

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

Financial Statements and Required Supplemental Schedules

June 30, 2022 and 2021

(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)	4
Basic Financial Statements:	
Statements of Fiduciary Net Position	10
Statements of Changes in Fiduciary Net Position	11
Notes to Financial Statements	12
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 AUDITOR'S REPORT

The City of Atlanta Defined Benefit Pension Investment Board
Firefighters' Pension Plan
City of Atlanta, Georgia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the City of Atlanta, Georgia Firefighters' Pension Plan (the "Plan") (a fiduciary fund of the City of Atlanta, Georgia) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the City of Atlanta, Georgia Firefighters' Pension Plan (a fiduciary fund of the City of Atlanta, Georgia), as of June 30, 2022, and the respective change in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of the Plan as of June 30, 2021 were audited by other auditors whose report dated December 15, 2021 expressed an unmodified opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 and the schedule of changes in the net pension liability and related ratios, schedule of employer contributions and schedule of pension investment returns information on pages 31 through 34 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2022, 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 solely 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 effectiveness of the Plan's 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.



Atlanta, Georgia
December 23, 2022

CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN
Management's Discussion and Analysis (Unaudited)
June 30, 2022 and 2021

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, 2022 and 2021. This overview compares the years ended June 30, 2022 and 2021 and the years ended June 30, 2021 and 2020. Readers are encouraged to read the notes to the financial statements in conjunction with the financial statements presented, following this narrative.

In December 2017, the City of Atlanta (the City) adopted legislation to combine the management of its three separate pension plans and create one board of trustees to be known as the City of Atlanta Defined Benefit Pension Plan Investment Board (The Board) in order to improve administrative efficiency, governance and investment returns. The City consolidated and set minimum requirements for the Investment Board of Trustees of the three Pension Plans in order to optimize investment returns, establish national leadership in pension management best practices, and increase the City revenues available for compensation of active employees.

The Plan is administered as a single-employer, defined-benefit plan by the Board, which includes the Chair who is an appointee of the Mayor, the Mayor or a designee serving as Vice Chair of the Investment Board, three city council members appointed by the Mayor, one member appointed by the Atlanta Board of Education (School System), one member appointed by the President of the Atlanta City Council who is a participant in any of the three Plans, the City's Chief Financial Officer, the Human Resources Commissioner, and four members elected by active and retired participants as follows: one from the City of Atlanta, Georgia General Employees Pension Fund, one from the Atlanta Public Schools General Employees Pension Fund, one from the City of Atlanta, Georgia Firefighters' Pension Fund and one from the City of Atlanta, Georgia Police Officers' Pension Fund. Each pension law modification must be adopted by at least two-thirds vote of the City Council and be approved by the Mayor.

Financial Highlights

- At June 30, 2022, the assets of the Plan exceeded its liabilities by \$770.2 million. At June 30, 2021, the assets of the Plan exceeded its liabilities by \$928.7 million. This amount represents the Plan's net position for each year.
- The Plan's total net position decreased in 2022 by \$158.5 million or 17.1% as compared with net position at June 30, 2021. The Plan's total net position increased in 2021 by \$212.3 million or 29.6% as compared with net position at June 30, 2020.
- Net investment income in fiscal year 2022 was \$(134.9) million. This is a \$370.5 million decrease compared to fiscal year 2021 net investment income of \$235.6 million. Net investment income increased in 2021 by \$216.1 million compared to fiscal year 2020.
- Contributions received from employer and employees totaled \$34.0 million in 2022 as compared to \$30.9 million in fiscal year 2021.
- Benefit payments in 2022 totaled \$56.6 million, an increase of \$3.6 million or 6.7% when compared with fiscal year 2021. Benefits payments in 2021 totaled \$53.0 million, an increase of \$1.4 million or 2.6% when compared with fiscal year 2020.

CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN
Management's Discussion and Analysis (Unaudited)
June 30, 2022 and 2021

Fiduciary funds. The Plan is considered a fiduciary fund of the City of Atlanta, Georgia (the City) and its financial statements are included in the City's Annual Comprehensive Financial Report (ACFR) as part of the Pension Trust Fund. The City's ACFR for the years ended June 30, 2022 and 2021 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 management discussion and analysis are the *basic financial statements*. The basic financial statements and required notes to the financial statements 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.

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 and related ratios, employer contributions and the Plan's money-weighted investment rate of return. Required supplementary information and related notes can be found following the notes to the financial statements in this report.

Financial Analysis

The net position may serve over time as an indicator of financial stability. In the case of the Plan, assets exceeded liabilities by \$770.2 million and \$928.7 million at the close of the years ended June 30, 2022 and 2021, respectively. Table 1 summarizes the major categories of assets, liabilities, and net position for the years ended June 30, 2022, 2021, and 2020. Table 2 summarizes the changes in the Plan's net position for the years ended June 30, 2022, 2021 and 2020.

CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN
Management's Discussion and Analysis (Unaudited)
June 30, 2022 and 2021

Table 1. Firefighters' Pension Plan Net Position, as of June 30, 2022 and June 30, 2021 and June 30, 2021 and June 30, 2020 (dollars in thousands):

	<u>June 30</u>		<u>Amount change</u>	<u>Percentage change</u>
	<u>2022</u>	<u>2021</u>		
Assets:				
Cash and deposits	\$ 47,250	\$ 11,688	35,562	304.3 %
Receivables	30,174	3,832	26,342	687.4
Investments	733,272	919,544	(186,272)	(20.3)
Total assets	<u>810,696</u>	<u>935,064</u>	<u>(124,368)</u>	<u>(13.3)</u>
Liabilities:				
Due to brokers for securities purchased	39,539	5,222	34,317	657.2
Other	929	1,113	(184)	(16.6)
Total liabilities	<u>40,468</u>	<u>6,335</u>	<u>34,133</u>	<u>538.8</u>
Net position restricted for pensions	<u>\$ 770,228</u>	<u>928,729</u>	<u>(158,501)</u>	<u>(17.1)%</u>
	<u>June 30</u>		<u>Amount change</u>	<u>Percentage change</u>
	<u>2021</u>	<u>2020</u>		
Assets:				
Cash and cash equivalents	\$ 11,688	14,753	(3,065)	(20.8)%
Receivables	3,832	2,199	1,633	74.3
Investments	919,544	707,046	212,498	30.1
Total assets	<u>935,064</u>	<u>723,998</u>	<u>211,066</u>	<u>29.2</u>
Liabilities:				
Due to brokers for securities purchased	5,222	6,699	(1,477)	(22.0)
Other	1,113	881	232	26.3
Total liabilities	<u>6,335</u>	<u>7,580</u>	<u>(1,245)</u>	<u>(16.4)</u>
Net position restricted for pensions	<u>\$ 928,729</u>	<u>716,418</u>	<u>212,311</u>	<u>29.6 %</u>

The net position of the Plan decreased by \$158.5 million or 17.1% during 2022 when compared to fiscal 2021. This is primarily attributable to a decrease in net investment income when compared to fiscal year 2021. Total assets for the Plan decreased by \$124.4 million or 13.3% compared to fiscal year 2021. Total cash and deposits increased by \$35.6 million compared to fiscal year 2021. Cash and investments represent 96.3% of total assets as of June 30, 2022, as compared to 99.6% as of June 30, 2021. The plan liabilities do not include future benefits payable to plan participants; however 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, 2022 and 2021

Table 2. Firefighters' Pension Plan Changes in Net Position, years ended June 30, 2022, June 30, 2021, and June 30, 2020 (dollars in thousands):

	June 30		Amount change	Percentage change
	2022	2021		
Additions to plan net position:				
Investment income:				
Net appreciation (depreciation)				
in fair value of investments	\$ (141,038)	231,712	(372,750)	(160.9)%
Interest and dividends	8,013	5,373	2,640	49.1
Less investment expenses	(1,845)	(1,475)	(370)	(25.1)
Net investment income (expense)	(134,870)	235,610	(370,480)	(157.2)
Employee contributions	6,331	6,247	84	1.4
Employer contributions	27,626	24,628	2,998	12.2
Other income	1	42	(41)	(97.6)
Total additions, net	(100,912)	266,527	(367,439)	(137.9)
Deductions from plan net position:				
Benefit payments	56,593	53,035	3,558	6.7
Administrative expense	996	1,181	(185)	(15.6)
Total deductions	57,589	54,216	3,373	6.2
Increase (Decrease) in net position restricted for pensions	\$ (158,501)	212,311	(370,812)	174.7 %
Net position restricted for pensions:				
Beginning of year	\$ 928,729	716,418		
Increase (Decrease)	(158,501)	212,311		
End of year	\$ 770,228	928,729		

CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN
Management's Discussion and Analysis (Unaudited)
June 30, 2022 and 2021

	June 30		Amount change	Percentage change
	2021	2020		
Additions to plan net position:				
Investment income:				
Net appreciation				
in fair value of investments	\$ 231,712	15,013	216,699	1,443.4 %
Interest and dividends	5,373	5,921	(548)	(9.3)
Less investment expenses	(1,475)	(1,445)	(30)	2.1
Net investment income	235,610	19,489	216,121	1,108.9
Employee contributions	6,247	6,130	117	1.9
Employer contributions	24,628	15,626	9,002	57.6
Other Income	42	48	(6)	100.0
Total additions	266,527	41,293	225,234	545.5
Deductions from plan net position:				
Benefit payments	53,035	51,680	1,355	2.6
Administrative expense	1,181	539	642	119.1
Total deductions	54,216	52,219	1,997	3.8
(Decrease) increase in net position restricted for pensions	<u>\$ 212,311</u>	<u>(10,926)</u>	<u>223,237</u>	<u>(2,043.2)%</u>
Net position restricted for pensions:				
Beginning of year	\$ 716,418	727,344		
(Decrease) increase	212,311	(10,926)		
End of year	<u>\$ 928,729</u>	<u>716,418</u>		

Financial Analysis of June 30, 2022 to June 30, 2021

Total additions to the Plan net position decreased by \$367.4 million or 137.9% compared to fiscal year 2021. This decrease is primarily attributed to the decrease in net investments held at year end. Net investment income decreased to \$(134.9) million for 2022, a decrease of \$370.5 million compared to fiscal year 2021 which is primarily attributed to the volatility of the market. The investment portfolio comprises 61.5% equities, 32.2% fixed income, 4.1% alternative investments including real estate, and 2.2% short term investments of cash and cash equivalents as of June 30, 2022, compared to 74.7% equities, 22.2% fixed income, 2.5% alternative investments including real estate, and 0.6% short term investments of cash and cash equivalents as of June 30, 2021. The overall portfolio returned (14.78)% for the 12 months ended June 30, 2022, compared with 33.20% for the same time period in 2021. The S&P 500 index was (10.62)% and 40.80% for the years ended June 30, 2022 and 2021, respectively.

CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN
Management's Discussion and Analysis (Unaudited)
June 30, 2022 and 2021

Employee contributions to the Plan remained relatively flat at \$6.3 million in fiscal year 2022. Employer contributions increased by \$3.0 million or 12.2% to \$27.6 million due to an increased actuarially determined contribution (ADC) for fiscal 2022. Benefit payments increased by \$3.6 million or 6.7% to \$56.6 million.

Financial Analysis of June 30, 2021 to June 30, 2020

The net position of the Plan increased by \$212.3 million or 29.6% when compared to 2020. This is mainly attributable to an increase in net investment income when compared to fiscal year 2020. Total assets for the Plan increased by \$211.1 million or 29.2% compared to fiscal year 2020. Total cash and deposits decreased by \$3.1 million compared to fiscal 2020. Cash and investments represent 99.6% of total assets as of June 30, 2021, as compared to 99.7% as of June 30, 2020. 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 increased by \$225.2 million or 545.5% compared to 2020. This increase is primarily attributed to the increase in the net appreciation of investments held at year end. Net investment income was \$235.6 million for 2021, an increase of \$216.1 million compared to 2020. The investment portfolio comprises 74.7% equities, 22.2% fixed income, 2.5% alternative investments including real estate, and 0.6% of short term investments of cash and cash equivalents as of June 30, 2021, compared to 66.9% equities, 26.2% fixed income, 3.1% alternative investments and 3.8% short term investments of cash and cash equivalents in 2020. The overall portfolio returned 33.2% for the 12 months ended June 30, 2021, compared with 3.1% for the same time period in 2020. The S&P 500 index was 40.80% and 7.50% for the years ended June 30, 2021 and 2020, respectively.

Employee contributions to the Plan remained flat at \$6.2 million in fiscal year 2021 compared to fiscal year 2020. Employer contributions increased by \$9.0 million or 57.6% to \$24.6 million due to an increased actuarially determined contribution (ADC) for fiscal year 2021. Benefit payments increased by \$1.4 million or 2.6% to \$53.0 million.

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, 2022 and 2021

(Dollars in thousands)

	2022	2021
Assets		
Cash and deposits	\$ 47,250	11,688
Receivables:		
Contributions receivable from employer	3,206	1,392
Contributions receivable from employees	211	221
Due from brokers for investments sold	25,109	1,154
Accrued Investment income	1,545	1,046
Other	103	19
Total receivables	30,174	3,832
Investments:		
Short term investments	16,426	5,389
Domestic fixed income securities	234,214	203,574
Domestic equities	407,232	649,859
International fixed income securities	1,676	364
International equities	43,808	36,923
Alternative investments		
Real estate	18,110	5,999
Limited partnerships	11,806	17,436
Total investments	733,272	919,544
Total assets	810,696	935,064
Liabilities		
Due to brokers for investments purchased	39,539	5,222
Other	929	1,113
Total liabilities	40,468	6,335
Net position restricted for pensions	\$ 770,228	928,729

See accompanying notes to financial statements.

CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN
Statements of Changes in Fiduciary Net Position
June 30, 2022 and 2021
(Dollars in thousands)

	2022	2021
Additions:		
Contributions:		
Employer	\$ 27,626	24,628
Employee	6,331	6,247
Total contributions	33,957	30,875
Investment income:		
Net appreciation (depreciation) in fair value of investments	(141,038)	231,712
Interest and dividends	8,013	5,373
Less investment expenses	(1,845)	(1,475)
Net investment income (expense)	(134,870)	235,610
Other	1	42
Total additions, net	(100,912)	266,527
Deductions:		
Benefit payments, including refunds of member contributions	56,593	53,035
Administrative expense	996	1,181
Total deductions	57,589	54,216
Net increase (decrease) in net position	(158,501)	212,311
Net position restricted for pensions:		
Beginning of year	928,729	716,418
End of year	\$ 770,228	928,729

See accompanying notes to financial statements.

CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN
Notes to Financial Statements

June 30, 2022 and 2021

(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 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 of Atlanta (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, Georgia, Code of Ordinances, Section 6, the 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's Annual Comprehensive Financial Report (ACFR) as part of the Pension Trust Funds. The City's ACFR for the years ended June 30, 2022 and 2021 should be read in conjunction with these financial statements.

(a) Administration of the Plan

In December 2017, the City of Atlanta (the City) adopted legislation to combine the management of its three separate pension plans and create one board of trustees to be known as the City of Atlanta Defined Benefit Pension Plan Investment Board (The Board) in order to improve administrative efficiency, governance and investment returns. The City consolidated and set minimum requirements for the Investment Board of Trustees of the three Pension Plans in order to optimize investment returns, establish national leadership in pension management best practices, and increase the City revenues available for compensation of active employees.

