



Annual Financial Report of the  
Charlotte Firefighters' Retirement System -  
A Component Unit of the  
City of Charlotte, North Carolina



For the Fiscal Year Ended  
June 30, 2021

**Charlotte Firefighters' Retirement System  
Charlotte, North Carolina**

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# CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM

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December 28, 2021

Honorable Mayor and Members of City Council, Charlotte, North Carolina,  
Members of the Board of Trustees, Charlotte Firefighters' Retirement System,  
and Participants of the Charlotte Firefighters' Retirement System:

The Financial Annual Financial Report ("Report") of the Charlotte Firefighters' Retirement System ("System"), a Component Unit of the City of Charlotte ("City"), North Carolina, for the fiscal year ended June 30, 2021 is herewith submitted. The Board and the System's staff are responsible for the preparation and presentation of the financial information and all other data contained herein, and believe that the Report is based on accounting principles generally accepted in the United States of America, presents fairly and consistently the System's financial position and results of operations and conforms to the standards of governmental accounting and financial reporting principles as promulgated by the Governmental Accounting Standards Board (GASB).

## **HISTORY**

The System was organized pursuant to Chapter 926 of the 1947 Session Laws, as amended, of the State of North Carolina, and is officially known as the Charlotte Firefighters' Retirement System Act ("Act"). The System was established on the fifth day of April 1947, for the purpose of providing retirement, disability and survivor benefits to the uniformed employees of the Fire Department of the City of Charlotte. The System retains a Letter of Determination from the Internal Revenue Service issued May 2017.

## **ADMINISTRATION OF THE SYSTEM**

The administration and responsibility for the proper operation of the System is vested with the System's Board of Trustees ("Board"), which is comprised by the following Trustees as defined by the Act: (a) a Chairperson who is a Mecklenburg County resident and who is appointed by the Resident Judge of the Superior Court of Mecklenburg County to serve as Chairperson for a three year term; (b) three Citizen Trustees who are Mecklenburg County residents and who are appointed by the Resident Judge of the Superior Court of Mecklenburg County for three year staggered terms; (c) the City Manager, who serves by virtue of their position, or some other City department head or employee as designated by the City Manager; (d) the City Finance Director, who serves by virtue of their position, or a deputy finance director as designated by the Finance Director; (e) the City Treasurer who serves by virtue of their position; (f) three Member Trustees who are elected by the active Members for three year staggered terms; and (g) one Retiree Trustee who is elected by the Retirees for a term of three years.

The current Board members are listed on page 11.

## **COMMITTEES**

The Board operationally functions under a committee structure. An Investment Committee and a Benefits Committee are annually appointed by the Chairperson of the Board to monitor, fact-find, and recommend actions for the Board's consideration. Although not required, the committees have generally been comprised of at least three trustees with one committee member being a Citizen Trustee, another a Member Trustee, and the other an ex-officio (i.e., City official) Trustee. During the past fiscal year, John M. Carr, Citizen Trustee served as Chair of the Investment Committee and Melinda Manning, Citizen Trustee served as Chair of the Benefits Committee. Other committees may be appointed for specific projects at the discretion of the Chairperson.

## **PROFESSIONAL SERVICES**

The Board employs the services of various professionals to aid it in its fiduciary responsibility for the effective and prudent management of the System. These professionals include: (a) a full-time Administrator who is responsible for the supervision of System staff and administration and coordination of all System operations and activities in accordance with the rules and regulations of the Act and the policies and direction of the Board; (b) the City Attorney and their staff serve as the legal advisor to the Board although additional outside legal counsel may be engaged by the Board from time to time for specialized services; (c) a consulting actuary who is engaged by the City of Charlotte to perform such studies and evaluations of the System as may be necessary and/or desirable in connection with the System's administration and funding, including preparation of the Annual Actuarial Valuation to determine the adequacy of the funding of the retirement benefit liabilities accrued by System members); (d) an independent auditor engaged by the Board on an annual basis to determine whether the financial statements present fairly, in all material respects, the financial position of the System and the results of its yearly operations in conformity with generally accepted accounting principles; (e) a Medical Board appointed by the Board to review and evaluate medical evidence and propose recommendations regarding disability retirements; (f) investment management professionals employed to invest the system's assets consistent with the objectives and direction of the Board, and (g) an investment consultant to advise the Board on matters of investment policy and strategy, conduct manager searches and monitor performance of the investment managers.

The Board may engage other professionals with expertise in various fields for specific services as deemed necessary.

## **FINANCIAL REPORTING**

An annual report of the financial and actuarial condition of the System is prepared and submitted to the City Council. The annual report to City Council contains, but is not limited to, the auditor opinion and statements contained in the report of the independent

auditor. The annual actuarial valuation report and the actuary's valuation certification will accompany the annual report. Additionally, a copy of the annual report to City Council is provided to each of the fire stations and fire department administrative offices of the City of Charlotte.

## **MAJOR INITIATIVES**

The Board of Trustees submitted to the City of Charlotte, a proposal of an annual 2% incremental increase to Employer Contributions over the next five years along with additional Act amendments for clarity and consistency. The proposal was approved by the City Council and submitted to the NC State legislature for approval. The North Carolina General Assembly did not pass the proposed Bill. The proposal will be submitted again in the future. The City has committed to funding the incremental 2% increases through fiscal year 2026 to reach a maximum of 24%.

During the year, as its primary duty, the Investment Committee spent considerable time reviewing the performance of all existing managers. The Committee met with each manager. As a result of continuing global market and economic volatility in light of the global pandemic, the Committee had in-depth discussions with managers and the investment consultant to review the target asset allocation of the portfolio and to review risk management policies. Interviews were held to replace the Emerging Market Investment Manager. The new investment manager was selected and presented to the Board at the July 2021 meeting for approval. Additionally, per Board approval, all U.S. large cap assets were moved to a passive strategy. The Committee's charter was reviewed and updated.

Investments and managers will continue to be closely monitored by the Investment Committee on both a proactive and retrospective basis to assure continued success as well as continued commitment to a well-diversified portfolio and prudent asset allocation. The total portfolio gross of fee investment return for the year ended June 30, 2021 of 25.56% reflected the continuing volatility of the global markets and economic conditions. The last 5 and 10-year gross of fee rates of returns were 11.00% and 9.43% respectively.

Detailed information concerning the System's investments may be found in the *Notes to the Financial Statements* beginning on Page 19.

The Benefits Committee met on a regular basis during the year. The Committee spent a considerable amount of time researching and discussing various options the City could review from a funding and plan formula perspective for controlling costs that impact the pension plan. The Benefits Committee also launched a Member survey to understand the Members' concerns and opinions. The Committee reviewed the Act and presented options and the Member survey for the City's review. Options that the Board could support included increasing employee contribution levels, changing the definition of Compensation, and changing the Final Average Salary period for future Members. Various language updates to the Act for clarity and consistency were approved by the Board. The Benefits Committee reviewed and updated their Charter.

The continuing effects of the global pandemic related to COVID-19 forced the staff to work from home. The administration of the System has maintained smooth operations and staff provided uninterrupted services to all members.

The retiree portal supported by the System's custodian bank, USBank has been enhanced to provide more functionality for our retirees. The portal provides retirees and beneficiaries in payment status access to their benefit payment information including but not limited to tax withholding elections, 1099-R reporting and banking information.

