

**CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN**

Financial Statements and Required Supplemental Schedules

June 30, 2023 and 2022

(With Independent Auditors' Report Thereon)



CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' 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
Police Officers' 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 Police Officers' Pension Plan (the "Plan") (a fiduciary component unit of the City of Atlanta, Georgia) as of and for the years ended June 30, 2023 and 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 Police Officers' Pension Plan (a fiduciary component unit of the City of Atlanta, Georgia), as of June 30, 2023 and 2022, and the respective change in its fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Police Officers' Pension Plan and do not purport to, and do not present fairly, the financial position of the City of Atlanta, as of June 30, 2023 and 2022, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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 35 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 15, 2023, 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 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 Plan's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 15, 2023

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN
Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

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, 2023. This overview compares the year ended June 30, 2023 with the year ended June 30, 2022 and the year ended June 30, 2022 with the year ended June 30, 2021. 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, 2023 and 2022, the assets of the Plan exceeded its liabilities by \$1.4 billion and \$1.3 billion, respectively. This amount represents the Plan's net position.
- The Plan's total net position increased in fiscal year 2023 by \$91.0 million or 7.1% as compared with net position at June 30, 2022. The Plan's total net position decreased in fiscal year 2022 by \$226.4 million or 15.1% when compared to the net position at June 30, 2021.
- Net investment income increased by \$322.2 million compared to fiscal year 2022. Net investment income decreased in 2022 by \$581.9 million compared to fiscal year 2021.
- Contributions received from employer and employees totaled \$54.6 million in fiscal year 2023 compared to \$54.5 million in fiscal year 2022.
- Benefit payments in fiscal year 2023 totaled \$84.4 million, an increase of \$5.3 million or 6.6% when compared with fiscal year 2022. Benefit payments in fiscal year 2022 totaled \$79.1 million, an increase of \$2.5 million or 3.2% when compared with fiscal year 2021.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN
Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

The Plan is considered a fiduciary component unit 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, 2023 and 2022 should be read in conjunction with these financial statements.

Fiduciary component units are included in fiduciary funds which 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 *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 \$1.4 billion and \$1.3 billion at the close of the years ended June 30, 2023 and 2022. Table 1 summarizes the major categories of assets, liabilities, and net position for the years ended June 30, 2023, 2022, and 2021. Table 2 summarizes the changes in the Plan's net position for the years ended June 30, 2023, 2022 and 2021.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN
Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

Table 1. Police Officers' Pension Plan Net Position, as of June 30, 2023, 2022, and 2021 (dollars in thousands):

	June 30		Amount change	Percentage change
	2023	2022		
Assets:				
Cash and deposits	\$ 29,185	59,386	(30,201)	(50.9)%
Receivables	10,227	27,714	(17,487)	(63.1)
Investments	1,331,423	1,229,057	102,366	8.3
Total assets	<u>1,370,835</u>	<u>1,316,157</u>	<u>54,678</u>	4.2
Liabilities:				
Due to brokers for investments purchased	3,630	39,569	(35,939)	(90.8)
Other	981	1,320	(339)	(25.7)
Total liabilities	<u>4,611</u>	<u>40,889</u>	<u>(36,278)</u>	(88.7)
Net position restricted for pensions	<u>\$ 1,366,224</u>	<u>1,275,268</u>	<u>90,956</u>	7.1 %
	June 30		Amount change	Percentage change
	2022	2021		
Assets:				
Cash and deposits	\$ 59,386	10,370	49,016	472.7 %
Receivables	27,714	5,741	21,973	382.7
Investments	1,229,057	1,494,827	(265,770)	(17.8)
Total assets	<u>1,316,157</u>	<u>1,510,938</u>	<u>(194,781)</u>	(12.9)
Liabilities:				
Due to brokers for investments purchased	39,569	7,655	31,914	416.9
Other	1,320	1,659	(339)	(20.4)
Total liabilities	<u>40,889</u>	<u>9,314</u>	<u>31,575</u>	339.0
Net position restricted for pensions	<u>1,275,268</u>	<u>1,501,624</u>	<u>(226,356)</u>	(15.1)%

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN
Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

The net position of the Plan increased by approximately \$91.0 million or 7.1% when compared to 2022. This is mainly attributable to the increase in net investment income during fiscal year 2023. Total assets for the Plan increased by \$54.7 million or 4.2% compared to 2022. Total cash and investments increased by \$72.2 million. Investments represent 97.1% of total assets as of June 30, 2023 compared to 93.4% as of June 30, 2022. 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, 2023, June 30, 2022, and June 30, 2021 (dollars in thousands):

