

Dallas Police and Fire Pension System

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

Combining Financial Statements, Required Supplementary Information and Supplementary Schedule

December 31, 2023 and 2022

(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 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, 2023 and 2022, and the related notes to the combining financial statements, which collectively comprise the DPFP's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the fiduciary net position of DPFP as of December 31, 2023 and 2022, 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 the 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.

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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 DFPF'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 DFPF'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.

Other Matters

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 required supplementary information, as listed in the table of contents, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the 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.

Other Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying supplementary schedule of Administrative, Investment and Professional Services Expenses for the year ended December 31, 2023 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 related 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedule of Administrative, Investment and Professional Services Expenses for the year ended December 31, 2023 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 November 20, 2024 on our consideration of DPFP'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 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 DPFP'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 DPFP's internal control over financial reporting and compliance.

BDO USA, P.C.

Dallas, Texas

November 20, 2024



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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, which comprise the DPFP combining statement of fiduciary net position as of December 31, 2023, 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 November 20, 2024.

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 DPFP'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Dallas Police and Fire Pension System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 DFPF's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DFPF's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, P.C.

Dallas, Texas
November 20, 2024

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, 2023 and 2022. 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 (Assets - Liabilities = Net Position) represents the value of the assets held in trust for pension benefits, net of liabilities owed 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 (Additions - Deductions = 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:	2023	2022	2021
Assets			
Investments, at fair value	\$ 1,875,833	\$ 1,730,354	\$ 2,100,504
Receivables	15,349	11,951	9,964
Cash and cash equivalents	62,346	75,286	60,032
Prepaid expenses	561	403	411
Capital assets, net	11,456	11,606	11,847
Total assets	1,965,545	1,829,600	2,182,758
Liabilities			
Securities purchased	4,476	1,139	358
Accounts payable and accrued liabilities	4,307	5,253	5,899
Total liabilities	8,783	6,392	6,257
Deferred inflow of resources	2,138	-	-
Net position restricted for pension benefits	\$ 1,954,624	\$ 1,823,208	\$ 2,176,501

The assets of the Combined Pension Plan and the Supplemental Plan are co-invested through a Group Master Trust (Group Trust). The rate of return on Group Trust investments during 2023 was 10.15%, net of fees, compared to a rate of return of -2.77% for 2022 and 5.52% for 2021. Meketa Investment Group, Inc., DPFP's investment consultant at December 31, 2023, 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 equity, private debt, and real assets 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.

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

The Plans' net position decreased by \$353 million in 2022 due to investment losses and benefit payments exceeding contribution payments, which were slightly offset by increased cash and receivables.

The increase in receivables in 2023 is primarily the result of the application of GASB 87, *Leases*, to the new lease signed in May 2023, which requires the recognition of a lease receivable and deferred inflow of resources. See Note 11 for additional information on leases. Receivables were also impacted by the timing of settlement of pending investment trades, as well as the timing of the last payroll of the year for the City of Dallas as such timing impacts the collection of benefit contributions.

The cash balance decreased in 2023 due to the timing of transactions and cash used to pay benefits during the year.

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

YEARS ENDED DECEMBER 31:	2023	2022	2021
Additions			
Contributions			
City	\$ 175,626	\$ 172,719	\$ 167,640
Members	62,789	59,962	58,788
Total contributions	238,415	232,681	226,428
Net income(loss) from investing activities	197,575	(245,390)	323,489
Other income	47,748	2,318	338
Total additions	483,738	(10,391)	550,255
Deductions			
Benefits paid to members	340,976	332,031	324,098
Refunds to members	5,310	4,450	3,285
Professional and administrative expenses	6,036	6,421	6,446
Total deductions	352,322	342,902	333,829
Net increase (decrease) in net position	131,416	(353,293)	216,426
Net position restricted for pension benefits			
Beginning of period	1,823,208	2,176,501	1,960,075
End of period	\$ 1,954,624	\$ 1,823,208	\$ 2,176,501

The 2022 and 2023 Contribution rates for both members and the City were statutorily defined. Contributions for all active members (including members in DROP) were 13.5% of Computation Pay. Computation Pay is defined as base pay, education incentive pay and longevity pay. City contributions for the Combined Pension Plan were 34.5% of Computation Pay, plus a floor amount to meet the minimum required contribution, plus an additional amount of \$13 million in 2022 and 2023. The 34.5% of Computation Pay was greater than the floor for all pay periods in 2023. In 2022, the floor was greater than the 34.5% of Computation Pay for all periods. See Note 1 for additional information on City contribution rates.

City contributions to the Plans increased by \$2.9 million or 1.7% and member contributions increased by \$2.8 million or 4.7% in 2023 due to increased salaries and the number of employees. City contributions to the Plans increased by \$5.1 million or 3.0% in 2022 due to an increase in the bi-weekly floor amount. Member contributions of \$60.0 million exceeded 2021 contributions by \$1.2 million because of increased salaries.

City Contributions to the Combined Pension Plan increased \$2.0 million or 1.2% in 2023 due to increased salaries and the number of employees. City Contributions to the Combined Pension Plan increased \$4.4 million or 2.6% in 2022 due to the scheduled increase in the bi-weekly floor amount.

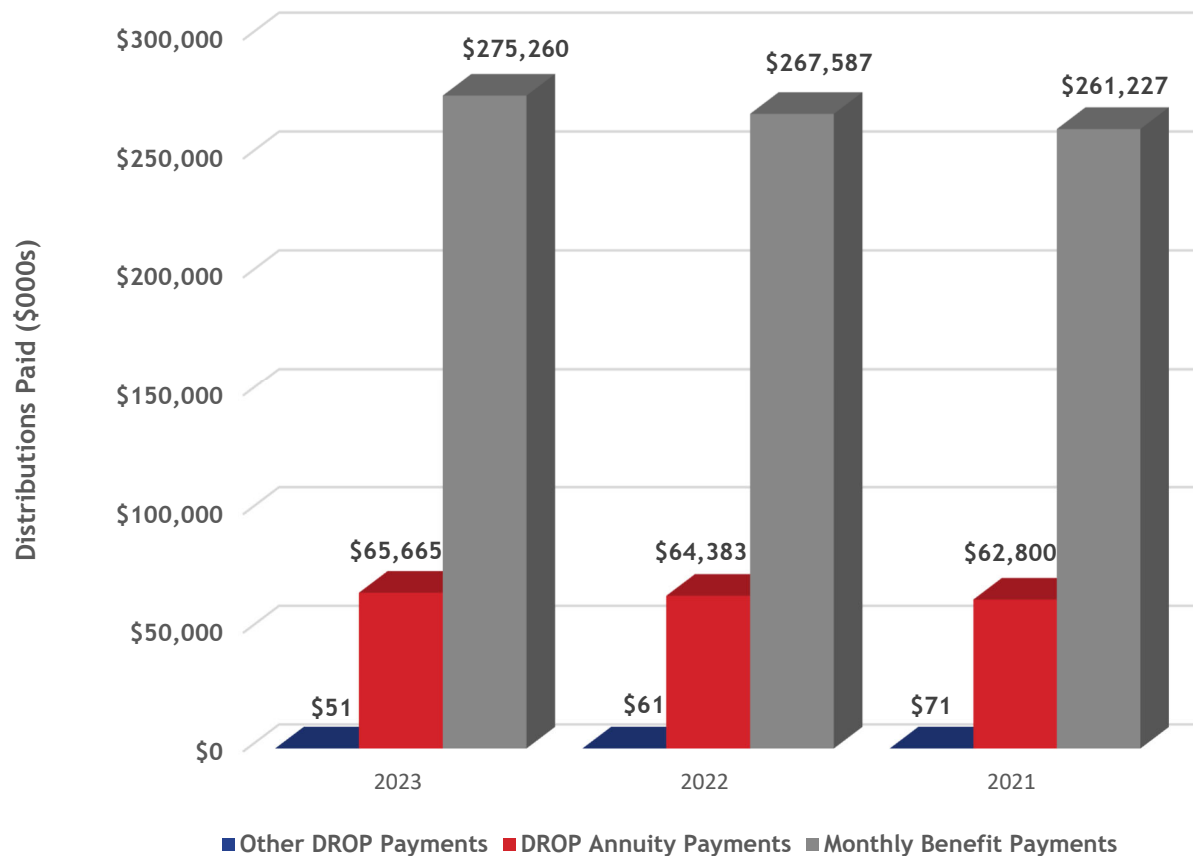
The City is required by ordinance to contribute amounts necessary to ensure the payment of benefits in the Supplemental Plan. The City's contributions shall be made in accordance with actuarial requirements established by the actuary and the board. City contributions to the Supplemental Plan in 2023 increased by \$859 thousand over 2022 contributions and City contributions to the Supplemental Plan in 2022 increased by \$708 thousand over 2021 contributions.