Active Member education modules were developed and deployed through the City's E-Learning System. The City requires all active firefighters to review assigned education modules. Topics covered for the firefighters include an overview of the Retirement System, the pension benefit calculation, and the disability pension benefit calculation and application process. The CFRS monitors participation rates for each retirement module. Additional modules are in draft.

The Active Member Portal continues to be widely utilized by the active members. The portal provides active members the ability to perform estimates and pension benefit modeling. Once in the site, the member also has access to their annual pension statement, beneficiary information, Plan Benefit Q&A and links to various other resources.

## **FINANCIAL INFORMATION**

The System's internal control structure is designed to provide reasonable, but not absolute, assurance for the safeguarding of assets against loss from theft or unauthorized use and to ensure the reliability and adequacy of the accounting records. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgment by the Board. Accounting data are maintained in a manner suitable for preparing financial reports in conformity with generally accepted accounting principles and for providing accurate and timely data to the City Council, Board, participants of the System, citizens, and other interested parties.

### **Budgetary Controls**

The North Carolina General Statutes require the adoption of an annual budget for all funds except those for which expenditures are authorized by project ordinance, fiduciary funds, and internal service funds. The System is a fiduciary fund and is therefore exempt from budgetary requirements. However, the Board considers and adopts a budget for each fiscal year of operations and receives a quarterly budget report from the Administrator.

### **Accounting and Actuarial Systems**

The financial reports of the System are prepared in accordance with U.S. generally accepted principles of governmental accounting and reporting promulgated by GASB. The

accrual basis of accounting is used to record assets and liabilities, and revenues and expenses. Revenues and expenses are recorded when earned or incurred, regardless of collection or disbursement. Capital assets are recorded at cost and depreciated through charges to expense over the estimated useful lives of the assets.

An annual actuarial valuation is performed by the System's actuary Cavanaugh Macdonald Consulting, LLC. The actuarially calculated contribution rates are developed using the entry age cost method. This cost method attempts to allocate the cost of each member's benefit as a level percent of compensation over the member's projected service from date of hire to date of retirement or exit. The calculated contribution rates include a current or "normal" cost for the year plus an amortization amount to reduce any unfunded accrued liability.

## **Revenues and Funding**

Revenues essential to the sound funding of the System flow from three sources:

**Contributions by Members:** A System Member contributes an amount equal to the Member's eligible compensation multiplied by the current contribution rate of 12.65%. Member contributions are made on a tax-deferred basis and record is kept of each member's accumulated contributions. This accumulated amount is used for the Member's benefit if he or she remains in service. If the Member leaves service, he or she may withdraw the amount of his or her accumulated contribution. A Member with five or more years of membership service receives interest on his or her contributions if a refund is requested. A Member may, if he or she has five or more years of membership service, choose to elect a deferred annuity providing lifetime income commencing at age 60.

**Contributions by the City of Charlotte:** The City of Charlotte contributed an amount equal to the Member's eligible compensation multiplied by the statutory contribution rate of 12.65%. In this fiscal year, the City increased their contributions to 14% per the funding initiative. Any other differences between the aggregate City and Member contributions are due to (a) service purchases made by Members for which the City does not make contributions and (b) City contributions for those Members away on military deployments during which Members are not required to make contributions.

**Investment Income:** Investment income is the third source of System revenues and must be regarded as both a vital and major contributor to the System's strong funding status. Statutorily, since 1947, the Board has exercised responsibility for investing the System's assets in a prudent and diligent manner.

The reader of this Report should note that year-to-year investment return variation is a function of unrealized gains or losses on securities' valuations and the subsequent realization of gains or losses on the sale of investments and is not necessarily reflective of actual investment cash flow or income.

The primary critical concern of the Board is the System's funding adequacy. High funding levels are directly related to benefit security for participants. It is the responsibility of the Board to make prudent and sound investment decisions in order to increase the assets and thereby the funding level of the System. The Board has a goal of maintaining the funding of the System at or near 100%. Although the statutory contribution rate of 12.65% for the employer and employee has been sufficient for over 20 years, the combined Member and City contributions along with projected investment returns will not be sufficient in the long-term. The Funding level is also influenced by changes to benefits and economic and demographic assumptions. The resulting funding level as of July 1, 2021 of 76.9%, is up from 76.5% as of July 1, 2020. Contributing factors to the funding level increase were investment gains and employer contributions partially offset by pay increases for active participants.

A more complete discussion of System funding status may be found in the *Actuarial Report* found on the System's website, [www.Charlottefireretire.com/Reports](http://www.Charlottefireretire.com/Reports)

## **Expenses**

The primary expense of the System relates to the purpose for which it was created, namely, the payment of benefits to retirees and their beneficiaries. Benefit payments and refunds to terminated members were responsible for 98.35% of all deductions from plan assets, which is 0.1% higher than the prior year. Administrative costs and depreciation accounted for 1.65% of deductions from plan assets for fiscal year 2021, compared to 1.8% for the prior year. A more detailed discussion of System expenses may be found in the *Management's Discussion and Analysis* beginning on Page 14.

## **OTHER INFORMATION**

### **Independent Audit**

Pursuant to North Carolina law, the System is required to undergo an annual audit by a certified public accountant. The Board has selected the independent certified public accounting firm of Cherry Bekaert LLP to provide these services. The report of the independent auditor on the financial statements and required supplementary information begins on Page 12.

### **Acknowledgments**

The compilation of this Report is intended to provide complete and reliable information regarding the stewardship for the funds contributed by the members of the System and the City of Charlotte.


Several individuals assisted with the preparation of this report and we wish to acknowledge their efforts and assistance. Tony Bass, Administrative Officer III; City Finance Staff, Betty Mattos, Chief Accountant; Kelly Kay, Accountant III; and Alexandra



Gatti, Accountant II all contributed many hours to ensure the accuracy and completeness of this report.

We hope that this year's report will be of interest to you and will be helpful in your understanding, evaluating, and assuring the continued success of the Charlotte Firefighters' Retirement System.