	June 30		Amount change	Percentage change
	2023	2022		
Additions to plan net position:				
Investment income:				
Net appreciation (depreciation)				
in fair value of investments	\$ 110,787	(209,811)	320,598	152.8 %
Interest and dividends	12,715	11,569	1,146	9.9
Less investment expenses	(2,128)	(2,543)	415	16.3
Net investment income (expense)	<u>121,374</u>	<u>(200,785)</u>	<u>322,159</u>	160.4
Employee contributions	13,644	12,969	675	5.2
Employer contributions	40,974	41,500	(526)	(1.3)
Other income	177	3	174	5,800.0
Total additions, net	<u>176,169</u>	<u>(146,313)</u>	<u>322,482</u>	220.4
Deductions from plan net position:				
Benefit payments	84,354	79,097	5,257	6.6
Administrative expense	859	946	(87)	(9.2)
Total deductions	<u>85,213</u>	<u>80,043</u>	<u>5,170</u>	6.5
Increase (Decrease) in net position restricted for pensions	<u>\$ 90,956</u>	<u>(226,356)</u>	<u>317,312</u>	140.2 %
Net position restricted for pensions:				
Beginning of year	\$ 1,275,268	1,501,624		
Increase (Decrease)	<u>90,956</u>	<u>(226,356)</u>		
End of year	<u>\$ 1,366,224</u>	<u>1,275,268</u>		

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN
Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

	June 30		Amount change	Percentage change
	2022	2021		
Additions to plan net position:				
Investment income:				
Net appreciation (depreciation) in fair value of investments	\$ (209,811)	376,088	(585,899)	(155.8)%
Interest and dividends	11,569	7,842	3,727	47.5
Less investment expenses	<u>(2,543)</u>	<u>(2,829)</u>	<u>286</u>	(10.1)
Net investment income (expense)	<u>(200,785)</u>	<u>381,101</u>	<u>(581,886)</u>	(152.7)
Employee contributions	12,969	12,354	615	5.0
Employer contributions	41,500	35,709	5,791	16.2
Other income	<u>3</u>	<u>4</u>	<u>(1)</u>	(25.0)
Total additions	<u>(146,313)</u>	<u>429,168</u>	<u>(575,481)</u>	(134.1)
Deductions from plan net position:				
Benefit payments	79,097	76,643	2,454	3.2
Administrative expense	<u>946</u>	<u>1,382</u>	<u>(436)</u>	(31.5)
Total deductions	<u>80,043</u>	<u>78,025</u>	<u>2,018</u>	2.6
(Decrease) Increase in net position restricted for pensions	<u>\$ (226,356)</u>	<u>351,143</u>	<u>(577,499)</u>	(164.5)%
Net position restricted for pensions:				
Beginning of year	\$ 1,501,624	1,150,481		
(Decrease) increase	<u>(226,356)</u>	<u>351,143</u>		
End of year	<u>\$ 1,275,268</u>	<u>1,501,624</u>		

Financial Analysis of June 30, 2023 to June 30, 2022

Total additions to the Plan's net position increased by \$322.5 million or 220.4% compared to fiscal 2022. This increase is primarily attributed to the increase in net investment income. Net investment income was \$121.4 million for 2023, an increase of \$322.2 million compared to fiscal 2022 which is primarily attributed to the volatility of the market. Employer contributions were \$41.0 million for 2023, an increase of \$0.5 million compared to fiscal 2022. The investment portfolio comprises 70.8% equities, 26.7% fixed income, 2.0% alternative investments including real estate, and 0.5% short term investments in cash and cash equivalents as of June 30, 2023, compared to 66.6% equities, 29.2% fixed income, 2.7% alternative investments including real estate and 1.5% short term investments in cash and cash equivalents as of June 30, 2022. The overall portfolio return was 9.77% net of fees, for the fiscal year ended June 30, 2023, compared with (13.51)% net of fees, for the fiscal year ended June 30, 2022. The S&P 500 index was 19.59% and (10.62)%, respectively, during the same time periods.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN
Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

Employee contributions to the Plan increased by 5.2% and 5.0%, respectively during 2023 and 2022. Employer contributions decreased by \$0.5 million, or 1.3%, to \$41.0 million due to a lower actuarially determined contribution (ADC) for fiscal 2023. Benefit payments increased by \$5.3 million, or 6.6%, to \$84.4 million in 2023.

