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

ANNUAL FINANCIAL REPORT

Years ended June 30, 2015 and 2014

CLAYTON COUNTY, GEORGIA
PUBLIC EMPLOYEE RETIREMENT SYSTEM

ANNUAL FINANCIAL REPORT
YEARS ENDED JUNE 30, 2015 AND 2014

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(UNAUDITED)

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LETTER OF TRANSMITTAL

CLAYTON COUNTY, GEORGIA
PUBLIC EMPLOYEE RETIREMENT SYSTEM

LISTING OF PRINCIPAL OFFICIALS AND CONSULTANTS
JUNE 30, 2015

PENSION BOARD MEMBERS

Terry Hicks, Chairman
Katherine Dodson, Vice Chairman
Ramona Bivins, Secretary
Renee Bright, Member
Carl Rhodenizer, Member

CLAYTON COUNTY BOARD OF COMMISSIONERS

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

Actuary

Buck Consultants

Investment Custodian

Transamerica Retirement Solutions

Independent Auditor

Mauldin & Jenkins, LLC

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

February 3, 2016

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, 2015, 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, 2015.

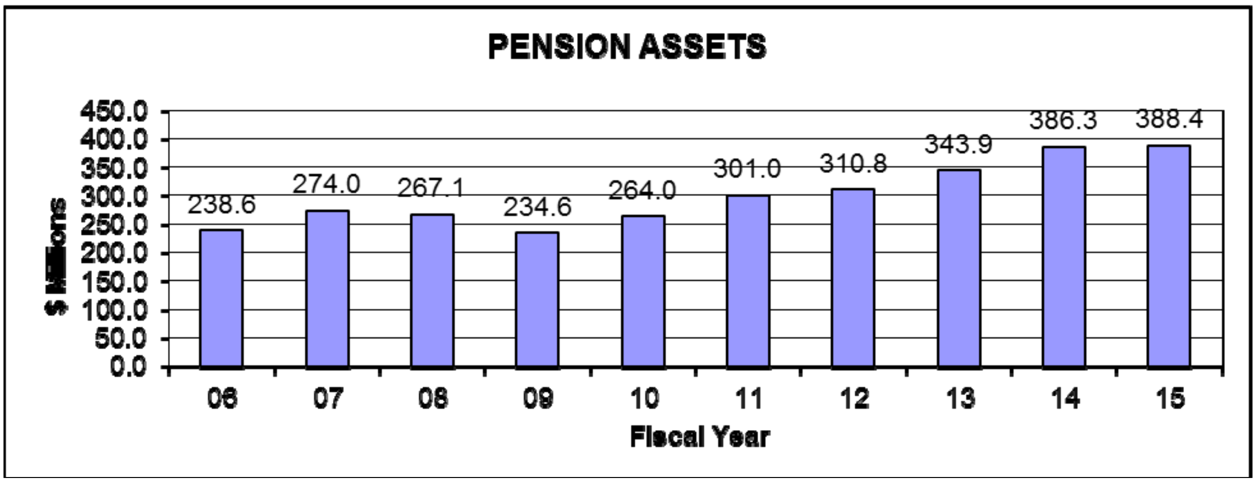
The Statistical Section contains information pertaining to revenues, expenses, Plan net position, and investment results.

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 managers 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 $388,360,078 at June 30, 2015.

The growth of Plan assets is illustrated in the accompanying graph. Plan assets increased from $238.6 million at June 30, 2006 to $388.4 million as of June 30, 2015. 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 the drop in markets nationwide.



Annual growth increased by an average return of 6% over the last ten years. Because of the excessive National Market decline during fiscal year 2009, the fund decreased by 12% but fully recovered the following fiscal year, and has experienced a gradual incline through fiscal year 2015.

As the employer and employee contributions to the Plan are more than substantially offset by the payment of retirement benefits, the increase in Plan assets represents gains (realized and unrealized) from portfolio investments. The total returns for the Plan held at Transamerica Retirement Solutions 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 2015 decreased by 12.48% but outperformed the County Custom benchmark of 3.00%. Over a trailing three year period, the Plan produced an annually compounded total return of 10.82%, exceeding the benchmark return of 10.32%. For the past five years, the Plan generated a return of 10.47% falling short of its benchmark of 10.88%. Since inception, the Plan has generated a return of 8.68% versus its Policy index of 8.55%. 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 2.0% for four years, 3.0% for the next five years and 4.0% thereafter.

On June 28, 2013 (the last business day in June) the fund was liquidated and moved from Mass Mutual Financial Group to Transamerica Retirement Solutions in a bundled arrangement. On July 1, 2013, the fund was invested in a combination of mutual funds and three separately managed accounts. Upon the recommendation of Morgan Stanley, the Pension Board's consultant, investment changes were made during the year. In August 2014, John Hancock Global Leaders Growth Fund was replaced with the U.S. Delaware Growth Fund and in November 2014, the Pimco total return fund was moved to the John Hancock bond fund.

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 outperformed its custom benchmark for the year by 30 basis points. The pension plan produced a positive return of 3.3% for the fiscal year ended June 30, 2015, whereas the Fund Class benchmark was 3.00%. The custom benchmark is composed of 10% Russell 1000 Growth Index, 7% Russell 1000 Index, 13% Russell 1000 Value Index, 4% Russell Midcap Growth Index, 6 % Russell Midcap Value Index, 5% Russell 2000 Growth Index, 5% Russell 2000 Value Index, 7% MSCI EAFE Index, 3% MSCI Emerging Markets Index, 1% Citigroup 3-month T-bill Index, 32% Barclay's US Aggregate Index, and 7% Citigroup World Government Bond Index. The five-year annualized return of 10.47% also missed the fund benchmark of 10.88%.

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

Investment Performance at June 30, 2015

	Total Return	***Benchmark Return***	**Benchmarks**
Total Pension Plan			
One Year	3.30 %	3.00 %	Russell 1000 Growth Index (10%); Russell 1000 Index (7%); Russell 1000 Value Index (13%); Russell Midcap Growth Index (4%); Russell Midcap Value Index (6%); Russell 2000 Growth Index (5%); Russell 2000 Value Index (5%); MSCI EAFE Index (7%); MSCI Emerging Markets Index (3%); Citigroup 3-month T-bill Index (1%); Barclay's US Aggregate Index (32%); Citigroup World Government Bond Index (7%)
Three Years	10.82	10.32	
Five Years	10.47	10.88	

OUTLOOK

Economists' review of recent data concludes that the U.S. economy is stable, regardless of unstable performance. Gross domestic product (GDP), the broadest measure of the economy, is projected to be 2.5% for 2015, a slight increase over 2014. Domestic demand should continue to be sustained by overall financial conditions, improved labor market, and the boost in purchasing power due to oil prices and a strong dollar. The Federal Reserve is due to lift interest rates, and Kiplinger (a leader in business news) projects that rates will increase to 2.7% by the end of 2016. Inflation, housing, and retail sales are also projected to increase next year.

Even though some would say that 2015 was a difficult year for investors, it has proven to be a year of rebalancing after eight years of recovery from the Great Recession. The pension fund's consultant, Morgan Stanley, noted that the abrupt market correction in August, when, in just five trading days, the S&P 500 fell 11%, marked the first 10% correction in U.S. equities in four years. They believe that the market has reached its low point, but since that time investors have experienced stressful volatility, particularly in equities. As long as the economy continues to move forward, the bond market is likely to maintain firm yields.

According to a recent University of Michigan survey, consumers are more confident in their personal finances than any time since 2007. Ultimately, though, consumer spending is directly affected by higher paychecks. Janet Yellen, chairman of the Federal Reserve, believes that a tight labor market will result in rising wages and more spending. Her belief is the reason for raising interest rates in the immediate future.

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. Transamerica Retirement Solutions served as the custodian bank and record-keeper / processor for the Plan beginning 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, effective July 1, 2013, primarily to consolidate amendments made subsequent to the last restatement on July 1, 2008. The restatement also contained clarifications pertaining to the manner in which average monthly compensation is determined for benefit calculation purposes; qualification for certain death benefits; and eligibility of certain classes of employees.

Prospects for the Future

Due to a change in actuarial assumptions pertaining to mortality tables and GASB 67 and 68, the Pension Board contracted Buck Consultants and Bryan Cave legal firm to conduct several studies regarding potential plan changes. These studies enabled the Pension Board to make educated decisions and recommendations to the Board of Commissioners regarding changes to the Plan. As a result, a new Plan was approved and adopted by the Board of Commissioners on May 5, 2015. The Plan increased both Employee and Employer contributions, as well as made several significant changes for new employees hired on or after January 1, 2016.

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. As stated previously, the required contribution rate beginning July 1, 2015 is 13.9% for each employer and 7.5% in employee contributions.

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 Employees' 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.

Plan Disclosures

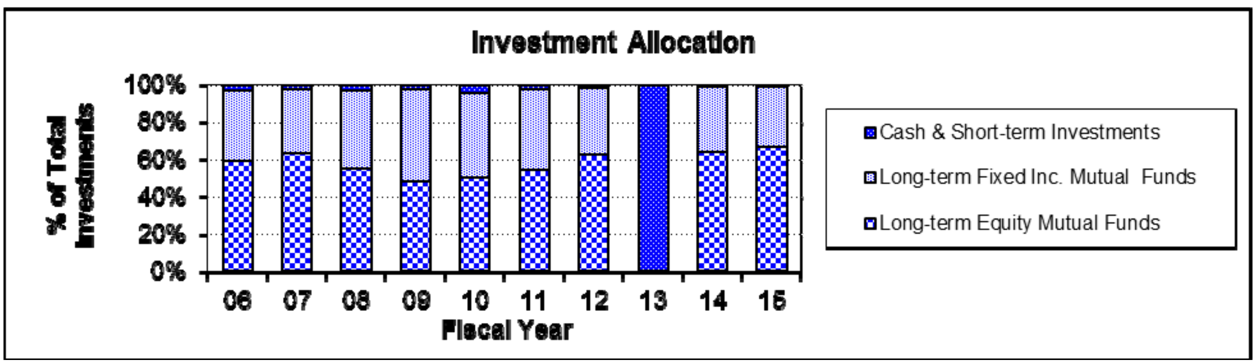
Effective July 1, 2013, the Plan implemented the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25,* which significantly changed the disclosures required related to the Plan and GASB Statement Nos. 68, *Accounting and Financial Reporting for Pensions* and 71- *an amendment of GASB Statement No. 68,* which affected required note disclosures in the Comprehensive Annual Financial Report (CAFR).