Respectfully Submitted,

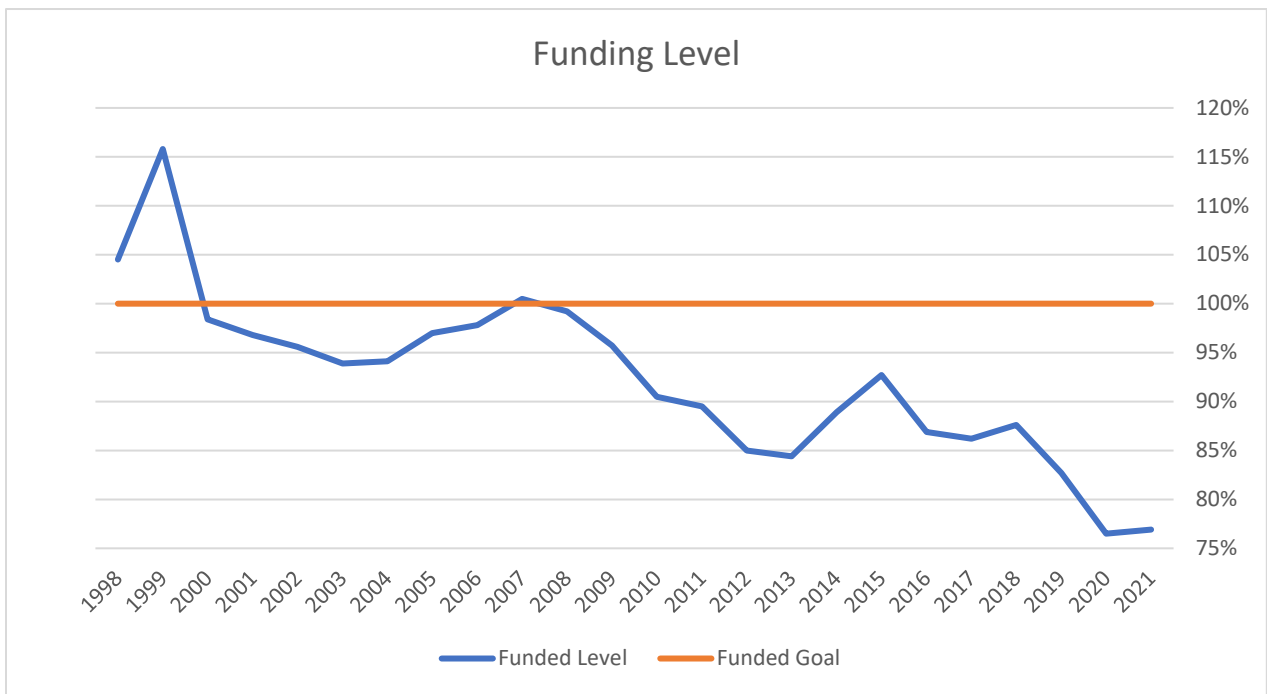
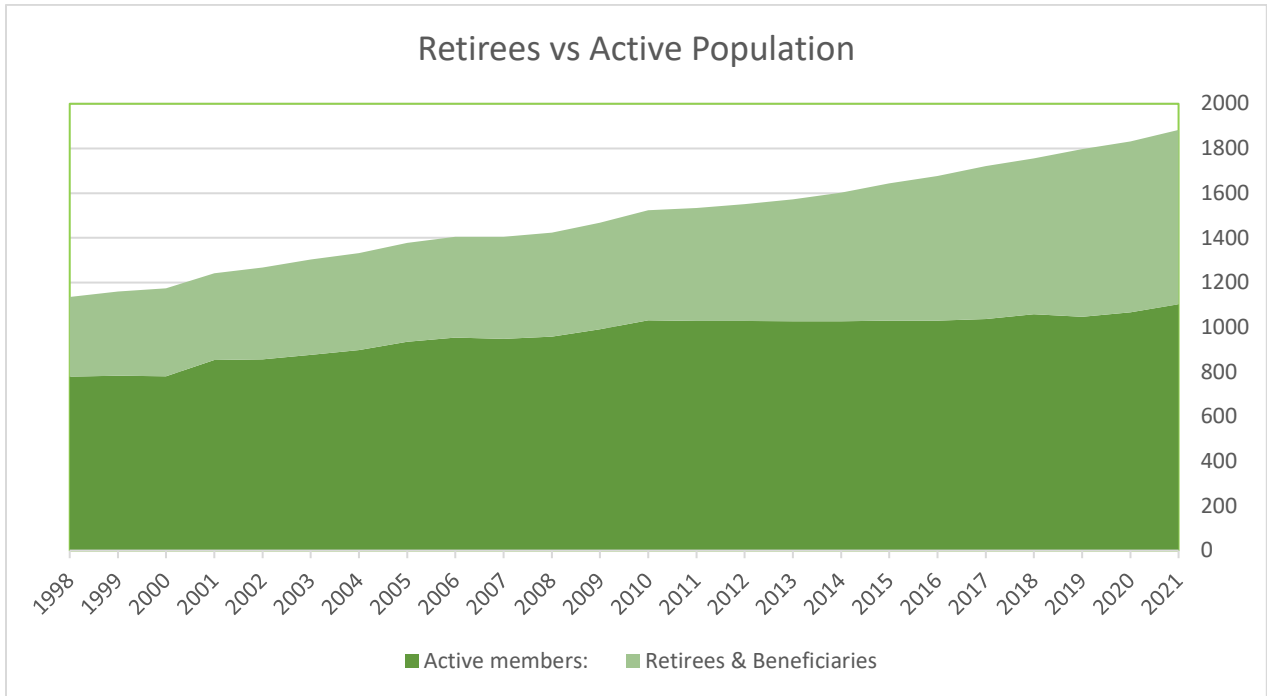