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

The net position of the Plan decreased by \$226.4 million or 15.1% when compared to 2021. This is mainly attributable to the decrease in net investment income, during fiscal year 2022. Total assets for the Plan decreased by \$194.8 million or 12.9% compared to 2021. Total cash and investments decreased by \$216.8 million in addition to a \$31.9 million increase in amounts due to brokers for investments purchased. Investments represent 93.4% of total assets as June 30, 2022, compared to 98.9% as of June 30, 2021. 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 \$575.5 million or 134.1% compared to fiscal 2021. This decrease is primarily attributed to the decrease in net investment income. Net investment income was \$(200.8) million for 2022, a decrease of \$581.9 million compared to fiscal 2021 which is primarily attributed to the volatility of the market. Employer contributions were \$41.5 million for 2022, an increase of \$5.8 million compared to fiscal 2021. The investment portfolio comprises 66.6% equities, 29.2% fixed income, 2.7% alternative investments including real estate and 1.5% short term investments in cash and cash equivalents as of June 30, 2022, compared to 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. The overall portfolio return was (13.51)% net of fees, for the fiscal year ended June 30, 2022, compared with 33.20%, net of fees, for the fiscal year ended June 30, 2021. The S&P 500 index was (10.62)% and 40.80%, respectively during the same time periods.

Employee contributions to the Plan increased by \$0.6 million or 5.0% in 2022. Employer contributions increased by \$5.8 million or 16.2% to \$41.5 million due to a higher actuarially determined contribution (ADC) for fiscal 2022. Benefit payments increased by \$2.5 million, or 3.2% to \$79.1 million in 2022.

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 14106, Atlanta, Georgia 30303.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN
Statements of Fiduciary Net Position
June 30, 2023 and 2022
(Dollars in thousands)

	2023	2022
Assets		
Cash and deposits	\$ 29,185	59,386
Receivables:		
Contributions receivable from employer	3,440	2,028
Contributions receivable from employees	512	497
Due from brokers for investments sold	3,355	23,117
Investment income	2,004	1,729
Other	916	343
Total receivables	10,227	27,714
Investments:		
Short term investments	7,241	18,508
Domestic fixed income securities	353,037	356,314
Domestic equities	838,180	731,661
International fixed income securities	1,948	2,161
International equities	104,543	87,102
Alternative investments:		
Real estate	15,236	18,110
Limited partnerships	11,238	15,201
Total investments	1,331,423	1,229,057
Total assets	1,370,835	1,316,157
Liabilities		
Due to brokers for investments purchased	3,630	39,569
Other	981	1,320
Total liabilities	4,611	40,889
Net position restricted for pensions	\$ 1,366,224	1,275,268

See accompanying notes to financial statements.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN
Statements of Changes in Fiduciary Net Position
For the years ended June 30, 2023 and 2022
(Dollars in thousands)

	2023	2022
Additions:		
Contributions:		
Employer	\$ 40,974	41,500
Employee	13,644	12,969
Total contributions	54,618	54,469
Investment income:		
Net appreciation (depreciation) in fair value of investments	110,787	(209,811)
Interest and dividends	12,715	11,569
Less investment expenses	(2,128)	(2,543)
Net investment income (expense)	121,374	(200,785)
Other	177	3
Total additions, net	176,169	(146,313)
Deductions:		
Benefit payments, including refunds of member contributions	84,354	79,097
Administrative expense	859	946
Total deductions	85,213	80,043
Net increase (decrease) in net position	90,956	(226,356)
Net position restricted for pensions:		
Beginning of year	1,275,268	1,501,624
End of year	\$ 1,366,224	1,275,268

See accompanying notes to financial statements.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Notes to Financial Statements

June 30, 2023 and 2022

(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 component unit 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, 2023 and 2022 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 Independent School System's Board, 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 School System's 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

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Notes to Financial Statements

June 30, 2023 and 2022

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.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Notes to Financial Statements

June 30, 2023 and 2022

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).