Investments and Funding

Long-term plan investments valued at cost totaled $349,875,766 as of June 30, 2015. On a cost basis, the asset mix of long-term investments was 63.94% equity based mutual funds, as well as equities in separately managed accounts, and 36.06% fixed income mutual funds. Additionally, cash and short-term investments in the amount of $4,080,895 made up the remaining assets.

When valued at market as of the end of the fiscal year 67.36% of the Plan's long-term investment portfolio of $383,474,661 was held in equity based mutual funds and 32.64% in fixed income mutual funds. Note D of the Annual Financial Report provides further detail of the Plan's long-term investment allocation. Cash and short-term investments (considered cash equivalents) are reported at cost, which approximates fair value. When cash and short-term investments are added to long-term investments, the mix of assets, based on market values, are 66.7% equity based mutual funds, 32.3% fixed income mutual funds and 1.0% cash and cash equivalents.

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 23 years to only 32.3% of the portfolio today. Equities have increased from their low of 8.1% at June 30, 1992 to 66.7% at June 30, 2015. Cash equivalents totaled 1.0% at the end of the current fiscal year. This category largely represents fourth quarter Employer contributions payable to the Money Market account for monthly benefit and lump sum payments. With the exception of fiscal year 2013 when the investments were liquidated to move to a different custodian and mutual fund platform, the allocation to long term equity has gradually increased, on average.



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 2.1% from $386,325,490 as of June 30, 2014 to $388,360,078 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 $386,601,668 on June 30, 2015, up 6.0% 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 4.7% to $543,816,709 as of June 30, 2015 compared with $519,309,712 last year. The unfunded actuarial accrued liability increased from $154,607,601 (42.4% of Plan assets) at June 30, 2014 to $157,215,041 (40.7% of Plan assets) at June 30, 2015. Over the past five years, Clayton County's total unfunded liability has increased from $117.8 million to $157.2 million. One of the causes of this increase is due to the fact that experienced, higher paid employees were replaced with lesser experienced and lower paid employees and salary, as well as implementation of hiring freezes in previous years. The major cause occurred in the prior year when actuarial assumption changes were made. This resulted in an increase in excess of $25 million.

At fiscal year-end 2015, the County and Water Authority were required to contribute additional funds in the amount of $803,420 and $383,466 respectively to meet the Georgia funding requirements. Effective July 1, 2015, County and Water Authority quarterly contributions increased to 13.9% in order to improve future funding and to eventually pay off the unfunded liability. This was an increase of 1% from 12.90% which began in fiscal year 2004 to accommodate the increased expense level.

The actuarial projected investment return for the Plan is estimated at 8% per annum, substantiated by a study conducted by Morgan Stanley in 2014. Projected salary increases are estimated at 2.0% per annum for four years, 3% for the next five years, and 4% thereafter. In addition, the projections include a 2.0% cost-of-living adjustment after the 84th payment effective July 1, 2009 and an inflation rate of 3.0% per annum.

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, 2015 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, 2015 and 2014 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 Bivins

Ramona Bivins
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

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, 2015 and 2014, 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, 2015 and 2014 and the changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note F, the Clayton County, Georgia Public Employees Retirement System implemented Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans,* effective July 1, 2013. This standard modified the reporting requirements for financial statements of defined benefit pension plans. Our opinion is not modified with respect to this matter.

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 14 – 18 and the Schedule of Changes in the Net Pension Liability and Related Ratios, the Schedule of Contributions, and the Schedule of Investment Returns on pages 32 – 34 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 February 2, 2016, 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
February 2, 2016

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 years ended June 30, 2015 and 2014. 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 (2015 vs. 2014)

- Plan net position increased $2,034,588 during fiscal year 2015 compared to an increase of $42,443,615 in the previous year. This represents an increase of .5% for fiscal year 2015 and is primarily due to the flat market in the current fiscal year.
- The rate of return on investment assets for fiscal year 2015 was 3.30% compared with 15.78% for fiscal year ending 2014.
- The funding ratio at the end of the current fiscal year was 71.1% compared with 70.2% for fiscal year 2014. The major cause of the funding increase is due to the increase in Employer and Employee contributions. The funding ratio is indicative of how well the plan is funded.

Summary of Net Position for Fiscal Years 2015 and 2014

	2015	2014
Cash and short-term investments	$ 4,080,895	$ 3,685,634
Receivables and prepaids	941,449	526,837
Investments	383,474,661	382,248,698
Total Assets	388,497,005	386,461,169
Liabilities	136,927	135,679
Net Position	$ 388,360,078	$ 386,325,490

- Additions from quarterly contributions by the Water Authority and the Board of Commissioners General, Fire, Landfill, and other special revenue funds totaled $16,859,316 in fiscal year 2015. This is an increase of 12.9% over the previous fiscal year, 2014.
- Employee contributions from the various Board of Commissioners funds and the Water Authority totaled $4,277,863 for fiscal year 2015. This is an increase of 5.3% from the previous fiscal year.
- Total deductions, excluding investment expenses, were $30,924,291 for fiscal year 2015. This is an increase of 4.4% over the previous fiscal year. The increase was due mostly to retirement benefit payments of $30,502,279, up from $29,230,610 in fiscal year 2014. The number of retirees' receiving benefits increased by 42 in 2015.

Summary of Changes in Net Position for Fiscal Years 2015 and 2014

	2015	2014
Contributions	$ 21,137,179	$ 18,993,101
Net investment income	11,821,700	53,084,006
Total Additions	32,958,879	72,077,107
Deductions	30,924,291	29,633,492
Net increase	2,034,588	42,443,615
Net position, beginning	386,325,490	343,881,875
Net position, ending	$ 388,360,078	$ 386,325,490

Financial Highlights (2014 vs. 2013)

- Due to a change in custodians from Mass Mutual to Transamerica effective July 1st, 2013, the Pension Fund was liquidated on June 28, 2013 (the last business day of June), and all investment assets were reflected in cash and short-term investments. On July 1st, funds were invested in mutual funds and three separately managed accounts according to the allocation proposed in the Investment Policy Statement.
- Plan net position increased $42,443,615 during fiscal year 2014 compared to an increase of $33,116,629 in the previous year. This represents an increase of 12.3% for fiscal year 2014 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 2014 was 15.78% compared with 13.55% for fiscal year ending 2013.
- The funding ratio at the end of the current fiscal year was 70.2% compared with 72.4% for fiscal year 2013. The major cause of the funding decrease of over 2% was due to the change in the actuarial mortality rate assumptions. The funding ratio is indicative of how well the plan is funded.

Summary of Net Position for Fiscal Years 2014 and 2013

	2014	2013
Cash and short-term investments	$ 3,685,634	$ 343,163,909
Receivables and prepaids	526,837	734,464
Investments	382,248,698	-
Total Assets	386,461,169	343,898,373
Liabilities	135,679	16,498
Net Position	$ 386,325,490	$ 343,881,875

- Additions from quarterly contributions by the Water Authority and the Board of Commissioners General, Fire, Landfill, and other special revenue funds totaled $14,929,581 in fiscal year 2014. This is an increase of 0.76% over the previous fiscal year, 2013.

- Employee contributions from the various Board of Commissioners funds and the Water Authority totaled $4,063,520 for fiscal year 2014. This is a decrease of 12.5% from the previous fiscal year.
- Total deductions, excluding investment expenses, were $29,633,492 for fiscal year 2014. This is an increase of 8.5% over the previous fiscal year. The increase was due partially to retirement benefit payments of $29,230,610, up from $27,155,733 in fiscal year 2013. The number of retirees' receiving benefits increased by 58 in 2014. The majority of the increase, though, was due to the increase in administrative expenses.

Summary of Changes in Net Position for Fiscal Years 2014 and 2013

	2014	2013
Contributions	$ 18,993,101	$ 19,459,052
Net investment income	53,084,006	40,983,296
Total Additions	72,077,107	60,442,348
Deductions	29,633,492	27,325,719
Net increase	42,443,615	33,116,629
Net position, beginning	343,881,875	310,765,246
Net position, ending	$ 386,325,490	$ 343,881,875

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, 2015 and 2014 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, 2015 and 2014 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 21-31 of this report.
- Required supplementary information - The required supplementary information consists of a *Schedule of Changes in the Net Pension Liability and Related Ratios,* a *Schedule of Employer Contributions, and a Schedule of Investment Return.* 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 32 - 34 of this report.
- Actuarial Section – A complete copy of the actuarial valuation as performed by Buck Consultants has been included in this report beginning on page 35.

- 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 37 and 38.

Economic Factors

Economists' review of recent data concludes that the U.S. economy is stable, regardless of unstable performance. As was predicted in 2014, gross domestic product (GDP), the broadest measure of the economy, is projected to be 2.5% for 2015, a slight increase over 2014. Due to an improved labor market and the boost in purchasing power due to oil prices and a strong dollar, domestic demand should continue to be sustained.

When Quantitative Easing ended in late 2014, experts believed that the Federal Reserve would begin raising interest rates by mid-2015. Rates are still at near zero, but they were raised 25 basis points to 0.25 - 0.50 percent. The Fed said that they feel confident the rates will rise to its 2% objective by the end of the year.

Even though some would say that 2015 was a difficult year for investors, it has proven to be a year of rebalancing after eight years of recovery from the Great Recession. Morgan Stanley, the Pension Board's consultant believes that the market has reached its low point, but investors continue to experience stressful volatility, particularly in equities. As long as the economy continues to move forward, the bond market is likely to maintain firm yields.

Unemployment reached a seven-year low of 5% in December 2015, remaining at its lowest level since April 2008. It is expected to remain about the same with only a slight increase by the end of the year.

According to a recent University of Michigan survey, consumers are more confident in their personal finances than any time since 2007. Ultimately, though, consumer spending is directly affected by higher paychecks. Janet Yellen, chairman of the Federal Reserve, believes that a tight labor market will result in rising wages and more spending. Her belief is the reason for raising interest rates in the immediate future.

The housing market in 2015 proved to be the best in nearly a decade. Existing home sales in 2016 should expand at a more moderate pace. Higher mortgage rates, home prices still high compared to wages, and an unstable global economy will hold back a boom in housing in the current year.