Other income increased \$45 million in 2023 because 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 for 2023 was driven primarily by the increase in the public markets. Net investment loss for 2022 was driven by both public market changes and by changes in the fair value of private equity assets while net investment income during 2021 was driven by changes in the fair value of private equity assets.

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 Statutes. The chart on the next page compares the components of distributions paid to members for the years ended December 31, 2023, 2022 and 2021.

Distributions Paid to Members Twelve Months Ended December 31



Total benefits paid in 2023 increased \$8.9 million or 2.7% over 2022. Monthly benefit payments increased \$7.7 million or 2.9% due to an additional 89 retirees and beneficiaries receiving monthly benefits in 2023. Distributions from DROP balances in 2023 totaled \$65.7 million, paid as DROP annuity payments, up \$1.3 million from 2022.

Total benefits paid in 2022 increased \$7.9 million or 2.4% over 2021. Monthly benefit payments increased \$6.4 million or 2.4% due to an additional 75 retirees and beneficiaries receiving monthly benefits in 2022. Distributions from DROP balances in 2022 totaled \$64.4 million, paid as DROP annuity payments, up \$1.6 million from 2021. See Note 6 for additional information on DROP.

Refund expense increased \$860 thousand in 2023 and \$1.2 million in 2022.

The cost of administering the benefit plans, including administrative costs and professional fees, decreased approximately \$385 thousand in 2023. Decreases in non-investment legal expenses and risk insurance along with an increase in legal reimbursements received were partially offset by increases in actuarial services, information technology expense and salaries and benefits. The cost of administering the benefit plans, including administrative costs and professional fees, decreased approximately \$25 thousand in 2022. Decreased non-investment legal expenses were offset by increases in risk insurance.

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. Any expenses specific to either the Combined Pension Plan or the Supplemental Plan are charged directly as a reduction of such plan's net position.

Funding Overview

DPPF'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 January 1, 2023 valuation results have been restated to reflect the changes adopted by the Board of Trustees of the Pension System on August 8, 2024, pursuant to the requirements of Section 2.025 of Article 6243a-1. The changes included resetting the actuarial value of assets to the market value of assets as of January 1, 2023. Resetting the actuarial value of assets to the market value of assets immediately recognized \$246.8 million of market value losses. Other changes included recalculating the Actuarially Determined Contribution (ADC) and the inclusion of an immediate partial COLA as of January 1, 2024, that is assumed to be effective October 1, 2025.

The January 1, 2024 actuarial valuation reported a funded ratio of 32%, based on the actuarial value of assets, an unfunded actuarial accrued liability of \$3.9 billion and an expected fully funded date of 2053 for the Combined Pension Plan. The January 1, 2023 restated funded ratio was 34.4%, compared to 39.1% before restatement, based on the actuarial value of assets. The restated unfunded actuarial accrued liability was \$3.4 billion, compared to \$3.2 billion before restatement, and the expected fully funded date remained unchanged at 2105 for the Combined Pension. These projections may vary on an annual basis due to actual experience and demographics, which may vary from the current actuarial assumptions.

The Actuarially Determined Contribution (ADC) is equal to the City normal cost payment and a payment on the unfunded actuarial accrued liability. As of January 1, 2024, for the Combined Plan, the ADC was \$262 million or 53.5% of Computation Pay. The restated ADC as of the January 1, 2023 was \$202.4 million or 41.9% of Computation Pay, compared to \$251.6 million before restatement or 54.4% of Computation Pay. Pursuant to the requirements of Section 2.025 of Article 6243a-1, the Board set the funding policy used to calculate the ADC based on a closed amortization period of 30 years, established as of January 1, 2023. For valuation dates from January 1, 2024 through January 1, 2033, changes in the UAL will be amortized over the remaining period of the 2023 bases. For valuation dates beginning January 1, 2033, changes in the UAL will be amortized over 20-year periods. As of January 1, 2024, there are 29 years remaining on this schedule. The current funding method is intended to result in predictable contributions that eliminate the UAL within 29 years, thereby providing benefit security to plan participants while balancing the needs of current and future contributors to the plan.

In October 2024, the City began contributing based on an ADC. Beginning with the January 1, 2024 valuation, the ADC will be reported on the City's fiscal year beginning in the year after the valuation date. For the January 1, 2024 actuarial valuation, the calculated ADC will be payable in the City's fiscal year beginning October 1, 2025.

The January 1, 2024 actuarial valuation for the Supplemental Plan reports a funded ratio of 40.8% and an unfunded actuarial accrued liability of \$28.7 million compared to a funded ratio of 38.6% and an unfunded actuarial accrued liability of \$26.4 million as reported in the January 1, 2023 actuarial valuation. The increase is due to plan changes offset by investment gains. These projections may vary on an annual basis due to actual experience and demographics, which may vary from the current actuarial assumptions. The City's contributions for the Supplemental Plan are based on the ADC as determined by the actuary.

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 for December 31, 2023 reports a NPL of \$3.8 billion, which is an increase of \$341.7 million from the NPL reported at December 31, 2022 for the Combined Pension Plan. The FNP as a Percentage of Total Pension Liabilities is 33.8% at December 31, 2023 compared to 34.4% at December 31, 2022 for the Combined Pension Plan.

The GASB No. 67 for December 31, 2022 reports a NPL of \$3.4 billion, which is an increase of \$442 million from the NPL reported at December 31, 2021 for the Combined Pension Plan. The Fiduciary Net Position as a Percentage of Total Pension Liabilities (FNP) is 34.4% at December 31, 2022 compared to 41.8% at December 31, 2021 for the Combined Pension Plan.

The Supplemental Plan had a NPL of \$28.7 million and \$26.4 million at December 31, 2023 and 2022, respectively. The Supplemental Plan had a FNP of 40.8% and 38.6% at December 31, 2023 and 2022, 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 DFPF's Financial Management

This financial report is designed to provide members and other users with a general overview of DFPF'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,	2023			2022		
	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	\$ 16,809,984	\$ 172,577	\$ 16,982,561	\$ 14,754,633	\$ 136,207	\$ 14,890,840
Fixed income securities	362,092,006	3,717,369	365,809,375	318,424,211	2,939,523	321,363,734
Equity securities	985,512,002	10,117,626	995,629,628	819,431,503	7,564,557	826,996,060
Real assets	275,723,992	2,830,683	278,554,675	344,739,510	3,182,452	347,921,962
Private equity	216,632,700	2,224,030	218,856,730	217,177,506	2,004,867	219,182,373
Forward currency contracts	-	-	-	(961)	(9)	(970)
Total investments	1,856,770,684	19,062,285	1,875,832,969	1,714,526,402	15,827,597	1,730,353,999
Receivables						
City	5,728,687	-	5,728,687	5,140,928	-	5,140,928
Members	2,073,930	9,382	2,083,312	1,811,630	7,708	1,819,338
Interest and dividends	4,621,058	47,441	4,668,499	3,753,553	34,651	3,788,204
Investment sales proceeds	1,943	20	1,963	1,141,865	10,541	1,152,406
Lease receivable	2,246,460	23,063	2,269,523	-	-	-
Other receivables	590,516	6,062	596,578	49,431	456	49,887
Total receivables	15,262,594	85,968	15,348,562	11,897,407	53,356	11,950,763
Cash and cash equivalents	61,712,765	633,566	62,346,331	74,596,937	688,639	75,285,576
Prepaid expenses	555,759	5,706	561,465	399,478	3,688	403,166
Capital assets, net	11,339,331	116,414	11,455,745	11,499,772	106,160	11,605,932
Total assets	1,945,641,133	19,903,939	1,965,545,072	1,812,919,996	16,679,440	1,829,599,436
Liabilities						
Other Payables						
Securities purchased	4,430,810	45,488	4,476,298	1,128,527	10,418	1,138,945
Accounts payable and other accrued liabilities	4,277,517	28,896	4,306,413	5,224,128	28,620	5,252,748
Total liabilities	8,708,327	74,384	8,782,711	6,352,655	39,038	6,391,693
Deferred inflow of resources	2,116,246	21,726	2,137,972	-	-	-
Net position restricted for pension benefits	\$ 1,934,816,560	\$ 19,807,829	\$ 1,954,624,389	\$ 1,806,567,341	\$ 16,640,402	\$ 1,823,207,743

See accompanying notes to combining financial statements.