Vanessa Heffron, Chairperson, Board of Trustees

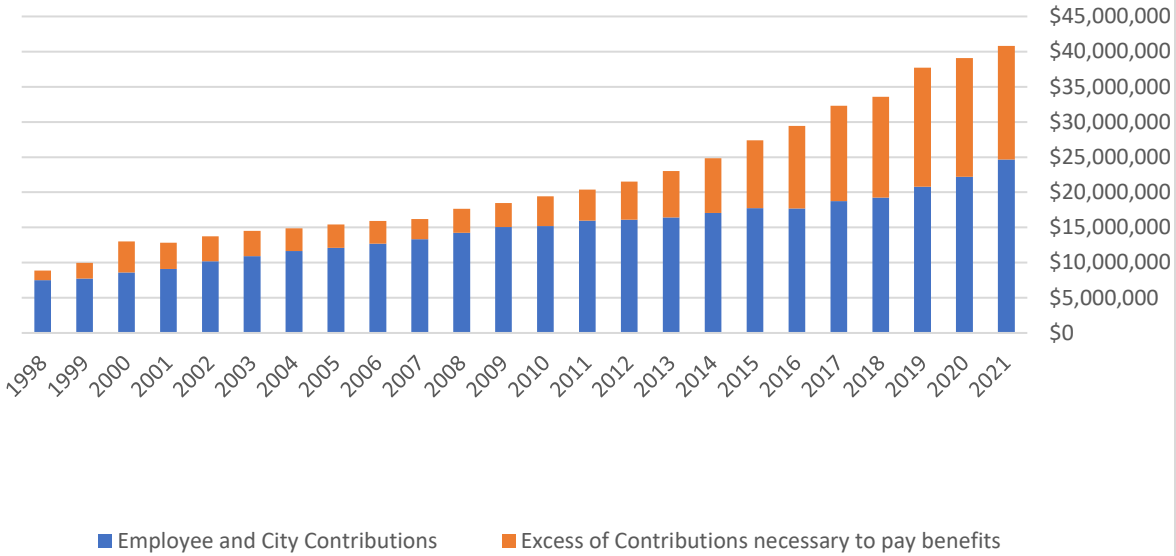


Sandra J. Thiry, Administrator

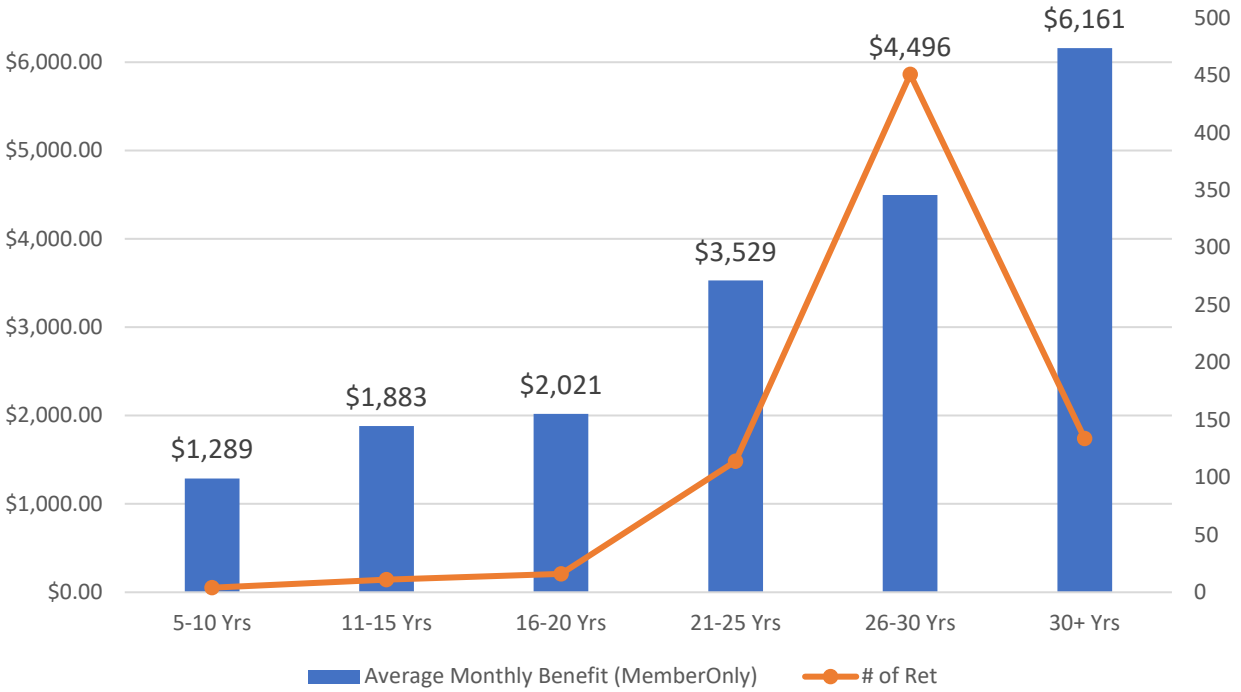
# Membership Statistics



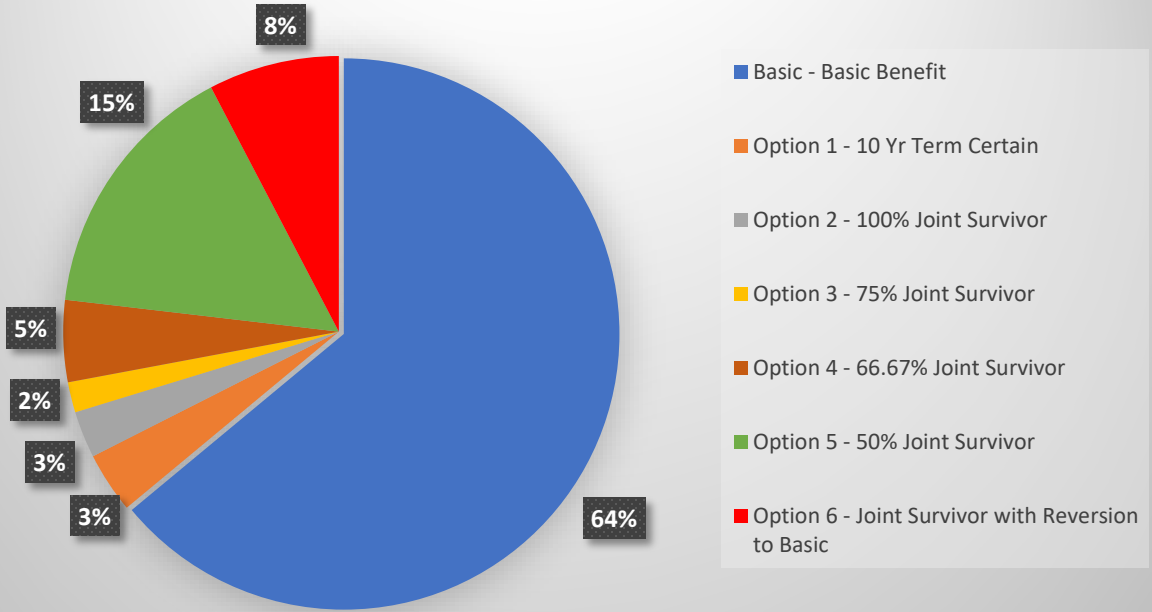
### Benefit Payments vs Contributions



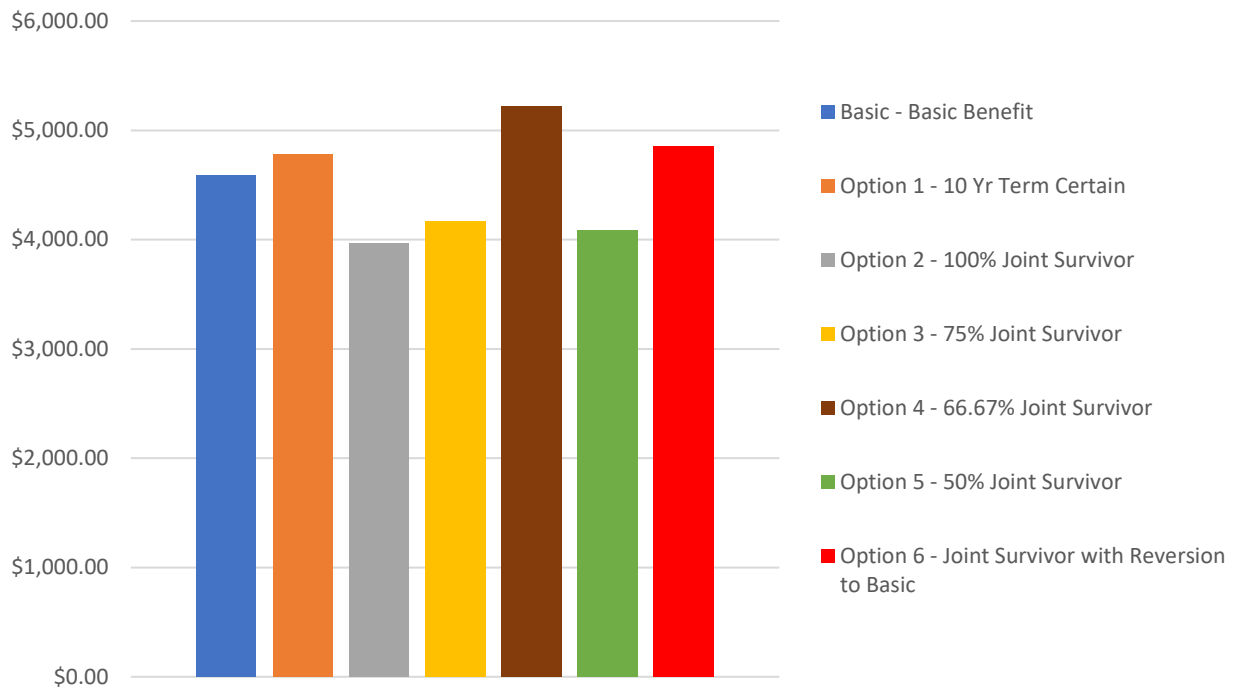
### Average Monthly Benefit by Years of Service (Members Only)



