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

ANNUAL FINANCIAL REPORT

Years ended June 30, 2017 and 2016

CLAYTON COUNTY, GEORGIA
PUBLIC EMPLOYEE RETIREMENT SYSTEM

ANNUAL FINANCIAL REPORT
YEARS ENDED JUNE 30, 2017 AND 2016

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(UNAUDITED)

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CLAYTON COUNTY, GEORGIA
PUBLIC EMPLOYEE RETIREMENT SYSTEM

LISTING OF PRINCIPAL OFFICIALS AND CONSULTANTS
JUNE 30, 2017

PENSION BOARD MEMBERS

Terry Hicks, Chairman
Katherine Dodson, Vice Chairman
Ramona Bivins, Secretary/Treasurer
Pamela Ambles, Member
Carl Rhodenizer, Member

CLAYTON COUNTY BOARD OF COMMISSIONERS

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Sonna Singleton Gregory, Vice Chair
Gail Hambrick, Commissioner
Felicia Franklin Warner, Commissioner
Michael Edmonson, Commissioner

Actuary

Conduent

Investment Custodian

Transamerica Retirement Solutions

Independent Auditor

Mauldin & Jenkins, LLC

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

January 25, 2018

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, 2017, 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 five major sections presented in the Annual Financial Report: the Introductory Section, the Financial Section, the Actuarial Section, the Statistical Section, and the Compliance 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, Conduent, 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, 2017.

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

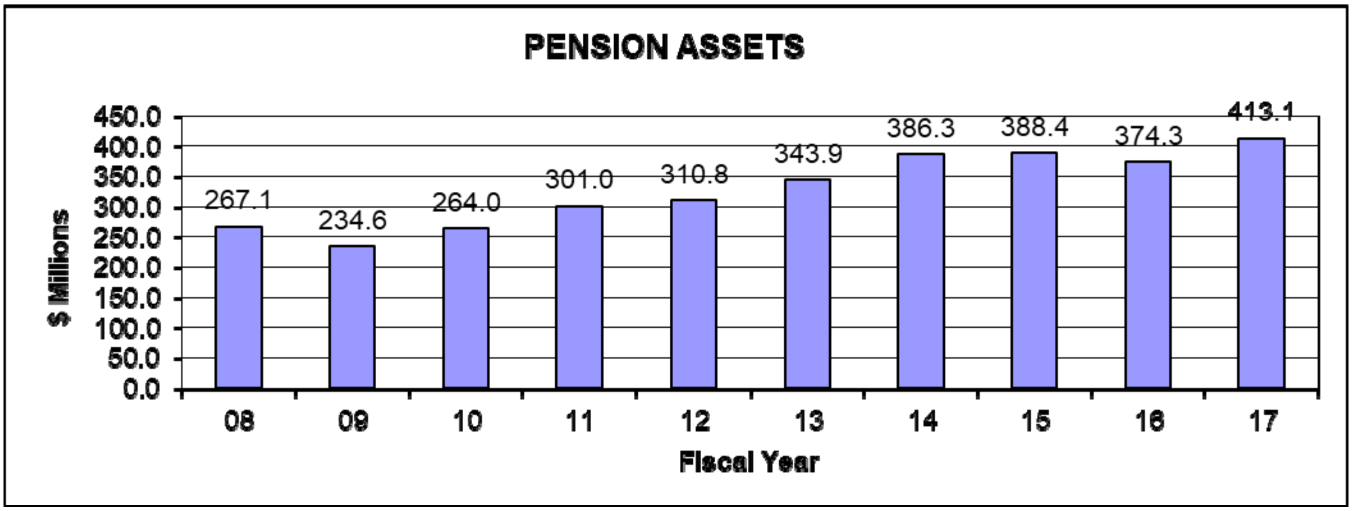
The Compliance Section includes the Auditor’s report on internal controls and other matters.

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 $413,138,789 at June 30, 2017.

The growth of Plan assets is illustrated in the accompanying graph. Plan assets increased from $267.1 million at June 30, 2008 to $413 million as of June 30, 2017. This demonstrates the general strong performance of the capital markets in the last decade. The exception occurred in the period beginning September 2008 and ending April 2009, which reflects the drop in markets nationwide and large increase in the current year due to economic growth.



Annual growth increased by an average return of 5% 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. It has experienced a gradual incline through fiscal year 2015, experiencing a slight market correction in 2016 and current year rebound.

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 2017 increased by 13.83%, outperforming the County Custom benchmark of a 10.95% increase. Over a trailing three-year period, the Plan produced an annually compounded total return of 5.23%, slightly trailing the benchmark return of 5.32%. For the past five years, the Plan generated a return of 8.95% outperforming its benchmark of 8.78%. Since inception, the Plan has generated a return of 10.39% versus its Policy index of 9.96%. 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 one more year, through June 30, 2018, 3.0% through June 30, 2023 and 4.0% thereafter.

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, one investment change was made during the year. In May 2017, the Pension Board voted to replace Delaware (mutual fund) with Alliance Bernstein (separately managed account). The Delaware fund was liquidated and transferred to Alliance Bernstein in the first quarter of the next fiscal year.

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

The total **fund return** for the pension plan exceeded its custom benchmark for the year. The pension plan produced a positive return of 13.83% for the fiscal year ended June 30, 2017, whereas the Fund Class benchmark was 10.95. The three-year annualized return slightly missed its perspective fund benchmark, but the five-year return exceeded its benchmark by 17 basis points. 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 following table shows the annually compounded total returns for each of the managers and its' benchmarks.

