

CORPUS CHRISTI FIREFIGHTERS' RETIREMENT SYSTEM

FINANCIAL STATEMENTS

December 31, 2023 and 2022

CORPUS CHRISTI FIREFIGHTERS' RETIREMENT SYSTEM

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 – 3
Management's Discussion and Analysis (required supplementary information)	4 – 5
Statements of Fiduciary Net Position	6
Statements of Changes in Fiduciary Net Position	7
Notes to the Financial Statements	8 – 26
Required Supplementary Schedules	
Schedule of Changes in the System's Net Pension Liability and Related Ratios	27
Schedule of Investment Returns	28

GF Valdez, P.C.

A Public Accounting Firm

5430 Holly Road, Suite 1
Corpus Christi, Texas 78411
Phone 361-991-1650
Fax 361-991-1655

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Corpus Christi Firefighters' Retirement System
Corpus Christi, Texas

Opinion

We have audited the accompanying financial statements of the Corpus Christi Firefighters' Retirement System (the System), which comprise the statements of fiduciary net position as of December 31, 2023 and 2022, 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 statements of fiduciary net position of Corpus Christi Firefighters' Retirement System as of December 31, 2023 and 2022, and the statements of changes in fiduciary net position for the years ended December 31, 2023 and 2022, 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. 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 Corpus Christi Firefighters' Retirement System and to meet our other ethical responsibilities, in accordance with 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 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.

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 Corpus Christi Firefighters' Retirement System's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

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 auditing standards generally accepted 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 auditing standards generally accepted, 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 Corpus Christi Firefighters' Retirement System'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 Corpus Christi Firefighters' Retirement System'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.

GF Valdez, P.C.

A Public Accounting Firm

5430 Holly Road, Suite 1
Corpus Christi, Texas 78411
Phone 361-991-1650
Fax 361-991-1655

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other required supplementary information on pages 4-5 and 27-28 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. 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 regarding 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.

GF Valdez, P.C.

May 16, 2024
Corpus Christi, Texas

CORPUS CHRISTI FIREFIGHTERS' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Corpus Christi Firefighters' Retirement System (System) financial performance provides an overview of the System's financial activities for the years ended December 31, 2023 and 2022. Please read it in conjunction with the Plan's financial statements, which follow this discussion.

FINANCIAL HIGHLIGHTS

The System held \$183,538,970 in assets and had outstanding \$279,010 in total liabilities at December 31, 2023. The net amount of \$183,259,960 is held in trust to provide for future benefit payments. The System held \$166,568,711 in assets and had outstanding \$269,790 in total liabilities at December 31, 2022. The net amount of \$166,298,921 is held in trust to provide for future benefit payments.

From 2022 to 2023, the City's contributions to the System increased \$831,177, or 8.80%. The City's contributions were \$10,278,794 and \$9,447,617 for 2023 and 2022, respectively. From 2022 to 2023, Firefighter's contributions increased by \$231,068, or 4.11%, year over year. Firefighter's contributions were \$5,847,654 and \$5,616,586 for 2023 and 2022, respectively.

Net realized and unrealized gains (losses) of \$13,922,848 and (\$29,610,786) were recognized in 2023 and 2022, respectively resulting in an increase of \$43,533,634 year over year. The System earned \$3,632,951 and \$2,891,590 in income from interest and dividends in 2023 and 2022, respectively. Investment expenses increased by \$37,040, or 8.0%, from 2023 to 2022. Investment expenses increased by \$66,701, or 12%, from 2022 to 2021.

From 2022 to 2023, benefits payments increased by \$1,358,163, or 9.56%, and refunds of contributions decreased by \$192,568, or 43.95%. From 2021 to 2022, benefits payments decreased by \$1,106,914, or 7.23%, and refunds of contributions increased by \$294,474, or 204.99%. From 2022 to 2023, administrative expenses increased by \$93,780, or 31%. Administrative expenses increased by \$46,901, or 14% from 2021 to 2022.

USING THE AUDITED FINANCIAL STATEMENTS

The financial statements reflect the activities of the System and are reported in the Statements of Fiduciary Net Position and the Statements of Changes in Fiduciary Net Position. These statements are presented on an accrual basis, reflect all trust activities as incurred, and are based on account balances of investments at year end.

CORPUS CHRISTI FIREFIGHTERS' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS

FUNDING PROGRESS

The System contracted with Rudd and Wisdom, Inc. to conduct an actuarial valuation to determine the funding position of the System as of December 31, 2022. The actuarial valuation report indicated that the overall funding of the System remains sound and the current contribution rates are sufficient to keep the System actuarially sound. In preparing the valuation, the actuary uses a smoothing method over a rolling five-year period of investment data to remove year-to-year volatility in asset returns.

ASSET ALLOCATION

At December 31, 2023, the System's investment portfolio totaled \$182,484,175. The allocations were as follows: Mutual Funds 38.4% (\$70,122,047), Common Stocks 28.3% (\$51,600,599), U.S. Government Securities 20.5% (\$37,325,051), Mutual Funds-Real Estate 8.3% (\$15,231,461), Corporate & Foreign Bonds 3.1% (\$5,619,854), and Cash & Cash equivalents 1.4% (\$2,585,163). Year over year changes in investment and cash balances were as follows: Cash and Cash equivalents increased by \$356,478, Mutual Funds increased \$6,908,732, Mutual Fund-Real Estate decreased by \$2,734,526, Corporate & Foreign Bonds decreased \$2,583,278, Common Stocks increased \$10,220,309 and U.S. Government Securities increased by \$4,683,085.

