CITY OF ATLANTA, GEORGIA
FIREFIGHTERS’ PENSION PLAN

Financial Statements and Supplemental Schedules

June 30, 2013 and 2012

(With Independent Auditors’ Report Thereon)

CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN

Table of Contents

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Independent Auditors' Report

The Board of Trustees
City of Atlanta, Georgia
Firefighters' Pension Plan:

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Atlanta, Georgia Firefighters' Pension Plan (the Plan), which comprise the statements of plan net position as of June 30, 2013 and 2012, and the statements of changes in plan net position for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 auditors' 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.

KPMG

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the City of Atlanta, Georgia Firefighters' Pension Plan as of June 30, 2013 and 2012, and the changes in plan net position for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis and Required Supplementary Information sections 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 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 audits 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2013 on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

KPMG LLP

Atlanta, GA
October 31, 2013

As management we offer readers of the Firefighters' Pension Plan (the Plan) financial statements this narrative overview and analysis of the financial activities of the Plan for the years ended June 30, 2013 and 2012. This overview compares the years ended June 30, 2013 and 2012. Readers are encouraged to read the notes to the financial statements in conjunction with the financial statements presented following this narrative.

The Plan is administered as a single employer plan by the Board of Trustees (the Board) which includes an appointee of the Mayor, the Plan's Chief Financial Officer, a member of City Council, two representatives elected by the retired membership and three representatives elected by active City membership.

The objective of the Plan is to meet long-term benefit obligations through member and employer contributions and investment earnings. As a measure of progress against being able to provide for these future obligations, readers should consider the Plan's funded ratio. The funded ratio is the actuarially determined assets against liabilities. The Plan's funded ratio as of the July 1, 2012 actuary report is 69.48%.

Financial Highlights

- At June 30, 2013, the assets of the Plan exceeded its liabilities by $561.5 million. At June 30, 2012, the assets of the Plan exceeded its liabilities by $505.7 million. This amount represents the Plan's net position.
- The Plan's total net position increased in 2013 by $55.8 million or 11% as compared with net position at June 30, 2012. The Plan's total net position decreased in 2012 by $3.9 million or 0.8% as compared with net position at June 30, 2011.
- Net investment income increased in 2013 by $65.6 million compared to fiscal year 2012. Net investment income declined in 2012 by $93.9 million compared to fiscal year 2011.
- Contributions received from employer and employees totaled $23.1 million in 2013 as compared to $26.0 million and $28.5 million in fiscal years 2012 and 2011, respectively.
- Benefit payments in 2013 totaled $40.2 million, an increase of $2.8 million or 7.6% when compared with fiscal year 2012. Benefit payments in 2012 totaled $37.3 million, an increase of $2.2 million or 6.2% when compared with fiscal year 2011.

Fiduciary funds. The Plan is considered a fiduciary fund of the City of Atlanta, Georgia (City) and its financial statements are included in the City's Comprehensive Annual Financial Report (CAFR) as part of the Pension Trust Fund. The City's most recent CAFR for the year ended June 30, 2013 should be read in conjunction with these financial statements.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government, but over which the government maintains a meaningful degree of ongoing responsibility. The financial statements of fiduciary funds are presented using the economic resources measurement focus, or full accrual basis of accounting, similar to private sector businesses.

Directly following this discussion are the *basic financial statements*. The basic financial statements and required disclosures are prepared in accordance with accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board (GASB).

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Basic financial statements are comprised of:

The *Statements of Plan Net Position* presents information on the assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Plan is improving or deteriorating.

The *Statements of Changes in Plan Net Position* presents information showing how the Plan's net position changed during the most recent fiscal year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Changes would include investment income, employee and employer contributions to the Plan, benefit payments to members, and administrative expenses.

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the Plan's financial statements. The notes can be found following the financial statements in this report.

Required Supplementary Information. In addition to the basic financial statements, this report also presents certain *required supplementary information* concerning the Plan's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found following the notes the financial statements in this report.

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Financial Analysis

Financial Analysis as of June 30, 2013 compared to June 30, 2012

As noted earlier, net position may serve over time as an indicator of financial stability. In the case of the Plan, assets exceeded liabilities by $561.5 million at the close of the year ended June 30, 2013. Table 1 summarizes the major categories of assets, liabilities and net position. Table 2 summarizes the changes in the Plan's net position for the years ended June 30, 2013 and 2012.

