CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Financial Statements and Required Supplemental Schedules

June 30, 2021 and 2020

(With Independent Auditors' Report Thereon)

CITY OF ATLANTA, GEORGIA

POLICE OFFICERS' PENSION PLAN

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KPMG LLP
Suite 2000
303 Peachtree Street, N.E.
Atlanta, GA 30308-3210

Independent Auditors' Report

The City of Atlanta Defined Benefit Pension Investment Board
City of Atlanta, Georgia
Police Officers' Pension Plan:

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Atlanta, Georgia Police Officers' Pension Plan (the Plan), a component unit of the City of Atlanta, Georgia, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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 Police Officers' Pension Plan, a component unit of the City of Atlanta, Georgia, as of June 30, 2021 and 2020, and the changes in its fiduciary net position for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matter

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 3 to 8 and the Schedule of Changes in Net Pension Liability, Schedule of Net Pension Liability and Related Ratios, Schedule of Employer Contributions and Schedule of Investment Returns on pages 30 to 34 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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 15, 2021, on our consideration of the Plan's internal control over financial reporting and on our test 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.

KPMG LLP

Atlanta, Georgia
December 15, 2021

As management, we offer readers of the Police Officers' Pension Plan (the Plan) financial statements, this narrative overview and analysis of the financial activities of the Plan for the year ended June 30, 2021. This overview compares the year ended June 30, 2021 with the year ended June 30, 2020 and the year ended June 30, 2020 with the year ended June 30, 2019. 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's 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, 2021 and 2020, the assets of the Plan exceeded its liabilities by $1.5 billion and $1.15 billion, respectively. This amount represents the Plan's net position.
- The Plan's total net position increased in fiscal year 2021 by $351.1 million or 30.5% as compared with net position at June 30, 2020. The Plan's total net position decreased in fiscal year 2020 by $12.7 million or 1.1% over the net position at June 30, 2019.
- Net investment income increased by $353.4 million compared to fiscal year 2020. Net investment income decreased in 2020 by $32.8 million compared to fiscal year 2019.
- Contributions received from employer and employees totaled $48.1 million in fiscal year 2021 compared to $33.7 million in fiscal year 2020.
- Benefit payments in fiscal year 2021 totaled $76.6 million, an increase of $3.3 million or 4.5% when compared with fiscal year 2020. Benefit payments in fiscal year 2020 totaled $73.3 million, an increase of $3.7 million or 5.3% when compared with fiscal year 2019.

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 Funds. The City's ACFR for the years ended June 30, 2021 and 2020 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 Bard (GASB).

Basic financial statements comprise:

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 event giving rise to the change occurs, regardless of the timing of the related cash flows. Changes would include investment income, employee and employer contributions to the Plan, benefit payments to members, and administrative expenses.

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

Required Supplementary Information. In addition to the *basic financial statements*, this report also presents certain *required supplementary information* concerning the changes in net pension liability, net pension liability and related ratios, employer contributions, and the Plan's money-weighted rate of return. Required supplementary information and related notes can be found following the notes to the financial statements in this report.

Financial Analysis

Net position may serve over time as a useful indicator of financial stability. In the case of the Plan, assets exceeded liabilities by $1.5 billion and $1.15 billion at the close of the years ended June 30, 2021 and 2020. 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, 2021, 2020 and 2019.

Table 1. Police Officers' Pension Plan Net Position, as of June 30, 2021, 2020, and 2019 (dollars in thousands):

	June 30 2021	June 30 2020	Amount change	Percentage change
Assets:				
Cash and deposits	$ 10,370	12,006	(1,636)	(13.6)%
Receivables	5,741	3,508	2,233	63.7
Investments	1,494,827	1,148,626	346,201	30.1
Total assets	1,510,938	1,164,140	346,798	29.8
Liabilities:				
Due to brokers for investments purchased	7,655	11,972	(4,317)	(36.1)
Other	1,659	1,687	(28)	(1.7)
Total liabilities	9,314	13,659	(4,345)	(31.8)
Net position restricted for pensions	$ 1,501,624	1,150,481	351,143	30.5 %

