



**FIREMEN'S RELIEF AND RETIREMENT FUND
A FIDUCIARY FUND OF THE
CITY OF MCALLEN, TEXAS**

FINANCIAL STATEMENTS

September 30, 2025

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City of McAllen, Texas
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INDEPENDENT AUDITOR’S REPORT

To the Pension Board of Trustees of the
Firemen’s Relief and Retirement Fund
City of McAllen, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Firemen’s Relief and Retirement Fund, a fiduciary fund of the City of McAllen, Texas (the “Plan”) which comprise the statement of fiduciary net position as of September 30, 2025, and the related statement of changes in fiduciary net position for the year then ended and the related notes to the financial statements, which collectively comprise the Plan’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Firemen’s Relief and Retirement Fund, a fiduciary fund of the City of McAllen, Texas, as of September 30, 2025, and the respective changes in the Plan’s fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with 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. 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 the Plan, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Firemen’s Relief and Retirement Fund, a fiduciary fund of the City of McAllen, Texas, and do not purport to, and do not, present the financial position of the City of McAllen, Texas, as of September 30, 2025, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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Responsibilities 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 Plan's ability to continue as a going concern for one year after the date the financial statements are available to be issued, including any currently known information that may raise substantial doubt shortly thereafter.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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 generally accepted auditing standards 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 Plan'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.

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- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios (unaudited), schedule of employer contributions (unaudited), schedule of investment returns (unaudited), and notes to required supplementary information (unaudited) 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plan's basic financial statements. The schedule of administrative and investment expenses and schedule of investment management fees are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit 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 schedule of administrative and investment expenses and schedule of investment management fees are 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 February 19, 2026 on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan'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 the Plan's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Harlingen, Texas
February 19, 2026

Firemen's Relief and Retirement Fund of the City of McAllen, Texas Management's Discussion and Analysis

Our discussion and analysis of the Firemen's Relief and Retirement Fund (the "Plan") of the City of McAllen, Texas provides an overview of the Plan's financial activities for the year ended September 30, 2025 and 2024. This discussion and analysis is presented as a narrative overview and for the purpose of assisting the reader with interpreting key elements of the financial statements, notes to the financial statements and the required supplementary information.

OVERVIEW OF THE FINANCIAL STATEMENTS

Financial Statements:

Statement of Fiduciary Net Position – This statement reports the assets, liabilities and net position held in trust for pension benefits. This statement reports the Plan's financial net position at a point in time – September 30, 2025 (Assets – Liabilities = Net Position).

Statement of Changes in Fiduciary Net Position – This statement reports the results of operations during the year. Additions to and deductions from the Plan's net position are reported. The net increase or decrease in plan assets within the statement support the change in net position which is held in trust for pension benefits reported on the Statement of Fiduciary Net Position (Additions – Deductions = Net Change in Net Position).

Notes to the Financial Statements:

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements and the status of the Plan. The following information is included within the notes to the financial statements:

Note 1 – (Plan Description) provides a general description of the Firemen's Relief and Retirement Fund. This information includes plan membership, vesting and a description of the retirement benefits provided.

Note 2 – (Summary of Significant Accounting Policies and Plan Asset Matters) provides information about the accounting methods used in determining the amounts reported on the financial statements. Information about the methods used for valuation of the Plan's investments, federal income taxes and estimates is also included.

Note 3 – (Investments) provides the authorization of investments and the risk of such investments maintained in the Plan.

Note 4 – (Contributions Required and Contributions Made) provides information disclosing the methods and assumptions in determining required contributions.

Other notes to the financial statements provide information on the net pension liability, contingencies and other risk and uncertainties involving the Plan.

**Firemen’s Relief and Retirement Fund of the
City of McAllen, Texas
Management’s Discussion and Analysis**

Required Supplementary Information

Schedule of changes in net pension liability and related ratios (unaudited), schedule of employer contributions (unaudited), schedule of investment returns (unaudited), and additional notes are included within this section to provide historical and additional information considered useful in reading the basic financial statements.

GASB 67 requires a disclosure of the Net Pension Liability (NPL). The NPL is the difference between the Total Pension Liability (TPL) and the market value of assets. GASB 67 requires the determination for the TPL using the individual entry age method, level percent of pay actuarial cost method and a discounted rate.

Information about whether the Plan’s net positions are increasing or decreasing over time relative to the total pension liability is provided in the Schedule of Changes in Net Pension Liability and Related Ratios (unaudited) on page 27.

THE PLAN

The City of McAllen’s Firemen’s Relief and Retirement Fund provides service retirement, death, disability and withdrawal benefits to essentially all eligible firefighter employees. The benefit and contribution provisions of this plan are authorized by the Texas Local Firefighters Retirement Act (TLFFRA). The benefits are funded through member contributions, employer contributions and earnings on the Plan’s investments. Total Fiduciary net position held in trust for pension benefits was \$70,136,002 at September 30, 2025 and \$66,044,393 at September 30, 2024, which is an increase of \$4,091,609. Table 1 below illustrates a comparative summary of the Plan’s Statement of Fiduciary Net Position.

Table 1
Firemen's Relief and Retirement Fund of the
City of McAllen, Texas
Condensed Statement of Fiduciary Net Position

<i>September 30,</i>	2025	2024	Increase/(Decrease) 2025/2024
Current assets	\$ 757,517	\$ 3,372,690	\$ (2,615,173)
Investments	69,389,804	62,671,703	6,718,101
Total assets	70,147,321	66,044,393	4,102,928
Current liabilities	\$ 11,319	\$ -	\$ 11,319
Total fiduciary net position held in trust for pension benefits	\$ 70,136,002	\$ 66,044,393	\$ 4,091,609

**Firemen's Relief and Retirement Fund of the
City of McAllen, Texas
Management's Discussion and Analysis**

Additions to Fiduciary Net Position

Additions to the fiduciary net position held in trust for pension benefits include contributions from employees (plan members), the City of McAllen (the employer) and net investment income/loss earned during the year.

