Dallas County Hospital District Retirement Income Plan

Independent Auditor's Report, Financial Statements, and Supplementary Information

December 31, 2025 and 2024

Dallas County Hospital District Retirement Income Plan
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December 31, 2025 and 2024

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Dallas County Hospital District Retirement Income Plan
Management's Discussion and Analysis (Unaudited)
Years Ended December 31, 2025 and 2024

Our discussion and analysis of the Dallas County Hospital District Retirement Income Plan (Plan) financial statements provides an overview and analysis of the financial activities of the Plan for the years ended December 31, 2025 and 2024.

Financial Highlights (Dollars in thousands)

- The Plan's total net position increased by $374,839 in 2025 compared to an increase of $215,840 in 2024. The increase in 2025 and 2024 was primarily due to increasing market values in the investment portfolios.
- The Plan's total net investment earnings in 2025 was $306,584, an increase of $152,854 compared to a decrease of $21,446 in 2024. The investment income in 2025 and 2024 was due to net appreciation in values of investments.
- The Plan's employer contributions were $105,622 in 2025 compared to $87,900 in 2024. Employer contributions are determined by the Plan's actuaries based on the accrued obligation and the actuarial determined contributions to the Plan. The funding increase of $17,722 from 2024 to 2025 was largely due to the Board's decision to fund the plan in excess of the actuarial determined obligation. Employee contributions were $56,895 in 2025 compared to $65,211 in 2024. The decrease in employee contributions was mostly due to a decrease in participant activity.
- Total payments to participants increased by $5,542 to $92,227 in 2025 and increased by $5,302 to $86,685 in 2024. Payments in 2025 and 2024 increased mostly due to increased numbers of retirees.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the Plan's basic financial statements. The Plan's financial statements are composed of financial statements and notes to the financial statements.

Financial Statements

The financial statements are designed to provide readers with an overview of the Plan's finances.

The statements of fiduciary net position present information on all of the Plan's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Plan is improving or deteriorating.

The statements of changes in fiduciary net position present information showing how the Plan's net assets changed during the most recent calendar years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Analysis (Dollars in Thousands)

The Plan's assets include investments reported at fair value as of December 31, 2025 and 2024. These assets are held in trust for pension benefits.

The total return on investments in 2025 was 16% compared to a total return of 9% in 2024. The investment income increase from 2024 to 2025 was primarily driven by stronger appreciation in the market values of investment securities. For 2025, the Plan's domestic equity strategies returned 17% as compared to the Russell 3000 Index of 17.1%. The Plan's international equity strategies returned 30.7% as compared to the MSCI ACWI ex US composite index of 32%. The fixed income strategies returned 7.3% as compared to the Bloomberg Capital Aggregate Index of 7.3%.

Investment Policy

The Plan's Investment Policy requires the Plan to maintain target asset allocations and ranges for the total fund. As of December 31, 2025, the Investment Policy's asset allocation and ranges are as follows:

	2025	Policy Balance Target	Policy Range
Domestic equity	34.1%	36.0%	31%–41%
International equity	21.8%	20.0%	14%–26%
Emerging markets equity	4.1%	4.0%	2%–6%
Fixed income	30.5%	30.0%	26%–34%
Real estate	7.3%	10.0%	7%–13%
Cash equivalents	2.3%	0.0%	0%–5%

All asset classes were within their strategic target ranges and the Dallas County Hospital District (District) adhered to the Plan's Investment Policy during the year ended December 31, 2025.

TABLE 1

Statements of Fiduciary Net Position
(Dollars in Thousands)

ASSETS	**2025**	**2024**	**2023**
Investments			
Cash and cash equivalents	$ 52,846	$ 15,826	$ 13,815
Domestic equities	767,301	689,226	598,480
Non-U.S. equities	490,327	372,821	332,073
Emerging market equities	91,784	75,238	68,961
Domestic fixed income	649,016	549,917	470,861
Non-U.S. fixed income	38,228	31,728	26,360
Real estate	163,835	143,489	154,691
Total Investments	2,253,337	1,878,245	1,665,241
Receivables			
Accrued interest and dividends	3,812	3,447	2,718
Investments sold but not settled	269	3,355	21
Other receivables	170	93	-
Total Receivables	4,251	6,895	2,739
Total Assets	2,257,588	1,885,140	1,667,980
LIABILITIES			
Accrued administrative expenses	684	803	589
Investments purchased but not settled	1,093	3,365	2,259
Total Liabilities	1,777	4,168	2,848
Net Position Restricted for Pensions	$ 2,255,811	$ 1,880,972	$ 1,665,132

