



Clayton County, Georgia Public Employee Retirement System

Information Required Under

Governmental Accounting Standards Board Statement No.
67 and 68 as of June 30, 2018

December 2018



December 10, 2018

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

Members of the Board:

This report provides information concerning the Clayton County, Georgia Public Employee Retirement System (the System) in accordance with Governmental Accounting Standards Board Statement No. 67 (GASB 67) and No. 68 (GASB 68) as of June 30, 2018.

The Board, Clayton County staff and Clayton County employers may use this report for the review of the operation of the System. The report may also be used in preparation of audited financial statements of the System and Clayton County employers. Use of this report for any other purpose may not be appropriate and may result in mistaken conclusions due to failure to understand applicable assumptions, methodologies, or inapplicability of the report for that purpose. Because of the risk of misinterpretation of actuarial results, you should ask Buck Global, LLC (Buck) to review any statement you wish to make on the results contained in this report. Buck will not accept any liability for any such statement made without prior review.

In preparing results shown in this report, we have relied upon information provided for the System's July 1, 2018 actuarial valuation by Clayton County's administrative staff regarding plan provisions, plan participants, and plan assets. Although we did not audit the data, we reviewed the data for reasonableness and consistency with the prior year's information. The accuracy of the results presented herein is dependent on the accuracy of the data.

We certify that the information contained in this report has been prepared in accordance with generally accepted actuarial principles and practices. To the best of our knowledge, the information fairly presents the actuarial position of the System in accordance with the requirements of GASB 67 and GASB 68 as of June 30, 2018.

Future actuarial measurements, other than the sensitivity to possible changes in the discount rate as required under GASB, 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. An analysis of the potential range of such future differences is beyond the scope of this report.

Where presented, the "net pension liability" and "plan fiduciary net position as a percentage of the total pension liability" are measured on a market value of assets basis. These items presented make no assessment regarding the cost to settle (i.e., purchase annuities to cover) any portion of the Fund's liabilities.

The information in this report was prepared using a measurement date of June 30, 2018 and the actuarial assumptions and methods used in the July 1, 2018 actuarial valuation of the System, except as noted herein.

In our opinion, the actuarial assumptions used are appropriate for purposes of the report and are reasonably related to the experience of the Fund and to reasonable long-term expectations.

This report was prepared under the supervision of David Kershner and Kevin Spanier. David is a Fellow of the Society of Actuaries and Kevin is an Associate of the Society of Actuaries. Both are Members of the American Academy of Actuaries and have met the Academy's Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. This report has been prepared in accordance with all applicable Actuarial Standards of Practice.

We are available to answer questions about the report. Kevin can be reached at 770-916-4184 and David can be reached at 602-803-6174.

Buck Global, LLC (Buck)



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Section I – GASB 67 Information

Notes to the Financial Statements for the Year Ending June 30, 2018

A. Summary of Significant Accounting Policies

Methods used to value investments. Investments are reported at fair value.

B. Plan Description

Plan administration. This is a cost-sharing multiple employer defined benefit pension plan administered by a public employee retirement system funded by participants and the plan sponsors (Clayton County and the Clayton County Water Authority). Clayton County has a June 30 fiscal year end. Clayton County Water Authority has an April 30 fiscal year end.

Plan membership. At June 30, 2018, pension plan membership consisted of the following:

Membership Status	Count
Inactive plan members or beneficiaries currently receiving benefits	1,350
Inactive plan members entitled to but not yet receiving benefits	289
Active plan members	<u>2,464</u>
Total	4,103

Benefits provided. Please see Section V for a summary of plan provisions.

Contributions. The actuarially determined contribution is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded actuarial accrued liability over a 30 year period. The System is funded by participant and plan sponsor contributions. For the year ended June 30, 2018, contributions totaled \$23,347,830, which includes \$6,060,974 of member contributions.

C. Investments

Rate of return. For the year ended June 30, 2018, the estimated annual money-weighted rate of return on the System's investments, net of pension plan investment expense, was 7.99%.

D. Receivables

None.