Employees contributed \$2,306,838 and \$2,120,526 to the Plan and the employer contributed \$2,580,790 and \$2,273,025, during fiscal years 2025 and 2024, respectively. Net investment income amounted to \$4,688,760 and \$9,274,308 during fiscal years 2025 and 2024, respectively. Net investment income of the current year was the result of the appreciation in the fair value of investments \$3,041,066 and interest and dividend income of \$1,968,399 less investment expenses of \$320,705. The appreciation in fair value of investments decreased during fiscal year 2025 as the fund experienced significant gains in the previous year from selling equity investments.

Deductions from Fiduciary Net Position

Deductions from fiduciary net position held in trust for pension benefits are comprised of retirement benefits payments to Plan retirees, survivors, and their beneficiaries, refunds of contributions and administrative expenses.

Benefit payments to retirees, survivors and their beneficiaries, DROP payments, and refunds of member contributions totaled \$5,449,338 and \$5,160,806 for 2025 and 2024. Administrative expenses were \$39,004 and \$56,205 for 2025 and 2024, respectively. Total deductions from net position held in trust for pension benefits were \$5,488,342 and \$5,217,011 at September 30, 2025 and 2024, respectively. The increase in benefit payments is due to additional service retirements during 2025. Table 2 below illustrates a comparative summary of the Plan's Statement of Changes in Fiduciary Net Position.

**Firemen’s Relief and Retirement Fund of the
City of McAllen, Texas
Management’s Discussion and Analysis**

Firemen's Relief and Retirement Fund of the
City of McAllen, Texas
Condensed Statement Changes of Fiduciary Net Position

<i>September 30,</i>	2025	2024	Increase/(Decrease) 2025/2024
Plan member contributions	\$ 2,306,838	\$ 2,120,526	\$ 186,312
Employer contributions	2,580,790	2,273,025	307,765
Net investment income/(loss)	4,688,760	9,274,308	(4,585,548)
Other	3,563	5,408	(1,845)
Total additions to fiduciary net position	9,579,951	13,673,267	(4,093,316)
Benefit payments	5,014,754	4,751,403	263,351
Refunds to terminated employees	189,019	2,098	186,921
DROP payments	245,565	407,305	(161,740)
Administrative expenses	39,004	56,205	(17,201)
Total deductions to fiduciary net position	5,488,342	5,217,011	271,331
 Change in fiduciary net position	 4,091,609	 8,456,256	 (4,364,647)
Fiduciary net position held in trust for pension benefits:			
Beginning of year	66,044,393	57,588,137	8,456,256
End of year	\$ 70,136,002	\$ 66,044,393	\$ 4,091,609

Investments

Upon approval by the board of trustees, several realignments in the portfolio were made in accordance with the investment strategy. Total investments, exclusive of cash holdings and accrued interest receivable, amounted to \$69,389,804 at September 30, 2025. The estimated rate of return of the Plan was approximately 5.9% for the current year. The Plan’s board of trustees and its consultant remain confident in the long-term potential of the portfolio to deliver upon the desired results of performance in excess of the actuarial requirement with appropriate levels of risk. The approach has served the Plan well historically and the Plan sees no reason to believe it is not attainable going forward.

Investments at Fair Value	2025	2024
Fixed income	\$ 13,250,688	\$ 11,839,108
Domestic and international equities	39,506,860	34,874,571
Alternative investments	16,632,256	15,958,024
Total investments	\$ 69,389,804	\$ 62,671,703

**Firemen's Relief and Retirement Fund of the
City of McAllen, Texas
Management's Discussion and Analysis**

REQUESTS FOR INFORMATION

This annual financial report is designed to provide a general overview of the Firemen's Relief and Retirement Fund of McAllen, Texas finances for interested parties. Questions concerning any of the information provided herein, or requests for additional information, should be addressed to Firemen's Relief and Retirement Fund of McAllen, Texas, P.O. Box 220, McAllen, Texas 78505-0220.

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FINANCIAL STATEMENTS



**Firemen's Relief and Retirement Fund of the
City of McAllen, Texas
Statement of Fiduciary Net Position**

<i>September 30</i>	2025
Assets	
Cash & cash equivalents	\$ 663,396
Prepays	226
<hr/>	
Investments at fair value:	
Fixed income	13,250,688
Domestic and international equities	39,506,860
Alternative investments	16,632,256
<hr/>	
Total Investments	69,389,804
<hr/>	
Receivables:	
Accrued interest receivables	93,895
Other	0
<hr/>	
Total assets	70,147,321
<hr/>	
Liabilities	
Accounts payable	11,319
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Fiduciary Net Position Held In Trust For Pension Benefits	\$ 70,136,002
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The accompanying notes are an integral part of these financial statements.