TABLE 2

Changes In Fiduciary Net Position
(Dollars in Thousands)

	2025	2024	2023
Additions			
Contributions			
Employer contributions	$ 105,622	$ 87,900	$ 83,701
Employee contributions	56,895	65,211	61,226
Other	-	-	1
Total Contributions	162,517	153,111	144,928
Investment earnings (losses)			
Net appreciation in fair value	281,908	134,565	159,404
Interest	18,852	16,091	11,879
Dividends	7,426	5,596	5,321
Other	567	1,295	2,058
Investment management expense, net	(2,169)	(3,817)	(3,486)
Net Investment Earnings	306,584	153,730	175,176
Total Net Additions	469,101	306,841	320,104
Deductions			
Benefit payments to participants	81,579	75,822	68,970
Refunds to former participants	10,648	10,863	12,413
Administrative expenses and other	418	666	274
Total Deductions	92,645	87,351	81,657
Net Increase In Plan Net Position	376,456	219,490	238,447
Transfers to Mandatory Savings Plan	(1,617)	(3,650)	-
Net Position Restricted for Pensions, Beginning of Year	1,880,972	1,665,132	1,426,685
Net Position Restricted for Pensions, End of Year	$ 2,255,811	$ 1,880,972	$ 1,665,132

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Independent Auditor's Report

Board of Managers
Dallas County Hospital District
Dallas, Texas

Opinion

We have audited the financial statements of Dallas County Hospital District Retirement Income Plan (Plan), which comprise the statements of fiduciary net position as of December 31, 2025 and 2024, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the fiduciary net position of the Plan as of December 31, 2025 and 2024, and the changes in its fiduciary net position for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Plan 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.

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 12 months beyond the financial statement date, 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 GAAS 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, 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.
- 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 on pages 1 through 4 and the supplemental Schedule of Changes in Net Pension Liability, Schedule of Employer Contributions, Schedule of Money-Weighted Average Rate of Return, and Schedule of Significant Actuarial Assumptions on pages 22 through 25 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with GAAS. These limited procedures 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 audits of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plan's basic financial statements. The Schedule of Direct and Indirect Fees and Commissions is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we do not express an opinion on it or provide any assurance on it.

Forvis Mazars, LLP

Dallas, Texas
November 10, 2026

Dallas County Hospital District Retirement Income Plan
Statements of Fiduciary Net Position
December 31, 2025 and 2024
(Dollars in Thousands)

	2025	2024
ASSETS		
Investments		
Cash and cash equivalents	$ 52,846	$ 15,826
Domestic equities	767,301	689,226
Non-U.S. equities	490,327	372,821
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LIABILITIES		
Accrued administrative expenses	684	803
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Net Position Restricted for Pensions	$ 2,255,811	$ 1,880,972

Dallas County Hospital District Retirement Income Plan
Statements of Changes in Fiduciary Net Position
Years Ended December 31, 2025 and 2024
(Dollars in Thousands)

	2025	2024
Additions		
Contributions		
Employer contributions	$ 105,622	$ 87,900
Employee contributions	56,895	65,211
Total contributions	162,517	153,111
Investment earnings		
Net appreciation in fair value	281,908	134,565
Interest	18,852	16,091
Dividends	7,426	5,596
Other	567	1,295
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Net investment earnings	306,584	153,730
Total Net Additions	469,101	306,841
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Net Position Restricted for Pensions, End of Year	$ 2,255,811	$ 1,880,972

Note 1. Description of the Plan

The following description of the Dallas County Hospital District Retirement Income Plan (Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan, created on January 1, 1982, is a single-employer, defined benefit pension plan covering all full-time employees of the Dallas County Hospital District (District). The Plan's assets are overseen by the Board of Managers of the District (Board), who are responsible for setting and changing benefit and contribution levels. The Board hires investment consultants and has appointed an Investment Committee composed of industry experts to provide advice on investment strategy, review investment manager performance and to recommend changes in the management of the Plan's assets to the Board for approval. Effective January 25, 2023, the Board voted to freeze the Plan and not allow any new participants after December 2023. The Board also voted to create a Mandatory Savings Plan which is a defined contribution plan that serves as a Social Security replacement plan for new full-time and all part-time employees.