## Option Selected at Retirement (Member) FY2021



## Average Monthly Benefit by Benefit Type (Member)



# **CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM**

## **CHARLOTTE, NORTH CAROLINA**

### **BOARD OF TRUSTEES**

Vanessa Heffron, Chairman of the Board, Citizen Appointee

John M. Carr, Vice Chairman, Citizen Appointee

Teresa Smith, Treasurer, Ex-Officio

Ryan S. Pope, Secretary, Elected Member

Sheila Simpson, Ex-Officio

Reneé Metzler, Citizen Appointee

Marvin O. Wilson, Jr., Elected Retiree

Kelly Flannery, Ex-Officio

Joseph Hager, Elected Member

Melinda Manning, Citizen Appointee

Lee Thompson, Elected Member

### **STAFF**

Sandra J. Thiry, Administrator

Tony Bass, Financial Analyst

Tyralyn Phelps, Benefits Analyst

Desiré Dixon, Administrative Analyst

## **Report of Independent Auditor**

To the Board of Trustees  
Charlotte Firefighters' Retirement System  
Charlotte, North Carolina

### **Report on Financial Statements**

We have audited the accompanying financial statements of Charlotte Firefighters' Retirement System ("CFRS"), a component unit of the City of Charlotte, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise CFRS' basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to CFRS' preparation and fair presentation of the financial statements 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 CFRS' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective net position of CFRS as of June 30, 2021, and the respective changes in net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **OTHER MATTERS**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, 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 Schedules and Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise CFRS' basic financial statements. The letter of transmittal, member statistics, and Board of Trustees and staff schedule ("Introductory Schedules") are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Introductory Schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Cheryl Behrman LLP*

Charlotte, North Carolina  
December 22, 2021

## MANAGEMENT’S DISCUSSION AND ANALYSIS

This section presents Management’s Discussion and Analysis of the Charlotte Firefighters’ Retirement System’s (“System”) financial statements and the significant events, conditions and decisions which affected the operations and performance of the Charlotte Firefighters’ Retirement System during the year ended June 30, 2021.

### Overview of the Financial Statements and Accompanying Information

- 1) Fund Financial Statements. The System presents Statements of Plan Net Position as of June 30, 2021 and Statements of Changes in Plan Net Position for the year then ended. This statement reflects resources available for payment of benefits as of year-end and the sources and uses of those funds during the year. For purposes of discussion and analysis, the condensed information shown below includes two fiscal years.
- 2) Notes to the Financial Statements. The notes to the financial statements are an integral part of the financial statements and have additional detailed information to provide a better understanding of the financial statements. Information in the notes discloses the System’s organization, benefits and contributions, how the asset values are determined, and contingencies and commitments.
- 3) Required Supplementary Information. The required supplementary information consists of a schedule concerning the funding status of the System, employer contributions and this Management’s Discussion and Analysis.

#### Comparative Statements of Plan Net Position (in thousands)

	Years ended June 30	
	2021	2020
Cash and Cash equivalents	\$ 6,372	\$ 7,916
Investments	669,167	549,369
Capital assets	202	268
Other assets	1,291	1,264
Total assets	677,032	558,817
Liabilities	(702)	(777)
Net Position	\$ 676,330	\$ 558,040

#### Comparative Statements of Changes in Plan Net Position (in thousands)

	Years ended June 30	
	2021	2020
Contributions	\$ 24,678	\$ 22,220
Net Investment Gain/(Loss)	134,699	17,216
Total Additions/(Loss)	159,377	39,436
Benefits	(39,878)	(38,642)
Other deductions	(1,209)	(1,622)
Total Deductions	(41,087)	(40,264)
Change in Net Position	\$ 118,290	\$ (828)



## **Financial Analysis**

The Charlotte Firefighters' Retirement System provides retirement benefits to the uniformed firefighters of the City of Charlotte. The System benefits are funded through member and employer contributions and investment income. As reflected in the Statement of Changes in Plan Net Position on *Page 14*, the net position of the System increased approximately \$118,290 million during the year ended June 30, 2021. These results reflect the extremely volatile Global Market environment.

## **Funded Ratio**

The funded ratio of the plan measures the ratio of actuarially determined assets against actuarial liabilities and is a good indicator of the fiscal strength of a pension fund's ability to meet obligations to its members. The System is required by the Act to perform an annual actuarial valuation. The valuation as of July 1, 2021, showed the funded status of the System increasing to 76.9% from 76.5% on July 1, 2020. The System's valuation uses a 5-year smoothed market basis. The System had an unfunded liability of \$186 million for the year ended June 30, 2021, compared to the \$179 million for the year ended June 30, 2020. Liabilities increased due to various reasons including higher than anticipated salary increases.

## **Contributions and Income**

Additions to Plan Net Position include employer and member contributions and net income from investment activities. Member contributions were approximately \$11.9 and \$10.8 million for the years ended June 30, 2021 and 2020, respectively, an annual increase of \$1.1 million for fiscal year 2021 and an increase of \$160,000 for fiscal year 2020. The member rate is 12.65% of eligible compensation, set by statute and made on a tax-deferred basis. The employer rate is set at 12.65% by statute. However, the City has committed to pay 14% of eligible payroll beginning in fiscal year 2021. Employer contributions were approximately \$12.8 million and \$11.5 million for the years ended June 30, 2021 and 2020. The variances between employer and member contributions may be attributed to the increase in employer contributions and significant prior government and military service purchases made by members and contributions not made by members who have been placed on military deployment during the past years.

Net investment gains of approximately \$135 million during fiscal 2021 and \$17 million during fiscal 2020, resulted in returns of 25.56% and 3.58%, respectively as measured by Callan, LLC. The positive returns in investment income in 2021 were largely the result of both U.S. Equity and International Equity market performances. The System performed above its composite benchmark on a relative basis by 28 basis points and performed below the Callan Public Fund Sponsor Database median return by 22 basis points. For the 5-year period ended June 30, 2021, the System returns were 11.00% compared to its composite benchmark returns of 10.90% and its actuarial assumed rate of return of 7.25%.

The most significant deduction from investment income is investment manager fees. The System's assets are managed 100% by external investment advisors hired by the Board of Trustees. Many of these managers are paid a fee based on the assets under management. Some of the active managers are paid a base fee plus the possibility of performance incentive. Some of the managers were generally compensated more than in prior years because of the effect of higher asset values during the year. Investment expenses of approximately \$3 million for the year ended June 30, 2021 and were approximately \$2.9 million for the year ended June 30, 2020.

Prudent investment of the System's assets, diligent monitoring of investment advisors and a commitment to periodic allocation rebalancing in addition to conservative administrative costs has enabled the System to achieve a modest funded status. The Board of Trustees is committed to maintaining the System at or near 100% funding and continue to dedicate its efforts to that goal.