	June 30 2020	June 30 2019	Amount change	Percentage change
Assets:				
Cash and deposits	$ 12,006	9,317	2,689	28.9 %
Receivables	3,508	7,000	(3,492)	(49.9)
Investments	1,148,626	1,151,879	(3,253)	(0.3)
Total assets	1,164,140	1,168,196	(4,056)	(0.3)
Liabilities:				
Due to brokers for investments purchased	11,972	3,658	8,314	227.3
Other	1,687	1,395	292	20.9
Total liabilities	13,659	5,053	8,606	170.3
Net position restricted for pensions	$ 1,150,481	1,163,143	(12,662)	(1.1)%

The net position of the Plan increased by approximately $351.1 million or 30.5% when compared to 2020. This is mainly attributable to the increase in net investment income during fiscal year 2021. Total assets for the Plan increased by $346.8 million or 29.8% compared to 2020. Total cash and investments increased by $344.6 million in addition to a $4.3 million decrease in amounts due to brokers for investments purchased. Investments represent 98.9% of total assets as of June 30, 2021 compared to 98.7% as of June 30, 2020. The Plan's 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.

Table 2. Police Officers' Pension Plan Changes in Net Position, years ended June 30, 2021, June 30, 2020, and June 30, 2019 (dollars in thousands):

	June 30		Amount	Percentage
	2021	2020	change	change
Additions to plan net position:				
Investment income:				
Net appreciation				
in fair value of investments	$ 376,088	19,631	356,457	1,815.8 %
Interest and dividends	7,842	11,270	(3,428)	(30.4)
Less investment expenses	(2,829)	(3,187)	358	(11.2)
Net investment income	381,101	27,714	353,387	1,275.1
Employee contributions	12,354	12,141	213	1.8
Employer contributions	35,709	21,571	14,138	65.5
Other income	4	40	(36)	(90.6)
Total additions	429,168	61,466	367,702	598.2
Deductions from plan net position:				
Benefit payments	76,643	73,313	3,330	4.5
Administrative expense	1,382	815	567	69.6
Total deductions	78,025	74,128	3,897	5.3
Increase (Decrease) in net position restricted for pensions	$ 351,143	(12,662)	363,805	(2,873.2)%
Net position restricted for pensions:				
Beginning of year	$ 1,150,481	1,163,143		
Increase (Decrease)	351,143	(12,662)		
End of year	$ 1,501,624	1,150,481		

(Continued)

	June 30		Amount	Percentage
	2020	2019	change	change
Additions to plan net position:				
Investment income:				
Net appreciation				
in fair value of investments	$ 19,631	48,040	(28,409)	(59.1)%
Interest and dividends	11,270	15,984	(4,714)	(29.5)
Less investment expenses	(3,187)	(3,558)	371	(10.4)
Net investment income	27,714	60,466	(32,752)	(54.2)
Employee contributions	12,141	11,273	868	7.7
Employer contributions	21,571	31,232	(9,661)	(30.9)
Other income	40	—	40	(100)
Total additions	61,466	102,971	(41,505)	(40.3)
Deductions from plan net position:				
Benefit payments	73,313	69,649	3,664	5.3
Administrative expense	815	568	247	43.5
Total deductions	74,128	70,217	3,911	5.6
(Decrease) Increase in net position restricted for pensions	$ (12,662)	32,754	(45,416)	(138.7)%
Net position restricted for pensions:				
Beginning of year	$ 1,163,143	1,130,389		
(Decrease) increase	(12,662)	32,754		
End of year	$ 1,150,481	1,163,143		

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

Total additions to the Plan's net position increased by $367.7 million or 598.2% compared to fiscal 2020. This increase is primarily attributed to the increase in net investment income. Net investment income was $381.1 million for 2021, an increase of $353.4 million compared to fiscal 2020. Employer contributions were $35.7 million for 2021, an increase of $14.1 million compared to fiscal 2020. The investment portfolio comprises 77.2% equities, 20.1% fixed income, 1.9% alternative investments including real estate, and 0.8% short term investments in cash and cash equivalents as of June 30, 2021, compared to 69.2% equities, 24.2% fixed income, 2.3% alternative investments including real estate and 4.3% short term investments in cash and cash equivalents as of June 30, 2020. The overall portfolio return was 33.20% net of fees, for the fiscal year ended June 30, 2021, compared with 2.70%, net of fees, for the fiscal year ended June 30, 2020. The S&P 50 index was 40.80% and 7.50%, respectively, during the same time periods.