CONTACTING THE SYSTEM'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Retirement Board, our membership, taxpayers, investors, and creditors with a general overview of the System's finances and to demonstrate accountability for the money they receive. If anyone has any questions about this report or need additional financial information, they contact the Corpus Christi Firefighters' Retirement System, 711 N. Carancahua, Suite 724, Corpus Christi, Texas 78401-0544.

CORPUS CHRISTI FIREFIGHTERS' RETIREMENT SYSTEM
 STATEMENTS OF FIDUCIARY NET POSITION
 December 31, 2023 and 2022

	2023	2022
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and short-term investments (at fair value)	\$ 2,585,163	\$ 2,228,685
Investments (at fair value)	179,899,012	163,404,690
Total cash and investments	182,484,175	165,633,375
Contributions receivable:		
City of Corpus Christi	438,470	386,313
Firefighters	235,826	224,786
Total contributions receivable	674,296	611,099
Accrued interest receivable	369,701	313,076
Prepaid expenses	3,810	3,653
Total current assets	183,531,982	166,561,203
Furniture and equipment, net	6,988	7,508
Total assets	183,538,970	166,568,711
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Benefits payable	126,805	122,026
Accounts payable and accrued expenses	152,205	147,764
Total current liabilities	279,010	269,790
NET FIDUCIARY POSITION ASSETS HELD IN TRUST FOR PENSION BENEFITS (a schedule of changes in the net pension liability is presented on page 27)	\$ 183,259,960	\$ 166,298,921

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

CORPUS CHRISTI FIREFIGHTERS' RETIREMENT SYSTEM
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
For The Years Ended December 31, 2023 and 2022

	2023	2022
<u>ADDITIONS TO NET ASSETS</u>		
Investment income:		
Net realized and unrealized gains (losses) on investments	\$ 13,922,848	\$ (29,610,786)
Interest	1,937,497	1,490,159
Dividends	1,695,454	1,401,431
	17,555,799	(26,719,196)
Less investment expenses	515,803	478,763
Net investment income (loss)	17,039,996	(27,197,959)
Contributions:		
City of Corpus Christi	10,278,794	9,447,617
Firefighters	5,847,654	5,616,586
Total contributions	16,126,448	15,064,203
Total additions	33,166,444	(12,133,756)
<u>DEDUCTIONS FROM NET ASSETS</u>		
Benefits paid	15,567,100	14,208,937
Administrative expenses	392,743	298,963
Refund of contributions	245,562	438,130
Total deductions	16,205,405	14,946,030
NET INCREASE (DECREASE) IN PLAN ASSETS	16,961,039	(27,079,786)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, beginning of year	166,298,921	193,378,707
NET FIDUCIARY POSITION HELD IN TRUST FOR PENSION BENEFITS, end of year	\$ 183,259,960	\$ 166,298,921

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

CORPUS CHRISTI FIREFIGHTERS' RETIREMENT SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2023 and 2022

NOTE 1 – PLAN DESCRIPTION

The following brief description of the Corpus Christi Firefighters' Retirement System (the System) is provided for general information purposes only. The System's pension plan (Plan) document and the most recent actuarial study should be referred to for more complete information. The provisions of the Plan are established by the Texas Local Firefighter's Retirement Act of the State of Texas (TLFFRA) and the Board of Trustees.

General

The Plan is a single employer defined benefit pension plan covering all firefighters employed by the City of Corpus Christi (the City), Texas. The table below summarizes the membership of the System included in the December 31, 2022 actuarial valuation of the System, the most recent completed biennial actuarial valuation.

Retirees and beneficiaries currently receiving benefits	333
Terminated members entitled to benefits, but not yet receiving them	15
Active participants (vested and non-vested)	453
Total	801

Plan Administration

The System is administered by a seven-member Board of Trustees (the Board) consisting of the City's mayor or the mayor's designated representative; the City's chief financial officer or a person designated by the chief financial officer; three active members of the retirement system elected by participating members; and two citizen members who are elected by participating members of the board.

Pension Benefits

The System provides service retirement, death, disability, and withdrawal benefits. Effective October 1, 2023, firefighters are eligible for service retirement when the member is at least 54 years old and has performed at least 20 years of service that is credited in the retirement system. Qualified employees are entitled to monthly pension benefits beginning at age 54 equal to a formula amount based on 52% of the employee's highest sixty-month average pay and \$150 for each of his years of service in excess of 20 years, if any, as described in the Plan document, or if greater, a formula amount based on the employee's total years of service, as described in the Plan document, subject to a five-year phase-in formula.

Deferred service retirement benefit, based on the employee's vested percentage of their service retirement benefit, is available to firefighters who complete 10 years of service if they do not withdraw their employee contributions prior to attaining age 54. If a firefighter who has completed 10 years of service so elects, the firefighter can begin to receive an actuarially-reduced service retirement benefit before reaching age 54.

CORPUS CHRISTI FIREFIGHTERS' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1 – PLAN DESCRIPTION (continued)

If a firefighter is separated from the service of the Corpus Christi Fire Department before they become vested in-service retirement benefits, the firefighter will receive a refund of accumulated contributions to the System.

There is no provision for automatic post retirement benefit increases. The System has the authority to provide, and has periodically in the past provided, ad hoc post-retirement benefit increases. The benefit provisions of the Plan are authorized by the TLFFRA. The TLFFRA provides the authority and procedure to amend benefit provisions.