### **Benefits, Refunds and Expenses**

The most significant recurring deduction to Plan Net Position is benefit payments. During fiscal 2021, the System paid approximately \$40.4 million, up from \$39.5 million in fiscal 2020, in benefits and refunds. The increased level of payments in fiscal year 2021 was due primarily to new retirements and vested and non-vested contribution withdrawals. The System does not provide an automatic Cost of Living Adjustment (COLA). Due to the funding ratio of the System, the Board of Trustees was unable to provide a bonus payment for retirees and beneficiaries receiving benefits as of January 1, 2020.

The administrative costs of the System represented approximately .10% of the ending net position in fiscal year 2021 decreased from .13% from fiscal year 2020. The decrease in costs were primarily due to limited travel for fiduciary education in fiscal year 2021 due to COVID-19, fewer disability hearings and less actuarial expenses than the prior year.

### **Plan Assets**

Investments allocated to domestic and international equity portfolios increased approximately \$135.8 million in 2021 and decreased \$6.3 million in 2020. The System does not invest in alternative classes of investments such as hedge funds, venture capital and private equity. It also does not have a securities lending program. During fiscal years 2021 and 2020, investments allocated to domestic and non-U.S. fixed income increased approximately \$2.6 million and \$7 million, respectively. These results are attributable to investment results and continuing volatility of global bond markets combined with historically low interest rates and global currency issues during this period.

The System values its assets at "fair value" as discussed in accounting policies footnote 2(f) (*Page 25*) to the financial statements. Fair value is the value the System expects to receive in a current sale between a willing buyer and a willing seller that are equally motivated; that is, other than a forced or liquidation sale. The value of publicly traded securities, stocks, and bonds are determined using the latest quote from national exchanges or pricing services. These prices reflect the securities' pricing at the close of business and can be affected by such factors as liquidity, current events, and the size of lots being traded. Real Estate is valued using appraisal values by approved appraisers who meet professional qualifications. The appraisal process involves a significant amount of judgment and estimates. As a result, the ultimate value on the sale of the asset may differ from the appraised value.

### **Contacting the CFRS Management**

This financial report is designed to provide the City Council, participants of the System, citizens, taxpayers, and other interested parties with an overview of its operations and financial position and to demonstrate its accountability. Questions concerning this report or requests for additional information should be directed to the Administrator, Charlotte Firefighters' Retirement System, 428 East 4<sup>th</sup> Street, Suite 205, Charlotte, NC 28202.

**CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM, A COMPONENT UNIT OF  
THE CITY OF CHARLOTTE, NORTH CAROLINA  
STATEMENT OF PLAN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2021  
(Dollar Amounts in Thousands)**

ASSETS:	
Cash and cash equivalents	\$ 6,372
Receivables:	
Employer contributions	438
Member contributions	346
Interest and dividends	490
Total receivables	<u>1,274</u>
Prepaid items	17
Investments, at fair value:	
Equity securities - stocks	87,509
Fixed income securities - bonds	124,036
Mutual funds	457,622
Total investments	<u>669,167</u>
Capital assets	670
Less accumulated depreciation	<u>468</u>
Total capital assets, net	<u>202</u>
Total assets	<u>677,032</u>
LIABILITIES:	
Accounts payable	<u>702</u>
NET POSITION RESTRICTED FOR PENSIONS	<u><u>\$ 676,330</u></u>

*The notes to the financial statements are an integral part of this statement.*

**CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM, A COMPONENT UNIT OF  
THE CITY OF CHARLOTTE, NORTH CAROLINA**  
**STATEMENT OF CHANGES IN PLAN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
(Dollar Amounts in Thousands)

ADDITIONS:

Contributions:

Member	\$ 11,910
Employer	12,768
Total contributions	<u>24,678</u>

Investment income:

Net appreciation in fair value of investments	132,578
Interest	2,351
Dividends	2,746
	<u>137,675</u>

Less investment expense	<u>2,976</u>
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Net investment income	134,699
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Total additions	<u>159,377</u>
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DEDUCTIONS:

Benefits	39,878
Refunds	531
Administration	612
Depreciation	66
Total deductions	<u>41,087</u>

Net (decrease) in plan net position	118,290
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Net position - beginning	<u>558,040</u>
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Net position - ending	<u>\$ 676,330</u>
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*The notes to the financial statements are an integral part of this statement.*

**CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM, A COMPONENT UNIT OF  
THE CITY OF CHARLOTTE, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Dollar Amounts in Thousands)**

1. PLAN DESCRIPTION:

The Charlotte Firefighters' Retirement System (the "System"), a single-employer, defined benefit plan, was organized pursuant to the 1947 Session Laws of the State of North Carolina, for the purpose of providing retirement, disability, and death benefits to civil service employees of the Charlotte Fire Department. Membership is mandatory at the date of employment. The System is administered by an eleven member Board of Trustees. The City of Charlotte's ("City") payroll for members covered by the System for the year ended June 30, 2021 was \$89 million.

At June 30, 2021 the System's membership consisted of:

Inactive members or beneficiaries	
currently receiving benefits	780
Inactive members entitled to but not yet	
receiving benefits	14
Active plan members	<u>1,103</u>
Total	<u>1,897</u>

Benefits vest after 5 years of credited service. The requirements for normal service retirement are: (a) any age with 30 years of service credit, (b) age 50 with 25 years of service credit, or (c) age 60 with 5 years of service credit. The normal service retirement monthly benefits are 2.6% of final average salary multiplied by the years of credited service. Salary in the final year includes portions of cashed-in vacation and sick days. Final average salary is the monthly average received by the member during any 2 consecutive years of membership which produces the highest average and is contained within the last 5 years of membership. The minimum monthly benefit is \$902.75. Members less than age 50 may elect early retirement with 25 years of service credit. Early retirement benefits are reduced by 3% for each year the early retirement date precedes age 50.

If an employee ceases employment with less than 5 years of service credit, accumulated employee contributions are refunded to the employee or designated beneficiary. After 5 or more years of service, the employee may elect to receive a refund of the employee's accumulated contributions with interest compounded annually at 4% or receive an accrued benefit at age 60.

Death and disability benefits are also available. Benefit and contribution provisions are established by State law and may be amended only by the North Carolina legislature.

Pursuant to the Act that established the System, the City is required to match the member's contribution. The Act establishes the contribution rate pursuant to the Board of Trustees' recommendation and approval by the Charlotte City Council. The members' current contribution rate is 12.65%. Effective July 1, 2020, the City's contribution rate is 14.00%, to be

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increased each plan year by 2% for the next five years to a maximum rate of 24.00%. Administrative costs are funded through contributions and investment earnings.

The contributions made by the City and the members of the System for the year ended June 30, 2021 were as follows:

	<u>In Dollars</u>	<u>Percent of Covered Payroll</u>
Contributions made by -		
City	\$12,768	14.35%
Members	<u>11,910</u>	<u>13.38</u>
Total	<u>\$24,678</u>	<u>27.73%</u>

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Presentation

The System provides services exclusively to the City; therefore, the System is included as a blended component unit and reported as a Fiduciary Pension Trust Fund in the City's basic financial statements.

The financial statements are presented in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 67, Financial Reporting for Pension Plans an amendment of GASB Statement No. 25, which establishes standards of financial reporting for state and local government pension plans administered through trusts that meet certain criteria.