Combining Statements of Changes in Fiduciary Net Position

YEARS ENDED DECEMBER 31,	2023			2022		
	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	\$ 171,960,839	3,665,783	\$ 175,626,622	\$ 169,911,420	\$ 2,806,863	\$ 172,718,283
Members	62,510,063	278,622	62,788,685	59,706,574	255,703	59,962,277
Total contributions	234,470,902	3,944,405	238,415,307	229,617,994	3,062,566	232,680,560
Investment income (loss)						
Net appreciation (depreciation) in fair value of investments	180,060,356	1,577,820	181,638,176	(255,777,638)	(2,318,539)	(258,096,177)
Interest and dividends	22,238,000	228,303	22,466,303	21,233,270	196,014	21,429,284
Total gross investment income	202,298,356	1,806,123	204,104,479	(234,544,368)	(2,122,525)	(236,666,893)
Less: Investment expense	(6,463,286)	(66,354)	(6,529,640)	(8,643,345)	(79,791)	(8,723,136)
Net investment income (loss)	195,835,070	1,739,769	197,574,839	(243,187,713)	(2,202,316)	(245,390,029)
Other income	47,263,208	485,221	47,748,429	2,296,327	21,198	2,317,525
Total additions	477,569,180	6,169,395	483,738,575	(11,273,392)	881,448	(10,391,944)
Deductions						
Benefits paid to members	338,035,629	2,940,634	340,976,263	329,187,721	2,843,026	332,030,747
Refunds to members	5,310,084	-	5,310,084	4,449,977	-	4,449,977
Professional and administrative expenses	5,974,248	61,334	6,035,582	6,361,999	58,731	6,420,730
Total deductions	349,319,961	3,001,968	352,321,929	339,999,697	2,901,757	342,901,454
Net increase/(decrease) in fiduciary net position	128,249,219	3,167,427	131,416,646	(351,273,089)	(2,020,309)	(353,293,398)
Net position restricted for pension benefits						
Beginning of period	1,806,567,341	16,640,402	1,823,207,743	2,157,840,430	18,660,711	2,176,501,141
End of period	\$ 1,934,816,560	\$ 19,807,829	\$ 1,954,624,389	\$ 1,806,567,341	\$ 16,640,402	\$ 1,823,207,743

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 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, 2023 and 2022, the Combined Pension Plan’s membership consisted of:

	2023	2022
Retirees and beneficiaries	5,231	5,142
Beneficiaries, DROP Only	141	147
Non-active vested members not yet receiving benefits	254	252
Non-active non-vested members not yet refunded	326	474
Total non-active members	5,952	6,015
Vested active members	3,854	3,732
Non-vested active members	1,277	1,353
Total active members	5,131	5,085

As of December 31, 2023 and 2022, the Supplemental Plan's membership consisted of:

	2023	2022
Retirees and beneficiaries	152	149
Beneficiaries, DROP Only	3	2
Non-active vested members not yet receiving benefits	1	1
Non-active non-vested members not yet refunded	-	-
Total non-active members	156	152
Vested active members	55	51
Non-vested active members	1	1
Total active members	56	52

No changes to benefit, contribution or administration plan provisions were made to the Combined Pension Plan or the Supplemental Plan in 2023.

The benefit, contribution and administration plan provisions discussed below are as of December 31, 2023 and 2022.

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 have elected to receive one of two benefit structures as of December 31, 2023:

- 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. As part of the plan changes adopted by the Board on August 8, 2024, an immediate partial COLA, payable while the Plan is under 70% funded on a market value basis, has been added effective October 1, 2025. The immediate partial COLA is equal to the annual change in the CPI-U All Items in the Dallas-Ft. Worth-Arlington, Texas area multiplied times the funded ratio on a market value basis, provided the adjustment does not exceed 1.5%.

Group B members of the Combined Pension Plan receive one of two benefit structures as of December 31, 2023:

- Members who began membership before March 1, 2011 with 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 has 20 years of pension service.
- 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.
- All members are eligible for an ad hoc cost of living increase after the Combined 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 1.5% of the original benefit. As part of the plan changes, adopted by the Board on August 8, 2024, all Group B members are eligible for an immediate partial COLA, payable while the Plan is under 70% funded on a market value basis. The immediate partial COLA has been added effective October 1, 2025. The immediate partial COLA is equal to the annual change in the Consumer Price Index for All Urban Consumers (CPI-U All Items) in the Dallas-Ft. Worth-Arlington, Texas area multiplied times the funded ratio on a market value basis, provided the adjustment does not exceed 1.5%.

Additional provisions under the Combined Pension Plan as of December 31, 2023 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 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 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 a member has more than 20 years of service and was hired prior to March 1, 2011, the benefit is calculated in the same manner as their service retirement pension. 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 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 interest accrued prior to September 1, 2017. DROP balances of retired members and other DROP account holders, excluding active 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 \$902.7 million and \$943.9 million at December 31, 2023 and 2022, 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 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, 2023 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 considered compensation. 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 \$5.7 million and \$6.0 million on December 31, 2023 and 2022, 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.

Contributions

Employee contribution rates did not change in 2023. The employee contribution rate is 13.5% of Computation Pay for all active members.

City contribution rates did not change in 2023. The City contributes the greater of (i) 34.5% of Computation Pay and (ii) a bi-weekly minimum (floor) amount defined in the bill, plus \$13 million annually until 2024. The floor amounts were \$5.812 million and \$6.043 million, respectively, for 2023 and 2022. After 2024, the floor amount and the additional \$13 million annual amount are eliminated.

In accordance with Section 2.025 of Article 6243a-1, during 2024 an independent actuary selected by the Texas State Pension Review Board (PRB) performed 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. This independent analysis, conducted by Cheiron, was completed and presented to the Board at the August 8, 2024 board meeting, where it was accepted by the Board and subsequently included in the January 1, 2024 actuarial report.

Cheiron's principal recommendations were:

- Adopt an Actuarially Determined Contribution
- Reduce Employee Contribution Rate as Funding Improves
- Provide Some COLA Earlier Than Current Provisions Permit

The January 1, 2024 actuarial valuation report reflects that on August 8, 2024, the Board adopted by rule a plan that 1) complies with funding and amortization period requirements applicable to the pension system under Subchapter C, Chapter 802 of the Texas Government Code and 2) took into consideration the recommendation of the independent actuary.

City contributions can be changed by section 2.025 of Article 6243a-1, by the legislature, by a majority vote of the voters of the city or in accordance with a written agreement entered into between the city and the pension system, where at least eight trustees have approved the agreement, provided that the change does not increase the period required to amortize the unfunded accrued liability of the Combined Pension Plan. Decreases in employee contributions require the approval of the legislature. Increases in employee contributions require the approval of at least a two-thirds vote of all trustees of the Board.

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 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, nominated and elected by active members; one current or former firefighter, nominated and 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 nominees 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 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 the 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 biweekly payroll of the year for the years ended December 31, 2023 and 2022 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 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 fiscal 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 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. JPMorgan Chase Bank, N.A. (JPMorgan) served as custodian of the Group Trust for the years ended December 31, 2023 and 2022. 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, 2023 and 2022, 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 DFPF 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 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 DFPF's risk tolerance. The following is the Board's adopted asset allocation contained in the Investment Policy Statement as of December 31, 2023 and 2022. The actual asset allocation as of December 31, 2023 has variances to the long-term target allocation.

ASSET CLASS	TARGET ALLOCATION
Equity	65%
Global Equity	55%
Emerging Markets Equity	5%
Private Equity	5%
Safety Reserve and Fixed Income	25%
Cash	3%
Short-term Investment Grade Bonds	6%
Investment Grade Bonds	4%
High Yield Bonds	4%
Bank Loans	4%
Emerging Markets Debt	4%
Real Assets	10%
Private Real Estate	5%
Private Natural Resources	5%

The value and performance of DFPF'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, bank loans, US corporate bonds, 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 is based on published market prices or quotations from major investment dealers as provided by JPMorgan, 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.