Bank of New York Mellon (BNY Mellon) serves as the trustee for the Plan. Milliman U.S.A. serves as the Plan's record keeper, administrator, and actuarial consultant. Effective February 2024, Meketa Investment Group serves as the Plan's investment consultant and from January 2023 through January 2024, Callan LLP served as the Plan's investment consultant. The Plan is a fiduciary component unit of the District.

Investments

As detailed by the Plan's Investment Policy, the Plan is permitted to invest in the following types of investments: equities, fixed income securities, private real estate, mutual funds, money market funds, collective trusts, derivative financial instruments, and cash equivalents.

Eligibility

Full time employees become eligible to participate in the Plan upon employment.

Contributions and Vesting

Participants are required to contribute 6.2% of their base salaries for 2025 and 2024. Participants are always 100% vested in their contributions. Participants whose employment terminates prior to having completed a five-year period of service required for pension benefits are entitled to a refund of their contributions.

The District's pension liability, expense and required contributions are calculated by the actuary using the entry age normal actuarial cost method. The District's practice is to contribute to the Plan an amount equal to the actuarial determined contribution as calculated by the Plan's actuary for the year. The District, at its discretion, can elect to contribute amounts other than the actuarial determined contribution. The actuarial valuation is calculated as of the beginning of each calendar year.

Participation

Plan participation as of the valuation dates is composed of the following:

	January 1	
	2026	**2025**
Retirees and beneficiaries currently receiving benefits	4,263	4,046
Terminated plan members entitled to but not yet receiving benefits	4,975	4,871
Active plan members	9,741	11,112
Terminated plan members with contributions owed	770	879
Total	19,749	20,908

Pension Benefits

Participants are entitled to basic monthly pension benefits at normal retirement age (65) equal to (a) plus (b) but not greater than (c) as follows:

(a) 1.25% of final average annual earnings multiplied by the years of service prior to January 1, 1982. Final average earnings is the average earnings for the five-year period within the last 10 years of service before the normal retirement date that yields the highest average. Earnings are defined as basic compensation and exclude bonuses, overtime pay, and other forms of compensation.
(b) 2.5% of final average annual earnings, as described in (a) above, multiplied by the years of service after December 31, 1981.
(c) 60% of final average annual earnings, as described in (a) above.

For those participants hired after January 1, 1982, the benefit will be the greater of:

(a) 2.5% of final average annual earnings, as described in (a) above, multiplied by the years of service after January 1, 1982, not to exceed 60% of final average earnings, as described in (a) above, or
(b) 4% of final average annual earnings, as described in (a) above, up to $10,000 multiplied by the years of service after January 1, 1982 (capped at 25 years), plus 2% of the final average earnings, as described in (a) above, if any, which is between $10,000 and $30,000, multiplied by the years of service after January 1, 1982 (capped at 25 years).

The above calculations may be limited by Internal Revenue Code regulation 401(a)(17) for participants employed after January 1, 1996.

Actual benefits to be paid, however, may vary depending on, among other things, actual retirement date, form of payment elected, and certain limitations as described in the Plan.

The Plan permits early retirement at age 55 through 64, upon which the participant is eligible for a reduced benefit, provided that the participant has completed five years of full-time service. The Plan also allows for a postponed retirement for employees desiring to continue working past age 65. Pension benefits are paid to married participants in the form of a 50% joint and survivor annuity and to single participants in the form of a life annuity, unless an election is made to receive an alternate distribution available under the Plan.

Death Benefits

If an active married participant is eligible for an early retirement, normal retirement, or postponed retirement at the time of death, or if a terminated married participant was eligible for early retirement prior to termination but died before pension benefit payments commenced, the spouse is entitled to a preretirement death benefit. The monthly benefit is equal to 100% of the retirement amount the participant could have received had he or she retired the day before their death.

