CITY OF EAST POINT
EMPLOYEES RETIREMENT PLAN
(A PENSION TRUST FUND OF THE CITY
OF EAST POINT, GEORGIA)

FINANCIAL REPORT

DECEMBER 31, 2015

CITY OF EAST POINT
EMPLOYEES RETIREMENT PLAN

FINANCIAL REPORT
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MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT

To the Pension Board
of the City of East Point
Employees Retirement Plan
East Point, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the **City of East Point Employees Retirement Plan** (the "Plan"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the City of East Point Employees Retirement Plan as of December 31, 2015, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the Net Pension Liability and Related Ratios, the Schedule of Contributions and the Schedule of Investment Returns on pages 14 - 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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.

Management has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Mauldin & Jenkins, LLC

Macon, Georgia
April 15, 2016

CITY OF EAST POINT
EMPLOYEES RETIREMENT PLAN

STATEMENT OF PLAN NET POSITION
DECEMBER 31, 2015

Assets	
Cash and cash equivalents	$ 2,230,025
Receivables:	
Amount due from brokers for securities sold	27,677
Accrued interest and dividends receivable	247,614
Other receivable	6,117
Total receivables	281,408
Investments at fair value:	
United States government obligations	7,342,481
Municipal government obligations	80,481
Corporate bonds	23,227,465
Common stock	36,346,674
Convertible preferred stock	3,646,253
Foreign stock	1,232,943
Mutual funds	6,411,654
Total investments	78,287,951
Prepaid insurance	16,705
Total assets	80,816,089
Liabilities	
Accounts payable	150,446
Amount due to brokers for securities purchased	95,902
Total liabilities	246,348
Net position restricted for pension benefits	$ 80,569,741

See Notes to Financial Statements.

CITY OF EAST POINT
EMPLOYEES RETIREMENT PLAN

STATEMENT OF CHANGES IN PLAN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2015

Additions	
Contributions:	
Employer	$ 9,504,258
Participants	1,126,534
Total contributions	10,630,792
Investment income:	
Interest and dividends	1,872,264
Net depreciation in fair value of investments	(1,962,690)
	(90,426)
Less - investment expense	381,569
Net investment income	(471,995)
Other income	262
Total additions	10,159,059
Deductions	
Benefits paid, including refunds of employee contributions	8,332,803
Administrative expenses	257,171
Total deductions	8,589,974
Net increase	1,569,085
Net position restricted for pension benefits	
Beginning of year,	79,000,656
End of year	$ 80,569,741

See Notes to Financial Statements.

NOTE 1. DESCRIPTION OF THE PLAN

General

The City of East Point Employees Retirement Plan (the Plan) is a single employer defined benefit pension plan, originally adopted June 19, 1975, and amended and restated January 1, 2013. The Plan was most recently amended September 8, 2015. The Plan is administered by a Pension Board (the “Board”) composed of not more than seven members, including the Finance Director of the City of East Point (the City), two elected City employee representatives, two elected City retirees, one appointed City Council member and one appointed East Point resident. U.S. Bank is the trustee for the Plan and serves as custodian for the Plan. Administrative functions are performed by City of East Point personnel and outside consultants. Benefit provisions and contributions are established and may be amended by the Pension Board.

Eligibility

Regular, full-time employees of the City automatically become a participant in the Plan on the initial date of employment. Certain management positions are excluded from the Plan. The Mayor and City Council members may participate in the Plan.

Contributions

The City of East Point is required to contribute an actuarially determined amount annually to the Plan’s trust. The required contribution amount is determined using actuarial methods and assumptions approved by the Pension Board and is intended to satisfy the minimum contribution requirements as set forth in controlling State of Georgia statutes. For the period January 1, 2015 through June 30, 2015, the required contribution rate for City contributions, as a percent of pensionable earnings, was set at 45.78%. Effective July 1, 2015 through December 31, 2015, the required contribution rate, was set at 42.77%. City employees were required to contribute at a rate of 6.00% of pensionable earnings.