**Firemen's Relief and Retirement Fund of the
City of McAllen, Texas
Statement of Changes in Fiduciary Net Position**

<i>For the fiscal year ended September 30,</i>	2025
Additions	
Contributions	
Employer	\$ 2,580,790
Plan members	2,306,838
Other	3,563
Total contributions	4,891,191
Investment income	
Net appreciation (depreciation) in fair value of investments	3,041,066
Interest and dividends	1,968,399
Total investment income	5,009,465
Less investment expense	(320,705)
Net investment income	4,688,760
Total additions (reductions)	9,579,951
Deductions	
Benefits paid	5,014,754
Refunds to terminated employees	189,019
DROP payments	245,565
Administrative expenses	39,004
Total deductions	5,488,342
Net change in fiduciary net position	4,091,609
Fiduciary Net Position Held In Trust For Pension Benefits:	
Beginning of year	66,044,393
End of year	\$ 70,136,002

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

**Firemen’s Relief and Retirement Fund of the
City of McAllen, Texas
Notes to Financial Statements**

NOTE 1: PLAN DESCRIPTION

The provisions of Firemen’s Relief and Retirement Fund of McAllen, Texas (the “Plan”) are authorized by the Texas Local Fire Fighters’ Retirement Act (“TLFFRA”). The following brief description of the Plan is provided for general information purposes only. The Plan agreement should be referred to for more complete information. The Plan has an actuarial valuation performed biennially in accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25. The most recent actuarial valuation was performed as of September 30, 2024. This valuation was rolled forward to September 30, 2025 in accordance with GASB No. 67.

The plan is sponsored by the City of McAllen, Texas (the “City”). The Plan does not purport and does not present the financial position or changes in financial position of the City as of any time or for any period. The Plan meets the criteria of a “fiduciary fund” of the City as established by GASB, and certain information regarding the Plan is included in the City’s financial statements.

In 2013 the Office of the Fire Fighter’s Pension Commissioner was abolished under the Senate Bill 220 by the Texas Sunset Commission. Accordingly, the duties and responsibilities assigned to the Commissioner were transferred to the Texas Pension Review Board (PRB).

The Texas Pension Review Board (PRB) is mandated to oversee all Texas public retirement systems, both state and local, in regard to their actuarial soundness and compliance with state law. The PRB monitors the financial and actuarial soundness of 100 actuarially funded defined benefit public retirement systems in Texas, as well as their compliance with state law.

Plan Membership

The Pension Board of Trustees are the administrators of the Plan, which consists of seven board members, current and former fire fighters of the City, as well as certain beneficiaries of current and former fire fighters. The Plan is a single-employer defined benefit pension plan. The City is the only contributing employer. The fire fighters covered by the Plan also contribute to the Plan. The types of employees covered, as well as Plan membership data, are as follows:

	<u>2024*</u>
1. Active Members	182
2. Retirees and beneficiaries entitled to benefits	126
3. Retirees and beneficiaries entitled to, but not yet receiving benefits	<u>9</u>
Total	<u>317</u>

*This is plan membership as of the last actuarial valuation date.

Service Retirement Benefits

A member is eligible for service retirement upon completion of 20 years of service and attainment of age 53. A member who retires under the service retirement provisions of the fund will receive a monthly benefit equal to the sum of (a), (b), and (c) where: (a) equal to 2.9% of the member’s highest 84-month average salary for each of the member’s years of service up to and including the 20th year of service and (b) equals the greater of 2.9% of the member’s highest 84-month average salary, or \$58.00 per month for each of the member’s 21st and 22nd years of service, and (c) equals \$58.00 per month for each year of service in excess of 22 years.

**Firemen's Relief and Retirement Fund of the
City of McAllen, Texas
Notes to Financial Statements**

NOTE 1: PLAN DESCRIPTION (Continued)

Changes in Plan Provisions

A new plan provision effective April 1, 2025 is reflected in the actuarial valuation as of September 30, 2024. The changes together, described below, restored an adequate contribution arrangement.

- The averaging period for the final average salary was changed from 60 months to 84 months.
- The total contribution rate was increased 1.0% by the firefighters and 2.5% by the city.

Disability Benefits

An active member who becomes disabled as defined in the plan will receive a monthly disability benefit. Separate disability benefits are provided for duty-related and off-duty disabilities. Disability benefits are payable in the same joint-and-survivor as service retirement benefits. However, disability benefits stop if the member recovers to the point that he no longer meets the definition of disability under the fund. If the total monthly amount a disabled member receives from (a) the fund, (b) workers compensation, and (c) the City of McAllen, exceeds the member's monthly rate of pay as of his date of disability, the amount payable from the fund will be reduced so that the member's benefit from all three sources, combined, does not exceed such rate of pay.

Duty-related death benefits, payable to a member's spouse for as long as they are living, equal the sum of (a) 38.67% of the member's highest 84-month average salary, (b) plus two-thirds of any additional service benefit earned by the member as of the date of their death. The death benefit is payable for life, but it ceases upon remarriage. Effective January 1, 2006 the widowed spouse of a member who completed 10 or more years of service prior to their death will have the death benefit payments terminated in the event of remarriage. In addition to the above spousal death benefit, each unmarried child of the member will receive a monthly benefit of 7.73% of the fire fighter's highest 84-month average salary. Orphan benefits continue until the child reaches age 18. However, benefits will continue until age 22 for a child who is a full-time student. If the member's spouse dies or remarries, or if the member has no spouse on the date of their death, each eligible orphan will receive a monthly benefit of 15.47% of the member's highest 84-month average salary. Orphan benefits are continued for life for disabled children. The total of all benefits paid as a result of the death of an active fund member may not exceed the disability or retirement benefits such member had earned as of the date of their death. The total of all benefits paid as a result of the death of a retired member may not exceed the retirement benefit the member was receiving as of the date of their death. Benefits are reduced pro rata, if necessary, in order to satisfy these limitations.

Termination Benefits

Members who terminate employment with less than 10 years of service will be entitled to the return of the excess of their contributions to the fund over the amount of any benefits they have received from the Plan. Such refunds will not include any interest on the members' contributions. If members terminate on or after the date they have completed 10 years of service but prior to the date they complete 20 years of service, they will be entitled to receive a monthly benefit, starting on the date they would have both completed 20 years of service and attained age 50, had they remained in the service of the fire department.

