CLAYTON COUNTY, GEORGIA
PUBLIC EMPLOYEE RETIREMENT SYSTEM
(A Pension Trust Fund of Clayton County, Georgia)

ANNUAL FINANCIAL REPORT

Years ended June 30, 2013 and 2012

CLAYTON COUNTY, GEORGIA
PUBLIC EMPLOYEE RETIREMENT SYSTEM

ANNUAL FINANCIAL REPORT
YEARS ENDED JUNE 30, 2013 AND 2012

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LETTER OF TRANSMITTAL

CLAYTON COUNTY, GEORGIA
PUBLIC EMPLOYEE RETIREMENT SYSTEM

LISTING OF PRINCIPAL OFFICIALS AND CONSULTANTS
JUNE 30, 2013

PENSION BOARD MEMBERS

Terry R. Hicks, Chairman
Katherine Dodson, Vice Chairman
Ramona Thurman, Secretary
Renee Bright, Member
Carl G. Rhodenizer, Member

CLAYTON COUNTY BOARD OF COMMISSIONERS

Jeffrey E. Turner, Chairman
Michael Edmondson, Vice Chairman
Sonna Singleton, Commissioner
Shana M. Rooks, Commissioner
Gail Hambrick, Commissioner

Actuary

Buck Consultants

Investment Custodian

Massachusetts Mutual Life Insurance Company

Independent Auditor

Mauldin & Jenkins, LLC

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Clayton County Pension Board
112 Smith Street
Jonesboro, Georgia 30236
Phone: 770-477-3222

May 2, 2014

The Honorable Terry Hicks, Chairman
Members of the Clayton County Pension Board,
Employees of Clayton County and Clayton County Water Authority,
and Citizens of Clayton County, Georgia

Ladies and Gentlemen:

The Annual Financial Report of the Public Employee Retirement System (PERS) of Clayton County, Georgia for the fiscal year ended June 30, 2013, is submitted herewith. Responsibility for both the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with the Clayton County Pension Board. We believe that the data as presented is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Public Employee Retirement System and that all disclosures necessary to enable interested citizens to gain a reasonable understanding of the Public Employee Retirement System's financial affairs have been included.

There are four major sections presented in the Annual Financial Report: the Introductory Section, the Financial Section, the Actuarial Section, and the Statistical Section. The Introductory Section includes a table of contents, a letter of transmittal from the Chief Financial Officer, and a list of the Public Employee Retirement System's principal officials and consultants. The transmittal letter includes summarized financial information about the Public Employee Retirement System for the fiscal year. Also included is a discussion of the Public Employee Retirement System's current and future economic condition and outlook.

The Financial Section includes the independent auditors' report, the management discussion and analysis, the basic financial statements, and required supplemental information of the Public Employee Retirement System. Notes to the financial statements and supplementary information are also included which provide additional detail of data summarized in the financial statements.

As completed by the actuarial firm, Buck Consultants, the Actuarial Section includes the actuarial certification, the comparative summary of principal valuation results, and other information from the actuarial report for fiscal year ended June 30, 2013.

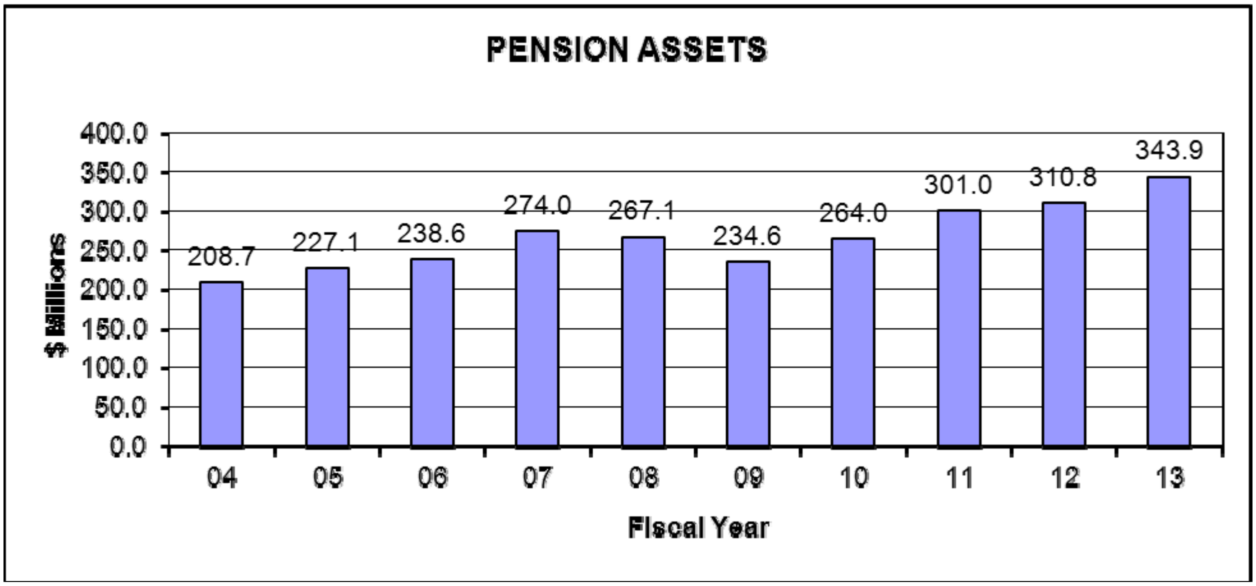
The Statistical Section contains information pertaining to revenues, expenses, Plan net position, and investment results.

ECONOMIC CONDITION AND OUTLOOK

Financial Highlights

The Public Employee Retirement System (PERS) maintains an investment policy designed to promote a strong financial future for the Plan. Our long-term objectives for the total portfolio and manager are to maintain high levels of performance over complete market cycles relative to its appropriate weighted benchmark index and within the universe of managers of its management style. Funding of the pension plan is adequate to secure current and future retirement benefits with the market value of Net Position Held in Trust for Pension Benefits totaling $343,881,875 at June 30, 2013.

The growth of Plan assets is illustrated in the accompanying graph. Plan assets increased from $208.7 million at June 30, 2004 to $343.9 million as of June 30, 2013. This demonstrates the strong performance of the capital markets in the last decade with the exception of the period beginning September 2008 and ending April 2009, which reflects a drop in markets nationwide.



Annual growth from June 30, 2004 through June 30, 2007 ranged from 5% to 17% per year. Because of the excessive National Market decline during fiscal year 2009, the plan recorded a decline of 12%, but the fund fully recovered during fiscal year 2010 and increased by an average return of 9% over the last three years.

As the employer and employee contributions to the Plan are substantially offset by the payment of retirement benefits, the increase in Plan assets overwhelmingly represents gains (realized and unrealized) from portfolio investments. The total returns for the Plan held at Mass Mutual Financial Group engaged by the Pension Board are detailed in the next few paragraphs and table.

The total **gross time weighted return** for the portfolio in FY 2013 increased by 13.55%, performing better than the County Custom benchmark of 12.06%. Over a trailing three year period, the Plan produced an annually compounded total return of 11.13%, underperforming the benchmark return of 12.21%. For the past five years, the Plan generated a return of 6.88%

exceeding its benchmark of 6.47%. Since inception, the Plan has generated a return of 8.62% versus its Policy index of 8.19%. For purposes of the actuary's Valuation Report, an earnings rate of 8.0% is assumed. The asset valuation method is a five year smoothed market value, and projected salary increases are set at 0.00% for the County and 2.0% for Water Authority in 2014, 3.0% for the next eight years and 4.0% per annum for the following 21 years.

After the quarter ending September 30, 2011, the Pension Fund transitioned from separately managed money manager accounts to a bundled approach with Mass Mutual Financial Group. All funds were invested in mutual funds and allocated among them according to the Investment Policy Statement, with the exception of a Money Market account. On June 28, 2013 (the last business day in June), the fund was liquidated and moved to Transamerica Retirement Solutions. Beginning July 1, 2013 the fund was invested in a combination of mutual funds and three separately managed accounts.

A small allocation is made to the **Money Market Account** for purposes of funding monthly pension benefits and making refunds of Contribution Account Balances to those non-vested participants who terminate employment with the County or the Water Authority. Employee and Employer contributions are deposited into this account, as well.

The total **fund return** for the pension plan exceeded its benchmark. The pension plan produced a positive return of 13.55% for the fiscal year ended June 30, 2013. This one-year return was above the Fund Class benchmark of 12.96%. The fund benchmark assumes a passive implementation of the strategic asset allocation policy; 54% Russell 3000 Index plus 40% Barclay's Capital US Aggregate Index and 6% MSCI EAFE Index. The five-year annualized return of 6.88% slightly exceeded the fund benchmark of 6.45%.

The following table shows the annually compounded total returns for each of the managers and its benchmarks.

Investment Performance at June 30, 2013

	Total Return	***Benchmark Return***	**Benchmarks**
Total Pension Plan			
One Year	13.55 %	12.96 %	Russell 3000 Index (54%);
Three Years	11.16	14.75	Barclay's Capital US Aggregate (40%);
Five Years	6.88	6.45	MSCI EAFE Index (6%)

OUTLOOK

U.S. economic growth slowed down in the second half of 2013, held back by federal policies and a decrease in hiring. This resulted in a decline of consumer spending. Economists are hopeful that Federal policies will soon ease, allowing for stronger growth next year, perhaps as much as 3% (the best growth rate in nine years). The lack of additional tax hikes and strong housing should benefit the economy next year, although a rise in mortgage rates is expected to have a negative effect on home building activity.

Wall Street has had a historical year so far in 2013 with the S&P 500 closing out November up 26.6%, its best year-to-date surge since 1997. Experts are optimistic that 2014 will be a good year as well, but not quite as exceptional as 2013, since expectations are that there may be some bumps in the road after the current year rally.

Employment rose in November, 2013, for the first time in three years. The unemployment rate dropped 0.3% to 7.0%, its lowest level in five years. Job gains for September and October were up by 8,000 jobs, and hourly earnings and the average workweek lengthened. The fall in unemployment exceeded economists' expectations, and news of all these improvements causes a rise in optimism, despite a decline in consumer and business loans.

Stock Market Outlook – For eight consecutive weeks in fourth quarter, 2013, stocks posted gains despite mixed economic data. The Dow Jones Industrial Average and S&P 500 Index have been regularly showing record highs, but the last week of November the Nasdaq Composite made news, moving above the 4,000 mark for the first time in 13 years. Despite the Nasdaq's improvement, it is still below its all-time high of 5,048 reached in March, 2000.

Bond Market Outlook – Volatility in the Bond Market subsided as the Federal Reserve signaled that it would begin to reduce its monetary policy known as Quantitative Ease 3 (QE3). This policy allows the Federal Reserve to purchase a large volume of mortgage backed securities in order to cause long term interest rates to decrease in an effort to stimulate housing and borrowing. With the appointment of Janet Yellen to succeed Ben Bernanke as chairman of the Federal Reserve, current policy will most likely continue, and tapering is likely to begin sometime in the Spring. Fed funds rates are not expected to rise through 2015, but it is likely that the Treasury yield curve will continue to widen as long-term rates would tend to rise under this scenario.

Appointments

The Pension Board retained Buck Consultants as the Plan actuary and Bryan Cave LLP as specialized legal counsel. During the year, Buck completed the Valuation Report and consulted on other items of interest to the Pension Board. Also, Bryan Cave has assisted in reviewing legal documents and responding to other legal matters. Mass Mutual served as the custodian bank and record-keeper / processor for the Plan in the prior and current fiscal years, but the fund was transferred to Transamerica Retirement Solutions at the close of business June 28, 2013. Transamerica began administering the Pension Plan July 1, 2013.

Morgan Stanley Smith Barney was retained on May 2, 2010 to provide expertise in the selection of investment funds and financial analysis, as well as additional consulting services of the Pension Plan.

