

**CITY OF EAST POINT
EMPLOYEES RETIREMENT PLAN
(A PENSION TRUST FUND OF THE
CITY OF EAST POINT, GEORGIA)**

FINANCIAL REPORT

DECEMBER 31, 2023



MAULDIN & JENKINS

CPAs & ADVISORS

**CITY OF EAST POINT
EMPLOYEES RETIREMENT PLAN
(A PENSION TRUST FUND OF THE
CITY OF EAST POINT, GEORGIA)**

FINANCIAL REPORT

DECEMBER 31, 2023

**CITY OF EAST POINT
EMPLOYEES RETIREMENT PLAN**

**FINANCIAL REPORT
DECEMBER 31, 2023**

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 3
FINANCIAL STATEMENTS	
Statement of Plan Net Position	4
Statement of Changes in Plan Net Position.....	5
Notes to Financial Statements	6 - 16
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Changes in the Net Pension Liability and Related Ratios	17
Schedule of Contributions.....	18
Schedule of Investment Returns	19



INDEPENDENT AUDITOR'S REPORT

**To the Pension Board
of the City of East Point
Employees Retirement Plan
East Point, Georgia**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the **City of East Point Employees Retirement Plan** (the "Plan"), as of and for the year ended December 31, 2023, 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 East Point Employees Retirement Plan as of December 31, 2023, and the respective changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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 twelve 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 GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the Net Pension Liability and Related Ratios, the Schedule of Contributions, and the Schedule of Investment Returns on pages 17–19 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 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.

Management has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the financial statements is not affected by this missing information.

Mauldin & Jenkins, LLC

Atlanta, Georgia
July 9, 2024

**CITY OF EAST POINT
EMPLOYEES RETIREMENT PLAN
STATEMENT OF PLAN NET POSITION
DECEMBER 31, 2023**

Assets

Cash and cash equivalents	\$	9,758,881
Receivables:		
Accrued interest and dividends receivable		177,596
Contributions receivable		453,978
Total receivables		631,574
Investments at fair value:		
United States government obligations		3,003,475
Corporate bonds		12,857,827
Foreign bonds		701,959
Common stock - domestic		33,297,202
Preferred stock - domestic		2,985,791
Common stock - foreign		462,426
Mutual funds		67,347,455
Private equity funds		3,619,068
Private real estate funds		20,505,518
Total investments		144,780,721
Prepaid items		8,673
Total assets		155,179,849

Liabilities

Accounts payable		240,576
Total liabilities		240,576

Net position restricted for pension benefits **\$ 154,939,273**

See Notes to Financial Statements.

**CITY OF EAST POINT
EMPLOYEES RETIREMENT PLAN
STATEMENT OF CHANGES IN PLAN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023**

Additions

Contributions:

Employer	\$ 9,985,817
Participants	1,545,839
Total contributions	11,531,656

Investment income:

Interest and dividends	2,703,778
Net appreciation in fair value of investments	11,618,071
	14,321,849
Less - investment expense	896,799
Net investment income	13,425,050

Total additions	24,956,706
-----------------	------------

Deductions

Benefits paid, including refunds of employee contributions	11,166,901
Administrative expenses	232,736
Total deductions	11,399,637

Net increase	13,557,069
--------------	------------

Net position restricted for pension benefits

Beginning of year	141,382,204
End of year	\$ 154,939,273

See Notes to Financial Statements.

**CITY OF EAST POINT
EMPLOYEES RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1. DESCRIPTION OF THE PLAN

General

The City of East Point Employees Retirement Plan (the “Plan”) is a single employer defined benefit pension plan, originally adopted June 19, 1975, and amended and restated January 1, 2013. The Plan was most recently amended February 21, 2022. The Plan is administered by a Pension Board (the “Board”) composed of not more than seven members, including the Finance Director of the City of East Point (the “City”), two elected City employee representatives, two elected City retirees, one appointed City Council member and one appointed East Point resident. U.S. Bank is the trustee for the Plan and serves as custodian for the Plan. Administrative functions are performed by the City of East Point personnel and outside consultants. Benefit provisions and contributions are established and may be amended by the Pension Board.