Section I – GASB 67 Information

E. Net Pension Liability

The components of the net pension liability at June 30, 2018, were as follows:

Components of Net Pension Liability	
Total pension liability	\$ 656,089,569
Plan fiduciary net position	<u>(430,620,735)</u>
Net pension liability	\$ 225,468,834
Plan fiduciary net position as a percentage of the total pension liability	65.63%

F. Actuarial Assumptions

The total pension liability as of June 30, 2018 was determined based on June 30, 2018 data, plan provisions, and assumptions, as summarized below:

Actuarial Assumptions	
Investment rate of return	8.00%, net of investment expenses.
Salary increases	Through 6/30/2023 3% per year Thereafter 4% per year
Mortality Rates	Healthy Annuitants: RP-2014 blue collar base rates with a load of 7.75%, projected with fully generational mortality improvements based on the Buck Modified MP-2017 projection scale. Healthy Non-Annuity: RP-2014 blue collar base rates with fully generation mortality improvements based on the Buck Modified MP-2017 projection scale. Disabled Participants: RP-2014 disabled base rates with fully generational mortality improvements based on the Buck Modified MP-2017 projection scale.
Rates of Retirement and Withdrawal	See Section IV
Other	See Section IV

Discount rate. The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate is based on a projection of Clayton County’s current membership based on actuarial assumptions as specified in Section IV. Contributions are assumed to be made in accordance with Clayton County ordinance with additional contributions being made, if necessary, to meet the minimum funding statutes under Georgia state law. Contributions expected to be made by future new members are included to the extent contributions under Clayton County’s ordinance are expected to exceed the normal cost for new members. Based on those assumptions, the plan's fiduciary net position was projected to be sufficient to cover future benefit payments for current members. Therefore, the long-term expected rate of return of 8.0% on plan investments was applied to all projected benefit payments.

Section I – GASB 67 Information

The Retirement System administrator, in consultation with the Retirement System’s investment manager believes 8.00% to be a reasonable assumption for the long-term rate of return on plan assets based on the Retirement System’s investment policy and current asset allocation. Under GASB 67, the audited financial statements of the Retirement System will require documentation supporting the long-term rate of return, which is not contained in this report.

Changes of assumptions used to determine the net pension liability.

None.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability, calculated using the discount rate of 8.00%, as well as what the System’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Net Pension Liability	\$ 303,980,331	\$ 225,468,834	\$ 159,865,690

Section I – GASB 67 Information

Schedules of Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios

	FYE June 30, 2018	FYE June 30, 2017
Total pension liability		
Service cost	\$ 11,299,766	\$ 11,614,800
Interest	49,366,978	47,951,731
Difference between expected and actual experience	8,048,416	4,414,331
Changes in benefit terms	-	-
Changes in assumptions	-	(10,344,601)
Benefit payments	<u>(36,826,110)</u>	<u>(34,435,158)</u>
Net change in total pension liability	\$ 31,889,050	\$ 19,201,103
Total pension liability-beginning	624,200,519	604,999,416
Total pension liability-ending (a)	\$ 656,089,569	\$ 624,200,519
Plan fiduciary net position		
Contributions-employer	\$ 17,286,856	\$ 17,114,280
Contributions-member	6,060,974	6,508,620
Net investment income	31,446,476	50,077,523
Benefit payments, including refunds of employee contributions	(36,826,110)	(34,435,158)
Administrative expense	(486,251)	(423,419)
Other	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	\$ 17,481,945	\$ 38,841,846
Plan fiduciary net position-beginning	413,138,790	374,296,944
Plan fiduciary net position-ending (b)	430,620,735	413,138,790
Plan's net pension liability-ending (a)-(b)	\$ 225,468,834	\$ 211,061,729
Plan fiduciary net position as a % of the total pension liability	65.63%	66.19%
Covered payroll ¹	\$120,490,059	\$115,215,822
Net pension liability as a percentage of covered payroll	187.13%	183.19%

¹ Covered payroll for FYE June 30, 2018 is based on the actual payroll from July 1, 2017 through June 30, 2018 provide for the July 1, 2018 actuarial valuation. According to GASB Statement Nos. 67 and 68, as amended by GASB Statement No. 82, this should be payroll on which contributions are based for the measurement period. Therefore, this number may need to be updated for inclusion in financial statements.