Administrative Expenses

The Plan is responsible for expenses related to its operations, however, the District, at its discretion, elects to pay certain Plan expenses.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

The Plan is maintained on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Employer and employee contributions are recognized when due, pursuant to formal commitments as well as statutory or contractual requirements. Benefits and refunds of the plan are recognized when due and payable in accordance with the terms of the Plan. Purchases and sales of investments are recorded on a trade-date basis.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of fiduciary net position and changes therein, disclosure of contingent assets and liabilities, and the actuarial present value of the actuarial accrued liability. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan invests in various investment securities. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Plan contributions are made and the actuarial present value of the actuarial accrued liability is reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation 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.

Investment Valuation and Income Recognition

Investments in mutual funds, corporate equities, and fixed income securities are reported at fair value based on published market prices. Short-term money market funds are reported at cost, which approximates fair value. Investments in collective trusts and hedge funds are reported at net asset value for fair value. Purchases and sales of securities and related income are recorded on a trade-date basis. Interest is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Net appreciation includes the Plan’s gains and losses on investments bought and sold as well as held during the year.

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Revisions

Certain immaterial revisions have been made to the 2024 financial statements for the classification in the fair value hierarchy table. These revisions did not have a significant impact on the financial statement line items impacted

Note 3. Investments

All of the Plan's investments are held by its trustee. The District's Board authorizes various portfolio managers to manage investments within the guidelines of the Plan's Investment Policy. This policy mandates a diversified portfolio with investments, either directly or in common collective trusts or mutual funds, in fixed income securities, international and domestic equity securities, derivatives, hedge funds, private real estate and cash equivalents.

The Plan has entered into certain derivative financial instruments including forward foreign exchange contracts, futures contracts, written options, and credit default swaps as described below. The instruments' maturity periods vary depending upon the objectives for which the instruments are held. These instruments are recorded at fair value as of December 31, 2025 and 2024. The fair values of these instruments are included in other investments in the accompanying statements of fiduciary net position. Changes in fair value are accounted for as net appreciation or depreciation in fair value of investments.

Following is a description of the valuation methodologies used for plan assets measured at fair value.

Money market and commingled liquidity funds: Valued based on amortized cost, which approximates fair value.

Mutual funds: Valued based on quoted market prices.

Corporate and government bonds: Valued based on quoted market prices.

Equity Securities: Valued at the closing price on the last business day of the plan year reported on the active market on which the individual securities are traded.

Real estate investments: Real estate investments are valued at the net asset value for fair value based upon the fair values of the underlying net assets of the trust or fund using an income approach with a discount cash flow analysis as a valuation technique as well as sales comparisons. Real estate investments can be redeemed quarterly with a 90-day notice.

Equity and debt securities held in mutual funds and commingled trusts: Investments placed through mutual funds and commingled trusts are valued at their respective quoted share prices at the end of the year.

The fair values of investments in excess of 5% of the Plan's fiduciary net position at December 31, 2025 and 2024 are separately identified below (amounts in thousands).

	2025	2024
Mellon Investment Corp. S&P 500 Index Fund	$ 582,668	$ 507,059
Income Research and Management	$ 446,842	$ 394,078
Mellon Investment Corp. Bond Index Fund	$ 242,641	$ 188,709
Dodge & Cox International Equity Fund	$ 185,338	$ 146,885
MFS International Equity Fund	$ 184,494	$ 149,638
Driehaus Smid Growth	$ 110,131	N/A
Heitman Real Estate Fund	$ 105,339	N/A
LSV Asset-Smid Cap	$ 100,016	N/A
Wells-Smid Cap	N/A	$ 94,256

During 2025 and 2024, the fair value of the Plan's investments (including investments bought, sold, and held during the year) appreciated (depreciated) as follows (amounts in thousands):

	2025	2024
Domestic equities	$ 153,410	$ 132,190
Non-U.S. equities	97,577	9,625
Domestic fixed income	23,975	(4,896)
Real estate	6,946	(2,354)
Total	$ 281,908	$ 134,565

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of investments in debt instruments will adversely affect the fair value of an investment. The Plan's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. The Plan seeks to minimize interest rate risk with the short-term nature of many of the investments (amounts in thousands).