Table 1. Firefighters' Pension Plan Net Position, Years ended June 30, 2013 and June 30, 2012 (in thousands):

	Years ended June 30			Percentage
	2013	**2012**	**Change**	**change**
Assets:				
Cash and cash equivalents	$ 48,240	30,990	17,250	55.7%
Investments	513,800	474,286	39,514	8.3
Due from brokers for securities sold	1,744	5,934	(4,190)	(70.6)
Receivables	2,459	2,852	(393)	(13.8)
Total assets	566,243	514,062	52,181	10.2
Liabilities				
Due to other City funds	153	119	34	28.6
Due to brokers for securities purchased	4,640	8,251	(3,611)	(43.8)
Total liabilities	4,793	8,370	(3,577)	(42.7)
Net position held in trust for pension benefits	$ 561,450	505,692	55,758	11.0%

The net position of the Plan increased by $55.8 million or 11% when compared to fiscal 2012. This is mainly attributable to the increase in net investment income resulting from improved market conditions during fiscal year 2013. Total assets for the Plan increased by $52.2 million or 10.2% compared to fiscal 2012. Total cash and investments increased by $56.8 million offset by a $4.2 million decrease in amounts due from brokers for securities sold. Cash and investments represent 99.3% of total assets as of June 30, 2013 compared to 98.3% as of June 30, 2012. The Plan liabilities do not include future benefits payable to plan participants, but an actuarially determined estimate of this amount is in the Required Supplementary Information of this report.

(Continued)

Table 2. Firefighters' Pension Plan Changes in Net Position, Years ended June 30, 2013 and June 30, 2012 (in thousands):

	Years ended June 30 2013	Years ended June 30 2012	Change	Percentage Change
Additions to plan net position:				
Investment income:				
Net appreciation (depreciation) in fair value of investments	$ 64,208	(324)	64,532	19,917.3%
Interest and dividends	11,134	10,283	851	8.3
Less:				
Investment expenses	(2,287)	(2,522)	235	9.3
Net investment income	73,055	7,437	65,618	882.3
Employee contributions	5,676	4,891	785	16.0
Employer contributions	17,491	21,092	(3,601)	(17.1)
Other income	17	75	(58)	(77.3)
Total additions	96,239	33,495	62,744	187.3
Deductions from plan net position:				
Benefit payments	40,180	37,333	2,847	7.6
Administrative fees, management fees, and other expenses	301	60	241	401.7
Total deductions	40,481	37,393	3,088	8.3
Increase (decrease) in net position held in trust for pension benefits	$ 55,758	(3,898)	59,656	15.3%
Net position held in trust for pension benefits:				
Beginning of year	$ 505,692	509,590		
Increase (decrease)	55,758	(3,898)		
End of year	$ 561,450	505,692		

Total additions to the Plan net position increased by $62.7 million or 187.3% compared to 2012. As mentioned earlier, this increase is primarily attributed to the increase in investment income. Net investment income was $73.1 million for 2013, an increase of $65.6 million compared to 2012. The investment portfolio is comprised of 77% equities and 23% fixed income investments as of June 30, 2013, compared to 72% equities and 28% fixed income investments mix in 2012. The overall portfolio returned 15.26% for the 12 months ended June 30, 2013, compared with 2.18% for the same time period in 2012. The S&P 500 index rose 20.60% and 5.44%, respectively, during the same time periods.

Employee contributions to the Plan increased by $.8 million or 16.0% to $5.7 million mainly as a result of plan changes enacted during 2011 which required participants to contribute an additional 5% of pay to the Plan each year. Employer contributions decreased by $3.6 million or 17.1% to $17.5 million due to a lower actuarially determined required contribution (ARC) for fiscal 2013. Benefit payments increased by $2.8 million or 7.6% to $40.2 million. The increase in benefit payments is primarily the result of increased payments to members.