Requests for Information

This financial report is designed to provide a general overview of the Public Employee 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 Bivins
Chief Financial Officer
Clayton County Finance Department
112 Smith Street
Jonesboro, GA 30236

CLAYTON COUNTY, GEORGIA
PUBLIC EMPLOYEE RETIREMENT SYSTEM

STATEMENTS OF PLAN NET POSITION
JUNE 30, 2015 AND 2014

	2015	2014
Assets		
Cash and short-term investments	$ 4,080,895	$ 3,685,634
Receivables		
Employer contributions	926,415	512,913
Interest and dividends	626	626
Investments, at fair value		
Mutual funds		
Equity funds	258,302,836	247,065,343
Fixed income bond funds	125,171,825	135,183,355
Prepaid expenses	14,408	13,298
Total Assets	388,497,005	386,461,169
Liabilities		
Accounts payable	136,927	135,679
Total Liabilities	136,927	135,679
NET POSITION RESTRICTED FOR PENSION BENEFITS	$ 388,360,078	$ 386,325,490

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, 2015 AND 2014

	2015	2014
Additions (Reductions)		
Contributions:		
Employer		
Clayton County	$ 14,159,086	$ 12,709,050
Clayton County Water Authority	2,700,230	2,220,531
Plan members		
Clayton County	3,284,462	3,110,332
Clayton County Water Authority	993,401	953,188
Total contributions	21,137,179	18,993,101
Investment income		
Net appreciation in the fair value of investments	3,713,247	46,726,620
Interest	71	2
Dividends	8,755,703	6,871,894
	12,469,021	53,598,516
Less investment expense	(647,321)	(514,510)
Net investment income	11,821,700	53,084,006
Total Additions	32,958,879	72,077,107
Deductions		
Benefit payments	30,502,279	29,230,610
Administrative expenses	422,012	402,882
Total Deductions	30,924,291	29,633,492
Net increase	2,034,588	42,443,615
NET POSITION RESTRICTED FOR PENSION BENEFITS		
Beginning of year	386,325,490	343,881,875
End of Year	$ 388,360,078	$ 386,325,490

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 defined benefit pension plan administered by a public employee retirement system funded by the Plan Sponsors - Clayton County (the County) and the Clayton County Water Authority (the Water Authority) and Participant contributions. 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. The Plan is also reported as a pension trust fund in the Clayton County, Georgia Comprehensive Annual Financial Report (CAFR).

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

	2015	2014
Retirees and beneficiaries receiving benefits	1,166	1,124
Terminated plan members entitled to but not receiving benefits	289	290
Active plan members	2,449	2,447
Total	3,904	3,861

NOTE B. SUMMARY OF PLAN PROVISIONS

Effective Date — July 1, 1971.

Plan Year/Fiscal Year — Each July 1 to June 30.

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.

Effective July 1, 2012, State Court Law Clerks are now eligible to participate in the Plan.

NOTE B. SUMMARY OF PLAN PROVISIONS (CONTINUED)

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 (five 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.
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 completed whole or partial months of service during the last 60 months of service.
Cost of Living	
Adjustments	Annual 2.00% cost of living increase effective beginning July 1, 2009 for those who have received their 84 monthly benefit payments 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.

NOTE B. SUMMARY OF PLAN PROVISIONS (CONTINUED)

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, 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.
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.

NOTE B. SUMMARY OF PLAN PROVISIONS (CONTINUED)

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.
Contributions	Each participant will contribute 7.5% of compensation beginning July 1, 2015. The contribution rate from July 1, 2006 through June 30, 2015 was 5.5% of compensation. The 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, they are entitled to receive a return of their 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.

Employers are required to contribute at an actuarially determined rate. On the basis of the present valuation, a normal contribution rate of 11.87% of active participants' compensation is payable leaving a balance of 4.37% to be paid by the employers. In the previous valuation, the normal contribution rate was 11.19% of active participants' compensation, leaving a balance of 5.69% to be paid by employers.

The employers also make a contribution toward the liquidation of the unfunded accrued liability. The 9.53% additional contribution made by the employers will liquidate the unfunded accrued liability within 30 years. This compares to a 7.21% additional contribution in the prior year valuation to liquidate the unfunded accrued liability within 30 years. This assumes the funds to liquidate the unfunded liability increase 3.00% each year.

During the fiscal year 2015, the County and Water Authority made additional annual special contributions of $803,420 and $383,466, respectively, towards reducing the unfunded liability. During the fiscal year ended June 30, 2014, the County made an additional annual special contribution of $516,880 towards reducing the unfunded liability.

NOTE C. 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, 2015 and 2014.

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 D. DEPOSITS AND INVESTMENTS

At June 30, 2015, the carrying amount of deposits for the Plan was $4,080,895 compared to $3,685,634 in 2014.

A portion of the deposits at June 30, 2015, $767,655, is part of a pooled cash account with Clayton County government's bank balance versus $3,316,614 in 2014. 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, 2015 was $386,787,901 of which $3,313,240 was classified as cash equivalents due to the short-term nature of the investments. The fair value of Plan investments at June 30, 2014 was $382,617,718 of which $369,020 was classified as cash equivalents due to the short-term nature of the investments.

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

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.

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.

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Long-Term (Continued)

Fixed income investments are authorized in the following instruments (continued):

- 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.

Plan assets at June 30, 2015 and 2014 were held by Transamerica or with one of three separately managed funds – Cornerstone, DRZ and Paradigm.

Investments at June 30, 2015 are as follows:

	Fair Value	%
Mutual Funds		
Invested in fixed income securities	$ 125,171,825	35%
Invested in equities	219,611,758	55%
Invested in international equities	38,691,078	10%
Total	$ 383,474,661	100%

Investments at June 30, 2014 are as follows:

	Fair Value	%
Mutual Funds		
Invested in fixed income securities	$ 135,183,355	35%
Invested in equities	208,107,473	55%
Invested in international equities	38,957,870	10%
Total	$ 382,248,698	100%

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Rate of Return

For the year ended June 30, 2015, the estimated annual money-weighted rate of return on the Plan's investments, net of pension plan investment expense, was 3.30%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. GASB 67 requires that the inputs to the internal rate of return calculation used to determine the annual money-weighted rate of return should be determined at least monthly. The detail necessary to provide this calculation was not available; therefore an estimate has been provided assuming mid-year cash flows.

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, 2015, $333,448,372 of Plan assets were held in mutual funds and therefore not exposed to interest rate risk. Separately managed accounts held $50,026,289 in investments. At June 30, 2014, $332,718,744 of Plan assets were held in mutual funds and therefore not exposed to interest rate risk. Separately managed accounts held $49,529,954 in investments.

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. For the fiscal year ended June 30, 2015 and 2014, the Plan's investments were managed by Transamerica or one of three separate investment managers. The Pension Board on a quarterly basis reviews manager performances. At June 30, 2015 and 2014, 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)

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, 2015 and 2014, Plan investments were held in mutual funds only. Therefore no concentration of credit risk exists.

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, 2015, $38,691,078 or 10.09% of the Plan's investment assets were invested in mutual funds with only international equity holdings, compared to $38,957,870 or 10.17% of the Plan's investment assets at June 30, 2014.

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 November 17, 2014 confirming its status as a Governmental plan under section 414(d) of the Internal Revenue Code.

NOTE F. NET PENSION LIABILITY

Effective July 1, 2013, the Plan implemented the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25,* which significantly changes the disclosures required related to the Plan. The information disclosed below is presented in accordance with this new standard.

The components of the net pension liability at June 30, 2015, were as follows:

Total pension liability	$	656,257,173
Plan fiduciary net position		(387,761,223)
Fund's net pension liability	$	268,495,950
Plan fiduciary net position as a percentage of the total pension liability		59.09%

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

NOTE F. NET PENSION LIABILITY (CONTINUED)

Actuarial Assumptions Used to Calculate the Net Pension Liability

The total pension liability as of June 30, 2015 was determined based on June 30, 2015 data, plan provisions, and assumptions as summarized below:

Investment rate of return	8.00%, net of pension plan investment expenses	
Salary increases	Fiscal 2016 - 2019	2%
	Fiscal 2020 - 2024	3%
	Fiscal 2025 and beyond	4%
Mortality rates	Annuitants: RP-2014 blue collar base rates with a load of 7.75% with fully generational mortality improvements based on the Modified Buck MP-2014 projection scale	
	Non-Annuitants: RP-2014 blue collar base rates with fully generational mortality improvements based on the Modified Buck MP-2014 projection scale	
	Disabled Participants: RP-2014 disabled base rates with Modified Buck MP-2014 projection scale	
Inflation	3.00% per annum (used for the amortization of the unfunded liability)	

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 – June 30, 2013.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentages. Estimates for the expected rates of return for each asset class have been derived through a combination of measuring historical average rates of return and applying capital market assumptions for future expected rates of return for each asset class as provided by our investment consultants. These rates of return estimates for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are: Domestic Equities – 9.9%, International Equities – 10.1%, and Fixed Income – 5.0%.

NOTE F. NET PENSION LIABILITY (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 6.83%. The projection of cash flows used to determine the discount rate is based on a projection of the County's current membership based on actuarial assumptions. Contributions are assumed to be made in accordance with County ordinance with additional contributions being made, if necessary, to meet the minimum funding statutes under Georgia state law. Based on those assumptions, the Plan's fiduciary net position was projected to be insolvent in 40 years. Therefore the long-term expected rate of return on pension plan investments was applied to the first 40 years of projected benefit payments and a rate of 3.73% was applied to all periods of projected benefit payments after 40 years to determine the total pension liability. The rate of 3.73% was based on the S&P municipal bond 20 year high grade rate index at June 30, 2015.

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 6.83%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.83%) or 1-percentage-point higher (7.83%) than the current rate.

	1% Decrease (5.83%)	Current Discount Rate (6.83%)	1% Increase (7.83%)
Net Pension Liability	$ 357,532,455	$ 268,495,950	$ 195,184,850

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2015 and on the current sharing pattern of costs between employer and plan members to that point.