Security Type	December 31, 2025 Fair Value	Average Maturity in Years	December 31, 2024 Fair Value	Average Maturity in Years
Fixed income				
Corporate bonds	$ 361,237	10.1	$ 285,130	10.3
Asset-backed bonds	47,633	8.2	44,433	8.2
U.S. Treasury bonds	109,342	16.6	93,873	17.7
Other government bonds	1,819	7.7	2,091	30.8
Federal National Mortgage Association – mortgage-backed securities	51,639	6.3	52,253	6.5
Federal Home Loan Mortgage Corporation mortgage-backed securities	40,215	5.9	41,111	6.0
Government National Mortgage Association mortgage-backed securities	14,915	7.0	2,683	6.1
Corporate mortgage-backed securities	22,216	1.2	28,343	1.8
Total U.S. fixed income portfolio	649,016		549,917	
Non-U.S. bonds	38,228	6.4	31,728	6.6
Total fixed income investments	$ 687,244		$ 581,645	

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of failure of the counterparty, the Plan would not be able to recover the value of its investments. The Plan does not have a formal policy for custodial credit risk. As of December 31, 2025 and 2024, all investments are held by the trustee for the benefit of the Plan.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Plan's investment policy addresses concentration limits on a manager basis. Except for U.S. Government and agency obligations, no other individual issuer's fixed income securities shall exceed 5% of the market value of the portfolio. Investments in the common stock of a U.S. corporation may not exceed 5% of the Plan's assets. As of December 31, 2025 and 2024, the Plan did not hold more than 5% of assets in any single issuer other than mutual funds, collective trusts, limited liability companies, U.S. Government obligations, or obligations of U.S. Government chartered entities.

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plan's Investment Policy requires that fixed income securities be oriented toward risk averse, investment grade securities (as rated by Moody's, Standard & Poor's, or equivalent rating agency). Corporate bond investments can only be made in companies on which sufficient historical data on operating results is available to reach a reasonable conclusion as to their suitability for this portfolio.

Below are the Plan's direct fixed income investments at fair value as of December 31, 2025 and 2024 (amounts in thousands):

	Rating	2025	2024
U.S. fixed income			
	AAA	$ 15,195	$ 75,057
	AA+	234,019	179,974
	AA	1,834	1,643
	AA-	2,293	2,278
	A+	3,871	2,709
	A	15,060	13,925
	A-	23,569	20,734
	BBB+	21,195	19,213
	BBB	38,734	38,074
	BBB-	7,011	6,397
	BB+	1,306	1,204
	Not Rated	284,929	188,709
Total U.S. fixed income		649,016	549,917
Non-U.S. fixed income			
	AAA	2,878	6,116
	AA-	813	-
	A+	547	2,432
	A	949	2,472
	A-	8,810	5,080
	BBB+	9,815	11,900
	BBB	2,480	-
	BBB-	872	3,728
	NR	11,064	-
Total non-U.S. fixed income		38,228	31,728
Total fixed income investments		$ 687,244	$ 581,645

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. Several of the Plan's collective trusts held international stocks and bonds which have exposure to foreign currency risk as of December 31, 2025 and 2024. In addition, one fixed income manager makes use of foreign denominated credit default swaps and currency options in a portfolio for hedging strategies. The Plan's foreign currency net assets (foreign currency denominated investments) were $620,339 (27.5% of fiduciary net position) and $479,787 (25.5% of fiduciary net position) at December 31, 2025 and 2024, respectively.

Calculation of Money Weighted Rate of Return

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period.

External cash flows are determined on a monthly basis and are assumed to occur at the beginning of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

Fair Value Measurements

The Plan's investments are recorded at fair value as of December 31, 2025 and 2024, and have been categorized based upon a fair value hierarchy in accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. GASB 72 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan categorizes its fair value measurements within the fair value hierarchy established by GASB 72. The hierarchy is based on the valuation inputs used to measure fair value of the assets. An investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value on a recurring basis:

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 (quoted market prices for similar assets or liabilities) or indirectly (corroborated from observable market information)

Level 3 Unobservable inputs for an asset or liability

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2025 (amounts in thousands)				
Domestic equities	$ 767,301	$ 153,735	$ 613,566	$ -
Non-U.S. equities	490,326	238,304	252,022	-
Emerging market equities	91,783	45,859	-	45,924
Domestic fixed income	649,016	109,342	539,674	-
Non-U.S. fixed income	38,228	-	38,228	-
Real estate	163,837	-	-	163,837
Total investments	2,200,491	$ 547,240	$ 1,443,490	$ 209,761
Cash and cash equivalents	52,846			
Investments, at fair value	$ 2,253,337			