Plan Enhancements

The Plan was restated, including all prior amendments effective July 1, 2008. Major changes in the restatement included a change in the mortality table used in the Actuarial Equivalent calculation of lump sum distributions, removal of the 60 and 114 month payout options and the establishment of an open window of time for rehires to repay former lump sum distributions to the pension fund for purposes of bridging prior periods of service. Other miscellaneous clarifications and implementation of IRS rule changes were also included.

The Plan was amended in March 3, 2009 to make the 60 and 114 month payout options available to all participants who retired in December, 2008 and to modify the definition of "eligible employee". On March 2, 2010, an ordinance was approved allowing married participants to designate a beneficiary other than a spouse, if they desire, and on March 20, 2012 to allow State Court Law Clerks to be eligible employees. Lastly, on May 21, 2013, the membership of the Pension Board was revised to appoint the Chief Financial Officer (or in his/her absence, the Director of Finance).

Prospects for the Future

Mass Mutual is currently the custodian of all pension assets as well as record-keeper and processor of benefits. At close of business on June 28, 2013, all investments were liquidated and moved to Transamerica Retirement Solutions, and were invested in a combination of mutual funds and separately managed accounts.

REPORTING ENTITY

The Pension Board is the governing body of the Clayton County Public Employee Retirement System. The Board consists of members representing the Clayton County Board of Commissioners and the Clayton County Water Authority as well as one at-large member who is a citizen of Clayton County. Under the amended Plan, the Public Employee Retirement System maintains a contributory, defined benefit pension plan that covers all Civil Service full-time County employees, full-time Water Authority employees, department heads, certain elected officials, and certain appointed employees. The Board of Commissioners and the Water Authority fund the Plan at 12.90% of covered payroll, paid on a quarterly basis. Employees contribute 5.5% of salary to the Plan on a bi-weekly basis.

FINANCIAL INFORMATION

Accounting and Budgetary Controls

In developing and evaluating the Public Employee Retirement System's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability of assets.

The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the Public Employee Retirement System's internal accounting controls adequately safeguard assets and provide reasonable assurance surrounding the proper recording of financial transactions.

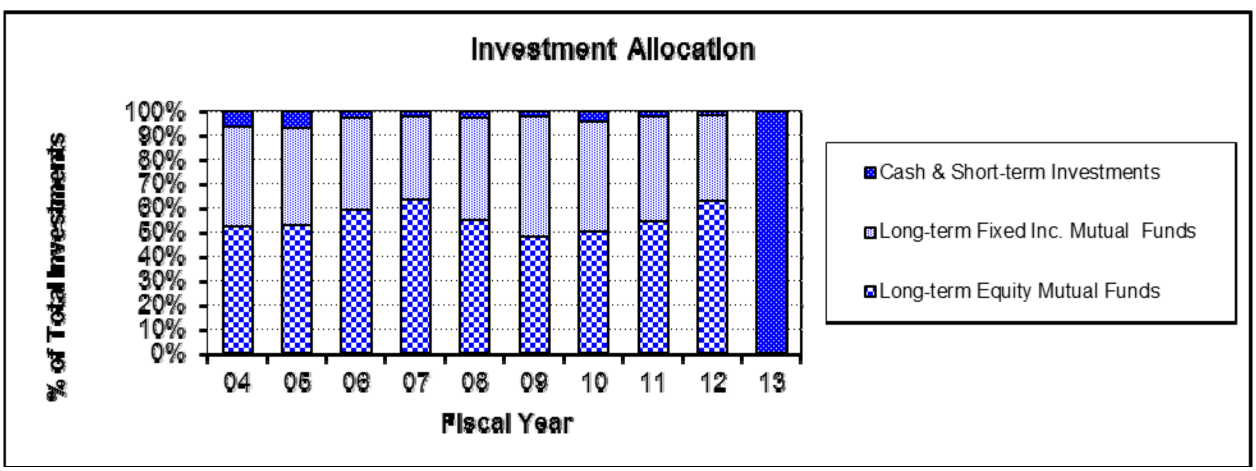
Accounting Method

The funds of the Public Employee Retirement System are reported on the accrual basis of accounting. The measurement focus is based upon the determination of net income, financial position and changes in financial position. The Plan adopted GASB Statement No. 50, *Pension Disclosures-An Amendment of GASB Statements No. 25 and No. 27*, required for fiscal periods beginning after June 15, 2007, in fiscal year 2008.

Investments and Funding

All investments were liquidated to cash and short-term investments by June 30, 2013.

The following chart shows the progress made toward the Plan's goal of increasing the allocation to equities. Until June 30, 1996, fixed income securities represented the majority of Plan investments. Since then, the Plan has maintained an allocation of at least 50% in equities. Although not depicted on the chart below, the allocation to fixed income securities reached a high of 81.5% at June 30, 1992 and has experienced a significant decline over the past 21 years to only 36.5% of the portfolio in 2013. Equities have increased from their low of 8.1% at June 30, 1992 to 62.4% prior to liquidation the last week of June 2013. Equities and fixed income investments were liquidated that week due to the transfer of funds to TransAmerica, the new custodian. Therefore 100% of the Fund was in Cash at the end of the current fiscal year. Beginning July 1st, TransAmerica invested the Fund into three Separately Managed Accounts and the various Equity and Fixed Income Funds as approved by the Pension Board. Cash typically represents funds held in the Money Market account for monthly benefit and lump sum payments.



The Plan's investment portfolio reflects a prudent, well-diversified, conservative strategy. This strategy is used to provide adequate funding for the long-term benefits for those employees covered by the Plan, while simultaneously maintaining a sound fund consistent with the requirements defined by the Plan's actuarial firm.

The market value of the Plan Net Position increased 10.6% from $310,765,246 as of June 30, 2012 to $343,881,875 at the end of the current fiscal year. In 1997, the Plan actuary recommended a change in the asset valuation method from "market value" to the "market related actuarial value of assets" which utilizes a five-year smoothed market value of assets to determine funding status. This resulted in the "Market Related Actuarial Value" of assets equaling $340,269,292 on June 30, 2013, up 5.6% for the year. The total Actuarial Accrued Liability (AAL), a standardized measure of the Plan's liabilities, which includes an actuarial cost estimate for non-vested participants, increased 4.8% to $469,845,321 as of June 30, 2013 compared with $448,252,277 last year. The unfunded actuarial accrued liability increased from $126,109,647 (39.1% of Plan assets) at June 30, 2012 to $129,576,029 (38.1% of Plan assets) at June 30, 2013. Over the past six years, Clayton County's total unfunded liability has gone from $102.7 million to $129.6 million. The primary cause of this increase is due to the fact that experienced, higher paid employees were replaced with lesser experienced and lower paid employees and salary and hiring freezes were implemented.

Effective for fiscal year 2004, the Board of Commissioners agreed to increase Plan funding to 12.90% to accommodate the increased expense level in order to avoid extending the period to amortize the unfunded liability beyond twenty-nine years. In 1993, the Plan was enhanced to offer a Special Early Retirement Window which added about $15.2 million to the total Actuarial Accrued Liability. The County paid this debt in full as of June 30, 2013. The actuarial projected investment return for the Plan is estimated at 8% per annum. Projected salary increases are estimated at 0.0% per annum for Clayton County employees and 2.0% for Water Authority employees for the upcoming year, 3% for the next eight years, and 4% for the following twenty one years. In addition, the projections include a 2.0% cost-of-living adjustment effective July 1, 2009 and an inflation rate of 3.0% for next eight years and 4.0% for following twenty one years.

OTHER INFORMATION

Independent Audit

The Pension Board of the Public Employee Retirement System requires an annual audit of the financial records and transactions of the PERS, conducted by independent certified public accountants as selected by the Clayton County Board of Commissioners. The financial statements for the fiscal year ended June 30, 2013 were audited by Mauldin and Jenkins, LLC. Their unmodified opinion has been included in this report. Their audit was conducted in accordance with auditing standards generally accepted in the United States of America. An unmodified opinion indicates that the financial statements are presented fairly in all material respects, as of June 30, 2013 and 2012 in accordance with U.S generally accepted accounting principles.

Acknowledgments

The preparation of this report was accomplished with the dedicated efforts of the Finance Department staff and through the cooperation of the actuarial and consulting firms employed by the Pension Board. I would also like to acknowledge the Pension Board members for their support, contributions, and guidance in the preparation of this report and the control of the financial affairs of our Public Employee Retirement System.

Respectfully submitted,

Ramona Thurman

Ramona Thurman
Secretary/Treasurer

II. FINANCIAL SECTION

This Section Contains the Following Subsections:

REPORT OF INDEPENDENT AUDITORS

MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Clayton County, Georgia Public
Employee Retirement System
Jonesboro, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the **Clayton County, Georgia Public Employee Retirement System (the "Plan")** as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Plan 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 an 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 financial position of the Plan as of June 30, 2013 and 2012, and the changes in financial position for the years then ended in accordance 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 Management's Discussion and Analysis on pages 15 **–** 18 and the Schedule of Funding Progress and Schedule of Employer Contributions on pages 32 and 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plan's basic financial statements. The introductory section, actuarial section and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section, actuarial section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2014, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
May 1, 2014

Management's Discussion and Analysis (Unaudited)

This section of the annual financial report presents a narrative overview and an analysis of the financial activities of the Public Employee Retirement System (PERS) of Clayton County, Georgia for the fiscal year ended June 30, 2013. Management encourages readers to consider the information presented here in conjunction with the additional information included in the letter of transmittal, which can be found on page 3 of this report.

Financial Highlights (2013 vs. 2012)

- Due to a change in custodians from Mass Mutual to Transamerica effective July 1st, the Pension Fund was liquidated on June 28th (the last business day of June) and all investment assets were reflected in cash and short-term investments.
- Plan net position for the PERS increased $33,116,629 during fiscal year 2013 compared to an increase of $9,867,209 in the previous year. This represents an increase of 9.6% for fiscal year 2013 and is primarily due to the surge in the stock market in the current fiscal year.
- The rate of return on investment assets for fiscal year 2013 was 13.55% compared with 5.77% for fiscal year ending 2012.
- The funding ratio at the end of the current fiscal year was 72.4% compared with 71.9% for fiscal year 2012. The funding ratio is indicative of how well the plan is funded.

Summary of Net Position for Fiscal Years 2013 and 2012

Cash and short-term investments	$ 343,163,909	$ 5,480,140
Receivables and prepaids	734,464	561,786
Investments	-	304,725,687
Total Assets	343,898,373	310,767,613
Liabilities	16,498	2,367
Net Position	$ 343,881,875	$ 310,765,246

- Additions from quarterly contributions by the Water Authority and the Board of Commissioners General, Fire, Landfill, and other special revenue funds totaled $14,816,262 in fiscal year 2013. This is an increase of 2.4% over the previous fiscal year, 2012.
- Employee contributions from the various Board of Commissioners funds and the Water Authority totaled $4,642,790 for fiscal year 2013. This is an increase of 5.3% from the previous fiscal year.
- Total deductions, excluding investment expenses, were $27,325,719 for fiscal year 2013. This is an increase of 4.2% over the previous fiscal year. The increase was due mainly to retirement benefit payments of $27,155,733, up from $26,013,212 in fiscal year 2012. The number of retirees receiving benefits increased by 49 in 2013.