Section I – GASB 67 Information

Schedule of Contributions

	FYE June 30, 2018	FYE June 30, 2017
Actuarially determined contribution	\$17,286,856	\$17,114,280
Contributions related to the actuarially determined contribution	<u>(17,286,856)</u>	<u>(17,114,280)</u>
Contribution deficiency (excess)	\$ 0	\$ 0

Notes to Schedule:

Valuation date. Actuarially determined contributions are calculated as of the beginning of the fiscal year in which contributions are made. The actuarially determined contribution for the fiscal year ending June 30, 2018 is based on the July 1, 2017 Actuarial Valuation.

Changes of assumptions used to determine the actuarially determined contribution:

None.

Methods and assumptions used to determine the actuarially determined contribution:

Actuarial cost method:	Projected Unit Credit Cost Method
Amortization method	Level percentage of payroll, open
Amortization period	30 years
Asset valuation method	Actuarial value as specified in the July 1, 2017 Actuarial Valuation Report for Clayton County, Georgia Public Employee Retirement System
Administrative Expenses	0.325% of Payroll
Inflation (used for amortization of Unfunded Liability)	3.00% per annum
Salary increases	2% for 1 year, 3% for the next 5 years, and 4%
Investment rate of return	8.00%, net of investment expenses
Retirement and Termination Rates	As specified in the July 1, 2017 Actuarial Valuation Report for Clayton County, Georgia Public Employee Retirement System
Mortality	Healthy participants: The RP-2014 blue collar base rates increased by 7.75% to reflect actual plan experience, generationally projected using Buck Modified MP-2017 for annuitants and the RP-2014 blue collar base rates, generationally projected using Buck Modified MP-2017 for non-annuitants. Disabled participants: The RP-2014 disabled mortality table generationally projected using Buck Modified MP-2017.
Other	Please see the July 1, 2017 Actuarial Valuation Report for Clayton County, Georgia Public Employee Retirement System

Section I – GASB 67 Information

Schedule of Investment Returns

	Annual money-weighted rate of return, net of investment expenses
FYE June 30, 2018	7.99%
FYE June 30, 2017	13.83%
FYE June 30, 2016	-1.33%

Section II – GASB 68 Information

(See Section I for information common to GASB 67 and 68)

Pension Expense

The components of pension expense to be reported for the fiscal year ended June 30, 2018, based on a measurement date of June 30, 2018 is as follows:

	FYE June 30, 2018
Service cost	\$ 11,299,766
Interest cost	49,366,978
Expected return on assets	(32,492,522)
Current period effect of benefit changes	-
Current period difference between expected and actual experience	1,341,403
Current period effect of changes in assumptions	-
Current period difference between projected and actual investment earnings	209,209
Member contributions	(6,060,974)
Administrative expenses	486,251
Current period recognition of prior years' deferred outflow of resources	16,772,277
Current period recognition of prior years' deferred inflow of resources	<u>(20,623,265)</u>
Total pension expense	\$ 20,299,123

The employers' allocation of pension expense to be reported for the fiscal year ended June 30, 2018 is shown in Schedule B in the Appendix.

The pension expense reported for the fiscal year end is based on the July 1, 2017 and July 1, 2018 actuarial valuations.

The effect of differences between expected and actual experience, changes in assumptions and the change in employers' proportion are recognized over the average expected remaining service lives of active and inactive members as of June 30, 2017 (6 years).

The difference between projected and actual investment earnings is recognized over 5 years.

Section II – GASB 68 Information

(See Section I for information common to GASB 67 and 68)

Determination of Average Remaining Expected Service Lives

Remaining Service Lives as of June 30, 2017			
Group	Number	Service	Average
Active Members	2,422	22,662	
Inactive Members	1,576	0	
Total	3,998	22,622	6

Allocation of Net Pension Liability

The allocation of net pension liability between the County and the Water Authority as of June 30, 2017 and June 30, 2018 is shown in Schedule A of the Appendix.

