

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, 2025

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

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# CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM

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February 27, 2026

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 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, 2025, 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 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.

## **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 8.

## **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 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's 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 continued to work with the City on a funding initiative and presented a request for council action in January 2025. The action included Act amendments pertaining to pension reform and for the City to reach the Actuarial Determined Employer Contribution (ADEC) rate by July 1, 2029. The City has continued to honor its previous commitment to funding the plan and approved a onetime employer contribution increase to 29.31% effective for fiscal year 2026 beginning July 1, 2025. In line with the fiduciary responsibilities of the Board, an experience study was approved which will be completed in the next fiscal year. The Board approved a new investment manager for the international equity manager section of the asset allocation.

During the year, the Investment Committee spent considerable time reviewing the performance of all existing managers, which included one-on-one meetings with the managers. The Committee also reviewed the asset allocation and long-term goals and objectives set by the investment policy. Focus centered on the Fixed Income and International Equity strategies, with the recommendation of hiring an additional manager for International Equity and two new managers to replace the current Fixed Income managers.

Investments and related investment 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, 2025, of 12.10%, reflected the continuing volatility of the global markets and economic conditions over the past few years. The last 5 and 10-year gross of fee rates of returns were 8.08% and 7.18%, respectively.

Detailed information concerning the System's investments may be found in the *Notes to the Financial Statements* beginning on Page 16.

The Benefits Committee met on a regular basis during the year, working primarily on pension reform with the funding initiatives, in addition to various policies, administrative sustainability, and disability regulations. The Committee proposed recommendations for Act amendments, to the Board, which were approved and sent to City Council for action. Recommendations included pension reform with the primary focus on mitigating the rising cost of the plan, updating language and housekeeping. The Committee vetted vendor proposals for the experience study and presented their recommendation to the Board. After Board approval the Committee worked with the vendor to have the results presented to the Board at the July 2025 meeting.

System administration focused on supporting the Committee's work on the System's administration sustainability, various policies and Disability Regulation updates, and the hiring of new investment managers. Considerable time has been spent ensuring the accuracy of pension data as a result of the City's transition to Workday. The new Jr. Benefits Analyst was filled during the year, and staff is focused on supporting the training of this newest member.

The staff works mostly from home while the office is under construction from being flooded in April 2025. Repairs to the office will be made in fiscal year 2026. Having the business continuity plan in place has proven that both essential and non-essential duties can be completed without service disruption to the members.

The members continue to reach out for education on their benefit. The staff performed one-on-one consultations via virtual sessions. Recruit classes consist of two education sessions provided by staff. The first session details the member's eligibility and process involved for an In Line of Duty Disability and a Not In Line of Duty Disability while the second session conveys the pension benefits through a member's career including benefits at termination, death, and retirement. The retiree's access to the portal supported by the System's custodian bank, U.S. Bank, has been updated to maintain the retiree's security of information.

Active Member education modules are available through the City's E-Learning System. The City requires all active firefighters to review assigned education modules. Topics developed and deployed for the firefighters include disability pension benefit process, annual valuation process, and CFRS Benefits related to termination, divorce, and death. The CFRS monitors participation rates for each retirement module. The modules are available for active members to review at any time.

The Active Member Portal continues to be widely utilized by the active members. The portal provides active members with the ability to perform estimates and pension benefit modeling. Once on 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 U.S. 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 a 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 contributes an amount equal to the Member's eligible compensation multiplied by the statutory contribution rate of 12.65%. However, in this fiscal year, the City approved one year employer contribution increase to 25.31%, up from 20.39% last year. 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 improve 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. In the short term, the Sponsor is honoring their commitment to increase their funding to reach the Actuarial Determined Employer Contribution over the next 5 years. The Funding level is also influenced by changes to benefits and economic and demographic assumptions. The resulting funding level as of July 1, 2025, of 68.1%, is down from 68.8% as of July 1, 2024. Major contributing factors to the funding level decrease were liability experience and higher than anticipated salary increases.

