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

## FINANCIAL REPORT

## DECEMBER 31, 2017

# CITY OF EAST POINT
# EMPLOYEES RETIREMENT PLAN

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## DECEMBER 31, 2017

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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, 2017, 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, 2017, 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 15 - 19 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
May 14, 2018

# CITY OF EAST POINT
# EMPLOYEES RETIREMENT PLAN

## STATEMENT OF PLAN NET POSITION
## DECEMBER 31, 2017

| | | |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ | 2,711,136 |
| Receivables: | | |
| Amount due from brokers for securities sold | | 316,639 |
| Accrued interest and dividends receivable | | 215,111 |
| Contributions receivable | | 385,987 |
| Other receivable | | 1,584 |
| Total receivables | | 919,321 |
| Investments at fair value: | | |
| United States government obligations | | 5,378,251 |
| Municipal government obligations | | 60,021 |
| Corporate bonds | | 16,950,566 |
| Common stock - domestic | | 40,387,635 |
| Preferred stock - domestic | | 5,076,640 |
| Common stock - foreign | | 2,542,221 |
| Core real estate property fund | | 10,136,194 |
| Mutual funds | | 19,688,649 |
| Total investments | | 100,220,177 |
| Prepaid items | | 9,277 |
| Total assets | | 103,859,911 |
| **Liabilities** | | |
| Accounts payable | | 194,277 |
| Amount due to brokers for securities purchased | | 115,384 |
| Total liabilities | | 309,661 |
| **Net position restricted for pension benefits** | $ | 103,550,250 |

**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, 2017

| | |
|---|---|
| **Additions** | |
| **Contributions:** | |
| Employer | $ 8,628,709 |
| Participants | 1,189,472 |
| Total contributions | 9,818,181 |
| **Investment income:** | |
| Interest and dividends | 2,367,741 |
| Net appreciation in fair value of investments | 12,117,392 |
| | 14,485,133 |
| Less - investment expense | 785,136 |
| Net investment income | 13,699,997 |
| Other income | 2,314 |
| Total additions | 23,520,492 |
| **Deductions** | |
| Benefits paid, including refunds of employee contributions | 9,616,270 |
| Administrative expenses | 275,568 |
| Total deductions | 9,891,838 |
| Net increase | 13,628,654 |
| **Net position restricted for pension benefits** | |
| Beginning of year | 89,921,596 |
| End of year | $ 103,550,250 |

**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 April 17, 2017. 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, 2017 through June 30, 2017, the required contribution rate for City contributions, as a percent of pensionable earnings, was set at 42.77%. For the period July 1, 2017 through December 31, 2017, the required contribution rate for City contributions, as a percent of pensionable earnings, was 41.56%. 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 and 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 the 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 reflects membership for the Plan as of January 1, 2017.

| | |
|---|---|
| Active participants | 447 |
| Vested terminated participants | 26 |
| Retirees or beneficiaries currently receiving benefits | 345 |
| Total | 818 |

***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 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, 2017, the Plan held $2,711,136 in money market funds, which are considered cash equivalents due to the short-term nature of the investments.

Plan assets are to be invested in investments authorized by the Georgia Public Retirement Systems Investment Authority Law, O.C.G.A. 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, 2017, The Plan had $101,220,177 invested in the following types of investments as categorized by credit risk:

| Investment | Fair Value | Credit Quality |
|---|---|---|
| United States Treasury notes and bonds | $ 3,069,629 | AA+ |
| United States government agencies | 2,308,622 | AA+ |
| Municipal bonds | 60,021 | AA |
| Corporate bonds | 1,358,883 | AAA |
| Corporate bonds | 181,956 | AA+ |
| Corporate bonds | 305,702 | AA |
| Corporate bonds | 568,315 | AA- |
| Corporate bonds | 863,983 | A+ |
| Corporate bonds | 3,755,944 | A |
| Corporate bonds | 1,710,441 | A- |
| Corporate bonds | 3,540,503 | BBB+ |
| Corporate bonds | 3,175,518 | BBB |
| Corporate bonds | 1,489,321 | BBB- |
| Mutual funds | 19,688,649 | Not rated |
| Core real estate property fund | 10,136,194 | Not rated |
| Preferred stock - domestic | 5,076,640 | Not rated |
| Common stock - domestic | 40,387,635 | Not rated |
| Common stock - foreign | 2,542,221 | Not rated |
| | $ 100,220,177 | |