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Notes to Financial Statements

June 30, 2023 and 2022

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, 2023 and 2022, participation in the Plan was as follows:

	2023	2022
Inactive plan members or beneficiaries currently receiving benefits	1,718	1,685
Inactive plan members entitled to, but not yet receiving benefits	428	349
Active plan members	1,589	1,575
	3,735	3,609

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Notes to Financial Statements

June 30, 2023 and 2022

(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.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Notes to Financial Statements

June 30, 2023 and 2022

(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, Fixed Income, Alternative Investments, and cash equivalents.

There were changes to the investment policy in fiscal year 2023 related to the asset allocation target asset mix. These changes were not implemented during fiscal year 2023 and will be phased in over the next fiscal year. The policy may be amended by a majority vote of the Board members.

The remainder of this page is intentionally left blank

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Notes to Financial Statements

June 30, 2023 and 2022

Below is the asset allocation target assets mix in effect during fiscal years June 2023 and 2022.

	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
Domestic equity:			
Large cap	14 %	19 %	24 %
Mid cap	7	12	17
Small cap	6	11	16
International equity:			
Developed large cap	9	14	19
Non-U.S. small cap	—	5	10
Emerging markets equity	4	9	14
Alternative investments	— %	5 %	5 %
Fixed income:			
Broad fixed income	20 %	25 %	30 %

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, 2023 and 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 9.77% and (13.45)%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

June 30, 2023 and 2022

(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, 2023 and 2022, the Plan had the following fixed income investments (dollars in thousands), with the corresponding credit ratings and maturities:

Type of investments	Credit rating	June 30, 2023					Fair value
		Maturity					
		Under 1 year	1-3 Years	3-5 Years	5-10 Years	Over 10 years	
U.S. treasury securities	Exempt	1,515	17,729	36,342	11,740	13,916	81,242
U.S. government agencies	AA+	—	386	—	—	—	386
U.S. government agencies	AGY	—	964	61	1,261	77,200	79,486
Corporate bonds	AAA/AA+	1,322	10,103	1,226	12,726	18,110	43,487
Corporate bonds	BBB+/BBB-	375	3,324	1,015	12,177	5,868	22,759
Asset-backed securities	AAA	—	1,037	4,502	—	—	5,539
Asset-backed securities	NR	—	1,294	4,250	—	—	5,544
CMOs	AAA	—	—	—	—	38	38
CMOs	NR	—	—	—	—	288	288
State and local obligations	AAA/AA+	—	218	—	—	4,020	4,238
Commingled Fixed Income	NR	111,978	—	—	—	—	111,978
		<u>115,190</u>	<u>35,055</u>	<u>47,396</u>	<u>37,904</u>	<u>119,440</u>	<u>354,985</u>

The remainder of this page intentionally left blank

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Notes to Financial Statements

June 30, 2023 and 2022

Type of investments	Credit rating	June 30, 2022					Fair value
		Maturity					
		Under 1 year	1-3 Years	3-5 Years	5-10 Years	Over 10 years	
U.S. treasury securities	Exempt	—	9,909	41,219	26,558	10,538	88,224
U.S. government agencies	AA+	—	—	398	—	—	398
U.S. government agencies	AGY	—	14	1,100	1,520	29,146	31,780
Corporate bonds	AAA/A-	721	14,047	26,839	28,377	9,520	79,504
Corporate bonds	BBB+/BBB-	—	2,402	3,661	28,069	7,776	41,908
Asset-backed securities	NR	—	2,255	—	—	—	2,255
CMOs	AAA	—	—	—	—	152	152
CMOs	NR	—	—	—	—	1,718	1,718
State and local obligations	AAA/AA+	56	355	—	—	392	803
Commingled Fixed Income	NR	111,733	—	—	—	—	111,733
		<u>\$ 112,510</u>	<u>\$ 28,982</u>	<u>\$ 73,217</u>	<u>\$ 84,524</u>	<u>\$ 59,242</u>	<u>\$ 358,475</u>

Custodial Credit Risk.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Plan will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Custodial credit 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, 2023 and 2022.