Employee contributions to the Plan increased by 1.8% and increased by 7.7%, respectively during 2021 and 2020. Employer contributions increased by $14.1 million, or 65.5%, to $35.7 million due to a higher actuarially determined contribution (ADC) for fiscal 2021. Benefit payments increased by $3.3 million, or 4.5%, to $76.6 million in 2021.

Financial Analysis of June 30, 2020 to June 30, 2019

The net position of the Plan decreased by $12.7 million or 1.1% when compared to 2019. This is mainly attributable to the decrease in net investment income, which was related to investment market performance during fiscal year 2020. Total assets for the Plan decreased by $4.1 million or 0.3% compared to 2019. Total cash and investments decreased by $0.6 million compared to fiscal 2019. Investments represent 98.7% of total assets as June 30, 2020, compared to 98.6% as of June 30, 2019. The Plan's 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.

Total additions to the Plan's net position decreased by $41.5 million or 40.3% compared to fiscal 2019. As mentioned earlier this decrease is primarily attributed to the decrease in net investment income. Net investment income was $27.7 million for 2020, a decrease of $32.8 million compared to fiscal 2019. The investment portfolio comprised of 69.2% equities, 24.2% fixed income, 2.3% alternative investments including real estate and 4.3% short term investments in cash and cash equivalents as of June 30, 2020, compared to 73.7% equities, 22.5% fixed income, 2.6% alternative investments including real estate and 1.2% short term investments in cash and cash equivalents as of June 30, 2019. The overall portfolio return was 2.70% net of fees, for the fiscal year ended June 30, 2020, compared with 5.50%, net of fees, for the fiscal year ended June 30, 2019. The S&P 500 index was 7.50% and 10.40%, respectively during the same time periods.

Employee contributions to the Plan increased by $0.9 million or 7.7% in 2020. Employer contributions decreased by $9.7 million or 30.9% to $21.6 million due to a lower actuarially determined required contribution (ADC) for fiscal 2020. Benefit payments increased by $3.7 million, or 5.3% to $73.3 million in 2020. The increase in benefit payments is primarily the result of increased cost-of-living 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, 11100 City Hall Tower, 68 Mitchell St. SW, Atlanta, Georgia 30303.

CITY OF ATLANTA, GEORGIA

POLICE OFFICERS' PENSION PLAN

Statements of Fiduciary Net Position

June 30, 2021 and 2020

(Dollars in thousands)

	2021	2020
Assets		
Cash and deposits	$ 10,370	12,006
Receivables:		
Contributions receivable from employer	2,977	17
Contributions receivable from employees	474	944
Due from brokers for investments sold	902	1,102
Investment income	1,250	1,316
Other	138	129
Total receivables	5,741	3,508
Investments:		
Short term investments	11,652	49,505
Domestic fixed income securities	299,927	276,521
Domestic equities	1,056,150	728,449
International fixed income securities	607	1,673
International equities	97,990	66,204
Alternative investments:		
Real estate	5,999	5,688
Limited partnerships	22,502	20,586
Total investments	1,494,827	1,148,626
Total assets	1,510,938	1,164,140
Liabilities		
Due to brokers for investments purchased	7,655	11,972
Other	1,659	1,687
Total liabilities	9,314	13,659
Net position restricted for pensions	$ 1,501,624	1,150,481

See accompanying notes to financial statements.