GASB Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting, as amended by GASB Statement No. 25, exempts pension plans from presenting a statement of cash flows. As a result, the System has chosen not to present this statement.

b. Basis of Accounting

The financial statements are presented on the accrual basis of accounting. Property is stated at historical cost. Depreciation is computed using the straight-line method over an estimated useful life of 25 years for buildings and 5 years for intangible assets. Contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Interest and dividend income is reported as earned. The net appreciation in the fair value of investments includes realized gains and losses on investments that were both bought and sold during the year.

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c. Cash and Cash Equivalents/Investments

Short-term, highly liquid investments are considered cash equivalents. Short-term refers to investments with an original maturity of three months or less at date of acquisition. Highly liquid investments are those that are readily convertible to known amounts of cash and so near their maturity that the risk of changes in value because of changes in interest rates is insignificant.

The carrying amounts of deposits and investments were \$6,372 and \$669,167 at June 30, 2021.

Deposits

All deposits of the System are made in board-designated official depositories and are insured or collateralized with securities held by the System's agent in the System's name. The System has no formal policy regarding custodial credit risk for deposits. The bank balance at June 30, 2021 was \$22.

Investments

The North Carolina Act ("Act") which established the System requires the Board of Trustees to act with the same care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims. The Act requires the Trustees to design an investment plan to further the purpose of the System by giving consideration to the following: (a) diversification of investments, (b) liquidity and return relative to cash flow needs, and (c) projected return. In accordance with the Act, the Board of Trustees has developed and periodically revises a policy statement of investment goals, objectives, and guidelines, which specifically define vehicles that may be used for the investment of System funds. The System invests in United States government securities, corporate bonds, common stocks, and mutual funds.

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The investments and maturities at June 30, 2021 were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less than</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More than</u>
		<u>1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>10</u>
U.S. Treasuries	\$ 13,713	\$ -	\$ 2,325	\$ 7,448	\$ 3,940
U.S. Agencies	28,011	-	-	485	27,526
*Corporate Bonds	55,480	410	15,545	16,428	23,097
Common Stocks	87,509	N/A	N/A	N/A	N/A
**Mutual Funds	484,454	N/A	N/A	N/A	N/A
Total	<u>\$ 669,167</u>	<u>\$ 410</u>	<u>\$ 17,870</u>	<u>\$ 24,361</u>	<u>\$ 54,563</u>

\*Corporate Bonds include \$10,203 high yield bonds reported in U.S. Bonds in the investments measured as NAV in the investment fair value hierarchy table.

\*\*Mutual Funds include \$28,444 investments measured as fair value in the investment fair value hierarchy table.



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The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The following is a summary of the fair value hierarchy of the fair value of investments as of June 30, 2021:

Investment by fair value level	6/30/2021	Fair Value	Fair Value	Fair Value
		Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Measurements Using Quoted Prices in Active Markets for Similar Assets (Level 2)	Measurements Using Unobservable Inputs (Level 3)
U.S. Treasuries	\$ 13,713	\$ 13,713	\$ -	\$ -
U.S. Agencies	28,011	-	28,011	-
Corporate bonds	45,277	-	45,277	-
Common stocks	87,509	87,509	-	-
Mutual funds	28,444	-	28,444	-
Total investments by fair value level	202,954	\$ 101,222	\$ 101,732	\$ -

Category	Investments Measured as NAV	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
U.S. equity	\$ 160,424	-	Daily	N/A
International equity	188,228	-	Daily	N/A
U.S. Bonds	41,748	-	Daily	N/A
International bonds	26,832	-	1st of Month Openings	N/A
Fixed income	21,824	-	Quarterly	45 Days
International fixed income	27,157	-	Quarterly - 1st day of Qtr	N/A
	466,213	\$ -		
Total investments	\$ 669,167			

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities benchmark quoted prices.

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*Interest Rate Risk.* The System does not have a formal investment policy that limits investment maturities.

*Credit Risk.* The System is authorized to invest in bonds with a quality rating of no less than investment grade and unrated U.S. Treasuries and Agencies. The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations at June 30, 2021 were as follows:

<u>Quality Rating</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
AAA	\$ 4,355	4.48%
Ba1>Aa2	51,125	52.60%
Total credit risk debt securities	55,480	57.08%
U.S. Government fixed income securities:		
Government National Mortgage Association	3,580	3.68%
U.S. Treasury	13,713	14.11%
Not Rated	24,431	25.13%
Total fixed income securities	<u>\$ 97,204</u>	<u>100.00%</u>

*Custodial Credit Risk.* The System has no formal policy regarding custodial credit risk for investments.

*Concentration of Credit Risk.* The System limits the amount of equity holdings in any one company to 8% of the fair value of the portfolio; the amount of equity holdings in any one sector to 30% of the fair value of the portfolio; and the amount of fixed-income securities in any one corporation to 5% of the fair value of the portfolio without the consent of the board. There is no limit on securities backed by the full faith and credit of the U.S. Government or any of its instrumentalities.

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d. Concentrations

The System had individual fixed income or equity investments at June 30, 2021 managed by the following organizations that represented 5% or more of the System's net investments:

State Street Global Advisors	37%
Barrow Hanley	15
Morgan Stanley	14
T. Rowe Price	5
MFS Investment Management	5

In addition, the System owned individual assets at June 30, 2021 that represented 5% or more of the System's net investments:

State Street Global Advisors Russell 1000 Index SL	23%
State Street Global Advisors MSCI EAFE Index	9
Morgan Stanley Core	9
Morgan Stanley Emerging Mkts	5
T. Rowe Int Small Cap	5
State Street Global Advisors Bond Market Index Fund	5

e. Rate of Return

For the year ended June 30, 2021 the annual money-weighted rate of return on the System's investments, net of pension plan investment expense was 25.35%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

f. Method Used to Value Investments

Investments are reported at fair value. Securities and mutual funds traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

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g. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, disclosure of contingent assets and liabilities, and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates.

h. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, being depreciated:				
Buildings	\$ 438	\$ -	\$ -	\$ 438
Intangibles	<u>232</u>	<u>-</u>	<u>-</u>	<u>232</u>
Total capital assets being depreciated	<u>670</u>	<u>-</u>	<u>-</u>	<u>670</u>
Less accumulated depreciation for:				
Buildings	304	19	-	323
Intangibles	<u>98</u>	<u>47</u>	<u>-</u>	<u>145</u>
Total accumulated depreciation	<u>402</u>	<u>66</u>	<u>-</u>	<u>468</u>
Capital assets, net	<u>\$ 268</u>	<u>\$ (66)</u>	<u>\$ -</u>	<u>\$ 202</u>

3. NET PENSION LIABILITY:

The components of the net pension liability as of June 30, 2021 were as follows:

Total pension liability	\$806,628
Plan net position	<u>(676,330)</u>
Net pension liability	<u>\$130,298</u>
Plan fiduciary net position as a percentage of the total liability	83.85%

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*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.75-9.00%, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

Mortality rates were based on the Pub-2010 Safety Retiree Headcount-Weighted Below Median Mortality Table adjusted by 87.5% for males projected generationally with Scale MP-2019 for the period after service retirement. The Pub-2010 Safety Disabled Retiree Headcount-Weighted Mortality Table projected generationally with Scale MP-2019 is used for the period after disability retirement. The Pub-2010 Safety Employee Headcount-Weighted Mortality Table projected generationally with projection Scale MP-2019 is used for deaths in active service.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad Domestic Equity	36.0%	7.6%
International Equity	26.0%	7.5%
Domestic Fixed Income	23.0%	3.0%
Non US Fixed Income	5.0%	2.3%
Real Estate	<u>10.0%</u>	6.2%
Total	<u>100.0%</u>	

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member and employer contributions will be made at the current contribution rates. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 7.25% was applied to all periods of projected

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benefit payments. The Single Equivalent Interest Rate (SEIR) of 7.25% was used to determine the total pension liability as of June 30, 2021.