The Plan is administered as a single-employer, defined-benefit plan by the Board, which includes the Chair who is an appointee of the Mayor, the Mayor or a designee serving as Vice Chair of the Investment Board, three city council members appointed by the Mayor, one member appointed by the Atlanta Board of Education (School System), one member appointed by the President of the Atlanta City Council who is a participant in any of the three Plans, the City's Chief Financial Officer, the Human Resources Commissioner, and four members elected by active and retired participants as follows: one from the City of Atlanta, Georgia General Employees Pension Fund, one from the Atlanta Public Schools General Employees Pension Fund, one from the City of Atlanta, Georgia Firefighters' Pension Fund and one from the City of Atlanta, Georgia Police Officers' Pension Fund. 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, Georgia, Code of Ordinances, Section 6, the 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, Georgia, 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

CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN
Notes to Financial Statements

June 30, 2022 and 2021

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.

On November 1, 2011, the sworn personnel of the Fire Rescue Department 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 actuarially determined contribution 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 included a mandatory 8% employee contribution, and 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 47 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.

(c) *Description of the Benefit Terms*

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 Plan.

Prior to the change 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.

The remainder of this page intentionally left blank

CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN
Notes to Financial Statements
June 30, 2022 and 2021

Below are the terms the Plan has established to receive benefits:

- Normal retirement age: Any age with at least 30 years of creditable service
(participants who are covered by the 2005 Amendment);
or
- Age 55 with at least 10 years of creditable service
(hired prior to July 1, 2010); or
- Age 55 with at least 15 years of creditable service,
(hired prior to September 1, 2011); or
- Age 57 with at least 15 years of creditable service; or
- Age 65 with at least 5 years of creditable service

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 (hired
before July 1, 2010)
- Any age with at least 15 years of creditable service (hired
from July 1, 2010 to August 31, 2011)
- Minimum age of 47 with at least 15 years of service 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 to the extent both payments 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 to the extent both payments exceed 75% of the participant's salary at the time of disability (payable until the earlier of recovery from disability or normal retirement age).

CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN
Notes to Financial Statements
June 30, 2022 and 2021

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).

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, 2022 and 2021, participation in the Plan was as follows:

	<u>2022</u>	<u>2021</u>
Inactive plan members or beneficiaries currently receiving benefits	1,089	1,104
Inactive plan members entitled to, but not yet receiving benefits	158	27
Active plan members	841	888
	<u>2,088</u>	<u>2,019</u>

(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

CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN
Notes to Financial Statements

June 30, 2022 and 2021

paid by the employer. Benefits and refunds are recognized as deductions from fiduciary 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.

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. 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 in the fair value of investments held by the Plan is recorded as an increase to investment income based on the valuation of investments as of the statement of fiduciary 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, 2022 and 2021

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 investment options. The below asset classes were selected to achieve the plan objectives: Domestic Equities, International Equities, Broad Fixed Income, and Alternative Investments.

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.

Below is the asset allocation target assets mix in effect during fiscal year 2022

	Fiscal year 2022		
	Minimum	Target	Maximum
Domestic equity:			
Large cap	14 %	19 %	24 %
Mid cap	7	12	17
Small cap	7	12	17
International equity			
Developed large cap	10	15	20
Non-U.S. small cap	—	4	9
Emerging markets equity	3	8	13
Total equity	<u>41 %</u>	<u>70 %</u>	<u>100 %</u>
Alternative investments	<u>—</u>	<u>5 %</u>	<u>5 %</u>
Fixed income:			
Broad fixed income	<u>20 %</u>	<u>25 %</u>	<u>30 %</u>
Total fixed income	<u>20 %</u>	<u>25 %</u>	<u>30 %</u>

CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN
Notes to Financial Statements

June 30, 2022 and 2021

Below is the asset allocation target assets mix in effect during fiscal year 2021.

	Fiscal year 2021		
	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 %

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, 2022 and 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was (14.72)% and 33.28%, 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.

CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN
Notes to Financial Statements

June 30, 2022 and 2021

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, 2022 and 2021, the Plan had the following fixed income investments (dollars in thousands), with the corresponding credit ratings and maturities:

		June 30, 2022					
		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. treasury securities	Exempt	\$ —	9,656	20,898	23,590	18,341	72,485
U.S. government agencies	AGY	—	11	1,372	877	25,933	28,193
U.S. government agencies	AAA/AA+	—	299	—	—	—	299
Corporate bonds	AAA/A-	—	9,591	15,650	30,519	7,624	63,384
Corporate bonds	BBB+/BBB-	—	971	1,803	25,355	5,905	34,034
Asset-backed securities	NR	—	1,328	—	—	—	1,328
CMOs	AAA	—	—	—	—	711	711
CMOs	NR	—	—	—	—	1,043	1,043
State and local obligations	A/A+/AA+/AAA	40	238	—	—	298	576
Commingled bond Fund	NR	33,837	—	—	—	—	33,837
		<u>\$ 33,877</u>	<u>22,094</u>	<u>39,723</u>	<u>80,341</u>	<u>59,855</u>	<u>235,890</u>

