

**CITY OF MARIETTA, GEORGIA**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**CITY OF MARIETTA, GEORGIA  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

TABLE OF CONTENTS

	<u>Page(s)</u>
<u>INTRODUCTORY SECTION</u>	
List of Principal Officials .....	1
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report .....	2 - 3
Financial Statements:	
Statement of Fiduciary Net Position .....	4
Statement of Changes in Fiduciary Net Position .....	5
Notes to the Financial Statements .....	6 - 14
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of Changes in Net Pension Liability and Related Ratios .....	15
Schedule of Contributions .....	16
Schedule of Investment Returns .....	17

## **INTRODUCTORY SECTION**

**CITY OF MARIETTA, GEORGIA  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LIST OF PRINCIPAL OFFICIALS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Freddy Morgan – BLW	Chairperson
Philip Goldstein - City Council Member	Board Member
Johnny M. Walker Jr. - City Council Member	Board Member
Beth Sessoms – Development Services	Board Member
Tim Milligan – Fire Department	Board Member
Rick Steffes – IT Department	Board Member
Bobby Moss – Fire Department	Board Member
Jake King - Police Department	Board Member
William F. Bruton, Jr. - City Manager	Board Member
Patricia Keesler	Pension Board Attorney
Sam Lady – Finance Director	Pension Board Treasurer
Davy Godfrey – Director of HR & Risk Management	Pension Board Secretary
Dan Flynn – Police Chief	Ex Officio Members
Jackie Gibbs – Fire Chief	Ex Officio Members

## **FINANCIAL SECTION**



## NICHOLS, CAULEY & ASSOCIATES, LLC

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### INDEPENDENT AUDITOR'S REPORT

To the Pension Board  
of the City of Marietta, Georgia  
Public Employees Retirement System

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the City of Marietta, Georgia Public Employees Retirement System, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Marietta, Georgia Public Employees Retirement System's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the City of Marietta, Georgia Public Employees Retirement System as of June 30, 2016, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1, the financial statements present only the City of Marietta, Georgia Public Employees Retirement System, a Pension Trust Fund of the City of Marietta, and do not purport to, and do not, present fairly the financial position of the City of Marietta, Georgia, as of June 30, 2016, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Contributions, and the Schedule of Investment Returns on pages 15 through 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted 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 basic financial statements is not affected by this missing information.

*Nichols, Cauley + Associates, LLC*

Kennesaw, GA

December 20, 2016

**CITY OF MARIETTA, GEORGIA  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2016**

Assets:

Cash and cash equivalents (Note 3B)	\$ 5,125,780
Receivables:	
Accrued interest	238,013
Contributions	22,243
Miscellaneous	249
	260,505
Total receivables	260,505
Investments, at fair value (Note 3C)	
United States government securities	9,222,497
Municipal bonds	86,522
Corporate notes and debentures	23,592,693
Common stock	50,953,771
Preferred stock	2,309,563
	86,165,046
Total investments	86,165,046
Total assets	91,551,331
Liabilities:	
Accrued expenses	133,115
Due to broker for investments purchased	80,337
	213,452
Total liabilities	213,452
Net position restricted for pension benefits	\$ 91,337,879

See accompanying notes to financial statements.

**CITY OF MARIETTA, GEORGIA  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Additions:

Employer contributions	\$ 5,583,000
Employee contributions	<u>1,317,814</u>
Total contributions	<u>6,900,814</u>
Investment income (expenses):	
Net appreciation (depreciation) in fair value of investments	(3,861,791)
Interest and dividends	<u>1,999,450</u>
	<u>(1,862,341)</u>
Less investment expenses	<u>(532,718)</u>
Net investment income (expenses)	<u>(2,395,059)</u>
Total additions	<u>4,505,755</u>
Deductions:	
Pension benefits paid	10,320,689
Administrative costs	<u>162,128</u>
Total deductions	<u>10,482,817</u>
Change in net position	<u>(5,977,062)</u>
Net position - beginning of period	<u>97,314,941</u>
Net position - end of period	<u><u>\$ 91,337,879</u></u>

See accompanying notes to financial statements.