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, 2023 and 2022 were converted to the US dollar at the applicable foreign exchange rates quoted as of December 31, 2023 and 2022, 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 a noncancelable lease 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, the System 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 judgments include how the System determines the discount rate and lease term it uses to discount the expected lease receipts to present value. The System uses the market 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 has a custody agreement with JPMorgan under which JPMorgan assumes 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, 2023 and 2022 is as follows (in thousands):

	2023	2022
Short-term investments		
Short-term investment funds	\$ 16,982	\$ 14,891
Fixed income securities		
US Treasury bonds	48,856	29,661
US government agencies	20,085	14,047
Corporate bonds	162,551	135,059
Commingled funds	129,426	137,665
Municipal bonds	4,891	4,932
Equity securities		
Domestic	328,071	329,167
Foreign	185,696	196,873
Commingled funds	481,863	300,956
Real assets		
Real estate	158,353	187,413
Infrastructure	25,505	53,707
Timberland	14,602	14,043
Farmland	80,095	92,759
Private equity	218,857	219,182
Forward currency contracts	-	(1)
Total	\$ 1,875,833	\$ 1,730,354

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 an investment counterparty, 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. On December 31, 2023 and 2022, all investment securities held by the custodian were registered in the name of DPFP and were held by JPMorgan in the name of DPFP. 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 issue. The DPFP Investment Policy specifically addresses concentration of credit risk by limiting the portfolio to 5% of Public Equity or Public Fixed Income assets invested in a single issuer. 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.

As of December 31, 2023 and 2022, the Group Trust did not have any single investment in an issuer which represented greater than 5% of the Plans' net position.

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 the greatest risk faced by an investor in the fixed income market. The price of a fixed income security typically moves in the opposite direction of the change in interest rates. The weighted average maturity of a fixed income 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. DFPF 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 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 DFPF's investment policy.

On December 31, 2023, 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	\$ -	\$ 38,763	\$ 4,588	\$ 5,505	\$ 48,856
US Government agencies	-	1,549	2,523	16,013	20,085
Corporate bonds	4,564	109,780	22,625	25,582	162,551
Municipal bonds	280	1,374	581	2,656	4,891
Total	\$ 4,844	\$ 151,466	\$ 30,317	\$ 49,756	\$ 236,383

On December 31, 2022, 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	\$ 3,836	\$ 17,966	\$ 2,705	\$ 5,154	\$ 29,661
US Government agencies	-	1,025	647	12,375	14,047
Corporate bonds	5,631	74,817	26,154	28,457	135,059
Municipal bonds	705	1,403	469	2,355	4,932
Total	\$ 10,172	\$ 95,211	\$ 29,975	\$ 48,341	\$ 183,699

Commingled fixed income funds do not have specified maturity dates and are therefore excluded from the above tables. The average duration for these funds ranges from 0.3 to 4.9 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 each balance sheet date. 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, 2023, is as follows (in thousands):

CURRENCY	EQUITY		REAL ASSETS		TOTAL
Australian Dollar	\$	2,112	\$	399	\$ 2,511
Brazilian Real		-		3,422	3,422
British Pound Sterling		36,425		-	36,425
Canadian Dollar		6,715		-	6,715
Danish Krone		9,732		-	9,732
Euro		80,209		-	80,209
Hong Kong Dollar		1,833		-	1,833
Japanese Yen		29,286		-	29,286
Norwegian Krone		-		-	-
Singaporean Dollar		1,275		-	1,275
South African Rand		-		12,148	12,148
South Korean Won		5,625		-	5,625
Swedish Krona		7,882		-	7,882
Swiss Franc		4,602		-	4,602
Total	\$	185,696	\$	15,969	\$ 201,665

The Group Trust's exposure to foreign currency risk in US dollars as of December 31, 2022, is as follows (in thousands):

CURRENCY	EQUITY		REAL ASSETS		TOTAL
Australian Dollar	\$	2,635	\$	145	\$ 2,780
Brazilian Real		-		3,077	3,077
British Pound Sterling		28,063		-	28,063
Canadian Dollar		7,886		-	7,886
Danish Krone		10,500		-	10,500
Euro		82,785		-	82,785
Hong Kong Dollar		4,799		-	4,799
Japanese Yen		32,545		-	32,545
Norwegian Krone		1,125		-	1,125
Singaporean Dollar		2,275		-	2,275
South African Rand		-		14,226	14,226
South Korean Won		4,452		-	4,452
Swedish Krona		8,743		-	8,743
Swiss Franc		11,065		-	11,065
Total	\$	196,873	\$	17,448	\$ 214,321

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 \$572.4 million on December 31, 2023 and \$416 million on December 31, 2022, 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 is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. DPFP was party to negotiated derivative contracts in the form of forward foreign exchange contracts as of December 31, 2023 as discussed below. DPFP does not have an investment policy specific to credit risk, however, to mitigate credit risk on the currency forward contracts, investment managers who manage such contracts maintain a diversified portfolio by counterparty.

The Group Trust's exposure to credit risk in fixed income securities as of December 31, 2023 and 2022 using the Standard & Poor's rating scale, at fair value, is as follows (in thousands):

DECEMBER 31, 2023

RATING	CORPORATE BONDS	MUNICIPAL BONDS	US GOVERNMENT SECURITIES	TOTAL
AAA	\$ 20,796	\$ 200	\$ 838	\$ 21,834
AA+	2,171	413	49,538	52,122
AA	1,589	547	110	2,246
AA-	4,563	1,432	-	5,995
A+	5,884	1,755	-	7,639
A	7,422	280	-	7,702
A-	13,497	153	-	13,650
BBB+	11,926	-	-	11,926
BBB	10,587	-	-	10,587
BBB-	6,120	-	-	6,120
BB+	7,720	-	-	7,720
BB	7,271	-	-	7,271
BB-	9,363	-	-	9,363
B+	10,631	-	-	10,631
B	8,679	-	-	8,679
B-	6,166	-	-	6,166
CCC+	2,785	-	-	2,785
CCC	2,639	-	-	2,639
CCC-	1,845	-	-	1,845
CC	530	-	-	530
C	146	-	-	146
D	10	-	-	10
NR ⁽¹⁾	20,211	111	18,455	38,777
Total	\$ 162,551	\$ 4,891	\$ 68,941	\$ 236,383

Total credit risk debt securities	\$ 236,383
Commingled	129,426
Total	\$ 365,809

(1) NR represents those securities that are not rated.

DECEMBER 31, 2022

RATING	CORPORATE BONDS	MUNICIPAL BONDS	US GOVERNMENT SECURITIES	TOTAL
AAA	\$ 15,900	\$ 249	\$ 945	\$ 17,094
AA+	1,660	718	30,602	32,980
AA	964	212	144	1,320
AA-	2,102	1,120	-	3,222
A+	2,956	1,697	-	4,653
A	3,316	648	-	3,964
A-	8,731	142	-	8,873
BBB+	9,349	-	-	9,349
BBB	9,369	-	-	9,369
BBB-	10,515	-	-	10,515
BB+	5,266	-	-	5,266
BB	7,064	-	-	7,064
BB-	9,797	-	-	9,797
B+	11,349	-	-	11,349
B	7,327	-	-	7,327
B-	5,457	-	-	5,457
CCC+	6,095	-	-	6,095
CCC	1,293	-	-	1,293
CCC-	141	-	-	141
CC	168	-	-	168
C	105	-	-	105
D	20	-	-	20
NR ⁽¹⁾	16,115	146	12,017	28,278
Total	\$ 135,059	\$ 4,932	\$ 43,708	\$ 183,699

Total credit risk debt securities	\$ 183,699
Commingled	137,665
Total	\$ 321,364

(1) NR represents those securities that are not rated.