Summary of Changes in Net Position for Fiscal Years 2013 and 2012

	2013	2012
Contributions	$ 19,459,052	$ 18,875,667
Net investment income	40,983,296	17,218,539
Total Additions	60,442,348	36,094,206
Deductions	27,325,719	26,226,997
Net increase	33,116,629	9,867,209
Net position, beginning	310,765,246	300,898,037
Net position, ending	$ 343,881,875	$ 310,765,246

Financial Highlights (2012 vs. 2011)

- Plan net position for the PERS increased $9,867,209 during fiscal year 2012 compared to an increase of $36,924,410 in the previous year. This represents an increase of 3.3% for fiscal year 2012. This increase is primarily due to a continuing recovery in market conditions during fiscal year 2012.
- Fixed income investments showed a decrease of $19,874,330 or 6.4% of plan net position.
- The rate of return on investment assets for fiscal year 2012 was 5.77% compared with 15.52% for fiscal year ending 2011.
- The funding ratio at the end of the current fiscal year was 71.9% compared with 72.3% for fiscal year 2011. The funding ratio is indicative of how well the plan is funded.

Summary of Net Position for Fiscal Year 2012 and 2011

	2012	2011
Cash and short-term investments	$ 5,480,140	$ 6,906,383
Receivables and prepaids	561,786	750,684
Investments	304,725,687	293,533,623
Total Assets	310,767,613	301,190,690
Liabilities	2,367	292,653
Net Position	$ 310,765,246	$ 300,898,037

- Additions from quarterly contributions by the Water Authority and the Board of Commissioners General, Fire, Landfill, Airport, and other special revenue funds totaled $14,465,009 in fiscal year 2012. This is an increase of 1.4% over the previous fiscal year, 2011.
- Employee contributions from the various Board of Commissioners funds and the Water Authority totaled $4,410,658 for fiscal year 2012. This is a decrease of 4.5% from the previous fiscal year.

- Total deductions, excluding investment expenses, were $26,226,997 for fiscal year 2012. This is an increase of 5.1% over the previous fiscal year. The increase was due mainly to retirement benefit payments of $26,013,212, up from $24,699,414 in fiscal year 2011. The number of retirees receiving benefits increased by 44 in 2012.

Summary of Changes in Net Position for Fiscal Years 2012 and 2011

	2012	2011
Contributions	$ 18,875,667	$ 18,886,582
Net investment income	17,218,539	42,987,497
Total Additions	36,094,206	61,874,079
Deductions	26,226,997	24,949,669
Net increase	9,867,209	36,924,410
Net position, beginning	300,898,037	263,973,627
Net position, ending	$ 310,765,246	$ 300,898,037

Overview of the Financial Statements

This Discussion and Analysis is intended to serve as an introduction to the PERS financial statements. These statements consist of three components: Fund financial statements, notes to the financial statements, and required supplementary information.

- Fund financial statements - There are two comparative financial statements presented for the PERS. The Statement of Plan Net Position as of June 30, 2013 and 2012 presents the net position available to pay future benefit payments. The Statement of Changes in Plan Net Position Available for Benefits for the year ended June 30, 2013 and 2012 provides a comparative view of the current and prior year's additions and deductions.

- Notes to the financial statements - The notes provide additional information that is essential for a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 21-30 of this report.

- Required supplementary information - The required supplementary information consists of a *Schedule of Funding Progress* and a *Schedule of Employer Contributions for the PERS*. These schedules provide historical trend information, which contributes to the understanding of changes in the funding status over time. This supplementary information can be found on pages 31-33 of this report.

- Actuarial Section – A complete copy of the actuarial valuation as performed by Buck Consultants has been included in this report and can be found on pages 35-64.

- Statistical Section - The following statistical schedules are presented for the reader's additional analysis: The *Schedule of Revenue by Source, Expenses by Type and Net Position for the Last Ten Fiscal Years* and the *Schedule of Investment Results for the Last Ten Fiscal Years*. These schedules can be found on pages 65-67.

Economic Factors

Retail sales rose 0.7% in November, indicating that the economy is strong enough for the Federal Reserve to begin tapering its monetary policy. Markets have reacted negatively to the perception of a shorter timeline for the Fed's tapering of its bond-buying stimulus. Profit-seeking also contributed to the market's decline due to investors selling some stocks to take advantage of gains from this year's rally. There has not been a 10%+ correction in the market in 27 months, so the decline may be timely. Historically, we see at least one a year, even in a healthy bull market. Even with the most recent decline, the S&P 500 most likely will close its strongest yearly performance in more than a decade. Most U.S. Treasury prices fell, pushing yields higher.

Unemployment had the biggest jump in a year in initial claims, but figures were skewed due to adjustments for seasonal jobs. The most recent report of "better-than-expected" November payrolls numbers and the initial agreement in Washington of a bi-partisan budget may have an effect on the Fed's decision to taper.

Underlying challenges still arise from the U.S. housing market. Although property values have risen 4.3% from October 2011, the highest recorded gain in the S&P/Case-Shiller index since 2010, the question is whether home prices will be high enough to encourage new construction or homeowners to sell. Home prices are being driven upward by institutional investors, and the average person is not participating in the U.S. housing market. Home prices are still down almost 30% from their peak in early 2007.

The regime of affordable housing is also about to end, so renting may be the viable option again this year with rising mortgage rates and the new, stricter mortgage rules becoming effective. The era of refinancing and mortgage interest deduction will become tighter, and the mortgage interest deduction cut is a possibility.

Requests for Information

This financial report is designed to provide a general overview of the Public Employment Retirement System finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed as follows:

Ramona Thurman
Chief Financial Officer
Clayton County Finance Department
112 Smith Street
Jonesboro, GA 30236

CLAYTON COUNTY, GEORGIA
PUBIC EMPLOYEE RETIREMENT SYSTEM

STATEMENTS OF PLAN NET POSITION
JUNE 30, 2013 AND 2012

	2013	2012
Assets		
Cash and short-term investments	$ 343,163,909	$ 5,480,140
Receivables		
Employer contributions	505,378	500,304
Interest and dividends	626	3,923
Due from brokers	216,431	45,992
Investments, at fair value		
Mutual funds		
Equity funds	-	195,038,333
Fixed income bond funds	-	109,687,354
Prepaid expenses	12,029	11,567
Total Assets	343,898,373	310,767,613
Liabilities		
Accounts payable	16,498	2,367
Total Liabilities	16,498	2,367
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	$ 343,881,875	$ 310,765,246

The accompanying notes are an integral part of these statements

CLAYTON COUNTY, GEORGIA
PUBLIC EMPLOYEE RETIREMENT SYSTEM

STATEMENTS OF CHANGES IN PLAN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
Additions (Reductions)		
Contributions:		
Employer		
Clayton County	$ 12,640,537	$ 12,305,317
Clayton County Water Authority	2,175,725	2,159,692
Plan members		
Clayton County	3,708,751	3,485,493
Clayton County Water Authority	934,039	925,165
Total contributions	19,459,052	18,875,667
Investment income		
Net appreciation in the fair value of investments	41,169,104	16,338,533
Interest	3,811	261
Dividends	-	1,294,624
	41,172,915	17,633,418
Less investment expense	(189,619)	(414,879)
Net investment income	40,983,296	17,218,539
Total Additions	60,442,348	36,094,206
Deductions		
Benefit payments	27,155,733	26,013,212
Administrative expenses	169,986	213,785
Total Deductions	27,325,719	26,226,997
Net increase	33,116,629	9,867,209
NET POSITION HELD IN TRUST FOR PENSION BENEFITS		
Beginning of year	310,765,246	300,898,037
End of Year	$ 343,881,875	$ 310,765,246

The accompanying notes are an integral part of these statements

NOTE A. ORGANIZATION AND GOVERNANCE

The Clayton County Public Employee Retirement System (the Plan) is a cost-sharing multiple employer public employee retirement plan as defined by Government Accounting Standards Board Statement No. 25. The Plan is administered by a five-member Board of Trustees (PERS Board). This Pension Board makes recommendations to the Clayton County Board of Commissioners concerning the establishment and amending of benefit provisions. The Plan is being funded in conformity with the minimum funding standards set forth in Code Section 47-20-10 of the Public Retirement Systems standard law. Participants in the Plan consist of the Clayton County Board of Commissioners (the County) and the Clayton County Water Authority (the Water Authority). The Plan is also reported as a pension trust fund in the Clayton County, Georgia Comprehensive Annual Financial Report (CAFR).

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies followed by the Plan:

1. Basis of Accounting. The Plan's financial statements are prepared on the accrual basis of accounting. Contributions are recognized in the period in which the members provide services. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Administrative costs of the Plan are financed through investment earnings, except for certain non-investment related administrative costs which are paid by the County. Approximately $25,000 was paid on behalf of the Plan by the County for each of the years ended June 30, 2013 and 2012.

2. Method Used to Value Investments. Investments are reported at fair value. Short-term investments are reported at cost which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

3. Use of Estimates. The preparation of the accompanying basic financial statements in conformity with U.S. generally accepted accounting principles 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 C. PLAN MEMBERSHIP, BENEFIT AND CONTRIBUTION INFORMATION

Membership of the Plan consisted of the following at July 1,

	2013	2012
Retirees and beneficiaries receiving benefits	1,066	1,017
Terminated plan members entitled to but not receiving benefits	279	276
Active plan members	2,475	2,424
Total	3,820	3,717

Effective Date — July 1, 1971.

Last Revised — Effective April 15, 2013.

Credited Service — Credited service is defined as service from employment. Effective January 1, 1999, each participant's sick leave in excess of the allowable amount, as of the last pay period of each calendar year, shall be placed in reserve status to be used in determining Credited Service at the participant's termination of employment. Certain employees' service with the City of Forest Park Water and Sewer Department is included as credited service.

Normal Retirement Benefit Eligibility — The earlier of (a) the later of (i) age 60 or (ii) the participants' seventh anniversary of participation in the Plan (fifth anniversary for safety personnel who were participants in the plan on or before June 1, 2001), or (b) age 55 and 25 years of credited service. Effective January 1, 1999, a participant may elect to apply sick leave reserve as an age credit in determining the attainment of Normal Retirement Age.

Basic Monthly Benefit — 2.5% of average monthly compensation multiplied by years of credited service up to 32.

Average monthly compensation is based on the 36 highest consecutive completed whole or partial months of service during the last 60 months of service.

NOTE C. PLAN MEMBERSHIP, BENEFIT AND CONTRIBUTION INFORMATION (CONTINUED)

Early Retirement Benefit

Eligibility	The earlier of age 50 and 25 years of credited service or age 55 and 15 years of credited service.
Benefit	If the participant has 25 years of credited service, the benefit is reduced 1/2% for each month age is less than 55. If the participant has less than 25 years of credited service, the benefit is reduced 1/2% for each month age is less than 60.

Disability Retirement

Eligibility	3 years of credited service for in line-of-duty; 7 years of credited service for other than in line-of-duty.
Benefit	30% of participants' monthly rate of compensation as of the date of disability.

Late Retirement Benefit

Eligibility	Retirement after eligibility for normal retirement.
Benefit	Normal retirement benefit based on average monthly salary and service at actual date of retirement.

Deferred Vested Benefit

Eligibility	7 years of credited service.
Benefit	100% of accrued benefit commencing at normal retirement age. If the member has at least 15 years of credited service, the member may receive a reduced benefit commencing at early retirement age.

Pre-Retirement Death Benefit

In Line-of-Duty

Eligibility	Participation in the Plan.
Benefit	Survivor portion of the 50% Joint and Survivor benefit payable immediately (unreduced for early commencement) if married. If not married, payments are unreduced and paid for 60 months.

NOTE C. PLAN MEMBERSHIP, BENEFIT AND CONTRIBUTION INFORMATION (CONTINUED)

Other Than Line-of-Duty

Eligibility: 7 years of service.

Benefit: Same as in line-of-duty benefit if greater than age 50 at death. Under age 50 at death; 50% of the deferred vested benefit reduced for early retirement payable at early retirement date if married. If not married, the benefit reduced for early retirement is paid for 60 months starting at early retirement age.

Normal Form of Payment: 5 years certain and life annuity.