Investment Performance at June 30, 2017

	Total Return	***Benchmark Return***	**Benchmarks**
Total Pension Plan			
One Year	13.83 %	10.95 %	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	5.23	5.32	
Five Years	8.95	8.78	

OUTLOOK

The global economy continues in a low-growth pattern, but the U.S. is reflecting a stronger growth path. The new political administration's large fiscal stimulus may just provide another boost to the U.S. economy. Despite instability in the last decade, the U.S. economy is still the largest and most important in the world, representing about a quarter of global output.

Gross Domestic Product (GDP) is the broadest indicator, and most closely watched, of the economy. It measures the value of goods and services produced in the U.S. in a given time period. Morgan Stanley's economists forecast global GDP to be 2.2 % for 2017, a slight increase over 2016. The strongest part of GDP growth has been in Consumer Confidence, reaching its highest reading since March of 2000. This confidence may be due to the strengthening of the labor market, low interest rates, and cheap gasoline. The Federal Reserve raised short term interest rates in June by 25 basis points, and it is believed that there will be another rate hike at the December meeting.

The U.S. Economic outlook is healthy but slowing according to the key economic factors. The growth rate of real disposable income has slowed but still on the upward swing, job growth has declined slightly, consumer spending is down but not as much as income growth, the personal savings rate has decreased by a little less than half, and due to the continued low interest rates, credit availability is likely to remain good.

Appointments

The Pension Board retained Conduent Human Resource Services (formerly Buck Consultants) as the Plan actuary and Bryan Cave LLP as specialized legal counsel. During the year, Conduent 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 has served as the custodian bank and record-keeper / processor for the Plan since July 1, 2013.

Morgan Stanley Smith Barney (currently Morgan Stanley) 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. It was amended on February 17, 2015 to define "leased employee" and again on May 5, 2015 for new employees hired on or after January 1, 2016. This amendment primarily changed the pension benefit formula, vesting period, and retirement ages, having the goal of improving funding levels. It also increased Employee and Employer contribution requirements.

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 (currently Conduent) 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. Funding is expected to improve after a few years of increased contributions and implementation of these Plan changes.

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 13.90% of covered payroll, paid on a quarterly basis. For fiscal year June 30, 2018, the Employer contribution will increase temporarily to 14.0% until the effects of the 2015 Plan changes are experienced. Employees contribute 7.5% of salary to the Plan on a bi-weekly basis.

FINANCIAL INFORMATION

Accounting and Budgetary Controls

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

The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the Public 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 position and changes in financial net 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*

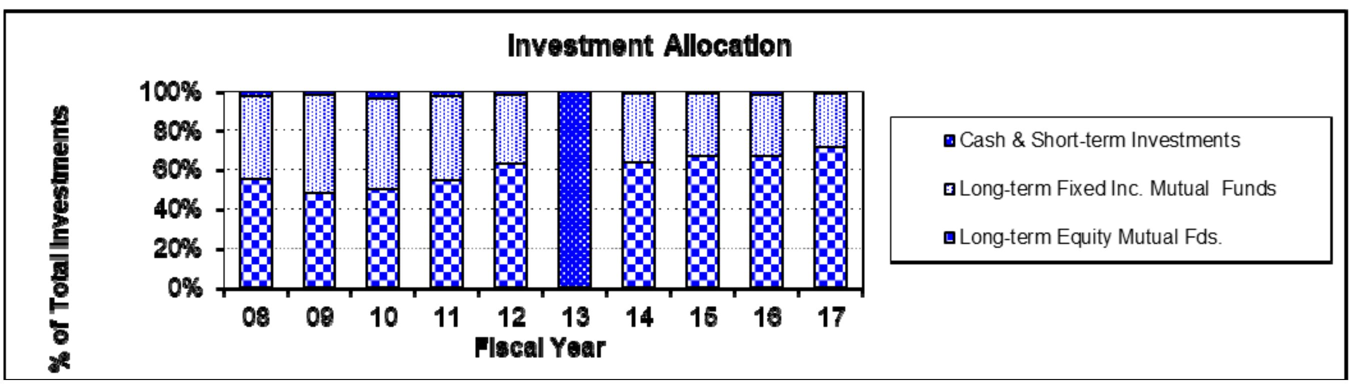
Reporting for Pensions and 71- *an amendment of GASB Statement No. 68*, which affected required note disclosures in the Comprehensive Annual Financial Report (CAFR).

Investments and Funding

Long-term plan investments valued at cost totaled $349,410,955 as of June 30, 2017. On a cost basis, the asset mix of long-term investments was 67.91% equity based mutual funds, as well as equities in separately managed accounts, and 32.09% fixed income mutual funds. Additionally, cash and short-term investments in the amount of $6,364,261 made up the remaining assets.

When valued at market as of the end of the fiscal year, 72.86% of the Plan's long-term investment portfolio of $408,295,230 was held in equity based mutual funds and 27.14% 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 72.21% equity based mutual funds, 26.89% fixed income mutual funds and 0.9% 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 60% 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 25 years to only 26.89% of the portfolio today. Equities have increased from their low of 8.1% at June 30, 1992 to 72.21% at June 30, 2017. Cash equivalents totaled 0.9% at the end of the current fiscal year. This category largely represents fourth quarter Employer contributions in the Money Market account set aside for monthly benefit and lump sum payments, as well as Cash held within the individual Separately Managed Accounts. 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. Since the markets have seen rapid growth in equities during this period, the Plan's equity assets slightly exceed the Investment Policy Statement's equity allocation. Therefore, the fund will be rebalanced in the upcoming fiscal year to comply with the Policy equity allocation to a maximum of 75%.