REQUIRED SUPPLEMENTARY INFORMATION

CLAYTON COUNTY, GEORGIA
PUBLIC EMPLOYEES RETIREMENT SYSTEM

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	2015	2014
Total Pension Liability		
Service cost	$ 13,875,847	$ 12,641,750
Interest on total pension liability	42,916,497	38,446,983
Changes of benefit terms	-	-
Difference between expected and actual experience	3,314,582	12,248,172
Changes of assumptions	18,401,577	80,992,984
Benefit payments	(32,497,705)	(29,341,610)
Net change in total pension liability	46,010,798	114,988,279
Total pension liability - beginning	610,246,375	495,258,096
Total pension liability - ending (a)	$ 656,257,173	$ 610,246,375
Plan fiduciary net position		
Contributions - employer	$ 16,505,748	$ 14,677,561
Contributions - member	6,255,252	4,063,519
Net investment income	12,175,272	53,084,005
Benefit payments, including increase in pending refunds	(32,497,705)	(29,341,610)
Administrative expenses	(422,012)	(402,882)
Other	-	252,020
Net change in plan fiduciary net position	$ 2,016,555	$ 42,332,613
Plan net position - beginning	$ 385,744,668	$ 343,412,055
Plan net position - ending (b)	$ 387,761,223	$ 385,744,668
Fund's net pension liability- ending (a) - (b)	$ 268,495,950	$ 224,501,707
Plan net position as a percentage of the total pension liability	59.09%	63.21%
Covered-employee payroll	$ 119,600,775	$ 108,583,036
Net pension liability as a percentage of covered-employee payroll	224.49%	206.76%

Note to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CLAYTON COUNTY, GEORGIA
PUBLIC EMPLOYEES RETIREMENT SYSTEM

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS

	2015	2014
Actuarially determined contribution	$ 16,505,748	$ 14,677,561
Contributions related to the actuarially determined contribution	16,505,748	14,677,561
Contribution deficiency (excess)	$ -	$ -

Notes to the Schedule of Contributions:

A. Changes of assumptions used to determine the actuarially determined contribution: Effective July 1, 2014, the assumed rates of salary increases were adjusted to 2.00% for 4 years, 3.00% for the next 5 years, and 4.00% thereafter. The mortality table for healthy participants was changed to the RP-2000 blue collar base rates increased by 7.50% to reflect actual Plan experience, generationally projected using Scale BB for non-annuitants. The mortality table for disabled participants was changed to the RP-2000 disabled mortality table. The assumed rates of retirement and termination were changed to better reflect anticipated experience. The asset valuation method was changed to reflect a 5-year smoothing of market value gains and losses beginning with gains and losses for the period July 1, 2013 - June 30, 2014. The actuarial value of assets is limited to an 80% - 120% market value corridor.

B. 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, 2015 is based on the July 1, 2014 Actuarial Valuation.

C. 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 Actuarial Valuation Report for Clayton County, Georgia Public Employee Retirement System for the plan year ending July 1, 2014 - June 30, 2015
Administrative expenses	0.20% of payroll
Inflation (used for the amortization of Unfunded Liability)	3.00% per annum
Salary increases	2.00% for 4 years, 3.00% for the next 5 years, and 4.00% thereafter for all employees
Investment rate of return	8%, net of pension plan investment expenses
Retirement and termination rate	As specified in the Actuarial Report for Clayton County, Georgia Public Employee Retirement System for the plan year July 1, 2014 - June 30, 2015
Mortality	See Changes of assumptions used to determine the actuarially determined contribution in A above

CLAYTON COUNTY, GEORGIA
PUBLIC EMPLOYEES RETIREMENT SYSTEM

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENT RETURN

	2015	2014
Annual money-weighted rate of return, net of investment expenses	3.30%	15.78%

III. ACTUARIAL SECTION
(Unaudited)

buckconsultants

xerox

Clayton County, Georgia

Clayton County, Georgia Public Employee Retirement System

Actuarial Valuation Report

Plan Year July 1, 2015 – June 30, 2015

November 2015

Timothy G. Bowen
Director, Retirement

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November 19, 2015

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, 2015. 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.

Effective July 1, 2015, the contributions to the Retirement System is 21.40% from 19.90% in the prior year which included a special budgeted contribution of 1.5% paid by the County and Water Authority. This valuation's results confirm that the minimum funding requirements will be met due to these contributions 21.40% (13.90% from the County and Water Authority and 7.50% from Participants) of Eligible Employee payroll as defined under the plan.

These contributions are projected to fund the unfunded liability over a 30 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 related to investment returns, payroll growth, rates of salary increase, retirement, turnover, and death.

Finally, this valuation assesses the security of benefits already earned. The Retirement System has assets of $387,761,223 at market value (after an adjustment of $598,858 for pending refunds). The actuarial value of assets is $386,601,668. The Retirement System's actuarial accrued liability for inactive participants and for active participants based on the service they have already performed is $543,816,709. 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 gain of $1,628,164. Below is a summary of the change sources of (gains) and losses.

Due to investment performance	$(2,842,070)
Due to retirement experience	(818,483)
Due to new entrants	359,485
Due to mortality experience	791,331
Due to salary increases	780,315
Due to other	101,258

Mortality assumptions were revised to better reflect current and expected plan experience; the change has increases the unfunded liability by 936,345. Following is a summary of the change in the unfunded liability due to assumption changes:

Updated mortality assumptions	$936,345

The Actuarial Value of Assets is based on a 5-year smoothing of market value gains and losses starting with the gains and losses for the period July 1, 2013 – June 30, 2014. The Actuarial Value of Assets is limited to an 80% to 120% market value corridor.

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. As summarized above and detailed below, there have been changes in actuarial assumptions since last year.

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 14-07204

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REPORT ON AN ACTUARIAL VALUATION OF THE CLAYTON COUNTY, GEORGIA PUBLIC EMPLOYEE RETIREMENT SYSTEM PREPARED AS OF JULY 1, 2015

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	7/1/2015	7/1/2014
Number of active participants	2,449	2,447
Annual compensation for year beginning on valuation date	$ 105,822,834	$ 108,583,036
Number of retired participants and beneficiaries	1,166	1,124
Annual retirement benefits as of July 1	$ 31,035,094	$ 29,865,687
Number of former participants with deferred benefits	289	290
Present value of accrued benefits	$ 524,592,037	$ 501,012,760
Total actuarial accrued liability	$ 543,816,709	$ 519,309,712
Assets:		
Market value	$ 387,761,223	$ 385,744,668
Actuarial value of assets	$ 386,601,668	$ 364,702,111
Total unfunded actuarial accrued liability	$ 157,215,041	$ 154,607,601
Amortization period for unfunded actuarial accrued liability	30 years	30 years
Recommended annual contribution rates:		
Participants	7.50%	5.50%
County/Water Authority (normal)	13.90	12.90
County/Water Authority (special budgeted)	0.00	1.50
Total	21.40%	19.90%
County/Water Authority annual required contribution rate (ARC):		
Normal cost	4.37%	5.69%
Unfunded actuarial accrued liability	9.53	7.21
Special budgeted contribution	0.00	1.50
Total	13.90%	14.40%

2. Comments on the valuation results as of July 1, 2015 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 2,449 active participants as of July 1, 2015 with annual compensation on July 1, 2015 totaling $104,775,083.
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, 2014

GROUP	NUMBER	BENEFITS
Normal and Early Retirements	984	$ 28,086,312
Beneficiaries of Deceased Participants	115	1,808,375
Disability Retirements	67	1,140,407
Total	1,166	$31,035,094

In addition, there are 289 former participants entitled to deferred annual benefits totaling $3,473,202.

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, 2015 was $387,761,223. This represented a return of approximately 3.2%. The actuarial value of assets used for the current valuation was $386,601,668. Schedule B shows the development of the actuarial value of assets as of July 1, 2015.
3. Schedule C shows the reconciliation of the market value of asset balances from July 1, 2014 to July 1, 2015.

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 $543,816,709. Of this amount, $366,743,151 is on account of benefits payable to retired participants, beneficiaries and former participants entitled to deferred vested benefits, and $177,073,558 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 $386,601,668 as of July 1, 2015. The difference of $157,215,041 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 11.87% (4.37% County/Water Authority and 7.50% participants) of payroll. This compares to the 11.19% 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 $524,592,037. When compared to the market value of assets of $387,761,223, the plan has insufficient assets to cover its accrued benefits.
4. For the year, the Plan experienced an overall gain of $1,628,164. This loss is due to the net effect of a gain on the actuarial value of assets of $2,842,070 and a liability loss of $1,213,906. Schedule D shows the development of this loss.
5. The mortality assumption was changed since last year; this assumption change increased the unfunded liability by $936,345.

SECTION V - CONTRIBUTIONS PAYABLE UNDER THE RETIREMENT SYSTEM

1. The Retirement System has established a total contribution rate of 21.40% of active participants' compensation. Of this amount, the participants pay 7.50% and 13.90% is to be paid by the County/Water Authority.
2. On the basis of the present valuation, a total normal cost contribution rate of 11.87% is payable. Participants contribute 7.50% of payroll, leaving a balance of 4.37% normal cost rate to be paid by the County/Water Authority.
3. The excess of the County's and Water Authority's 13.90% contribution over the 4.37% normal cost is 9.53%. These amounts are applied toward the liquidation of the unfunded accrued liability. The total 9.53% of active participants' compensation will liquidate the unfunded accrued liability within a 30 year period. This assumes that the funds to liquidate the unfunded liability increase 3.00% per year.
4. The following table summarizes the contribution rates.

CONTRIBUTION RATES
BASED ON JULY 1, 2015 VALUATION

CONTRIBUTION	PERCENTAGE OF COMPENSATION
Payable by:	
Participants	7.50%
County and Water Authority	13.90
County and Water Authority (special budgeted)	0.00
Total	21.40%
Rate Applied To:	
Total Normal Cost	11.87%
Unfunded Actuarial Accrued Liability	9.53
Total	21.40%

SECTION VI – 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 in consideration of recommendations made by us. 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.

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 14-07204

SCHEDULE A

RESULTS OF THE VALUATION
PREPARED AS OF JULY 1, 2015

1. Actuarial Accrued Liabilities	
Present Value of Prospective Benefits Payable in Respect of:	
(a) Present active participants	$177,073,558
(b) Present retired participants, beneficiaries, and former participants entitled to deferred vested benefits	366,743,151
(c) Total accrued actuarial liabilities	543,816,709
2. Actuarial Value of Assets for Valuation Purposes	386,601,668
3. Unfunded Actuarial Accrued Liability [1(c) minus 2]	157,215,041

SCHEDULE B

DEVELOPMENT OF JULY 1, 2015 ACTUARIAL VALUE OF ASSETS

(1)	Market Value of Assets on July 1, 2014 including Contributions Receivable	$ 385,744,668
(2)	2014/2015 Net Cash Flow	
	a. Contributions from Employer and Participants plus increase/(decrease) in Contributions Receivable	20,783,611
	b. Benefits + Administrative Expense Only	30,942,327
	c. Net Cash Flow (2)a - (2)b	(10,158,716)
(3)	Expected Investment Return, Net of Investment Expenses [(1) x .08] + [(2)c x .04]	30,453,225
(4)	Expected Market Value of Assets on July 1, 2014 including Contributions Receivable (1) + (2)c + (3)	406,039,177
(5)	Market Value of Assets on July 1, 2015, including Contributions Receivable	387,761,223
(6)	Gain/(Loss) on Market Value of Assets (5) - (4)	(18,277,954)
(7)	Deferred Gains/(Losses) on Market Value of Assets	

	Total Gain/(Loss)	Amount Deferred
2014	$(18,277,954)	$(14,622,363)
2013	$26,303,197	$15,781,918
		1,159,555

(8)	Preliminary Actuarial Value of Assets on July 1, 2015 (5) - (7)	386,601,668
(9)	80% of Market Value .80 x (5)	310,208,978
(10)	120% of Market Value 1.20 x (5)	465,313,468
(11)	Actuarial Value of Assets on July 1, 2015 Smaller of (10) and maximum of (8) and (9)	$ 386,601,668