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2024 (amounts in thousands)				
Domestic equities	$ 689,226	$ 162,935	$ 526,291	$ -
Non-U.S. equities	372,821	372,821	-	-
Emerging market equities	75,238	-	-	75,238
Domestic fixed income	549,917	93,873	456,044	-
Non-U.S. fixed income	31,728	-	31,728	-
Real estate	143,489	-	-	143,489
Total investments	1,862,419	$ 629,629	$ 1,014,063	$ 218,727
Cash and cash equivalents	15,826			
Investments, at fair value	$ 1,878,245			

Note 4. Actuarial Methods And Assumptions

The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long term expected rate of return.

Valuation date	January 1, 2026	January 1, 2025
Measurement date	December 31, 2025	December 31, 2024
Investment rate of return	6.00%	6.00%
Inflation	2.50%	2.50%
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	18 years, closed	19 year, closed
Amortization growth rate	4.00%	4.00%
Salary increases including inflation	Graded table	Graded table
Mortality	Separate rates using Pub-2016 General Mortality Tables by gender (amount-weighted) and 2024 Adjusted MP-2021 (generational with no adjustment during pandemic and long-term improvement capped at 0.78%)	Separate rates using Pub-2016 General Mortality Tables by gender (amount-weighted) and 2024 Adjusted MP-2021 (generational with no adjustment during pandemic and long-term improvement capped at 0.78%)

GASB Statement No. 67, *Financial Reporting for Pension Plans* (GASB 67) requires a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on Plan investments may be used to discount liabilities to the extent that the Plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. GASB 67 does allow for alternative evaluations of projected solvency. The following circumstances justify an alternative evaluation of sufficiency for the Plan:

- The District has at least a five-year history of paying at least 100% of the Actuarially Determined Contribution (previously termed the Annual Required Contribution).
- The Actuarially Determined Contribution is based on a closed amortization period, which means that payment of the Actuarially Determined Contribution each year will bring the Plan to a 100% funded position by the end of the amortization period.
- The projections regarding future solvency assume that Plan assets earn the assumed rate of return and there are no future changes in the Plan provisions or actuarial methods and assumptions. Therefore, the projections will not reflect any adverse future experience which might impact the Plan's funded position.

Based on these circumstances, the detailed depletion date projections will show that the Fiduciary Net Position is projected to be sufficient to cover benefit payments and administrative expenses.

Note 5. Net Pension Liability

	2025	2024
Total pension liability	$ 2,783,345	$ 2,607,261
Fiduciary net position	$ 2,255,811	$ 1,880,972
Net pension liability	$ 527,534	$ 726,289
Fiduciary net position as a % of total pension liability	81%	72%
Covered payroll	$ 900,209	$ 986,204
Net pension liability as a % of covered payroll	59%	74%

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions in Note 4. There have been no significant changes between the valuation date and the fiscal year end.

Sensitivity Analysis

The following presents the Net Pension Liability of the District, using the discount rate of 6%, as well as a calculation of the Net Pension Liability if it were calculated using a discount rate that is 1 percentage point lower (5%) or 1 percentage point higher (7%) than the current rate.

	1% Decrease to 5%	Current Discount Rate	1% Increase to 7%
Total pension liability	$ 3,185,535	$ 2,783,345	$ 2,453,593
Fiduciary net position	$ 2,255,811	$ 2,255,811	$ 2,255,811
Net pension liability	$ 929,724	$ 527,534	$ 197,782

Note 6. Related-Party Transactions

The Plan's investments include common/collective trusts sponsored by BNY Mellon. BNY Mellon serves as the trustee as defined by the Plan.

Note 7. Federal Income Tax Status

The Plan received a determination letter from the Internal Revenue Service (IRS) dated September 29, 2011, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (IRC) and, therefore, the related trust is exempt from taxation. The Plan has been amended since receiving the determination letter. The District believes the Plan is operated in compliance with the applicable requirements of the IRC and therefore believes the Plan is qualified and the related trust is tax-exempt.

The Plan is subject to audits by the IRS, however, there are currently no audits in progress for any tax periods.