Forward Contracts

During fiscal years 2023 and 2022, 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, 2023 and 2022, 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, 2023

	CHANGE IN FAIR VALUE	FAIR VALUE	NOTIONAL VALUE
Currency Forwards	\$ 1	\$ -	\$ -

DECEMBER 31, 2022

	CHANGE IN FAIR VALUE	FAIR VALUE	NOTIONAL VALUE
Currency Forwards	\$ (1)	\$ (1)	\$ 484

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, 2023, at fair value (in thousands):

	FAIR VALUE DECEMBER 31, 2023	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 investment funds	\$ 16,982	\$ 16,982	\$ -	\$ -
Fixed income securities				
US Treasury bonds	48,856	-	48,856	-
US government agencies	20,085	-	20,085	-
Corporate bonds	162,551	-	162,551	-
Municipal bonds	4,891	-	4,891	-
Equity securities				
Domestic	328,071	328,071	-	-
Foreign	185,696	185,696	-	-
Real assets				
Real estate ⁽¹⁾	60,374	-	-	60,374
Farmland	80,095	-	-	80,095
Private equity	18,974	-	-	18,974
Forward currency contracts	-	-	-	-
Total Investments by Fair Value Level	\$ 926,575	\$ 530,749	\$ 236,383	\$ 159,443

Investments Measured at NAV	
Equity - commingled funds	\$ 481,863
Fixed income - commingled funds	129,426
Real assets ⁽¹⁾	138,086
Private equity	199,883
Total Investments Measured at NAV	\$ 949,258

Total Investments Measured at Fair Value	\$ 1,875,833
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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, 2022, at fair value (in thousands):

	FAIR VALUE DECEMBER 31, 2022	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 investment funds	\$ 14,891	\$ 14,891	\$	\$
Fixed income securities				
US Treasury bonds	29,661	-	29,661	-
US government agencies	14,047	-	14,047	-
Corporate bonds	135,059	-	135,059	-
Municipal bonds	4,932	-	4,932	-
Equity securities				
Domestic	329,167	329,167	-	-
Foreign	196,873	196,873	-	-
Real assets				
Real estate ⁽¹⁾	88,790	-	-	88,790
Farmland	92,759	-	-	92,759
Private equity	7,500	-	-	7,500
Forward currency contracts	(1)	-	(1)	-
Total Investments by Fair Value Level	\$ 913,678	\$ 540,931	\$ 183,698	\$ 189,049

Investments Measured at NAV	
Equity - commingled funds	\$ 300,956
Fixed income - commingled funds	137,665
Real assets ⁽¹⁾	166,373
Private equity	211,682
Total Investments Measured at NAV	\$ 816,676

Total Investments Measured at Fair Value	\$ 1,730,354
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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.

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, international debt securities 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.

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, 2023 (in thousands):

ASSET CATEGORY/CLASS	FAIR VALUE	UNFUNDED COMMITMENTS
Equity - commingled funds	\$ 481,863	\$ -
Fixed Income - commingled funds	129,426	514
Real assets	138,086	7,141
Private equity	199,883	450
Total	\$ 949,258	\$ 8,105

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, 2022 (in thousands):

ASSET CATEGORY/CLASS	FAIR VALUE	UNFUNDED COMMITMENTS
Equity - commingled funds	\$ 300,956	\$ -
Fixed Income - commingled funds	137,665	514
Real assets	166,373	7,695
Private equity	211,682	485
Total	\$ 816,676	\$ 8,694

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 -15 days of notice.

Fixed income commingled funds have redemption periods of 7-30 days. Approximately half of the funds are invested in bank debt instruments of non-investment grade companies, while the other half is invested in debt instruments of emerging markets countries or corporations, denominated in both local currency and USD.

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, 2023 and 2022 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, 2023 and 2022 are as follows (in thousands):

Combined Pension Plan

	2023	2022
Total pension liability	\$ 5,724,587	\$ 5,254,660
Less: Plan fiduciary net position	(1,934,816)	(1,806,567)
Net pension liability	\$ 3,789,771	\$ 3,448,093

Plan fiduciary net position as a percentage of the total pension liability at December 31, 2023 and 2022 is 33.8% and 34.4%, respectively.

Supplemental Plan

	2023	2022
Total pension liability	\$ 48,553	\$ 43,067
Less: Plan fiduciary net position	(19,808)	(16,641)
Net pension liability	\$ 28,745	\$ 26,426

Plan fiduciary net position as a percentage of the total pension liability at December 31, 2023 and 2022 is 40.8% and 38.6%, respectively.

Actuarial Assumptions as of December 31, 2023

The total pension liability was determined by an actuarial valuation as of January 1, 2024, 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	Range of 2.50% to 3.00% based on the City's pay plan, along with analysis completed in conjunction with an Experience Study Report for the five-year period ended December 31, 2019 and the 2019 and 2023 Meet and Confer Agreements.
Payroll growth	2.50% per year, to match inflation assumption
Actuarial cost method	Entry age actuarial cost method
Post-retirement benefit increases	Beginning October 1, 2025, 0.85% on original benefit for first five years, 1.00% for years 6 through 10, 1.25% for years 11 through 15 and 1.5% thereafter.
Actuarial Value of Assets	Combined Pension Plan - Reset of the actuarial value of assets to market value as of January 1, 2023, with a 5-year smoothed market value, further adjusted, if necessary, to be within 20% of market value; Supplemental Pension Plan - Market value of assets
Amortization methodology	<p>Combined Pension Plan - The board adopted a methodology that established two amortization bases of specified amounts as of January 1, 2023. The first amortization base was in the amount of \$2.250 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 \$1.331 billion, with a three-year step up of the amortization payment, with the outstanding balance after three years to be amortized over a 27-year period on a level percent of pay basis. Beginning January 1, 2024, each year's experience due to actual 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.</p> <p>Supplemental Pension Plan - The unfunded actuarial accrued liability as of January 1, 2020 is amortized on a closed 20-year period. Beginning January 1, 2021, each year's gains and losses are amortized over a closed, 10-year period. Amortization is on a level-percentage-of-pay basis.</p>
Interest on DROP account	2.75% on active balances as of September 1, 2017, payable upon retirement, 0% on balances accrued 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-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males; projected generationally using Scale MP-2019.
Post-retirement mortality	Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, with a one-year setback for females; projected generationally using Scale MP-2019.

Disabled mortality	Pub-2010 Public Safety Disabled Retiree Amount-Weighted Mortality Table, with a four-year set forward for both males and females; projected generationally using Scale MP-2019.
DROP election	The DROP Utilization factor is 0% for new entrants.
Actuarial Assumptions as of December 31, 2022	
The total pension liability was determined by an actuarial valuation as of January 1, 2023, 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	Range of 6.25% to 7.25% based on the City's pay plan, along with analysis completed in conjunction with an Experience Study Report for the five-year period ended December 31, 2019 and the 2019 and 2023 Meet and Confer Agreements.
Payroll growth	2.50% per year, to match inflation assumption
Actuarial cost method	Entry age actuarial cost method (level percentage of payroll)
Post-retirement benefit increases	Ad hoc COLA after the Combined Plan is 70% funded after accounting for the impact of the COLA. 1.50% of original benefit, beginning October 1, 2073.
Actuarial Value of Assets	Combined Pension Plan - 5-year smoothed Market value, further adjusted, if necessary, to be within 20% of market value; Supplemental Pension Plan - Market value of assets
Amortization methodology	Combined Pension Plan - As of January 1, 2020 the unfunded actuarial accrued liability is amortized on a closed, 25-year period. Beginning January 1, 2021, each year's gains and losses are amortized over a closed, 20-year period. Amortization is on a level-percentage-of-pay basis. Supplemental Pension Plan - The unfunded actuarial accrued liability as of January 1, 2020 is amortized on a closed 20-year period. Beginning January 1, 2021, each year's gains and losses are amortized over a closed, 10-year period. Amortization is on a level-percentage-of-pay basis.
Interest on DROP account	2.75% on active balances as of September 1, 2017, payable upon retirement, 0% on balances accrued 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-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males; projected generationally using Scale MP-2019.
Post-retirement mortality	Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, with a one-year setback for females; projected generationally using Scale MP-2019.