Eligibility

Regular, full-time employees of the City automatically become a participant in the Plan on the initial date of employment. Certain management positions are excluded from the Plan. The Mayor and City Council members may participate in the Plan.

Contributions

The City of East Point is required to contribute an actuarially determined amount annually to the Plan’s trust. The required contribution amount is determined using actuarial methods and assumptions approved by the Pension Board and is intended to satisfy the minimum contribution requirements as set forth in controlling State of Georgia statutes. For the period January 1, 2023 through December 31, 2023, the required contribution rate for City contributions, as a percent of pensionable earnings, was 38.26%. City employees were required to contribute at a rate of 6.00% of pensionable earnings.

Retirement Benefit Provisions

Benefit accruals are based on four membership classes established by the Plan as follows:

- Class 1: Transferred from old plan on June 19, 1975
- Class 2: General employees and elected officials hired before April 1, 1992
- Class 3: Police and fire employees hired before April 1, 1992
- Class 5: Eligible full-time employees and elected officials hired on or after April 1, 1992

Normal retirement occurs when full-time participants achieve the following:

- Class 2: Age 65 and 10 years of service; if elected official, age 60 and 5 years of service
- Class 3: Age 55 and 10 years of service
- Class 5: Age 65 (55 for Police and Firefighters) and 10 years of service; if elected official, age 60 and five years of service

NOTES TO FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF THE PLAN (CONTINUED)

Retirement Benefit Provisions (Continued)

Early retirement occurs when full-time participants achieve the following:

Class 2 and 3:	Age 50 and 10 years of service
Class 5:	Age 55 and 10 years of service for general employees; age 55 and 10 years of service for Police and Firefighters

The benefit is reduced 3% for each year retirement precedes the Normal Retirement Date.

The monthly benefit is then calculated as follows:

Class 2 and 3:	2.25% times the Average Monthly Compensation times credited service
Class 5 Elected:	\$45 times credited service
Class 5:	Average Monthly Compensation times years of credited service times the Applicable Benefit Percentage

The *Average Monthly Compensation* for Classes 2 and 3 is the monthly average of the highest consecutive five years of earnings. For Class 5, the average monthly compensation is the sum of the highest 78 consecutive pay periods divided by 36. The *Applicable Benefit Percentages* are based on retirement age and range from 1.75% to 2.80% for Police and Firefighters and from 2.00% to 2.80% for general employees.

Participants who retire will receive a cost of living increase as follows:

Class 1 – 3:	The yearly percentage increase of the Consumer Price Index (CPI) of the most recent November CPI reading. The maximum Cost of Living Adjustment (COLA) is 3%, and there is no reduction of benefits if the CPI decreases.
Class 5:	Retirement benefits are subject to a cost of living review and possible adjustment each two years by the City Council.

All participants other than City Council members and the Mayor are eligible for termination benefits if their employment terminates for any reason other than normal or early retirement, disability or death. A terminating participant will receive an immediate refund of his employee contributions at a rate determined in accordance with Plan provisions.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF THE PLAN (CONTINUED)

Retirement Benefit Provisions (Continued)

The continuation of retirement benefits to participant's designated beneficiary is also provided by the Plan.

A participant of Class 2 or 3, or a participant of Class 5 with 10 or more years of service, who becomes totally and permanently disabled as determined by the Board will receive an annuity payable immediately equal to the greater of the accrued benefit or 20% times the average monthly compensation for the last 12 months. Class 5 participants who become disabled and have less than 10 years of service will receive a lump sum termination benefit.

Plan Membership

The following schedule reflects membership for the Plan as of January 1, 2023.

Active participants	476
Vested terminated participants	23
Retirees or beneficiaries currently receiving benefits	368
Total	<u>867</u>

Expenses of the Plan

Plan fees and expenses, including fees and expenses connected with the provision of administrative services by external service providers, are paid from Plan assets.