Eligibility for Participation in Retroactive Deferred Retirement Option Plan (“RETRO DROP”)

A firefighter meeting the conditions described below can elect an optional form of service retirement or disability benefit at termination of employment as an employee called a Retroactive Deferred Retirement Option Plan (RETRO DROP). Under this option, an eligible firefighter who qualifies as a service retiree or a disability retiree can elect a RETRO DROP benefit calculation date that is no earlier than a date which is (a) 48 months prior to the first day of the month following the date when his termination of employment as an employee occurs, and (b) the first day of the month after he attains age 54 and completes 20 years of service. Additionally, under this option, an eligible Participant who qualifies as a service retiree or a disability retiree can elect a RETRO DROP benefit calculation date that is no earlier than a date which is (a) 48 months prior to the first day of the month following the date when his termination of employment as an employee occurs, and (b) the first day of the month after he attains age 54 and completes 20 years of service. This option is available to a firefighter who becomes eligible to receive disability benefits if he satisfies the age and service requirements of the Section.

If a firefighter dies while an active employee of the City and while eligible to elect a RETRO DROP, his surviving spouse will be eligible to elect a RETRO DROP with regard to the death benefit available to such surviving spouse. Upon retirement, the member will receive, in addition to his monthly retirement benefit, a lump sum equal to the sum of the amount of monthly contributions the member has made to the system after the RETRO DROP benefit calculation date plus the total of the monthly retirement benefits the member would have received between the RETRO DROP benefit calculation date and the date he retired under the plan. There are no account balances. The lump sum is calculated at the time of retirement and distributed as soon as administratively possible.

Termination

Although the System has not expressed any intent to do so, in the event the System is terminated or upon complete discontinuance of contributions, the members and their beneficiaries shall be entitled to the benefits accrued to the date of such termination of discontinuance, to the extent then funded.

CORPUS CHRISTI FIREFIGHTERS' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1 – PLAN DESCRIPTION (continued)

Funding Policy

The contribution provisions of this plan are authorized by TLFFRA. TLFFRA provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each firefighter and a percentage of payroll by the City.

Effective October 1, 2023, the funding policy of the System requires contributions equal to 14.1% of pay by the firefighters, the rate elected by the firefighters as authorized by TLFFRA. The City currently contributes 26.216% of payroll according to a city pension task force. The actuarial valuation includes the assumption that the City contribution rate will be 26.2% over the UAAL amortization period. The costs of administering the Plan are paid from the System.

The funding policy also depends upon the total return of the System's assets, which varies from year to year. This measurement of the investment performance is net of investment expenses and reflects the estimated effect of the timing of the contributions received and the benefits paid during the year.

While the contribution requirements are not actuarially determined, state law requires that each change in plan benefits adopted by the System must first be approved by an eligible actuary, certifying that the contribution commitment by the firefighters and the assumed city contribution rate together provide an adequate contribution arrangement. Using the entry age actuarial cost method, the Plan's normal cost contribution rate is determined as a percentage of payroll. The excess of the total contribution rate over the normal cost contribution rate is used to amortize the Plan's UAAL is actuarially determined using an open, level percentage of payroll method.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the System have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units hereinafter referred to as generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Plan's accounting policies are described below.

Reporting Entity

The System is a component unit of the City of Corpus Christi, Texas because of the significance of its operational and financial relationship with the City. For financial reporting purposes the Plan is reported as a "blended" component of the City because it is fiscally dependent on the City. Blending is a financial reporting process that results in the reporting of the component unit's operations as part of the primary government's operations.

CORPUS CHRISTI FIREFIGHTERS' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Death and Disability Benefits

Effective October 1, 2023, if an active firefighter becomes totally disabled with less than 20 years of service, the disabled firefighter is entitled to receive a monthly disability benefit for 30 months equal to the service retirement benefit that would be payable to a firefighter who retired with exactly 20 years of service. After 30 months, the amount of the disability benefit is subject to being decreased based on the disabled firefighter's estimated annual residual earnings capacity and percentage of disability.

If an active firefighter dies with less than 20 years of service, a death benefit is payable to eligible beneficiaries equal to the service retirement benefit that would be payable to the firefighter if he or she retired with exactly 20 years of service.

If an active firefighter dies or becomes totally disabled with 20 or more years of service, a benefit equal to the amount the firefighter would have received had he retired on the date of death or disability is paid to the firefighter or their beneficiary. Death benefits can also be paid on behalf of retired or disabled firefighters.

Firefighters who are eligible for service or disability retirement and certain surviving spouses of deceased firefighters may be eligible for a retroactive deferred retirement option.

Basis of Accounting

The System's financial statements are prepared using the accrual basis of accounting. Firefighter and City contributions are recognized as revenues in the period in which salaries are earned. Benefits and refunds are recognized when due and payable in accordance with terms of the Plan.

Valuation of Investments

Investments are reported at estimated fair value. Fair value is 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. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Investment Income

Investment income is recognized as earned. Gains and losses on sales of investment securities are recognized on the trade date. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the System'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 or when due.

CORPUS CHRISTI FIREFIGHTERS' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses

The System's expenses are paid as provided by the System's document. Certain expenses incurred in connection with the general administration of the System that are paid by the System are recorded as deductions in the accompanying statement of changes in fiduciary net position. In addition, certain investment-related expenses are included in net appreciation in fair value of investments presented in the accompanying statement of changes in fiduciary net position.

Furniture and Equipment

Furniture and equipment are valued at cost. Maintenance and repair costs are charged to expense as incurred. Gains and losses on disposition of property and equipment are reflected in income. Depreciation is computed on the straight-line method for financial reporting purposes, based on the estimated useful lives of the assets which are 5 years.