Optional Forms of Payment:
(1) 100% joint and survivor annuity.
(2) 75% joint and survivor annuity.
(3) 50% joint and survivor annuity.
(4) Life annuity with 120 months certain

Contributions: Plan members are required to contribute 5.5% of their annual covered salary. If a participant terminates employment before meeting the requirements for any of the above benefits, they are entitled to receive a return of their contributions with 5% interest. Also, any participant or beneficiary may elect to receive a refund of contributions with interest in lieu of any other benefit payable under the Plan.

Employers are required to contribute at an actuarially determined rate. On the basis of the present valuation, a normal contribution rate of 11.34% of active participants' compensation is payable leaving a balance of 5.84% to be paid by the employers.

The employers also make a contribution toward the liquidation of the unfunded accrued liability. The 7.06% additional contribution made by the employers will liquidate the unfunded accrued liability within 29 years.

During the fiscal year ended June 30, 2013, the County made its final additional annual special contribution of $516,880 toward liquidating the remaining liability on the special early retirement program.

NOTE D. DEPOSITS AND INVESTMENTS

At June 30, 2013, the carrying amount of deposits for the Plan was $343,163,909 compared to $2,434,310 in 2012. On June 28, 2013, all Plan investments were liquidated in preparation for the transfer of assets to a new investment custodian. Therefore the Plan had no investments at June 30, 2013.

A portion of the deposits at June 30, 2013, $3,544,846, is part of a pooled cash account with Clayton County government's bank balance versus $2,434,310 in 2012. The Plan's deposits are insured by Federal Depository Insurance or collateralized with securities held in the Plan's name.

The fair value of Plan investments at June 30, 2012 was $307,771,517 of which $3,045,830 was classified as cash equivalents due to the short-term nature of the investments.

The Plan maintains sufficient cash to meet its immediate liquidity needs. Cash not immediately needed is invested as directed by the Clayton County Public Employees Retirement System (PERS) Board in a manner that is consistent with generally accepted standards of fiduciary responsibility, to ensure the security of principal and maximum yield on all pension fund investments through a mix of well diversified, high quality, fixed income and equity securities. The assets of the Pension Trust Fund may only be invested in eligible investments under the Public Retirement Systems Investment Authority Law, (O.C.G.A. 47-20-80) as follows:

Short-Term:

- Commercial Paper, with a maturity of 270 days or less. Commercial paper is an unsecured promissory note issued primarily by corporations for a specific amount and maturing on a specific day. The System considers for investment only commercial paper of the highest quality, rated P-1 or A-1 by national credit rating agencies.
- U.S. Treasury obligations with varying terms up to 360 days.
- Repurchase Agreements, whereby the Plan invests in direct obligations of the United States Government or in obligations unconditionally guaranteed by the agencies of the United States Government. The Plan may sell or purchase such obligations under agreements to resell or repurchase such obligations at a date certain in the future, at a specific price which reflects a premium over the purchase or selling price equivalent to a stated rate of interest.
- Master Notes, an overnight security administered by a custodian bank and an obligation of a corporation whose commercial paper is rated P-1 or A-1 by national credit rating agencies.

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Long-Term:

Fixed income investments are authorized in the following instruments:

- U.S. Treasury Obligations with varying terms up to 30 years.

- Corporate Bonds with at least an "A" rating by a national rating agency. Bond holdings should be diversified by issuer, sector, coupon and quality and be readily marketable. For international bonds, portfolio holdings should be diversified among countries, geographic regions and currencies. Currency-hedging strategies may be used to protect against adverse currency movements. Portfolios can be hedged back to the base currency (the U.S. dollar) or cross-hedged into other, more attractive, currencies. The use of options, futures, other derivatives, purchase of securities on margin, or other hedging strategies, which are designed to manage risk exposure, may only be made upon the prior written approval of the Pension Board.

- Mortgage investments are authorized to the extent that they are secured by first mortgages on improved real property located in the State of Georgia having a loan-to-value ratio no higher than 75%. Mortgages as a group cannot exceed 10% of total assets or 1% for any one loan.

Equity securities are also authorized for investment as a complement to the Plan's fixed-income portfolio and as a long-term inflation hedge. No more than 60% of the total invested assets, valued at cost, may be placed in equities and no more than 5% in any one corporation. Equity holdings in any one corporation may not exceed 5% of the outstanding equity of the issuing corporation.

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

The Plan held no investments at June 30, 2013. All plan assets at June 30, 2012 were held with Massachusetts Mutual Life Insurance Company (MassMutual) and were invested in separate investment accounts under a group annuity contract issued by MassMutual. The PERS Board directed the investment of plan assets among the following investment options:

Investment Option	Investment Allocation
Select PIMCO Total Return	23.20%
Premier Core Bond (Babson)	16.90%
Select Fundamental Value Fund (Wellington)	4.60%
Select Focused Value Fund (Harris)	8.60%
Select Blue Chip Growth Fund (T. Rowe Price)	6.00%
Mid Cap Value Fund (JP Morgan)	4.80%
Select Mid Cap Growth II Fund (TRP/Frontier)	4.90%
Small Cap Value Fund (JP Morgan)	4.80%
Select Small Cap Growth Fund (W&R/Wellington)	4.80%
Euro Pacific Growth Fund (American)	6.00%
Premier Money Market (Babson)	0.00%
Growth Fund (American Century)	7.00%
Henssler Equity Fund (Henssler)	8.40%
	100.00%

Investments at June 30, 2013 and 2012 are as follows:

	2013		2012	
	Fair Value	%	Fair Value	%
Mutual Funds				
Fixed Income				
Premier Core Bond Fund	$ -	- %	$ 46,570,308	15.28 %
PIMCO	-	-	63,117,045	20.71
Equities				
Select Blue Chip Growth Fund	-	-	19,897,980	6.53
Henssler Equity Fund	-	-	26,323,013	8.64
Mid Cap Value Fund	-	-	16,153,089	5.30
Small Cap Value Fund	-	-	16,553,279	5.43
Select Mid Cap Growth II Fund	-	-	15,724,859	5.16
Select Small Cap Growth Fund	-	-	15,719,908	5.16
Select Focused Value Fund	-	-	28,881,083	9.48
Growth Fund	-	-	22,922,481	7.52
Euro Pacific Growth Fund	-	-	17,726,370	5.82
Select Fundamental Value Fund	-	-	15,136,272	4.97
Total Investments	$ -	- %	$ 304,725,687	100 %

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Plan invests in bond mutual funds or bond index funds. This practice mitigates most of the interest rate risk associated with these types of investments because this allows the Plan to terminate its investment within 24 to 48 hours without penalty.

At June 30, 2013, the Plan held no investments and, therefore, was not exposed to interest rate risk. A schedule of the investment duration for the Plan's fixed income securities at June 30, 2012 is as follows:

Bond Fund Name	Carrying Amount	Average Quality	Effective Duration in Years
MassMutual Select PIMCO Total Return Fund	$ 63,117,045	BBB	6.46
MassMutual Premier Core Bond Fund	46,570,308	A	4.68

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. At June 30, 2013, the Plan held no investments and, therefore, had no concentration of credit risk. At June 30, 2012, the Plan held more than 5% of its investments in all but one of the mutual funds in which it participated, as noted on the Schedule of Investments on the previous page.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, The Plan will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. From July 1, 2011 through August 31, 2011, the Plan had five investment managers which controlled the investments of the retirement system. Effective September 1, 2011, all investments of the Plan were moved to MassMutual, who held the investments through June 28, 2013, at which time all investments were liquidated and in transit to a new investment custodian. The Pension Board on a quarterly basis reviews manager performances. At June 30, 2012, all investments held by the managers were in the name of the Plan. Therefore, the Pension Board believes that it can recover all investments from these managers at any time.

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2013, the Plan held no investments. At June 30, 2012, all investments were held with MassMutual.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Plan is authorized under Georgia law to invest up to 15% of total fund assets in foreign investments. At June 30, 2013, the Plan held no investments, and, therefore, was not exposed to foreign currency risk. At June 30, 2012, 5.82% of the Plan's investments were invested in Euro Pacific Growth Fund, with a fair value of $17,726,370. The Euro Pacific Growth Fund is a blend of large company growth and value stocks in Europe and the Pacific Basin.

NOTE E. TAX STATUS

The Plan had previously received determination from the Internal Revenue Service that the Plan was designed in accordance with the applicable sections of the Internal Revenue Code. The Plan received a favorable determination from the IRS on June 9, 2011 confirming its status as a Governmental plan under section 414(d) of the Internal Revenue Code.

NOTE F. CURRENT FUNDING STATUS AND FUNDING PROGRESS

The funded status of the Plan as of July 1, 2013, the most recent actuarial valuation date, is as follows:

Actuarially accrued liability (AAL)	$ 469,845,321
Actuarial value of plan assets	340,269,292
Unfunded actuarial accrued liability (UAAL)	$ 129,576,029
Funded ratio (actuarial value of plan assets/AAL)	72.40%
Covered payroll (active plan members)	$ 107,100,128
UAAL as a percentage of covered payroll	121.00%

NOTE F. CURRENT FUNDING STATUS AND FUNDING PROGRESS (CONTINUED)

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability. 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 long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2013.

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	7/1/2013
Actuarial cost method	Projected unit credit
Amortization method	Level percent open
Remaining amortization period	29 years
Asset valuation method	5 year smoothed market value
Actuarial assumptions:	
Investment rate of return*	8.00%
Projected salary increases*	0.00% for next year for County employees, 2.00% next year for Water Authority employees/ 3.00% for next 8 years, 4.00% thereafter
Cost-of-living, adjustments	2.0% effective 7/1/2009

*Includes inflation at 0.00% for next year/ 3.00% for next 8 years/ 4% for following 21 years

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REQUIRED SUPPLEMENTARY INFORMATION

CLAYTON COUNTY, GEORGIA
PUBLIC EMPLOYEE RETIREMENT SYSTEM

HISTORICAL TREND INFORMATION
(in thousands)

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value Assets (a)	Entry Age Normal Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (c) (b - a)	Funded Ratio (a/b)	Covered Payroll (d)	UAAL as a Percentage of Covered Payroll [(b - a)(d)]
July 1, 2006	$ 243,175	$ 333,726	$ 90,551	72.9%	$ 94,059	96.3%
July 1, 2007	265,983	364,542	98,559	73.0%	103,617	95.1%
July 1, 2008	283,543	386,232	102,689	73.4%	109,221	94.0%
July 1, 2009	281,523	392,473	110,950	71.7%	110,028	100.8%
July 1, 2010	293,128	407,571	114,443	71.9%	105,317	108.7%
July 1, 2011	308,154	425,922	117,768	72.3%	102,331	115.1%
July 1, 2012	322,143	448,253	126,110	71.9%	107,392	117.4%
July 1, 2013	340,269	469,845	129,576	72.4%	107,100	121.0%

The assumptions used in the preparation of the above schedule are disclosed in Note C to the financial statements.

CLAYTON COUNTY, GEORGIA
PUBLIC EMPLOYEE RETIREMENT SYSTEM

HISTORICAL TREND INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Annual Required Contribution	Percentage Contribution
2006	$ 12,336,649	100%
2007	13,167,340	100
2008	14,186,663	100
2009	14,545,179	100
2010	14,516,566	100
2011	14,269,403	100
2012	14,469,894	100
2013	14,717,065	100

III. ACTUARIAL SECTION
(Unaudited)

Clayton County, Georgia

Clayton County, Georgia Public Employee Retirement System

Actuarial Valuation Report

Plan Year July 1, 2013 - June 30, 2014

Fiscal Year July 1, 2013 - June 30, 2014

November 2013

buckconsultants A Xerox Company

November 12, 2013

Pension Board
Clayton County, Georgia
Public Employee Retirement System
112 Smith Street
Jonesboro, GA 30236

Members of the Board:

We are pleased to submit the results of the actuarial valuation of the Clayton County, Georgia Public Employee Retirement System as of July 1, 2013. We trust that this report will meet the approval of the Board and will furnish the desired information concerning the financial condition of the Retirement Fund. We look forward to meeting with you in person to discuss these results.