Exempt Status

The Internal Revenue Service has ruled that the Plan qualifies under Section 401(a) of the Internal Revenue Code and is, therefore, not subject to tax under present income tax laws.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Plan's significant accounting policies are as follows:

Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting. Contributions, which are based on payrolls for time worked through December 31 each year, are accrued at year-end.

Cash and Cash Equivalents

The Plan considers all highly liquid money market investments to be cash equivalents.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Valuation of Investments

Investments are recorded at fair value based on quoted market prices. The net appreciation (depreciation) in the fair value of investments held by the Plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the statement of net position date. Investment income is recognized on the accrual basis as earned by the Plan.

Payment of Benefits

Benefits to retired participants are recorded when paid in accordance with the terms of the Plan.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets, and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3. DEPOSITS AND INVESTMENTS

At December 31, 2023, the Plan held \$9,758,881 in money market funds, which are considered cash equivalents due to the short-term nature of the investments.

Plan assets are to be invested in investments authorized by the Georgia Public Retirement Systems Investment Authority Law, O.C.G.A. Section 47-20-80. Those investments include obligations of the U.S. Treasury or its agencies and instrumentalities, collateralized mortgage obligations, asset and mortgage backed securities, taxable bonds that are obligations of any state and its agencies, instrumentalities, and political subdivisions, and in certificates of deposit of national or state banks that are fully insured, or collateralized by United States obligations. Additionally, the Plan is authorized to invest in common stocks, money market instruments, and corporate bonds and debentures, which are not in default as to principal and interest.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Plan. State law limits investments to investment grade securities.

For equity investments, the decisions as to individual security selection, security size and quality, number of industries and holdings, current income levels, turnover, and other tools employed by equity investment managers are left to each manager's discretion, except that investments in micro-cap stocks (those securities with market capitalization less than \$100 million) are prohibited.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk (Continued)

For fixed income investments, decisions as to individual security selection, turnover, number of industries and holdings, and the other tools employed by fixed income investment managers are left to each manager's discretion, subject to the usual standards of fiduciary prudence. The minimum quality rating of each fixed income security in any separate account portfolio is to be BAA or better.

At December 31, 2023, The Plan had \$144,780,721 invested in the following types of investments as categorized by credit risk:

Investment	Fair Value	Credit Quality
U.S. Treasury notes and bonds	\$ 2,467,396	AA+
U.S. Government agencies	536,079	Not rated
Corporate bonds	270,298	AAA
Corporate bonds	26,888	AA-
Corporate bonds	963,113	A
Corporate bonds	1,981,286	A-
Corporate bonds	3,050,030	BBB+
Corporate bonds	3,279,401	BBB
Corporate bonds	699,126	BBB-
Corporate bonds	2,030,632	Not rated
Corporate bonds	557,053	Not rated
Foreign bonds	586,519	Not rated
Foreign bonds	33,237	BBB+
Foreign bonds	82,203	A
Domestic preferred stock	2,985,791	Not rated
Mutual funds	67,347,455	Not rated
Common stock - domestic	33,297,202	Not rated
Common stock - foreign	462,426	Not rated
Private equity funds	3,619,068	Not rated
Private real estate funds	20,505,518	Not rated
	<u>\$ 144,780,721</u>	

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. At December 31, 2023, the Plan had \$144,780,721 invested in the following types of investments as categorized by interest rate risk:

Investment	Market Value December 31, 2023	Percent of Total Investments	Effective Duration (Years)
United States Treasury notes and bonds	\$ 2,467,396	1.70%	4.58
United States government agencies	536,079	0.37%	3.64
Corporate bonds	12,857,827	8.88%	6.13
Foreign bonds	701,959	0.48%	4.59
Mutual funds	67,347,455	46.51%	-
Preferred stock - domestic	2,985,791	2.06%	-
Common stock - domestic	33,297,202	22.99%	-
Common stock - foreign	462,426	0.32%	-
Private equity funds	3,619,068	2.50%	-
Private real estate funds	20,505,518	14.19%	-
	<u>\$ 144,780,721</u>	<u>100.00%</u>	

Custodial Credit Risk

For an investment, custodial credit risk 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. At December 31, 2023, the Plan was not exposed to custodial credit risk with respect to its investments.