Table 3. Membership Data:

	June 30, 2013		
	Total	**Change**	**Percentage change**
Members:			
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	$ 992	(9)	(0.9)%
Current active employees:			
Fully vested	428	17	4.1
Partially vested	267	28	11.7
Nonvested	154	(80)	(34.2)
Total membership	$ 1,841	(44)	(2.3)%

	June 30, 2012		
	Total	**Change**	**Percentage change**
Members:			
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	$ 1,001	77	8.3%
Current active employees:			
Fully vested	411	(46)	(10.1)
Partially vested	239	9	3.9
Nonvested	234	55	30.7
Total membership	$ 1,885	95	5.3%

(Continued)

Financial Analysis as of June 30, 2012 compared to June 30, 2011

As noted earlier, net position may serve over time as an indicator of financial stability. In the case of the Plan, assets exceeded liabilities by $505.7 million at the close of the year ended June 30, 2012. Table 1 summarizes the major categories of assets, liabilities and net position. Table 2 summarizes the changes in the Plan's net position for the years ended June 30, 2012 and 2011.

Table 1. Firefighters' Pension Plan Net Position, Year ended June 30, 2012 and June 30, 2011 (in thousands):

		Years ended June 30			Percentage
		2012	**2011**	**Change**	**change**
Assets:					
Cash and cash equivalents	$	30,990	32,853	(1,863)	(5.7)%
Investments		474,286	485,877	(11,591)	(2.4)
Due from brokers for securities sold		5,934	915	5,019	548.5
Receivables		2,852	3,049	(197)	(6.5)
Total assets		514,062	522,694	(8,632)	(1.7)
Liabilities:					
Due to other City funds		119	100	19	19.0
Due to brokers for securities purchased		8,251	12,884	(4,633)	(36.0)
Deferred revenue		—	120	(120)	(100.0)
Total liabilities		8,370	13,104	(4,734)	(36.1)
Net position held in trust for pension benefits	$	505,692	509,590	(3,898)	(0.8)%

The net position of the Plan decreased by $3.9 million or 0.8% when compared to 2011. This is mainly attributable to the decline in net investment income resulting from unfavorable market conditions during fiscal year 2012. Total assets for the Plan declined by $8.6 million or 1.7% compared to 2011. Total cash and investments decreased by $13.5 million offset by a $5.0 million increase in amounts due from brokers for securities sold. Cash and investments represent 98.3% of total assets as of June 30, 2012 compared to 99.2% as of June 30, 2011. The Plan liabilities do not include future benefits payable to plan participants, but an actuarially determined estimate of this amount is in the Required Supplementary Information of this report.

(Continued)

Table 2. Firefighters' Pension Plan Changes in Net Position, Year ended June 30, 2012 and June 30, 2011 (in thousands):

	Years ended June 30			Percentage
	2012	**2011**	**Change**	**change**
Additions to plan net position:				
Investment income:				
Net appreciation (depreciation) in fair value of investments	$ (324)	94,563	(94,887)	(100.3)%
Interest and dividends	10,283	8,989	1,294	14.4
Securities lending income	—	73	(73)	(100.0)
Less:				
Investment expenses	(2,522)	(2,298)	(224)	(9.7)
Net investment income	7,437	101,327	(93,890)	(92.7)
Employee contributions	4,891	3,570	1,321	37.0
Employer contributions	21,092	24,912	(3,820)	(15.3)
Other income	75	—	75	100.0
Total additions	33,495	129,809	(96,314)	(74.2)
Deductions from plan net position:				
Benefit payments	37,333	35,146	2,187	6.2
Administrative fees, management fees, and other expenses	60	49	11	22.4
Total deductions	37,393	35,195	2,198	6.2
Increase (decrease) in net position held in trust for pension benefits	$ (3,898)	94,614	(98,512)	(104.1)%
Net position held in trust for pension benefits:				
Beginning of year	$ 509,590	414,976		
Increase (decrease)	(3,898)	94,614		
End of year	$ 505,692	509,590		

(Continued)

Total additions to the Plan net position declined by $96.3 million or 74.2% compared to 2011. As mentioned earlier, this decrease is primarily attributed to the decrease in investment income. Net investment income was $7.4 million for 2012, a decline of $93.9 million compared to 2011. The investment portfolio is comprised of 72% equities and 28% fixed income investments as of June 30, 2012, which remains largely the same as the investment mix in 2011. The overall portfolio returned 2.18% for the 12 months ended June 30, 2012, compared with 25.63% for the same time period in 2011. The S&P 500 index rose 5.44% and 30.70%, respectively, during the same time periods.

Employee contributions to the Plan increased by $1.3 million or 37.0% to $4.9 million mainly as a result of plan changes enacted during 2011 which required participants to contribute an additional 5% of pay to the Plan each year. Employer contributions decreased by $3.8 million or 15.3% to $21.1 million due to a lower actuarially determined required contribution (ARC) for fiscal 2012. Benefit payments increased by $2.2 million or 6.2% to $37.3 million. The increase in benefit payments is primarily the result of the increase in retiree and beneficiary members of the Plan receiving benefits.