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

The market value of the Plan Net Position increased 10.1% from $374,296,794 as of June 30, 2016 to $413,138,789 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 $418,794,365 on June 30, 2017, up 4.2% 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 3.3% to $595,939,772 as of June 30, 2017 compared with $576,994,028 last year. The unfunded actuarial accrued liability increased from $174,899,932 (43.5% of Plan assets) at June 30, 2016 to $177,145,407 (42.3% of Plan assets) at June 30, 2017. Over the past five years, Clayton County's total unfunded liability has increased from $129.6 million to $177.1 million. One of the causes of this increase is due to the fact that retirements of many 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 2015 when actuarial assumption changes were made. This resulted in an increase in excess of $25 million.

At fiscal year-end 2017, the County and Water Authority were required to contribute additional funds in the amount of $508,938 and $105,995 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 one more year, 3% for the next five years, and 4% thereafter. In addition, for employees hired prior to January 1, 2016, 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, 2017 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, 2017 and 2016 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
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, 2017 and 2016, 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.

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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, 2017 and 2016 and the changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 15 **–** 18 and the Schedule of Changes in the Net Pension Liability and Related Ratios, the Schedule of Contributions, and the Schedule of Investment Returns on pages 34 **–** 36 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 January 25, 2018, 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
January 25, 2018

This section of the annual financial report presents a narrative overview and an analysis of the financial activities of the Public Employee Retirement System (PERS) of Clayton County, Georgia for the fiscal year ended June 30, 2017. 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 three of this report.

Financial Highlights (2017 vs. 2016)

- Plan net position increased $38,841,995 during fiscal year 2017 compared to a decrease of $14,063,284 in the previous year. This represents an increase of 10.4% for fiscal year 2017 and is primarily due to the historical market upswing that occurred in the current fiscal year.
- The rate of return on investment assets for fiscal year 2017 was 13.83% compared with -0.95% for fiscal year ending 2016.
- The funding ratio at the end of the current fiscal year was 70.3% compared with 69.7% for fiscal year 2016. The major cause of the funding decrease is due to the smoothing of past investment performance, retirement experience, and salary increases. The funding ratio is indicative of how well the plan is funded.

Summary of Net Position for Fiscal Years 2017 and 2016

	2017	2016
Cash and short-term investments	$ 6,817,320	$ 5,531,319
Receivables and prepaids	821,344	680,073
Investments	405,646,469	368,158,563
Total Assets	413,285,133	374,369,955
Liabilities	146,344	73,161
Net Position	$ 413,138,789	$ 374,296,794

- Additions from quarterly contributions by the Water Authority and the Board of Commissioners General, Fire, Landfill, and other special revenue funds totaled $17,412,738 in fiscal year 2017. This is an increase of 2.07% over the previous fiscal year, 2016.
- Employee contributions from the various Board of Commissioners funds and the Water Authority totaled $6,508,621 for fiscal year 2017. This is an increase of 5.0% from the previous fiscal year.
- Total deductions, excluding investment expenses, were $34,858,429 for fiscal year 2017. This is an increase of 7.2% over the previous fiscal year. The increase was due mostly to retirement benefit payments of $34,435,158, up from $32,100,764 in fiscal year 2016. The number of retirees' receiving benefits increased by 54 in 2017.

Summary of Changes in Net Position for Fiscal Years 2017 and 2016

	2017	2016
Contributions	$ 23,921,359	$ 23,257,819
Net investment income	49,779,065	(4,809,413)
Total Additions	73,700,424	18,448,406
Deductions	34,858,429	32,511,690
Net increase	38,841,995	(14,063,284)
Net position, beginning	374,296,794	388,360,078
Net position, ending	$ 413,138,789	$ 374,296,794

Financial Highlights (2016 vs. 2015)

- Plan net position decreased $14,063,284 during fiscal year 2016 compared to an increase of $2,034,588 in the previous year. This represents a decrease of 3.6% for fiscal year 2016 and is primarily due to the market correction that occurred in the current fiscal year.
- The rate of return on investment assets for fiscal year 2016 was -0.95% compared with 3.30% for fiscal year ending 2015.
- The funding ratio at the end of the current fiscal year was 69.7% compared with 71.1% for fiscal year 2015. The major cause of the funding decrease is due to investment performance, retirement experience, and salary increases. The funding ratio is indicative of how well the plan is funded.

Summary of Net Position for Fiscal Years 2016 and 2015

	2016	2015
Cash and short-term investments	$ 5,531,319	$ 4,080,895
Receivables and prepaids	680,073	941,449
Investments	368,158,563	383,474,661
Total Assets	374,369,955	388,497,005
Liabilities	73,161	136,927
Net Position	$ 374,296,794	$ 388,360,078

Additions from quarterly contributions by the Water Authority and the Board of Commissioners General, Fire, Landfill, and other special revenue funds totaled $17,058,845 in fiscal year 2016. This is an increase of 1.18% over the previous fiscal year, 2015.

- Employee contributions from the various Board of Commissioners funds and the Water Authority totaled $6,198,974 for fiscal year 2016. This is an increase of 44.9% from the previous fiscal year.
- Total deductions, excluding investment expenses, were $32,511,690 for fiscal year 2016. This is an increase of 5.1% over the previous fiscal year. The increase was due mostly to retirement benefit payments of $32,100,764, up from $30,502,279 in fiscal year 2015. The number of retirees' receiving benefits increased by 69 in 2016.