		June 30, 2021					
		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. treasury securities	Exempt	\$ 1,838	4,020	17,149	23,610	6,692	53,309
U.S. government agencies	AA+	—	—	324	—	—	324
U.S. government agencies	AGY	39	—	1,409	257	25,091	26,796
Corporate Bonds	AAA/A-	924	6,405	11,785	19,866	6,705	45,685
Corporate bonds	BBB+/BBB-	495	1,853	2,859	18,069	4,204	27,480
Asset-backed securities	NR	—	—	1,381	—	—	1,381
CMOs	AAA	—	—	—	—	970	970
CMOs	NR	—	—	—	—	2,324	2,324
State and local obligations	AAA/AA+	—	80	334	—	373	787
Commingled bond Fund	NR	44,882	—	—	—	—	44,882
		<u>\$ 48,178</u>	<u>12,358</u>	<u>35,241</u>	<u>61,802</u>	<u>46,359</u>	<u>203,938</u>

CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN
Notes to Financial Statements

June 30, 2022 and 2021

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 counter-party, 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.

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 risk as of June 30, 2022 and 2021.

Concentration of Credit Risk.

The Plan does not have a policy regarding the concentration of credit risk. Investments in any one issuer, excluding U.S. treasuries and government Agencies, representing 5% or more of the net position restricted for pensions at June 30, 2022 and 2021 are as follows (dollars in thousands):

Issuer	Type	2022	2021
BlackRock Growth Index Fund	Commingled Equity Fund	\$ 298,940	\$ 381,051
NT Collective Russell Index Fund	Commingled Bond Fund	N/A	51,251
Johnston International Equity Group	Commingled Equity Fund	N/A	75,262
NT Collective Commingled Equity Fund	Commingled Equity Fund	N/A	85,304

The remainder of this page intentionally left blank

CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN
Notes to Financial Statements

June 30, 2022 and 2021

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.

The following tables 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, 2022 and 2021 (dollars in thousands):

		June 30, 2022		
		Fixed income	Equities	Total
Currency:	Country:			
Euro	Belgium	\$ 718	230	948
Euro	Germany	—	1,809	1,809
Euro	Ireland	—	643	643
Euro	United Kingdom	—	3,544	3,544
Euro	Netherlands	—	1,179	1,179
Euro	Italy	—	722	722
Euro	France	—	2,850	2,850
Euro	Spain	—	483	483
	Total Euro	<u>718</u>	<u>11,460</u>	<u>12,178</u>
Australian Dollar	Australia	—	1,469	1,469
Brazilian Real	Brazil	—	2,501	2,501
Canadian Dollar	Canada	958	4,892	5,850
Chinese Yuan Renminbi	China	—	968	968
Denmark Kroner	Denmark	—	1,471	1,471
Indonesian Rupiah	Indonesia	—	520	520
Israeli New Shekel	Israel	—	746	746
Japanese Yen	Japan	—	4,873	4,873
Mexican Peso	Mexico	—	535	535
Norwegian Krone	Norway	—	239	239
Peruvian Sol	Peru	—	398	398
South African Rand	South Africa	—	793	793
Swedish Krona	Sweden	—	448	448
Swiss Franc	Switzerland	—	1,851	1,851
New Taiwan Dollar	Taiwan	—	397	397
Various foreign currencies	International Region	—	10,247	10,247
	Total securities subject to foreign currency risk	<u>\$ 1,676</u>	<u>\$ 43,808</u>	<u>\$ 45,484</u>

CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN
Notes to Financial Statements

June 30, 2022 and 2021

		June 30, 2021		
		Fixed income	Equities	Total
Currency:	Country:			
Euro	Belgium	\$ 364	—	364
Euro	Germany	—	3,158	3,158
Euro	Ireland	—	686	686
Euro	United Kingdom	—	2,757	2,757
Euro	Netherlands	—	2,126	2,126
Euro	Italy	—	612	612
Euro	France	—	1,762	1,762
Euro	Spain	—	536	536
	Total Euro	364	11,637	12,001
Australian Dollar	Australia	—	1,723	1,723
Brazilian Real	Brazil	—	1,637	1,637
Canadian Dollar	Canada	—	3,864	3,864
Chinese Yuan Renminbi	China	—	1,944	1,944
Denmark Kroner	Denmark	—	1,506	1,506
Indian Rupee	India	—	1,495	1,495
Israeli New Shekel	Israel	—	490	490
Japanese Yen	Japan	—	5,934	5,934
Mexican Peso	Mexico	—	579	579
Peruvian Sol	Peru	—	483	483
Russian Ruble	Russian Federation	—	580	580
South African Rand	South Africa	—	669	669
Swedish Krona	Sweden	—	1,969	1,969
Swiss Franc	Switzerland	—	1,864	1,864
New Taiwan Dollar	Taiwan	—	549	549
	Total securities subject to foreign currency risk	\$ 364	36,923	37,287

(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).

CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN
Notes to Financial Statements

June 30, 2022 and 2021

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
- 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 statements of fiduciary net position.