Requests for Information

This financial report is designed to provide a general overview of the Plan's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Plan's Chief Financial Officer, 11100 City Hall Tower, 68 Mitchell St., SW, Atlanta, Georgia 30303.

CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN

Statements of Plan Net Position

June 30, 2013 and 2012

(In thousands)

Assets		**2013**	**2012**
Cash and cash equivalents	$	48,240	30,990
Receivables:			
Contributions receivable from employer		1,044	1,186
Contributions receivable from employees		244	240
Accrued interest receivable		1,142	1,369
Due from brokers for securities sold		1,744	5,934
Other receivables		29	57
Total receivables		4,203	8,786
Investments:			
Equities		272,786	217,715
Commingled funds - equities		123,675	125,794
U.S. government and agency obligations		49,634	59,313
Corporate bonds		36,763	43,904
Other investments		30,942	27,560
Total investments		513,800	474,286
Total assets		566,243	514,062
Liabilities			
Due to brokers for securities purchased		4,640	8,251
Due to other city funds		153	119
Total liabilities		4,793	8,370
Net position held in trust for pension benefits (see schedule of funding progress on page 22)	$	561,450	505,692

See accompanying notes to financial statements.

CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN

Statements of Changes in Plan Net Position

Years ended June 30, 2013 and 2012

(In thousands)

		2013	2012
Additions to plan net position:			
Contributions:			
Employee	$	5,676	4,891
Employer		17,491	21,092
Total contributions		23,167	25,983
Investment income:			
Net appreciation (depreciation) in fair value of investments		64,208	(324)
Interest and dividends		11,134	10,283
Less:			
Investment expenses		(2,287)	(2,522)
Net investment income		73,055	7,437
Other income		17	75
Total additions		96,239	33,495
Deductions from plan net position:			
Benefit payments		40,180	37,333
Administrative fees, management fees, and other expenses		301	60
Total deductions		40,481	37,393
Net increase (decrease)		55,758	(3,898)
Net position held in trust for pension benefits:			
Beginning of year		505,692	509,590
End of year	$	561,450	505,692

See accompanying notes to financial statements.

(1) Plan Description

The following brief description of the Plan is provided for general information purposes only. Participants should refer to the Atlanta, Georgia, Code of Ordinances, Section 6 (Plan agreement) for more complete information.

(a) Overview of Plan and Related Government

The City of Atlanta, Georgia Firefighters' Pension Plan (the Plan), a single employer defined benefit pension plan, was established by a 1924 Act of the State of Georgia Legislature to provide retirement benefits for sworn personnel of the City of Atlanta (the City) Fire Department. Until 1983, the Georgia Legislature established all requirements and policies of the Plan. By a constitutional amendment, effective July 1983, control over the Plan transferred to the City under the principle of Home Rule.

The funding methods and determination of benefits payable were established by the legislative acts creating the Plan, as amended, and in general, provide that funds are to be accumulated from employee contributions, City contributions, and income from the investment of accumulated funds.

The Plan is considered a fiduciary fund of the City and its financial statements are included in the City of Atlanta, Georgia's Comprehensive Annual Financial Report (CAFR) as part of the Pension Trust Fund. The City's most recent CAFR for the year ended June 30, 2013 should be read in conjunction with these financial statements.

(b) Amendments

In June 2011, the City Council approved changes for the City's three defined benefit plans, effective on September 1, 2011 for new hires and November 1, 2011 for existing employees. Currently sworn personnel employed by the Atlanta Fire Rescue Department are required to contribute to the Firefighters' Pension Plan (the Plan).

Prior to the changes approved in June 2011, the Plan provided monthly retirement benefits that initially represent 3% for each year of credited service times the participants' final average three-year earnings (limited to 80% of the average). Retirement benefits were adjusted annually based on the change in the consumer price index, limited to 3% per year. Upon the death of a vested participant who has beneficiary coverage, his or her eligible beneficiary(ies) would be entitled to three fourths of the amount the deceased participant was receiving or would have been entitled to receive.