## 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, 2017, the Plan had $100,220,177 invested in the following types of investments as categorized by interest rate risk:

| Investment | Market Value December 31, 2017 | Percent of Total Investments | Effective Duration (Years) |
|---|---|---|---|
| United States Treasury notes and bonds | $ 3,069,629 | 3.06 % | 5.36 |
| United States government agencies | 2,308,622 | 2.30 | 15.56 |
| Municipal bonds | 60,021 | 0.06 | 0.50 |
| Corporate bonds | 16,950,566 | 16.91 | 5.71 |
| Mutual funds | 19,688,649 | 19.65 | - |
| Preferred stock - domestic | 5,076,640 | 5.07 | - |
| Common stock - domestic | 40,387,635 | 40.30 | - |
| Common stock - foreign | 2,542,221 | 2.54 | - |
| Core real estate property fund | 10,136,194 | 10.11 | - |
| | $ 100,220,177 | 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, 2017, 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, 2017, 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, 2017, the Plan was not exposed to concentration of credit risk.

***Foreign Currency Risk***

At December 31, 2017, the Plan had no exposure to foreign currency risk. The Plan's investment in foreign stock of $2,542,221 represents U.S. dollars invested in the stock of foreign companies.

## NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

***Fair Value Measurements***

The Plan has the following recurring fair value measurements, broken into the fair value hierarchy as of December 31, 2017:

| Investment | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| United States government issues | $ 3,148,319 | 2,229,932 | $ - | $ 5,378,251 |
| Municipal bonds | - | 60,021 | - | 60,021 |
| Corporate bonds | 10,879,405 | 6,071,161 | - | 16,950,566 |
| Mutual funds | 19,688,649 | - | - | 19,688,649 |
| Equity securities | 48,006,496 | - | - | 48,006,496 |
| | $ 81,722,869 | $ 8,361,114 | $ - | $ 90,083,983 |
| Investments recorded at net asset value (NAV): | | | | |
| Core real estate property fund | | | | 10,136,194 |
| | | | | $ 100,220,177 |

Debt, equity and mutual fund securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 pricing is based on best available information, including primarily unobservable inputs and assumptions market participants would use in pricing. The Plan has no investments classified as Level 3.

In addition to the three levels discussed above, if an investment does not have a readily determined fair value, the investment can be measured using Net Asset Value (NAV) per share (or its equivalent). Investments valued at NAV are categorized as NAV and not listed as Level 1, 2, or 3.

The Plan invests in a core real estate property fund – the JP Morgan Strategic Property Fund. This fund invests in core real properties seeking to realize capital appreciation on its portfolio while also generating a high level of current income. This fund makes strategic property acquisitions primarily in the United States. As part of JP Morgan's valuation process, independent appraisers value properties on an annual basis (at a minimum). The fund is valued at NAV monthly.

## 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 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, 2017, were as follows:

| | |
|---|---|
| Total pension liability | $ 122,571,149 |
| Fiduciary net position | 103,550,250 |
| Net pension liability | $ 19,020,899 |
| Plan net position as a percentage of the total pension liability | 84.48% |

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, 2017, with updates performed by the actuary to roll forward to the total pension liability measured as of December 31, 2017. 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, 2017, 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%. 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, 2017, the Plan's net position was projected to be available to make projected future benefit payments of current plan members through 2116. Therefore, the long-term expected rate of return on pension plan investments (7.75%) 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%, 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%) or one-percentage-point higher (8.75%) than the current rate:

| | 1% Decrease (6.75%) | Current Discount Rate (7.75%) | 1% Increase (8.75%) |
|---|---|---|---|
| Net Pension Liability | $ 32,520,623 | $ 19,020,899 | $ 7,649,091 |

## 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, 2017, and the current sharing pattern of costs between employer and employee.