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the System as of June 30, 2021, calculated using the discount rate of 7.25%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate (\$ thousands):

	1% Decrease <u>(6.25%)</u>	Current Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
System's net pension liability	\$ 229,122	\$ 130,298	\$ 47,580

**4. INTERNAL REVENUE STATUS:**

The Internal Revenue Service (IRS) has determined that the System meets the requirements of Section 401(a) of the Internal Revenue Code and is exempt from Federal income tax under Section 501(a) of the Code.

CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM, A COMPONENT UNIT OF  
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SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY

Last Eight Fiscal Years

(Dollar Amounts in Thousands)

	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>								
Service Cost	\$ 54,725	\$ 26,921	\$ 22,649	\$ 24,023	\$ 26,438	\$ 15,387	\$ 15,049	\$ 13,967
Interest	41,371	46,105	44,028	41,792	37,701	37,984	36,036	34,249
Benefit changes	-	-	9,692	-	-	-	-	-
Difference between expected and actual experience	23,596	16,673	25,476	(4,229)	19,244	(2,503)	1,664	-
Changes of assumptions or other inputs	(516,846)	315,693	85,552	(31,043)	(60,216)	211,217	-	-
Benefit payments	(39,878)	(38,642)	(35,709)	(33,120)	(31,075)	(28,333)	(26,406)	(23,928)
Refunds of contributions	(531)	(887)	(416)	(212)	(70)	(416)	(69)	67
<b>Net change in total pension liability</b>	<b>(437,563)</b>	<b>365,863</b>	<b>151,272</b>	<b>(2,789)</b>	<b>(7,978)</b>	<b>233,336</b>	<b>26,274</b>	<b>24,355</b>
<b>Total pension liability - beginning</b>	<b>1,244,191</b>	<b>878,328</b>	<b>727,056</b>	<b>729,845</b>	<b>737,823</b>	<b>504,487</b>	<b>478,213</b>	<b>453,858</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 806,628</b>	<b>\$ 1,244,191</b>	<b>\$ 878,328</b>	<b>\$ 727,056</b>	<b>\$ 729,845</b>	<b>\$ 737,823</b>	<b>\$ 504,487</b>	<b>\$ 478,213</b>
<b>Plan fiduciary net position</b>								
Contributions - employer	\$ 12,768	\$ 11,450	\$ 10,193	\$ 9,333	\$ 9,106	\$ 8,694	\$ 8,589	\$ 8,348
Contributions - member	11,910	10,770	10,610	9,909	9,636	8,991	9,138	8,723
Net investment income	134,699	17,216	22,930	46,981	57,681	2,266	20,373	73,559
Benefit payments	(39,878)	(38,642)	(35,709)	(33,120)	(31,075)	(28,333)	(26,406)	(23,928)
Administrative expense	(612)	(672)	(583)	(735)	(621)	(657)	(625)	(691)
Refunds of contributions	(331)	(887)	(416)	(212)	(70)	(416)	(69)	67
Other	(66)	(63)	(49)	(28)	(13)	-	-	-
Net change in plan fiduciary net position	118,290	(828)	6,976	32,128	44,644	(9,455)	11,000	66,078
<b>Plan net position - beginning (b)</b>	<b>558,040</b>	<b>558,868</b>	<b>551,892</b>	<b>519,764</b>	<b>475,120</b>	<b>484,575</b>	<b>473,575</b>	<b>407,497</b>
<b>Plan net position - ending (b)</b>	<b>\$ 676,330</b>	<b>\$ 558,040</b>	<b>\$ 558,868</b>	<b>\$ 551,892</b>	<b>\$ 519,764</b>	<b>\$ 475,120</b>	<b>\$ 484,575</b>	<b>\$ 473,575</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 130,298</b>	<b>\$ 686,151</b>	<b>\$ 319,460</b>	<b>\$ 175,164</b>	<b>\$ 210,081</b>	<b>\$ 262,703</b>	<b>\$ 19,912</b>	<b>\$ 4,638</b>
Plan net position as a percentage of the total pension liability	83.85%	44.85%	63.63%	75.91%	71.22%	64.39%	96.05%	99.03%
Covered payroll	\$ 91,200	\$ 82,609	\$ 80,577	\$ 73,779	\$ 71,984	\$ 68,727	\$ 67,897	\$ 65,992
Net pension liability as a percentage of covered payroll	142.87%	830.60%	396.47%	237.42%	291.84%	382.24%	29.33%	7.03%

Note to Schedule:

In 2014, the System began reporting in accordance with GASB Statement 67 which requires 10 years of information. Additional years will be displayed as they become available.

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**THE CITY OF CHARLOTTE, NORTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Last Ten Fiscal Years

(Dollar Amounts in Thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined employer contribution	\$ 19,188	\$ 14,713	\$ 14,625	\$ 13,088	\$ 9,495	\$ 10,206	\$ 11,454	\$ 10,849	\$ 9,214	\$ 8,409
Actual employer contributions	12,768	11,450	10,193	9,333	9,106	8,694	8,589	8,348	8,100	7,720
Annual contribution deficiency (excess)	\$ 6,420	\$ 3,263	\$ 4,432	\$ 3,755	\$ 389	\$ 1,512	\$ 2,865	\$ 2,501	\$ 1,114	\$ 689
Covered payroll	\$ 91,200	\$ 82,609	\$ 80,577	\$ 73,779	\$ 71,984	\$ 68,727	\$ 67,897	\$ 65,992	\$ 64,032	\$ 61,028
Actual contributions as a percentage of covered payroll	14.00%	13.86%	12.65%	12.65%	12.65%	12.65%	12.65%	12.65%	12.65%	12.65%

Notes to Schedule

Valuation Date: Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Inflation	3.00%
Salary increases	3.75 - 9.00%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Mortality	Mortality rates were based on the Pub-2010 Safety Retiree Headcount-Weighted Below Median Mortality Table adjusted by 87.5% for males projected generationally with Scale MP-2019 for the period after service retirement. The Pub-2010 Safety Disabled Retiree Headcount-Weighted Mortality Table projected generationally with Scale MP-2019 is used for the period after disability retirement. The Pub-2010 Safety Employee Headcount-Weighted Mortality Table projected generationally with projection Scale MP-2019 is used for deaths in active service.



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 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF INVESTMENT RETURNS  
 Last Eight Fiscal Years  
 (Dollar Amounts in Thousands)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	25.35%	3.32%	4.28%	9.54%	12.47%	0.78%	4.66%	18.60%

Note to Schedule:

In 2014, the System began reporting in accordance with GASB Statement 67 which requires 10 years of information. Additional years will be displayed as they become available.