Summary of Changes in Net Position for Fiscal Years 2016 and 2015

	2016	2015
Contributions	$ 23,257,819	$ 21,137,179
Net investment income	(4,809,413)	11,821,700
Total Additions	18,448,406	32,958,879
Deductions	32,511,690	30,924,291
Net increase	(14,063,284)	2,034,588
Net position, beginning	388,360,078	386,325,490
Net position, ending	$ 374,296,794	$ 388,360,078

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, 2017 and 2016 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, 2017 and 2016 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 - 33 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 34 - 36 of this report.

- Actuarial Section – A complete copy of the actuarial valuation as performed by Conduent has been included in this report and can be found following page 37.
- 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 39 and 40.
- Compliance Section – This section (found on pages 41 and 42) contains the Auditor's report on Internal Control over Financial Reporting and other matters.

Economic Factors

The U.S. economy is still the world's largest economy and is the key driving force of other Western economies. Despite two major hurricanes in the third quarter, the economy grew 3%, and economists forecast that US Real GDP growth will be 2.2% in 2017. The promise of regulatory reform and a reduction in tax burdens on U.S. businesses suggests that U.S. growth will continue to exceed expectations, but experts predict that it will stabilize and continue to grow at a slower pace in 2018 and 2019. Georgia's growth is forecasted to be 4.5% in 2017 and 2018. The successful growth is due to two factors: a significant increase in exports and tourism.

The bull market continued in 2017, with both U.S. and Global equity markets up for the year. Ten out of eleven sectors in the S&P 500 generated positive returns in third quarter, with Information Technology leading. The passage of the tax bill on November 15th by the House of Representatives resulted in a major jump in the markets, but stocks could also be sensitive in a negative way if tax legislation falters. Experts surmise that the November positive upswing may be a bounce back or the beginning of the next upward move, but a pullback would not be a surprise due to the length of the bullish environment.

Central banks around the world are beginning to raise interest rates as reflation replaces deflation. In the U.S., interest rates are still low and are expected to increase in small increments. Unemployment is at post financial crisis low, below 5%, indicating that the economy is nearing full employment levels. When incomes are up, unemployment is low, interest rates are low, and gas is cheap, consumer confidence usually strengthens. The Consumer Confidence reading has reached its highest level since March, 2000.

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 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, 2017 AND 2016

	2017	2016
Assets		
Cash and short-term investments	$ 6,817,320	$ 5,531,319
Receivables		
Employer contributions	805,966	664,069
Interest and dividends	-	626
Investments, at fair value		
Mutual funds		
Equity funds	294,845,115	249,897,711
Fixed income bond funds	110,801,354	118,260,852
Prepaid expenses	15,378	15,378
Total Assets	413,285,133	374,369,955
Liabilities		
Accounts payable	146,344	73,161
Total Liabilities	146,344	73,161
NET POSITION RESTRICTED FOR PENSION BENEFITS	$ 413,138,789	$ 374,296,794

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, 2017 AND 2016

	2017	2016
Additions		
Contributions:		
Employer		
Clayton County	$ 14,472,083	$ 14,302,046
Clayton County Water Authority	2,940,655	2,756,799
Plan members		
Clayton County	5,034,559	4,744,079
Clayton County Water Authority	1,474,062	1,454,895
Total contributions	23,921,359	23,257,819
Investment income		
Net appreciation (depreciation) in the fair value of investments	45,155,012	(9,998,282)
Interest	21	-
Dividends	5,297,607	5,642,990
	50,452,640	(4,355,292)
Less investment expense	(673,575)	(454,121)
Net investment income (loss)	49,779,065	(4,809,413)
Total Additions	73,700,424	18,448,406
Deductions		
Benefit payments	34,435,158	32,100,764
Administrative expenses	423,271	410,926
Total Deductions	34,858,429	32,511,690
Net increase (decrease)	38,841,995	(14,063,284)
NET POSITION RESTRICTED FOR PENSION BENEFITS		
Beginning of year	374,296,794	388,360,078
End of Year	$ 413,138,789	$ 374,296,794

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), 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,

	2017	2016
Retirees and beneficiaries receiving benefits	**1,289**	1,235
Terminated plan members entitled to but not receiving benefits	**287**	287
Active plan members	**2,422**	2,470
Total	**3,998**	3,992

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. For employees hired after January 1, 2016 eligibility for General members is normal retirement at age 62 with 10 years of credited service or age 60 with 25 years of credited service. For Public Safety members normal retirement is at age 60 with 10 years of service or age 55 with 25 years of service.
Basic Monthly Benefit	2.5% of average monthly salary multiplied by years of credited service up to 32. For members hired after January 1, 2016, the multiplier is 2.0%. For members hired before January 1, 2016, average monthly compensation is based on the 36 highest consecutive completed whole or partial months of service during the last 60 months of service. For members hired on or after January 1, 2016, average monthly compensation is based on the highest 60 months of service during the last 120 months.
Cost of Living Adjustments	Annual 2.00% cost of living increase effective beginning July 1, 2009 for those who have received their 84th monthly benefit payment prior to July 1. For new employees hired after January 1, 2016, COLA is discretionary and provided on an ad-hoc basis.

NOTE B. SUMMARY OF PLAN PROVISIONS (CONTINUED)

Early Retirement Benefit	
Eligibility	For member hired before January 1, 2016 the earlier of age 50 and 25 years of credited service or age 55 and 15 years of credited service. For members hired on or after January 1, 2016, General members may take early retirement at age 60 with 15 years or age 55 with 25 years of service. For Public Safety members, age 55 with 15 years of service or age 50 with 25 years of service.
Benefit	Members who retire early will incur a ½% reduction for each month of service less than that of normal retirement.
Disability Retirement	
Eligibility	Three years of credited service for in line-of-duty; 10 years of credited service for other than in line-of-duty.
Benefit	Greater of 30% of participants' monthly rate of compensation as of the date of disability or their accrued benefit.
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	Hired before 1/1/2016 - 7 years of credited service. Hired on or after 1/1/2016 - 10 years of credited service.
Benefit	100% of accrued benefit commencing at normal retirement age. If the member has 15 years of credited service, the member may receive a reduced benefit commencing at early retirement age.
Pre-Retirement Death Benefit In Line-of-Duty	
Eligibility	Participation in the Plan.
Benefit	Survivor portion of the 50% Joint and Survivor benefit payable immediately (unreduced for early commencement) if married. If not married, payments are unreduced and paid for 60 months.