Note 8. Plan Termination

Although the District has not expressed any intent to terminate the Plan, in the event the Plan terminates, the fiduciary net position will be allocated to provide the following benefits in the order indicated:

(A) Annuities for participants who received (or were eligible to receive) benefits at least three years prior to termination of the Plan. Annuities will be based on Plan provisions in effect five years prior to the termination date.

(B) All other vested benefits.

(C) All nonvested benefits.

If the fiduciary net position is not sufficient to fully provide the amounts required in a particular class, assets will be allocated pro rata in the first class in which an insufficiency exists. If the fiduciary net position exceed the Plan's actuarial accrued liability, the excess assets will be distributed to the Plan's sponsor.

Note 9. Subsequent Events

The Plan has evaluated subsequent events through November 10, 2026, the date the financial statements were available to be issued. The Plan determined there were no events that required disclosure or recognition in these financial statements.

Required Supplementary Information

Dallas County Hospital District Retirement Income Plan
Required Supplementary Information
Schedule of Changes in Net Pension Liability (Unaudited)
December 31, 2025
(Dollars in Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service cost	$ 88,673	$ 88,386	$ 80,332	$ 72,094	$ 68,967	$ 65,820	$ 51,516	$ 47,055	$ 44,513	$ 41,024
Interest on total pension liability	158,979	144,346	131,902	121,083	112,920	106,382	102,108	95,249	89,044	83,217
Effect of plan changes	-	-	-	-	-	-	-	-	(4,577)	-
Effect of economic/demographic gains (losses)	22,378	111,464	82,722	58,240	15,847	8,301	(1,105)	7,645	8,896	2,439
Effect of assumption changes or inputs	-	(10,340)	(11,612)	-	8,496	(8,557)	207,447	(1,020)	-	-
Benefit payments	(93,946)	(86,685)	(81,380)	(77,361)	(69,373)	(69,373)	(56,859)	(53,984)	(49,644)	(44,312)
Net change in total pension liability	176,084	247,171	201,964	174,056	136,857	102,573	303,137	94,945	88,231	82,368
Total pension liability, beginning	2,607,261	2,360,090	2,158,126	1,984,070	1,847,213	1,738,257	1,435,120	1,340,175	1,251,944	1,169,576
Total pension liability, ending	$ 2,783,345	$ 2,607,261	$ 2,360,090	$ 2,158,126	$ 1,984,070	$ 1,840,830	$ 1,738,257	$ 1,435,120	$ 1,340,175	$ 1,251,944
Fiduciary Net Position										
Employer contributions	$ 105,622	$ 87,900	$ 83,700	$ 74,800	$ 72,500	$ 72,500	$ 46,700	$ 40,000	$ 27,915	$ 28,083
Member contributions	56,895	65,212	61,226	53,924	50,396	50,396	46,107	44,223	37,530	30,270
Investment income (loss) net of investment expenses	308,947	153,402	178,661	(221,128)	171,163	171,163	189,897	(54,170)	127,553	54,075
Benefit payments	(93,946)	(86,685)	(81,380)	(77,361)	(69,373)	(69,373)	(56,859)	(53,984)	(49,644)	(44,312)
Administrative expenses	(2,679)	(3,987)	(3,761)	(3,362)	(253)	(253)	(226)	(241)	(258)	(260)
Net change in Plan fiduciary net position	374,839	215,842	238,446	(173,127)	224,433	224,433	225,619	(24,172)	143,096	67,856
Fiduciary net position, beginning	1,880,972	1,665,131	1,426,685	1,599,812	1,397,731	1,173,298	947,679	971,851	828,755	760,899
Fiduciary net position, ending	$ 2,255,811	$ 1,880,972	$ 1,665,131	$ 1,426,685	$ 1,622,164	$ 1,397,731	$ 1,173,298	$ 947,679	$ 971,851	$ 828,755
Net Pension Liability	$ 527,534	$ 726,289	$ 694,959	$ 731,441	$ 361,906	$ 443,099	$ 564,959	$ 487,441	$ 368,324	$ 423,190
Fiduciary Net Position as % of Total Pension Liability	81.05%	72.14%	70.55%	66.11%	81.76%	75.93%	67.50%	66.03%	72.52%	66.20%
Covered Payroll	$ 900,209	$ 986,204	$ 917,566	$ 792,713	$ 721,279	$ 706,911	$ 685,520	$ 659,891	$ 632,669	$ 613,367
Net Pension Liability as % Of Covered Payroll	58.60%	73.64%	75.74%	92.27%	50.18%	62.68%	82.41%	73.87%	58.22%	68.99%