Disabled mortality	Pub-2010 Public Safety Disabled Retiree Amount-Weighted Mortality Table, with a four-year set forward for both males and females; projected generationally using Scale MP-2019.
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, 2023 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	6.80%	55%
Emerging Markets Equity	8.00%	5%
Private Equity	9.90%	5%
Cash	1.00%	3%
Short-Term Investment Grade Bonds	1.25%	6%
Investment Grade Bonds	1.80%	4%
High Yield Bonds	3.60%	4%
Bank Loans	3.20%	4%
Emerging Markets Debt	3.70%	4%
Real Estate	3.40%	5%
Natural Resources	4.85%	5%

Discount rate

The discount rate used to measure the Combined Pension Plan Total Pension Liability (TPL) was 6.50%. Based on changes adopted by the Board, which include the City's payment of the actuarial determined contribution, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Member contributions will equal 13.50% of Computation Pay. 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 that City contributions will equal the employer's normal cost plus a twenty-year amortization payment on the January 1, 2020, unfunded actuarial accrued liability and ten-year amortization payments on each year's actuarial gain or loss beginning on January 1, 2021. Member contributions will equal 13.50% of Supplemental Computation Pay. Based on those assumptions, the Supplemental Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension 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, 2023

	1% DECREASE (5.50%)	CURRENT DISCOUNT RATE (6.50%)	1% INCREASE (7.50%)
Combined Pension Plan			
Net pension liability	\$ 4,533,891	\$ 3,789,771	\$ 3,179,133
Supplemental Plan			
Net pension liability	\$ 34,042	\$ 28,745	\$ 24,310

DECEMBER 31, 2022

	1% DECREASE (5.50%)	CURRENT DISCOUNT RATE (6.50%)	1% INCREASE (7.50%)
Combined Pension Plan			
Net pension liability	\$ 4,080,686	\$ 3,448,093	\$ 2,923,063
Supplemental Plan			
Net pension liability	\$ 30,677	\$ 26,426	\$ 22,819

6. Deferred Retirement Option Plan

Deferred Retirement Option Plan (DROP) interest for active DROP members was eliminated after September 1, 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.

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, 2023:

Combined Pension Plan

	DROP BALANCE (000'S)		DROP PARTICIPANTS
Balance on December 31, 2022	\$ 98,251	Participants on December 31, 2022	244
Accumulations	10,244		
Balances Annuitized	(18,772)		
Other Distributions/Deductions	(51)		
Adjustments	(408)		
Balance on December 31, 2023	\$ 89,264	Participants on December 31, 2023	218
	ANNUITY BALANCE (000'S)		ANNUITY PARTICIPANTS
Present Value of Annuities on December 31, 2022 ¹	\$ 845,643	Annuitants on December 31, 2022	2,601
Present Value of Annuities on December 31, 2023 ¹	\$ 813,462	Annuitants on December 31, 2023	2,666

Supplemental Plan

	DROP BALANCE (000'S)		DROP PARTICIPANTS
Balance on December 31, 2022	\$ 132	Participants on December 31, 2022	2
Accumulations			
Balances Annuitized			
Other Distributions/Deductions			
Adjustments			
Balance on December 31, 2023	\$ 132	Participants on December 31, 2023	2
	ANNUITY BALANCE (000'S)		ANNUITY PARTICIPANTS
Present Value of Annuities on December 31, 2022 ¹	\$ 5,834	Annuitants on December 31, 2022	67
Present Value of Annuities on December 31, 2023 ¹	\$ 5,552	Annuitants on December 31, 2023	68

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 DPFP 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. DPFP 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. DPFP contributed approximately \$261 thousand and \$251 thousand for years 2023 and 2022, respectively. Participants contributed approximately \$193 thousand and \$186 thousand to the TMRS plan for the years 2023 and 2022, 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 \$225 thousand and \$241 thousand for years 2023 and 2022, respectively is included in professional and administrative expenses in the accompanying financial statements for the years ended December 31, 2023 and 2022. 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, 2023 and 2022 are as follows (in thousands):

ASSET CLASS	BALANCE DECEMBER 31, 2021	INCREASES	DECREASES	BALANCE DECEMBER 31, 2022	INCREASES	DECREASES	BALANCE DECEMBER 31, 2023
Land	\$ 3,562	\$ -	\$ -	\$ 3,562	\$ -	\$ -	\$ 3,562
Building	8,162	-	190	7,972	-	190	7,782
Building improvements	86	-	36	50	75	20	105
IT Hardware	37	-	15	22	-	15	7
Total	\$ 11,847	\$ -	\$ 241	\$ 11,606	\$ 75	\$ 225	\$ 11,456

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, 2023 and 2022, aggregate contributions from active non-vested members for the Combined Pension Plan were \$25.0 million and \$30.3 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 \$1.5 million and \$2.1 million for December 31, 2023 and 2022, respectively, were included in accounts payable and other accrued liabilities of the Combined Pension Plan. As of December 31, 2023, the aggregate contributions from active non-vested members of the Supplemental Plan were \$98 thousand and \$62 thousand for 2022. One member was eligible for a refund from the Supplemental Plan as of December 31, 2023 and 2022.

On December 31, 2023 the total accumulated DROP balance and the present value of the DROP annuities was \$902.7 million for the Combined Plan and \$5.7 million for the Supplemental Plan. At December 31, 2022 the total accumulated DROP balance and the present value of the DROP annuities was \$943.9 million for the Combined Plan and \$6.0 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, 2023, by asset class (in thousands).

ASSET CLASS	TOTAL COMMITMENT	TOTAL UNFUNDED COMMITMENT
Real assets	\$ 107,000	\$ 7,141
Private equity	5,000	450
Fixed income - commingled funds	10,000	514
Total	\$ 122,000	\$ 8,105

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. A judgment for the plaintiffs would have a material effect upon DPF and its financial statement and condition. The ultimate outcome of this lawsuit cannot be determined at this time and, accordingly, no amounts related to these claims have been recorded in the accompanying financial statements as of December 31, 2023.

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

DPFP entered into a lease agreement, as a lessor, for office space owned by the Plan on May 15, 2023. The lease term is 10 years with no cancellation period. Upon commencement of the lease, the Plan recognized a lease receivable and a 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 receivable is amortized over the life of the lease. In 2023, the principal reduction was \$11 thousand and the interest income recorded was \$86 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 2023 was \$143 thousand.

The following schedule represents future minimum lease payments receivable as of December 31, 2023:

YEAR	PRINCIPAL	INTEREST	TOTAL FUTURE MINIMUM LEASE PAYMENTS
2024	\$ 96,862	\$ 142,736	\$ 239,598
2025	191,877	135,574	327,451
2026	183,459	124,188	307,647
2027	203,104	111,568	314,672
2028	224,213	97,617	321,830
2029 - 2033	1,370,008	219,015	1,589,023
Total	\$ 2,269,523	\$ 830,698	\$ 3,100,221

As of December 31, 2022, the System did not have any material non-cancellable leases.

12. Subsequent Events

Legal

In September 2024, DPFP filed a Declaratory Judgement Action against the City of Dallas related to interpretation of the DPFP plan and Section 802 of the Texas Government Code. The City has filed a response to the lawsuit and a ruling by the District Court in Travis County is pending. The ultimate outcome of this lawsuit cannot be determined at this time. While the outcome of this suit is not expected to have a material effect on DPFP and its financial statement, the actuarial results and assumptions could be affected.

In November 2024, the Dallas Police Retired Officers Association, the plaintiff in a suit filed against DPFP, filed a Petition for Review with the Texas Supreme Court. See Note 9 for more information.

Change in Service Provider

In July 2024, the Board voted to change the Custodian of the fund to BNY, which will begin serving as Custodian of the fund on January 1, 2025.

Member Plan Changes

In August 2024, pursuant to the requirements of Section 2.025 of Article 6243a-1 of Vernon's Revised Civil Statutes, the Board of Trustees adopted a new rule which changed sections of Article 6243a-1, subject to any subsequent change by legislative action. This rule changed the City's contribution requirement and the member Cost of Living adjustment.

Asset Allocation Changes

In October 2024, the Board approved a revised Asset Allocation which included updates to asset class targets, ranges, benchmarks and implementation considerations.

Real Asset and Private Equity Sales

Subsequent to year end and prior to the issuance date of the financials, there were eight distributions from Real Assets totaling \$12.6 million, two distributions from Fixed Income totaling \$2.1 million and ten distributions from Private equity totaling \$48.7 million.