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 98.20% of all deductions from plan assets, which is 0.16% lower than the prior year. Administrative costs and depreciation accounted for 1.80% of deductions from plan assets for fiscal year 2025, compared to 1.64% for the prior year. A more detailed discussion of System expenses may be found in the *Management's Discussion and Analysis* beginning on Page 11.

## **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 9.

### **Acknowledgments**

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

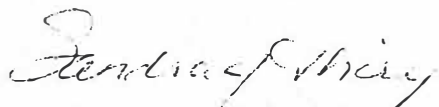
Several individuals assisted with the preparation of this report, and we wish to acknowledge their efforts and assistance. Tony Bass, Administrative Officer III; City Finance Staff. Betty Mattos, Chief Accountant; Kelly Kay, Assistant Chief Accountant; India Gilliam Financial Account III; Behailu Tefera, Accountant III; and Andrea Muza, Financial Accountant IV all who 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

# **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

Matthew Hastedt, Treasurer, Ex-Officio

Ryan S. Pope, Secretary, Elected Member

Sheila Simpson, Ex-Officio

Kim Heffernan, Citizen Appointee

Kevin Gordon, Elected Retiree

Teresa Smith, Ex-Officio

Joseph Hager, Elected Member

Melinda Manning, Citizen Appointee

Michael Feehley, Elected Member

### **STAFF**

Sandra J. Thiry, Administrator

Tony Bass, Financial Analyst

Tyralyn Phelps, Benefits Analyst

Michelle Maxwell, Benefits Analyst

Desiré Dixon, Administrative Analyst

## Report of Independent Auditor

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

### Opinion

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, 2025, and the related notes to the financial statements, which collectively comprise CFRS's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective net position of CFRS as of June 30, 2025 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.

### Basis of Opinion

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

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CFRS's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 CFRS'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 CFRS's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the letter of transmittal and Board of Trustees and staff schedule but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Cherry Bekaert LLP*

Charlotte, North Carolina  
February 27, 2026

## 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, 2025.

### Overview of the Financial Statements and Accompanying Information

- 1) Fund Financial Statements. The System presents Statement of Plan Net Position as of June 30, 2025, and Statement 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	
	2025	2024
Cash and Cash equivalents	\$ 7,234	6,692
Investments	703,911	639,050
Capital Assets	40	56
Other Assets	2,147	1,673
Total Assets	713,332	647,471
Liabilities	1,007	911
Net Position	\$ 712,325	646,560

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

	Years ended June 30	
	2025	2024
Contributions	\$ 42,846	34,321
Net Investment Gain/(Loss)	75,652	58,676
Misc Revenue	50	-
Total Additions/(Loss)	118,548	92,997
Benefits	(51,009)	(48,443)
Other Deductions	(1,774)	(1,775)
Total Deductions	(52,783)	(50,218)
Change in Net Position	\$ 65,765	42,779

## **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 15*, the net position of the System increased approximately \$65.8 million during the year ended June 30, 2025. 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 results of the actuarial valuation report completed in accordance with principles of practice prescribed by the Actuarial Standards Board as of July 1, 2025, showed the funded status of the System decreasing to 68.1% from 68.8% on July 1, 2024. The System's valuation uses a 5-year asset smoothing method based on market value of assets. The System had an unfunded liability of \$329 million for the year ended June 30, 2025, compared to \$301 million for the year ended June 30, 2024. Liabilities increased due to various reasons including higher than anticipated salary increases and actual demographic experience compared to expected experience.

## **Contributions and Income**

Additions to Plan Net Position include employer and member contributions and net income from investment activities. Member contributions were approximately \$14.5 and \$13.7 million for the years ended June 30, 2025, and 2024, respectively, an annual increase of \$.8 million for fiscal year 2025. 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 25.31% of eligible payroll beginning in fiscal year 2025. Employer contributions were approximately \$28.3 million and \$20.6 million for the years ended June 30, 2025, and 2024, respectively an annual increase of \$7.7 million for fiscal year 2025 and \$3 million in fiscal year 2024. The variances between employer and member contributions are mainly attributed to the City's committed increase in employer contributions offset by a minor amount attributable to prior government and military service purchases made by members.

