

**CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN**

Financial Statements and Supplemental Schedules

June 30, 2017 and 2016

(With Independent Auditors' Report Thereon)



**CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN**

Table of Contents

	Page
Independent Auditors' Report	1
Management's Discussion and Analysis (Unaudited)	3
Basic Financial Statements:	
Statements of Fiduciary Net Position	9
Statements of Changes in Fiduciary Net Position	10
Notes to Financial Statements	11
Required Supplementary Information (Unaudited)	
Schedule of Changes in Net Pension Liability	31
Schedule of Net Pension Liability and Related Ratios	32
Schedule of Employer Contributions	33
Schedule of Investment Returns	34
Notes to Required Supplementary Information	35

Independent Auditors' Report

**CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN**

Management's Discussion and Analysis (Unaudited)

June 30, 2017 and 2016

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, 2017 and 2016. This overview compares the years ended June 30, 2017 and 2016 and the years ended June 30, 2016 and 2015. 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 City's Chief Financial Officer, a member of City Council, two representatives elected by the retired membership, and three representatives elected by active City membership.

Financial Highlights

- At June 30, 2017, the assets of the Plan exceeded its liabilities by \$669.5 million. At June 30, 2016, the assets of the Plan exceeded its liabilities by \$612.6 million. This amount represents the Plan's net position.
- The Plan's total net position increased in 2017 by \$56.9 million or 9.3% as compared with net position at June 30, 2016. The Plan's total net position decreased in 2016 by \$32.0 million or 5.0% as compared with net position at June 30, 2015.
- Net investment income in fiscal year 2017 was \$78.2 million. This is a \$88.1 million increase compared to fiscal year 2016 net investment income loss of \$9.9 million. Net investment income decreased in 2016 by \$12.5 million compared to fiscal year 2015.
- Contributions received from employer and employees totaled \$23.6 million in 2017 as compared to \$22.1 million in fiscal year 2016.
- Benefit payments in 2017 totaled \$44.5 million, an increase of \$0.5 million or 1.2% when compared with fiscal year 2016. Benefits payments in 2016 totaled \$44.0 million, an increase of \$1.4 million or 3.3% when compared with fiscal year 2015.

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 years ended June 30, 2017 and 2016 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).

Basic financial statements comprise the following:

The *Statement of Fiduciary Net Position* presents information on the assets and liabilities of the Plan, with the difference between the two reported as *net position*. The investments of the Plan in this statement are presented at fair value.

**CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN**

Management's Discussion and Analysis (Unaudited)

June 30, 2017 and 2016

The *Statement of Changes in Fiduciary Net Position* presents information showing how the Plan's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying events giving rise to the changes occur, *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 changes in net pension liability, net pension liability, employer contributions, and the Plan's money-weighted investment rate of return. Required supplementary information can be found following the notes to the financial statements in this report.

Financial Analysis

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 \$669.5 million and \$612.6 million at the close of the years ended June 30, 2017 and 2016, respectively. 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, 2017, 2016 and 2015.

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**CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN**

Management's Discussion and Analysis (Unaudited)

June 30, 2017 and 2016

Table 1. Firefighters' Pension Plan Net Position, as of June 30, 2017 and June 30, 2016 and June 30, 2016 and June 30, 2015 (dollars in thousands):

	June 30		Amount change	Percentage change
	2017	2016		
Assets:				
Cash and deposits	11,748	5,433	6,315	116.2%
Receivables	2,970	3,711	(741)	(20.0)
Investments	660,015	608,017	51,998	8.6
Total assets	<u>674,733</u>	<u>617,161</u>	<u>57,572</u>	<u>9.3</u>
Liabilities:				
Due to brokers for securities purchased	4,473	3,906	567	14.5
Other	752	618	134	21.7
Total liabilities	<u>5,225</u>	<u>4,524</u>	<u>701</u>	<u>15.5</u>
Net position restricted for pensions	<u>669,508</u>	<u>612,637</u>	<u>56,871</u>	<u>9.3%</u>
	June 30		Amount change	Percentage change
	2016	2015		
Assets:				
Cash and cash equivalents	\$ 5,433	3,140	2,293	73.0 %
Receivables	3,711	2,050	1,661	81.0
Investments	608,017	640,916	(32,899)	(5.1)
Total assets	<u>617,161</u>	<u>646,106</u>	<u>(28,945)</u>	<u>(4.5)</u>
Liabilities:				
Due to brokers for securities purchased	3,906	1,023	2,883	281.8
Other	618	434	184	42.4
Total liabilities	<u>4,524</u>	<u>1,457</u>	<u>3,067</u>	<u>210.5</u>
Net position restricted for pensions	<u>\$ 612,637</u>	<u>644,649</u>	<u>(32,012)</u>	<u>(5.0)%</u>

The net position of the Plan increased by \$56.9 million or 9.3% during 2017 when compared to fiscal 2016. This is primarily attributable to a increase in investments when compared to fiscal year 2016. Total assets for the Plan increased by \$57.6 million or 9.3% compared to fiscal year 2016. Total cash and deposits increased by \$6.3 million compared to fiscal year 2016. Cash and investments represent 99.6% of total assets as of June 30, 2017, as compared to 99.4% as of June 30, 2016. The plan liabilities do not include future benefits payable to plan participants, but an actuarially determined estimate of this amount is included in the Required Supplementary Information section of this report.

**CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN**

Management's Discussion and Analysis (Unaudited)

June 30, 2017 and 2016

Table 2. Firefighters' Pension Plan Changes in Net Position, years ended June 30, 2017, June 30, 2016, and June 30, 2015 (dollars in thousands):

	June 30		Amount change	Percentage change
	2017	2016		
Additions to plan net position:				
Investment income (loss):				
Net appreciation (depreciation)				
in fair value of investments	\$ 72,220	(18,709)	90,929	486.0%
Interest and dividends	8,592	11,401	(2,809)	(24.6)
Less investment expenses	(2,565)	(2,587)	22	0.9
Net investment income (loss)	78,247	(9,895)	88,142	890.8
Employee contributions	5,711	5,667	44	0.8
Employer contributions	17,901	16,454	1,447	8.8
Other income	1	150	(149)	99.3
Total additions	<u>101,860</u>	<u>12,376</u>	<u>89,484</u>	<u>723.0</u>
Deductions from plan net position:				
Benefit payments	44,510	44,000	510	1.2
Administrative expense	479	388	91	23.5
Total deductions	<u>44,989</u>	<u>44,388</u>	<u>601</u>	<u>1.4</u>
Increase (decrease) in net position restricted for pensions	<u>\$ 56,871</u>	<u>(32,012)</u>	<u>88,883</u>	<u>277.7%</u>
Net position restricted for pensions:				
Beginning of year	\$ 612,637	644,649		
Increase (decrease)	<u>56,871</u>	<u>(32,012)</u>		
End of year	<u>\$ 669,508</u>	<u>612,637</u>		

**CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN**

Management's Discussion and Analysis (Unaudited)

June 30, 2017 and 2016

	<u>June 30</u>		<u>Amount change</u>	<u>Percentage change</u>
	<u>2016</u>	<u>2015</u>		
Additions to plan net position:				
Investment (loss) income:				
Net (depreciation) appreciation				
in fair value of investments	\$ (18,709)	(5,768)	(12,941)	224.4%
Interest and dividends	11,401	11,197	204	1.8
Less investment expenses	(2,587)	(2,778)	191	(6.9)
Net investment (loss)				
income	(9,895)	2,651	(12,546)	(473.3)
Employee contributions	5,667	5,637	30	0.5
Employer contributions	16,454	20,866	(4,412)	(21.1)
Other income	150	4	146	3,650.0
Total additions	12,376	29,158	(16,782)	(57.6)
Deductions from plan net position:				
Benefit payments	44,000	42,590	1,410	3.3
Administrative expense	388	427	(39)	(9.1)
Total deductions	44,388	43,017	1,371	3.2
(Decrease) increase in				
net position restricted				
for pensions				
	\$ (32,012)	(13,859)	(18,153)	131.0%
Net position restricted for pensions:				
Beginning of year	\$ 644,649	658,508		
(Decrease) increase	(32,012)	(13,859)		
End of year	\$ 612,637	644,649		

Financial Analysis of June 30, 2017 to June 30, 2016

Total additions to the Plan net position increased by \$89.5 million or 723.0% compared to fiscal year 2016. This increase is primarily attributed to the increase in the fair value of investments. Net investment income increased to \$78.2 million for 2017, an increase of \$88.1 million compared to fiscal year 2016. The investment portfolio comprises 71.5% equities, 23.5% fixed income, 3.3% alternative investments including real estate, and 1.7% short term investments of cash and cash equivalents as of June 30, 2017, compared to 68.2% equities, 25.7% fixed income, 3.3% alternative investments including real estate, and 2.8% of short term investments of cash and cash equivalents in 2016. The overall portfolio returned 13.2% for the 12 months ended June 30, 2017, compared with (1.13%) for the same time period in 2016. The S&P 500 index rose 17.92% and 3.99% at the close of the years ended June 30, 2017 and 2016, respectively.

**CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN**

Management's Discussion and Analysis (Unaudited)

June 30, 2017 and 2016

Employee contributions to the Plan remained relatively flat at \$5.7 million in fiscal year 2017. Employer contributions increased by \$1.4 million or 8.8% to \$17.9 million due to a increased actuarially determined contribution (ADC) for fiscal 2017. Benefit payments increased by \$0.5 million or 1.2% to \$44.5 million. The increase in benefit payments is primarily the result of the cost of living increase to members.

Financial Analysis of June 30, 2016 to June 30, 2015

As noted earlier, net position may serve over time as a useful indicator of financial stability. In the case of the Plan, assets exceeded liabilities by \$612.6 million and \$644.6 million at the close of the years ended June 30, 2016 and 2015, respectively. 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, 2016 and 2015.

The net position of the Plan decreased by \$32.0 million or 5.0% when compared to 2015. This is mainly attributable to the decrease in net investment income, which was related to investment market performance during fiscal year 2016. Total assets for the Plan decreased by \$28.9 million or 4.5% compared to 2015. Total cash and deposits increased by \$2.3 million compared to fiscal 2015. Cash and investments represent 99.4% of total assets as of June 30, 2016, as compared to 99.7% as of June 30, 2015. The plan liabilities do not include future benefits payable to plan participants, but an actuarially determined estimate of this amount is included in the Required Supplementary Information of this report.