Estimates

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

Risk and Uncertainties

Contributions to the Plan and the actuarial information included in the required supplementary information (RSI) are reported based on certain assumptions pertaining to the interest rates, inflation rates and employee compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to the uncertainties inherent in setting assumptions, that the effect of such changes could be material to the financial statements.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to interest rate risk, the System diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.

Credit Risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The System's Board of Trustees utilizes portfolio diversification in order to control this risk.

CORPUS CHRISTI FIREFIGHTERS' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the System would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The System's \$57 million and \$50 million investment in common and preferred stocks, and corporate bonds and notes at December 31, 2023 and 2022, respectively, are held by the investment's counterparty, not in the name of the System. The System's investment policy does not address limits regarding the securities held by counterparties.

As of December 31, 2023, and 2022, all investments are registered in the name of the Corpus Christi Firefighters' Retirement System or in the name of the Plan's custodian, established through a master trust custodial agreement.

Reclassifications

Certain amounts in the prior year, none affecting net income, may have been reclassified in order to be consistent with the current year presentation.

Date of Management's Review of Subsequent Events

Subsequent events were evaluated through May 16, 2024, which is the date the financial statements were available to be issued.

Recent Accounting Pronouncements

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, to establish accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. Adoption of Statement No. 93, which was effective for the System's year ending December 31, 2022, did not have a material impact on the financial statements.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, to establish standards of accounting and financial reporting for PPPs and APAs for governments. This statement was effective for the year ending December 31, 2023 for the System, and did not have a material impact on the financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. It will require recognition of a right-to-use asset and a corresponding subscription liability at the commencement of the subscription term, and amortization of the asset and liability in subsequent financial reporting periods. This statement was effective for the year ending December 31, 2023 for the System, and did not have a material impact on the financial statements.

CORPUS CHRISTI FIREFIGHTERS' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. This statement refines the definition of certain criteria for determining how to classify and report potential component units. This part of the statement was effective immediately upon issuance; however, it has no effect on the System at this time. It also establishes requirements regarding classification of Section 457 plans in the financial statements. Adoption of Statement No. 97, which was effective for the System's year ending December 31, 2022, did not have a material impact on the financial statements.

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*, to establish the term annual comprehensive financial report and its acronym ACFR. Adoption of Statement No. 98, which was effective for the System's year ending December 31, 2022, did not have a material impact on the financial statements.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*, to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing various practice issues including extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions; effective upon issuance, requirements related to leases, PPP's and SBITA's and financial guarantees, effective for the System's year ending December 31, 2023; and reporting of derivative instruments, effective for the System's year ending December 31, 2024. Adoption of Statement No. 99 has not had a material impact on the financial statements and is not expected to have a material impact on the upcoming year ending December 31, 2024.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62*, to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Adoption of Statement No. 100 is effective for the System's year ending December 31, 2024. The System is currently evaluating the potential impact of GASB Statement No. 100 on their financial statements.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*, to meet the needs of financial statement users by updating the recognition and measurement guidance for compensated absences. Adoption of Statement No. 101 is effective for the System's year ending December 31, 2024. The System is currently evaluating the potential impact of GASB Statement No. 101 on their financial statements.

CORPUS CHRISTI FIREFIGHTERS' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*, to provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. Adoption of Statement No. 102 is effective for the System's year ending December 31, 2025. The System is currently evaluating the potential impact of GASB Statement No. 102 on their financial statements.

NOTE 3 – CONTRIBUTION REQUIREMENTS AND CONTRIBUTIONS MADE

For the Plan in effect on December 31, 2023 and 2022, the funding policy of the Corpus Christi Firefighters' Retirement System required contributions equal to 14.10% (for the Plan effective October 1, 2023) of each bi-weekly payroll period paid by the firefighters. The funding policy required contributions from the City equal to 26.216% and 24.232% for the years ending December 31, 2023 and 2022, respectively. While the contribution requirements are not actuarially determined, state law requires that each plan of benefits adopted by the System be approved by an eligible actuary.

The System's actuary certifies that the contribution commitment by the firefighters and the City provides an adequate financing arrangement. Using the entry age actuarial cost method, the Plan's normal cost is determined as a percentage of payroll. The excess of the total contribution rate over the normal cost rate is used to amortize the Plan's unfunded actuarial accrued liability, and the number of years needed to amortize the Plan's unfunded actuarial accrued liability is determined using a level percentage of payroll method.

For the Plan in effect on October 1, 2023, the normal cost is 17.22% of payroll and the amortization period is approximately 17.2 years based on a December 31, 2022 valuation date. For the 2023 and 2022, calendar years, total contributions of \$16,126,448 and \$15,064,203 respectively, were required and paid into the System.

NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Effective September 1997, the Board of Trustees established that the System shall keep a sufficient amount of cash on hand to make payments as they become due under the System. If the Board determines that the cash fund of the System contains amounts in excess of the amount needed to make necessary payments as they become due, the Board of Trustees may invest any portion of the excess.

In making investments for the retirement system, the Board of Trustees shall exercise proper judgment and care, taking into account the circumstances prevailing at the time of the investment. The Board of Trustees may not invest in the stock or bonds of one corporation more than five percent of the book value of the assets of a fund.

CORPUS CHRISTI FIREFIGHTERS' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

In addition, the System may not own more than five percent of the voting stock of one corporation. The System's deposits are carried at fair value. The cash and short-term investment balances of \$2,585,163 and \$2,228,685 at December 31, 2023 and 2022, respectively, are held in cash equivalent securities or investments.