The amount the members will receive will equal the monthly service retirement benefit they had accumulated on the date they separated from service with the fire department, multiplied by the vested

**Firemen's Relief and Retirement Fund of the
City of McAllen, Texas
Notes to Financial Statements**

NOTE 1: PLAN DESCRIPTION (Continued)

percentage of the members.

The Deferred Retirement Option Plan (DROP)

A member is eligible to receive their benefits under the plan's DROP provision after they have both completed 20 years of service and attained age 53. The election to participate in the DROP may be made at the time the member elects to retire. The monthly retirement income payable to a member who retires under the DROP will equal their service retirement benefits under the plan based on highest 84-month average salary and years of service as of the member's DROP Eligibility Date. The member's benefits will be calculated, however using the benefit formula in effect on the member's actual date of retirement. A member's DROP Eligibility Date is the later of (a) the date the member meets the eligibility requirements for the DROP or (b) the date which is two years prior to the member's actual retirement date. Upon retirement, the member will receive—in addition to their monthly retirement benefit—a single payment equal to the sum of: (a) the total of the monthly retirement benefits the member would have received between his DROP Eligibility Date and the time they retired under the plan, and (b) the amount of monthly contributions that the member has made to the fund between their DROP Eligibility Date and the time they retired under the Plan. Since the member does not elect a DROP until actual retirement, Plan does not have any DROP accounts or liabilities reported for DROPS on September 30, 2025.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

Organization

The Plan was created pursuant to the TLFRA. The Plan provides pension, disability, death, and severance benefits to employees of the City's fire department and former volunteer firemen eligible to receive benefits pursuant to a single-employer defined benefit pension plan.

Basis of Accounting

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America for local governmental units as prescribed by the GASB. The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Cash Equivalents

For purposes of the statement of fiduciary net position, short-term, highly liquid investments with maturities of 3 months or less when purchased are considered cash equivalents.

Contributions

Active members are required to contribute to the plan a certain percentage of qualifying salary. The City is required to contribute at a rate that has been agreed upon.

**Firemen's Relief and Retirement Fund of the
City of McAllen, Texas
Notes to Financial Statements**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS (Continued)

Valuation of Plan Investments

Investments are carried at fair value as defined in GASB Cod. Sec. 3100.115, *Fair Value Measurement - Valuation Techniques and Approaches*, which requires the City to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or an income approach. Consistent with GASB Cod. Sec. 3100.129, *Fair Value Measurement – Fair Value Hierarchy*, the Plan categorizes its fair value measurements within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. A detail of the fair value hierarchy of investments held by the Plan is disclosed in Note 3 to the financial statements.

Unrealized gains and losses are presented at net appreciation (depreciation) in fair value of investments on the Statements of Changes in Fiduciary Net Position, along with gains and losses realized on sales of investments.

Purchases and sales of investments are recorded on a trade-date basis and, accordingly, the related receivables and payables for any unsettled trades are recorded. Interest income and dividends are recorded on the accrual basis.

Federal Income Tax

The Plan is exempt from federal income tax pursuant to applicable regulations.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Administrative Expenses

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

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 19, 2026 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**Firemen’s Relief and Retirement Fund of the
City of McAllen, Texas
Notes to Financial Statements**

NOTE 3: INVESTMENTS

Statutes of the State of Texas authorize the Plan to invest in surplus funds in the manner provided by the Government Code, Title 8, Subtitle A, Subchapter C. This subchapter provides for the investment of surplus assets in any investment or investments that are deemed “prudent” by the Board. The investment policy of the Board does restrict the types of investments authorized to be made on behalf of the Plan and includes investments based on prudent and reasonable investment risk and the cash flow requirements of the Plan given prevailing economic and capital market conditions.

While the Board recognizes the importance of the preservation of capital, it also adheres to the theory of capital market pricing which maintains that varying degrees of investment risk should be rewarded with incremental returns. Consequently, prudent risk-taking is justifiable.

Firemen’s Relief and Retirement Fund Investments

The Firemen’s Relief and Retirement Fund Investments are recorded at fair value as of September 30, 2025. The composition of these investments is as follows:

	Fair Value	% of Portfolio	Investment Policy of Asset Allocation
Equities			
Domestic	\$ 29,254,051	42%	30-60%
International	10,252,809	15%	10-30%
Total equities	39,506,860		
Fixed income:			
Treasury and agency securities, Corporate bonds, mutual funds, and mortgage-back securities	13,250,688		
Total fixed income	13,250,688	19%	20-50%
Alternative Investment	16,632,256	24%	0-30%
Total investments	\$ 69,389,804		

The Plan has adopted the provisions of GASB Statement 72. Below is the fair value hierarchy and the methods of valuing the related investments as required under generally accepted accounting principles.

Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs other than quoted market prices for similar assets; Level 3 inputs are significant unobservable inputs.