The following tables present the valuation hierarchy as of June 30, 2022 and 2021 (in thousands)

	2022			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Short term investments:				
Cash and cash equivalents	\$ 16,426	—	—	16,426
Debt securities:				
Asset backed securities	\$ —	3,082	—	3,082
Corporate and municipal bonds	—	97,994	—	97,994
U. S. Agency securities	—	28,492	—	28,492
U. S. Treasury securities	72,485	—	—	72,485
Total debt securities	<u>\$ 72,485</u>	<u>129,568</u>	<u>—</u>	<u>202,053</u>
Equity securities:				
Commingled equity fund	\$ —	270,290	—	270,290
Common stock	97,403	—	—	97,403
Total equity securities	<u>97,403</u>	<u>270,290</u>	<u>—</u>	<u>367,693</u>
Total investments at fair value	<u>\$ 186,314</u>	<u>399,858</u>	<u>—</u>	<u>586,172</u>
Investments measured at NAV:				
Commingled bond funds				33,837
Commingled equity funds				83,347
Limited partnerships				11,806
Real estate fund				<u>18,110</u>
Total investments				147,100
measured at NAV				<u>147,100</u>
Total investments				<u>\$ 733,272</u>

CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN
Notes to Financial Statements

June 30, 2022 and 2021

	2021			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Short term investments:				
Cash and cash equivalents	\$ 5,389	—	—	5,389
Debt securities:				
Asset backed securities	\$ —	4,675	—	4,675
Corporate and municipal bonds	—	73,952	—	73,952
U. S. Agency securities	—	27,120	—	27,120
U. S. Treasury securities	53,309	—	—	53,309
Total debt securities	<u>\$ 53,309</u>	<u>105,747</u>	<u>—</u>	<u>159,056</u>
Equity securities:				
Commingled equity fund	\$ —	517,606	—	517,606
Common stock	76,189	—	—	76,189
Total equity securities	<u>76,189</u>	<u>517,606</u>	<u>—</u>	<u>593,795</u>
Total investments at fair value	<u>\$ 134,887</u>	<u>623,353</u>	<u>—</u>	<u>758,240</u>
Investments measured at NAV:				
Commingled bond funds				44,882
Commingled equity funds				92,987
Limited partnerships				17,436
Real estate fund				<u>5,999</u>
Total investments measured at NAV				<u>161,304</u>
Total investments				<u>\$ 919,544</u>

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

Debt securities classified in Level 1 are valued using pricing quoted in active markets. 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 non-proprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

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, 2022. 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

CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN
Notes to Financial Statements

June 30, 2022 and 2021

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, 2022 and 2021, 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, 2022 and 2021, the Plan had an alternative investment in one limited partnership totaling \$11,805,923 and \$17,435,974, 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, 2022, 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	\$ 2,010,969	Not eligible	Not eligible

As of June 30, 2022, GrayCo Alternative Partners II, LP have total Capital Commitments of \$15,000,000 of which \$1,939,632 is unfunded, ICV Partners III, LP have total Capital Commitments of \$2,000,000 of which \$31,337 is unfunded, and Pharos Capital Partners III LP have total Capital Commitments of \$2,000,000 of which \$40,000 is unfunded. Although the Plan is obligated to fund these commitments, many of these agreements allow resale.

(e) Real Estate Investments

Real estate investments are included under alternative investments which also includes 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, 2022 and 2021, approximately \$18,110,000 and \$5,999,000, respectively, are considered to be real estate alternative investments.

	Unfunded commitments	Redemptions frequency (if currently eligible)	Redemptions notice period
Real Estate Fund	\$ —	Quarterly	90 days

CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN
Notes to Financial Statements

June 30, 2022 and 2021

(4) Contributions Required and Contributions Made

The required contribution percentages developed in the most recent actuarial valuation (July 1, 2020) for the Plan for the years ended June 30, 2022 and 2021 and the actual contribution made are as follows (dollars in thousands):

	<u>2022</u>
Service cost	21.97 %
Amortization of the unfunded actuarial accrued liability	38.47
Total required contributions as a percentage of covered payroll	<u>60.44 %</u>
Actual employee contributions:	
Dollar amount	\$ 6,331
Percent of covered payroll	12.86 %
Actual employer contributions:	
Dollar amount	\$ 27,626
Percent of covered payroll	56.12 %
	<u>2021</u>
Service cost	28.44 %
Amortization of the unfunded actuarial accrued liability	34.55 %
Total required contributions as a percentage of covered payroll	<u>62.99 %</u>
Actual employee contributions:	
Dollar amount	\$ 6,247
Percent of covered payroll	12.48 %
Actual employer contributions:	
Dollar amount	\$ 24,628
Percent of covered payroll	49.20 %

The annual covered payroll for City Firefighters' was approximately \$49,225,000 and \$50,060,000 for the years ended June 30, 2022 and 2021, 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 Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The actuarially determined required minimum percentage for employer contributions for the fiscal years ending June 30, 2022 and 2021 were 53.58% and 47.42% respectively. Employer dollar contributions agreed to amounts provided by the actuary at the end of each year.

CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN
Notes to Financial Statements

June 30, 2022 and 2021

(5) Contributions Receivable

(a) Employer

Employer contributions receivable represent Annual Required Contributions owed but not yet remitted to the Plan by the City. There was \$3,206,125 of contributions receivable from the employer at June 30, 2022 and \$1,392,181 of contributions receivable at June 30, 2021.