The following table presents the fair values of investments at December 31, 2023 and 2022. Investments that represent 5% or more of the System's net assets are separately identified.

	<u>2023</u>	<u>2022</u>
Common and Preferred Stocks	\$ 51,600,599	\$ 41,380,290
Mutual Funds	70,122,047	63,213,315
Corporate (domestic and foreign)		
Bonds and Notes	5,619,854	8,203,132
Mutual Funds - Real Estate	15,231,461	17,965,987
U.S. Government Securities	<u>37,325,051</u>	<u>32,641,966</u>
 Total	 <u>\$179,899,012</u>	 <u>\$163,404,690</u>

Fair values were determined based on quoted market prices. No investments other than those shown above were made during the year. Deposits held in money market accounts were classified as cash and short-term investments as of December 31, 2023 and 2022.

For the years ended December 31, 2023 and 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.25% and (14.06)%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The investment policy of the Plan contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of the fiduciary net position at December 31, 2023 and 2022.

NOTE 5 – FURNITURE AND EQUIPMENT

Furniture and equipment consist of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Office equipment	\$ 23,148	\$ 21,606
Furniture and fixtures	14,110	14,110
Less: Accumulated depreciation	<u>(30,270)</u>	<u>(28,208)</u>
 Total	 <u>\$ 6,988</u>	 <u>\$ 7,508</u>

Depreciation expense totaled \$1,959 and \$1,464 in 2023 and 2022, respectively.

CORPUS CHRISTI FIREFIGHTERS' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 6 – LEASES

The System leases its office facilities under an operating lease that requires monthly payments that will increase gradually over the term of the lease. Total rent of \$11,482 and \$13,224 was paid for the years ending December 31, 2023 and 2022, respectively. The total amount of lease payments required under the operating lease for the years ending after December 31, 2023, are as follows:

<u>December 31,</u>	<u>Amount</u>
2024	\$ 12,726
2025	12,950
2026	13,175
2027	13,399
2028	<u>2,242</u>
Total	<u>\$ 54,492</u>

NOTE 7 – FAIR VALUE MEASUREMENTS

The fair value measurement in accordance with Accounting Standards Codification 820-10, establishes a framework for measuring fair value.

Level 1 Fair Value Measurements

These are inputs representing unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability at the measurement date.

Level 2 Fair Value Measurements

These are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liability (for example interest rates, volatilities, credit risks and default rates) or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Fair Value Measurements

These are significant unobservable inputs that reflect an entity's own assumptions that market participants would use in pricing the assets or liabilities.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at December 31, 2023 and 2022.

CORPUS CHRISTI FIREFIGHTERS' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 7 – FAIR VALUE MEASUREMENTS (continued)

The System's investments are reported at fair value in the accompanying statement of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the System believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets and liabilities reported at fair value on a recurring basis at December 31, 2023 and 2022 are as follows:

<u>Fair Value Measurements at Reporting Date Using:</u>				
	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets/ Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>December 31, 2023</u>				
Common and Preferred Stocks	\$ 51,600,599	\$ 51,600,599	\$ --	\$ --
U.S. Government Securities	37,325,051	37,325,051	--	--
Mutual Funds	70,122,047	70,122,047	--	--
Mutual Funds - Real Estate	15,231,461	--	15,231,461	--
Corporate (domestic and foreign)				
Bonds and Notes	<u>5,619,854</u>	<u>5,619,854</u>	<u>--</u>	<u>--</u>
Total	<u>\$179,899,012</u>	<u>\$164,667,551</u>	<u>\$ 15,231,461</u>	<u>\$ --</u>
<u>December 31, 2022</u>				
Common and Preferred Stocks	\$ 41,380,290	\$ 41,380,290	\$ --	\$ --
U.S. Government Securities	32,641,966	32,641,966	--	--
Mutual Funds	63,213,315	63,213,315	--	--
Mutual Funds - Real Estate	17,965,987	--	17,965,987	--
Corporate (domestic and foreign)				
Bonds and Notes	<u>8,203,132</u>	<u>8,203,132</u>	<u>--</u>	<u>--</u>
Total	<u>\$163,404,690</u>	<u>\$145,438,703</u>	<u>\$ 17,965,987</u>	<u>\$ --</u>

To estimate their fair value, the System uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities, in other words the market approach. The System did not have any significant transfers between levels 1 and 2 for the years ended December 31, 2023 and 2022.

CORPUS CHRISTI FIREFIGHTERS' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 8 – NET PENSION LIABILITY OF THE SYSTEM

The System's net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of December 31, 2022 and rolled forward to December 31, 2023.

The components of the net pension liability of the System at December 31, 2023, are as follows:

Total pension liability	\$314,545,962
Plan fiduciary net position	<u>183,259,960</u>
City's net pension liability	<u>\$131,286,002</u>
Plan fiduciary net position as a percentage of total pension liability	58.3%

Actuarial Assumptions - the total pension liability was determined by an actuarial valuation as of December 31, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.65%
Salary increases:	2.65% plus promotion, step, and longevity that vary by service
Investment rate of return:	7.15%, net of pension plan investment expense, including inflation

CORPUS CHRISTI FIREFIGHTERS' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 9 – INVESTMENT ASSET ALLOCATION

The System's investments are recorded at fair value as of December 31, 2023 and 2022. The table below reflects the composition of these investments.