Total additions to the Plan net position decreased by \$16.8 million or 57.6% compared to 2015. As mentioned earlier, this decrease is primarily attributed to the decline in the fair value of investments. Net investment loss was \$9.9 million for 2016, a decrease of \$12.5 million compared to 2015. The investment portfolio comprises 68.2% equities, 25.7% fixed income, 3.3% alternative investments including real estate, and 2.8% of short term investments of cash and cash equivalents as of June 30, 2016, compared to 73.0% equities, 22.2% fixed income, 2.7% alternative investments and 2.1% short term investments of cash and cash equivalents in 2015. The overall portfolio returned (1.13%) for the 12 months ended June 30, 2016, compared with 0.45% for the same time period in 2015. The S&P 500 index rose 3.99% and 7.42% for the years ended June 30, 2016 and 2015, respectively.

Employee contributions to the Plan remained relatively flat at \$5.6 million in fiscal year 2016 and 2015. Employer contributions decreased by \$4.4 million or 21.1% to \$16.5 million due to a slightly lower actuarially determined contribution (ADC) for fiscal year 2016. Benefit payments increased by \$1.4 million or 3.3% to \$44.0 million. The increase in benefit payments is primarily the result of increased payments to members.

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 City's Chief Financial Officer, 68 Mitchell St, SW, Suite 11100, Atlanta, Georgia 30303.

**CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN**

Statements of Fiduciary Net Position

June 30, 2017 and 2016

(Dollars in thousands)

	2017	2016
Assets		
Cash and deposits	\$ 11,748	5,433
Receivables:		
Contributions receivable from employer	673	1,005
Contributions receivable from employees	190	174
Due from brokers for investments sold	1,230	1,622
Investment income	817	825
Other	60	85
Total receivables	2,970	3,711
Investments:		
Short term investments	11,270	16,874
Domestic fixed income securities	115,959	153,756
Domestic equities	406,384	387,848
International fixed income securities	39,144	2,477
International equities	65,265	26,856
Alternative investments		
Real estate	5,012	4,646
Limited partnerships	16,981	15,560
Total investments	660,015	608,017
Total assets	674,733	617,161
Liabilities		
Due to brokers for investments purchased	4,473	3,906
Other	752	618
Total liabilities	5,225	4,524
Net position restricted for pensions	\$ 669,508	612,637

See accompanying notes to financial statements.

**CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN**

Statements of Changes in Fiduciary Net Position

June 30, 2017 and 2016

(Dollars in thousands)

	2017	2016
Additions:		
Contributions:		
Employer	\$ 17,901	16,454
Employee	5,711	5,667
Total contributions	23,612	22,121
Investment income (loss):		
Net appreciation (depreciation) in fair value of investments	72,220	(18,709)
Interest and dividends	8,592	11,401
Less investment expenses	(2,565)	(2,587)
Net investment income (loss)	78,247	(9,895)
Other	1	150
Total additions	101,860	12,376
Deductions:		
Benefit payments, including refunds of member contributions	44,510	44,000
Administrative expense	479	388
Total deductions	44,989	44,388
Net increase (decrease) in net position	56,871	(32,012)
Net position restricted for pensions:		
Beginning of year	612,637	644,649
End of year	\$ 669,508	612,637

See accompanying notes to financial statements.

**CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN**

Notes to Financial Statements

June 30, 2017 and 2016

(1) Plan Description

City of Atlanta, Georgia Firefighters' Pension Plan (the Plan) was established by a 1924 Act of the State of Georgia Legislature to provide retirement benefits for full-time sworn firefighters of the City of Atlanta (the City) Fire Rescue Department. Until 1983, the Georgia Legislature established all requirements and policies of the Plan. By a constitutional amendment, effective July 1983, control over all aspects of the Plan transferred to the City under the principle of Home Rule. The types of benefits offered by the Plan are; retirement, disability, and pre-retirement death benefits. The Plan is a single employer defined benefit pension plan. Participants should refer to the Atlanta, Georgia, Code of Ordinances, Section 6 (Plan agreement) for more complete information. Under the principle of Home Rule and the Atlanta Code of Ordinances, Section 6, the Board of Trustees (Board) has the authority to establish and amend benefit terms and contributions.

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 Funds. The City's most recent CAFR for the years ended June 30, 2017 and 2016 should be read in conjunction with these financial statements.

(a) Administration of the Plan

The Plan is administered as a single-employer defined-benefit plan by the Board of Trustees of the City of Atlanta, Georgia Firefighters' Pension Board (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 be approved by the Mayor.

(b) Contribution Requirements

Under the Georgia Legislature principle of Home Rule and the Atlanta Code of Ordinances, Section 6, the Pension Board has the authority to administer the Plan including establishing and amending contribution requirements. The funding methods and determination of benefits payable were established by the Atlanta Code of Ordinances, Section 6 legislative acts creating the Plan, as amended, and in general, provide that funds are to be accumulated from employee contributions for defined benefits, City contributions, and income from the investment of accumulated funds.