**Firemen's Relief and Retirement Fund of the
City of McAllen, Texas
Notes to Financial Statements**

NOTE 3: INVESTMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of September 30, 2025:

Investment Type	Fair Value	Level 1	Level 2	Level 3
Equities				
Domestic Equity	\$ 29,254,051	\$ 29,254,051	\$ -	\$ -
International Equity	10,252,809	10,252,809	-	-
Fixed income:				
US Treasury Notes and Bonds	3,209,530	3,209,530	-	-
Government Agency	24,434	24,434	-	-
Corporate Bonds	1,976,364	1,827,493	148,871	-
Mutual Funds	5,383,343	5,383,343	-	-
Mortgage Backed Securities	2,657,017	-	2,657,017	-
Total investments at fair value	\$ 52,757,548	\$ 49,951,660	\$ 2,805,888	\$ -

Investments measured at the net asset value (NAV):

Alternative Investments		Redemption Frequency	Redemption Notice
Terracap Partners V	\$ 963,465	(1)	(1)
Ironwood	3,377,902	Semi-annual	95 days
Terracap Partners III	1,312,674	(1)	(1)
Pointer	3,806,261	(3)	(3)
Serenitas	3,123,296	(1)	(1)
Ironsides Opportunities Annex Fund	539,877	(1)	(1)
Ironside Opportunities Fund II	1,854,862	(1)	10 days
Ironside Private Equity Fund VII	527,052	(1)	(1)
CCA Longevity Fund VI	1,126,867	(2)	(2)
Total investments measured at NAV	\$ 16,632,256		
Total Investments	\$ 69,389,804		

(1) These hedge funds are not redeemable. The Firemen's Relief and Retirement Fund receives distributions as the underlying assets of investments are sold/liquidated. Management estimates that the remaining five hedge funds will liquidate in 5-10 years.

(2) The money invested with CCA Longevity Fund is locked up because the investment is a private equity style fund. It is a self-liquidating fund that will make distributions when there are realizations.

(3) All capital is subject to an initial 24-month lockup, so the lockup on McAllen Firemen's Relief and Retirement Fund's initial investment of \$2.6M made on 4/1/18 expires on 4/1/20. Pointer has semi-annual redemptions at 6/30 and 12/31, where an investor has access to up to 50% of their capital at each date, with signed notification due by 3/15 and 9/15, respectively.

Debt and equity securities, and money market mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

**Firemen's Relief and Retirement Fund of the
City of McAllen, Texas
Notes to Financial Statements**

NOTE 3: INVESTMENTS (Continued)

The fair value of common stocks and mutual funds are based on quoted market prices. The fair value of United States Government securities and corporate and foreign bonds are based on quotes from broker dealers or are valued using interest rate curves and credit spreads applied to the terms of the debt instrument (maturity and coupon interest rate) and considering the counter party rating. The Plan values investments in alternative funds based on its percentage investment in each such fund and are reported at net asset value (NAV). The estimated fair value of each fund is based on market conditions and information reported by the fund manager, and is generally based on the estimated fair value of each funds' underlying investments at the end of the reporting period.

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

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan 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 Plan, and are held by either the counterparty or the counterparty's trust department or agent but not in the Plan's name. The Plan does not have a policy regarding custodial credit risk. The Plan does not have any cash deposits held with financial institutions and all investments are held in the name of the Plan.

Concentration of Credit Risk

The allocation of assets among various asset classes is set by the Board with the objective of optimizing the investment return of the Plan within framework of acceptable risk and diversification. For major asset classes (e.g., domestic equities, international equities, fixed income, alternative investments, private equity and real estate, and specialty), the Plan further diversifies by employing investment managers who implement the strategies selected by Management.

Interest Rate Risk

The Plan invests in fixed income securities including, but not limited to, investments representing instruments with an obligated fixed rate of interest. Instruments may have an investment grade or noninvestment grade rating. 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 the Plan's Investment Policy.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. Interest rate risk is the greatest risk faced by an investor in the fixed income market. The price of a fixed income security typically moves in the opposite direction of the change in interest rates. The Plan's investment policy does not include limits of investment maturities as a means of managing its exposure to potential fair value losses arising from future changes in interest rates.

**Firemen's Relief and Retirement Fund of the
City of McAllen, Texas
Notes to Financial Statements**

NOTE 3: INVESTMENTS (Continued)

At September 30, 2025, the following table shows the Plan's investments by type, with weighted average maturity and fair value:

	Weighted Average Maturity *	Fair Value	Percentage of Total
Corporate Bonds	9.26	\$ 1,976,364	15%
US Treasury Notes and Bonds	11.04	3,209,530	24%
Government Agency	30.52	24,434	0%
Mutual Funds	5.10	5,383,343	41%
Mortgage Backed Securities	24.03	2,657,017	20%
Total fixed income debt securities	11.00	\$ 13,250,688	100%

* Modified duration used for weighted average maturity

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plan does not have a formal policy limiting investment credit risk, but rather mandates such limits within the Investment Management Services Contract.

The Plan's exposure to investment credit risk in fixed income securities as of September 30, 2025 are as follows:

Investment Type	Fair Value	AAA, AA, A	BBB, BB, B	Below B, Not
				Rated
US Treasury Notes and Bonds	3,209,530	3,209,530	\$ -	\$ -
Government Agency	24,434	24,434	-	-
Corporate bonds	1,976,364	1,273,103	703,261	-
Mutual Funds	5,383,343	1,544,125	3,480,102	359,116
Mortgage Backed Securities	2,657,017	2,657,017	-	-
	\$ 13,250,688	\$ 8,708,209	\$ 4,183,363	\$ 359,117

TerraCap Partners V (Institutional), LP

TerraCap Management LLC was founded in 2008 and is an SEC registered investment adviser (2014). TerraCap Partners V, a value-add commercial real estate fund (closed end), seeks to acquire mainstream property types with a focus on the Southern US, particularly Florida, as the population growth is rapid, supply is limited and prices are low. Emphasis is on well-established, well-built properties in strong locations, where the investment manager believes that potential for future competition will be limited and the acquisition price has been well below the cost of replacement. The fair value of the investment has been determined using the NAV per share (or its equivalent) of the investment.

**Firemen's Relief and Retirement Fund of the
City of McAllen, Texas
Notes to Financial Statements**

NOTE 3: INVESTMENTS (Continued)

Ironwood International Ltd.