The remainder of this page is intentionally left blank

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Notes to Financial Statements

June 30, 2023 and 2022

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, 2023 and 2022 are as follows (dollars in thousands):

Issuer	Investment type	Fair value	
		2023	2022
BlackRock Mid Cap Equity Fund	Commingled Equity Fund	\$ 209,001	\$ —
BlackRock MSCI ACWI Min Vol Index Fund	Commingled Equity Fund	155,512	—
Johnston International Equity Group	Commingled Equity Fund	72,538	\$ 64,670
Artisan Partners Asset Management Inc.	Commingled Equity Fund	91,958	74,789
BlackRock Growth Index Fund	Commingled Equity Fund	244,877	621,416
BlackRock US Debt Index Fund	Commingled Bond Fund	91,523	—

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, 2023 and 2022 (dollars in thousands):

		June 30, 2023		
		Fixed income	Equities	Total
Currency:	Country:			
Canadian Dollar	Canada	\$ 1,948	—	1,948
Rupee	India	—	497	497
Various foreign currencies	International Region	—	104,046	104,046
Total securities subject to foreign currency risk		\$ 1,948	104,543	106,491

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

June 30, 2023 and 2022

		June 30, 2022		
		Fixed income	Equities	Total
Currency:	Country:			
Euro	Belgium	\$ 942	247	1,189
Total Euro		942	247	1,189
Canadian Dollar	Canada	1,219	551	1,770
Rupee	India	—	580	580
Various foreign currencies	International Region	—	85,037	85,037
Israeli new shekel	Israel	—	210	210
Norwegian Krone	Norway	—	257	257
Pound Sterling	United Kingdom	—	220	220
Total securities subject to foreign currency risk		\$ 2,161	87,102	89,263

(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.

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

June 30, 2023 and 2022

The following tables present the financial assets carried at fair value by level within the valuation hierarchy as of June 30, 2023 and 2022 (in thousands):

	2023			Total
	Level 1	Level 2	Level 3	
Short term investments:				
Cash and cash equivalents	\$ 7,241	—	—	7,241
Debt securities:				
Asset backed securities	—	11,409	—	11,409
Commingled bond fund	—	111,978	—	111,978
Corporate and Municipal Bonds	—	70,484	—	70,484
U. S. Agency securities	—	79,872	—	79,872
U. S. Treasury securities	81,242	—	—	81,242
Total debt securities	<u>81,242</u>	<u>273,743</u>	<u>—</u>	<u>354,985</u>
Equity securities:				
Commingled equity fund	—	764,469	—	764,469
Common stock	105,716	—	—	105,716
Total equity securities	<u>105,716</u>	<u>764,469</u>	<u>—</u>	<u>870,185</u>
Total investments at fair value	<u>\$ 194,199</u>	<u>1,038,212</u>	<u>—</u>	<u>1,232,411</u>
Investments measured at NAV:				
Commingled equity funds				72,538
Private Equity Fund				11,238
Real estate fund				<u>15,236</u>
Total investments measured at NAV				<u>99,012</u>
Total investments				<u>\$ 1,331,423</u>

The remainder of this page is intentionally left blank

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Notes to Financial Statements

June 30, 2023 and 2022

	2022			
	Level 1	Level 2	Level 3	Total
Short term investments:				
Cash and cash equivalents	\$ 18,508	—	—	18,508
Debt securities:				
Asset backed securities	—	4,125	—	4,125
Commingled bond fund	—	111,733	—	111,733
Corporate and municipal bonds	—	122,215	—	122,215
U. S. agency Securities	—	32,178	—	32,178
U. S. treasury Securities	88,224	—	—	88,224
Total debt securities	88,224	270,251	—	358,475
Equity securities:				
Commingled equity fund	—	633,882	—	633,882
Common stock	120,210	—	—	120,210
Total equity securities	120,210	633,882	—	754,092
Total investments at fair value	\$ 226,942	904,133	—	1,131,075
Investments measured at NAV:				
Commingled equity funds				64,671
Limited partnerships				15,201
Real estate fund				18,110
Total investments measured at NAV				97,982
Total investments				\$ 1,229,057

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.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Notes to Financial Statements

June 30, 2023 and 2022

(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, 2023 and 2022, 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, 2023 and 2022, a total of \$11,238,098 and \$15,201,437 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, 2023, 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, 2023, 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, 2023 and 2022, a total of \$15,235,765 and \$18,109,553, respectively, are considered to be real estate investments.