Dallas County Hospital District Retirement Income Plan
Required Supplementary Information
Schedule of Employer Contributions (Unaudited)
December 31, 2025
(Dollars in Thousands)

Calendar Year Ended	Actuarial Determined Contribution	Actual Employer Contributions	Contribution Surplus (Deficiency)	Covered Payroll	Contribution as a % of Covered Payroll
2011	$ 16,457	$ 16,457	$ -	$ 450,601	3.65%
2012	$ 16,022	$ 16,022	$ -	$ 483,135	3.32%
2013	$ 21,277	$ 21,277	$ -	$ 519,193	4.10%
2014	$ 22,811	$ 22,811	$ -	$ 554,120	4.12%
2015	$ 24,540	$ 24,540	$ -	$ 574,215	4.27%
2016	$ 28,083	$ 28,083	$ -	$ 613,367	4.58%
2017	$ 27,915	$ 27,915	$ -	$ 632,669	4.41%
2018	$ 28,827	$ 40,000	$ 11,173	$ 659,891	6.06%
2019	$ 37,005	$ 46,700	$ 9,695	$ 685,520	6.81%
2020	$ 59,072	$ 59,072	$ -	$ 706,911	8.36%
2021	$ 60,976	$ 72,500	$ 11,524	$ 721,279	10.05%
2022	$ 60,775	$ 74,800	$ 14,025	$ 792,713	9.44%
2023	$ 70,598	$ 83,701	$ 13,102	$ 917,566	9.12%
2024	$ 77,945	$ 87,900	$ 9,955	$ 986,204	8.91%
2025	$ 82,961	$ 105,622	$ 22,661	$ 900,209	11.73%

Dallas County Hospital District Retirement Income Plan
Required Supplementary Information
Schedule of Money-Weighted Average Rate of Return (Unaudited)
December 31, 2025

Fiscal Year Ending December 31,	
2016	7.22%
2017	15.58%
2018	-5.24%
2019	19.94%
2020	13.42%
2021	12.46%
2022	-13.60%
2023	12.24%
2024	9.02%
2025	16.13%

Dallas County Hospital District Retirement Income Plan
Required Supplementary Information
Schedule of Significant Actuarial Assumptions
December 31, 2025 (Unaudited)

Valuation date	January 1, 2026	January 1, 2025
Measurement date	December 31, 2025	December 31, 2024
Investment rate of return	6.00%	6.00%
Inflation	2.50%	2.50%
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	18 years, closed	19 year, closed
Amortization growth rate	4.00%	4.00%
Salary increases including inflation	Graded table	Graded table
Mortality	Separate rates using Pub-2016 General Mortality Tables by gender (amount-weighted) and 2024 Adjusted MP-2021 (generational with no adjustment during pandemic and long-term improvement capped at 0.78%)	Separate rates using Pub-2016 General Mortality Tables by gender (amount-weighted) and 2024 Adjusted MP-2021 (generational with no adjustment during pandemic and long-term improvement capped at 0.78%)

Dallas County Hospital District Retirement Income Plan
Supplementary Information
Schedule of Direct and Indirect Fees and Commissions
December 31, 2025 (Unaudited)

	Direct and Indirect Fees and Commissions					
Asset Class	**Management Fees Paid From Trust**	**Management Fees Netted From Returns**	**Total Investment Management Fees**	**Brokerage Fees/Commissions**	**Profit Share / Carried Interest**	**Total**
Cash	$ -	$ 57,017	$ 57,017	$ -	$ -	$ 57,017
Public Equity	771,313	3,248,333	4,019,646	-	-	4,019,646
Fixed Income	724,480	-	724,480	-	-	724,480
Real Assets	-	1,215,431	1,215,431	-	-	1,215,431
	$ 1,495,793	$ 4,520,781	$ 6,016,574	$ -	$ -	6,016,574
Investment services						
Custodial						316,076
Investment Consulting						360,000
Total investment services						676,076
						$ 6,692,650