(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 \$211,423 and \$220,615 as of June 30, 2022 and 2021, 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 24, 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. Although the Plan and related trust have been amended since the IRS issued its letter, the Plan Administrator believes the Plan is currently designed and being operated 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, 2022 and 2021 were as follows (in thousands):

	<u>2022</u>	<u>2021</u>
Total pension liability	\$1,142,448	\$1,061,316
Fiduciary net position	<u>770,228</u>	<u>928,729</u>
Net pension liability	<u>\$ 372,220</u>	<u>\$ 132,587</u>
Fiduciary net position as a percentage of total pension liability	67.42 %	87.51 %

(a) Actuarial Assumptions

The total pension liability was determined by the actuarial valuation as of July 1, 2021 for 2022 and as of July 1, 2020 for 2021, 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, 2022 and 2021

Inflation	2.25%
Salary increases	Age-based for 2022 and 2021
Investment rate of return	7.00% for 2022 and 2021 , net of pension plan investment expense, including inflation
Actuarial Cost Method	Entry Age normal

In 2022 and 2021, mortality rates were based on the sex-distinct rates set forth in the PUB-2010 Public Safety Mortality Table (without income adjustments), with full generational improvements in mortality using Scale MP-2020; deaths prior to retirement are assumed not to be service-related.

In 2022 and 2021, 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 2.25% per year for employees hired before September 1, 2011.

The latest experience study was through June 30, 2019. 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.

In 2022 and 2021 future plan compensation is assumed to increase at the rate of 10.00% per year at ages under 25, 8.00% per year at ages 25 through 29, 6.00% per year at ages 30 through 34, 5.00% per year at ages 35 through 39, 4.50% per year at ages 40 through 44, 4.00% per year at ages 45 through 49, 3.50% per year at ages 50 through 54, 3.25% per year at ages 55 through 59, and 3.00% per year at ages 60 and older.

Estimates of real rates of return for each major asset class included in the Plan's target asset allocation as of June 30, 2022 is summarized in the following table:

CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN
Notes to Financial Statements

June 30, 2022 and 2021

<u>Asset class</u>	<u>Target allocation</u>	<u>Expected long-term real rate of return</u>
Domestic large-cap equity	19.00 %	6.91 %
Domestic mid-cap equity	12.00	8.91
Domestic small-cap equity	12.00	5.01
International equity	27.00	3.31
Fixed income and cash equivalents	25.00	0.81
Alternative investments	5.00	7.51
	<u>100.00 %</u>	

(b) Discount Rate

A discount rate of 6.71% was applied in the measurement of the total pension liability as of June 30, 2022 and 2021. 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, 2022 and 2021, calculated using the discount rate of 6.71% , 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 (5.71%) or one-percentage point higher (7.71%) than the current rate (dollars in thousands):

	<u>2022</u>		
	<u>Current</u>		
	<u>1% Decrease</u>	<u>discount rate</u>	<u>1% Increase</u>
	<u>5.71%</u>	<u>6.71%</u>	<u>7.71%</u>
Total pension liability	\$ 1,299,904	\$ 1,142,448	\$ 1,014,519
Less fiduciary net position	770,228	770,228	770,228
Net pension liability	<u>\$ 529,676</u>	<u>\$ 372,220</u>	<u>\$ 244,291</u>

CITY OF ATLANTA, GEORGIA
FIREFIGHTERS' PENSION PLAN
Notes to Financial Statements

June 30, 2022 and 2021

	2021		
	1% Decrease	Current	1% Increase
	5.71%	discount rate	7.71%
Total pension liability	\$ 1,205,279	\$ 1,061,316	\$ 944,170
Less fiduciary net position	928,729	928,729	928,729
Net pension liability	\$ 276,550	\$ 132,587	\$ 15,441

(d) Actual Valuation Date

The total pension liability at June 30, 2022 is based on the July 1, 2021 actuarial valuation and the pension liability at June 30, 2021 is based on the July 1, 2020 actuarial valuation. The expected total pension liabilities were determined as of June 30, 2022 and 2021 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) Market Conditions

Market volatility has been a key factor in the economy as well as the city's pension plans. Increased market volatility is usually caused by economic or policy factors, including changes in other markets, interest rate hikes, and the Fed's current monetary policy. Political instability and other global events, like a pandemic or a war, can also lead to market volatility.

The city continues to work closely with all stakeholders including the investment consultant, actuary, and other external partners. Continuity, monitoring, and long-term investments are the key areas of focus of the plan.