Allocation of Deferred Outflows/Inflows of Resources

The allocation of deferred outflows/inflows of resources is shown in Schedule B in the Appendix. Schedule B also includes the FYE June 30, 2018 recognition of the change in proportion of the June 30, 2017 amounts in accordance with paragraph 54 of GASB 68.

Allocation of Future Years' Recognition of Deferred Outflows/Inflows

The employers' allocation of June 30, 2018 deferred outflows/inflows recognition for each of the next five fiscal years and thereafter is shown in Schedule C in the Appendix.

10-Year Contribution History

The 10-year history of employer contributions is shown in Schedule D in the Appendix. Amounts are only shown for 2014 - 2018.

Allocation Methodology

The allocation schedules in the Appendix show the proportionate share allocations for each employer. The allocations are based on a five year average of actual contributions made by the County and Water Authority as of the end of the fiscal year.

Section III – Plan Member Data

June 30, 2018

Active members	
Number	2,464
Average age	42.10 years
Average service	8.37 years
Terminated vested members	
Number	289
Average age	51.50 years
Average annual retirement benefits	\$ 12,691
Retired members	
Number	1,141
Average age	68.14 years
Average annual retirement benefits	\$ 30,362
Disabled members (including deferred disabled members)	
Number	66
Average age	62.72
Average annual retirement benefits	\$ 19,228
Survivors and beneficiaries of members	
Number	143
Average age	67.12 years
Average annual retirement benefits	\$ 14,955
Total Number of Members	4,103

Section IV – Actuarial Methods & Assumptions

Methods used to determine the Net Pension Liability

Valuation Date: June 30, 2018

Asset Valuation Method: Market Value

Valuation Funding Method: Entry Age Normal Actuarial Cost Method

Assumptions used to determine the Net Pension Liability

Discount Rate: 8.00% per annum net of investment expenses.

Inflation: 3.00% per annum (not explicitly used except in projections of Net Fiduciary Position).

Separations before Retirement – Hired Before 1/1/2016

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

Safety

Age	Annual Rate of Withdrawal					Annual Rate of
	Years 0-1	Years 1-2	Years 2-3	Years 3-9	Years 10+	Disability
25	15.00%	12.00%	10.00%	8.00%	6.75%	.07%
30	15.00	12.00	10.00	8.00	6.50	.08
35	15.00	12.00	10.00	8.00	5.75	.09
40	15.00	12.00	10.00	8.00	4.00	.11
45	15.00	12.00	10.00	8.00	3.25	.16
50	15.00	12.00	10.00	8.00	3.25	.24
55	-	-	-	-	-	.40
60	-	-	-	-	-	.84
64	-	-	-	-	-	1.49

Non-Safety

Age	Annual Rate of Withdrawal					Annual Rate of
	Years 0-1	Years 1-2	Years 2-3	Years 3-9	Years 10+	Disability
25	15.00%	12.00%	10.50%	6.75%	6.75%	.07%
30	15.00	12.00	10.50	6.75	6.25	.08
35	15.00	12.00	10.50	6.75	6.00	.09
40	15.00	12.00	10.50	6.75	4.50	.11
45	15.00	12.00	10.50	6.75	3.00	.16
50	15.00	12.00	10.50	6.75	2.25	.24
55	15.00	12.00	10.50	6.75	2.00	.40
60	15.00	12.00	10.50	6.75	2.00	.84
64	15.00	12.00	10.50	6.75	2.00	1.49

Section IV – Actuarial Methods & Assumptions

Separations before Retirement – Hired On or After 1/1/2016

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

Safety

Age	Annual Rate of Withdrawal					Annual Rate of
	Years 0-1	Years 1-2	Years 2-3	Years 3-9	Years 10+	Disability
25	15.00%	12.00%	10.00%	8.00%	6.75%	.07%
30	15.00	12.00	10.00	8.00	6.50	.08
35	15.00	12.00	10.00	8.00	5.75	.09
40	15.00	12.00	10.00	8.00	4.00	.11
45	15.00	12.00	10.00	8.00	3.25	.16
50	15.00	12.00	10.00	8.00	3.25	.24
55	-	-	-	-	-	.40
60	-	-	-	-	-	.84
64	-	-	-	-	-	1.49