**CITY OF MARIETTA, GEORGIA  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

1) General Pension Plan

The City of Marietta Public Employee Retirement System (PERS) administers a defined benefit pension plan (General Pension Plan). The Pension Board of Trustees is composed of nine members. One member is the City Manager or his designee, two are council members appointed by the Mayor, four are nominated and elected by general employees, one is elected by police employees, and one is elected by fire employees. All members serve without compensation.

The General Plan is a single-employer defined benefit pension plan established to provide pension benefits for City employees. The General Plan is considered part of the City's financial reporting entity and is included in the City's Comprehensive Annual Financial Report as a Pension Trust Fund.

The plan was amended initially on March 1, 1987. Each employee that was employed with the City of Marietta, Georgia on March 1, 1987 had the right to either retain coverage under the original plan provisions or to participate under the amended provisions of the plan. Each employee hired after March 1, 1987 participates under the amended plan provisions. On June 1, 1999, employees participating under the original plan provisions were given the opportunity to elect to participate under the amended plan provisions. Public safety employees who participate in the original plan and transfer to a general employee position must change to the amended provisions of the plan, but they are entitled to accrued benefits under the original plan, which they can elect to receive upon retirement. Only full-time employees are able to participate under the amended provisions.

As of June 30, 2016, the date of the most recent actuarial valuation, employee membership data related to the General Pension Plan was as follows:

Retirees and beneficiaries currently receiving benefits	541
Terminated employees entitled to benefits but not yet receiving them	294
Active employees	<u>738</u>
Total plan participants	<u>1,573</u>

**CITY OF MARIETTA, GEORGIA  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

4022 Plan

Consolidated Plan

Eligibility

One year of service for policemen/firefighters hired prior to 3/1/87.

One year of service for elected officials. All employees to be covered on the first day of the month coinciding with or next following their employment date.

Employee Contributions

None under the plan.

Participants must contribute 4% of gross wages effective January 1, 2009.

Retirement

1. Normal - Age 55 policemen/firefighters with at least five years of service.

Age 65 and completion of at least five years of service.

Note-Employees hired on or after March 18, 2008 through December 31, 2008 must complete at least 7 years of service. Employees hired on or after January 1, 2009 must complete at least 10 years of service.

2. Early - Ten years prior to normal retirement service. (with five years of service).

Age 55 or more with at least five years of service.

Note-Employees hired on or after March 18, 2008 through December 31, 2008 must complete at least 7 years of service. Employees hired on or after January 1, 2009 must complete at least 10 years of service.

3. Late - Anyone after age 55

Over age 65 and completion of at least five years of service.

Note-Employees hired on or after March 18, 2008 through December 31, 2008 must complete at least 7 years of service. Employees hired on or after January 1, 2009 must complete at least 10 years of service.

4. Disability - Actively employed and disabled to be a police officer/firefighter.

Actively employed for job related total disability. Employed for at least one continuous year for non-job related disability.

**CITY OF MARIETTA, GEORGIA  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

4022 Plan

Consolidated Plan

Benefit at Retirement

1. Normal – The greater of 1.33% of final average earnings (highest three years) times service, or the monthly retirement benefit as computed under the plan formerly in existence prior to January 1, 1984: said benefit shall be calculated in accordance with Appendix A: of the plan document.

2.1% of final average earnings (highest three years) times service) maximum of 35 years). Final average monthly earnings for an elected or appointed member of the governing authority shall be defined as the average annual salary of all plan participants covered by the plan on the July 1 preceding the plan year of determination divided by twelve (12). Under no circumstances may this amount be more than 5% greater than the average salary used from the prior year.

Note-Final average earning will be for the highest 5 years for Participants hired on or after January 1, 2009.

2. Early – Benefit reduced actuarially.

Accrued normal pension is reduced by .25 of 1% for each month the participant's age at early retirement is less than 65. 100% of normal pension if the sum of age plus years of service equals at least 80.

Note-Participants hired on or after March 18, 2008 shall be eligible to retire under the 80 point provision on an unreduced early retirement benefit provided they have reached age 55. Accrued normal pension is reduced by .417 of 1% for each month the participant's age at early retirement is less than 65 for participants hired on or after January 1, 2009.

3. Late - Benefit increased actuarially.

Same as normal retirement.