The Fund was created for the purpose of trading and investing in investment funds. The Fund's investment objective is capital appreciation with limited variability of returns. The fund invests substantially all of its assets in Ironwood Partners LP (the Master Fund). The Master Fund invests in a number of pooled investment vehicles, which are each managed by a separate investment manager, and include investment strategies such as relative value, market neutral and low net equity, event-driven, and distressed and credit securities. The fair value of the investment has been determined using the NAV per share (or its equivalent) of the investment.

TerraCap Partners III

The Partnership is engaged in the acquisition and resale of value-add investments in real-estate and real-estate backed assets with a focus on opportunities in Florida and the Southeast. The fair value of the investment has been determined using the NAV per share (or its equivalent) of the investment.

CCA Longevity Fund VI, LP

The Partnership's primary investments consist of in-force, non-variable universal life insurance policies insuring the lives of individuals of at least seventy years of age who have a life expectancy as of the date of purchase between two and nine years at a price greater than the cash surrender value offered by the life insurance companies, but less than the face amount of or the death benefit payable under such policies. The fair value of the investment has been determined using the NAV per share (or its equivalent) of the investment.

Pointer Offshore, LTD

The Fund invests all or substantially all of its investable assets in the Master Fund. The Master Fund's investment objective is trading and investing in securities, private investment companies and other investments. The fair value of the investment has been determined using the NAV per share (or its equivalent) of the investment.

Ironsides Opportunities Annex Fund, L.P.

CCP seeks to generate superior rates of return by making fund and co-investments in premier buyouts. The Ironsides Partnership Fund and the Ironsides Direct Investment Fund focus on middle market buyouts in North America, specifically sector focused funds, secondaries, special situation funds, distressed debt, and emerging managers. Risk is managed through diversification among managers and co-investments as well as industries, managers, vintage years, and investment stage risk. The fair value of the investment has been determined using the NAV per share (or its equivalent) of the investment.

Serenitas Credit Gamma Offshore Fund, Ltd.

Serenitas Credit Gamma Fund seeks a relative value trading strategy focused on mortgage, corporate and synthetic credit, low net exposure to interest rates and credit spreads, and a low negative correlation versus the broader market. The fair value of the investment has been determined using the NAV per share (or its equivalent) of the investment.

**Firemen’s Relief and Retirement Fund of the
City of McAllen, Texas
Notes to Financial Statements**

NOTE 3: INVESTMENTS (Continued)

Ironsides Opportunities Fund II

Ironside Opportunities Fund II is a Constitution Capital Partner’s (CCP) fund that aims to take advantage of dislocation in credit. The distressed credit markets provide Constitution Capital Partners with opportunities to acquire debt at discounts due to pressured sellers. The investment team includes both fully dedicated and shared resources with experience investing in secondary market debt purchases and special situations, investing \$1.25 billion across 47 companies. The fair value of the investment has been determined using the NAV per share (or its equivalent) of the investment.

Ironsides Private Equity Fund VII (50/50), L.P.

The Fund invests all or substantially all of its investable assets in the Master Fund. The Master Fund’s investment objective is trading and investing in private equity co-investments and other funds. The fair value of the investment has been determined using the NAV per share (or its equivalent) of the investment.

NOTE 4 - CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

The funding policy of the Firemen’s Relief and Retirement Fund required contributions equal to 15% of payroll by the firefighters and 17.5% of payroll by the City of McAllen at September 30, 2025.

While the contribution requirements are not actuarially determined, state law requires that each plan of benefits adopted by the Plan must be approved by a qualified actuary. The actuary certifies that the contribution commitment by the firefighters and the City provide an adequate financing arrangement. Using the variation of the entry age normal actuarial cost method, the Plan's normal cost is determined as a percentage of payroll. The excess of the total contribution rate over the normal cost rate is used to amortize the Plan's unfunded actuarial accrued liability, and the number of years needed to amortize the Plan's unfunded actuarial accrued liability is determined using a level percentage of payroll method.

Contributions required and paid into the fund as of September 30, 2025 were \$2,306,838 (members) and \$2,580,790 (employer).

NOTE 5: NET PENSION LIABILITY OF EMPLOYER

The components of the net pension liability (as actuarially determined) of the Plan at September 30, 2025 were as follows:

	2025
Total pension liability	\$106,865,144
Plan fiduciary net position	(70,136,002)
City’s net pension liability	\$ 36,729,142
 Plan fiduciary net position as a percentage of the total pension liability	 65.6%

**Firemen’s Relief and Retirement Fund of the
City of McAllen, Texas
Notes to Financial Statements**

NOTE 5: NET PENSION LIABILITY OF EMPLOYER (Continued)

Actuarial assumptions: the total pension liability was determined by an actuarial valuation as of September 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.85%
Projected salary increase	2.85%, plus promotion, step an longevity increase that vary by service
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Cost-of-living adjustment	None
Mortality	PubS-2016 (public safety) total dataset mortality tables for employees and for retirees (sex distinct), projected for mortality improvement generationally using the projection scale MP-2021

Changes Since the Prior Actuarial Valuation

The following actuarial assumption change has been made, and the new assumption is compared to that used in the September 30, 2022 valuation.