(Continued)

CITY OF ATLANTA, GEORGIA

POLICE OFFICERS' PENSION PLAN

Statements of Changes in Fiduciary Net Position

June 30, 2021 and 2020

(Dollars in thousands)

	2021	2020
Additions:		
Contributions:		
Employer	$ 35,709	21,571
Employee	12,354	12,141
Total contributions	48,063	33,712
Investment income:		
Net appreciation in fair value of investments	376,088	19,631
Interest and dividends	7,842	11,270
Less investment expenses	(2,829)	(3,187)
Net investment income	381,101	27,714
Other	4	40
Total additions	429,168	61,466
Deductions:		
Benefit payments, including refunds of member contributions	76,643	73,313
Administrative expense	1,382	815
Total deductions	78,025	74,128
Net increase (decrease) in net position	351,143	(12,662)
Net position restricted for pensions:		
Beginning of year	1,150,481	1,163,143
End of year	$ 1,501,624	1,150,481

See accompanying notes to financial statements.

(Continued)

(1) Plan Description

City of Atlanta, Georgia Police Officers' Pension Plan (the Plan) was established by a 1924 Act of the State of Georgia Legislature to provide retirement benefits for full-time sworn police officers of the City of Atlanta (the City) Police 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, 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, Georgia's Annual Comprehensive Financial Report (ACFR) as part of the Pension Trust Funds. The City's ACFR for the years ended June 30, 2021 and 2020 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 it's 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 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 contributions, City contributions, and income from the investment of accumulated funds.

Sworn personnel employed by the Atlanta Police 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 City ordinance, but the employer contribution requirement is subject to State minimums.

On November 1, 2011, the sworn personnel of the Police 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 (ADC) 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 Police Department are required to participate in a hybrid defined benefit plan with a mandatory defined contribution component (see discussion below regarding Amendments to Defined Contribution Plan). The defined benefit portions of this plan include a mandatory 8% employee contribution and a 1% multiplier. The retirement age is increased to age 57 for participants in the Plan. Early Retirement Age is changed from any age (as long as vested) with penalty to age 52 for hires after September 1, 2011. Upon retirement, these participants will receive an annually calculated cost of living increase to their pension benefit that may not exceed 1% and is based upon the Consumer Price Index. Sick and vacation leave are no longer applied to retirement benefits for hires after September 1, 2011.

(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 Police 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. 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 by 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 between 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 January 1, 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 workers' 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 workers' 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).

Preretirement 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 for first two years after 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, 2021 and 2020, participation in the Plan was as follows:

	2021	2020
Inactive plan members or beneficiaries currently receiving benefits	1,689	1,662
Inactive plan members entitled to, but not yet receiving benefits	35	26
Active plan members	1,678	1,751
	3,402	3,439

(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 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.

(Continued)

(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, and for carrying out the investment policy on behalf of the Plan.

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

State of Georgia and City statutes authorize the Plan to invest in U.S. government obligations, U.S. government agency obligations, State of Georgia obligations, obligations of a corporation of the U.S. government and the Georgia Fund 1 (a government investment pool maintained by the State of Georgia), 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, Domestic Fixed Income, International Fixed Income, Alternative Investments, and cash equivalents.

The Police Officers' Pension Fund Investment Policy did not change during the fiscal year. The policy may be amended by the Board by a majority vote of its members.

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The below asset allocation target asset mix in effect for fiscal year 2020 remained in effect during fiscal year 2021.

	Fiscal year 2021 and 2020		
	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's 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, 2021 and 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 33.34% and 2.47%, 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.

As of June 30, 2021 and 2020, the Plan had the following fixed income investments (dollars in thousands), with the corresponding credit ratings and maturities:

		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	4,059	7,797	33,520	17,990	8,576	71,942
U.S. government agencies	AA+	—	—	432	—	—	432
U.S. government agencies	AGY	1,599	1	1,242	381	30,547	33,770
Corporate bonds	AAA/A-	4,585	6,611	19,465	31,021	10,269	71,951
Corporate bonds	BBB+/BBB-		3,123	4,518	20,898	7,027	35,566
Asset-backed securities	NR	—	—	2,346	—	—	2,346
CMOs	AAA	—	—	—	—	232	232
CMOs	NR	—	—	—	—	4,341	4,341
State and local obligations	AAA/AA+	—	112	503	—	490	1,105
Commingled Fixed Income	NR	78,849	—	—	—	—	78,849
		89,092	17,644	62,026	70,290	61,482	300,534