On November 1, 2011, Fire Rescue Department employees participating in the Plan and hired before September 1, 2011, or after January 1, 1984, had an increase of 5% in their mandatory contributions into the Plan. The contribution is such that the new contribution is 12% of salary (without a designated beneficiary) or 13% of salary (with a designated beneficiary). Where an Actuarial Valuation anticipates that the City's annual required contribution (ARC) for the next fiscal year will exceed 35% of the total payroll, contributions may be increased, by no more than 5% of compensation, in order to fund the overage.

Employees hired on or after September 1, 2011 who are sworn members of the fire department are required to participate in a hybrid defined benefit plan with a mandatory defined contribution component (see discussion below regarding Amendments to the Defined Contribution Plan). The defined benefit portion of this plan will include a 1% multiplier. The retirement age increased to age 57 for participants in the Plan. Early Retirement Age is changed from any age (as long as vested) with penalty to age 52 for hires after September 1, 2011. Upon retirement, these participants will receive an annually calculated cost of living increase to their pension benefit that may not exceed 1% and is based upon the Consumer Price Index. Sick and vacation leave are no longer applied to retirement benefits for hires after September 1, 2011.

Amendments to Defined Contribution Plan

Employees hired on or after September 1, 2011 who are either sworn members of the fire department or the police department are required to participate in the mandatory defined contribution component which includes a mandatory employee contribution of 3.75% of salary which is matched 100% by the City. Additionally, these employees may voluntarily contribute up to an additional 4.25% of salary which is also matched 100% by the City. Employees vest in the amount of the City's contributions at a rate of 20% per year and become fully vested in the City's contribution after 5 years of participation.

(c) Membership

The following schedule reflects membership for the Plan at July 1, 2012 (fiscal year 2013) and July 1, 2011 (fiscal year 2012), the date of the recent actuarial valuation:

		2013	2012
Members:			
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	$	992	1,001
Current active employees:			
Fully vested		428	411
Partially vested		267	239
Nonvested		154	234
Total membership	$	1,841	1,885

(d) Administration of the Plan

The Plan is administered as a single-employer defined benefit pension plan by the Board of Trustees (the Board) which includes an appointee of The Mayor or his designee, the City's Chief Financial Officer, a member of City Council, two active employee representatives, and one retired employee representative. All modifications to the plan must be supported by actuarial analysis and receive the recommendations of the City Attorney, the Chief Financial Officer, and the Board of Trustees. Each pension law modification must be adopted by at least two thirds vote of the City Council and approved by the Mayor.

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(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements are prepared on the accrual basis of accounting. Employee and employer contributions are recognized as additions to plan net position in the period in which withheld from the employees' salary and paid by the employer. Benefits and refunds are recognized as deductions from plan net position when due and payable.

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25*. This Statement improves financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement will be effective for the Plan in fiscal year 2014. Management of the Plan is evaluating the impact on the Plan's financial statements.

In June 2012, the GASB issued Statement No. 68, Accounting and *Financial Reporting for Pensions, an amendment of GASB Statement No. 27*. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement will be effective for the Plan in fiscal year 2015. Management of the Plan is evaluating the impact on the Plan's financial statements.

(b) Cash and Cash Equivalents

The Plan considers all highly liquid debt securities with an original maturity of three months or less when purchased to be cash equivalents.

(c) Investments

State of Georgia and City statutes authorize the Plan to invest in U.S. government obligations, U.S. government agency obligations, State of Georgia obligations, obligations of a corporation of the U.S. government and the Georgia Fund 1 (a government investment pool maintained by the State of Georgia). Additionally, the Plan is authorized to invest in common stock provided that the cost of such investments do not exceed 55% of the net position of the Plan. The Plan invests in repurchase agreements only when they are collateralized by U.S. government or agency obligations. The Plan is also authorized to invest in collateralized mortgage obligations (CMOs) to maximize yields. These securities are based on cash flows from interest payments on underlying mortgages. CMOs are sensitive to prepayment by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and mortgagees refinance their mortgages, thereby prepaying the mortgages underlying these securities, the cash flows from interest payments are reduced and the value of these securities declines. Likewise, if mortgagees pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated.

The Plan's investments are reported at fair value. Quoted market prices are used to value all investments in equities based on closing prices on the U.S. national securities exchange. Securities traded on the open market for which no sale was reported on that date are valued at the most recent quoted bid price.