Sworn personnel employed by the Atlanta Fire Rescue Department are required to contribute to the Plan. Employees must contribute either 8% of base pay, if hired after August 31, 2011, 12% of base pay if hired before September 1, 2011 without an eligible beneficiary, or 13% of base pay if hired before September 1, 2011 with an eligible beneficiary. Contribution requirements may be amended by the Board under the authority of the City ordinance, but the employer contribution requirement is subject to State minimums.

**CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN**

Notes to Financial Statements

June 30, 2017 and 2016

For early retirement, there is a reduction of the retirement benefit of 0.5% for each month by which the participant's early retirement age precedes normal retirement age (for employees hired after August 31, 2011). The retirement benefit is reduced by 0.5% for each of the first 60 months and by 0.25% for each additional month by which the participant's early retirement age precedes the normal retirement age (for employees hired before September 1, 2011).

Early retirement age: Any age with at least 10 years of creditable service (15 years of creditable service for participants who are hired after June 30, 2010);

Minimum age 47 for participants hired after August 31, 2011

For participants who incur a catastrophic injury in the line of duty, the basic pension formula is 100 % of the top salary for the grade and position occupied by the participant at the time of disability.

For a service-connected disability for participants hired before 1986, the basic pension formula is the greater of 70% of the top salary for the employee's grade and position occupied by the participant at the time of disability or basic pension formula, offset by worker's compensation payments such that the combination of payments does not exceed 100% of the participant's salary at the time of disability.

For participants hired on or after January 1, 1986, the basic pension formula is the greater of 50% of average monthly earnings at the time of disability or basic pension formula, offset by worker's compensation payments such that the combination of payments does not exceed 75% of the participant's salary at the time of disability (payable until the earlier of recovery from disability or Normal Retirement Age).

Pre-retirement death benefit: 75% of the basic pension formula (payable to the eligible beneficiary upon death not in the line-of-duty).
100% of base pay offset by worker's compensation or other payments (payable to the eligible beneficiary beginning two years after the death in the line-of-duty).
75% of the larger of the basic pension formula or 70% of top salary for the employee's grade (payable to the eligible beneficiary beginning two years after death in the line-of-duty).
75% of the basic pension formula (payable to the eligible beneficiary beginning two years after death in the line-of-duty if the employee was covered by the 1986 amendment).

**CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN**

Notes to Financial Statements

June 30, 2017 and 2016

Amendments to Defined Contribution Plan

Employees hired on or after September 1, 2011 who are either sworn members of the police department or fire department are required to participate in the mandatory defined contribution component. The defined contribution element is governed and accounted for separately, and 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.

(d) Plan Membership

As of the beginning of the fiscal years ended June 30, 2017 and 2016, participation in the Plan was as follows:

	2017	2016
Inactive plan members or beneficiaries currently receiving benefits	1,007	992
Inactive plan members entitled to, but not yet receiving benefits	15	21
Active plan members	1,003	1,042
	2,025	2,055

(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.

(b) Cash and Cash Equivalents

Cash represents cash deposits held at financial institutions. 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

The Plan's investments are stated 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.

**CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN**

Notes to Financial Statements

June 30, 2017 and 2016

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 and certain commingled vehicles are valued based on the net asset value (NAV) of the partnership, as reported by the investment managers. Because of the lag time in reporting, partnership investments are reported as of the end of the third fiscal quarter and with actual investment activity in the fourth fiscal quarter. 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 deductions 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) Pension Plan Investments

The Plan investments are made within the Public Retirement Systems Investment Authority Law of the Georgia Code (O.C.G.A. 47-20-80). The Board has been granted the authority by City Ordinance to establish and amend the Plan investment policy. The Board is responsible for making all decisions with regard to the administration of the Plan, including the management of Plan assets, establishing the investment policy, and carrying out the policy on behalf of the Plan.

The Plan's investments are managed under contracts with the Board by various investment managers who have discretionary authority over the assets managed by them and within the Plan's investment guidelines as 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.

**CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN**

Notes to Financial Statements

June 30, 2017 and 2016

State of Georgia Code 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, the Georgia Fund 1 (a government investment pool maintained by the State of Georgia), and alternative investments. 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.

In the development of a current asset allocation plan, the Board reviews the long-term performance and risk characteristics of various asset classes, balancing the risks and rewards of market behavior, and reviewing state legislation regarding investments options. The below asset classes were selected to achieve the plan objectives: Domestic Equities, International Equities, Domestic Fixed Income, International Fixed Income, Alternative Investments, and cash equivalents.

The Firefighters' Pension Plan's Investment Policy did not change during the fiscal year. The policy may be amended by the Board by a majority vote of its members. The below asset allocation mix implemented in fiscal year 2016 remained in effect during fiscal year 2017:

	Fiscal years 2017 and 2016		
	Minimum	Target	Maximum
Domestic equity:			
All/Flex Cap	5%	7%	10%
Large Cap	25	30	35
Mid Cap	10	15	20
Small Cap	4	9	14
International equity	4	9	14
Total equity	48%	70%	93%
Alternative investments	—	5%	5%
Fixed income:			
Core	10%	14%	19%
Intermediate	5%	10%	15%
Cash equivalents	—	1%	2%
Total fixed income and cash equivalents	15%	25%	36%

**CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN**

Notes to Financial Statements

June 30, 2017 and 2016

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, by policy, is to invest the Plan funds in domestic equities, domestic fixed income securities, international equities, international fixed income, alternative investments, 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 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. The Plan is in compliance with the policy.