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		June 30, 2020					
		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	$ 2,778	11,297	3,725	14,749	10,415	42,964
U.S. government agencies	AA+	5,449	7,688	443	—	—	13,580
U.S. government agencies	AGY	4,239	1,928	42	1,916	26,462	34,587
Corporate bonds	AAA/A-	474	11,414	11,886	33,952	12,011	69,737
Corporate bonds	BBB/BBB-	267	3,979	3,640	27,499	6,879	42,264
Asset-backed securities	AAA	—	—	2,937	—	—	2,937
Asset-backed securities	NR	—	—	2,401	—	—	2,401
CMOs	AAA	—	—	—	—	1,034	1,034
CMOs	NR	—	—	—	—	7,007	7,007
State and local obligations	AAA/AA+	—	162	638	—	509	1,309
Commingled bond fund	NR	60,374	—	—	—	—	60,374
		$ 73,581	36,468	25,712	78,116	64,317	278,194

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 risk for investments is the risk that in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The City requires that uninsured collected balances held in trust by the City for the Plan plus accrued interest in depository accounts be collateralized and that the market value of collateralized pledged securities must be at least 110% of the deposit balances, and 102% of collateral value for repurchase agreements.

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 credit risk as of June 30, 2021 and 2020.

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Concentration Credit Risk.

The Plan does not have a policy regarding the concentration of credit risk. Investments in any one issuer, other than U.S. treasury and government agencies, representing 5% or more of the net position restricted for pensions at June 30, 2021 and 2020 are as follows (dollars in thousands):

Issuer	Investment type	Fair value 2021	Fair value 2020
Johnston International Equity Group	Commingled Equity Fund	134,447	89,852
Artisan Partners Asset Management Inc.	Commingled Equity Fund	96,417	65,324
BlackRock Growth Index Fund	Commingled Equity Fund	676,890	539,528

Foreign Currency Risk.

Foreign currency risk is the risk that changes in 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 provide the value in U.S. dollars by foreign currency denominations and investment type for the Plan investments denominated in foreign currencies as of June 30, 2021 and 2020 (dollars in thousands):

		June 30, 2021		
		Fixed income	Equities	Total
Currency:	Country:			
Euro	Belgium	607	—	607
Total Euro		607	—	607
Canadian Dollar	Canada	—	301	301
Rupee	India	—	1,273	1,273
Various foreign currencies	International Region	—	96,416	96,416
		$ 607	97,990	98,597

		June 30, 2020		
		Fixed income	Equities	Total
Currency:	Country:			
Euro	Belgium	$ 1,673	—	1,673
Total Euro		1,673	—	1,673
Rupee	India	—	880	880
Various foreign currencies	International Region	—	65,324	65,324
		$ 1,673	66,204	67,877

(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
- 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 Net Asset Value (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 financial assets carried at fair value by level within the valuation hierarchy as of June 30, 2021 and 2020 (in thousands):

	2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Short term investments:				
Cash and cash equivalents	$ 11,652	—	—	11,652
Debt securities:				
Asset backed securities	—	6,919	—	6,919
Commingled bond fund	—	78,849	—	78,849
Corporate and Municipal Bonds	—	108,622	—	108,622
U. S. Agency securities	—	34,202	—	34,202
U. S. Treasury securities	71,942	—	—	71,942
Total debt securities	71,942	228,592	—	300,534
Equity securities:				
Commingled equity fund	—	795,278	—	795,278
Common stock	224,415	—	—	224,415
Total equity securities	224,415	795,278	—	1,019,693
Total investments at fair value	$ 308,009	1,023,870	—	1,331,879
Investments measured at NAV:				
Commingled equity funds				134,447
Limited partnerships				22,502
Real estate fund				5,999
Total investments measured at NAV				162,948
Total investments				$ 1,494,827