Non-Safety

Age	Annual Rate of Withdrawal					Annual Rate of
	Years 0-1	Years 1-2	Years 2-3	Years 3-9	Years 10+	Disability
25	15.00%	12.00%	10.50%	6.75%	6.75%	.07%
30	15.00	12.00	10.50	6.75	6.25	.08
35	15.00	12.00	10.50	6.75	6.00	.09
40	15.00	12.00	10.50	6.75	4.50	.11
45	15.00	12.00	10.50	6.75	3.00	.16
50	15.00	12.00	10.50	6.75	2.25	.24
55	15.00	12.00	10.50	6.75	2.00	.40
60	15.00	12.00	10.50	6.75	2.00	.84
64	15.00	12.00	10.50	6.75	2.00	1.49

Section IV – Actuarial Methods & Assumptions

Rates of Retirement – Hired Before 1/1/2016

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

Age	Non-Safety		Safety	
	Early	Normal*	Early	Normal*
50	.040		.100	
51	.080		.100	
52	.120		.150	
53	.180		.250	
54	.250		.350	
55	.085	.100	.550	.250
56	.085	.100	.160	.100
57	.085	.100	.160	.100
58	.085	.100	.160	.150
59	.085	.100	.160	.200
60		.250		.550
61		.150		.650
62		.220		.650
63		.160		.650
64		.110		.650
65		.600		1.000
66		.400		
67		.400		
68		.400		
69		.400		
70		1.000		

* An additional 30% are assumed to retire upon attainment of 25 years of service.

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.

Salary Increases

3% per annum through 6/30/2023, 4% per annum thereafter.

Mortality

Healthy Annuitants

RP-2014 Blue Collar mortality table rolled back to 2010, with a load of 7.75% and projected with fully generational mortality improvements based on the Buck Modified MP-2017 projection scale.

Section IV – Actuarial Methods & Assumptions

Healthy Non-annuitants

RP-2014 Blue Collar mortality table rolled back to 2010 and projected with fully generational mortality improvements based on the Buck Modified MP-2017 projection scale.

Disabled Participants

RP-2014 Blue Collar mortality table rolled back to 2010 and projected with fully generational mortality improvements based on the Buck Modified MP-2017 projection scale.

Future Administrative Expenses

Expenses assumed to be 0.325% of payroll.

Loading or Contingency Reserves

A 0.10% load on active liabilities is held to reflect potential use of accumulated sick leave upon retirement.

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, 2018.

Section V – Summary of Plan 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 System 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 System. 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 System.

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 – Hired Before 1/1/2016

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.

Eligibility – Hired on or After 1/1/2016

General Members

- Normal retirement at age 62 with 10 years of service

Public Safety Members

- Normal retirement at age 60 with 10 years of service or 55 with 25 years of service

Section V – Summary of Plan Provisions

Basic Monthly Benefit

2.5% of average monthly salary multiplied by years of credited service up to 32.

For members hired before January 1, 2016, average monthly compensation is based on the 36 highest consecutive months of service during the last 60 months of service. For members hired on or after January 1, 2016, average monthly compensation is based on 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.

For new employees hired after 1/1/2016, COLA is discretionary and provided on an ad-hoc basis.

Early Retirement Benefit

Eligibility – Hired Before 1/1/2016

The earlier of age 50 and 25 years of credited service or age 55 and 15 years of credited service.

Eligibility – Hired on or After 1/1/2016

General Members

- Early retirement at age 60 with 15 years of service or age 55 with 25 years of service

Public Safety Members

- Early retirement at age 55 with 15 years of service or age 50 with 25 years of 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.

Section V – Summary of Plan Provisions

Deferred Vested Benefit

Eligibility – Hired Before 1/1/2016

7 years of credited service.

Eligibility – Hired on or After 1/1/2016

10 years of credited service.

Benefit

100% of accrued benefit commencing at normal retirement age. If the member has 15 years of credited service, he/she may receive a reduced benefit commencing at early retirement age.