Net change in investments with a gain of approximately \$64.8 million during fiscal 2025 and \$43.7 million during fiscal 2024, resulted in returns of 12.10 % and 10.45%, respectively as measured by Callan, LLC. The positive returns in investment income in 2025 were largely the result of all markets performances. The System performed below its composite benchmark on a relative basis by 24 basis points and performed above the Callan Public Fund Sponsor Database median return by 69 basis points. For the 5-year period ended June 30, 2025, the System returns were 8.08% compared to its composite benchmark returns of 8.56% and its actuarial assumed rate of return of 7.00%.

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. Investment expenses were approximately \$2.8 million for the year ended June 30, 2025, and were approximately \$2.6 million for the year ended June 30, 2024.

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 continues 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 2025, the System paid approximately \$51.8 million, up from \$49.4 million in fiscal 2024, in benefits and refunds. The increased level of payments in fiscal year 2025 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, 2024.

The administrative costs of the System represented approximately .13% of the ending net position in fiscal year 2025 increased from .12% from fiscal year 2024. The increase in costs was primarily due to adding an employee in fiscal year 2025.

### **Plan Assets**

Investments increased approximately \$64.9 million in 2025. The System invests in traditional investment categories, it also does not have a securities lending program. The market gain in value of plan assets is a result of market appreciation for all asset classes.

The System values its assets at "fair value" as discussed in accounting policies footnote 2(g) (Page 22) 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, 2025**

**(Dollar Amounts in Thousands)**

ASSETS:

Cash and cash equivalents	\$ 7,234
Receivables:	
Employer contributions	758
Member contributions	327
Interest and dividends	993
Insurance recovery	64
Total receivables	<u>2,142</u>
Prepaid items	5
Investments, at fair value:	
Equity securities - stocks	84,888
Fixed income securities - bonds	156,525
Mutual funds	462,498
Total investments	<u>703,911</u>
Capital assets	672
Less accumulated depreciation	<u>632</u>
Total capital assets, net	<u>40</u>
Total assets	<u>713,332</u>

LIABILITIES:

Accounts payable	<u>1,007</u>
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NET POSITION RESTRICTED FOR PENSIONS

\$ 712,325

*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, 2025**

**(Dollar Amounts in Thousands)**

ADDITIONS:

Contributions:

Member	\$ 14,539
Employer	28,307
Total contributions	<u>42,846</u>

Investment income:

Net appreciation in fair value of investments	68,551
Interest	5,856
Dividends	4,081
Total investment income	<u>78,488</u>
Investment expense	2,836
Net investment income	<u>75,652</u>
Insurance recovery	50
Total additions	<u>118,548</u>

DEDUCTIONS:

Benefits	51,009
Refunds	838
Administration	919
Depreciation	17
Total deductions	<u>52,783</u>

Net increase in plan net position 65,765

Net position - beginning 646,560

Net position - ending \$ 712,325

*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, 2025  
(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 (net of accruals) for members covered by the System for the year ended June 30, 2025, was \$110 million.

At July 1, 2025, the System's membership consisted of:

Inactive members or beneficiaries	
currently receiving benefits	892
Inactive members entitled to but not yet	
receiving benefits	20
Active plan members	<u>1,159</u>
Total	<u>2,071</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 fund 12.65% of eligible retirement pay. The Act establishes the contribution rate pursuant to the Board of Trustees'

**CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM, A COMPONENT UNIT OF  
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recommendation and approval by the Charlotte City Council. The City began to increase its funding effective July 1, 2020, by 2% each year as an initial step to a long-term funding solution. In early 2024, the City agreed to pay an employer contribution increase of 4.914% resulting in a total City contribution of 25.31% beginning in fiscal year 2025. The members' contribution rate is 12.65%. The 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, 2025, were as follows:

	<u>In Dollars</u>	<u>Percent of Covered Payroll</u>
Contributions made by -		
City	\$ 28,307	25.83%
Members	<u>14,539</u>	<u>13.26</u>
Total	<u>\$ 42,846</u>	39.09%

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**a. Basis of Presentation**

The System provides services exclusively to the City and the City is financially accountable for the System; 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 generally accepted accounting principles ("GAAP") as promulgated by the Governmental Accounting Standards Board ("GASB"), which establishes standards of financial reporting for state and local government, including pension plans administered through trusts that meet certain criteria.