Retirement Benefit Provisions

Benefit accruals are based on four membership classes established by the Plan as follows:

Class 1: Transferred from old plan on June 19, 1975
Class 2: General employees and elected officials hired before April 1, 1992
Class 3: Police and fire employees hired before April 1, 1992
Class 5: Eligible full-time employees and elected officials hired on or after April 1, 1992

Normal retirement occurs when full-time participants achieve the following:

Class 1: Age 50 and 8 years of service (closed plan)
Class 2: Age 65 and 10 years of service; if elected official, age 60 and five years of service
Class 3: Age 55 and 10 years of service
Class 5: Age 65 (55 for Police and Firefighters) and 10 years of service; if elected official, age 60 and five years of service

NOTE 1. DESCRIPTION OF THE PLAN (CONTINUED)

Retirement Benefit Provisions (Continued)

Early retirement occurs when full-time participants achieve the following:

Class 2 & 3:	Age 50 and 10 years of service
Class 5:	Age 55 and 10 years of service for general employees; age 50 and 10 years of service for Police and Firefighters

The benefit is reduced 3% for each year retirement precedes the Normal Retirement Date.

The monthly benefit is then calculated as follows:

Class 1 – 3:	2.25% times the Average Monthly Compensation times credited service
Class 5 Elected:	$30 times credited service
Class 5:	Average Monthly Compensation times years of credited service times the Applicable Benefit Percentage.

The *Average Monthly Compensation* for Classes 2 and 3 is the monthly average of the highest consecutive five years of earnings. For Class 5, the average monthly compensation is the sum of the highest 78 consecutive pay periods divided by 36. The *Applicable Benefit Percentages* are based on retirement age and range from 1.75% to 2.80% for Police and Firefighters and from 2.00% to 2.80% for general employees.

Participants who retire will receive a cost of living increase as follows:

Class 1 – 3:	The yearly percentage increase of the Consumer Price Index (CPI) of the most recent November CPI reading. The maximum Cost of Living Adjustment (COLA) is 3%, and there is no reduction of benefits if the CPI decreases.
Class 5:	Retirement benefits are subject to a cost of living review and possible adjustment each two years by the City Council.

All participants other than City Council members and the Mayor are eligible for termination benefits if their employment terminates for any reason other than normal or early retirement, disability or death. A terminating participant will receive an immediate refund of his employee contributions at a rate determined in accordance with Plan provisions.

NOTE 1. DESCRIPTION OF THE PLAN (CONTINUED)

Retirement Benefit Provisions (Continued)

The continuation of retirement benefits to participant's designated beneficiary is also provided by the Plan.

A participant of Class 2 or 3, or a participant of Class 5 with 10 or more years of service, who becomes totally and permanently disabled as determined by the Board will receive an annuity payable immediately equal to the greater of the Accrued Benefit or 20% times average monthly compensation for the last 12 months. Class 5 participants who become disabled and have less than 10 years of service will receive a lump sum termination benefit.

Plan Membership

The following schedule (derived from the most recent actuarial valuation report) reflects membership for the Plan as of December 31, 2015.

Active participants	462
Vested terminated participants	21
Retirees or beneficiaries currently receiving benefits	351
Total	834

Expenses of the Plan

Plan fees and expenses, including fees and expenses connected with the provision of administrative services by external service providers, are paid from Plan assets.

Exempt Status

The Internal Revenue Service has ruled that the Plan qualifies under Section 401(a) of the Internal Revenue Code and is, therefore, not subject to tax under present income tax laws.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Plan's significant accounting policies are as follows:

Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting. Contributions, which are based on payrolls for time worked through December 31 each year, are also accrued at year-end.

Cash and Cash Equivalents

The Plan considers all highly liquid money market investments to be cash equivalents.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Valuation of Investments

Investments are recorded at fair value based on quoted market prices. The net appreciation (depreciation) in the fair value of investments held by the Plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the statement of net position date. Investment income is recognized on the accrual basis as earned by the Plan.

Payment of Benefits

Benefits to retired participants are recorded when paid in accordance with the terms of the Plan.

Management 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3. DEPOSITS AND INVESTMENTS

At December 31, 2015, the Plan held $2,230,025 in money market funds which are considered cash equivalents due to the short-term nature of the investments (money market funds).

Plan assets are to be invested in investments authorized by the Georgia Public Retirement Systems Investment Authority Law, OCGA Section 47-20-80. Those investments include obligations of the U.S. Treasury or its agencies and instrumentalities, collateralized mortgage obligations, asset and mortgage backed securities, taxable bonds that are obligations of any state and its agencies, instrumentalities, and political subdivisions, and in certificates of deposit of national or state banks that are fully insured, or collateralized by United States obligations. Additionally, the Plan is authorized to invest in common stocks, money market instruments, and corporate bonds and debentures, which are not in default as to principal and interest.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Plan. State law limits investments to investment grade securities.