NOTE B. SUMMARY OF PLAN PROVISIONS (CONTINUED)

Other Than Line-of-Duty Eligibility	Seven years of service for employees hired prior to January 1, 2016, 10 years of service for employees hired on or after January 1, 2016.
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.
Normal Form of Payment	Five 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, compounded annually each June 30.

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 11.63% of active participants' compensation is payable leaving a balance of 4.13% to be paid by the employers. In the previous valuation, the normal contribution rate was 11.62% of active participants' compensation, leaving a balance of 4.12% to be paid by employers.

The employers also make a contribution toward the liquidation of the unfunded accrued liability. The 9.87% additional contribution made by the employers will liquidate the unfunded accrued liability within 30 years. This assumes the funds to liquidate the unfunded liability increase 3.00% each year.

NOTE B. SUMMARY OF PLAN PROVISIONS (CONTINUED)

Contributions (Continued) During the fiscal year 2017, the County and Water Authority made additional annual special contributions of $508,938 and $105,995, respectively, towards reducing the unfunded liability. During the fiscal year 2016, the County and Water Authority made additional annual special contributions of $662,840 and $144,177, respectively, 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, 2017 and 2016.

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, 2017, the carrying amount of deposits for the Plan was $6,817,320 compared to $5,531,319 in 2016.

A portion of the deposits at June 30, 2017, $453,059, is part of a pooled cash account with Clayton County government's bank balance versus $250,891 in 2017. 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, 2017, was $412,010,730 of which $6,364,261 was classified as cash equivalents due to the short-term nature of the investments. The fair value of Plan investments at June 30, 2016, was $373,438,991 of which $5,280,428 was classified as cash equivalents due to the short-term nature of the investments.

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

Short-Term

- Commercial Paper, with a maturity of 270 days or less. Commercial paper is an unsecured promissory note issued primarily by corporations for a specific amount and maturing on a specific day. The System considers for investment only commercial paper of the highest quality, rated P-1 or A-1 by national credit rating agencies.

- U.S. Treasury obligations with varying terms up to 360 days.

- Repurchase Agreements, whereby the Plan invests in direct obligations of the United States Government or in obligations unconditionally guaranteed by the agencies of the United States Government. The Plan may sell or purchase such obligations under agreements to resell or repurchase such obligations at a date certain in the future, at a specific price which reflects a premium over the purchase or selling price equivalent to a stated rate of interest.

- Master Notes, an overnight security administered by a custodian bank and an obligation of a corporation whose commercial paper is rated P-1 or A-1 by national credit rating agencies.

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Long-Term

Fixed income investments are authorized in the following instruments:

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

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

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

Equity securities are also authorized for investment as a complement to the Plan's fixed-income portfolio and as a long-term inflation hedge. No more than 75% of the total invested assets, valued at cost, may be placed in equities.

Plan assets at June 30, 2017 were held by Transamerica or with one of five separately managed funds – Atlanta Capital, DRZ, Paradigm, ClearBridge and Congress. At June 30, 2016 plan assets were held by Transamerica or with one of three separately managed funds – Atlanta Capital, DRZ and Paradigm.

Investments at June 30, 2017, are as follows:

	Fair Value	%
Mutual Funds		
Invested in fixed income securities	$ 110,801,354	27%
Invested in equities	249,326,024	62%
Invested in international equities	45,519,091	11%
Total	$ 405,646,469	100%

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments at June 30, 2016, are as follows:

	Fair Value	%
Mutual Funds		
Invested in fixed income securities	$ 118,260,852	32%
Invested in equities	212,622,086	58%
Invested in international equities	37,275,625	10%
Total	$ 368,158,563	100%

Rate of Return

For the year ended June 30, 2017, the estimated annual money-weighted rate of return on the Plan's investments, net of pension plan investment expense, was 13.83%. 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, 2017, $303,589,621 of plan assets were held in mutual funds and therefore not exposed to interest rate risk. Separately managed accounts held $102,056,848 in investments. At June 30, 2016, $318,273,852 of plan assets were held in mutual funds and therefore not exposed to interest rate risk. Separately managed accounts held $49,884,711 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, 2017 and 2016, the Plan's investments were managed by Transamerica or one of five separate investment managers. The Pension Board on a quarterly basis reviews manager performances. At June 30, 2017 and 2016, 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, 2017 and 2016, 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, 2017, $45,519,091 or 11.22% of the Plan's investment assets were invested in mutual funds with only international equity holdings, compared to $37,275,625 or 10.13% of the Plan's investment assets at June 30, 2016.