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	2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Short term investments:				
Cash and cash equivalents	$ 49,505	—	—	49,505
Debt securities:				
Asset backed securities	—	13,379	—	13,379
Commingled bond fund	—	60,374	—	60,374
Corporate and municipal bonds	—	113,310	—	113,310
U. S. agency Securities	—	48,167	—	48,167
U. S. treasury Securities	42,964	—	—	42,964
Total debt securities	42,964	235,230	—	278,194
Equity securities:				
Commingled equity fund	—	557,115	—	557,115
Common stock	147,685	—	—	147,685
Total equity securities	147,685	557,115	—	704,800
Total investments at fair value	$ 240,154	792,345	—	1,032,499
Investments measured at NAV:				
Commingled equity funds				89,853
Private equity funds				20,586
Real estate fund				5,688
Total investments measured at NAV				116,127
Total investments				$ 1,148,626

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 prices 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 determinable fair value are valued using the NAV provided by the general partner/investment manager as of the end of the fiscal year. 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 of Trustees policies permit the Plan to lend its securities to broker dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. As of June 30, 2021 and 2020, the Plan has no credit risk exposure related to securities lending.

(d) Alternative Investments

The Board has authorized the Plan to invest in alternative investments. As of June 30, 2021 and 2020, a total of $22,502,025 and $20,585,810 respectively, are included in alternative investments as part of the limited partnership agreement. The Plan may not voluntarily withdraw from the limited 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, 2021, 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	$ 2,795,486	not eligible	not eligible

As of June 30, 2021, GrayCo Alternative Partners II, LP have total Capital Commitments of $21,000,000 of which $2,715,486 is unfunded and Pharos Capital Partners III LP have total Capital Commitments of $4,000,000 of which $80,000 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, 2021 and 2020, a total of $5,999,374 and $5,688,173, respectively, are considered to be real estate investments.

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

(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, 2021 and 2020 and the actual contributions made are as follows (dollars in thousands):

	2021
Service cost	26.32 %
Amortization of the unfunded actuarial accrued liability	23.28
Total required contributions as a percentage of covered payroll	49.60 %
Actual employee contributions:	
Dollar amount	$ 12,354
Percent of covered payroll	12.05 %
Actual employer contributions:	
Dollar amount	$ 35,709
Percent of covered payroll	34.84 %

	2020
Service cost	22.42 %
Amortization of the unfunded actuarial accrued liability	23.37
Total required contributions as a percentage of covered payroll	45.79 %
Actual employee contributions:	
Dollar amount	$ 12,141
Percent of covered payroll	12.79 %
Actual employer contributions:	
Dollar amount	$ 21,571
Percent of covered payroll	22.72 %

The annual covered payroll for the City Police was approximately $102,498,000 and $94,943,000, respectively, for the years ended June 30, 2021 and 2020. 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.

(Continued)

(5) Contributions Receivable

(a) Employer

Employer contributions receivable represents Actual Determined Contributions owed, but not yet remitted to the Plan by the City. Total contributions receivable from the employer was $2,977,359 and $16,966, respectively, as of June 30, 2021 and 2020.

(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 $473,938 and $944,020, respectively, as of June 30, 2021 and 2020.

(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. 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, 2021 and 2020 were as follows:

	2021	**2020**
Total pension liability	1,667,649	1,524,959
Fiduciary net position	1,501,624	1,150,481
Net pension liability	$ 166,025	374,478
Fiduciary net position as a percentage of total pension liability	90.04 %	75.44 %

(a) Actuarial Assumptions

The total pension liability was determined by the actuarial valuation as of July 1, 2020 for 2021 and as of July 1, 2019 for 2020, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.25%
Salary increases	Age-based for 2021 and 4.00% for 2020
Investment rate of return	6.69% for 2021 and 7.41% for 2020 investment expense, including inflation
Actuarial Cost Method	Entry age normal

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

In 2020, 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-2017; deaths prior to retirement are assumed not to be service-related.