For equity investments, the decisions as to individual security selection, security size and quality, number of industries and holdings, current income levels, turnover, and other tools employed by equity investment managers are left to each manager's discretion, except that investments in micro-cap stocks (those securities with market capitalization less than $100 million) are prohibited.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

For fixed income investments, decisions as to individual security selection, turnover, number of industries and holdings, and the other tools employed by fixed income investment managers are left to each manager's discretion, subject to the usual standards of fiduciary prudence. The minimum quality rating of each fixed income security in any separate account portfolio is to be BAA or better.

At December 31, 2015, The Plan had $78,287,951 invested in the following types of investments as categorized by credit risk:

Investment	Fair Value	Credit Quality
United States Treasury notes and bonds	$ 3,436,007	AA+
United States government agencies	3,906,474	AA+
Municipal bonds	80,481	AA
Corporate bonds	1,456,298	AAA
Corporate bonds	2,595,941	AA+
Corporate bonds	585,681	AA
Corporate bonds	810,679	AA-
Corporate bonds	951,090	A+
Corporate bonds	3,824,455	A
Corporate bonds	4,186,679	A-
Corporate bonds	4,479,777	BBB+
Corporate bonds	3,656,609	BBB
Corporate bonds	590,424	BBB-
Corporate bonds	89,832	BB+
Convertible preferred stock	878,693	BBB+
Convertible preferred stock	1,447,078	BBB
Convertible preferred stock	1,147,090	BBB-
Convertible preferred stock	173,392	BB+
Mutual funds	6,411,654	Not rated
Common stock - domestic	36,346,674	Not rated
Common stock - foreign	1,232,943	Not rated
	$ 78,287,951	

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. At December 31, 2015, the Plan had $78,287,951 invested in the following types of investments as categorized by interest rate risk:

Investment	Market Value December 31, 2015	Percent of Total Investments	Effective Duration (Years)
United States Treasury notes and bonds	$ 3,436,007	4.39 %	5.93
United States government agencies	3,906,474	4.99	7.16
Municipal bonds	80,481	0.10	2.50
Corporate bonds	23,227,465	29.67	6.35
Mutual funds	6,411,654	8.19	-
Preferred stock	3,646,253	4.66	-
Common stock - domestic	36,346,674	46.43	-
Common stock - foreign	1,232,943	1.57	-
	$ 78,287,951	100.00 %	

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2015, the Plan was not exposed to custodial credit risk with respect to its deposits or investments.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Plan may not be able to recover its deposits. At December 31, 2015, the Plan was not exposed to custodial credit risk with respect to its deposits.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issue. The Plan is generally not authorized to hold more than 5% of Plan assets in the securities of any individual security or in the securities of a single corporate issuer. Individual asset managers may hold positions above 5% so long as the aggregate holding across asset managers does not exceed 5% of Plan assets. At December 31, 2015, the Plan was not exposed to concentration of credit risk.

Foreign Currency Risk

At December 31, 2015, the Plan had no exposure to foreign currency risk. The Plan's investment in foreign stock of $1,232,943 represents U.S. dollars invested in the stock of foreign companies.

NOTE 4. PLAN DISCLOSURES

Effective January 1, 2014, the Plan implemented the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, which significantly changed the disclosures required related to the Plan. The information disclosed below is presented in accordance with this new standard.

Net Pension Liability of the City of East Point

The components of the net pension liability of the City of East Point at December 31, 2015, were as follows:

Total pension liability	$	119,169,260
Fiduciary net position		80,569,741
Net pension liability	$	38,599,519
Plan net position as a percentage of the total pension liability		67.61%

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of Plan assets is increasing or decreasing over time relative to the total pension liability.

Actuarial Assumptions Used to Calculate the Net Pension Liability

The total pension liability was determined by an actuarial valuation as of January 1, 2015 with updates performed by the actuary to roll forward to the total pension liability measured as of December 31, 2015. The following actuarial assumptions apply to all periods included in the measurement:

Investment rate of return	7.75%, net of pension plan investment expense, including inflation
Salary increases	3.50%, including inflation
Inflation	2.25%
Mortality	The rates of mortality for the period after service retirement are according to the RP-2000 Combined Mortality Tables for males and females, Projected AA to the valuation date.