**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.

**CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM, A COMPONENT UNIT OF  
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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 \$ 7,234 and \$ 703,911 on June 30, 2025.

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 on June 30, 2025, was \$ 147.

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 on June 30, 2025, were as follows:

Investment type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
U.S. Treasuries	\$ 15,167	\$ 6,453	\$ 844	\$ 3,543	\$ 4,327
U.S. Agencies	46,922	272	524	644	45,482
Corporate bonds	68,157	229	11,578	13,180	43,170
Common stocks	84,888	N/A	N/A	N/A	N/A
Mutual funds *	488,777	N/A	N/A	N/A	N/A
Total	<u>\$ 703,911</u>	<u>\$ 6,954</u>	<u>\$ 12,946</u>	<u>\$ 17,367</u>	<u>\$ 92,979</u>

\*Mutual Funds include \$ 26,279 investments measured as fair value in the investment fair value hierarchy table.

The System categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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, 2025:

Investment by fair value level	6/30/2025	Fair Value Measurements		
		Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Using Quoted Prices in Active Markets for Similar Assets (Level 2)	Using Unobservable Inputs (Level 3)
U.S. Treasuries	\$ 15,167	\$ 15,167	\$ -	\$ -
U.S. Agencies	46,922	\$ -	46,922	\$ -
Corporate bonds	59,609	-	59,609	-
Common stocks	84,888	84,888	-	-
Mutual funds	26,279	-	26,279	-
Total investments by fair value level	232,865	<u>\$ 100,055</u>	<u>\$ 132,810</u>	<u>\$ -</u>

Category	Investments Measured as NAV	Unfunded Commitment	Redemption Frequency	Redemption Notice
				Period
U.S. equity	\$ 180,779	-	Daily	N/A
International equity	205,007	-	Daily	N/A
U.S. bonds	8,548	-	Daily	N/A
Fixed income	49,816	-	Quarterly	45 Days
International fixed income	26,896	-	Quarterly - 1st day of Qtr	N/A
Total investments	<u>\$ 703,911</u>	<u>\$ -</u>		

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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.

*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 on June 30, 2025, were as follows:

<u>Quality Rating</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
AAA	\$ 6,793	5.22%
Ba1 > Aa2	63,111	48.46%
Total credit risk debt securities	69,904	53.68%
US Government fixed income securities:		
Government National Mortgage Association	5,470	4.20%
U.S. Treasury	15,167	11.64%
Not rated	39,704	30.48%
Total fixed income securities	<u>\$ 130,245</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% or benchmark weight +1%, whichever is greater, of the market 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, 2025, managed by the following organizations that represented 5% or more of the System's net investments:

State Street Global Advisors	37%
Barrow Hanley	9
Neuberger Berman	9
Wellington Management Company	6
Westwood Developed Markets	6
Lazard / Wilmington Collective Trust	6

In addition, the System owned individual assets at June 30, 2025 that represented 5% or more of the System's net investments:

State Street Global Advisors Russell 1000 Index SL	28%
State Street Global Advisors MSCI EAFE Index	8
Wellington Management Company	6
Wgi Developed Markets Ex-US Funds	6
Lazard / Wilmington Collective Trust	6
State Street Global Advisors Bond Market Index Fund	5
T. Rowe Int Small Cap	5

e. Rate of Return

For the year ended June 30, 2025, the annual money-weighted rate of return on the System's investments, net of pension plan investment expense, was 11.74%. 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, 2025, was as follows:

	Beginning <u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	Ending <u>Balance</u>
Capital assets, being depreciated:				
Buildings	\$ 440	\$ -	\$ -	\$ 440
Intangibles	232	-	-	232
Total capital assets being depreciated	<u>672</u>	<u>-</u>	<u>-</u>	<u>672</u>
Less accumulated depreciation for:				
Buildings	383	16	-	399
Intangibles	233	-	-	233
Total accumulated depreciation	<u>616</u>	<u>16</u>	<u>-</u>	<u>632</u>
Capital assets, net	<u>\$ 56</u>	<u>\$ (16)</u>	<u>\$ -</u>	<u>\$ 40</u>