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.

For the years ended June 30, 2017 and 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 13.15% and (1.13)%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

(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.

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**CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN**

Notes to Financial Statements

June 30, 2017 and 2016

As of June 30, 2017 and 2016, the Plan had the following fixed income investments (dollars in thousands), with the corresponding credit ratings and maturities:

June 30, 2017							
Type of investments	Credit rating	Maturity					Fair value
		Under 1 year	1–3 years	3–5 years	5–10 years	Over 10 years	
U.S. treasury securities	NR	\$ 3,996	3,453	5,540	6,258	15,558	34,805
U.S. government agencies	AA+	11,019	6,525	—	—	—	17,544
U.S. government agencies	AGY	—	44	1,102	4,124	10,441	15,711
U.S. government agencies	NR	1,190	—	—	—	179	1,369
Corporate bonds	AAA/A-	390	5,956	5,086	13,318	3,697	28,447
Corporate bonds	B+/BBB	422	803	1,608	4,151	1,775	8,759
Asset-backed securities	AAA	—	735	2,924	—	—	3,659
Asset-backed securities	NR	—	312	—	—	—	312
CMOs	AAA	—	—	—	—	2,015	2,015
CMOs	BBB/B+	—	—	—	—	2,407	2,407
State and local obligations	AAA/A-	—	—	—	637	911	1,548
Comingled bond funds	NR	38,527	—	—	—	—	38,527
		<u>\$ 55,544</u>	<u>17,828</u>	<u>16,260</u>	<u>28,488</u>	<u>36,983</u>	<u>155,103</u>

June 30, 2016							
Type of investments	Credit rating	Maturity					Fair value
		Under 1 year	1–3 years	3–5 years	5–10 years	Over 10 years	
U.S. treasury securities	NR	\$ 838	9,859	6,732	12,130	3,929	33,488
U.S. government agencies	AAA/AA+	—	9,666	1,780	1,061	1,695	14,202
U.S. government agencies	NR-AGY	—	90	19	5,493	15,489	21,091
Corporate bonds	AAA/A-	1,010	6,153	3,565	10,160	3,477	24,365
Corporate bonds	B+/BBB	178	3,119	2,066	5,148	3,194	13,705
Asset-backed securities	AAA	—	1,238	2,533	209	—	3,980
Asset-backed securities	NR	—	243	657	—	—	900
CMOs	AAA/A	—	—	—	—	1,592	1,592
CMOs	NR	—	—	—	—	2,115	2,115
State and local obligations	AAA/A-	—	—	—	694	999	1,693
State and local obligations	B+/BBB	—	—	—	85	—	85
Commingled bond fund	NR	39,017	—	—	—	—	39,017
		<u>\$ 41,043</u>	<u>30,368</u>	<u>17,352</u>	<u>34,980</u>	<u>32,490</u>	<u>156,233</u>

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.

**CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN**

Notes to Financial Statements

June 30, 2017 and 2016

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.

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, 2017 and 2016.

Concentration of Credit Risk. The Plan does not have a policy regarding the concentration of credit risk. Investments in any one issuer representing 5% or more of the net position restricted for pensions at June 30, 2017 and 2016 are as follows (dollars in thousands):

Issuer	Type	2017	2016
BlackRock Growth Index Fund	Commingled Equity Fund	\$188,412	94,622
BlackRock Value Index Fund	Commingled Equity Fund	—	65,561
Colchester	Commingled Bond Fund	38,526	39,017
Johnston	Commingled Equity Fund	38,318	30,195
Ishares MSCI EAFE ETF	Equity Exchange Traded Fund	—	30,202
NT Collective Co-mingled Equity Fund	Commingled Equity Fund	52,226	—

Foreign Currency Risk.

Foreign currency risk is the risk that changes in currency exchange rates could adversely affect an investment's or deposit's fair value. The Plan does not have a policy regarding foreign currency risk.

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.

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**CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN**

Notes to Financial Statements

June 30, 2017 and 2016

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, 2017 and 2016 (dollars in thousands):

		June 30, 2017		
		Fixed income	Equities	Total
Currency:	Country:			
Euro	Belgium	618	—	618
Euro	Germany	—	3,709	3,709
Euro	Ireland	—	1,317	1,317
Euro	United Kingdom	—	4,367	4,367
Euro	Netherlands	—	599	599
Australian Dollar	Australia	—	606	606
Brazilian Real	Brazil	—	1,316	1,316
Canadian Dollar	Canada	—	3,347	3,347
Chinese Yuan Renminbi	China	—	1,909	1,909
Hong Kong Dollar	Hong Kong	—	1,371	1,371
Israeli New Shekel	Israel	—	700	700
Japanese Yen	Japan	—	3,202	3,202
Singapore Dollar	Singapore	—	687	687
Swedish Krona	Sweden	—	658	658
Swiss Franc	Switzerland	—	2,467	2,467
New Taiwan Dollar	Taiwan	—	692	692
Various foreign currencies	International Region	38,526	38,318	76,844
Total securities subject to foreign currency risk		\$ 39,144	65,265	104,409

**CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN**

Notes to Financial Statements

June 30, 2017 and 2016

		June 30, 2016		
		Fixed income	Equities	Total
Currency:	Country:			
Euro	Belgium	\$ 949	764	1,713
Euro	France	\$ 158	—	158
Euro	Germany	\$ 241	713	954
Euro	Ireland	\$ —	1,252	1,252
Euro	United Kingdom	\$ 376	5,055	5,431
Euro	Netherlands	—	345	345
Australian Dollar	Australia	\$ 103	—	103
Canadian Dollar	Canada	650	3,814	4,464
Chinese Yuan Renminbi	China	—	1,920	1,920
Danish Krone	Denmark	—	779	779
Indian Rupee	India	—	240	240
Israeli New Shekel	Israel	—	2,029	2,029
Japanese Yen	Japan	—	2,154	2,154
South Korean Won	Korea	—	851	851
Swiss Franc	Switzerland	—	734	734
New Taiwan Dollar	Taiwan	—	1,556	1,556
Various foreign currencies	International Region	—	4,650	4,650
Total securities subject to foreign currency risk		\$ 2,477	26,856	29,333

(b) Fair Value Measurement

GASB Statement No. 72, *Fair Value Measurement and Application*, enhances comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. The standard establishes a hierarchy of inputs used to measure fair value that prioritizes the inputs into three categories – Level 1, Level 2 and Level 3 inputs – considering the relative reliability of the inputs. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted (unadjusted) prices in active markets for identical financial assets or liabilities that are accessible at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the financial asset or liability, either directly or indirectly; and

**CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN**

Notes to Financial Statements

June 30, 2017 and 2016

- Level 3 inputs are unobservable inputs for the financial asset or liability.

The level in the fair value hierarchy within which a fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The Plan also has investments held through limited partnerships and commingled vehicles for which fair value is estimated using the NAV reported by the investment manager as a practical expedient to fair value. Such investments have not been categorized within the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of fiduciary net position.

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**CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN**

Notes to Financial Statements

June 30, 2017 and 2016

The following tables present the financial assets carried at fair value by level within the valuation hierarchy as of June 30, 2017 and 2016 (in thousands)

	2017			Total
	Level 1	Level 2	Level 3	
Short term investments:				
Cash and cash equivalents	\$ 11,270	—	—	11,270
Debt securities:				
Asset backed securities	\$ —	8,393	—	8,393
Corporate and municipal bonds	—	38,754	—	38,754
U. S. Agency securities	—	34,624	—	34,624
U. S. Treasury securities	34,805	—	—	34,805
Total debt securities	<u>\$ 34,805</u>	<u>81,771</u>	<u>—</u>	<u>116,576</u>
Equity securities:				
Commingled equity fund	\$ —	240,638	—	240,638
Common stock	149,298	—	—	149,298
Exchange traded funds	43,398	—	—	43,398
Total equity securities	<u>192,696</u>	<u>240,638</u>	<u>—</u>	<u>433,334</u>
Total investments at fair value	<u>\$ 238,771</u>	<u>322,409</u>	<u>—</u>	<u>561,180</u>
Investments measured at NAV:				
Commingled bond funds				38,527
Commingled equity funds				38,315
Private equity funds				16,981
Real estate fund				5,012
Total investments measured at NAV				<u>98,835</u>
Total investments				<u>\$ 660,015</u>

**CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN**

Notes to Financial Statements

June 30, 2017 and 2016

	2016			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Short term investments:				
Cash and cash equivalents	\$ 16,874	—	—	16,874
Debt securities:				
Asset backed securities	\$ —	8,587	—	8,587
Corporate and municipal bonds	—	39,848	—	39,848
U. S. Agency securities	—	35,293	—	35,293
U. S. Treasury securities	33,488	—	—	33,488
Total debt securities	<u>\$ 33,488</u>	<u>83,728</u>	<u>—</u>	<u>117,216</u>
Equity securities:				
Common stock	184,859	—	—	184,859
Exchange traded funds	39,466	—	—	39,466
Total equity securities	<u>224,325</u>	<u>160,183</u>	<u>—</u>	<u>384,508</u>
Total investments at fair value	<u>\$ 274,687</u>	<u>243,911</u>	<u>—</u>	<u>518,598</u>
Investments measured at NAV:				
Commingled bond funds				39,017
Commingled equity funds				30,196
Private equity funds				15,560
Real estate fund				<u>4,646</u>
Total investments measured at NAV				<u>89,419</u>
Total investments				<u>\$ 608,017</u>

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices. These securities have nonproprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

**CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN**

Notes to Financial Statements

June 30, 2017 and 2016

Commingled equity funds classified in Level 2 are valued using prices quoted in active markets for those investment types and the readily determinable fair value per share (unit) which is determined based on the publication of the price or on the basis of current transactions.

Investments in privately held limited partnerships and commingled vehicles which do not have a readily determined fair value are valued using the NAV provided by the general partner/investment manager as of June 30, 2017. The monthly or quarterly values of the partnership investments provided from the general partner are reviewed by the Plan to determine if any adjustments are necessary. The Plan currently has no plans to sell any of the investments resulting in these assets being carried at the NAV estimated by the general partner/investment manager.

(c) Securities Lending

State statutes and Board 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, 2017 and 2016, the Plan has no credit risk exposure to securities lending.

