beginning January 1, 2018 DROP balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement.

As of December 31, 2017 that differed from above

Projected salary increases	Inflation plus merit increases, varying by group and service, ranging from 0.25% to 2.45%
Post-retirement benefit	COLA assumed to be a 2.00% beginning October 1, 2049 and increases payable every October 1 thereafter
Interest on DROP accounts	6% per year until September 1, 2017. Beginning September 1, 2017, DROP account balances for annuitants are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest.
DROP election	The DROP utilization factor is 0% for new entrants. Current DROP members with at least eight years in the DROP as of January 1, 2017 are assumed to retire in 2018. Current DROP members with less than eight years in DROP as of January 1, 2017 are assumed to retire once they have been in the DROP for eight years.

As of December 31, 2016 that differed from above

Post-retirement benefit increases	4.00% simple COLA, October 1 st
DROP balance returns	At October 1, 2015 - 7.0% At October 1, 2016 - 6.0% At October 1, 2017 and thereafter - 5.0%
DROP election	Age 50 with 5 years of service. Any active member who satisfies these criteria and has not entered DROP are assumed never to join DROP. Active members who retire with a DROP account are assumed to receive the balance of their account over a 10-year time period.

Schedule of Employer Contributions - Supplemental Plan

(In Thousands)

MEASUREMENT YEAR ENDING DECEMBER 31,	ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTIONS	CONTRIBUTION DEFICIENCY (EXCESS)	COVERED PAYROLL	CONTRIBUTIONS AS A % OF COVERED PAYROLL
2025	\$ 3,354	\$ 3,354	\$ -	\$ 1,838	182.5%
2024	3,807	4,256	(449)	1,923	221.4%
2023	3,666	3,666	-	1,800	203.6%
2022	2,807	2,807	-	1,631	172.1%
2021	2,099	2,099	-	627	334.8%
2020	1,777	1,777	-	584	304.3%
2019	1,881	1,530	351	622	246.2%
2018	2,274	1,979	295	916	216.0%
2017	2,087	2,077	10	525	395.6%
2016	3,063	3,063	-	725	422.9%

The City is required by ordinance to contribute amounts necessary to ensure the payment of benefits in the Supplemental Plan. The City's contributions shall be made in accordance with actuarial requirements established by the actuary and the Board. Actuarially Determined Contributions are calculated as of January 1 in the fiscal year in which the contribution is reported. The deficiency shown on the table is due to Supplemental Plan contributions paid directly to the Excess Benefit Plan in compliance with Internal Revenue Code Section 415. The contribution excess for 2024 is due to the rescission of the immediate partial COLA.

Notes to Schedules:

The following methods and assumptions were used to calculate the actuarial determined contribution for the Supplemental Plan:

As of December 31, 2025

Actuarial cost method	Entry age normal cost method
Amortization method	20-year level percent of payroll for UAAL as of January 1, 2020, 10-year level percent of payroll for changes to the UAAL thereafter, using 3.50% annual increases.
Remaining amortization period	13 years as of January 1, 2025
Asset valuation method	Market Value of assets
Investment rate of return	6.50% per annum, including inflation, net of pension plan investment expense.
Inflation rate	2.50%
Projected salary increases	Inflation plus merit increases, varying by group and year
Retirement rates	Group-specific rates based on age

Mortality	<p>Pre-retirement: Pub-2016 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males and set back two years for females, projected generationally using Scale MP-2021</p> <p>Post-retirement: Pub-2016 Public Safety Retiree Amount-Weighted Mortality Table, multiplied times 1.25 for males and multiplied times 0.8 for females, projected generationally using Scale MP-2021</p> <p>Disabled: Pub-2016 Public Safety Disabled Retiree Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2021</p>
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement.
DROP election	The DROP utilization factor is 0% for new entrants.
<i>As of December 31, 2024</i>	
Actuarial cost method	Entry age normal cost method
Amortization method	20-year level percent of payroll for UAAL as of January 1, 2020, 10-year level percent of payroll for changes to the UAAL thereafter, using 2.50% annual increases.
Remaining amortization period	14 years as of January 1, 2024
Asset valuation method	Market Value of assets
Investment rate of return	6.50% per annum, including inflation, net of pension plan investment expense.
Inflation rate	2.50%
Projected salary increases	Inflation plus merit increases, varying by group and year
Retirement rates	Group-specific rates based on age
Mortality	<p>Pre-retirement: Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2019</p> <p>Post-retirement: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set back one year for females, projected generationally using Scale MP-2019</p> <p>Disabled: Pub-2010 Public Safety Disabled Retiree Amount-Weighted Mortality Table, set forward four years for males and females, projected generationally using Scale MP-2019</p>

Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement.
DROP election	The DROP utilization factor is 0% for new entrants.
<i>As of December 31, 2023 that differed from above</i>	
Remaining amortization period	15 years as of January 1, 2023
<i>As of December 31, 2022 that differed from above</i>	
Remaining amortization period	16 years as of January 1, 2022
<i>As of December 31, 2021 that differed from above</i>	
Remaining amortization period	17 years as of January 1, 2021
Post-retirement benefit increases	COLA assumed to be a 1.5% beginning October 1, 2073 and payable every October 1st thereafter
<i>As of December 31, 2020 that differed from above</i>	
Amortization method	20-year level percent of pay, using 2.50% annual increases. Beginning January 1, 2021 each year's gains and losses will be amortized over a closed 10-year period.
Remaining amortization period	20 years
Investment rate of return	7.00% per annum, compounded annually, net of all expense, including administrative expenses.
Projected salary increases	Inflation plus merit increases, varying by group and service
Post-retirement benefit increases	COLA assumed to be a 2.00% beginning October 1, 2063 and payable every October 1st thereafter

As of December 31, 2019 that differed from above

Amortization method	10 years level percent of pay, using 2.75% annual increases
Remaining amortization period	10 years
Investment rate of return	7.25% per annum, compounded annually, net of all expense, including administrative expenses.
Inflation rate	2.75%
Post-retirement benefit increases	COLA assumed to be a 2.00% beginning October 1, 2050 and payable every October 1st thereafter
Mortality	<p>Pre-retirement: Sex-distinct RP-2014 Employee Mortality Table, set back two years for males, projected generationally using Scale MP-2015</p> <p>Post-retirement: Sex-distinct RP-2014 Healthy Annuitant Mortality Table, set forward two years for females, projected generationally using Scale MP-2015</p> <p>Disabled: Sex-distinct RP-2014 Disabled Retiree Mortality Table, set back three years for males and females, projected generationally using Scale MP-2015</p>
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement.

As of December 31, 2018 that differed from above

Projected salary increases	Inflation plus merit increases, varying by group and service, ranging from 0.00% to 2.25%
Post-retirement benefit increases	COLA assumed to be a 2.00% beginning October 1, 2053 and payable every October 1st thereafter
Interest on DROP accounts	Beginning September 1, 2017, DROP account balances for annuitants are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest. Beginning January 1, 2018 DROP balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement.

As of December 31, 2017 that differed from the above

Projected salary increases	Inflation plus merit increases, varying by group and service, ranging from 0.25% to 2.45%
Post-retirement benefit increases	COLA assumed to be a 2.00% beginning October 1, 2049 and payable every October 1 thereafter
Interest on DROP accounts	6% per year until September 1, 2017. Beginning September 1, 2017, DROP account balances for annuitants are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest.

As of December 31, 2016 that differed from above

Post-retirement benefit increases	4.00% simple COLA, October 1 st
DROP balance returns	October 1, 2015 - 7% October 1, 2016 - 6% October 1, 2017 and thereafter - 5%
DROP election	Age 50 with 5 years of service. Any active member who satisfy these criteria and have not entered DROP are assumed never to join DROP. Active members who retire with a DROP account are assumed to receive the balance of their account over a 10-year time period.

Schedule of Investment Returns

FISCAL YEAR ENDED DECEMBER 31,	ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE
2025	16.47%
2024	8.30%
2023	10.15%
2022	(2.77%)
2021	5.52%
2020	1.48%
2019	11.51%
2018	(1.49%)
2017	5.07%
2016	3.09%

Notes to Schedule:

The annual money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense, and expresses investment performance adjusted for the changing amounts actually invested. Pension plan investment expense consists of manager fees. The return is calculated using a methodology which incorporates a one quarter lag for fair value adjustments on private equity, debt, and real assets investments and is provided by DFPF's investment consultant, Meketa Investment Group Inc. for the periods 2018-2025 and NEPC, LLC for the periods 2016-2017.

Supplementary Information

Administrative, Investment, and Professional Services Expenses

For both the Combined and Supplemental Plans

Year Ended December 31, 2025

ADMINISTRATIVE EXPENSES	
Information technology	\$ 748,336
Education	60,061
Insurance	540,707
Personnel	3,851,850
Office equipment	94,954
Dues and subscriptions	181,254
Board meetings	4,046
Office supplies	19,727
Utilities	28,912
Postage	24,311
Printing	4,997
Elections	7,883
Facilities	761,239
Other	24,422
Total administrative expenses	\$ 6,352,699
INVESTMENT EXPENSES	
Investment management	\$ 6,093,547
Custodial	199,418
Investment level valuations and audits	456,156
Research	59,102
Consulting and reporting	620,417
Legal	879,526
Tax	13,176
Other	13,302
Total investment expenses	\$ 8,334,644
PROFESSIONAL SERVICES EXPENSES	
Actuarial	\$ 2,103
Consulting	280,586
Auditing	135,400
Accounting	60,231
Medical review	3,500
Legal	1,133,470
Mortality records	270
Legislative	157,189
Other	34,136
Total professional services expenses	\$ 1,806,885

Notes to Schedule:

Supplementary information on investment expenses does not include investment management fees and performance fees embedded in the structure of private equity and other limited partnership investments. Rather, these fees are a component of the net appreciation (depreciation) in fair value of investments in the accompanying Statements of Changes in Fiduciary Net Position. In addition, management fees paid directly by DFPF are included net of rebates received. The members of the Board of Trustees serve without compensation; they are reimbursed for actual expenses incurred.

See accompanying independent auditor's report.