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## NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

### D. Pension Trust Funds – Cash and Investments (Continued)

Fair Value Measurement – The City measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. GASB defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- Level 1: Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the City can access;
- Level 2: Investments whose inputs – other than quoted market prices – are observable either directly or indirectly; and,
- Level 3: Investments whose inputs are unobservable.

The following tables summarize the Pension Plan's investments within the fair value hierarchy at September 30, 2024:

| **General Employees:** | Fair Value | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| Bonds & Notes | $ 45,065,359 | $ 15,731,843 | $ 29,333,516 | $ - |
| Common Stock | 32,420,869 | 30,415,325 | 1,901,214 | 104,330 |
| Mutual Funds : Real Estate | 24,099,177 | - | - | 24,099,177 |
| Mutual Funds: Equities | 41,415,664 | 10,367,158 | 31,048,506 | - |
| Hedge Funds (Mutual Fund) | 13,238,973 | - | 9,751,287 | 3,487,686 |
| Emerging Markets | 25,339,994 | - | 13,199,599 | 12,140,395 |
| Master Limited Partnership | 14,165,808 | - | - | 14,165,808 |
| Total investments at fair value | $ 195,745,844 | $ 56,514,326 | $ 85,234,122 | $ 53,997,396 |

| **Police:** | Fair Value | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| Bonds & Notes | $ 34,912,787 | $ 8,632,618 | $ 25,490,273 | $ 789,896 |
| Common Stock | 16,801,756 | 15,853,390 | 948,366 | - |
| Mutual Funds: Real Estate | 3,890,132 | - | - | 3,890,132 |
| Mutual Funds: Equities | 42,583,290 | 20,801,775 | 14,952,913 | 6,828,602 |
| Total investments at fair value | $ 98,187,965 | $ 45,287,783 | $ 41,391,552 | $ 11,508,630 |

| **Fire:** | Fair Value | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| Bonds & Notes | $ 23,764,303 | $ 6,647,487 | $ 17,116,816 | $ - |
| Mutual Funds: Real Estate | 8,496,678 | - | 3,609,452 | 4,887,226 |
| Mutual Funds: Equities | 66,651,413 | 22,079,620 | 44,571,793 | - |
| Total investments at fair value | $ 98,912,394 | $ 28,727,107 | $ 65,298,061 | $ 4,887,226 |

Debt securities categorized as Level 1 are valued based on prices quoted in active markets for those securities. Debt securities categorized as level 2 are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices. Debt securities categorized as Level 3 are valued based upon unobservable inputs using the Trader Entered Price methodology under ASC Topic 820 reporting.