Pre-Retirement Death Benefit

In Line-of-Duty

Eligibility

Participation in the System.

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

- 100%, 75%, or 50% joint and survivor annuity
- Life annuity with 120 months certain

Section V – Summary of Plan Provisions

Participant Contributions

Each participant contributes 7.5% of compensation beginning July 1, 2015. Contribution rate from July 1, 2006 through June 30, 2014 was 5.5% of compensation. 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/she is entitled to receive a return of his/her 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 System.

Participant contributions are “picked-up” by the County (i.e., taken out of pre-tax income).

Section V – Summary of Plan Provisions

Historical Provision Changes

Effective 7/1/2016

For new members hired after January 1, 2016:

- 10-year vesting
- Final average compensation based on final 5 years of service
- Discretionary, ad-hoc COLA
- Change in normal and early retirement eligibility:
 - General Members
 - Early retirement at age 60 with 15 years of service or age 55 with 25 years of service
 - Normal retirement at age 62 with 10 years of service
 - Public Safety Members
 - Early retirement at age 55 with 15 years of service or age 50 with 25 years of service
 - Normal retirement at age 60 with 10 years of service or 55 with 25 years of service

Effective 7/1/2015

The County and Water Authority contribution rate was increased to 13.9% from 12.9%.

The participant contribution rate was increased from 5.5% to 7.5%.

For employees hired on or after January 1, 2016 a new tier of benefits will apply.

Effective 7/1/2012

State Court Law Clerks are now eligible to participate in the System.

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.

Section V – Summary of Plan Provisions

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 System 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.

Appendix A – Net Pension Liability Allocations by Employer

	County	Water Authority	Plan Total
FYE Ending June 30, 2018:			
Total Pension Liability	\$548,294,053	\$107,795,516	\$656,089,569
Plan Fiduciary Net Position	\$359,869,748	\$70,750,987	\$430,620,735
Net Pension Liability	\$188,424,305	\$37,044,529	\$225,468,834
Portion of Net Pension Liability	83.57%	16.43%	100.00%
Plan Fiduciary Net Position as % of Total Pension Liability	65.63%	65.63%	65.63%
Covered Payroll ¹	\$100,009,226	\$20,480,833	\$120,490,059
Net Pension Liability as % of Covered Payroll	188.41%	180.87%	187.13%
Employer Contributions	\$14,343,787	\$2,943,069	\$17,286,856
FYE Ending June 30, 2017:			
Total Pension Liability	\$524,515,696	\$99,684,823	\$624,200,519
Plan Fiduciary Net Position	\$347,160,525	\$65,978,265	\$413,138,790
Net Pension Liability	\$177,355,171	\$33,706,558	\$211,061,729
Portion of Net Pension Liability	84.03%	15.97%	100.00%
Plan Fiduciary Net Position as % of Total Pension Liability	66.19%	66.19%	66.19%
Covered Payroll	\$95,143,209	\$20,072,613	\$115,215,822
Net Pension Liability as % of Covered Payroll	186.41%	167.92%	183.19%
Employer Contributions	\$14,173,625	\$2,940,655	\$17,114,280

¹ Covered payroll for FYE June 30, 2018 is based on the actual payroll from July 1, 2017 through June 30, 2018 provide for the July 1, 2018 actuarial valuation. According to GASB Statement Nos. 67 and 68, as amended by GASB Statement No. 82, this should be payroll on which contributions are based for the measurement period. Therefore, this number may need to be updated for inclusion in financial statements.

Appendix B – Pension Amounts Allocated by Employer

	County	Water Authority	Plan Total
Net Pension Liability as of June 30, 2018:			
	\$188,424,305	\$37,044,529	\$225,468,834
Deferred Outflows of Resources:			
Difference between expected and actual experience	\$13,336,406	\$2,621,960	\$15,958,366
Changes in assumptions	\$5,126,064	\$1,007,793	\$6,133,857
Difference between projected and actual investment earnings	\$5,178,540	\$1,018,109	\$6,196,649
Change in proportion	\$0	\$809,069	\$809,069
Contributions made subsequent to the measurement date ¹	\$0	TBD	TBD
Deferred Inflows of Resources:			
Difference between expected and actual experience	\$0	\$0	\$0
Changes in assumptions	(\$42,824,592)	(\$8,419,385)	(\$51,243,977)
Difference between projected and actual investment earnings	\$0	\$0	\$0
Change in proportion	(\$809,069)	\$0	(\$809,069)
Pension Expense Recognized:			
Proportionate share of current year's expense	\$16,963,977	\$3,335,146	\$20,299,123
Change in proportion	(\$161,814)	\$161,814	\$0
Total	\$16,802,163	\$3,496,960	\$20,299,123