Estimated fair values provided by third party vendors are used to value U.S. government notes, corporate bonds, mutual funds, and U.S. government and agency guaranteed bonds, if not traded in an active market. Partnership investments are valued based on the net asset value of the partnership, without further adjustment. Net asset value is based upon the fair value of the underlying investments. Information provided by partnerships regarding the methods they use to value the underlying investments of the partnership and any restrictions on or illiquidity of the interests of partnerships are considered in determining fair value.

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 plan net position date. Investment income is recognized on the accrual basis as earned by the Plan.

(d) Use of Estimates

Management of the Plan has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosures of contingent assets and liabilities and the additions to and deletions from net position to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

(3) Deposits and Investments

The Board is responsible for making all decisions with regard to the administration of the Plan, including the management of Plan assets, and for carrying out the investment policy on behalf of the Plan.

The Plan's investments are managed by various investment managers under contracts with the Plan who have discretionary authority over the assets managed by them, within the Plan's investment guidelines established by the Board. The investments are held in trust by the Plan's custodian in the Plan's name. These assets are held exclusively for the purpose of providing benefits to members of the plan and their beneficiaries.

Identified below are the investment types that are authorized by the Board for the Plan. The investment policy also identifies certain provisions that address interest rate risk, credit risk, custodial credit risk, concentration of credit risk, and foreign currency risk.

The Plan maintains cash to meet its immediate liquidity needs. Cash not immediately needed is invested in either short-term or long-term investment securities as directed by management. The Plan, by policy, is to invest their funds in domestic and international equities, domestic and international fixed income securities, and cash equivalents. These instruments consist of common and preferred stock, obligations of the U.S. government and agencies (GNMA, FHLMC, and FNMA securities and CMO's), corporate bonds, and certificates of deposit. The Plan invests in commingled funds with underlying investments represented by publicly traded equity securities. The Plan has strict limitations on the amounts managers are allowed to invest in any one issuer in all classes of securities. The Plan also invests in repurchase agreements which must be fully collateralized by U.S. government or agency guaranteed securities.

In 2013, the Board authorized the Plan to invest in alternative investments, not to exceed 5% of total investments.

(a) Investment Risk Disclosures

Interest Rate Risk. Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Additionally, the fair values of the investments may be highly sensitive to interest rate fluctuations. The Plan has no specific policy to address interest rate risk.

Credit Risk. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating to each investment by a nationally recognized statistical rating organization. The Plan has no specific policy to address credit risk.

As of June 30, 2013 and 2012, the Plan had the following fixed income investments (in thousands), with the corresponding credit ratings and maturities.

		June 30, 2013 Maturity					
Type of investments	**Credit rating**	**Under 1 year**	**1 – 3 years**	**3 – 5 years**	**5 – 10 years**	**Over 10 years**	**Fair value**
U.S. Government Agencies	AAA	$ 462	2,328	2,658	14,802	26,995	47,245
Corporate Bonds	AA/A-	4,002	3,594	4,326	11,219	3,456	26,597
Corporate Bonds	B+/BBB	932	1,255	119	6,739	1,122	10,167
Asset Back Securities	AAA	—	4,386	2,827	3,634	—	10,847
Asset Back Securities	AA+	—	463	619	146	—	1,228
Asset Back Securities	NR	340	1,808	2,259	1,916	—	6,323
CMO's	AAA/A	—	—	—	—	5,440	5,440
CMO's	NR	—	—	—	—	1,400	1,400
State and local obligations	AAA/A	—	294	—	372	1,723	2,389
		$ 5,736	14,128	12,808	38,828	40,136	111,636

		June 30, 2012 Maturity					
Type of investments	**Credit rating**	**Under 1 year**	**1 – 3 years**	**3 – 5 years**	**5 – 10 years**	**Over 10 Years**	**Fair value**
U.S. Government Agencies	AAA	$ —	3,380	482	17,438	34,643	55,943
Corporate Bonds	AA/A-	324	8,461	736	15,868	5,874	31,263
Corporate Bonds	B+/BBB	584	1,380	956	8,100	1,621	12,641
Asset Back Securities	AAA	—	7,947	4,615	1,676	—	14,238
Asset Back Securities	AA+	—	314	—	—	—	314
Asset Back Securities	NR	—	1,629	2,932	171	—	4,732
CMO's	AAA/A	—	—	—	—	6,023	6,023
CMO's	NR	—	—	—	—	2,253	2,253
State and local obligations	AAA/A	—	—	425	145	2,400	2,970
State and local obligations	NR	400	—	—	—	—	400
		$ 1,308	23,111	10,146	43,398	52,814	130,777

Custodial Credit Risk. Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the Plan will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Custodial credit risks for *investments*, 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.