4. Disability – 100% of accrued benefit or, if greater, 50% of salary at disability.

100% of accrued benefits or, if greater, 50% of salary at disability.

**CITY OF MARIETTA, GEORGIA  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

4022 Plan

Consolidated Plan

Normal Form of Pension

The benefit formula provides for a life annuity benefit with a guaranteed death benefit equal to the present value of the remaining benefits.

Single life annuity benefit.

Vesting

A participant is 100% vested after five years of service.

A participant is 100% vested after five years of service

Note – A participant hired on or after March 18, 2008 through December 31, 2008 is 100% vested after 7 years of service. A participant hired on or after January 1, 2009, is 100% vested after 10 years of service.

The benefit provisions described above were authorized through the adoption of a local ordinance by the City's governing body, and are subject to amendment through the same process. Under the terms of the General Plan, the City and its employees make contributions necessary to fund the plan. Contribution provisions are also authorized by the City's governing body. The City's Pension Board of Trustees have been designated to oversee the administration of the General Plan.

2) Supplemental Pension Plan

On July 1, 2000, fiduciary responsibility and custody of Trust assets for the defined contribution pension plan (Supplemental Pension Plan) was transferred to a professional pension management company. An annual certified financial report for the Supplemental Pension Plan will be prepared by the professional pension management company. The Pension Board serves as Plan Administrators of the Supplemental Pension Plan.

3) Summary of Significant Accounting Policies and Plan Asset Matters

A. Basis of Accounting

The General Plan's financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized as revenues in the period in which employee services are performed. Investment income is recognized as earned by the General Plan. The net appreciation (depreciation) in the fair value of investments held by the General Plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the date of the statement of net position. Expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

**CITY OF MARIETTA, GEORGIA  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

B. Cash and Cash Equivalents

Cash and cash equivalents include demand bank accounts at a local financial institution, and money market mutual funds purchased and held by SunTrust, Inc. on the General Plan's behalf.

C. Valuation of Investments

Investments are reported at fair value as of the statement of net position date. Investments of the General Plan consist of United States government securities, corporate notes and debentures, common stock, mutual funds, and preferred stock. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

D. Investment Income

Investment income consists of interest earnings and net realized and unrealized gains and losses from investments. Investment income is net of investment related expenses.

E. Administrative Costs

Administrative costs are financed through investment earnings.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

4) Cash and Cash Equivalents

*Custodial Credit Risk- Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the Plan's deposits may not be returned to it. The Plan limits its exposure to custodial credit risk by requiring deposits to be collateralized in accordance with State law. As of June 30, 2016, the Plan's deposits were properly insured and collateralized.

**CITY OF MARIETTA, GEORGIA  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

5) Investments

As of June 30, 2016, the plan had the following investments:

<u>Type of Investment</u>	<u>Rating</u>	<u>Investment Maturities (in Years)</u>				<u>Fair Value</u>
		<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More than 10</u>	
Common Stocks	n/a	n/a	n/a	n/a	n/a	\$ 50,953,771
Money Market						-
Mutual Fund	AAA	3,127,665	-	-	-	3,127,665
Corporate Bonds	A+	-	407,568	344,249	58,520	810,337
	A	-	1,321,648	489,441	1,313,964	3,125,053
	AA	-	-	-	-	-
	AA+	-	400,984	435,520	139,520	976,024
	AAA	-	1,487,537	245,883	226,576	1,959,996
	A-	705,613	518,991	1,166,102	784,624	3,175,330
	AA-	-	-	649,448	-	649,448
	BBB+	135,847	1,491,024	2,031,200	275,763	3,933,834
	BBB	578,542	1,403,243	1,013,922	1,695,213	4,690,920
	BBB-	-	1,048,329	581,938	400,354	2,030,621
	BB+	-	205,773	-	304,364	510,137
	BB-	-	302,558	-	-	302,558
	N/R	-	914,537	-	513,898	1,428,435
Preferred Stock	BBB	-	2,309,563	-	-	2,309,563
Government Bonds	AA+	-	135,535	-	-	135,535
	N/R	-	927,450	440,136	7,719,376	9,086,962
Municipal Bonds	A	-	86,522	-	-	86,522
Total Fiduciary Fund		<u>\$ 4,547,667</u>	<u>\$ 12,961,262</u>	<u>\$ 7,397,839</u>	<u>\$ 13,432,172</u>	<u>\$ 89,292,711</u>

Investments of the plan include \$3,127,665 grouped with cash and cash equivalents.

