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NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Firefighters' Retirement System (Continued)

Interest Rate Risk – Through its investment policy, the Plan manages its exposure to fair value losses arising from increasing interest rates. In this regard, the Plan adopted the Barclays Capital Aggregate Bond Index benchmark performance evaluator. The Plan further limited the effective duration of its fixed investment portfolio to 120% of the duration of the Lehman Brothers Aggregate Bond Index duration.

Custodial Credit Risk – Custodial credit risk is defined as the risk that the Plan may not recover cash and investments held by another in the event of a financial failure. The Plan requires all securities to be held by a third-party custodian in the name of the Plan. Securities transactions between a broker-dealer and the custodian involving the purchase or sale of securities must be made on a "delivery vs. payment" basis to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

The Plan has no instrument that, in whole or in part, is accounted for as a derivative instrument under GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, during the current plan year.

Police Officers' Retirement System

Cash and Cash Equivalents: Fiduciary Trust Company of the South, Inc. periodically holds un-invested cash in the capacity as custodians of the Police Officers' Retirement System (the "Plan"). These funds exist temporarily as cash in the process of collection from the sale of securities. At September 30, 2024, the carrying amount of the Plan's cash and cash equivalents was $85,933.

Investments: The Board of Trustees of the Police Officers' Retirement System are authorized to invest in time, savings and money market accounts of an institution insured by the Federal Deposit Insurance Corporation; obligations of the U.S. government or an agency or instrumentality of the U.S. government, high capitalization common or preferred stocks, pooled equity funds, high quality bonds or notes and fixed income funds. The Board requires that Plan assets be invested with no more than 70% in stocks and convertible securities measured at cost. Additionally, not more than 5% of the Plan's assets shall be invested in the common stock of any one issuing company. The Plan's investment in the common stock of any single corporation shall not exceed 5% of such corporation's outstanding common or capital stock.

The Police Officers' Retirement System held the following investments as of September 30, 2024:

Investment Type	Fair Value	Overall Credit Rating (Standard & Poor's)	Average Effective Duration (Years)
U.S. government obligations	$ 3,980,102	AA+	4.39
U.S. government agency obligations	5,605,385	AA+	9.32
Domestic corporate bonds	943,250	A	5.17
Domestic stocks	25,237,132	N/A	N/A
Real estate investment fund	3,499,929	N/A	N/A
Temporary investment funds	391,388	N/A	N/A
Total	$ 39,657,186		

Credit Risk – Consistent with state law, the Plan's investment guidelines limit its fixed income securities to a quality rating of "A" or equivalent as rated by one or more recognized bond rating services at the time of purchase. Fixed income investments that are downgraded to a "BAA" or equivalent rating must be liquidated within a reasonable period of time not to exceed 12 months. Fixed income investments that are downgraded below a "BAA" rating are to be liquidated immediately.