There are several purposes of this valuation. One purpose is to confirm whether contributions to the Retirement System meet the minimum funding requirements under Title 47, Chapter 20 of the Official Code of Georgia. It is the Board's funding policy to keep the Retirement System in compliance with these minimum funding requirements.

This valuation's results confirm that if contributions to the Retirement System continue at 18.40% (12.90% from the County and Water Authority and 5.50% from Participants) of Eligible Employee payroll as defined under the plan and if the County makes the special budgeted contribution for the prior Special Early Retirement Program, then the minimum funding requirements will be met.

These contributions are projected to fund the unfunded liability over a 29-year period. This period is within the acceptable period (30 years) for amortization under the minimum funding requirements. This result is dependent upon the valuation assumptions as to rates of salary increase, retirement, turnover, and death and also assumes that the size of the population will not change.

Another purpose is to prepare the information needed for the Retirement System's and the County's and Water Authority's financial reports as required by GASB Statements Nos. 25 and 27. The valuation has been prepared in accordance with the parameters set for disclosure under GASB Statements Nos. 25 and 27. The annual required employer contribution rate (ARC) is 12.90%.

Finally, this valuation assesses the security of benefits already earned. The Retirement System has assets of $343,412,055 at market value (after an adjustment of $469,821 for pending refunds). The actuarial value of assets is $340,269,292. The Retirement System's present value of accrued benefits for inactive participants and for active participants based on the service they have already

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performed is $448,477,583. This liability has been computed in accordance with the plan provisions listed in Schedule F and the actuarial assumptions listed in Schedule E.

The experience for the plan year produced an overall loss of $3,426,035. The plan experienced a $4,519,764 loss due to retirement experience, while new entrants caused a $693,405 loss. Mortality experience caused a $470,326 gain. The plan experienced a $926,740 gain due to net Water and County salary experience and a $395,623 loss due to miscellaneous experience (including data changes, termination experience, payment forms and benefit amounts different than assumed). The plan also realized a $785,691 gain on the actuarial value of assets.

The mortality table was updated to reflect an additional year of projected mortality improvement which resulted in an increase in liability of $847,130. The assumption regarding future salary increases was adjusted to reflect the County's expectation for short term pay increases and resulted in a decrease in liability of $3,041,689.

Georgia Code Section 47-20-84 defines a "large retirement system" and limits how much a large retirement system can invest in equities. This code section was amended April 21, 2009. Under the new definition, a plan with more than $200 million in assets is a large retirement system. Under this rule, Clayton County's retirement system is a large retirement system. A large system can invest up to 70% in equities after July 1, 2010, and 75% after July 1, 2011 provided the increase in equities by purchase shall not exceed 20% in a year.

The results of this valuation are dependent upon the employee census information provided by Clayton County and the Water Authority and asset values provided by the County, and the actuarial assumptions as summarized herein. There have been changes in actuarial assumptions since last year. The assumed rate of salary increase was adjusted to 0% for the upcoming year for Clayton County employees and 2% for the upcoming year for Water Authority employees, 3% for the next 8 years for all employees and 4% for the following 21 years for all employees. The mortality table was changed to the RP 2000 Mortality Table with a 10% load projected to the year 2019 with Blue Collar adjustment.

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the economic and demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions or applicable law. Because of limited scope, Buck performed no analysis of the potential range of such future differences.

Buck Consultants, LLC. was retained by the Pension Board for the Clayton County, Georgia Public Employees Retirement System to prepare this report. This report is intended for the sole use of the addressee and is intended only to supply sufficient information for the addressee to comply with the stated purposes of the report and may not be appropriate for other business purposes. Reliance on information contained in this report by anyone for other than the intended purpose puts the relying entity at risk of being misled because of confusion or failure to understand applicable assumptions, methodologies, or limitations of the report's conclusions. Accordingly, no person or entity, including the addressee, should base any representations or warranties in any business agreement on any statement or conclusions contained in this report without the written consent of Buck Consultants, LLC.

The Table of Contents, which immediately follows, outlines the material contained in the report.

Respectfully submitted,

Timothy G. Bowen, EA, MAAA, FCA
Director, Retirement Consulting Actuary
Enrolled Actuary Number 11-07204

Joseph L. Griffin, EA, ASA, MAAA, FCA
Director, Retirement Consulting Actuary
Enrolled Actuary Number 11-06938

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**REPORT ON AN ACTUARIAL VALUATION
OF THE CLAYTON COUNTY, GEORGIA
PUBLIC EMPLOYEE RETIREMENT SYSTEM
PREPARED AS OF JULY 1, 2013**

SECTION I - SUMMARY OF PRINCIPAL RESULTS

1. For convenience of reference, the principal results of the valuation and a comparison with the results of the preceding valuation are summarized below:

Valuation Date	**7/1/2013**	**7/1/2012**
Number of active participants	2,475	2,424
Annual compensation for year beginning on valuation date	$ 107,100,128	$ 107,391,688
Number of retired participants and beneficiaries	1,066	1,017
Annual retirement benefits as of July 1	$ 28,002,356	$ 26,334,270
Number of former participants with deferred benefits	279	276
Present value of accrued benefits	$ 448,477,583	$ 427,011,136
Total actuarial accrued liability	$ 469,845,321	$ 448,252,277
Assets:		
Market value	$ 343,412,055	$ 310,435,755
Actuarial value of assets	$ 340,269,292	$ 322,142,630
Total unfunded actuarial accrued liability	$ 129,576,029	$ 126,109,647
Unfunded liability due to early retirement program*	$ 0	$ 516,880
Unfunded liability excluding early retirement program	$ 129,576,029	$ 125,592,767
Amortization period for unfunded actuarial accrued liability	29 years	27 years
Recommended annual contribution rates:**		
Participants	5.50%	5.50%
County/Water Authority	12.90	12.90
Total	18.40%	18.40%
County/Water Authority annual required contribution rate (ARC):		
Normal cost	5.84%	5.70%
Unfunded actuarial accrued liability	7.06	7.20
Total	12.90%	12.90%

* Prior program funded through special appropriations.
** Contribution rates are applied to pay through the plan year

2. Comments on the valuation results as of July 1, 2013 are given in Section IV and further discussion of the contributions is set out in Section V.

3. Schedule E of this report outlines the full set of actuarial assumptions and methods employed.

4. Schedule F of this report summarizes the provisions of the System as interpreted for valuation purposes.

SECTION II - PARTICIPANT DATA

1. All full time employees and elected officials of Clayton County and the Clayton County Water Authority are covered under the Plan. The valuation included 2,475 active participants as of July 1, 2013 with expected annual compensation for the year beginning July 1, 2013 totaling $107,100,128.

2. The following table shows the number of retired participants and beneficiaries of deceased participants and their annual retirement benefits as of the valuation date.

**THE NUMBER AND ANNUAL RETIREMENT BENEFITS
OF RETIRED PARTICIPANTS AND
BENEFICIARIES OF DECEASED PARTICIPANTS
AS OF JULY 1, 2013**

GROUP	NUMBER	BENEFITS
Normal and Early Retirements	892	$ 25,464,896
Beneficiaries of Deceased Participants	109	1,484,379
Disability Retirements	65	1,053,081
Total	1,066	$28,002,356

In addition, there are 279 former participants entitled to deferred annual benefits totaling $3,221,647.

SECTION III - ASSETS

1. The amount of assets taken into account in this valuation is based on the unaudited financial statements provided by Clayton County.
2. The market value of assets as of July 1, 2013 was $343,412,055. This represented a return of approximately 13.41%. The actuarial value of assets used for the current valuation was $340,269,292. Schedule B shows the development of the actuarial value of assets as of July 1, 2013.
3. Schedule C shows the reconciliation of the market value of asset balances from July 1, 2012 to July 1, 2013.

SECTION IV - COMMENTS ON VALUATION

1. Schedule A outlines the results of the valuation. The valuation shows that the Retirement System has total actuarial accrued liabilities of $469,845,321. Of this amount, $309,664,076 is on account of benefits payable to retired participants, beneficiaries and former participants entitled to deferred vested benefits, and $160,181,245 is for benefits expected to be paid based on service to the valuation date on account of the present active participants. Against these liabilities, the System has present actuarial value of assets of $340,269,292 as of July 1, 2013. The difference of $129,576,029 between the total liabilities and the present assets represents the present value of future accrued liability contributions to be made by the County and Water Authority.

2. The regular contributions to the System consist of normal cost contributions and unfunded accrued liability amortization contributions. The normal cost contribution covers the cost of benefits accruing and Retirement System expenses during the upcoming year. The normal cost contribution rate for the County and Water Authority participants combined is determined to be 11.34% (5.84% County/Water Authority and 5.50% participants) of payroll. This compares to the 11.20% rate last year.

3. Another measure of the funding is the present value of the benefits accrued as of the valuation date. This value does not include any allowance for future salary increases affecting the benefits earned to date. This amount is $448,477,583. When compared to the market value of assets of $343,412,055, the plan has insufficient assets to cover its accrued benefits.

4. For the year, the Plan experienced an overall loss of $3,426,035. This loss is due to the net effect of a gain on the actuarial value of assets of $785,691 and a liability loss of $4,211,726. The liability loss includes an $847,130 loss due to a change in mortality and a $3,041,689 gain due to a change in salary scale. Schedule D shows the development of this loss.

SECTION V - CONTRIBUTIONS PAYABLE UNDER THE RETIREMENT SYSTEM

1. The Retirement System has established a total contribution rate of 18.40% of active participants' compensation. Of this amount, the participants pay 5.50% and 12.90% is to be paid by the County/Water Authority.

2. On the basis of the present valuation, a total normal cost contribution rate of 11.34% is payable. Participants contribute 5.50% of payroll, leaving a balance of 5.84% normal cost rate to be paid by the County/Water Authority.

3. The excess of the County's and Water Authority's 12.90% contribution over the 5.84% normal cost is 7.06%. This amount is applied toward the liquidation of the unfunded accrued liability. The 7.06% of active participants' compensation will liquidate the unfunded accrued liability within a 29-year period. This assumes that the funds to liquidate the unfunded liability remain constant over the next year due to capped pay and then increase 3% per year for the next 8 years and 4% per year for the following 21 years.
4. The following table summarizes the contribution rates.

CONTRIBUTION RATES
BASED ON JULY 1, 2013 VALUATION

CONTRIBUTION	PERCENTAGE OF COMPENSATION
Payable by:	
Participants	5.50%
County and Water Authority	12.90
Total	18.40%
Rate Applied To:	
Total Normal Cost	11.34%
Unfunded Actuarial Accrued Liability (balance)	7.06
Total	18.40%

SECTION VI - ACCOUNTING INFORMATION

1. Governmental Accounting Standards Board Statement No. 25 sets forth certain items of required supplementary information to be disclosed in the financial statements of the System and Statement No. 27 sets forth information for financial statements of the employer. One such item under GASB Statement No. 25 is a distribution of the number of employees by type of membership, as follows:

NUMBER OF ACTIVE AND RETIRED MEMBERS
AS OF JULY 1, 2013

GROUP	NUMBER
Retirees and beneficiaries currently Receiving benefits	1,066
Terminated employees entitled to benefits but not yet receiving benefits	279
Active Members	2,475
Total	3,820

2. Another such item is the schedule of funding progress for the most recent six years as shown below.

SCHEDULE OF FUNDING PROGRESS
(In 000's)
(See paragraph 7 below)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
7/1/2008	283,542.6	386,232.2	102,689.6	73.4	109,221.1	94.0
7/1/2009	281,523.4	392,472.8	110,949.4	71.7	110,028.3	100.8
7/1/2010	293,128.4	407,571.1	114,442.7	72.0	105,317.0	108.7
7/1/2011	308,154.1	425,921.5	117,767.4	72.3	102,330.7	115.1
7/1/2012	322,142.6	448,252.3	126,109.7	71.9	107,391.7	117.4
7/1/2013	340,269.3	469,845.3	129,576.0	72.4	107,100.1	121.0

See Schedules E and F for changes in assumptions or plan provisions affecting the comparability of numbers from year to year.