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

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Notes to Financial Statements

June 30, 2023 and 2022

(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, 2023 and 2022 and the actual contributions made are as follows (dollars in thousands):

	<u>2023</u>
Service cost	21.26 %
Amortization of the unfunded actuarial accrued liability	27.88
Total required contributions as a percentage of covered payroll	<u>49.14 %</u>
Actual employee contributions:	
Dollar amount	\$ 13,644
Percent of covered payroll	12.55 %
Actual employer contributions:	
Dollar amount	\$ 40,974
Percent of covered payroll	37.69 %
	<u>2022</u>
Service cost	22.32 %
Amortization of the unfunded actuarial accrued liability	26.33
Total required contributions as a percentage of covered payroll	<u>48.65 %</u>
Actual employee contributions:	
Dollar amount	\$ 12,969
Percent of covered payroll	12.58 %
Actual employer contributions:	
Dollar amount	\$ 41,500
Percent of covered payroll	40.25 %

The annual covered payroll for the City Police was approximately \$108,701,000 and \$103,112,000, respectively, for the years ended June 30, 2023 and 2022. 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, 2023 and 2022 were 38.58% and 39.31% respectively. Employer dollar contributions agreed to amounts provided by the actuary at the end of each year.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Notes to Financial Statements

June 30, 2023 and 2022

(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 \$3,439,967 and \$2,028,429, respectively, as of June 30, 2023 and 2022.

(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 \$512,437 and \$496,535, respectively, as of June 30, 2023 and 2022.

(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, 2023 and 2022 were as follows:

	2023	2022
Total pension liability	\$1,907,764	\$1,818,218
Fiduciary net position	1,366,224	1,275,268
Net pension liability	\$ 541,540	\$ 542,950
Fiduciary net position as a percentage of total pension liability	71.61 %	70.14 %

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Notes to Financial Statements

June 30, 2023 and 2022

(a) Actuarial Assumptions

The total pension liability was determined by the actuarial valuation as of July 1, 2022 for 2023 and as of July 1, 2021 for 2022, using the following actuarial assumptions, applied to all periods included in the measurement.

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

In 2023 and 2022, the 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 2023 and 2022, the Plan provides for an annual cost-of-living adjustment based on the CPI limited to 1.00% 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 2023 and 2022 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, with respect to active participants hired prior to September 1, 2011, retirement benefits are increased by 7.50% to account for unused vacation pay and are increased by an additional 3.00% to account for unused sick leave pay and an additional 0.50 of a year of service is added to total service before the application of the service cap; with respect to all other active participants, retirement benefits are increased by 2.25% to account for unused vacation pay.

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

June 30, 2023 and 2022

Estimates of real rates of return for each major asset class included in the Plan's target asset allocation as of June 30, 2023 and 2022 is summarized in the following table:

<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	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
	<u>100.00 %</u>	

(b) Discount Rate

A discount rate of 6.69% was applied in the measurement of the total pension liability as of June 30, 2023 and 2022, 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, 2023 and 2022, calculated using the discount rate of 6.69%, 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%) or 1-percentage-point higher (7.69%) than the current rate (dollars in thousands):

	2023		
		Current	
	1% Decrease 5.69%	discount rate 6.69%	1% Increase 7.69%
Total pension liability	\$ 2,179,780	\$ 1,907,764	\$ 1,687,420
Less fiduciary net position	1,366,224	1,366,224	1,366,224
Net pension liability	<u>\$ 813,556</u>	<u>\$ 541,540</u>	<u>\$ 321,196</u>

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Notes to Financial Statements

June 30, 2023 and 2022

	2022		
	1% Decrease	Current	1% Increase
	5.69%	discount rate	7.69%
	6.69%	6.69%	7.69%
Total pension liability	\$ 2,080,138	\$ 1,818,218	\$ 1,606,359
Less fiduciary net position	1,275,268	1,275,268	1,275,268
Net pension liability	\$ 804,870	\$ 542,950	\$ 331,091

(d) Actual Valuation Date

The total pension liability at June 30, 2023 is based on July 1, 2022 actuarial valuation and the pension liability at June 30, 2022 is based on the July 1, 2021 actuarial valuation. The expected total pension liabilities were determined as of June 30, 2023 and 2022 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.