1. We updated the mortality assumption from the PubS-2010 total dataset mortality tables, projected generationally using the projection scale MP-2018, to the PubS-2016 total dataset mortality tables, projected for mortality improvement using the projection scale MP-2021.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future net real rates of return by the target asset allocation percentage (currently resulting in 4.52%) and by adding expected inflation (2.85%) The final 7.25% net investment rate of return assumption was selected by rounding down. The target allocation and expected arithmetic net real rates of return for each major asset class as of September 30, 2025 are summarized in the following table:

**Firemen’s Relief and Retirement Fund of the
City of McAllen, Texas
Notes to Financial Statements**

NOTE 5: NET PENSION LIABILITY OF EMPLOYER (Continued)

Asset class:	Target allocation	Long-term expected net real rate of return
Equities		
Domestic large cap	26%	5.88%
Domestic small cap	6%	6.72%
International developed	16%	6.02%
Emerging markets	7%	7.37%
Fixed Income		
Domestic Core	13%	1.43%
Nontraditional	4%	2.19%
High yield	4%	2.68%
Distressed debt	3%	3.50%
Alternatives		
Private real estate	5%	4.41%
Hedge funds	15%	2.68%
Cash	1%	0.00%
Total	100%	

Discount rate: The discount rate used to measure the total pension liability was 7.25%. No projection of cash flows was used to determine the discount rate because the September 30, 2024 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 25 years. Because of the 25-year amortization period of the UAAL, the pension plan’s fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments of 7.25% was applied to all periods of projected benefit payments as the discount rate to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the Plan, calculated using the discount rate of 7.25% as well as what the Plan’s net pension liability would be if it were to be calculated using the discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City’s net pension liability – 2025 fiscal year	\$50,144,969	\$36,729,142	\$25,516,925

Money-weighted rate of return: For the year ended September 30, 2025, the annual money weighted rate of return was calculated at 7.14%. The calculation was determined based on the rate of return on pension plan investments, net of pension plan investment expense. Inputs to the money-weighted internal rate of return calculation were determined at least monthly.

**Firemen's Relief and Retirement Fund of the
City of McAllen, Texas
Notes to Financial Statements**

NOTE 6: CONTINGENCIES

The Plan is involved in legal proceedings in the normal course of operations, none of which, in the opinion of management, will have a material effect on the fiduciary net position or the changes in fiduciary net position of the Plan.

NOTE 7: RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. It is at least reasonably possible that changes in the value of the Plan's investment securities may occur over the course of different economic and market cycles.

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

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REQUIRED SUPPLEMENTARY INFORMATION



Firemen's Relief and Retirement Fund City of McAllen, Texas Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited)

<i>For the Fiscal Years Ended September 30,</i>	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total pension liability									
Service cost (Pension benefits)	\$ 1,536,125	\$ 1,636,993	\$ 1,612,284	\$ 2,709,877	\$ 1,694,789	\$ 1,741,865	\$ 2,019,606	\$ 2,049,748	\$ 2,211,615
Service cost (Administrative expenses)	329,653	303,416	347,363	426,793	399,296	415,043	406,636	445,642	359,709
Interest	5,361,757	5,631,214	5,715,164	5,697,831	6,170,518	6,432,009	6,720,076	7,021,979	7,408,169
Changes in benefit terms	-	-	-	-	-	-	-	-	(1,056,829)
Differences between expected and actual experience	(1,202,731)	-	(6,083,899)	-	(939,637)	-	477,920	-	2,032,187
Changes in assumptions	-	-	23,055,865	(20,428,073)	-	-	2,524,259	-	63,173
Benefit payments, including refunds of member contributions	(3,520,297)	(3,898,551)	(3,797,821)	(4,519,133)	(4,763,835)	(4,917,916)	(4,941,772)	(5,160,806)	(5,449,338)
Net change in total pension liability	2,504,507	3,673,072	20,848,956	(16,112,705)	2,561,131	3,671,001	7,206,725	4,356,563	5,568,686
Total pension liability- beginning	72,587,208	75,091,715	78,764,787	99,613,743	83,501,038	86,062,169	89,733,170	96,939,895	101,296,458
Total pension liability- ending (a)	75,091,715	78,764,787	99,613,743	83,501,038	86,062,169	89,733,170	96,939,895	101,296,458	106,865,144
Plan fiduciary net position									
Contributions- employer	1,498,194	1,547,133	1,625,691	1,675,942	1,969,448	2,028,406	2,155,354	2,273,025	2,580,790
Contributions- member	1,266,209	1,360,361	1,499,435	1,547,867	1,836,219	1,894,577	2,010,356	2,120,526	2,306,838
Expected Net investment income/(loss)	5,489,970	4,256,675	2,006,816	5,318,376	9,374,927	(11,898,715)	4,994,111	9,279,716	4,692,323
Benefit payments, including refunds of member contributions	(3,520,297)	(3,898,550)	(3,797,821)	(4,519,133)	(4,763,835)	(4,917,916)	(4,941,772)	(5,160,806)	(5,449,338)
Administrative expenses	(33,822)	(49,519)	(37,403)	(38,950)	(28,852)	(32,282)	(48,118)	(56,205)	(39,004)
Net change in plan fiduciary net position	4,700,254	3,216,100	1,296,718	3,984,102	8,387,907	(12,925,930)	4,169,931	8,456,256	4,091,609
Plan fiduciary net position- beginning	44,759,055	49,459,309	52,675,409	53,972,127	57,956,229	66,344,136	53,418,206	57,588,137	66,044,393
Plan fiduciary net position- ending (b)	49,459,309	52,675,409	53,972,127	57,956,229	66,344,136	53,418,206	57,588,137	66,044,393	70,136,002
Fund's net pension liability - ending (a)-(b)	\$ 25,632,406	\$ 26,089,378	\$ 45,641,616	\$ 25,544,809	\$ 19,718,033	\$ 36,314,964	\$ 39,351,758	\$ 35,252,065	\$ 36,729,142
Plan fiduciary net position as a percentage of the total pension liability	65.87%	66.88%	54.18%	69.41%	77.09%	59.53%	59.41%	65.20%	65.63%
Actual covered-employee payroll	11,524,569	11,901,023	12,505,315	12,891,862	13,129,647	13,522,707	14,369,027	15,153,500	15,951,539
Fund's net pension liability as a percentage of covered employee payroll	222.42%	219.22%	364.98%	198.15%	150.18%	268.55%	273.87%	232.63%	230.25%

Notes to Schedule: Actual covered-employee payroll is estimated using firefighter contributions divided by the negotiated contribution rate.