Fair Value Measurements

The plan has the following recurring fair value measurements, broken into the fair value hierarchy, as of June 30, 2017:

Investment	Level 1	Level 2	Level 3	Fair Value
Investments by Fair Value Level				
Mutual Funds:				
Fixed income	$ 110,801,354	$ -	$ -	$ 110,801,354
Equities	147,269,176	102,056,848	-	249,326,024
Total investments by fair value level	$ 258,070,530	$ 102,056,848	$ -	$ 360,127,378
Investments Measured at Net Asset Value (NAV)				
Emerging markets opportunities funds				45,519,091
Total investments measured at NAV				45,519,091
Total investments at fair value				$ 405,646,469

NOTE D. DEPOSITS AND INVESTMENTS (CONTINUED)

The plan has the following recurring fair value measurements, broken into the fair value hierarchy, as of June 30, 2016:

Investment	Level 1	Level 2	Level 3	Fair Value
Investments by Fair Value Level				
Mutual Funds:				
Fixed income	$ 118,260,852	$ -	$ -	$ 118,260,852
Equities	162,737,375	49,884,711	-	212,622,086
Total investments by fair value level	$ 280,998,227	$ 49,884,711	$ -	$ 330,882,938
Investments Measured at Net Asset Value (NAV)				
Emerging markets opportunities funds				37,275,625
Total investments measured at NAV				37,275,625
Total investments at fair value				$ 368,158,563

Mutual fund securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Plan has no investments classified in Level 3.

Emerging markets opportunities funds are measured at the net asset value (NAV) per share (or its equivalent). This type includes investments in three (3) funds that invest primarily in foreign equity securities, including emerging market equity securities. One (1) of these funds is a collective investment trust.

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, 2017, were as follows:

Total pension liability	$	624,200,519
Plan fiduciary net position		(413,138,790)
Fund's net pension liability	$	211,061,729
Plan fiduciary net position as a percentage of the total pension liability		66.19%

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.

Actuarial Assumptions Used to Calculate the Net Pension Liability

The total pension liability as of June 30, 2017, was determined based on June 30, 2017 data, plan provisions, and assumptions as summarized below:

Investment rate of return	8.00%, net of pension plan investment expenses	
Salary increases	Fiscal 2017 - 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 Conduent Modified MP-2017 projection scale	
	Non-Annuitants: RP-2014 blue collar base rates with fully generational mortality improvements based on the Conduent Modified MP-2017 projection scale	
	Disabled Participants: RP-2014 disabled base rates with Conduent Modified MP-2017 projection scale	
Inflation	3.00% per annum (used for the amortization of the unfunded liability)	

NOTE F. NET PENSION LIABILITY (CONTINUED)

Actuarial Assumptions Used to Calculate the Net Pension Liability (Continued)

The actuarial assumptions used in the June 30, 2017 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, 2017, are Domestic Equities 17.47%, International Equities 22.73%, Fixed Income 4.01%, and Money Market 0.72%.

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate is based on a projection of 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. Contributions expected to be made by future new members are included to the extent contributions under Clayton County's ordinance are expected to exceed the normal cost for new members. Based on these assumptions, the pension plan's fiduciary net position was projected to be sufficient to cover future benefit payments for current members. Therefore, the long-term expected rate of return of 8.0% on pension plan investment was applied to all projected benefit payments.

NOTE F. NET PENSION LIABILITY (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Net Pension Liability	$ 286,273,047	$ 211,061,729	$ 148,250,167

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, 2017, 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

	2017	2016	2015	2014
Total Pension Liability				
Service cost	$ 11,614,800	$ 13,839,836	$ 13,875,847	$ 12,641,750
Interest on total pension liability	47,951,731	44,691,850	42,916,497	38,446,983
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	4,414,331	10,407,206	3,314,582	12,248,172
Changes of assumptions	(10,344,601)	(88,695,154)	18,401,577	80,992,984
Benefit payments	(34,435,158)	(31,501,495)	(32,497,705)	(29,341,610)
Net change in total pension liability	19,201,103	(51,257,757)	46,010,798	114,988,279
Total pension liability - beginning	604,999,416	656,257,173	610,246,375	495,258,096
Total pension liability - ending (a)	$ 624,200,519	$ 604,999,416	$ 656,257,173	$ 610,246,375
Plan fiduciary net position				
Contributions - employer	$ 17,114,280	$ 16,723,493	$ 16,505,748	$ 14,677,561
Contributions - member	6,508,620	6,198,563	6,255,252	4,063,519
Net investment income	50,077,523	(4,474,061)	12,175,272	53,084,005
Benefit payments, including increase in pending refunds	(34,435,158)	(31,501,495)	(32,497,705)	(29,341,610)
Administrative expenses	(423,419)	(410,779)	(422,012)	(402,882)
Other	-	-	-	252,020
Net change in plan fiduciary net position	$ 38,841,846	$ (13,464,279)	$ 2,016,555	$ 42,332,613
Plan net position - beginning	$ 374,296,944	$ 387,761,223	$ 385,744,668	$ 343,412,055
Plan net position - ending (b)	$ 413,138,790	$ 374,296,944	$ 387,761,223	$ 385,744,668
Fund's net pension liability- ending (a) - (b)	$ 211,061,729	$ 230,702,472	$ 268,495,950	$ 224,501,707
Plan net position as a percentage of the total pension liability	66.19%	61.87%	59.09%	63.21%
Covered-employee payroll	$ 115,215,822	$ 115,329,415	$ 119,600,775	$ 108,583,036
Net pension liability as a percentage of covered-employee payroll	183.19%	200.04%	224.49%	206.76%

Note to the Schedule:

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS

	2017	2016	2015	2014
Actuarially determined contribution	$ 17,114,280	$ 16,723,493	$ 16,505,748	$ 14,677,561
Contributions related to the actuarially determined contribution	17,114,280	16,723,493	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, 2015, the mortality table for healthy participants was changed to the RP-2014 blue collar base rates with a load of 7.75% with fully generational mortality improvements based on the Conduent Modified MP 2017 projection scale. For non-annuitants, the mortality table was changed to RP-2014 blue collar base rates with fully generation mortality improvements based on the Conduent Modified MP-2017 projection scale. The mortality table for disabled participants was changed to the RP-2014 disabled based rates with Conduent Modified MP-2017 projection scale. The assumption for Future Administration expenses was changed to 0.325% of payroll.