In 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 2.5% per year for employees hired before September 1, 2011.

In 2020, 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 2.5% 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 2021 the assumed increase in future plan compensation was changed from a flat 4% per year to an age-based schedule of increases starting at 10% per year for employees under age 25 graded down to 3% per year for employees age 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, 2021 and 2020 is summarized in the following table:

Asset class	Target allocation	Expected long-term real rate of return
Domestic large-cap equity	19.00 %	6.91 %
Domestic mid-cap equity	12.00	8.91
Domestic small-cap equity	11.00	5.01
International equity	28.00	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 6.69% and 7.41% was applied in the measurement of the total pension liability as of June 30, 2021 and 2020, respectively. The rate reflects current economic conditions. 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 of the Plan as of June 30, 2021 and 2020, calculated using the discount rate of 6.69% and 7.41% respectively, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.69% and 6.41% respectively) or 1-percentage-point higher (7.69% and 8.41% respectively) than the current rate (dollars in thousands):

	2021		
	1% Decrease 5.69%	Current discount rate 6.69%	1% Increase 7.69%
Total pension liability	$ 1,905,535	$ 1,667,649	1,475,179
Less fiduciary net position	1,501,624	1,501,624	1,501,624
Net pension liability	$ 403,911	166,025	(26,445)

(Continued)

	2020		
	1% Decrease 6.41%	Current discount rate 7.41%	1% Increase 8.41%
Total pension liability	$ 1,734,993	1,524,959	1,354,602
Less fiduciary net position	1,150,481	1,150,481	1,150,481
Net pension liability	$ 584,512	374,478	204,121

(d) Actual Valuation Date

The total pension liability at June 30, 2021 is based on July 1, 2020 actuarial valuation and the pension liability at June 30, 2020 is based on the July 1, 2019 actuarial valuation. The expected total pension liabilities were determined as of June 30, 2021 and 2020 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) Covid-19 Pandemic

The COVID-19 pandemic has significantly disrupted financial markets, economies, and other events during the fiscal years ending June 30, 2021 and 2020. As noted in the investment risk disclosure, investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would affect the amounts reported in the statements of fiduciary net position and statements of changes in fiduciary net position.

The actuarial valuation of the Police Pension Plan is based on certain assumptions pertaining to interest rates and employee demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions will occur in the near term and, due to the uncertainties inherent in setting assumptions, such changes could affect the valuation.

Management of the Plan currently expects to be able to continue to meet immediate contribution requirements, however, the long-term impact of the effects of the COVID-19 pandemic to the Plan are currently not known. The extent of the adverse impact of the COVID-19 pandemic on the Plan's net position and actuarial valuation of the Plan cannot be reasonably estimated at this time.

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

(See Accompanying Independent Auditors' Report)

CITY OF ATLANTA, GEORGIA

POLICE OFFICERS' PENSION PLAN

Required Supplementary Information

Schedule of Changes in Net Pension Liability

Year ended June 30, 2021

(Dollars in thousands)

(Unaudited)

		2021	2020	2019	2018	2017	2016
Total pension liability:							
Service cost	$	26,974	21,287	19,836	21,230	24,887	21,573
Interest	$	101,316	108,027	105,604	102,549	97,265	95,436
Changes of benefit terms	$	—	—	—			
Differences between expected and actual experiences	$	—	—	—	—		
Demographic experience	$	(1,358)	(3,318)	(6,683)	(42,971)	16,627	(34,253)
Changes of assumptions	$	92,401	—	(16,496)	30,506		
Benefit payments, including refunds of member contributions		(76,643)	(73,313)	(69,649)	(65,785)	(62,484)	(59,823)
Net change in total pension liability		142,690	52,683	32,612	45,529	76,295	22,933
Total pension liability – beginning		1,524,959	1,472,276	1,439,664	1,394,135	1,317,840	1,294,907
Total pension liability – ending		1,667,649	1,524,959	1,472,276	1,439,664	1,394,135	1,317,840
Plan fiduciary net position:							
Contributions – employer		35,709	21,571	31,232	34,176	27,493	25,441
Contributions – employee		12,354	12,141	11,273	10,555	10,830	11,825
Net investment income		381,101	27,714	60,466	100,532	125,938	(10,177)
Other income		4	40	—	76	—	193
Benefit payments, including member refunds		(76,643)	(73,313)	(69,649)	(65,785)	(62,484)	(59,823)
Administrative expenses		(1,382)	(815)	(568)	(836)	(521)	(429)
Net change in plan fiduciary net position		351,143	(12,662)	32,754	78,718	101,256	(32,970)
Plan fiduciary net position – beginning		1,150,481	1,163,143	1,130,389	1,051,671	950,415	983,385
Plan fiduciary net position – ending		1,501,624	1,150,481	1,163,143	1,130,389	1,051,671	950,415
Plan net pension liability – ending	$	166,025	374,478	309,133	309,275	342,464	367,425