<u>December 31, 2023</u>	<u>Fair Value</u>	<u>% of Portfolio</u>	<u>Investment Policy Asset Allocation</u>
Equities:			
LSV Asset Management	\$ 27,700,510	15.3%	10.00 – 15.00%
Capital Group	12,018,388	6.6	5.00 – 7.50
Clearbridge	12,853,322	7.3	5.00 – 7.50
Polen Capital Mgmt.	11,046,767	6.3	5.00 – 7.50
JP Morgan	8,115,380	4.5	2.50 – 7.50
Fuller & Thaler	12,601,490	6.9	2.50 – 7.50
Vanguard	9,963,832	5.6	3.00 – 10.00
MFS Intl Diversification	<u>11,003,251</u>	6.1	5.00 – 7.50
Equities Total	<u>105,302,940</u>		
Fixed Income:			
Garcia Hamilton	42,944,905	23.9	23.00 – 32.00%
PIMCO	<u>16,419,706</u>	9.1	4.00 – 13.00
Fixed Income Total	59,364,611		
Alternative Investments			
JPM Strategic RE	<u>15,231,461</u>	8.4	5.00 – 15.00%
Alternative Investment Total	<u>15,231,461</u>		
Total Portfolio	<u>\$179,899,012</u>	100%	

CORPUS CHRISTI FIREFIGHTERS' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 9 – INVESTMENT ASSET ALLOCATION (continued)

<u>December 31, 2022</u>	<u>Fair Value</u>	<u>% of Portfolio</u>	<u>Investment Policy Asset Allocation</u>
Equities:			
LSV Asset Management	\$ 24,766,906	15.2%	10.00 – 15.00%
Capital Group	10,247,082	6.2	5.00 – 7.50
Clearbridge	8,880,126	5.6	5.00 – 7.50
Polen Capital Mgmt.	7,733,258	5.0	5.00 – 7.50
JP Morgan	7,088,735	4.3	2.50 – 7.50
Fuller & Thaler	11,736,104	7.1	2.50 – 7.50
Vanguard	9,183,922	5.6	3.00 – 10.00
MFS Intl Diversification	<u>9,623,046</u>	5.8	5.00 – 7.50
Equities Total	<u>89,259,179</u>		
Fixed Income:			
Garcia Hamilton	40,845,098	25.0	23.00 – 32.00%
PIMCO	<u>15,334,426</u>	9.3	4.00 – 13.00
Fixed Income Total	56,179,524		
Alternative Investments			
JPM Strategic RE	<u>17,965,987</u>	10.9	5.00 – 15.00%
Alternative Investment Total	<u>17,965,987</u>		
Total Portfolio	<u>\$163,404,690</u>	100%	

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

Concentration of credit risk. As noted in the above schedule, none of the asset classes exceed their maximum percentage of asset allocation. The system is well diversified; with no individual equity investment manager holding in excess of 10% its portfolio in any single corporation and any individual fixed income manager holding more than 5% of its portfolio in any single issuer, as outlined in the Investment Policy Statement. With the exception of the alternative investments, the portfolio can be liquidated within one to two days if so desired. Alternative investments may have an extended liquidation period.

Interest rate risk. Only the fixed income securities of the Plan are subject to direct interest rate risk due to the possibility that prevailing interest rates could change before the securities reach maturity. Securities that are subject to direct interest rate risk as of December 31, 2023, amount to \$42,944,905 and have a weighted average duration of 6.87 years. Securities that are subject to interest rate risk as of December 31, 2022, amount to \$40,845,098 and have a weighted average duration of 6.83 years. Durations is defined as the change in the value of a fixed income security that will result from a 1% change in interest rates.

CORPUS CHRISTI FIREFIGHTERS' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 9 – INVESTMENT ASSET ALLOCATION (continued)

Duration is stated in years. For example, 5-year duration means the bond will decrease in value by 5% if interest rates rise 1% and increase in value by 5% if interest rates fall 1%. Securities that are subject to direct interest rate risk are shown in the following table for the years ending December 31, 2023 and 2022. The Investment Policy Statement limits the structure of the investment manager's portfolio's duration to +/- 25% of the appropriate benchmark duration.

December 31, 2023

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percentage of Total</u>	<u>Duration</u>
Corporate Bonds	\$ 5,619,854	13.08%	0.63
US Treasuries & Agencies	19,037,041	44.33	4.08
Mortgage-backed securities	<u>18,288,010</u>	<u>42.59</u>	<u>2.16</u>
Total interest rate sensitive bonds	<u>\$42,944,905</u>	100.00%	<u>6.87</u>

December 31, 2022

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percentage of Total</u>	<u>Duration</u>
Corporate Bonds	\$ 8,203,132	20.08%	1.10
US Treasuries & Agencies	13,087,509	32.03	3.61
Mortgage-backed securities	<u>19,554,457</u>	<u>47.89</u>	<u>2.12</u>
Total interest rate sensitive bonds	\$40,845,098	100.00%	6.83

Credit risk. Using Standard and Poor's rating system for fixed income securities as of December 31, 2023 and 2022, the System's bonds were rated as noted below. The Investment Policy Statement requires corporate fixed income securities to be at least investment grade at the time of purchase, with additional actions required if any security is downgraded below investment grade after purchase.