The City requires that uninsured collected balances held in trust by the City for the Plan plus accrued interest in depository accounts be collateralized and that the market value of collateralized pledged securities must be at least 110% of the deposit balances, and 102% of collateral value for repurchase agreements. As a result, the Plan had no deposits or investments with custodial risks as of June 30, 2013 and 2012.

All investments of the Plan are either held by the Plan or by the counterparty in the Plan's name; therefore, the Plan's investments had no custodial risks as of June 30, 2013 and 2012.

Concentration of Credit Risk. There were no investments in any one issuer representing 5% or more of the net position held in trust for pension benefits at June 30, 2013 and 2012, respectively.

Foreign Currency Risk. Foreign currency risk is the risk that changes in currency exchange rates could adversely affect an investments or deposits fair value. During fiscal year 2011, the Plan's investment policies were revised to allow domestic equities, domestic fixed income, cash equivalents, and foreign equity securities.

Although all of the foreign equity securities are American Depository Receipts (ADR's), this does not eliminate the foreign currency risk involved in purchasing foreign securities.

The following table provides the value in U.S. dollars by foreign currency denominations and investment type for the Plan investments denominated in foreign currencies at June 30, 2013 and 2012 (in thousands):

Currency		June 30, 2013 Debt	Equity	Total
Netherlands	$	437	3,085	3,522
Canada		1,290	—	1,290
Greece		—	848	848
United Kingdom		723	—	723
Israel		—	1,564	1,564
Peru		—	1,186	1,186
Total Securities subject to Foreign Currency Risk	$	2,450	6,683	9,133

Currency		June 30, 2012 Debt	Equity	Total
Netherlands	$	438	1,802	2,240
Canada		888	665	1,553
Greece		—	657	657
United Kingdom		477	—	477
Australia		444	—	444
Total Securities subject to Foreign Currency Risk	$	2,247	3,124	5,371

(b) Securities Lending

State statutes and Board of Trustees policies permit the Plan to lend its securities to broker dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. As of June 30, 2013 and 2012, the Plan has no credit risk exposure to securities lending.

(c) Alternative Investments

As mentioned earlier, in 2013, the Board authorized the Plan to invest in alternative investments. During 2013, the Plan made a capital commitment of $15 million to a limited partnership. As of June 30, 2013, the Plan had an alternative investment in a limited partnership totaling $5,705,000. As part of the partnership agreement, the Plan may not voluntarily withdraw from the partnership prior to its dissolution, and no limited partnership interest is redeemable or repurchasable by the partnership at the option of the Plan.

(Continued)

(4) Funding Policy

The City's funding policy is to contribute a percentage of the Plan's covered employee payroll as developed in the actuarial valuation for the Plan. Active participants are required to contribute 12% of base pay (or 13% if participant has covered beneficiary). The City's contribution percentage is the actuarially determined amount necessary to fund plan benefits after consideration of employee contributions.

The actuarially determined annual required contribution amount is the sum of the annual normal cost (determined under the entry age normal cost method) and the amortization of the unfunded actuarial accrued liability (UAAL) as a level percentage of future payrolls. The actuarial cost method used for funding purposes and to calculate the actuarial accrued liability (AAL) is the Entry Age Normal Cost Method. This method is one of the approved methods for such plans in Georgia, and provides for contributions estimated to be a level percentage of future payrolls. Effective July 2, 2011, the amortization period for the unfunded actuarial accrued liability was changed from a 30-year open period to a 30-year closed period.

(5) Contributions Required and Contributions Made

The required contribution percentages developed in the most recent actuarial valuation for the Plan for the years ended June 30, 2013 and June 30, 2012 and the actual contributions made are as follows (in thousands):

		2013	2012
Normal cost		28.23%	24.96%
Amortization of the unfunded actuarial accrued liability		27.05	29.76
Total required contributions as a percentage of covered payroll		55.28%	54.72%
Actual employee contributions:			
Dollar amount	$	5,676	4,891
Percent of covered payroll		13.26%	12.39%
Actual employer contributions:			
Dollar amount	$	17,491	21,092
Percent of covered payroll		40.87%	53.42%

The annual covered payroll for the Firefighters' was $42,797,000 and $39,482,000 for the years ended June 30, 2013 and 2012, respectively. The actual employer contributions shown above include amounts used to fund retiree supplemental cost-of-living increases and other minimum benefits. These amounts are components of the City's contributions for purposes of meeting actuarially determined funding requirements. The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

(Continued)

(6) Contributions Receivable

(a) Employer

Employer contributions receivable represent Annual Required Contributions owed but not yet remitted to the Plan by the City. Total contributions receivable from the employer were $1,044,000 and $1,186,000 as of June 30, 2013 and 2012, respectively.