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Plan may not be able to recover its deposits. At December 31, 2023, the Plan was not exposed to custodial credit risk with respect to its deposits.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issue. The Plan is generally not authorized to hold more than 5% of Plan assets in the securities of any individual security or in the securities of a single corporate issuer. Individual asset managers may hold positions above 5% so long as the aggregate holding across asset managers does not exceed 5% of Plan assets. At December 31, 2023, the Plan was not exposed to concentration of credit risk.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Foreign Currency Risk

At December 31, 2023, the Plan had no exposure to foreign currency risk.

Fair Value Measurement

GASB Statement No. 72, *Fair value Measurement and Application*, enhances comparability of governmental financial statement by requiring fair value measurements 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 Plan also has investments held through private equity funds and real estate funds 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 the following table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of fiduciary net position.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

The Plan has the following recurring fair value measurements, broken into the fair value hierarchy as of December 31, 2023:

Investment	Level 1	Level 2	Level 3	Total
United States government issues	\$ 2,467,396	\$ 536,079	\$ -	\$ 3,003,475
Corporate bonds	8,386,880	4,470,947	-	12,857,827
Foreign bonds	82,203	619,756	-	701,959
Mutual funds	67,347,455	-	-	67,347,455
Equity securities	36,745,419	-	-	36,745,419
	\$ 115,029,353	\$ 5,626,782	\$ -	120,656,135
Investments recorded at net asset value (NAV):				
Private equity funds				3,619,068
Private real estate funds				20,505,518
				\$ 144,780,721

Debt, equity, and mutual fund securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

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

Level 3 pricing is based on best available information, including primarily unobservable inputs and assumptions market participants would use in pricing.

Investments in privately held equity and real estate funds which do not have a readily determinable fair value are valued using the NAV provided by the general partner/investment manager as of December 31, 2023. The monthly or quarterly values of the investments provide from the general partner/investment manager 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 NAV estimated by the general partner/investment manager.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. PLAN DISCLOSURES

Net Pension Liability (Asset) of the City of East Point

The components of the net pension liability (asset) of the City of East Point at December 31, 2023, were as follows:

Total pension liability	\$ 163,338,550
Fiduciary net position	<u>154,939,273</u>
Net pension liability	<u>\$ 8,399,277</u>
Plan net position as a percentage of the total pension liability	94.86%

The required schedule of changes in the City's net pension liability (asset) and related ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of Plan assets is increasing or decreasing over time relative to the total pension liability.

Actuarial Assumptions Used to Calculate the Net Pension Liability

The total pension liability (asset) was determined by an actuarial valuation as of January 1, 2023, with updates performed by the actuary to rollforward to the total pension liability (asset) measured as of December 31, 2023. The following actuarial assumptions apply to all periods included in the measurement:

Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Salary increases	3.50%, including inflation
Inflation	2.25%
Mortality	The rates of mortality are according to the PUB 2010 Headcount Weighted Above Median Tables, generational mortality projected with Scale MP2020.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. PLAN DISCLOSURES (CONTINUED)

The long-term expected rate of return on Plan investments was determined using a log-normal distribution analysis 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. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2023, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real
Domestic Stocks-Large Cap	35.00%	6.20%
Domestic Stocks-Small/Mid Cap	20.00%	7.25%
U.S. Direct Real Estate	10.00%	5.01%
Pfds/Converts	15.00%	4.56%
U.S. Aggregate Bond	20.00%	2.46%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed the City would contribute the actuarially required contribution in the future. Based on those assumptions and considering the Plan's net position as of December 31, 2023, the Plan's net position was projected to be available to make projected future benefit payments of current plan members through 2121. Therefore, the long-term expected rate of return on pension plan investments (7.00%) becomes the discount rate and thus is applied to all projected future benefit payments to determine the total pension liability.