3. Another disclosure item under GASB Statement No. 25 is the Schedule of Employer Contributions as shown below. The annual required contributions for the six most recent plan years are to be shown.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Plan Year Ended June 30	Annual Required Contribution	Percentage Contributed
2008	$14,186,663	100%
2009	14,545,179	100
2010	14,516,566	100
2011	14,269,403	100
2012	14,469,894	100
2013	14,717,065	100

4. The annual required contribution (ARC) as a percentage of payroll, determined in accordance with the parameters of GASB 25/27, is shown below.

2013/2014 FISCAL YEAR
EMPLOYER ANNUAL REQUIRED CONTRIBUTION (ARC)
BASED ON THE VALUATION AS OF JULY 1, 2013
(See paragraph 7 below)

EMPLOYER ANNUAL REQUIRED CONTRIBUTION (ARC)	
Normal	5.84%
Accrued Liability	7.06%
Total	12.90%

5. Three-year trend information as required under GASB 27 is as follows:

THREE-YEAR TREND INFORMATION
(See paragraph 7 below)

Fiscal Year Ended June 30	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
2011	$14,269,403	100%	$0
2012	14,469,894	100	0
2013	14,717,065	100	0

6. The information presented in the required supplementary schedules was determined as part of the actuarial valuation at July 1, 2013. Additional information as of the latest actuarial valuation follows.

Valuation date	7/1/2013
Actuarial cost method	Projected unit credit
Amortization method	Level percent open
Remaining amortization period	29 years
Asset valuation method	5 year smoothed market value
Actuarial assumptions:	
Investment rate of return*	8.00%
Projected salary increases*	0.00% for next year for County employees, 2.00% for next year for Water Authority employees / 3.00% for next 8 years / 4.00% thereafter.
Cost-of-living adjustments	2.0% effective 7/1/2009 (see plan summary)
*Includes inflation at	0.00% for next year / 3.00% for next 8 years / 4.00% for following 21 years.

7. It is likely that this plan can be viewed as a cost-sharing multiple-employer plan since Clayton County and the Clayton County Water Authority are separate employers. All costs of the plan are shared and one valuation covers all plan participants. Under GASB 27, cost-sharing employers recognize their required contributions as expense and the excess, if any, of required contributions over actual contributions as a liability. Cost-sharing employers are not required for GASB 27 to disclose the information in paragraphs 2 and 5 above.

SECTION VII – ENROLLED ACTUARY'S STATEMENT

The actuarial assumptions used to value the Plan for funding purposes were selected by the plan sponsor or us. The interest assumption, funding method, salary scale and asset method were selected by the plan sponsor. All other assumptions were selected by us. All assumptions (other than the salary scale which was selected by the plan sponsor) individually and in the aggregate represent my best estimate of anticipated experience under the plan. There is not sufficient information to evaluate the appropriateness of the salary scale as a long term assumption. The plan sponsor has indicated that the financial stress it is under will limit its ability for a considerable period to make salary increases in line with historical increases. Based on the foregoing, the cost results and actuarial exhibits for funding presented in this report were determined on a consistent and objective basis in accordance with applicable Actuarial Standards of Practice and generally accepted actuarial procedures.

To the best of my knowledge, the information in this report is complete and accurate and meets the requirements and intent of Georgia Public Retirement System Law, Code Title 47, Chapter 20. As is demonstrated earlier in this report, the Clayton County, Georgia Public Employees Retirement System is in compliance with the Minimum Funding Standards specified in Code Section 47-20-10 and meets the funding policy of the Fund's Board, which is to keep the Fund in compliance with such standards. These assumptions and actuarial cost methods also meet the required parameters under GASB Statements Number 25 and 27. See the cover letter to this report for limitations due to reliance upon information furnished by others.

The report was prepared under the supervision of Timothy G. Bowen, the plan's Enrolled Actuary, an Associate of the Society of Actuaries, and a Member of the American Academy of Actuaries, who has met the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

BUCK CONSULTANTS, LLC.

Timothy G. Bowen, EA, MAAA, FCA
Director, Retirement Consulting Actuary
Enrolled Actuary Number 11-07204

SCHEDULE A

RESULTS OF THE VALUATION PREPARED AS OF JULY 1, 2013

1.	Actuarial Accrued Liabilities	
	Present Value of Prospective Benefits Payable in Respect of:	
	(a) Present active participants	$160,181,245
	(b) Present retired participants, beneficiaries, and former participants entitled to deferred vested benefits	309,664,076
	(c) Total accrued actuarial liabilities	469,845,321
2.	Actuarial Value of Assets for Valuation Purposes	340,269,292
3.	Unfunded Actuarial Accrued Liability [1(c) minus 2]	129,576,029
4.	Portion of Unfunded Actuarial Accrued Liability Assigned to Prior Early Retirement Window Program (funded through special appropriation - completed)	0
5.	Balance of Unfunded Actuarial Accrued Liability to be Funded by Future County and Water Authority Amortization Payments	$ 129,576,029

SCHEDULE B

DEVELOPMENT OF JULY 1, 2013 ACTUARIAL VALUE OF ASSETS

(1)	Actuarial Value of Assets on July 1, 2012 including Contributions Receivable	$ 322,142,630
(2)	2012/2013 Net Cash Flow	
	a. Contributions from Employer and Participants plus increase/(decrease) in Contributions Receivable	19,359,856
	b. Benefits + Administrative Expense Only	27,466,048
	c. Net Cash Flow (2)a - (2)b	(8,106,192)
(3)	Expected Investment Return, Net of Investment Expenses [(1) x .08] + [(2)c x .04]	25,447,163
(4)	Expected Actuarial Value of Assets on July 1, 2013 including Contributions Receivable (1) + (2)c + (3)	339,483,601
(5)	Market Value of Assets on July 1, 2013, including Contributions Receivable	343,412,055
(6)	Excess of Market Value over Expected Actuarial Value of Assets (5) - (4)	3,928,454
(7)	20% Adjustment Towards Market 0.20 x (6)	785,691
(8)	Preliminary Actuarial Value of Assets on July 1, 2013 (4) + (7)	340,269,292
(9)	80% of Market Value .80 x (5)	274,729,644
(10)	120% of Market Value 1.20 x (5)	412,094,466
(11)	Actuarial Value of Assets on July 1, 2013 Smaller of (10) and maximum of (8) and (9)	$ 340,269,292

SCHEDULE C

ASSETS OF THE RETIREMENT SYSTEM

Reconciliation of Market Value of Assets

Receipts		
Employer and Participant Contributions		$ 19,359,856
Investment Income		
Interest and Dividends	$ 3,811	
Net Appreciation (Depreciation) in Fair Value of Investments	41,268,300	
Total Investment Income		41,272,111
Total Receipts		$ 60,631,967
Disbursements		
Benefits Paid		$ 27,155,733
Increase in Pending Refunds[1]		140,331
Administrative and Investment Expenses		359,603
Total Disbursements		$ 27,655,667
Excess of Receipts Over Disbursements		$ 32,976,300

Reconciliation of Asset Balances	
Market Value at July 1, 2012, including contributions receivable	$ 310,435,755
Excess of Receipts Over Disbursements	32,976,300
Market Value at July 1, 2013, including contributions receivable	$ 343,412,055

[1] Unpaid Pending Refunds of $329,490 were subtracted from the July 1, 2012 Market Value of Assets, and $469,821 was subtracted from the July 1, 2013 Market Value of Assets. The difference of $140,331 was added to the annual disbursements during the year.

SCHEDULE D

DEVELOPMENT OF EXPERIENCE GAIN/(LOSS)

1. Actual Unfunded Accrued Liability as of July 1, 2012 (before adjustment for window plan):		$	126,109,647
2. Expected Change in Unfunded Liability During 2012/2013 Plan Year			
a. Due to Total Normal Cost (beginning of year)	$ 11,370,726		
b. Mortality Change (increase projection year by 1)	847,130		
c. Change to Salary Scale	(3,041,689)		
d. Due to Plan Changes	0		
e. Due to Interest on Normal Cost and Unfunded Liability	10,998,430		
f. Due to Actual Employer and Participant Contributions with Interest	(20,134,250)		
g. Total Expected Change, a. + b. + c. + d. + e. + f.	$ 40,347		
3. Expected Unfunded Accrued Liability as of July 1, 2013:		$	126,149,994
4. Actual Unfunded Accrued Liability as of July 1, 2013 (before adjustment for window plan):		$	129,576,029
5. Experience Gain/(Loss) for the 2012/2013 Plan Year* (3) – (4)		$	(3,426,035)

* Liability related portion of experience Gain/(Loss): $ (4,211,726)
Asset related portion of experience Gain/(Loss): $ 785,691

SCHEDULE E

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

INTEREST RATE: 8% per annum, compounded annually, net of investment expenses.

SEPARATIONS BEFORE RETIREMENT: Representative values of the assumed annual rates of withdrawal, disability, and death are as follows:

	Annual Rate of				
	Withdrawal		Disability	Death	
Age	Years 1 – 3	Years 4+		Male	Female
25	12.00%	8.88%	.07%	.03%	.02%
30	10.00	6.89	.08	.07	.03
35	9.00	4.00	.09	.11	.05
40	9.00	3.50	.11	.13	.07
45	8.00	3.00	.16	.15	.11
50	8.00	2.00	.24	.19	.16
55	-	-	.40	.32	.26
60	-	-	.84	.67	.49
64	-	-	1.49	1.16	.91

RATES OF RETIREMENT: Representative values of the assumed annual rates of early and normal retirement are as follows:

	General Employees		Sworn Safety	
	Annual Rate of Retirement			
Age	Less than 25 years of service*	25 years of service*	Early	Normal*
50	.03		.03	
52	.05		.05	
54	.07		.07	
55	.04	.12	.07	.12
58	.04	.12	.07	.12
60	.04	.12		1.00
62	.04	.12		
64	.04	.12		
65		1.00		

* An additional 30% are assumed to retire in the year when first eligible for unreduced normal retirement.

Note: Employees who terminate with a vested benefit and greater than 15 years of service are assumed to commence at age 55 with a subsidized early retirement pension. Other deferred vested employees are assumed to commence at normal retirement age.

SCHEDULE E

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS (continued)

SALARY INCREASES: 0.0% for 2013 to 2014 for Clayton County employees, 2.0% for 2013 to 2014 for Water Authority employees, 3.0% per annum for the following 8 years for all employees and 4.0% per annum thereafter for all employees.

DEATHS AFTER RETIREMENT: According to the RP-2000 Mortality Table with a 10% load projected to the year 2019 with Blue Collar Adjustment.

FUTURE ADMINISTRATIVE EXPENSES: Expenses assumed to be 0.20% of payroll.

LOADING OR CONTINGENCY RESERVES: None.

SPOUSES: The husband is assumed to be three years older than the wife, and it is assumed that 85% of the participants are married.

CONTINGENT ASSETS & LIABILITIES: There were none as of July 1, 2013.

VALUATION ASSETS: Actuarial Value, as developed in Schedule B. The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected value of assets, based on the assumed valuation rate of return. The amount recognized each year is 20% of the difference between market value and expected value. The actuarial value of assets is limited to a range between 80% and 120% of market value.

VALUATION FUNDING METHOD: Projected unit credit cost method. Gains and losses are reflected in the unfunded accrued liability.

INFLATION: 0% for 2013, 3% for the following 8 years, and 4% for the following 21 years (used for the amortization of unfunded liability).