SCHEDULE C

ASSETS OF THE RETIREMENT SYSTEM

Reconciliation of Market Value of Assets

Receipts		
Employer and Participant Contributions		$ 20,783,611
Investment Income		
Interest and Dividends	$ 8,755,774	
Net Appreciation (Depreciation) in Fair Value of Investments	4,066,818	
Total Investment Income		12,822,592
Total Receipts		$ 33,606,203
Disbursements		
Benefits Paid		$ 30,502,279
Increase in Pending Refunds[1]		18,037
Administrative and Investment Expenses		1,069,332
Total Disbursements		$ 31,589,648
Excess of Receipts Over Disbursements		$ 2,016,555
Reconciliation of Asset Balances		
Market Value at July 1, 2014, including contributions receivable		$ 385,744,668
Excess of Receipts Over Disbursements		2,016,555
Market Value at July 1, 2015, including contributions receivable		$ 387,761,223

[1] Unpaid Pending Refunds of $580,821 were subtracted from the July 1, 2014 Market Value of Assets, and $598,858 was subtracted from the July 1, 2015 Market Value of Assets. The difference of $18,037 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, 2014 (before adjustment for window plan):		$	154,607,601
2. Expected Change in Unfunded Liability During 2014/2015 Plan Year			
a. Due to Total Normal Cost (beginning of year)	$ 11,601,493		
b. Mortality Change	936,345		
c. Change to Salary Scale	0		
d. Change to retirement/termination decrements	0		
e. Due to Plan Changes	0		
f. Due to Interest on Normal Cost and Unfunded Liability	13,296,728		
g. Due to Actual Employer and Participant Contributions with Interest	(21,598,962)		
h. Total Expected Change, a. + b. + c. + d. + e. + f. + g.	$ 4,235,604		
3. Expected Unfunded Accrued Liability as of July 1, 2015:		$	158,843,205
4. Actual Unfunded Accrued Liability as of July 1, 2015:		$	157,215,041
5. Experience Gain/(Loss) for the 2014/2015 Plan Year* (3) – (4)		$	1,628,164

* Liability related portion of experience Gain/(Loss):	$ (1,213,906)
Asset related portion of experience Gain/(Loss):	$ 2,842,070

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:

Safety

	Annual Rate of					
	Withdrawal					Disability
Age	Years 0-1	Years 1-2	Years 2-3	Years 3-6	Years 7+	
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

	Annual Rate of					
	Withdrawal					Disability
Age	Years 0-1	Years 1-2	Years 2-3	Years 3-6	Years 7+	
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

SCHEDULE E

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS (continued)

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

	Non-Safety		Safety	
	Annual Rate of Retirement			
Age	Early	Normal*	Early	Normal*
50	.100		.040	
51	.100		.080	
52	.150		.120	
53	.250		.180	
54	.250		.250	
55	.350	.25	.085	.10
56	.160	.10	.085	.10
57	.160	.10	.085	.10
58	.160	.15	.085	.10
59	.160	.20	.085	.10
60		.55		.25
61		.65		.15
62		.65		.22
63		.65		.16
64		.65		.11
65		1.00		.60
66				.40
67				.40
68				.40
69				.40
70				1.00

* 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: 2.00% per annum for 4 years, 3.00% per annum for the following 5 years, and 4.00% per annum thereafter.

MORTALITY:

Healthy Annuitants: RP2014 blue collar base rates with a load of 7.75% with fully generational mortality improvements based on the Modified Buck MP2014 projection scale.

Healthy Non-annuitants: RP2014 blue collar base rates with fully generation mortality improvements based on the Modified Buck MP2014 projection scale.

Disabled Participants: RP2014 disabled base rates with Modified Buck MP 2014 projection scale.

SCHEDULE E

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS (continued)

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, 2015.

VALUATION ASSETS: Actuarial Value, as developed in Schedule B. The actuarial value of assets is based on a 5-year smoothing of market value gains and losses starting with the asset gains and losses for the period July 1, 2013 – June 30, 2014. 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: 3.00% per annum (used for the amortization of unfunded liability).

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

HISTORICAL ASSUMPTION CHANGES:

Effective 7/1/2015: The mortality table for healthy participants was changed to the RP2014 blue collar base rates with a load of 7.75% with fully generational mortality improvements based on the Modified Buck MP 2014 projection scale. For non-annuitants, the mortality table was changed to RP2014 blue collar base rates with fully generation mortality improvements based on the Modified Buck MP 2014 projection scale. The mortality table for disabled participants was changed RP2014 disabled base rates with Modified Buck MP 2014 projection scale. The assumption for Future Administration expenses was changed to 0.325% of payroll.

Effective 7/1/2014: The assumed rates of salary increase were adjusted to 2.00% for 4 years, 3.00% for the next 5 years, and 4.00% thereafter. The mortality table for healthy participants was changed to the RP-2000 blue collar base rates increased by 7.5% to reflect actual plan experience, generationally projected using Scale BB for annuitants and the RP-2000 blue collar base rates, generationally projected using Scale BB for non-annuitants. The mortality table for disabled participants was changed to the RP-2000 disabled mortality table. The assumed rates of retirement and termination were changed to better reflect anticipated experience. The asset valuation method was changed to reflect a 5-year smoothing of market value gains and losses beginning with gains and losses for the period July 1, 2013 – June 30, 2014. The Actuarial Value of Assets is limited to an 80% - 120% market value corridor.

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.

SCHEDULE E

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS (continued)

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.

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 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 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 7/1/2015:** 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 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 84^{th} 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.

SCHEDULE F

SUMMARY OF THE MAIN BENEFIT AND CONTRIBUTION PROVISIONS (continued)

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.

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.

SCHEDULE F

SUMMARY OF THE MAIN BENEFIT AND CONTRIBUTION PROVISIONS (continued)

Historical Provision Changes (continued)	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
Member Statistics

	June 30, 2015
Active members	
Number	2,449
Average age	42.24
Average service	8.92
Terminated vested members	
Number	289
Average age	52.29
Average annual retirement benefits	$12,018
Retired members	
Number	984
Average age	67.45
Average annual retirement benefits	$ 28,543
Disabled members	
Number	67
Average age	61.84
Average annual retirement benefits	$ 17,021
Survivors and beneficiaries of members	
Number	115
Average age	65.90
Average annual retirement benefits	$ 15,725
Total Number of Members	3,904

SCHEDULE G

AGE-SERVICE TABLE

(All Active Participants)

	Completed Years of Service										
Attained Age	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	**52**	**63**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**116**
Avg. Pay	15,322	34,581	*	0	0	0	0	0	0	0	26,004
25 to 29	**66**	**183**	**64**	**2**	**0**	**0**	**0**	**0**	**0**	**0**	**315**
Avg. Pay	17,768	38,427	42,519	*	0	0	0	0	0	0	34,987
30 to 34	**53**	**137**	**106**	**51**	**1**	**0**	**0**	**0**	**0**	**0**	**348**
Avg. Pay	17,324	39,109	43,224	45,623	*	0	0	0	0	0	38,036
35 to 39	**26**	**96**	**79**	**50**	**30**	**2**	**0**	**0**	**0**	**0**	**283**
Avg. Pay	19,359	40,879	43,202	46,932	55,311	*	0	0	0	0	42,071
40 to 44	**24**	**79**	**96**	**63**	**54**	**18**	**4**	**0**	**0**	**0**	**338**
Avg. Pay	17,303	40,705	46,415	44,837	59,717	*	*	0	0	0	45,985
45 to 49	**21**	**73**	**84**	**38**	**64**	**43**	**48**	**3**	**0**	**0**	**374**
Avg. Pay	21,371	38,823	41,565	47,014	56,925	64,999	67,540	*	0	0	49,342
50 to 54	**22**	**47**	**72**	**38**	**30**	**38**	**62**	**16**	**1**	**0**	**326**
Avg. Pay	24,469	35,191	43,624	41,259	56,604	65,549	70,814	*	*	0	51,138
55 to 59	**14**	**40**	**49**	**47**	**29**	**17**	**15**	**1**	**3**	**0**	**215**
Avg. Pay	*	42,500	38,640	42,146	51,575	*	*	*	*	0	43,702
60 to 64	**1**	**14**	**31**	**19**	**17**	**6**	**9**	**0**	**0**	**0**	**97**
Avg. Pay	*	*	37,580	*	*	*	*	0	0	0	42,237
65 to 69	**1**	**7**	**11**	**7**	**4**	**1**	**0**	**0**	**0**	**1**	**32**
Avg. Pay	*	*	*	*	*	*	0	0	0	*	37,098
70 & up	**0**	**0**	**1**	**1**	**3**	**0**	**0**	**0**	**0**	**0**	**5**
Avg. Pay	0	0	*	*	*	0	0	0	0	0	*
Total	**280**	**739**	**594**	**316**	**232**	**125**	**138**	**20**	**4**	**1**	**2,449**
Avg. Annual Pay	18,179	38,834	42,581	44,066	55,728	62,558	67,866	71,045	*	*	42,783

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

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Clayton County, Georgia Public Employee Retirement System

Information Required Under Governmental Accounting Standards Board Statement No. 67 and 68 as of June 30, 2015

Based on Measurement Period Ending June 30, 2015

December 2015

Timothy G. Bowen
Director, Retirement

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December 10, 2015

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

Members of the Board:

This valuation provides information concerning the Clayton County, Georgia Public Employee Retirement System (the Fund) in accordance with the Governmental Accounting Standards Board Statement No. 67 (GASB 67) and No. 68 (GASB 68).

GASB 67 is an amendment of Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans effective for the fiscal year ending June 30, 2014. GASB 68 is an amendment of Statement No. 27, Accounting for Pensions by State and Local Government Employers effective for the fiscal year ending June 30, 2015.

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 plan in accordance with the requirements of GASB 67 and GASB 68 as of June 30, 2015, based on a measurement date of June 30, 2015.

The Board, Clayton County staff and Clayton County employers may use this report for the review of the operation of the plan. The report may also be used in preparation of audited financial statements of Clayton County employers. Use of this report for any other purpose or by anyone other than the Board, Clayton County staff or employers may not be appropriate and may result in mistaken conclusions because of failure to understand applicable assumptions, methods, or inapplicability of the report for that purpose. No one may make any representations or warranties based on any statements or conclusions contained in this report without Buck Consultants' prior written consent.

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. An analysis of the potential range of such future differences is beyond the scope of this valuation.