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, 2022

(Dollars in thousands)

(Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total pension liability:							
Service cost	\$ 10,814	14,237	11,779	11,773	11,925	12,155	12,013
Interest	70,058	65,646	70,940	68,477	65,668	63,123	62,584
Differences between expected and actual experiences	62,329	(8,972)	(11,664)	12,391	(10,855)	4,835	(22,794)
Changes of assumptions	(5,476)	52,742	—	20,135	20,135	—	—
Benefit payments, including refunds of member contributions	<u>(56,593)</u>	<u>(53,035)</u>	<u>(51,680)</u>	<u>(49,819)</u>	<u>(46,898)</u>	<u>(44,510)</u>	<u>(44,000)</u>
Net change in total pension liability	81,132	70,618	19,375	34,253	39,975	35,603	7,803
Total pension liability – beginning	<u>1,061,316</u>	<u>990,698</u>	<u>971,323</u>	<u>937,070</u>	<u>897,095</u>	<u>861,493</u>	<u>853,690</u>
Total pension liability – ending	<u>\$1,142,448</u>	<u>1,061,316</u>	<u>990,698</u>	<u>971,323</u>	<u>937,070</u>	<u>897,096</u>	<u>861,493</u>
Plan fiduciary net position:							
Contributions – employer	\$ 27,626	24,628	15,626	21,194	21,882	17,901	16,454
Contributions – employee	6,331	6,247	6,130	5,980	5,945	5,711	5,667
Net investment income (loss)	(134,870)	235,610	19,489	32,146	68,379	78,247	(9,895)
Other income	1	42	48	—	—	1	150
Benefit payments, including member refunds	(56,593)	(53,035)	(51,680)	(49,819)	(46,898)	(44,510)	(44,000)
Administrative expenses	<u>(996)</u>	<u>(1,181)</u>	<u>(539)</u>	<u>(290)</u>	<u>(683)</u>	<u>(479)</u>	<u>(388)</u>
Net change in plan fiduciary net position	(158,501)	212,311	(10,926)	9,211	48,625	56,871	(32,012)
Plan fiduciary net position – beginning	<u>928,729</u>	<u>716,418</u>	<u>727,344</u>	<u>718,133</u>	<u>669,508</u>	<u>612,637</u>	<u>644,649</u>
Plan fiduciary net position – ending	<u>\$ 770,228</u>	<u>928,729</u>	<u>716,418</u>	<u>727,344</u>	<u>718,133</u>	<u>669,508</u>	<u>612,637</u>
Plan net pension liability – ending	<u>\$ 372,220</u>	<u>132,587</u>	<u>274,280</u>	<u>243,979</u>	<u>218,937</u>	<u>227,588</u>	<u>248,856</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, 2022

(Dollars in thousands)

(Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total pension liability	\$1,142,448	1,061,316	990,698	971,323	937,070	897,096	861,493
Plan fiduciary net position	<u>770,228</u>	<u>928,729</u>	<u>716,418</u>	<u>727,344</u>	<u>718,133</u>	<u>669,508</u>	<u>612,637</u>
Net pension liability	<u>\$372,220</u>	<u>132,587</u>	<u>274,280</u>	<u>243,979</u>	<u>218,937</u>	<u>227,588</u>	<u>248,856</u>
Plan fiduciary net position as a percentage of the total pension liability	67.42 %	87.51 %	72.31 %	74.88 %	76.64 %	74.63 %	71.11 %
Covered-employee payroll	49,225	50,060	49,940	47,197	46,962	47,479	46,918
Net pension liability as a percentage of covered-employee payroll	756.16 %	264.86 %	549.22 %	516.94 %	466.20 %	479.34 %	530.41 %

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, 2022

(Dollars in thousands)

(Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 27,626	24,628	15,626	21,194	21,882	17,901	16,454	20,866	20,656	17,491
Contributions in relation to the actuarially determined contribution	<u>27,626</u>	<u>24,628</u>	<u>15,626</u>	<u>21,194</u>	<u>21,882</u>	<u>17,901</u>	<u>16,454</u>	<u>20,866</u>	<u>20,656</u>	<u>17,491</u>
Contribution deficiency (excess)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Covered-employee payroll	\$ 49,225	50,060	49,940	47,197	46,962	47,479	46,918	47,181	44,508	42,797
Contributions as a percentage of covered-employee payroll	56.12 %	49.20 %	31.29 %	44.91 %	46.60 %	37.70 %	35.07 %	44.23 %	46.41 %	40.87 %

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, 2022

(Dollars in thousands)

(Unaudited)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Annual money-weighted rate of return, net of investment expense	(14.72)%	33.28 %	2.74 %	4.75 %	9.85 %	13.15 %	(1.13)%	0.79 %	21.01 %	15.34 %

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, 2022

(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: Since the prior measurement date, several assumptions have been changed as follows: (1) The assumed disability rates have been reduced from 100% of the Wyatt 1985 Disability Study (Class 4) to 25% of those rates and no disabilities have been assumed to be service connected. (2) The assumed termination and retirement rates were updated based on an experience study covering the period July 1, 2014 through June 30, 2019. (3) The adjustment to reflect unused vacation and sick leave was revised based on an experience study covering the period July 1, 2014 through June 30, 2019. (4) 90% of future terminated vested participants are assumed to choose a refund of their accumulated employee contributions in lieu of any other benefits under the plan. (5) The assumed age difference between participants and their surviving beneficiaries was reduced and 75% of active participants hired after August 31, 2011 are assumed to be eligible for a pre-retirement surviving annuity.

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, 2021
Actuarial-cost method	Entry age normal
Amortization method	Level percentage, closed
Remaining amortization period	21 years
Asset-valuation method	Market value
Inflation rate	2.25%
Salary increases	Age based
Investment rate of return	7.00%