(d) Alternative Investments

The Board has authorized the Plan to invest in alternative investments. As of June 30, 2017 and 2016, the Plan had an alternative investment in one limited partnership totaling approximately \$17.0 million and approximately \$15.6 million, respectively. 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.

As of June 30, 2017, the related unfunded commitments of the Plan's alternative investments and limitations and restrictions on the Plan's ability to redeem or sell are summarized as follows (in thousands):

	Unfunded commitments	Redemptions frequency (if currently eligible)	Redemptions notice period
Private equity fund	\$ 2,832	not eligible	not eligible

Although the Plan is obligated to fund these commitments, many of these agreements allow resale.

(e) Real Estate Investments

Real estate investments may include joint ventures, partnerships and other participation interests with real estate owners, developers and others for the purpose of owning and operating any particular investment. As of June 30, 2017 and 2016, a total of \$5,012,000 and \$4,646,000, respectively, are considered to be alternative investments as part of the partnership agreement.

**CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN**

Notes to Financial Statements

June 30, 2017 and 2016

(4) 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, 2017 and 2016 and the actual contribution made are as follows (dollars in thousands):

	<u>2017</u>
Service cost	25.60%
Amortization of the unfunded actuarial accrued liability	24.49%
Total required contributions as a percentage of covered payroll	<u><u>50.09%</u></u>
Actual employee contributions:	
Dollar amount	\$ 5,711
Percent of covered payroll	12.03%
Actual employer contributions:	
Dollar amount	\$ 17,901
Percent of covered payroll	37.70%
	<u>2016</u>
Service cost	25.60%
Amortization of the unfunded actuarial accrued liability	24.09%
Total required contributions as a percentage of covered payroll	<u><u>49.69%</u></u>
Actual employee contributions:	
Dollar amount	\$ 5,667
Percent of covered payroll	12.08%
Actual employer contributions:	
Dollar amount	\$ 16,454
Percent of covered payroll	35.07%

The annual covered payroll for City Firefighters' was \$47,479,000 and \$46,918,000 for the years ended June 30, 2017 and 2016, 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.

(5) Contributions Receivable

(a) Employer

Employer contributions receivable represent Annual Required Contributions owed but not yet remitted to the Plan by the City. There were \$673,000 of contributions receivable from the

**CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN**

Notes to Financial Statements

June 30, 2017 and 2016

employer at June 30, 2017 and approximately \$1.0 million contributions receivable at June 30, 2016.

(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 \$190,000 and \$174,000 as of June 30, 2017 and 2016, respectively.

(6) 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 May 11, 2017 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.

(7) Net Pension Liability of the Plan

The components of the net pension liability at June 30, 2017 and 2016 were as follows (in thousands):

	2017	2016
Total pension liability	897,095	861,493
Fiduciary net position	669,508	612,637
Net pension liability	\$ 227,587	248,856
Fiduciary net position as a percentage of total pension liability	74.63%	71.11%

(a) Actuarial Assumptions

The total pension liability was determined by the actuarial valuation as of July 1, 2016 for 2017 and as of July 1, 2015 for 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

**CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN**

Notes to Financial Statements

June 30, 2017 and 2016

Inflation	2.25%
Salary increases	4.0%
Investment rate of return	7.41%, net of pension plan investment expense, including inflation

Mortality rates were based on the sex-distinct rates set forth in the RP-2000 Mortality Table projected to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; future generational improvements in mortality have not been reflected.

The Plan provides for an annual cost-of-living adjustment based on the CPI limited to 1% per year for employees hired after August 31, 2011, or 3% per year for employees hired before September 1, 2011.

The latest experience study was through June 30, 2011. In preparing the latest actuarial valuation, the results of the experience study are reviewed against the actuarial valuation results.

The long-term expected rate of return on pension plan investments was determined using a building-block method 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. Estimates of real rates of return for each major asset class included in the Plan's target asset allocation as of June 30, 2017 and 2016 are summarized in the following table:

Asset class	Target allocation	2017 Expected long-term real rate of return
Domestic equity	7.00%	6.01%
Domestic large-cap equity	30.00	6.91
Domestic mid-cap equity	15.00	8.91
Domestic small-cap equity	9.00	5.01
International equity	9.00	3.31
Fixed income and cash equivalents	25.00	0.81
Alternative investments	5.00	7.51
	100.00%	

**CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN**

Notes to Financial Statements

June 30, 2017 and 2016

Asset class	2016	
	Target allocation	Expected long-term real rate of return
Domestic equity	7.00%	6.01%
Domestic large-cap equity	30.00	6.91
Domestic mid-cap equity	15.00	8.91
Domestic small-cap equity	9.00	5.01
International equity	9.00	3.31
Fixed income and cash equivalents	25.00	0.81
Alternative investments	5.00	7.51
	100.00%	

(b) Discount Rate

A discount rate of 7.41% was applied in the measurement of the total pension liability as of June 30, 2017 and June 30, 2016. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and the employer contributions will be made at the rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(c) Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability as of June 30, 2017 and 2016, calculated using the discount rate of 7.41%, as well as what the plan net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (6.41%) or one-percentage point higher (8.41%) than the current rate (dollars in thousands):