In preparing the actuarial results, we have relied upon information provided by Clayton County's administrative staff regarding plan provisions, plan participants, plan assets, contribution rates and other matters used in the actuarial valuation. 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.

The information in this report was prepared using a measurement date of June 30, 2015 and the actuarial assumptions and methods used in the June 30, 2015 actuarial valuation of the plan, except as noted herein.

In our opinion, the actuarial assumptions used are appropriate for purposes of the valuation and are reasonably related to the experience of the Fund and to reasonable long-term expectations. The actuarial assumptions and methods are summarized in Section IV.

This report was prepared under the supervision of Timothy G. Bowen, a Member of the American Academy of Actuaries who meets the Academy's qualification Standards to issue this Statement of Actuarial Opinion. This report has been prepared in accordance with all applicable Actuarial Standards of Practice and we are available to answer questions about it.

Buck Consultants, LLC

Timothy G. Bowen, EA, MAAA, FCA
Director, Retirement Consulting Actuary

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Section I – GASB 67 Information

Notes to the Financial Statements for the Year Ending June 30, 2015

A. Summary of Significant Accounting Policies

Methods used to value investments. Investments are reported at fair value reduced for pending refunds and increased to reflect the final receivable contribution made in July after the June 30, 2015 measurement date.

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, 2015, pension plan membership consisted of the following:

Membership Status	Count
Inactive plan members or beneficiaries currently receiving	1,166
Inactive plan members entitled to but not yet receiving	289
Active plan members	2,449
Total	3,904

Benefits provided. Please see Section V of the report 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 accrued liability over a 30 year period. The plan is funded by participant and plan sponsor contributions. For the year ended June 30, 2015, the revenue to the Fund totaled $22,761,000, which includes $6,255,252 of member contributions.

C. Investments

Rate of return. For the year ended June 30, 2015, the estimated annual money-weighted rate of return on the Fund's investments, net of pension plan investment expense, was 3.30%.

D. Receivables

None.

Section I – GASB 67 Information

E. Net Pension Liability

The components of the net pension liability at June 30, 2015, were as follows:

Components of Net Pension Liability	
Total pension liability	$ 656,257,173
Plan fiduciary net position	(387,761,223)
Fund's net pension liability	$ (268,495,950)
Plan fiduciary net position as a percentage of the total pension liability	59.09%

F. Actuarial Assumptions

The total pension liability as of June 30, 2015 was determined based on June 30, 2015 data, plan provisions, and assumptions, as summarized below:

Actuarial Assumptions	
Investment rate of return	8.00%, net of pension plan investment expenses.
Salary increases	Fiscal 2016 – 2019 2% Fiscal 2020 – 2024 3% Fiscal 2025 and beyond 4%
Mortality Rates	Annuitants: RP-2014 blue collar base rates with a load of 7.75% with fully generational mortality improvements based on the Modified Buck MP-2014 projection scale Non-Annuitants: RP-2014 blue collar base rates with fully generation mortality improvements based on the Modified Buck MP-2014 projection scale. Disabled Participants: RP-2014 disabled base rates with Modified Buck MP-2014 projection scale.
Rates of Retirement and Withdrawal	Rates based on age and as provided in Section IV
Other	See Section IV

Discount rate. The discount rate used to measure the total pension liability was 6.83%. The projection of cash flows used to determine the discount rate is based on a projection of the 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. Based on those assumptions, the pension plan's fiduciary net position was projected to be insolvent in 40 years. Therefore, the long-term expected rate of return on pension plan investments was applied to the first 40 years of projected benefit payments and a rate of 3.73% was applied to all periods of projected benefit payments after 40 years to determine the total pension liability. The rate of 3.73% was based on the S&P municipal bond 20 year high grade rate index as of June 30, 2015.

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. The discount rate was changed to 6.83% as described above. The assumed rates of salary increase were adjusted to 2.00% for 3 years, 3.00% for the next 5 years, and 4.00% thereafter. The mortality table for healthy annuitants was changed to the RP-2014 blue collar table increased by 7.75% to reflect actual plan experience, generationally projected using the Modified Buck MP-2014 improvement scale. For healthy non-annuitants, the mortality table was changed to the RP-2014 blue collar table, generationally projected using the Modified Buck MP-2014 improvement scale. The mortality table for disabled participants was changed to the RP-2014 disabled mortality table, generationally projected using the Modified Buck MP-2014 improvement scale.

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 6.83%, as well as what the Fund's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.83%) or 1-percentage-point higher (7.83%) than the current rate:

	1% Decrease (5.83%)	Current Discount Rate (6.83%)	1% Increase (7.83%)
Net Pension Liability	$357,532,455	$268,495,950	$195,184,850

Section I – GASB 67 Information

Schedules of Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios

	FYE June 30, 2015	FYE June 30, 2014
Total pension liability		
Service cost	$ 13,875,847	$ 12,641,750
Interest	42,916,497	38,446,983
Difference between expected and actual experience	3,314,582	12,248,172
Changes in benefit terms	0	0
Changes in assumptions	18,401,577	80,992,984
Benefit payments	(32,497,705)	(29,341,610)
Net change in total pension liability	$ 46,010,798	$ 114,988,279
Total pension liability-beginning	610,246,375	495,258,096
Total pension liability-ending (a)	$ 656,257,173	$ 610,246,375
Plan fiduciary net position		
Contributions-employer	$ 16,505,748	$ 14,677,561
Contributions-member	6,255,252	4,063,519[1]
Net investment income	12,175,272	53,084,005
Benefit payments, including refunds of employee contributions	(32,497,705)	(29,341,610)
Administrative expense	(422,012)	(402,882)
Other	0	252,020
Net change in plan fiduciary net position	$ 2,016,555	$ 42,332,613
Plan fiduciary net position-beginning	385,744,668	343,412,055
Plan fiduciary net position-ending (b)	387,761,223	385,744,668
Plan's net pension liability-ending (a)-(b)	$ 268,495,950	$ 224,501,707
Plan fiduciary net position as a % of the total pension liability	59.09%	63.21%
Covered-employee payroll	$119,600,775[2]	$108,583,036[3]
Net pension liability as a percentage of covered-employee payroll	224.49%	206.76%

[1] Net of contribution refunds
[2] Total earnings provided by Clayton County
[3] Pensionable earnings provided by Clayton County

Section I – GASB 67 Information

Schedule of Contributions

	FYE June 30, 2015	FYE June 30, 2014
Actuarially determined contribution	$16,505,748	$14,677,561
Contributions related to the actuarially determined contribution	(16,505,748)	(14,677,561)
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, 2015 is based on the July 1, 2014 Actuarial Valuation.

Changes of assumptions used to determine the actuarially determined contribution:

Effective July 1, 2014, the assumed rates of salary increase were adjusted to 2.00% for 4 years, 3.00% for the next 5 years, and 4.00% thereafter. The mortality table for healthy participants was changed to the RP-2000 blue collar base rates increased by 7.5% to reflect actual plan experience, generationally projected using Scale BB for annuitants and the RP-2000 blue collar base rates, generationally projected using Scale BB for non-annuitants. The mortality table for disabled participants was changed to the RP-2000 disabled mortality table. The assumed rates of retirement and termination were changed to better reflect anticipated experience. The asset valuation method was changed to reflect a 5-year smoothing of market value gains and losses beginning with gains and losses for the period July 1, 2013 – June 30, 2014. The Actuarial Value of Assets is limited to an 80% - 120% market value corridor.

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 Actuarial Valuation Report for Clayton County, Georgia Public Employee Retirement System for the plan year July 1, 2014 - June 30, 2015
Administrative Expenses	0.20% of Payroll
Inflation (used for the amortization of Unfunded Liability)	3.00% per annum
Salary increases	2% for 4 years, 3% for the next 5 years, and 4% thereafter for all employees.
Investment rate of return	8.00%, net of pension plan investment expenses.
Retirement and Termination Rates	As specified in the Actuarial Valuation Report for Clayton County, Georgia Public Employee Retirement System for the plan year July 1, 2014 - June 30, 2015

Section I – GASB 67 Information

Mortality	Healthy participants: The RP-2000 blue collar base rates increased by 7.5% to reflect actual plan experience, generationally projected using Scale BB for annuitants and the RP-2000 blue collar base rates, generationally projected using Scale BB for non-annuitants. Disabled participants: The RP-2000 disabled mortality table.
Other information	Please see the Actuarial Valuation Report for Clayton County, Georgia Public Employee Retirement System for the plan year July 1, 2014 - June 30, 2015

Schedule of Investment Returns

	FYE June 30, 2015
Annual money-weighted rate of return, net of investment expenses	3.30%

Section I – GASB 67 Information

Table 1 – Projection of Fiduciary Net Position (000's omitted)

Fiscal Year Ending 6/30	Beginning Fiduciary Net Position	Member Contributions	Employer Contributions	Benefit Payments	Administrative Expenses	Investment Earnings	Ending Fiduciary Net Position
2016	$387,761	$7,858	$14,564	$33,349	$435	$30,566	$406,966
2017	406,966	7,318	14,520	34,949	443	32,015	425,427
2018	425,427	6,871	14,736	36,567	452	33,418	443,433
2019	443,433	6,431	14,958	38,328	461	34,779	460,811
2020	460,811	6,070	15,432	40,403	471	36,090	477,529
2021	477,529	5,729	15,646	42,273	480	37,347	493,498
2022	493,498	5,404	15,820	44,107	490	38,545	508,670
2023	508,670	5,083	15,949	46,091	499	39,671	522,783
2024	522,783	4,759	16,019	48,447	509	40,695	535,300
2025	535,300	4,471	16,073	50,743	519	41,595	546,176
2026	546,176	4,195	16,143	52,961	530	42,368	555,391
2027	555,391	3,934	16,233	54,883	540	43,021	563,156
2028	563,156	3,688	16,308	56,963	551	43,552	569,189
2029	569,189	3,451	16,379	58,857	562	43,952	573,551
2030	573,551	3,221	16,408	60,701	574	44,218	576,124
2031	576,124	2,986	16,370	62,701	585	44,333	576,526
2032	576,526	2,737	16,355	64,528	597	44,281	574,774
2033	574,774	2,499	16,375	66,087	609	44,069	571,022
2034	571,022	2,281	16,360	67,704	621	43,694	565,032
2035	565,032	2,064	16,418	68,947	633	43,159	557,093
2036	557,093	1,875	16,409	70,210	646	42,465	546,986
2037	546,986	1,679	16,416	71,269	659	41,606	534,759

Section I – GASB 67 Information

Table 1 – Projection of Fiduciary Net Position (000's omitted)