December 31, 2023

<u>S&P Rating</u>	<u>Fair Value</u>	<u>Percentage of Total</u>
AAA	\$ --	-- %
AA	5,620,855	13.09
A	<u>37,324,050</u>	<u>86.91</u>
Total Credit Sensitive bonds	<u>\$42,944,905</u>	100.00%

CORPUS CHRISTI FIREFIGHTERS' RETIREMENT SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2023 and 2022

NOTE 9 – INVESTMENT ASSET ALLOCATION (continued)

<u>December 31, 2022</u>		
<u>S&P Rating</u>	<u>Fair Value</u>	<u>Percentage of Total</u>
AAA	\$32,641,966	79.92%
AA	--	--
A	<u>8,203,132</u>	<u>20.08</u>
 Total Credit Sensitive bonds	 \$40,845,098	 100.00%

Foreign currency risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. As of December 31, 2023, and 2022, the System did not have direct exposure to foreign currency risk through its investments. The Investment Policy Statement is silent on the subject of foreign currency risk.

NOTE 10 – GASB 67 REQUIRED INFORMATION AND SCHEDULES

Mortality rates were based on the PubS-2010 (public safety) total dataset tables for employees and for retirees (sex distinct), projected for mortality improvement generationally using the projection scale MP-2018.

The long-term expected rate of return on pension plan investments is reviewed for each biennial actuarial valuation and was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future net real rates of return by the target asset allocation percentage (currently resulting in 4.53%) and by adding expected inflation (2.65%). In addition, the final 7.15% assumption was selected by rounding down. The target allocation and expected arithmetic net real rates of return for each major asset class are summarized in the following table:

CORPUS CHRISTI FIREFIGHTERS' RETIREMENT SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2023 and 2022

NOTE 10 – GASB 67 REQUIRED INFORMATION (continued)

Asset Class	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities		
Large cap domestic	25.0%	5.85%
Small/mid cap domestic	10.0	6.14
International developed	12.5	6.18
Emerging markets	6.0	7.81
Real estate	10.0	4.41
Fixed income	36.5	2.12
Cash	<u>0.0</u>	0.39
Total	100.0%	
Weighted Average		4.53%

The discount rate used to measure the total pension liability was 7.15%. No projection of cash flows was used to determine the discount rate because the December 31, 2022 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 17 years. Because of the 17-year amortization period of the UAAL, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments of 7.15% was applied to all periods of projected benefit payments as the discount rate to determine the total pension liability.

The following presents the net pension liability of the City calculated using the discount rate of 7.15%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.15%) or 1-percentage-point higher (8.15%) than the current rate:

	1% Decrease (<u>6.15%</u>)	Current Discount Rate (<u>7.15%</u>)	1% Increase (<u>8.15%</u>)
City's net pension liability	<u>\$ 165,835,852</u>	<u>\$ 131,286,002</u>	<u>\$ 102,242,029</u>

CORPUS CHRISTI FIREFIGHTERS' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 11 – SB 322 INVESTMENT EXPENSE REPORTING

Texas Pension Review Board (PRB) requires the System to include the SB 322 Investment Expense report for the years ending December 31, 2023, and December 31, 2022. This report is a listing of all the fees from the Systems' investment managers, custodial bank and consultants. The SB 322 Investment Expense report is as follows:

December 31, 2023

<u>Asset Class</u>	<u>Management fees paid from trust</u>	<u>Total Investment Management Fees</u>	<u>Total Direct and Indirect fees and Commissions</u>
Cash	\$ --	\$ --	\$ --
Public Equity	742,533	742,533	742,533
Fixed Income	189,849	189,849	189,849
Real Assets	--	--	--
Other	--	--	--
Total	<u>\$932,382</u>	<u>\$932,382</u>	<u>\$932,382</u>

Total Investment Expenses

Total Direct and Indirect Fees and Commissions	\$932,382
Investment Services	
Custodial	78,389
Investment Consulting	86,866
Total	<u>165,255</u>
Total Investment Expenses	<u>\$1,097,637</u>

December 31, 2022

<u>Asset Class</u>	<u>Management fees paid from trust</u>	<u>Total Investment Management Fees</u>	<u>Total Direct and Indirect fees and Commissions</u>
Cash	\$ --	\$ --	\$ --
Public Equity	729,130	729,130	729,130
Fixed Income	173,558	173,558	173,558
Real Assets	--	--	--
Other	--	--	--
Total	<u>\$902,688</u>	<u>\$902,688</u>	<u>\$902,688</u>

CORPUS CHRISTI FIREFIGHTERS' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 11 – SB 322 INVESTMENT EXPENSE REPORTING (continued)

Total Investment Expenses

Total Direct and Indirect Fees and Commissions	\$902,688
Investment Services	
Custodial	72,659
Investment Consulting	<u>83,687</u>
Total	<u>156,346</u>
Total Investment Expenses	<u>\$1,059,034</u>

List of Investment Manager Names

Capital Group
Clearbridge Investments
Fuller & Thaler Asset Management
Garcia Hamilton & Associates, L.P.
JP Morgan Investment Management Inc. SCG
JP Morgan Investment Management Inc. R/E
LSV Asset Management
MFS Investment Managers
PIMCO
Polen Capital
Vanguard

NOTE 12 – PLAN DOCUMENT RESTATEMENT

On August 23, 2023, an election of the System's members was held and signed by the Board of Trustees on November 16, 2023, to amend in its entirety the System's Plan effective October 1, 2023. Among the changes in the restated Plan document include an increase of \$110 in monthly benefits for pensioners whose employment terminated on or before September 30, 2020 and provided by a 1.00% increase in employer contributions.