In fiscal year 2016, the Plan adopted GASB Statement No. 72 (GASB 72), Fair Value Measurement and Application. GASB 72 was issued to address accounting and financial reporting issues related to fair value measurements.

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value is the exchange price that would be received for an asset (exit price) in the principal or most advantageous market for an asset in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets that the Plan has the ability to access.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset in active markets, as well as inputs that are observable for the asset (other than quoted prices), such as interest rates, foreign exchange rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs for the asset which are typically based on the Plan's own assumptions, as there is little, if any, related market activity.

**CITY OF MARIETTA, GEORGIA  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The Plan's recurring fair value measurements as of June 30, 2016 are as follows:

	6/30/2016	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Common Stocks	\$ 50,953,771	\$ 50,953,771	\$ -	\$ -
Money Market Mutual Fund	3,127,665	3,127,665	-	-
Corporate Bonds	23,592,693	-	23,592,693	-
Preferred Stock	2,309,563	2,309,563	-	-
Government Bonds	9,222,497	-	9,222,497	-
Municipal Bonds	86,522	-	86,522	-
<b>Total Fiduciary Fund</b>	<b>\$ 89,292,711</b>	<b>\$ 56,390,999</b>	<b>\$ 32,901,712</b>	<b>\$ -</b>

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Plan's investment policy limits the weighted average maturity of the pension fixed income portfolio to 10 years.

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. The following was the Board's adopted asset allocation policy as of June 30, 2016:

<u>Asset Class</u>	<u>Target Allocation</u>
Equity	50%
Fixed Income	40%
Alternatives	10%
<b>Total</b>	<b>100%</b>

For the year ended June 30, 2016, the annual money-weighted rate of return on Plan investments, net of investment expense, was -2.33 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

6) Contributions Required and Contributions Made

The General Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Level percentage of payroll employer contribution rates is determined using the entry age normal cost method. Total employer contributions to the general pension plan for the fiscal year ended June 30, 2016 were \$5,583,000.

As of January 1, 2009, each participant in the Consolidated Plan was required to contribute

**CITY OF MARIETTA, GEORGIA  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

4% of gross wages excluding overtime and expense reimbursements. These amounts were withheld from each payroll check for periods beginning on and after the date that the eligible employee became a participant in the Plan. The Participant may not direct the investment, and such amounts are held together with the remaining assets of the Plan. If a non-vested participant terminates, he or she shall receive a refund of contributions which shall not include interest. The total employee contributions to the General Plan for the fiscal year ended June 30, 2016 were \$1,317,814.

Additional required historical data is provided as required supplementary information after the notes to financial statements.

7) Net Pension Liability

The City's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's net pension liability at June 30, 2016 was as follows (\$ in thousands):

Total pension liability	\$ 165,904
Plan fiduciary net position	91,338
Net pension liability	\$ 74,566
Plan fiduciary net position as a percentage of the total pension liability	55.05%

*Actuarial assumptions:* The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5 percent
Salary increases	3.5 - 12.62 percent
Investment rate of return	7.5 percent, including inflation
Post-retirement benefit increases	Not applicable

Mortality rates were based on the RP-2000 Combined Healthy Retiree Mortality Table set forward four years. Post-disability mortality rates were based on the RP 2000 Disabled Retiree Mortality Table multiplied by 75%.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2004 – July 1, 2009.

The long-term expected rate of return on pension plan investments was determined using a long 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

**CITY OF MARIETTA, GEORGIA  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	0.0%	0.3%
Domestic equity	58.8%	6.5%
Fixed income	29.0%	2.0%
Alternative	12.2%	5.0%
Total	100%	

*Discount rate:* The discount rate used to measure the total pension liability was 7.5 %. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate of 4% and the Employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Projected future benefit payments for all current plan members were projected through the year 2112. 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 active and inactive employees. 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 and a municipal bond rate was not used in determining the discount.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate:* The following presents the net pension liability using the discount rate of 7.5 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate (\$ in thousands):