# REQUIRED SUPPLEMENTARY INFORMATION

# CITY OF EAST POINT
# EMPLOYEES RETIREMENT PLAN

## SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

### SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

| | **2017** | 2016 | 2015 | 2014 |
|---|---|---|---|---|
| **Total Pension Liability** | | | | |
| Service cost | **$ 2,437,624** | $ 2,385,490 | $ 2,154,952 | $ 2,121,348 |
| Interest on total pension liability | **9,188,599** | 9,085,741 | 8,977,933 | 8,790,749 |
| Benefit changes | **703** | - | - | - |
| Difference in expected and actual experience | **(372,584)** | (1,068,658) | (1,486,574) | - |
| Changes of assumptions | **-** | - | - | - |
| Benefit payments | **(8,148,374)** | (7,948,806) | (7,818,041) | (7,653,160) |
| Refund of contributions | **(1,467,896)** | (689,950) | (514,762) | (1,074,881) |
| **Net change in total pension liability** | **1,638,072** | 1,763,817 | 1,313,508 | 2,184,056 |
| **Total pension liability - beginning** | **120,933,077** | 119,169,260 | 117,855,752 | 115,671,696 |
| **Total pension liability - ending (a)** | **$ 122,571,149** | $ 120,933,077 | $ 119,169,260 | $ 117,855,752 |
| **Plan net position** | | | | |
| Contributions - employer | **$ 8,628,709** | $ 8,674,036 | $ 9,504,258 | $ 9,178,327 |
| Contributions - member | **1,189,472** | 1,356,521 | 1,126,534 | 1,056,133 |
| Net investment income | **13,702,310** | 8,210,957 | (471,734) | 5,165,761 |
| Benefit payments | **(8,148,374)** | (7,948,806) | (7,818,041) | (7,653,160) |
| Administrative expenses | **(275,589)** | (250,881) | (257,170) | (263,308) |
| Refunds of contributions | **(1,467,896)** | (689,950) | (514,762) | (1,074,881) |
| **Net change in plan net position** | **13,628,632** | 9,351,877 | 1,569,085 | 6,408,872 |
| **Plan net position - beginning** | **89,921,618** | 80,569,741 | 79,000,656 | 72,591,784 |
| **Plan net position - ending (b)** | **$ 103,550,250** | $ 89,921,618 | $ 80,569,741 | $ 79,000,656 |
| **Net pension liability - ending (a) - (b)** | **$ 19,020,899** | $ 31,011,459 | $ 38,599,519 | $ 38,855,096 |
| **Plan net position as a percentage of the total pension liability** | **84.48%** | 74.36% | 67.61% | 67.03% |
| **Covered employee payroll** | **19,192,214** | 19,171,323 | 17,949,686 | 17,920,581 |
| **Net pension liability as a percentage of covered employee payroll** | **99.11%** | 161.76% | 215.04% | 216.82% |

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

# CITY OF EAST POINT
# EMPLOYEES RETIREMENT PLAN

## SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

### SCHEDULE OF CONTRIBUTIONS

| | **2017** | 2016 | 2015 | 2014 |
|---|---|---|---|---|
| Actuarially determined contribution | **$ 8,628,709** | $ 8,674,036 | $ 9,504,258 | $ 9,178,327 |
| Actual employer contribution | **8,628,709** | 8,674,036 | 9,504,258 | 9,178,327 |
| Contribution deficiency (excess) | **$ -** | $ - | $ - | $ - |
| Covered employee payroll | **$ 19,192,214** | $ 19,171,323 | $ 17,949,686 | $ 17,920,581 |
| Contributions as a percentage of covered employee payroll | **44.96%** | 45.24% | 52.95% | 51.22% |

**Notes to the Schedule of Contributions:**

A. Changes of benefit terms: Effective January 1, 2017, Class 4 and 5 members are fully vested upon completion of ten years of service regardless of age.

B. Changes of assumptions: None

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

| | |
|---|---|
| Valuation date | January 1, 2017 |
| Actuarial cost method | Individual Entry Age Normal |
| Amortization method | Level dollar, closed |
| Remaining amortization period | 7 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 |

| 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|
| $ 9,585,811 | $ 8,106,711 | $ 6,884,678 | $ 6,334,711 | $ 5,087,644 | $ 5,518,269 |
| 9,585,811 | 8,106,711 | 6,884,678 | 6,334,711 | 5,087,644 | 5,518,269 |
| $ - | $ - | $ - | $ - | $ - | $ - |
| $ 17,732,754 | $ 18,920,699 | $ 18,471,549 | $ 18,141,948 | $ 17,248,956 | $ 21,146,659 |
| 54.06% | 42.85% | 37.27% | 34.92% | 29.50% | 26.10% |

# CITY OF EAST POINT
# EMPLOYEES RETIREMENT PLAN

## SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

### SCHEDULE OF INVESTMENT RETURNS

| | **2017** | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| Annual money-weighted rate of return | **16.10%** | 11.00% | -0.10% | 7.70% | 19.80% |

**Note to the Schedule:**

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

| 2012 | 2011 | 2010 |
|---|---|---|
| 11.40% | 1.30% | 12.70% |