Fiscal Year Ending 6/30	Beginning Fiduciary Net Position	Member Contributions	Employer Contributions	Benefit Payments	Administrative Expenses	Investment Earnings	Ending Fiduciary Net Position
2038	$534,759	$1,492	$16,396	$72,215	$672	$40,581	$520,341
2039	520,341	1,306	16,311	73,223	685	39,376	503,426
2040	503,426	1,108	16,248	74,082	699	37,977	483,977
2041	483,977	919	16,229	74,636	713	36,390	462,167
2042	462,167	753	16,247	74,976	727	34,625	438,089
2043	438,089	609	16,312	74,974	742	32,695	411,989
2044	411,989	487	16,407	74,640	757	30,619	384,106
2045	384,106	384	16,539	74,075	772	28,412	354,593
2046	354,593	298	16,720	73,097	787	26,093	323,820
2047	323,820	232	16,920	71,937	803	23,682	291,913
2048	291,913	177	17,144	70,525	819	21,192	259,082
2049	259,082	132	17,390	68,905	836	18,638	225,502
2050	225,502	97	17,659	67,131	852	16,031	191,306
2051	191,306	70	17,948	65,046	869	13,389	156,797
2052	156,797	52	18,244	62,820	887	10,727	122,114
2053	122,114	37	18,553	60,476	904	8,058	87,382
2054	87,382	26	18,869	58,121	923	5,385	52,618
2055	52,618	18	19,193	55,700	941	2,712	17,899
2056	17,899	11	19,527	53,242	960	45	-
2057	-	7	19,866	50,788	979	(2,613)	-
2058	-	4	20,214	48,352	999	(5,263)	-
2059	-	3	20,567	45,943	1,019	(7,905)	-

Section I – GASB 67 Information

Table 1 – Projection of Fiduciary Net Position (000's omitted)

Fiscal Year Ending 6/30	Beginning Fiduciary Net Position	Member Contributions	Employer Contributions	Benefit Payments	Administrative Expenses	Investment Earnings	Ending Fiduciary Net Position
2060	$-	$1	$20,928	$43,510	$1,039	$(10,538)	$-
2061	-	1	21,294	41,082	1,060	(13,160)	-
2062	-	-	21,667	38,665	1,081	(15,770)	-
2063	-	-	22,047	36,256	1,102	(18,367)	-
2064	-	-	22,433	33,909	1,125	(20,953)	-
2065	-	-	22,826	31,627	1,147	(23,531)	-
2066	-	-	23,226	29,377	1,170	(26,104)	-
2067	-	-	23,633	27,191	1,193	(28,675)	-
2068	-	-	24,048	25,064	1,217	(31,249)	-
2069	-	-	24,469	22,981	1,242	(33,828)	-
2070	-	-	24,898	21,007	1,266	(36,419)	-
2071	-	-	25,334	19,129	1,292	(39,031)	-
2072	-	-	25,778	17,375	1,318	(41,674)	-
2073	-	-	26,230	15,765	1,344	(44,360)	-
2074	-	-	26,689	14,273	1,371	(47,102)	-
2075	-	-	27,157	12,882	1,398	(49,913)	-
2076	-	-	27,633	11,570	1,426	(52,806)	-
2077	-	-	28,117	10,360	1,455	(55,793)	-
2078	-	-	28,610	9,248	1,484	(58,889)	-
2079	-	-	29,111	8,213	1,513	(62,109)	-
2080	-	-	29,621	7,247	1,544	(65,469)	-
2081	-	-	30,140	6,350	1,575	(68,985)	-

Section I – GASB 67 Information

Table 1 – Projection of Fiduciary Net Position (000's omitted)

Fiscal Year Ending 6/30	Beginning Fiduciary Net Position	Member Contributions	Employer Contributions	Benefit Payments	Administrative Expenses	Investment Earnings	Ending Fiduciary Net Position
2082	$-	$-	$30,668	$5,520	$1,606	$(72,674)	$-
2083	-	-	31,206	4,759	1,638	(76,554)	-
2084	-	-	31,753	4,067	1,671	(80,645)	-
2085	-	-	32,309	3,442	1,704	(84,969)	-
2086	-	-	32,875	2,885	1,738	(89,550)	-
2087	-	-	33,451	2,392	1,773	(94,413)	-
2088	-	-	34,037	1,962	1,809	(99,584)	-
2089	-	-	34,634	1,591	1,845	(105,092)	-
2090	-	-	35,241	1,275	1,882	(110,968)	-
2091	-	-	35,858	1,010	1,919	(117,245)	-
2092	-	-	36,487	791	1,958	(123,958)	-
2093	-	-	37,126	611	1,997	(131,144)	-
2094	-	-	37,776	468	2,037	(138,844)	-
2095	-	-	38,438	354	2,078	(147,101)	-
2096	-	-	39,112	265	2,119	(155,959)	-
2097	-	-	39,797	197	2,162	(165,470)	-
2098	-	-	40,495	145	2,205	(175,684)	-
2099	-	-	41,204	106	2,249	(186,659)	-
2100	-	-	41,926	77	2,294	(198,455)	-
2101	-	-	42,661	56	2,340	(211,139)	-
2102	-	-	43,408	40	2,387	(224,780)	-
2103	-	-	44,169	28	2,434	(239,455)	-

Section I – GASB 67 Information

Table 2 – Actuarial Present Value of Projected Benefits (000's omitted)

		Benefit Payments			Present Value of Benefits		
Fiscal Year Ending 6/30	Beginning Fiduciary Net Position	Benefit Payments	Funded Portion	Unfunded Portion	Funded Portion at 8.0%	Unfunded Portion at 3.73%	Using a Single Discount Rate of 6.83%
2016	$387,761	$33,349	$33,349	$-	$32,090	$-	$32,265
2017	406,966	34,949	34,949	-	31,139	-	31,652
2018	425,427	36,567	36,567	-	30,167	-	31,000
2019	443,433	38,328	38,328	-	29,277	-	30,415
2020	460,811	40,403	40,403	-	28,576	-	30,012
2021	477,529	42,273	42,273	-	27,684	-	29,394
2022	493,498	44,107	44,107	-	26,746	-	28,708
2023	508,670	46,091	46,091	-	25,878	-	28,081
2024	522,783	48,447	48,447	-	25,186	-	27,630
2025	535,300	50,743	50,743	-	24,426	-	27,089
2026	546,176	52,961	52,961	-	23,605	-	26,466
2027	555,391	54,883	54,883	-	22,650	-	25,673
2028	563,156	56,963	56,963	-	21,767	-	24,942
2029	569,189	58,857	58,857	-	20,825	-	24,124
2030	573,551	60,701	60,701	-	19,886	-	23,289
2031	576,124	62,701	62,701	-	19,020	-	22,518
2032	576,526	64,528	64,528	-	18,124	-	21,693
2033	574,774	66,087	66,087	-	17,187	-	20,797
2034	571,022	67,704	67,704	-	16,303	-	19,943
2035	565,032	68,947	68,947	-	15,373	-	19,011
2036	557,093	70,210	70,210	-	14,495	-	18,122
2037	546,986	71,269	71,269	-	13,624	-	17,219

Section I – GASB 67 Information

Table 2 – Actuarial Present Value of Projected Benefits (000's omitted)

		Benefit Payments			Present Value of Benefits		
Fiscal Year Ending 6/30	Beginning Fiduciary Net Position	Benefit Payments	Funded Portion	Unfunded Portion	Funded Portion at 8.0%	Unfunded Portion at 3.73%	Using a Single Discount Rate of 6.83%
2038	$534,759	$72,215	$72,215	-	$12,782	-	$16,332
2039	520,341	73,223	73,223	-	12,000	-	15,501
2040	503,426	74,082	74,082	-	11,242	-	14,680
2041	483,977	74,636	74,636	-	10,487	-	13,845
2042	462,167	74,976	74,976	-	9,754	-	13,019
2043	438,089	74,974	74,974	-	9,031	-	12,186
2044	411,989	74,640	74,640	-	8,325	-	11,356
2045	384,106	74,075	74,075	-	7,650	-	10,550
2046	354,593	73,097	73,097	-	6,990	-	9,745
2047	323,820	71,937	71,937	-	6,369	-	8,977
2048	291,913	70,525	70,525	-	5,782	-	8,238
2049	259,082	68,905	68,905	-	5,231	-	7,534
2050	225,502	67,131	67,131	-	4,718	-	6,871
2051	191,306	65,046	65,046	-	4,233	-	6,232
2052	156,797	62,820	62,820	-	3,786	-	5,634
2053	122,114	60,476	60,476	-	3,374	-	5,077
2054	87,382	58,121	58,121	-	3,003	-	4,567
2055	52,618	55,700	-	55,700	-	13,111	4,097
2056	17,899	53,242	-	53,242	-	12,082	3,666
2057	-	50,788	-	50,788	-	11,110	3,273
2058	-	48,352	-	48,352	-	10,197	2,917
2059	-	45,943	-	45,943	-	9,341	2,595

Section I – GASB 67 Information

Table 2 – Actuarial Present Value of Projected Benefits (000's omitted)

		Benefit Payments			Present Value of Benefits		
Fiscal Year Ending 6/30	Beginning Fiduciary Net Position	Benefit Payments	Funded Portion	Unfunded Portion	Funded Portion at 8.0%	Unfunded Portion at 3.73%	Using a Single Discount Rate of 6.83%
2060	$-	$43,510	$-	$43,510	$-	$8,528	$2,300
2061	-	41,082	-	41,082	-	7,763	2,033
2062	-	38,665	-	38,665	-	7,043	1,791
2063	-	36,256	-	36,256	-	6,367	1,572
2064	-	33,909	-	33,909	-	5,741	1,376
2065	-	31,627	-	31,627	-	5,162	1,202
2066	-	29,377	-	29,377	-	4,622	1,045
2067	-	27,191	-	27,191	-	4,124	905
2068	-	25,064	-	25,064	-	3,665	781
2069	-	22,981	-	22,981	-	3,240	670
2070	-	21,007	-	21,007	-	2,855	574
2071	-	19,129	-	19,129	-	2,506	489
2072	-	17,375	-	17,375	-	2,194	416
2073	-	15,765	-	15,765	-	1,920	353
2074	-	14,273	-	14,273	-	1,675	299
2075	-	12,882	-	12,882	-	1,458	253
2076	-	11,570	-	11,570	-	1,262	213
2077	-	10,360	-	10,360	-	1,090	178
2078	-	9,248	-	9,248	-	938	149
2079	-	8,213	-	8,213	-	803	124
2080	-	7,247	-	7,247	-	683	102
2081	-	6,350	-	6,350	-	577	84

Section I – GASB 67 Information

Table 2 – Actuarial Present Value of Projected Benefits (000's omitted)