Management has evaluated subsequent events through November 20, 2024 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 FISCAL YEAR ENDING DECEMBER 31,	2023	2022	2021	2020	2019
Total pension liability					
Service cost	\$ 80,051	\$ 71,625	\$ 69,963	\$ 56,244	\$ 49,155
Interest	335,598	329,455	326,951	324,046	318,703
Changes of benefit terms	417,332	-	-	-	-
Differences between expected and actual experience	(19,708)	(42,456)	(26,683)	70,548	16,723
Changes of assumptions	-	65,942	(4,238)	257,525	155,569
Benefit payments, including refunds of employee contributions	(343,346)	(333,638)	(324,633)	(317,951)	(309,860)
Net change in total pension liability	469,927	90,928	41,360	390,412	230,290
Total pension liability - beginning	5,254,660	5,163,732	5,122,372	4,731,960	4,501,670
Total pension liability - ending (a)	\$ 5,724,587	\$ 5,254,660	\$ 5,163,732	\$ 5,122,372	\$ 4,731,960

Plan fiduciary net position					
Employer contributions	\$ 171,961	\$ 169,911	\$ 165,541	\$ 161,950	\$ 155,721
Employee contributions	62,510	59,706	58,560	57,305	52,268
Net investment income (loss), net of expenses	243,098	(240,891)	321,064	(8,927)	124,260
Benefits payments	(343,346)	(333,638)	(324,633)	(317,951)	(309,861)
Interest expense	-	-	-	-	-
Administrative expenses	(5,974)	(6,362)	(6,391)	(6,534)	(6,445)
Net change in plan fiduciary net position	128,249	(351,274)	214,141	(114,157)	15,943
Plan fiduciary net position - beginning	1,806,567	2,157,841	1,943,700	2,057,857	2,041,914
Plan fiduciary net position - ending (b)	\$ 1,934,816	\$ 1,806,567	\$ 2,157,841	\$ 1,943,700	\$ 2,057,857

Net pension liability - ending (a) - (b)	\$ 3,789,771	\$ 3,448,093	\$ 3,005,891	\$ 3,178,672	\$ 2,674,103
Plan fiduciary net position as a percentage of total pension liability	33.8%	34.4%	41.8%	38.0%	43.5%
Covered payroll	\$ 469,276	\$ 462,820	\$ 436,971	\$ 427,441	\$ 396,955
Net pension liability as a percentage of covered payroll	807.6%	745.0%	687.9%	743.7%	673.7%

(Continued)

COMBINED PENSION PLAN

FOR FISCAL YEAR ENDING DECEMBER 31,	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 44,792	\$ 148,552	\$ 167,432	\$ 125,441	\$ 131,312
Interest	318,536	348,171	360,567	359,023	369,408
Changes of benefit terms	16,091	(1,167,597)	-	-	(329,794)
Differences between expected and actual experience	(46,555)	(134,665)	(77,463)	379,461	(4,453)
Changes of assumptions	(31,460)	(2,851,241)	(712,003)	908,988	-
Benefit payments, including refunds of employee contributions	(297,081)	(296,154)	(825,092)	(285,003)	(245,932)
Net change in total pension liability	4,323	(3,952,934)	(1,086,559)	1,487,910	(79,459)
Total pension liability - beginning	4,497,347	8,450,281	9,536,840	8,048,930	8,128,389
Total pension liability - ending (a)	\$ 4,501,670	\$ 4,497,347	\$ 8,450,281	\$ 9,536,840	\$ 8,048,930

Plan fiduciary net position					
Employer contributions	\$ 149,357	\$ 126,318	\$ 119,345	\$ 114,886	\$ 109,792
Employee contributions	49,332	32,977	25,518	25,676	29,333
Net investment income (loss), net of expenses	42,822	98,911	164,791	(235,207)	(138,893)
Benefits payments	(297,081)	(296,154)	(825,092)	(285,003)	(245,932)
Interest expense	-	(1,279)	(4,532)	(8,417)	(7,361)
Administrative expenses	(5,861)	(8,090)	(9,492)	(6,006)	(8,003)
Net change in plan fiduciary net position	(61,431)	(47,317)	(529,462)	(394,071)	(261,064)
Plan fiduciary net position - beginning	2,103,345	2,150,662	2,680,124	3,074,195	3,335,259
Plan fiduciary net position - ending (b)	\$ 2,041,914	\$ 2,103,345	\$ 2,150,662	\$ 2,680,124	\$ 3,074,195
Net pension liability - ending (a) - (b)	\$ 2,459,756	\$ 2,394,002	\$ 6,299,619	\$ 6,856,716	\$ 4,974,735
Plan fiduciary net position as a percentage of total pension liability	45.4%	46.8%	25.5%	28.1%	38.2%
Covered payroll	\$ 363,117	\$ 346,037	\$ 357,414	\$ 365,210	\$ 383,006
Net pension liability as a percentage of covered payroll	677.4%	691.8%	1,762.6%	1,877.5%	1,298.9%

Required Supplementary Information

(Unaudited)

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

SUPPLEMENTAL PENSION PLAN					
FOR FISCAL YEAR ENDING DECEMBER 31,	2023	2022	2021	2020	2019
Total pension liability					
Service cost	\$ 1,262	\$ 1,020	\$ 394	\$ 379	\$ 212
Interest	2,786	2,630	2,373	2,438	2,223
Changes of benefit terms	3,287	-	-	-	-
Differences between expected and actual experience	1,092	501	3,371	47	3,007
Changes of assumptions	-	891	(4)	1,559	1,332
Benefit payments, including refunds of employee contributions	(2,941)	(2,843)	(2,750)	(2,778)	(2,766)
Net change in total pension liability	5,486	2,199	3,384	1,645	4,008
Total pension liability - beginning	43,067	40,868	37,484	35,839	31,831
Total pension liability - ending (a)	\$ 48,553	\$ 43,067	\$ 40,868	\$ 37,484	\$ 35,839
Plan fiduciary net position					
Employer contributions	\$ 3,666	\$ 2,807	\$ 2,099	\$ 1,777	\$ 1,530
Employee contributions	279	256	228	245	111
Net investment income (loss), net of expenses	2,224	(2,181)	2,765	(122)	169
Benefits payments	(2,941)	(2,843)	(2,750)	(2,778)	(2,766)
Interest expense	-	-	-	-	-
Administrative expenses	(61)	(59)	(55)	(55)	(55)
Net change in plan fiduciary net position	3,167	(2,020)	2,287	(933)	(1,011)
Plan fiduciary net position - beginning	16,641	18,661	16,374	17,307	18,318
Plan fiduciary net position - ending (b)	\$ 19,808	\$ 16,641	\$ 18,661	\$ 16,374	\$ 17,307
Net pension liability - ending (a) - (b)	\$ 28,745	\$ 26,426	\$ 22,207	\$ 21,110	\$ 18,532
Plan fiduciary net position as a percentage of total pension liability	40.8%	38.6%	45.7%	43.7%	48.3%
Covered payroll	\$ 1,923	\$ 1,800	\$ 1,631	\$ 627	\$ 584
Net pension liability as a percentage of covered payroll	1,495.1%	1,468.0%	1,361.3%	3,368.0%	3,172.8%

(Continued)

SUPPLEMENTAL PENSION PLAN					
FOR FISCAL YEAR ENDING DECEMBER 31,	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 222	\$ 111	\$ 70	\$ 36	\$ 28
Interest	2,359	2,799	2,911	2,953	2,969
Changes of benefit terms	888	(5,305)	-	-	(526)
Differences between expected and actual experience	(2,628)	(1,435)	1,105	928	336
Changes of assumptions	28	(479)	(916)	(600)	-
Benefit payments, including refunds of employee contributions	(2,708)	(2,668)	(5,912)	(2,640)	(3,414)
Net change in total pension liability	(1,839)	(6,977)	(2,742)	677	(607)
Total pension liability - beginning	33,670	40,647	43,389	42,712	43,319
Total pension liability - ending (a)	\$ 31,831	\$ 33,670	\$ 40,647	\$ 43,389	\$ 42,712
Plan fiduciary net position					
Employer contributions	\$ 1,979	\$ 2,077	\$ 3,064	\$ 2,443	\$ 1,817
Employee contributions	74	66	35	43	49
Net investment income (loss), net of expenses	1,220	740	1,141	(1,689)	(517)
Benefits payments	(2,708)	(2,668)	(5,912)	(2,640)	(3,414)
Interest expense	-	(11)	(78)	(44)	(51)
Administrative expenses	(52)	(69)	(37)	(61)	(56)
Net change in plan fiduciary net position	513	135	(1,787)	(1,948)	(2,172)
Plan fiduciary net position - beginning	17,805	17,670	19,457	21,405	23,577
Plan fiduciary net position - ending (b)	\$ 18,318	\$ 17,805	\$ 17,670	\$ 19,457	\$ 21,405
Net pension liability - ending (a) - (b)	\$ 13,513	\$ 15,865	\$ 22,977	\$ 23,932	\$ 21,307
Plan fiduciary net position as a percentage of total pension liability	57.6%	52.9%	43.5%	44.8%	50.1%
Covered payroll	\$ 622	\$ 916	\$ 525	\$ 725	\$ 557
Net pension liability as a percentage of covered payroll	2,173.8%	1,731.6%	4,376.2%	3,303.3%	3,827.3%

See notes below related to this schedule.