CONTRIBUTION TIMING: Employee contributions are assumed to occur bi-weekly and County contributions quarterly.

<u>HISTORICAL ASSUMPTION CHANGES:</u>

Effective 7/1/2013: The assumed rates of salary increase were adjusted from 3% for the next 9 years and 4% thereafter to 0% for the upcoming year for County employees, 2% for the upcoming year for Water Authority employees, 3% for the next 9 years for all employees and 4% thereafter for all employees. The mortality table was changed to the RP 2000 Mortality Table with a 10% load projected to the year 2019 with Blue Collar adjustment.

Effective 7/1/2012: The assumed rates of salary increase were adjusted from 3% for the next 10 years and 4% for the following 20 years to 0% for the upcoming year for County employees, 1% for the upcoming year for Water Authority employees, 3% for the next 9 years for all employees and 4% thereafter for all employees. The mortality table was changed to the RP 2000 Mortality Table with a 10% load projected to the year 2018 with Blue Collar adjustment.

SCHEDULE E

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS (continued)

Effective 7/1/2011: The mortality table was changed from the RP 2000 Mortality Table with Blue Collar adjustments to the RP 2000 Mortality Table with a 10% load projected to the year 2017 with Blue Collar adjustment; the assumed rates of salary increase was adjusted from a flat 4% to 0% for the upcoming year, 3% for the next 10 years and 4% thereafter; and the assumed rate of inflation used as an amortization adjustment was changed from a flat 4% to 3% for the next 11 years and 4% thereafter.

Effective 7/1/2009: The salary scale assumption decreased from 5.3% annually to 4.0% annually.

Effective 7/1/2008: The mortality table for employees (both before and after retirement) changed from the 1983 Group Annuity Mortality Table to the RP-2000 Mortality Table with Blue Collar Adjustment.

Effective 7/1/2004: The expense assumption has been lowered to .20% of payroll to reflect true level of administrative expense. The retirement table has been changed to produce expected results that more closely match recent experience. The salary scale has increased from 5.0% to 5.3%.

Effective 7/1/2003: The mortality table for employees (both before and after retirement) changed from the 1971 Group Annuity Mortality Table set back 1 year to the 1983 Group Annuity Mortality Table. The withdrawal table for employees changed to a 3-year select-and-ultimate table to reflect recent plan experience.

Effective 7/1/2001: The mortality table has been set back one year.

CHANGES IN METHODS: None.

SCHEDULE F

SUMMARY OF THE MAIN BENEFIT AND CONTRIBUTION PROVISIONS

Effective Date	July 1, 1971.
Plan Year and Fiscal Year	Each July 1 to June 30.
Type of Plan	A cost-sharing multiple-employer defined benefit pension plan administered by a public employee retirement system funded by the Plan Sponsors (Clayton County and the Clayton County Water Authority) and Participant contributions.
Employees Covered	Full-time employees, including Commissioners, persons appointed by Commissioners, judicial secretaries, Probate Court Judge, magistrate, Court Clerks, Sheriff and Chief Deputy, Tax Commissioner and Deputy, and Water Authority employees and appointees. Effective November 1, 2010, any employee who is enrolled or becomes an active participant or member in the Employees Retirement System of Georgia or the Georgia State Employees Pension and Savings Plan (or any successor plan) will not be covered under this Plan. This amendment was not reflected in the July 1, 2010 valuation. Effective July 1, 2012, State Court Law Clerks are now eligible to participate in the Plan.
Credited Service	Service from employment. Effective January 1, 1999, each Participant's sick leave in excess of the allowable amount, as of the last pay period of each calendar year, shall be placed in reserve status to be used in determining Credited Service at the Participant's termination of employment. Certain employees' service with The City of Forest Park Water and Sewer Department is included as Credited Service.
Normal Retirement Benefit Eligibility	The earlier of age 60 and 7 years of participation (5 years of participation for sworn safety personnel hired prior to June 1, 2001), or age 55 and 25 years of credited service. Effective January 1, 1999, a Participant may elect to apply sick leave reserve as an age credit in determining the attainment of Normal Retirement Age.

SCHEDULE F

SUMMARY OF THE MAIN BENEFIT AND CONTRIBUTION PROVISIONS (continued)

Basic Monthly Benefit	2.5% of average monthly salary multiplied by years of credited service up to 32.
	Average monthly compensation is based on the 36 highest consecutive months of service during the last 60 months of service.
Cost of Living Adjustments	Annual 2.0% cost of living increase effective beginning July 1, 2009 for those who have received their 84th monthly benefit payment prior to July 1.
Early Retirement Benefit Eligibility	The earlier of age 50 and 25 years of credited service or age 55 and 15 years of credited service.
Benefit	If the participant has 25 years of credited service, the benefit is reduced 1/2% for each month age is less than 55. If the participant has less than 25 years of credited service, the benefit is reduced 1/2% for each month age is less than 60.
Disability Retirement	
Eligibility	3 years of credited service for in line-of-duty; 7 years of credited service for other than in line-of-duty.
Benefit	30% of participants' monthly rate of compensation as of the date of disability.
Late Retirement Benefit	
Eligibility	Retirement after eligibility for normal retirement.
Benefit	Normal retirement benefit based on average monthly salary and service at actual date of retirement.
Deferred Vested Benefit	
Eligibility	7 years of credited service.
Benefit	100% of accrued benefit commencing at normal retirement age. If the member has 15 years of credited service, he may receive a reduced benefit commencing at early retirement age.

SCHEDULE F

SUMMARY OF THE MAIN BENEFIT AND CONTRIBUTION PROVISIONS (continued)

Pre-Retirement Death Benefit	
In Line-of-Duty	
Eligibility	Participation in the Plan.
Benefit	Survivor portion of the 50% Joint and Survivor benefit payable immediately (unreduced for early commencement) if married. If not married, payments are unreduced and paid for 60 months.
Other Than Line-of-Duty	
Eligibility	7 years of service.
Benefit	Same as in line-of-duty benefit if greater than age 50. If under age 50, 50% of the deferred vested benefit reduced for early retirement payable at early retirement date if married. If not married, the benefit reduced for early retirement is paid for 60 months starting at early retirement age.
Excess Benefits for Water Authority Participants Only	Benefits in excess of the Internal Revenue Code 415 (m) limits are funded by the Water Authority as the benefits become payable but are not included in the valuation.
Normal Form of Payment	5 years certain and life annuity.
Optional Forms of Payment	(1) 100%, 75%, or 50% joint and survivor annuity. (2) Life annuity with 120 months certain

SCHEDULE F

SUMMARY OF THE MAIN BENEFIT AND CONTRIBUTION PROVISIONS (continued)

Participant Contributions	Each participant contributes 5.5% of compensation beginning July 1, 2006. Contribution rate from August 8, 1998 through June 30, 2006 was 3.5% of compensation and for July 1, 1995 through August 7, 1998 was 2.0% of compensation. If a participant terminates employment before meeting the requirements for any of the above benefits, he is entitled to receive a return of his contributions with 5% interest. Any participant or beneficiary may elect to receive a refund of contributions with interest in lieu of any other benefit payable under the Plan. Participant contributions are "picked-up" by the County (i.e., taken out of pre-tax income).
Historical Provision Changes	**Effective 7/1/2012:** State Court Law Clerks are now eligible to participate in the Plan. **Effective 7/1/2008:** Eliminated the 60 month certain and 114 month certain optional forms of payment for annuity starting dates after December 31, 2008. **Effective 7/1/2007:** Adjusted accrued benefits of three people as of their normal retirement age. **Effective 7/1/2006**: Added an annual 2.0% cost of living increase effective beginning July 1, 2009 for those who have received their 84th monthly benefit payment prior to July 1. Increased participant contributions from 3.5% to 5.5%. Granted a one-time 4.0% benefit increase to current participants, spouses and beneficiaries who were receiving benefits as of January 1, 2001. Added a minimum monthly allowance of $300 (after the above benefit increases) to any participant, spouse or beneficiary receiving benefits as of July 1, 2006. Added an Excess Benefit Arrangement providing benefits in excess of IRS Code Sec. 415 for Water Authority employees funded entirely and separately by the Water Authority.

SCHEDULE F

SUMMARY OF THE MAIN BENEFIT AND CONTRIBUTION PROVISIONS (continued)

Historical Provision Changes (continued)

Effective 7/1/2005: Added the 60 month certain and 114 month certain optional forms of payment.

Effective 7/1/2003: The County and Water Authority contribution rate was increased to 12.9% from 12.4% and it is now applied to compensation under the plan rather than total compensation.

The definition of compensation excludes certain forms of premium pay.

The compensation limit has been increased to $200,000.

The mortality table used to convert benefits to optional forms of payment has been changed to the table prescribed under Revenue Ruling 2001-62.

The Social Security Leveling Option has been removed as an optional form of payment.

The normal form of payment for persons receiving disability payments has been changed from a life annuity to a life annuity with 60 months guaranteed. Upon death, payments to beneficiaries will continue according to the election chosen for the disability payments.

The method for computing final average earnings was clarified.

The basis for actuarial equivalence for maximum benefit limit purposes has been changed.

Effective 7/1/2001: Normal Retirement Age for non-Safety Personnel was amended from age 65 with 5 years of credited service to age 60 with 7 years of credited service.

For Safety Personnel hired after 6/1/2001, 7 years of credited service is required for Normal Retirement.

Funding rate increased from 12.15% to 12.40%.

The pre-Retirement Death Benefit was changed from 50% of the Normal Fund Payment as if employment continued to normal retirement to the survivor portion of the 50% Joint and Survivor benefit (unreduced for early commencement). If the participant is single, the Normal Fund Payment is paid as a 5-year certain only benefit.

SCHEDULE G

AGE-SERVICE TABLE

(Active Male Participants)

Attained Age	Completed Years of Service										
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	**33**	**39**	**3**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**75**
Avg.Pay	33,701	36,876	*	0	0	0	0	0	0	0	35,454
25 to 29	**33**	**93**	**79**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**205**
Avg.Pay	35,316	37,847	41,177	0	0	0	0	0	0	0	38,723
30 to 34	**20**	**80**	**91**	**29**	**2**	**0**	**0**	**0**	**0**	**0**	**222**
Avg.Pay	33,623	39,964	41,158	47,073	*	0	0	0	0	0	40,903
35 to 39	**21**	**59**	**58**	**36**	**20**	**0**	**0**	**0**	**0**	**0**	**194**
Avg.Pay	38,919	38,442	42,600	47,615	54,208	0	0	0	0	0	43,064
40 to 44	**22**	**50**	**63**	**31**	**50**	**21**	**6**	**0**	**0**	**0**	**243**
Avg.Pay	39,596	41,726	41,824	49,879	59,325	57,004	*	0	0	0	48,187
45 to 49	**15**	**25**	**45**	**32**	**35**	**44**	**42**	**1**	**0**	**0**	**239**
Avg.Pay	*	41,038	42,729	50,242	57,528	66,464	65,494	*	0	0	53,641
50 to 54	**9**	**18**	**32**	**17**	**16**	**27**	**35**	**22**	**1**	**0**	**177**
Avg.Pay	*	*	40,946	*	*	62,088	66,537	73,405	*	0	54,290
55 to 59	**9**	**12**	**26**	**22**	**13**	**13**	**4**	**2**	**1**	**0**	**102**
Avg.Pay	*	*	41,278	49,591	*	*	*	*	*	0	49,643
60 to 64	**0**	**9**	**22**	**9**	**4**	**4**	**4**	**0**	**0**	**0**	**52**
Avg.Pay	0	*	46,346	*	*	*	*	0	0	0	42,869
65 to 69	**0**	**4**	**3**	**3**	**1**	**1**	**0**	**0**	**0**	**1**	**13**
Avg.Pay	0	*	*	*	*	*	0	0	0	*	*
70 & up	**0**	**0**	**1**	**1**	**2**	**1**	**0**	**0**	**0**	**0**	**5**
Avg.Pay	0	0	*	*	*	*	0	0	0	0	*
Total	**162**	**389**	**423**	**180**	**143**	**111**	**91**	**25**	**2**	**1**	**1,527**
Avg. Annual Pay	36,056	39,063	41,732	47,923	57,716	61,813	65,146	72,659	*	*	46,057

*pay information for cells with less than 20 employees have not been disclosed.