(b) Employees

Employees may receive credit for years of service from employment with certain state and local governmental agencies as well as prior employment with the City, upon payment to the Plan of an amount, as defined in the 1927 Act, as amended, representing contributions applicable to such service period. These contributions may be paid over a future period, even after retirement. In addition, 1962 and 1978 amendments to the Plan increased pension benefits and the related employee contribution rates. Active employees may retroactively increase their contribution rates from the date of employment in order to receive the maximum increased benefits available under the 1962 and 1978 amendments. These "back contributions" may also be paid over a future period. Contributions from employees include amounts withheld from employees' pay but not yet remitted to the Plan. Total contributions receivable from employees were $244,000 and $240,000 as of June 30, 2013 and 2012, respectively.

(7) Tax Status

The Plan and its trust are intended to be qualified under Sections 401(a) and 501(c) of the Internal Revenue Code (IRC) such that they are not subject to tax under federal income tax laws. The Internal Revenue Service (IRS) issued a favorable determination letter on February 11, 2013 with respect to the Plan, in which the IRS stated that the Plan, as then designed, was in compliance with the applicable requirements of the IRC. The Plan sponsor in conjunction with consultation with external legal counsel is in the process of filing a request for relief under the IRS Voluntary Correction Program for certain untimely amendments to the Plan documents and tax compliance issues involving interest calculations to Plan participants. The Plan sponsor anticipates these filings will be completed shortly to ensure continued qualification for tax exemption.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

(See Accompanying Independent Auditors' Report)

CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN

Required Supplementary Information

Schedule of Funding Progress

June 30, 2013

(Unaudited)

(In thousands)

Actuarial valuation date		Actuarial valuation assets (a)	Actuarial accrued liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)		Covered payroll (c)	UAAL as a percentage of covered payroll (b-a)/c)
January 1, 2008	$	340,075	652,816	312,741	52.09%	$	45,561	686.42%
January 1, 2009		408,090	708,347	300,257	57.61		43,275	693.83
January 1, 2010		422,791	699,175	276,384	60.47		43,910	629.43
January 1, 2011		481,640	732,357	250,717	65.77		42,963	583.56
July 1, 2011		509,590	730,535	220,945	69.76		39,482	559.61
July 1, 2012		505,692	727,803	222,111	69.48		42,797	518.99

See accompanying notes to required supplementary schedules and accompanying independent auditors' report.

CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN

Required Supplementary Information

Schedule of Employer Contributions

June 30, 2013

(Unaudited)

(In thousands)

Year ended		Annual required contribution	Actual employer contribution	Percentage contributed
2008	$	26,373	26,373	100.00%
2009		28,752	28,752	100.00
2010		25,865	25,865	100.00
2011		24,912	24,912	100.00
2012		21,092	21,092	100.00
2013		17,491	17,491	100.00

See accompanying notes to required supplementary schedules and accompanying independent auditors' report.

CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN

Required Supplementary Information

Notes to Schedule of Funding Progress and
Schedule of Employer Contributions

June 30, 2013

(Unaudited)

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated.

The actuarial accrued liability is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

Accumulated plan benefits are those future periodic payments, including lump sum distributions that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employee of their beneficiaries. Benefits under the Plan are based on employee compensation. The accumulated plan benefits for active employees are based on their average compensation and credited service ending on the date as of which the benefit information is presented (the valuation date). Benefits payable under all circumstances retirement, death, disability, and termination of employment are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

Additional information from the actuarial valuations for the most recent two-year period is as follows:

Valuation date	July 1, 2012	July 1, 2011
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percentage, closed	Level percentage, closed
Remaining amortization period	29 years	30 years
Asset valuation period	Market Value	Market Value
Investment rate of return	7.75%	7.75%
Projected salary increases	4.00	4.00
Postretirement benefit increases	3.00	3.00