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

The following table presents the net pension liability (asset) of the City, calculated using the discount rate of 7.00%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (6.00%) or one-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability (Asset)	\$ 27,945,942	\$ 8,399,277	\$ (7,876,317)

NOTES TO FINANCIAL STATEMENTS

NOTE 4. PLAN DISCLOSURES (CONTINUED)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2023, and the current sharing pattern of costs between employer and employee.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EAST POINT EMPLOYEES RETIREMENT PLAN

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service cost	\$ 3,928,740	\$ 3,377,795	\$ 3,644,550	\$ 3,667,163	\$ 3,025,236	\$ 2,846,462	\$ 2,437,624	\$ 2,385,490	\$ 2,154,952
Interest on total pension liability	10,385,070	10,046,115	10,518,850	10,407,488	9,621,277	9,111,728	9,188,599	9,085,741	8,977,933
Benefit changes	-	-	58,056	-	-	-	703	-	-
Difference in expected and actual experience	6,250,045	2,372,474	(4,968,273)	(1,843,291)	1,534,433	1,596,897	(372,584)	(1,068,658)	(1,486,574)
Changes of assumptions	-	-	(7,593,836)	-	22,472,248	2,602,205	-	-	-
Benefit payments	(10,521,606)	(9,938,448)	(10,973,170)	(8,932,789)	(8,584,567)	(8,969,433)	(8,148,374)	(7,948,806)	(7,818,041)
Refund of contributions	(645,295)	(802,992)	(797,850)	(516,930)	(579,462)	(1,031,489)	(1,467,896)	(689,950)	(514,762)
Net change in total pension liability	9,396,954	5,054,944	(10,111,673)	2,781,641	27,489,165	6,156,370	1,638,072	1,763,817	1,313,508
Total pension liability - beginning	153,941,596	148,886,652	158,998,325	156,216,684	128,727,519	122,571,149	120,933,077	119,169,260	117,855,752
Total pension liability - ending (a)	\$ 163,338,550	\$ 153,941,596	\$ 148,886,652	\$ 158,998,325	\$ 156,216,684	\$ 128,727,519	\$ 122,571,149	\$ 120,933,077	\$ 119,169,260
Plan net position									
Contributions - employer	\$ 9,985,817	\$ 9,442,227	\$ 8,407,637	\$ 9,322,981	\$ 8,975,650	\$ 9,127,127	\$ 8,628,709	\$ 8,674,036	\$ 9,504,258
Contributions - member	1,545,839	1,462,562	1,326,841	1,446,435	1,254,455	1,265,307	1,189,472	1,356,521	1,126,534
Net investment income (loss)	13,425,050	(20,722,254)	23,930,741	15,778,806	21,579,667	(2,420,856)	13,702,310	8,210,957	(471,734)
Benefit payments	(10,521,606)	(9,938,448)	(10,973,169)	(8,932,789)	(8,584,567)	(8,969,433)	(8,148,374)	(7,948,806)	(7,818,041)
Administrative expenses	(232,736)	(252,259)	(265,052)	(204,572)	(239,679)	(261,834)	(275,589)	(250,881)	(257,170)
Refunds of contributions	(645,295)	(802,992)	(797,850)	(516,930)	(579,462)	(1,031,489)	(1,467,896)	(689,950)	(514,762)
Other	-	-	5,153	-	-	-	-	-	-
Net change in plan net position	13,557,069	(20,811,164)	21,634,301	16,893,931	22,406,064	(2,291,178)	13,628,632	9,351,877	1,569,085
Plan net position - beginning	141,382,204	162,193,368	140,559,067	123,665,136	101,259,072	103,550,250	89,921,618	80,569,741	79,000,656
Plan net position - ending (b)	\$ 154,939,273	\$ 141,382,204	\$ 162,193,368	\$ 140,559,067	\$ 123,665,136	\$ 101,259,072	\$ 103,550,250	\$ 89,921,618	\$ 80,569,741
Net pension liability - ending (a) - (b)	\$ 8,399,277	\$ 12,559,392	\$ (13,306,716)	\$ 18,439,258	\$ 32,551,548	\$ 27,468,447	\$ 19,020,899	\$ 31,011,459	\$ 38,599,519
Plan net position as a percentage of the total pension liability	94.86%	91.84%	108.94%	88.40%	79.16%	78.66%	84.48%	74.36%	67.61%
Covered payroll	\$ 25,763,978	\$ 24,376,029	\$ 21,716,250	\$ 23,603,479	\$ 22,125,150	\$ 20,545,009	\$ 19,192,214	\$ 19,171,323	\$ 17,949,886
Net pension liability as a percentage of covered payroll	32.60%	51.52%	-61.28%	78.12%	147.12%	133.70%	99.11%	161.76%	215.04%