¹ Contributions made subsequent to the measurement of June 30, 2018 to the end of the fiscal year of April 30, 2019 for Clayton County Water Authority will be reported as deferred outflows.

Appendix C – Employers’ Share of June 30, 2018 Deferred Outflows/(Inflows)

	County	Water Authority	Plan Total
FY2019¹	(\$1,922,426)	(\$377,952)	(\$2,300,378)
FY2020	(\$4,977,402)	(\$978,566)	(\$5,955,968)
FY2021	(\$13,874,620)	(\$2,727,773)	(\$16,602,393)
FY2022	\$469,858	\$92,375	\$562,233
FY2023	\$1,121,009	\$220,392	\$1,341,401
Thereafter	\$0	\$0	\$0

¹ Contributions made subsequent to the measurement of June 30, 2018 to the end of the fiscal year of April 30, 2019 for Clayton County Water Authority will be reported as deferred outflows.

Appendix D – Contribution History

	County	Water Authority	Plan Total
FY2018	\$14,343,787	\$2,943,069	\$17,286,856
FY2017	\$14,173,625	\$2,940,655	\$17,114,280
FY2016	\$13,966,694	\$2,756,799	\$16,723,493
FY2015	\$13,805,519	\$2,700,229	\$16,505,748
FY2014	\$12,709,050	\$2,220,531	\$14,929,581

Appendix E – Deferred Outflows/(Inflows)

Amortization of Differences between Expected and Actual Liability Experience

Measurement Date 6/30	2015	2016	2017	2018	Outflows	Inflows	Total
Amount Established	\$ 3,314,582	\$ 10,407,206	\$ 4,414,331	\$ 8,048,416			
Recognition Period	6.00	6.00	6.00	6.00			
Amount Recognized in FY:							
2015	\$ 552,430	\$ -	\$ -	\$ -	\$ 552,430	\$ -	\$ 552,430
2016	552,430	1,734,534	-	-	2,286,964	-	2,286,964
2017	552,430	1,734,534	735,722	-	3,022,686	-	3,022,686
2018	552,430	1,734,534	735,722	1,341,403	4,364,089	-	4,364,089
2019	552,430	1,734,534	735,722	1,341,403	4,364,089	-	4,364,089
2020	552,432	1,734,534	735,722	1,341,403	4,364,091	-	4,364,091
2021	-	1,734,536	735,722	1,341,403	3,811,661	-	3,811,661
2022	-	-	735,721	1,341,403	2,077,124	-	2,077,124
2023	-	-	-	1,341,401	1,341,401	-	1,341,401
2024	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-
Deferred Balance at 6/30:							
2015	\$ 2,762,152	\$ -	\$ -	\$ -	\$ 2,762,152	\$ -	\$ 2,762,152
2016	2,209,722	8,672,672	-	-	10,882,394	-	10,882,394
2017	1,657,292	6,938,138	3,678,609	-	12,274,039	-	12,274,039
2018	1,104,862	5,203,604	2,942,887	6,707,013	15,958,366	-	15,958,366
2019	552,432	3,469,070	2,207,165	5,365,610	11,594,277	-	11,594,277
2020	-	1,734,536	1,471,443	4,024,207	7,230,186	-	7,230,186
2021	-	-	735,721	2,682,804	3,418,525	-	3,418,525
2022	-	-	-	1,341,401	1,341,401	-	1,341,401
2023	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-

Appendix E – Deferred Outflows/(Inflows)