3. NET PENSION LIABILITY:

The components of the net pension liability as of June 30, 2025, were as follows:

Total pension liability	\$ 1,030,299
Plan net position	(712,325)
Net pension liability	<u>\$ 317,974</u>
Plan fiduciary net position as a percentage of the total liability	69.13%

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation as of July 1, 2025, 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	7.00%, net of pension plan investment expense, including inflation

**CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM, A COMPONENT UNIT OF  
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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, 2025, valuation were based on the results of an actuarial experience study for the period July 1, 2020 – June 30, 2024.

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%	5.8%
International Equity	26.0%	6.6%
Domestic Fixed Income	23.0%	1.0%
Non US Fixed Income	5.0%	0.3%
Real Estate	<u>10.0%</u>	4.9%
Total	<u>100.0%</u>	

*Discount Rate.* The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions 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 7.00% was applied to all periods of projected benefit payments. The Single Equivalent Interest Rate (SEIR) of 7.00% was used to determine the total pension liability as of June 30, 2025.

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*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, 2025, calculated using the discount rate of 7.00%, 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 ( 6.00%) or one percentage point higher ( 8.00%) than the current rate (\$ thousands):

	1% Decrease <u>(6.00%)</u>	Current Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
System's net pension liability	\$445,775	\$317,974	\$211,265

**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  
THE CITY OF CHARLOTTE, NORTH CAROLINA**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY**  
**Last Ten Fiscal Years**  
**(Dollar Amounts in Thousands)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Total pension liability</b>										
Service Cost	\$ 40,147	\$ 40,816	\$ 40,857	\$ 23,287	\$ 54,725	\$ 26,921	\$ 22,649	\$ 24,023	\$ 26,438	\$ 15,387
Interest	61,598	57,931	53,786	56,909	41,371	46,105	44,028	41,792	37,701	37,984
Benefit changes	-	-	-	1,336	-	-	9,692	-	-	-
Difference between expected and actual experience	30,715	4,033	18,552	1,340	23,596	16,673	25,476	(4,229)	19,244	(2,503)
Changes of assumptions or other inputs	(216,935)	(40,724)	(38,049)	279,397	(516,846)	315,693	85,552	(31,043)	(60,216)	211,217
Benefit payments	(51,009)	(48,443)	(45,951)	(42,415)	(39,878)	(38,642)	(35,709)	(33,120)	(31,075)	(28,333)
Refunds of contributions	(838)	(950)	(774)	(945)	(531)	(887)	(416)	(212)	(70)	(416)
<b>Net change in total pension liability</b>	<u>(136,322)</u>	<u>12,663</u>	<u>28,421</u>	<u>318,909</u>	<u>(437,563)</u>	<u>365,863</u>	<u>151,272</u>	<u>(2,789)</u>	<u>(7,978)</u>	<u>233,336</u>
<b>Total pension liability - beginning</b>	<u>1,166,621</u>	<u>1,153,958</u>	<u>1,125,537</u>	<u>806,628</u>	<u>1,244,191</u>	<u>878,328</u>	<u>727,056</u>	<u>729,845</u>	<u>737,823</u>	<u>504,487</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 1,030,299</u>	<u>\$ 1,166,621</u>	<u>\$ 1,153,958</u>	<u>\$ 1,125,537</u>	<u>\$ 806,628</u>	<u>\$ 1,244,191</u>	<u>\$ 878,328</u>	<u>\$ 727,056</u>	<u>\$ 729,845</u>	<u>\$ 737,823</u>
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 28,307	\$ 20,621	\$ 17,619	\$ 14,942	\$ 12,768	\$ 11,450	\$ 10,193	\$ 9,333	\$ 9,106	\$ 8,694
Contributions - member	14,539	13,700	12,605	12,418	11,910	10,770	10,610	9,909	9,636	8,991
Net investment income	75,652	58,675	46,537	(84,947)	134,699	17,216	22,930	46,981	57,681	2,266
Insurance recovery	50	-	-	-	-	-	-	-	-	-
Benefit payments	(51,009)	(48,443)	(45,951)	(42,415)	(39,878)	(38,642)	(35,709)	(33,120)	(31,075)	(28,333)
Administrative expense	(919)	(794)	(807)	(714)	(612)	(672)	(583)	(735)	(621)	(657)
Refunds of contributions	(838)	(950)	(774)	(945)	(531)	(887)	(416)	(212)	(70)	(416)
Other	(17)	(30)	(51)	(66)	(66)	(63)	(49)	(28)	(13)	-
Net change in plan fiduciary net position	<u>65,765</u>	<u>42,779</u>	<u>29,178</u>	<u>(101,727)</u>	<u>118,290</u>	<u>(828)</u>	<u>6,976</u>	<u>32,128</u>	<u>44,644</u>	<u>(9,455)</u>
<b>Plan net position - beginning</b>	<u>646,560</u>	<u>603,781</u>	<u>574,603</u>	<u>676,330</u>	<u>558,040</u>	<u>558,868</u>	<u>551,892</u>	<u>519,764</u>	<u>475,120</u>	<u>484,575</u>
<b>Plan net position - ending (b)</b>	<u>\$ 712,325</u>	<u>\$ 646,560</u>	<u>\$ 603,781</u>	<u>\$ 574,603</u>	<u>\$ 676,330</u>	<u>\$ 558,040</u>	<u>\$ 558,868</u>	<u>\$ 551,892</u>	<u>\$ 519,764</u>	<u>\$ 475,120</u>
<b>Net pension liability - ending (a) - (b)</b>	<u>\$ 317,974</u>	<u>\$ 520,061</u>	<u>\$ 550,177</u>	<u>\$ 550,934</u>	<u>\$ 130,298</u>	<u>\$ 686,151</u>	<u>\$ 319,460</u>	<u>\$ 175,164</u>	<u>\$ 210,081</u>	<u>\$ 262,703</u>
Plan net position as a percentage of the total pension liability	69.13%	55.42%	52.32%	51.05%	83.85%	44.85%	63.63%	75.91%	71.22%	64.39%
Covered payroll	\$ 111,845	\$ 103,105	\$ 97,883	\$ 93,388	\$ 91,200	\$ 82,609	\$ 80,577	\$ 73,779	\$ 71,984	\$ 68,727
Net pension liability as a percentage of covered payroll	284.30%	504.40%	562.08%	589.94%	142.87%	830.60%	396.47%	237.42%	291.84%	382.24%