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, 2017 is based on the July 1, 2016 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, 2016 - June 30, 2017
Administrative expenses	0.325% 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	8.00%, 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, 2016 - June 30, 2017.
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 RETURNS

	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expenses	13.83%	-1.33%	3.30%	15.78%

III. ACTUARIAL SECTION
(Unaudited)

Conduent Human Resource Services

Clayton County, Georgia

Clayton County, Georgia Public Employee Retirement System

Actuarial Valuation Report

Plan Year July 1, 2017 – June 30, 2018

November 2017

CONDUENT

9040 Roswell Road, Suite 700
Atlanta, GA 30350-1851

November 2017

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 (the System) as of July 1, 2017. The purpose of this report is to provide a summary of the funded status of the plan as of July 1, 2017 and to verify that scheduled contributions will be sufficient to meet the minimum funding requirement for the fiscal year ending June 30, 2018. Use of this report for any other purpose may not be appropriate and may result in mistaken conclusions due to failure to understand applicable assumptions, methodologies, or inapplicability of the report for that purpose. Because of the risk of misinterpretation of actuarial results, you should ask Conduent HR Services, LLC (Conduent) to review any statement you wish to make on the results contained in this report. Conduent will not accept any liability for any such statement made without prior review. We trust that this report will meet the approval of the Board and will furnish the desired information concerning the financial condition of the System. We look forward to meeting with you in person to discuss these results.

Summary of Valuation Results

It is the Board's funding policy to keep the Retirement System in compliance with the minimum funding requirements under Title 47, Chapter 20 of the Official Code of Georgia, which requires that contributions are sufficient to fund the annual cost of benefit accruals and amortize the unfunded liability within a 30 year period. This report determines that contributions of 21.50% (13.90% from the County and Water Authority, a 0.10% special budgeted contribution from the County and Water Authority, and 7.50% from Participants) are sufficient to meet the minimum contribution requirements. This result is dependent upon the valuation assumptions related to investment returns, payroll growth, rates of salary increase, retirement, turnover, and death.

As of July 1, 2017, the actuarial accrued liability was $595,939,772. This compares to the market value of assets of $412,200,258 (after an adjustment of $938,532 for pending refunds) and the actuarial value of assets of $418,794,365. The funded ratio as measured by the actuarial value of assets was 70.3%. This funded ratio is appropriate for evaluating the need and level of future contributions. It should be noted, however, that measuring the funded ratio using the market value of assets will result in a lower ratio and the funded ratio based on the actuarial value of assets makes no assessment regarding the funded status of the plan if the plan were to settle (i.e. purchase annuities) for a portion or all of its liabilities. The liabilities have been computed in accordance with the plan provisions listed in Schedule F and the actuarial assumptions listed in Schedule E. A summary of the market and actuarial value of assets are included in Schedules B and C.

Summary of Plan Experience

The experience for the plan year produced an overall loss of $9,451,138. Below is a summary of the sources of (gains) and losses.

Due to investment performance	$	4,017,401
Due to retirement experience		589,181
Due to new entrants		542,756
Due to mortality experience		(573,765)
Due to salary increases		2,065,268
Due to other	$	2,810,297

Further details are provided in Schedule D.

Census and Financial Data

This valuation was performed using employee and financial data supplied by Clayton County. The census data was received as of July 1, 2017. Conduent did not audit this data, although it was reviewed for reasonableness and consistency with the prior year's information. The results of the valuation are dependent on the accuracy of the data. Schedule G provides a summary of the census data.

Changes in Actuarial Assumptions, Methods and Plan Provisions

The mortality improvement projection scale was changed from Conduent Modified MP-2014 to Conduent Modified MP-2017. This change was made to better reflect anticipated mortality experience based on recently published research on mortality experience and mortality improvement by the Society of Actuaries' Retirement Plans Experience Committee. Otherwise, there were no changes in assumptions, methods, or plan provisions from the prior year.

Certification

The actuarial certification is included in Section VI of this report. Complete contents of this report are outlined in the table of Contents which immediately follow. We are available to answer any questions regarding the contents of this report.

Respectfully submitted,

Timothy G. Bowen, EA, MAAA, FCA
Principal, Retirement Consulting
Enrolled Actuary Number 17-07204
Conduent Human Resource Services

Kevin S. Spanier, ASA, EA, MAAA, FCA
Senior Consulting, Retirement Consulting
Enrolled Actuary Number 17-08105
Conduent Human Resource Services

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Table of Contents

Section

Schedule

Section I - Summary of Principal Results

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	7/1/2017	7/1/2016
Number of active participants	2,422	2,470
Annual compensation for year beginning on valuation date	$ 115,215,822	$ 115,329,415
Number of retired participants and beneficiaries	1,289	1,235
Annual retirement benefits as of July 1	$ 35,673,664	$ 33,824,487
Number of former participants with deferred benefits	287	287
Present value of accrued benefits	$ 574,055,182	$ 556,191,803
Total actuarial accrued liability	$ 595,939,772	$ 576,994,028
Assets:		
Market value	$ 412,200,258	$ 373,563,784
Actuarial value of assets	$ 418,794,365	$ 402,094,096
Total unfunded actuarial accrued liability	$ 177,145,407	$ 174,899,932
Amortization period for unfunded actuarial accrued liability	30 years	30 years
Recommended annual contribution rates:		
Participants	7.50%	7.50%
County/Water Authority (normal)	13.90%	13.90%
County/Water Authority (special budgeted)	0.10%	0.00%
Total	21.50%	21.40%
County/Water Authority annual required contribution rate (ARC):		
Normal cost	4.13%	4.12%
Unfunded actuarial accrued liability	9.77%	9.78%
Special budgeted contribution	0.10%	0.00%
Total	14.00%	13.90%

- Comments on the valuation results as of July 1, 2017 are given in Section IV and further discussion of the contributions is set out in Section V.
- Schedule E of this report outlines the full set of actuarial assumptions and methods employed.
- Schedule F of this report summarizes the provisions of the System as interpreted for valuation purposes.