Note to the Schedule:
The schedule will present 10 years of information once it is accumulated.

CITY OF EAST POINT EMPLOYEES RETIREMENT PLAN

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

	SCHEDULE OF CONTRIBUTIONS									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 9,985,817	\$ 9,442,227	\$ 8,407,637	\$ 9,322,981	\$ 8,975,650	\$ 9,127,127	\$ 8,628,709	\$ 8,674,036	\$ 9,504,258	\$ 9,178,327
Actual employer contribution	<u>9,985,817</u>	<u>9,442,227</u>	<u>8,407,637</u>	<u>9,322,981</u>	<u>8,975,650</u>	<u>9,127,127</u>	<u>8,628,709</u>	<u>8,674,036</u>	<u>9,504,258</u>	<u>9,178,327</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 25,763,978	\$ 24,376,029	\$ 21,716,250	\$ 23,603,479	\$ 22,125,150	\$ 20,545,009	\$ 19,192,214	\$ 19,171,323	\$ 17,949,686	\$ 17,920,581
Contributions as a percentage of covered payroll	38.76%	38.74%	38.72%	39.50%	40.57%	44.43%	44.96%	45.24%	52.95%	51.22%

Notes to the Schedule of Contributions:

- A. Changes of benefit terms:
 Effective January 1, 2017, Class 5 members are fully vested upon completion of ten years of service regardless of age.
 Effective January 1, 2022, the accrued benefit for City Council members was increased to \$45 per month per year of service.
- B. Changes of assumptions:
 Effective January 1, 2018, the assumed Cost of Living Adjustment was changed to 2.25%.
 Effective January 1, 2020 the assumed mortality tables have been updated to the gender specific PUB-2010 Headcount Weighted Above Median Tables, generational mortality using MP-2019 mortality improvement projection scale.
 Effective January 1, 2020, the discount rate was changed to 6.87%.
 Effective January 1, 2022, the assumed mortality tables have been updated to the gender specific PUB-2010 Headcount Weighted Tables, generational mortality using MP-2020 mortality improvement projection scale.
 Effective January 1, 2022, the discount rate was changed to 7.00%.
- C. Methods and assumptions used in calculations of actuarially determined contributions:
- | | |
|-------------------------------|---|
| Valuation date | January 1, 2023 |
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level dollar, closed |
| Remaining amortization period | 2 years |
| Asset valuation method | 5-year smoothed market |
| Inflation | 2.25% |
| Salary increases | 3.50% including inflation |
| Investment rate of return | 7.00% net of pension plan investment expense, including inflation |

CITY OF EAST POINT EMPLOYEES RETIREMENT PLAN

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

	<u>SCHEDULE OF INVESTMENT RETURNS</u>									
	<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>
Annual money-weighted rate of return	11.67%	-12.13%	17.90%	13.40%	22.20%	-1.80%	16.10%	11.00%	-0.10%	7.70%