Firemen's Relief and Retirement Fund
City of McAllen, Texas
Schedule of Employer Contributions (Unaudited)

<i>For the Fiscal Years Ended September 30,</i>	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contributions determined by plan	\$ 1,554,567	\$ 1,498,194	\$ 1,547,133	\$ 1,625,691	\$ 1,675,942	\$ 1,969,448	\$ 2,028,406	\$ 2,155,354	\$ 2,273,025	\$ 2,580,790
Contributions in relation to the plan determined contribution	1,554,567	1,498,194	1,547,133	1,625,691	1,675,942	1,969,448	2,028,406	2,155,354	2,273,025	2,580,790
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Actual covered-employee payroll	11,515,311	11,524,569	11,901,023	12,505,315	12,891,862	13,129,647	13,522,707	14,369,027	15,153,500	15,951,539
Contributions as a percentage of covered employee payroll	13.5%	13.0%	13.0%	13.0%	13.0%	15.0%	15.0%	15.0%	15.0%	16.2%

**Firemen’s Relief and Retirement Fund
City of McAllen, Texas
Schedule of Investment Returns (Unaudited)**

<i>For the Fiscal Years Ended September 30,</i>	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual money-weighted rate of return, net of investment expense	8.54%	12.37%	8.70%	3.84%	9.98%	16.31%	-18.07%	9.42%	16.23%	7.14%

Notes to Schedule: The money-weighted rate of return expresses investment performance, net of investment expenses, reflecting the timing of the contributions received and the benefits paid during the year.

Firemen’s Relief and Retirement Fund
City of McAllen, Texas
Notes to Required Supplementary Information (Unaudited)

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date

September 30, 2024

Contributions to the Plan are based on negotiations between the members and the City rather than an actuarially determined rate. The funding policy of the McAllen Firemen’s Relief and Retirement Fund requires contributions from both the City and the firefighters. The City’s contribution rate is currently 17.5% of member payroll for firefighters. Each active member contributes 15.0% of member payroll.

Inflation:	2.85%
Salary Increases:	2.85% plus merit, step and longevity increases that vary by service
Investment Rate of Return:	7.25% per annum, net of pension plan investment expenses, including inflation
Mortality:	PubS-2016 (public safety) total dataset mortality tables for employees and for retirees (sex distinct), projected for mortality improvement generationally using the projection scale MP-2021



SUPPLEMENTARY INFORMATION



Firemen's Relief and Retirement Fund
City of McAllen, Texas
Schedule of Administrative and Investment Expenses

<i>For the fiscal year ended September 30,</i>	2025
<hr/>	
Investment Expenses	
Brokerage fees	\$ 43,258
Custodial	35,165
Research	15,918
Legal	67,091
Actuary	15,096
Investment consulting	144,176
	<hr/>
	320,704
Administrative Expenses	
Administrative fees	15,313
Education and training	23,691
	<hr/>
	39,004
Total Administrative and Investment Expenses	 <hr/> \$ 359,708

Firemen's Relief and Retirement Fund City of McAllen, Texas Schedule of Investment Management Fees

For the fiscal year ending September 30, 2025

Asset Class	Management Fees Paid From Trust	Management Fees Netted From Returns	Total		Profit Share/Carried Interest	Total Direct and Indirect Fees and Commissions
			Investment Management Fees	Management Fees		
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Equity	31,111	-	31,111	-	-	31,111
Fixed Income	12,147	-	12,147	-	-	12,147
Alternative/Other	-	201,340	201,340	62,131	-	263,471
	<u>43,258</u>	<u>\$ 201,340</u>	<u>\$ 244,598</u>	<u>\$ 62,131</u>	<u>\$ -</u>	<u>\$ 306,729</u>
Other fees paid from trust						
Custodial	35,165					35,165
Research	15,918					15,918
Legal	67,091					67,091
Actuary	15,096					15,096
Investment consulting	<u>144,176</u>					<u>144,176</u>
Total Investment Expenses (Direct and Indirect)	<u>\$ 320,704</u>					<u>\$ 584,175</u>

<u>List of Alternative/Other Investments</u>	<u>List of Investment Manager Names</u>
Terracap Partners V	CBIZ
Ironwood	
Terracap Partners III	
Pointer	
Serenitas	
Ironsides Opportunities Annex Fund	
Ironside Opportunities Fund II	
Ironside Private Equity Fund VII	
CCA Longevity Fund VI	



GOVERNMENT AUDITING STANDARDS



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 Pension Board of Trustees of the
Firemen’s Relief and Retirement Fund
City of McAllen, Texas

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 Firemen’s Relief and Retirement Fund (the “Plan”), a fiduciary fund of the City of McAllen, Texas (the “City”) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Plan’s basic financial statements, and have issued our report thereon dated February 19, 2026. The financial statements present only the financial position of the Plan, a fiduciary fund of the City, and do not purport to, and do not, present the financial position of the City, as of September 30, 2025, and the changes in financial position for the year then ended.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan’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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan’s internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Carr, Riggs & Ingram, L.L.C.

Harlingen, Texas
February 19, 2026