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.

Required Supplementary Information

Schedule of Net Pension Liability and Related Ratios

Year ended June 30, 2021

(Dollars in thousands)

(Unaudited)

	2021	2020	2019	2018	2017	2016
Total pension liability	1,667,649	1,524,959	1,472,276	1,439,664	1,394,134	1,317,840
Plan fiduciary net position	1,501,624	1,150,481	1,163,143	1,130,389	1,051,671	950,415
Net pension liability	$ 166,025	374,478	309,133	309,275	342,463	367,425
Plan fiduciary net position as a percentage of the total pension liability	90.04 %	75.44 %	79.00 %	78.52 %	75.44 %	72.12 %
Covered-employee payroll	$ 102,498	94,943	88,768	90,948	104,788	92,965
Net pension liability as a percentage of covered-employee payroll	161.98 %	394.42 %	348.25 %	340.06 %	326.82 %	395.23 %

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

POLICE OFFICERS' PENSION PLAN

Required Supplementary Information

Schedule of Employer Contributions

Year ended June 30, 2021

(Dollars in thousands)

(Unaudited)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	$ 35,709	21,571	31,232	34,176	27,493	25,441	32,693	30,197	26,525	33,748
Contributions in relation to the actuarially determined contribution	35,709	21,571	31,232	34,176	27,493	25,441	32,693	30,197	26,525	33,748
Contribution deficiency (excess)	$ —	—	—	—	—	—	—	—	—	—
Covered-employee payroll	$102,498	94,943	88,768	90,948	104,788	92,965	93,836	91,840	88,297	73,688
Contributions as a percentage of covered-employee payroll	34.84 %	22.72 %	35.18 %	37.58 %	26.24 %	27.37 %	34.84 %	32.88 %	30.04 %	45.80 %

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

Required Supplementary Information

Schedule of Investment Returns

Year ended June 30, 2021

(Dollars in thousands)

(Unaudited)

	2021	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**
Annual money-weighted rate of return, net of investment expense	33.34 %	2.47 %	5.74 %	10.00 %	14.19 %	(0.71)%	1.22 %	21.37 %	15.73 %	0.99 %

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

(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, the assumed increase in future plan compensation was changed from a flat 4.00% per year to an age-based schedule of increases starting at 10.00% per year for employees under age 25 graded down to 3.00% per year for employees age 60 and older: the mortality improvement scale was updated from Scale MP-2017 to Scale MP-2020, for purposes of determining the automatic cost-of living adjustment, future inflation has been reduced from 2.50% per year to 2.25% per year, and the discount rate was changed from 7.41% to 6.69%.

In the June 30, 2018 valuation, the mortality basis was updated from the RE-2000 Blue Collar Mortality Table with generational mortality projections using Scale AA to the PUB-2010 Public Safety Mortality Table with generational mortality projections using Scale MP-2017.

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, 2020
Actuarial cost method	Entry age normal
Amortization method	Level percentage, closed
Remaining amortization period	22 years
Asset valuation method	Market value
Inflation rate	2.25%
Salary increases	Age-based
Investment rate of return	6.69%