Notes to Schedule:**Changes of benefit terms:*****As of December 31, 2023***

An immediate partial COLA, payable while the Plan is under 70% funded on a market value basis, has been added effective October 1, 2025.

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, 2019 and 2018 - None***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 and 2015 - None***As of December 31, 2014***

The Board approved a plan amendment implementing changes to DROP interest rates on April 16, 2015. Such changes were reflected in the valuation of the net pension liability as of December 31, 2015 and 2014.

Changes of methods and assumptions:

The following assumption changes were adopted by the Board for use in the January 1, 2024 actuarial valuation. For further information regarding the changes to actuarial assumptions, refer to the January 1, 2024 Dallas Police and Fire Pension System actuarial valuation reports for the Combined Pension Plan and the Supplemental Plan.

As of December 31, 2023

- Effective January 1, 2023, the Board immediately recognized market value losses and reset the actuarial value of assets equal to the market value of assets.
- An immediate partial COLA, payable while the Plan is under 70% funded on a market value basis, has been added effective October 1, 2025.

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 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 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.

As of December 31, 2015

The blended discount rate used to measure the total pension liability changed from 4.94% to 3.95% for the Combined Pension Plan and from 7.13% to 7.19% for the Supplemental Plan.

As a result of the actuarial experience study completed for the five-year period ending December 31, 2014, the following changes in assumptions were adopted by the Board. For further information regarding the changes to actuarial assumptions, refer to the January 1, 2016 Dallas Police and Fire Pension System actuarial valuation reports for the Combined Pension Plan and the Supplemental Plan.

- Salary scales were updated with separate service-based salary assumptions for police officers and firefighters, lowering the range of increase to 3.00% to 5.20% from the previous assumed range of 4.00% to 9.64%.
- The payroll growth rate assumption was lowered from 4.00% to 2.75% to equal the assumed inflation rate.
- In the prior valuation, the investment return assumption was net of both investment and administrative expenses. In the December 31, 2015 valuation, an explicit assumption for administrative expenses was added to the normal cost. Assumptions of \$10 million and \$60 thousand per year were utilized for the Combined Pension Plan and Supplemental Plan, respectively.
- In the prior valuation for the Combined Pension Plan, an asset valuation method using a 10-year smoothing period was applied. In the December 31, 2015 valuation, the actuarial value of assets was reset to market value as of the measurement date. A five-year smoothing period will be used in future periods.
- The remaining amortization period was adjusted from 30 years to 40 years for the Combined Pension Plan based on Section 802.101(a) of the Texas Government Code.
- Mortality tables were updated from the RP-2000 tables to the RP-2014 tables.
- Assumed rates of turnover were lowered for police officers and raised for firefighters to reflect recent experience.
- Retirement rates were lowered for both police officers and firefighters, with the separation of service-based assumptions implemented based on recent experience.
- Disability rates were lowered for both police officers and firefighters and service-based assumptions were eliminated based on the similarity of recent experience between the two services.
- The assumption of the portion of active employees who are married was lowered from 80% to 75% and the age of the youngest child was raised from 1 to 10.

As of December 31, 2014

The assumption for the future interest rates credited to DROP balances was changed from 8.5% to the following rates prescribed by the 2014 plan amendment:

- On October 1, 2014 - 8.0%;
- On October 1, 2015 - 7.0%;
- On October 1, 2016 - 6.0%; and
- On October 1, 2017 and thereafter - 5.0%

Schedule of Employer Contributions - Combined Pension Plan

(In Thousands)

MEASUREMENT YEAR ENDING DECEMBER 31,	ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTIONS	CONTRIBUTION DEFICIENCY (EXCESS)	COVERED PAYROLL	ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL
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.

Schedule is intended to show information for 10 years. Additional years will be presented as they become available.

Prior to January 1, 2016, the actuarial determined contribution for the Combined Plan was not determined by the actuary.

The City's contribution rate for the Combined Pension Plan is set by State statutes. 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, 2023

Actuarial cost method	Entry age normal cost method
Amortization method	25-year level percent of payroll for UAL as of January 1, 2020, 20-year level percent of payroll for changes to the UAL thereafter, using 2.50% annual increases.
Remaining amortization period	82 years as of January 1, 2023
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 actuarial 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	<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 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 utilization	The DROP utilization factor is 0% for new entrants.
<i>As of December 31, 2022</i>	
Actuarial cost method	Entry age normal cost method
Amortization method	25-year level percent of payroll for UAL as of January 1, 2020, 20-year level percent of payroll for changes to the UAL thereafter, using 2.50% annual increases.
Remaining amortization period	68 years as of January 1, 2022
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 actuarial 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.
<i>As of December 31, 2021 that differed from above</i>	
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
<i>As of December 31, 2020 that differed from above</i>	
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% COLA beginning October 1, 2063 and increases payable every October 1 thereafter
<i>As of December 31, 2019 that differed from above</i>	
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	Pre-retirement: Sex-distinct RP-2014 Employee Mortality Table, set back two years for males, projected generationally using Scale MP-2015 Post-retirement: Sex-distinct RP-2014 Healthy Annuitant Mortality Table, set forward two years for females, projected generationally using Scale MP-2015 Disabled: Sex-distinct RP-2014 Disabled Retiree Mortality Table, set back three years for males and females, projected generationally using Scale MP-2015
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% COLA 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% COLA 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.

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	COVERED PAYROLL	ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL
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%
2015	2,443	2,443	-	557	438.8%
2014	1,817	1,817	-	521	348.5%

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.

Notes to Schedules:

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

As of December 31, 2023

Actuarial cost method	Entry age normal cost method
Amortization method	20-year level percent of payroll for UAL as of January 1, 2020, 10-year level percent of payroll for changes to the UAL thereafter, using 2.50% annual increases.
Remaining amortization period	15 years as of January 1, 2023.
Asset valuation method	Market Value of assets
Investment rate of return	6.50% per annum, including inflation, net of all expense, including administrative expenses.
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 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, 2022</i>	
Actuarial cost method	Entry age normal cost method
Amortization method	20-year level percent of payroll for UAL as of January 1, 2020, 10-year level percent of payroll for changes to the UAL thereafter, using 2.50% annual increases.
Remaining amortization period	16 years as of January 1, 2022.
Asset valuation method	Market value of assets
Investment rate of return	6.50% per annum, including inflation, net of all expense, including administrative expenses.
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 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.

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% COLA 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% COLA 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 1st

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.

As of December 31, 2015 and 2014 that differed from above

Projected salary increases

Range of 4.00% - 9.64%

Mortality

RP-2000 Combined Healthy Mortality Table projected to 10 years beyond the valuation date using Scale AA for healthy retirees and active members.

Schedule of Investment Returns

FISCAL YEAR ENDED DECEMBER 31,	ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE
2023	10.15%
2022	(2.77%)
2021	5.52%
2020	1.48%
2019	11.51%
2018	(1.49%)
2017	5.07%
2016	3.09%
2015	(12.70%)
2014	3.98%

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.

Supplementary Information

Administrative, Investment, and Professional Services Expenses

Year Ended December 31, 2023

ADMINISTRATIVE EXPENSES	
Information technology	\$ 622,710
Education	36,642
Insurance	573,072
Personnel	3,516,766
Office equipment	145,258
Dues and subscriptions	152,939
Board meetings	3,641
Office supplies	19,935
Utilities	20,219
Postage	11,271
Printing	8,068
Elections	12,253
Facilities	686,530
Other	9,667
Total administrative expenses	\$ 5,818,971
INVESTMENT EXPENSES	
Investment management	\$ 5,219,010
Custodial	214,595
Investment level valuations and audits	498,294
Research	42,987
Consulting and reporting	377,083
Legal	71,135
Tax	3,751
Other	102,785
Total investment expenses	\$ 6,529,640
PROFESSIONAL SERVICES EXPENSES	
Actuarial	261,226
Auditing	128,150
Accounting	61,619
Medical review	500
Legal	(417,573)
Mortality records	5,660
Legislative	157,478
Other	19,551
Total professional services expenses	\$ 216,611

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