SCHEDULE G

AGE-SERVICE TABLE

(Active Female Participants)

Attained Age	Completed Years of Service										
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	**16**	**20**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**37**
Avg.Pay	*	33,169	*	0	0	0	0	0	0	0	31,890
25 to 29	**23**	**49**	**18**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**90**
Avg.Pay	31,415	33,336	*	0	0	0	0	0	0	0	32,865
30 to 34	**21**	**55**	**41**	**12**	**0**	**0**	**0**	**0**	**0**	**0**	**129**
Avg.Pay	36,047	36,520	39,603	*	0	0	0	0	0	0	37,641
35 to 39	**18**	**40**	**35**	**16**	**5**	**0**	**0**	**0**	**0**	**0**	**114**
Avg.Pay	*	37,498	38,820	*	*	0	0	0	0	0	40,542
40 to 44	**18**	**38**	**51**	**22**	**11**	**5**	**1**	**0**	**0**	**0**	**146**
Avg.Pay	*	37,658	38,516	42,176	*	*	*	0	0	0	39,916
45 to 49	**16**	**32**	**32**	**16**	**15**	**8**	**6**	**0**	**0**	**0**	**125**
Avg.Pay	*	32,738	38,640	*	*	*	*	0	0	0	41,965
50 to 54	**8**	**28**	**32**	**25**	**12**	**11**	**6**	**7**	**1**	**0**	**130**
Avg.Pay	*	36,676	33,290	37,221	*	*	*	*	*	0	42,425
55 to 59	**3**	**24**	**29**	**17**	**14**	**5**	**6**	**0**	**0**	**0**	**98**
Avg.Pay	*	34,168	34,821	*	*	*	*	0	0	0	37,788
60 to 64	**2**	**14**	**18**	**11**	**12**	**3**	**4**	**0**	**0**	**0**	**64**
Avg.Pay	*	*	*	*	*	*	*	0	0	0	37,635
65 to 69	**0**	**0**	**7**	**4**	**2**	**0**	**0**	**0**	**0**	**0**	**13**
Avg.Pay	0	0	*	*	*	0	0	0	0	0	*
70 & up	**0**	**0**	**1**	**0**	**1**	**0**	**0**	**0**	**0**	**0**	**2**
Avg.Pay	0	0	*	0	*	0	0	0	0	0	*
Total	**125**	**300**	**265**	**123**	**72**	**32**	**23**	**7**	**1**	**0**	**948**
Avg. Annual Pay	34,472	35,325	36,731	39,975	49,820	58,254	59,183	*	*	*	38,842

*pay information for cells with less than 20 employees have not been disclosed.

SCHEDULE G

AGE-SERVICE TABLE

(All Active Participants)

Attained Age / Annual Pay	Completed Years of Service										
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	**49**	**59**	**4**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**112**
Avg.Pay	32,726	35,620	*	0	0	0	0	0	0	0	34,277
25 to 29	**56**	**142**	**97**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**295**
Avg.Pay	33,714	36,290	39,740	0	0	0	0	0	0	0	36,935
30 to 34	**41**	**135**	**132**	**41**	**2**	**0**	**0**	**0**	**0**	**0**	**351**
Avg.Pay	34,865	38,561	40,675	44,671	*	0	0	0	0	0	39,705
35 to 39	**39**	**99**	**93**	**52**	**25**	**0**	**0**	**0**	**0**	**0**	**308**
Avg.Pay	39,277	38,061	41,178	48,137	53,752	0	0	0	0	0	42,131
40 to 44	**40**	**88**	**114**	**53**	**61**	**26**	**7**	**0**	**0**	**0**	**389**
Avg.Pay	35,571	39,969	40,344	46,682	58,136	58,082	*	0	0	0	45,083
45 to 49	**31**	**57**	**77**	**48**	**50**	**52**	**48**	**1**	**0**	**0**	**364**
Avg.Pay	39,151	36,378	41,030	46,558	55,638	64,125	66,313	*	0	0	49,631
50 to 54	**17**	**46**	**64**	**42**	**28**	**38**	**41**	**29**	**2**	**0**	**307**
Avg.Pay	*	37,256	37,118	39,316	57,182	64,201	65,618	69,782	*	0	49,266
55 to 59	**12**	**36**	**55**	**39**	**27**	**18**	**10**	**2**	**1**	**0**	**200**
Avg.Pay	*	38,013	37,873	45,380	54,014	*	*	*	*	0	43,834
60 to 64	**2**	**23**	**40**	**20**	**16**	**7**	**8**	**0**	**0**	**0**	**116**
Avg.Pay	*	31,279	40,551	35,962	*	*	*	0	0	0	39,981
65 to 69	**0**	**4**	**10**	**7**	**3**	**1**	**0**	**0**	**0**	**1**	**26**
Avg.Pay	0	*	*	*	*	*	0	0	0	*	36,977
70 & up	**0**	**0**	**2**	**1**	**3**	**1**	**0**	**0**	**0**	**0**	**7**
Avg.Pay	0	0	*	*	*	*	0	0	0	0	*
Total	**287**	**689**	**688**	**303**	**215**	**143**	**114**	**32**	**3**	**1**	**2,475**
Avg. Annual Pay	35,366	37,435	39,804	44,697	55,072	61,017	63,943	69,539	*	*	43,294

*pay information for cells with less than 20 employees have not been disclosed.

SCHEDULE G

RETIREE AND BENEFICIARY AGE TABLE

(All Participants Receiving Benefits)

Attained Age / Annual Benefit	Years of Retirement 0 to 4	5 to 9	10 to 14	15 to19	20 to 24	25 to 30	30 to 34	35 & up	Total
Under 55	**54**	**12**	**4**	**1**	**0**	**0**	**0**	**0**	**71**
Tot. Benefit	1,856,941	267,785	50,915	8,603	0	0	0	0	2,184,244
55 to 59	**99**	**61**	**2**	**0**	**1**	**0**	**0**	**0**	**163**
Tot. Benefit	4,056,592	2,594,259	44,213	0	4,995	0	0	0	6,700,060
60 to 64	**110**	**112**	**30**	**5**	**3**	**2**	**0**	**0**	**262**
Tot. Benefit	2,778,138	4,590,755	980,860	49,523	20,112	12,444	0	0	8,431,831
65 to 69	**81**	**85**	**54**	**4**	**5**	**2**	**0**	**0**	**231**
Tot. Benefit	1,142,450	2,433,659	1,981,215	26,838	37,675	16,024	0	0	5,637,860
70 to 74	**16**	**55**	**62**	**18**	**16**	**1**	**0**	**0**	**168**
Tot. Benefit	220,940	855,763	1,229,557	383,305	278,561	14,794	0	0	2,982,920
75 to 79	**4**	**7**	**37**	**16**	**27**	**2**	**0**	**0**	**93**
Tot. Benefit	46,176	174,704	456,081	213,370	329,249	7,794	0	0	1,227,374
80 to 84	**3**	**3**	**5**	**22**	**17**	**2**	**0**	**0**	**52**
Tot. Benefit	50,782	48,169	105,359	172,360	236,987	17,458	0	0	631,115
85 to 89	**1**	**0**	**1**	**1**	**12**	**3**	**0**	**0**	**18**
Tot. Benefit	2,215	0	4,847	15,802	107,186	25,086	0	0	155,135
90 to 94	**0**	**0**	**0**	**0**	**1**	**5**	**1**	**0**	**7**
Tot. Benefit	0	0	0	0	9,916	32,330	3,897	0	46,143
95 & up	**0**	**0**	**0**	**0**	**0**	**0**	**1**	**0**	**1**
Tot. Benefit	0	0	0	0	0	0	5,679	0	5,679
Total	**368**	**335**	**195**	**67**	**82**	**17**	**2**	**0**	**1,066**
Tot. Annual Benefit	**10,154,235**	**10,965,093**	**4,853,046**	**869,800**	**1,024,682**	**125,929**	**9,576**	**0**	**28,002,361**

IV. STATISTICAL SECTION
(Unaudited)

CLAYTON COUNTY, GEORGIA
PUBLIC EMPLOYEE RETIREMENT SYSTEM

SCHEDULE OF REVENUE BY SOURCE, EXPENSES BY TYPE, AND FUND BALANCE
LAST TEN FISCAL YEARS

			Operating Expenses				Non-Operating Revenues (Expenses)		
Fiscal Year	Employer Contributions	Employee Contributions	Retirement Benefits	Investment Expense	Administrative Expenses	Total Expenses	Net Appreciation (Depreciation) in Fair Value of Investments	Interest & Dividends	Net Increase (Decrease) in Plan Net Position
2004	$ 11,674,102	$ 2,486,322	$ 8,668,801	$ 759,903	$ 191,248	$ 9,619,952	$ 20,852,708	$ 5,245,700	$ 30,638,880
2005	12,029,763	2,574,420	11,022,768	963,198	152,904	12,138,870	8,686,347	7,197,134	18,348,794
2006	12,336,649	2,557,842	13,354,262	953,583	172,716	14,480,561	2,741,457	8,327,789	11,483,176
2007	13,167,340	4,532,302	16,210,390	1,075,941	201,157	17,487,488	28,334,551	6,933,210	35,479,915
2008	15,014,657	5,275,926	18,909,655	1,078,240	197,546	20,185,441	(15,306,098)	8,345,519	(6,855,437)
2009	14,553,343	4,901,325	21,210,435	840,955	267,563	22,318,953	(41,984,451)	12,264,774	(32,583,962)
2010	14,522,336	5,182,809	22,950,744	813,824	237,241	24,001,809	26,425,786	7,241,635	29,370,757
2011	14,269,403	4,617,179	24,699,414	849,358	250,255	25,799,027	30,960,324	12,876,531	36,924,410
2012	14,465,009	4,410,658	26,013,212	414,879	213,785	26,641,876	16,338,533	1,294,885	9,867,209
2013	14,816,262	4,642,790	27,155,733	189,619	169,986	27,515,338	41,169,104	3,811	33,116,629

CLAYTON COUNTY, GEORGIA
PUBLIC EMPLOYEE RETIREMENT SYSTEM

SCHEDULE OF INVESTMENT RESULTS – LAST TEN FISCAL YEARS

Fiscal Year	Investment Income** (Loss)	Average Net Assets Available for Benefits (1)	Effective Rate of Return (2)
2004	$ 26,098,408	$ 193,410,944	13.49%
2005	15,883,481	217,904,781	7.29%
2006	11,069,246	232,820,766	4.75%
2007	35,267,761	256,302,312	13.76%
2008	(6,960,579)	270,614,551	-2.57%
2009	(29,719,677)	250,894,851	-11.85%
2010	33,667,421	249,288,249	13.51%
2011	43,836,855	282,435,832	15.52%
2012	17,633,418	305,831,642	5.77%
2013	41,172,915	327,323,561	12.58%

Notes:

(1) Average based on net assets available for benefits as of the beginning and end of the respective fiscal year.

(2) Computed as "investment income" divided by "average net assets available for benefits."

** Investment income includes net appreciation (depreciation) in fair value of investments per GASB Statement Number 25.

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Clayton County, Georgia Public
Employee Retirement System
Jonesboro, Georgia

We have audited, in accordance with the 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, the financial statements of the Clayton County, Georgia Public Employee Retirement System (the Plan) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated May 1, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan's financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Macon, Georgia
May 1, 2014