		Benefit Payments			Present Value of Benefits		
Fiscal Year Ending 6/30	Beginning Fiduciary Net Position	Benefit Payments	Funded Portion	Unfunded Portion	Funded Portion at 8.0%	Unfunded Portion at 3.73%	Using a Single Discount Rate of 6.83%
2082	$-	$5,520	$-	$5,520	$-	$483	$68
2083	-	4,759	-	4,759	-	402	55
2084	-	4,067	-	4,067	-	331	44
2085	-	3,442	-	3,442	-	270	35
2086	-	2,885	-	2,885	-	218	27
2087	-	2,392	-	2,392	-	174	21
2088	-	1,962	-	1,962	-	138	16
2089	-	1,591	-	1,591	-	108	12
2090	-	1,275	-	1,275	-	83	9
2091	-	1,010	-	1,010	-	64	7
2092	-	791	-	791	-	48	5
2093	-	611	-	611	-	36	4
2094	-	468	-	468	-	26	3
2095	-	354	-	354	-	19	2
2096	-	265	-	265	-	14	1
2097	-	197	-	197	-	10	1
2098	-	145	-	145	-	7	1
2099	-	106	-	106	-	5	-
2100	-	77	-	77	-	3	-
2101	-	56	-	56	-	2	-
2102	-	40	-	40	-	2	-
2103	-	28	-	28	-	1	-

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, 2015, based on a measurement date of June 30, 2015 is as follows:

	FYE June 30, 2015
Service cost	$ 13,875,847
Interest cost	42,916,497
Expected return on assets	(30,453,225)
Current period effect of benefit changes	0
Current period difference between expected and actual experience	552,430
Current period effect of changes in assumptions	3,066,930
Current period difference between projected and actual investment earnings	3,655,591
Member contributions	(6,255,252)
Administrative expenses	422,012
Current period recognition of prior years' deferred outflow of resources	0
Current period recognition of prior years' deferred inflow of resources	0
Total pension expense	$ 27,780,830

The employers' allocation of pension expense to be reported for the fiscal year ended June 30, 2015 is shown in Schedule B in the Appendix.

The pension expense reported for the fiscal year end is based on the June 30, 2014 and June 30, 2015 actuarial valuation.

The effect of difference 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, 2014 (6.0 years).

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

Determination of Average Remaining Expected Service Lives

Remaining Service Lives as of June 30, 2014			
Group	**Number**	**Service**	**Average**
Active Members	2,447	23,108.75	
Terminated Vested Members	290	0.00	
Members Receiving Benefits	1,124	0.00	
Total	3,861	23,108.75	6.0

Section II – GASB 68 Information

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

Allocation of Net Pension Liability

The allocation of net pension liability between the County and the Water Authority as of June 30, 2014 and June 30, 2015 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, 2015 recognition of the change in proportion of the June 30, 2014 amounts in accordance with paragraph 54 of GASB 68.

Allocation of Future Years' Recognition of Deferred Outflows/Inflows

The employers' allocation of June 30, 2015 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 and 2015.

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, 2015
Active members	
Number	2,449
Average age	42.24 years
Average service	8.92 years
Terminated vested members (including deferred beneficiaries)	
Number	289
Average age	52.29 years
Average annual retirement benefits	$ 12,018
Retired members	
Number	984
Average age	67.45 years
Average annual retirement benefits	$ 28,543
Disabled members (including deferred disabled members)	
Number	67
Average age	61.84
Average annual retirement benefits	$ 17,021
Survivors and beneficiaries of members	
Number	115
Average age	65.90 years
Average annual retirement benefits	$ 15,725
Total Number of Members	3,904

Section IV – Actuarial Assumptions and Methods

Methods used to determine the Net Pension Liability

VALUATION DATE: June 30, 2015

ASSET VALUATION METHOD: Market Value

VALUATION FUNDING METHOD: Entry Age Normal Actuarial Cost Method

Assumptions used to determine the Net Pension Liability

DISCOUNT RATE: 6.83% per annum, compounded annually, net of investment expenses.

INFLATION: 3.00% per annum (used for the amortization of unfunded liability).

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

Safety

	Annual Rate of					
	Withdrawal					Disability
Age	Years 0-1	Years 1-2	Years 2-3	Years 3-6	Years 7+	
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

	Annual Rate of					
	Withdrawal					Disability
Age	Years 0-1	Years 1-2	Years 2-3	Years 3-6	Years 7+	
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 Assumptions and Methods

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

	Non-Safety		Safety	
	Annual Rate of Retirement			
Age	Early	Normal*	Early	Normal*
50	.100		.040	
51	.100		.080	
52	.150		.120	
53	.250		.180	
54	.250		.250	
55	.350	.25	.085	.10
56	.160	.10	.085	.10
57	.160	.10	.085	.10
58	.160	.15	.085	.10
59	.160	.20	.085	.10
60		.55		.25
61		.65		.15
62		.65		.22
63		.65		.16
64		.65		.11
65		1.00		.60
66				.40
67				.40
68				.40
69				.40
70				1.00

* 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: 2.00% per annum for 4 years, 3.00% per annum for the following 5 years, and 4.00% per annum thereafter.

MORTALITY:

Healthy Annuitants: RP-2014 blue collar base rates with a load of 7.75% with fully generational mortality improvements based on the Modified Buck MP-2014 projection scale.

Healthy Non-annuitants: RP-2014 blue collar base rates with fully generation mortality improvements based on the Modified Buck MP-2014 projection scale.
Disabled Participants: RP-2014 disabled base rates with Modified Buck MP-2014 projection scale.

Section IV – Actuarial Assumptions and Methods

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, 2015.

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 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.

Section V – Summary of Plan Provisions

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.

Section V – Summary of Plan Provisions

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
Participant Contributions	Each participant contributes 7.5% of compensation beginning July 1, 2015. 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).

Appendix A – Net Pension Liability Allocations by Employer

	County	Water Authority	Plan Total
FYE Ending June 30, 2015:			
Total Pension Liability	$556,177,954	$100,079,219	$656,257,173
Plan Fiduciary Net Position	$328,627,636	$59,133,587	$387,761,223
Net Pension Liability	$227,550,318	$40,945,632	$268,495,950
Portion of Net Pension Liability	84.75%	15.25%	100.00%
Plan Fiduciary Net Position as % of Total Pension Liability	59.09%	59.09%	59.09%
Covered Payroll[1]	$100,574,193	$19,026,582	$119,600,775
Net Pension Liability as % of Covered Payroll	226.25%	215.20%	224.49%
Employer Contributions	$13,805,519	$2,700,229	$16,505,748
FYE Ending June 30, 2014:			
Total Pension Liability	$518,892,493	$91,353,882	$610,246,375
Plan Fiduciary Net Position	$327,998,691	$57,745,977	$385,744,668
Net Pension Liability	$190,893,801	$33,607,906	$224,501,707
Portion of Net Pension Liability	85.03%	14.97%	100.00%
Plan Fiduciary Net Position as % of Total Pension Liability	63.21%	63.21%	63.21%
Covered Payroll[2]	$90,813,460	$17,769,576	$108,583,036
Net Pension Liability as % of Covered Payroll	210.20%	189.13%	206.76%
Employer Contributions	$12,709,050	$2,220,531	$14,929,581

[1] Total earnings provided by Clayton County
[2] Pensionable earnings

Appendix B – Pension Amounts Allocated by Employer

	County	Water Authority	Plan Total
Net Pension Liability as of June 30, 2015:			
	$227,550,318	$40,945,632	$268,495,950
Deferred Outflows of Resources:			
Difference between expected and actual experience	$2,340,924	$421,228	$2,762,152
Changes in assumptions	$12,996,113	$2,338,534	$15,334,647
Difference between projected and actual investment earnings	$12,392,452	$2,229,910	$14,622,362
Change in proportion	$0	$626,490	$626,490
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	$0	$0	$0
Difference between projected and actual investment earnings	$0	$0	$0
Change in proportion	$(626,490)	$0	$(626,490)
Pension Expense Recognized:			
Proportionate share of current year's expense	$23,544,253	$4,236,577	$27,780,830
Change in proportion	$(125,298)	$125,298	$0
Total	$23,418,955	$4,361,875	$27,780,830

[1] Contributions made subsequent to the measurement of June 30, 2015 to the end of the fiscal year of April 30, 2016 for Clayton County Water Authority will be reported as deferred outflows.

Appendix C – Employers’ Share of June 30, 2015 Deferred Outflows/Inflows

	County	Water Authority	Plan Total
FY2016[1]	$6,040,223	TBD	TBD
FY2017	$6,040,223	$1,234,728	$7,274,951
FY2018	$6,040,223	$1,234,728	$7,274,951
FY2019	$6,040,223	$1,234,728	$7,274,951
FY2020	$2,942,110	$677,250	$3,619,360
Thereafter	$0	$0	$0

[1] Contributions made subsequent to the measurement of June 30, 2015 to the end of the fiscal year of April 30, 2016 for Clayton County Water Authority will be reported as deferred outflows.

Appendix D – Contribution History

	County	Water Authority	Plan Total
FY2015	$13,805,519	$2,700,229	$16,505,748
FY2014	$12,709,050	$2,220,531	$14,929,581

IV. STATISTICAL SECTION
(Unaudited)

CLAYTON COUNTY, GEORGIA
PUBLIC EMPLOYEE RETIREMENT SYSTEM

SCHEDULE OF REVENUE BY SOURCE, EXPENSES BY TYPE, AND PLAN NET POSITION
LAST TEN FISCAL YEARS

			Operating Expenses				Non-Operating Revenues (Expenses)		Net
Fiscal Year	Employer Contributions	Employee Contributions	Retirement Benefits	Investment Expense	Administrative Expenses	Total Expenses	Net Appreciation (Depreciation) in Fair Value of Investments	Interest & Dividends	Increase (Decrease) in Plan Net Position
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
2014	14,929,581	4,063,520	29,230,610	514,510	402,882	30,148,002	46,726,620	6,871,896	42,443,615
2015	16,859,316	4,277,863	30,502,279	647,321	422,012	31,571,612	3,713,247	8,755,774	2,034,588

CLAYTON COUNTY, GEORGIA
PUBLIC EMPLOYEE RETIREMENT SYSTEM

SCHEDULE OF INVESTMENT RESULTS – LAST TEN FISCAL YEARS

Fiscal Year	Investment Income** (Loss)	Average Net Position Available for Benefits (1)	Effective Rate of Return (2)
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%
2014	53,598,516	365,103,683	14.68%
2015	12,469,021	387,342,784	3.22%

Notes:

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

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

** Investment income includes net appreciation (depreciation) in fair value of investments

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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, 2015, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated February 2, 2016.

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.

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
February 2, 2016

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