Amortization of Differences between Expected and Actual Asset Experience

Measurement Date 6/30	2015	2016	2017	2018	Outflows	Inflows	Total
Amount Established	\$ 18,277,953	\$ 35,135,350	\$ (20,583,195)	\$ 1,046,046			
Recognition Period	5.00	5.00	5.00	5.00			
Amount Recognized in FY:							
2015	\$ 3,655,591	\$ -	\$ -	\$ -	\$ 3,655,591	\$ -	\$ 3,655,591
2016	3,655,591	7,027,070	-	-	10,682,661	-	10,682,661
2017	3,655,591	7,027,070	(4,116,639)	-	10,682,661	(4,116,639)	6,566,022
2018	3,655,591	7,027,070	(4,116,639)	209,209	10,891,870	(4,116,639)	6,775,231
2019	3,655,589	7,027,070	(4,116,639)	209,209	10,891,868	(4,116,639)	6,775,229
2020	-	7,027,070	(4,116,639)	209,209	7,236,279	(4,116,639)	3,119,640
2021	-	-	(4,116,639)	209,209	209,209	(4,116,639)	(3,907,430)
2022	-	-	-	209,210	209,210	-	209,210
2023	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-
Deferred Balance at 6/30:							
2015	\$ 14,622,362	\$ -	\$ -	\$ -	\$ 14,622,362	\$ -	\$ 14,622,362
2016	10,966,771	28,108,280	-	-	39,075,051	-	39,075,051
2017	7,311,180	21,081,210	(16,466,556)	-	28,392,390	(16,466,556)	11,925,834
2018	3,655,589	14,054,140	(12,349,917)	836,837	18,546,566	(12,349,917)	6,196,649
2019	-	7,027,070	(8,233,278)	627,628	7,654,698	(8,233,278)	(578,580)
2020	-	-	(4,116,639)	418,419	418,419	(4,116,639)	(3,698,220)
2021	-	-	-	209,210	209,210	-	209,210
2022	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-

Appendix E – Deferred Outflows/(Inflows)

Amortization of Differences between Expected and Actual Assumption Experience

Measurement Date 6/30	2015	2016	2017	2018	Outflows	Inflows	Total
Amount Established	\$ 18,401,577	\$(88,695,154)	\$(10,344,601)	\$ -			
Recognition Period	6.00	6.00	6.00	0.00			
Amount Recognized in FY:							
2015	\$ 3,066,930	\$ -	\$ -	\$ -	\$ 3,066,930	\$ -	\$ 3,066,930
2016	3,066,930	(14,782,526)	-	-	3,066,930	(14,782,526)	(11,715,596)
2017	3,066,930	(14,782,526)	(1,724,100)	-	3,066,930	(16,506,626)	(13,439,696)
2018	3,066,930	(14,782,526)	(1,724,100)	-	3,066,930	(16,506,626)	(13,439,696)
2019	3,066,930	(14,782,526)	(1,724,100)	-	3,066,930	(16,506,626)	(13,439,696)
2020	3,066,927	(14,782,526)	(1,724,100)	-	3,066,927	(16,506,626)	(13,439,699)
2021	-	(14,782,524)	(1,724,100)	-	-	(16,506,624)	(16,506,624)
2022	-	-	(1,724,101)	-	-	(1,724,101)	(1,724,101)
2023	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-
Deferred Balance at 6/30:							
2015	\$ 15,334,647	\$ -	\$ -	\$ -	\$ 15,334,647	\$ -	\$ 15,334,647
2016	12,267,717	(73,912,628)	-	-	12,267,717	(73,912,628)	(61,644,911)
2017	9,200,787	(59,130,102)	(8,620,501)	-	9,200,787	(67,750,603)	(58,549,816)
2018	6,133,857	(44,347,576)	(6,896,401)	-	6,133,857	(51,243,977)	(45,110,120)
2019	3,066,927	(29,565,050)	(5,172,301)	-	3,066,927	(34,737,351)	(31,670,424)
2020	-	(14,782,524)	(3,448,201)	-	-	(18,230,725)	(18,230,725)
2021	-	-	(1,724,101)	-	-	(1,724,101)	(1,724,101)
2022	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-