NOTE 4. PLAN DISCLOSURES (CONTINUED)

The long-term expected rate of return on Plan 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. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2015 are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real
Domestic Equity	58.60%	5.34%
Convertible Equity	4.40%	7.40%
Fixed Income	35.00%	1.82%
Cash	2.00%	-0.26%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed the City would contribute the actuarially required contribution in the future. Based on those assumptions and considering the Plan’s net position as of December 31, 2015, the Plan's net position was projected to be available to make projected future benefit payments of current plan members through 2117. Therefore, the long-term expected rate of return on pension plan investments (7.75 percent) becomes the discount rate and thus is applied to all projected future benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the net pension liability of the City, calculated using the discount rate of 7.75 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net Pension Liability	$ 51,483,170	$ 38,599,519	$ 27,753,301

NOTE 4. PLAN DISCLOSURES (CONTINUED)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2015 and the current sharing pattern of costs between employer and employee.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EAST POINT GEORGIA
RETIREMENT PLAN

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	2015	2014
Total Pension Liability		
Service cost	$ 2,154,952	$ 2,121,348
Interest on total pension liability	8,977,933	8,790,749
Benefit changes	-	-
Difference in expected and actual experience	(1,486,574)	-
Changes of assumptions	-	-
Benefit payments	(7,818,041)	(7,653,160)
Refund of contributions	(514,762)	(1,074,881)
Net change in total pension liability	1,313,508	2,184,056
Total pension liability - beginning	117,855,752	115,671,696
Total pension liability - ending (a)	$ 119,169,260	$ 117,855,752
Plan net position		
Contributions - employer	$ 9,504,258	$ 9,178,327
Contributions - member	1,126,534	1,056,133
Net investment income	(471,734)	5,165,761
Benefit payments	(7,818,041)	(7,653,160)
Administrative expenses	(257,170)	(263,308)
Refunds of contributions	(514,762)	(1,074,881)
Net change in plan net position	1,569,085	6,408,872
Plan net position - beginning	79,000,656	72,591,784
Plan net position - ending (b)	$ 80,569,741	$ 79,000,656
Net pension liability - ending (a) - (b)	$ 38,599,519	$ 38,855,096
Plan net position as a percentage of the total pension liability	67.61%	67.03%
Covered employee payroll	17,949,686	17,920,581
Net pension liability as a percentage of covered employee payroll	215.04%	216.82%

Note to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF EAST POINT GEORGIA
RETIREMENT PLAN

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS

	2015	2014	2013	2012
Actuarially determined contribution	$ 9,504,258	$ 9,178,327	$ 9,585,811	$ 8,106,711
Actual employer contribution	9,504,258	9,178,327	9,585,811	8,106,711
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered employee payroll	$ 17,949,686	$ 17,920,581	$ 17,732,754	$ 18,920,699
Contributions as a percentage of covered employee payroll	52.95%	51.22%	54.06%	42.85%

Notes to the Schedule of Contributions:

A. Changes of benefit terms: None

B. Changes of assumptions: None

C. Methods and assumptions used in calculations of actuarially determined contributions:

Valuation date	January 1, 2015
Actuarial cost method	Individual Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	9 years
Asset valuation method	5-year smoothed market
Inflation	2.25%
Salary increases	3.50%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

2011	2010	2009	2008	2007	2006
$ 6,884,678	$ 6,334,711	$ 5,087,644	$ 5,518,269	$ 5,341,388	$ 5,054,683
6,884,678	6,334,711	5,087,644	5,518,269	5,341,388	5,054,683
$ -	$ -	$ -	$ -	$ -	$ -
$ 18,471,549	$ 18,141,948	$ 17,248,956	$ 21,146,659	$ 21,163,964	$ 19,701,757
37.27%	34.92%	29.50%	26.10%	25.24%	25.66%

CITY OF EAST POINT GEORGIA
RETIREMENT PLAN

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENT RETURNS

	2015	2014	2013	2012	2011	2010
Annual money-weighted rate of return	-0.10%	7.70%	19.80%	11.40%	1.30%	12.70%

Note to the Schedule:
The schedule will present 10 years of information once it is accumulated.