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net Pension Liability	\$ 91,353	\$ 74,566	\$ 60,182

8) Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants’ account balances and the amounts reported in the statement of net position available for benefits.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF MARIETTA, GEORGIA**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM – GENERAL PENSION PLAN**  
**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
(in thousands)

	2016	2015	2014
<b>Total Pension Liability</b>			
Service cost	\$ 2,696	\$ 2,851	\$ 2,652
Interest	11,747	11,766	11,415
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	(4,887)	-
Change of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(10,321)	(9,655)	(9,118)
<b>Net Change in Total Pension Liability</b>	<u>4,122</u>	<u>75</u>	<u>4,949</u>
<b>Total Pension Liability – Beginning</b>	\$ 161,782	\$ 161,707	\$ 156,758
<b>Total Pension Liability – Ending (a)</b>	\$ 165,904	\$ 161,782	\$ 161,707
<b>Plan Fiduciary Net Position</b>			
Contributions – employer	\$ 5,583	\$ 5,731	\$ 5,669
Contributions – employees	1,318	1,280	1,260
Net investment income	(2,395)	2,746	14,663
Benefit payments, including refunds of employee contributions	(10,321)	(9,655)	(9,118)
Administrative expense	(162)	(111)	(144)
Other	-	-	-
<b>Net Changes in Plan Fiduciary Net Position</b>	<u>\$ (5,977)</u>	<u>\$ (9)</u>	<u>\$ 12,330</u>
<b>Plan Fiduciary Net Position – Beginning</b>	\$ 97,315	\$ 97,324	\$ 84,994
<b>Plan Fiduciary Net Position – Ending (b)</b>	<u>\$ 91,338</u>	<u>\$ 97,315</u>	<u>\$ 97,324</u>
<b>Net Pension Liability – Ending (a)–(b)</b>	\$ 74,566	\$ 64,467	\$ 64,383
<b>Plan Fiduciary Net Position as a percentage of the Total Pension Liability</b>	55.05%	60.15%	60.19%
<b>Covered-employee payroll</b>	\$ 32,996	\$ 32,481	\$ 32,997
<b>Net Pension Liability as a percentage of Covered Payroll</b>	225.98%	198.48%	195.12%

Note: The information prior to the fiscal year ended June 30, 2014 is unavailable.

**CITY OF MARIETTA, GEORGIA  
PUBLIC EMPLOYEES RETIREMENT SYSTEM – GENERAL PENSION PLAN  
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CONTRIBUTIONS  
Last 10 Fiscal Years  
(in thousands)**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined employer contributions	\$ 5,583	\$ 5,394	\$ 5,154	\$ 5,560	\$ 5,472	\$ 5,364	\$ 4,749	\$ 6,209	\$ 5,842	\$ 4,497
Actual employer contributions	5,583	5,731	5,669	5,585	5,447	5,269	5,243	5,010	4,624	4,088
Annual contribution deficiency (excess)	\$ -	\$ (337)	\$ (515)	\$ (25)	\$ 25	\$ 95	\$ (494)	\$ 1,199	\$ 1,218	\$ 409
Covered-employee payroll	\$ 32,996	\$ 32,481	\$ 32,997	\$ 31,882	\$ 32,890	\$ 33,654	\$ 33,281	\$ 33,079	\$ 31,580	\$ 30,171
Actual contributions as a percentage of covered-employee payroll	16.92%	17.64%	17.18%	17.52%	16.56%	15.66%	15.75%	15.15%	14.64%	13.55%

Notes to Schedule:

The information presented in this schedule was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest available actuarial valuation follows:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of the pay, closed.
Remaining Amortization Period	28 years
Actuarial Value of Assets	Ten-year smoothed market value.
Inflation	3.5%
Salary Increases	3.5 – 12.62%
Investment Rate of Return	7.5%, net of pension plan investment expense, and including inflation

**CITY OF MARIETTA, GEORGIA  
PUBLIC EMPLOYEES RETIREMENT SYSTEM – GENERAL PENSION PLAN  
REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Investment Returns

Annual money-weighted rate of return, net of investment expense

6/30/14	18.42%
6/30/15	3.01%
6/30/16	-2.33%

Note: The information prior to the fiscal year ended June 30, 2014 is unavailable.