REQUIRED SUPPLEMENTARY SCHEDULES

CORPUS CHRISTI FIREFIGHTERS' RETIREMENT SYSTEM
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE SYSTEM'S NET PENSION LIABILITY AND RELATED RATIOS
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total pension liability										
Service cost	\$ 4,144,217	\$ 4,318,568	\$ 4,480,514	\$ 4,693,797	\$ 4,858,080	\$ 4,804,709	\$ 4,953,655	\$ 5,624,451	\$ 5,779,123	\$ 6,265,035
Interest	15,650,548	16,375,781	17,030,100	17,417,403	18,049,980	18,652,455	19,308,079	19,800,865	20,564,051	21,516,882
Changes of benefit provisions	-	2,725,939	-	-	-	-	-	-	7,754,448	-
Differences between expected and actual experience	-	-	(2,017,698)	-	(5,495,002)	-	1,109,823	-	(5,166,496)	-
Changes of assumptions	313,566	-	3,581,876	-	12,597,676	-	5,088,198	-	3,106,155	-
Benefit payments, including refunds of firefighter contributions	(11,612,717)	(11,091,486)	(14,056,060)	(14,180,509)	(14,045,886)	(14,275,964)	(15,452,948)	(15,459,507)	(14,647,067)	(15,812,662)
Net change in total pension liability	8,495,614	12,328,802	9,018,732	7,930,691	15,964,848	9,181,200	15,006,807	9,965,809	17,390,214	11,969,255
Total pension liability - beginning	197,293,990 ¹	205,789,604	218,118,406	227,137,138	235,067,829	251,032,677	260,213,877	275,220,684	285,186,493	302,576,707
Total pension liability - ending (a)	\$ 205,789,604	\$ 218,118,406 ²	\$ 227,137,138	\$ 235,067,829 ³	\$ 251,032,677	\$ 260,213,877 ³	\$ 275,220,684	\$ 285,186,493 ³	\$ 302,576,707	\$ 314,545,962
Plan fiduciary net position										
Contributions - City	\$ 6,007,048	\$ 6,361,276	\$ 6,562,993	\$ 6,562,646	\$ 6,503,739	\$ 7,040,090	\$ 8,414,319	\$ 9,488,575	\$ 9,447,617	\$ 10,278,794
Contributions - Firefighters	3,526,756	3,896,613	4,137,400	4,137,182	4,100,046	4,412,568	5,123,960	5,521,762	5,616,586	5,847,654
Net investment income	6,949,478	312,710	7,500,935	18,581,277	(5,226,990)	20,915,390	21,284,097	17,486,937	(27,197,959)	17,039,996
Benefit payments, including refunds of firefighter contributions	(11,612,717)	(11,091,486)	(14,056,060)	(14,180,509)	(14,045,886)	(14,275,964)	(15,452,948)	(15,459,507)	(14,647,067)	(15,812,662)
Administrative expense	(215,379)	(279,729)	(257,440)	(269,405)	(252,645)	(316,029)	(269,765)	(345,864)	(298,963)	(392,743)
Net change in plan fiduciary net position	4,655,186	(800,616)	3,887,828	14,831,191	(8,921,736)	17,776,055	19,099,663	16,691,903	(27,079,786)	16,961,039
Plan fiduciary net position - beginning	126,159,233	130,814,419	130,013,803	133,901,631	148,732,822	139,811,086	157,587,141	176,686,804	193,378,707	166,298,921
Plan fiduciary net position - ending (b)	\$ 130,814,419	\$ 130,013,803	\$ 133,901,631	\$ 148,732,822	\$ 139,811,086	\$ 157,587,141	\$ 176,686,804	\$ 193,378,707	\$ 166,298,921	\$ 183,259,960
City's net pension liability - ending (a) - (b)	\$ 74,975,185	\$ 88,104,603	\$ 93,235,507	\$ 86,335,007	\$ 111,221,591	\$ 102,626,736	\$ 98,533,880	\$ 91,807,786	\$ 136,277,786	\$ 131,286,002
Plan fiduciary net position as a percentage of the total pension liability	63.6%	59.6%	59.0%	63.3%	55.7%	60.6%	64.2%	67.8%	55.0%	58.3%
⁴ Covered payroll	\$ 28,907,834	\$ 30,612,493	\$ 31,583,219	\$ 31,581,550	\$ 31,298,070	\$ 33,683,725	\$ 39,114,198	\$ 42,150,855	\$ 40,175,866	\$ 41,472,723
City's net pension liability as a percentage of covered payroll	259.4%	287.8%	295.2%	273.4%	355.4%	304.7%	251.9%	217.8%	339.2%	316.6%

¹ Determined from the ending total pension liability as of December 31, 2014 but based on the actuarial assumptions for the December 31, 2012 actuarial valuation, using the roll back procedure allowed for the initial year of implementing GASB 67.

² Determined from the beginning of year total pension liability based on a special study based on the December 31, 2014 actuarial valuation, using the roll forward procedure allowed for GASB 67.

³ Determined from the beginning of year total pension liability using the roll forward procedure allowed for GASB 67.

⁴ Contributions by the firefighters or the city divided by the appropriate contribution rate.

CORPUS CHRISTI FIREFIGHTERS' RETIREMENT SYSTEM
 SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF INVESTMENT RETURNS*
 Last Ten Fiscal Years

Fiscal Year Ending	Annual Money-Weighted Net Real Rate of Return
December 31, 2014	5.61%
December 31, 2015	0.24%
December 31, 2016	5.85%
December 31, 2017	14.07%
December 31, 2018	(3.56)%
December 31, 2019	15.13%
December 31, 2020	13.60%
December 31, 2021	9.92%
December 31, 2022	(14.06)%
December 31, 2023	10.25%

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