	2017		
		Current	
	1% Decrease 6.41%	discount rate 7.41%	1% Increase 8.41%
Total pension liability	\$ 1,011,763	897,095	802,597
Less fiduciary net position	669,508	669,508	669,508
Net pension liability	\$ 342,255	227,587	133,089

**CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN**

Notes to Financial Statements

June 30, 2017 and 2016

	2016		
	Current		
	1% Decrease 6.41%	discount rate 7.41%	1% Increase 8.41%
Total pension liability	970,048	861,493	771,685
Less fiduciary net position	612,637	612,637	612,637
Net pension liability	357,411	248,856	159,048

(d) Actual Valuation Date

The total pension liability at June 30, 2017 is based on the July 1, 2016 actuarial valuation and the pension liability at June 30, 2016 is based on the July 1, 2015 actuarial valuation. The expected total pension liabilities were determined as of June 30, 2017 and 2016 using standard roll-forward techniques. The roll-forward calculation adds the annual normal cost (also called service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year.

(8) Subsequent Event

In December 2017, the City of Atlanta passed legislation to combine the Boards of Trustees for its three separate pension plans in order to improve administrative efficiency, governance and investment returns.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

(See Accompanying Independent Auditors' Report)

**CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN**

Required Supplementary Information
Schedule of Changes in Net Pension Liability
Year ended June 30, 2017
(Dollars in thousands)
(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:			
Service cost	\$ 12,155	12,013	12,612
Interest	63,123	62,584	60,396
Changes of benefit terms	—	—	—
Differences between expected and actual experiences	4,835	(22,794)	(23,053)
Changes of assumptions	—	—	—
Benefit payments, including refunds of member contributions	<u>(44,510)</u>	<u>(44,000)</u>	<u>(42,590)</u>
Net change in total pension liability	35,602	7,803	7,365
Total pension liability – beginning	<u>861,493</u>	<u>853,690</u>	<u>846,325</u>
Total pension liability – ending	<u>897,095</u>	<u>861,493</u>	<u>853,690</u>
Plan fiduciary net position:			
Contributions – employer	17,901	16,454	20,866
Contributions – employee	5,711	5,667	5,637
Net investment income (loss)	78,247	(9,895)	2,651
Other income	1	150	4
Benefit payments, including member refunds	(44,510)	(44,000)	(42,590)
Administrative expenses	<u>(479)</u>	<u>(388)</u>	<u>(427)</u>
Net change in plan fiduciary net position	56,871	(32,012)	(13,859)
Plan fiduciary net position – beginning	<u>612,637</u>	<u>644,649</u>	<u>658,508</u>
Plan fiduciary net position – ending	<u>669,508</u>	<u>612,637</u>	<u>644,649</u>
Plan net pension liability – ending	<u>\$ 227,587</u>	<u>248,856</u>	<u>209,041</u>

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

**CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN**

Required Supplementary Information
Schedule of Net Pension Liability and Related Ratios
Year ended June 30, 2017
(Dollars in thousands)
(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability	\$ 897,095	861,493	853,690
Plan fiduciary net position	669,508	612,637	644,649
Net pension liability	<u>\$ 227,587</u>	<u>248,856</u>	<u>209,041</u>
Plan fiduciary net position as a percentage of the total pension liability	74.63%	71.11%	75.51%
Covered-employee payroll	\$ 47,479	46,918	47,181
Net pension liability as a percentage of covered-employee payroll	479.34%	530.41%	443.06%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

**CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN**

Required Supplementary Information

Schedule of Employer Contributions

Year ended June 30, 2017

(Dollars in thousands)

(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarially determined contribution	\$ 17,901	16,454	20,866	20,656	17,491	21,092	24,912	25,865	28,752	26,373
Contributions in relation to the actuarially determined contribution	17,901	16,454	20,866	20,656	17,491	21,092	24,912	25,865	28,752	26,373
Contribution deficiency (excess)	\$ —	—	—	—	—	—	—	—	—	—
Covered-employee payroll	\$ 47,479	46,918	47,181	44,508	42,797	39,482	42,963	43,910	43,275	45,561
Contributions as a percentage of covered-employee payroll	37.70%	35.07%	44.23%	46.41%	40.87%	53.42%	57.98%	58.90%	66.44%	57.89%

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

**CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN**

Required Supplementary Information

Schedule of Investment Returns

Year ended June 30, 2017

(Dollars in thousands)

(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Annual money-weighted rate of return, net of investment expense	13.15%	(1.13)%	0.79%	21.01%	15.34%	1.68%	25.58%	14.40%	(13.86)%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as information become available.

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

**CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN**

Notes to Required Supplementary Information

June 30, 2017

(Unaudited)

(1) Schedule of Changes in Net Pension Liability

The total pension liability contained in this schedule was provided by the Plan's actuary, Southern Actuarial Services. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the Plan.

(2) Schedule of Employer Contributions

The actuarially determined contributions and comparison to those contributions actually made are presented in the schedule.

(3) Actuarial Methods and Assumptions

Changes of assumptions: There were no changes in assumption since the last measurement date.

Method and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Valuation date	July 1, 2015
Actuarial-cost method	Entry age normal
Amortization method	Level percentage, closed
Remaining amortization period	25 years
Asset-valuation method	Market value
Inflation rate	2.25%
Salary increases	4.0%
Investment rate of return	7.41%