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REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
Last Ten Fiscal Years  
(Dollar Amounts in Thousands)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined employer contribution	\$ 43,139	\$ 35,881	\$ 28,298	\$ 26,998	\$ 19,188	\$ 14,713	\$ 14,625	\$ 13,088	\$ 9,495	\$ 10,206
Actual employer contributions	28,307	20,621	17,619 a	14,942	12,768	11,450	10,193	9,333	9,106	8,694
Annual contribution deficiency (excess)	\$ 14,832	\$ 15,260	\$ 10,679	\$ 12,056	\$ 6,420	\$ 3,263	\$ 4,432	\$ 3,755	\$ 389	\$ 1,512
Covered payroll	\$ 111,845	\$ 103,105	\$ 97,883 b	\$ 93,388	\$ 91,200	\$ 82,609	\$ 80,577	\$ 73,779	\$ 71,984	\$ 68,727
Actual contributions as a percentage of covered payroll	25.31%	20.00%	18.00%	16.00%	14.00%	13.86%	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.

Actuarial methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent of pay, open
Remaining amortization period	4 - 29 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	3.75 - 9.00%, including inflation
Investment rate of return	7.00%, 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.

**CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM, A COMPONENT UNIT OF  
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**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF INVESTMENT RETURNS**  
**Last Ten Fiscal Years**  
**(Dollar Amounts in Thousands)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	11.74%	10.13%	8.62%	(12.83%)	25.35%	3.32%	4.28%	9.54%	12.47%	0.78%	4.66%