The remainder of this page is intentionally left blank

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
Years ended June 30,
(Dollars in thousands)

(Unaudited)

	<u>2023</u>	<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	\$ 23,107	23,013	26,974	21,287	19,836	21,230	24,887	21,573
Interest	120,302	110,420	101,316	108,027	105,604	102,549	97,265	95,436
Changes of benefit terms	—	—	—	—	—	—	—	—
Differences between expected and actual experiences	—	—	—	—	—	—	—	—
Demographic experience	30,491	82,724	(1,358)	(3,318)	(6,683)	(42,971)	16,627	(34,253)
Changes of assumptions	—	13,509	92,401	—	(16,496)	30,506	—	—
Benefit payments, including refunds of member contributions	(84,354)	(79,097)	(76,643)	(73,313)	(69,649)	(65,785)	(62,484)	(59,823)
Net change in total pension liability	89,546	150,569	142,690	52,683	32,612	45,529	76,295	22,933
Total pension liability – beginning	1,818,218	1,667,649	1,524,959	1,472,276	1,439,664	1,394,135	1,317,840	1,294,907
Total pension liability – ending	\$ 1,907,764	1,818,218	1,667,649	1,524,959	1,472,276	1,439,664	1,394,135	1,317,840
Plan fiduciary net position:								
Contributions – employer	\$ 40,974	41,500	35,709	21,571	31,232	34,176	27,493	25,441
Contributions – employee	13,644	12,969	12,354	12,141	11,273	10,555	10,830	11,825
Net investment income	121,374	(200,785)	381,101	27,714	60,466	100,532	125,938	(10,177)
Other income	177	3	4	40	—	76	—	193
Benefit payments, including member refunds	(84,354)	(79,097)	(76,643)	(73,313)	(69,649)	(65,785)	(62,484)	(59,823)
Administrative expenses	(859)	(946)	(1,382)	(815)	(568)	(836)	(521)	(429)
Net change in plan fiduciary net position	90,956	(226,356)	351,143	(12,662)	32,754	78,718	101,256	(32,970)
Plan fiduciary net position – beginning	1,275,268	1,501,624	1,150,481	1,163,143	1,130,389	1,051,671	950,415	983,385
Plan fiduciary net position – ending	\$ 1,366,224	1,275,268	1,501,624	1,150,481	1,163,143	1,130,389	1,051,671	950,415
Plan net pension liability – ending	\$ 541,540	542,950	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.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN
 Required Supplementary Information
 Schedule of Net Pension Liability and Related Ratios
 Years ended June 30,
 (Dollars in thousands)
 (Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total pension liability	\$ 1,907,764	1,818,218	1,667,649	1,524,959	1,472,276	1,439,664	1,394,134	1,317,840
Plan fiduciary net position	1,366,224	1,275,268	1,501,624	1,150,481	1,163,143	1,130,389	1,051,671	950,415
Net pension liability	<u>\$ 541,540</u>	<u>542,950</u>	<u>166,025</u>	<u>374,478</u>	<u>309,133</u>	<u>309,275</u>	<u>342,463</u>	<u>367,425</u>
Plan fiduciary net position as a percentage of the total pension liability	71.61 %	70.14 %	90.04 %	75.44 %	79.00 %	78.52 %	75.44 %	72.12 %
Covered-employee payroll	\$ 108,701	103,112	102,498	94,943	88,768	90,948	104,788	92,965
Net pension liability as a percentage of covered-employee payroll	498.19 %	526.56 %	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
Years ended June 30,
(Dollars in thousands)
(Unaudited)

	<u>2023</u>	<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>
Actuarially determined contribution	\$ 40,974	41,500	35,709	21,571	31,232	34,176	27,493	25,441	32,693	30,197
Contributions in relation to the actuarially determined contribution	40,974	41,500	35,709	21,571	31,232	34,176	27,493	25,441	32,693	30,197
Contribution deficiency (excess)	—	—	—	—	—	—	—	—	—	—
Covered-employee payroll	\$108,701	103,112	102,498	94,943	88,768	90,948	104,788	92,965	93,836	91,840
Contributions as a percentage of covered-employee payroll	37.69 %	40.25 %	34.84 %	22.72 %	35.18 %	37.58 %	26.24 %	27.37 %	34.84 %	32.88 %

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 Investment Returns
 Years ended June 30,
 (Dollars in thousands)
 (Unaudited)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	9.77 %	(13.45)%	33.34 %	2.47 %	5.74 %	10.00 %	14.19 %	(0.71)%	1.22 %	21.37 %

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

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN
Notes to Required Supplementary Information

Year ended June 30, 2023

(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: For the fiscal year ending June 30, 2023 no assumptions or methods were changed.

For the fiscal year ending June 30, 2022, several assumptions were changed: (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) 95% 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, two years 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	20 years
Asset valuation method	Market value
Inflation rate	2.25%
Salary increases	Age-based
Investment rate of return	7.00%