Section II - Participant Data

All full time employees and elected officials of Clayton County and the Clayton County Water Authority are covered under the Plan. The valuation included 2,422 active participants as of July 1, 2017 with annual compensation on July 1, 2017 totaling $114,075,071.

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, 2017

Group	Number	Benefits
Normal and Early Retirements	1,096	$ 32,630,243
Beneficiaries of Deceased Participants	127	1,833,956
Disability Retirements	66	1,209,465
Total	1,289	$ 35,673,664

In addition, there are 287 former participants entitled to deferred annual benefits totaling $3,574,567.

Section III - Assets

- The amount of assets taken into account in this valuation is based on the unaudited financial statements provided by Clayton County.
- The market value of assets as of July 1, 2017 was $412,200,258. This represented a return of approximately 13.6%. The actuarial value of assets used for the current valuation was $418,794,365. The rate of return on the actuarial valuation of assets was approximately 7.1%. Schedule B shows the development of the actuarial value of assets as of July 1, 2017.
- Schedule C shows the reconciliation of the market value of asset balances from July 1, 2016 to July 1, 2017.

Section IV - Comments on Valuation

- Schedule A outlines the results of the valuation. The valuation shows that the Retirement System has total actuarial accrued liabilities of $595,939,772. Of this amount, $413,960,011 for benefits payable to retired participants, beneficiaries and former participants entitled to deferred vested benefits, and $181,979,761 is for benefits expected to be paid based on service to the valuation date of the present active participants. Against these liabilities, the System has present actuarial value of assets of $418,794,365 as of July 1, 2017. The difference of $177,145,407 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.
- 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 11.63% (4.13% County/Water Authority and 7.50% participants) of payroll. This compares to the 11.62% rate last year.
- 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 $574,055,182. When compared to the market value of assets of $412,200,258 the plan has insufficient assets to cover its accrued benefits.
- For the year, the Plan experienced an overall loss of $9,451,138. This loss is due to the net effect of a loss on the actuarial value of assets of $4,017,401 and a liability loss of $5,433,737. Schedule D shows the development of this loss.
- The mortality improvement projection scale was changed from Conduent Modified MP-2014 to Conduent Modified MP-2017. This change was made to better reflect anticipated mortality experience based on recently published research on mortality experience and mortality improvement by the Society of Actuaries' Retirement Plans Experience Committee. Otherwise, there were no changes in assumptions, methods, or plan provisions from the prior year.

Section V - Contributions Payable under the Retirement System

- 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.
- On the basis of the present valuation, a total normal cost contribution rate of 11.63% is payable. Participants contribute 7.50% of payroll, leaving a balance of 4.13% normal cost rate to be paid by the County/Water Authority.
- The excess of the County's and Water Authority's 13.90% established contribution rate over the 4.13% normal cost is 9.77%. These amounts are applied toward the liquidation of the unfunded accrued liability. The 9.77% of active participants' compensation, when combined with a special budgeted contribution of 0.10%, does liquidate the unfunded accrued liability within a 30 year period, as required by Title 47, Chapter 20 of the Official Code of Georgia.
- The following table summarizes the contribution rates.

Contribution Rates Based on July 1, 2017 Valuation

Contribution	Percentage of Compensation
Payable by:	
Participants	7.50%
County and Water Authority	13.90
County and Water Authority (special budgeted)	0.10
Total	21.50%
Rate Applied To:	
Total Normal Cost	11.63%
Unfunded Actuarial Accrued Liability (including special budgeted)	9.87
Total	21.50%

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.

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, Conduent performed no analysis of the potential range of such future differences.

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.

Conduent HR Services, LLC

Timothy G. Bowen, EA, MAAA, FCA
Principal, Retirement Consulting
Enrolled Actuary Number 17-07204

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ClayCty 110217 TGB_2017Rpt_3

Schedule A - Results of the Valuation Prepared as of July 1, 2017

1. Actuarial Accrued Liabilities

Present Value of Prospective Benefits Payable in Respect of:		
(a) Present active participants	$	181,979,761
(b) Present retired participants, beneficiaries, and former participants entitled to deferred vested benefits		413,960,011
(c) Total accrued actuarial liabilities	$	595,939,772

2. Actuarial Value of Assets for Valuation Purposes		418,794,365
3. Unfunded Actuarial Accrued Liability [1(c) minus 2]	$	177,145,407

Schedule B - Development of July 1, 2017 Actuarial Value of Assets

(1)	Market Value of Assets on July 1, 2016 including Contributions Receivable	$	373,563,784
(2)	2016/2017 Net Cash Flow		
	a. Contributions from Employer and Participants plus increase/(decrease) in Contributions Receivable		23,622,900
	b. Benefits + Administrative Expense Only		35,063,950
	c. Net Cash Flow (2)a - (2)b	$	(11,441,050)
(3)	Expected Investment Return, Net of Investment Expenses [(1) x .08] + [(2)c x .04]	$	29,427,461
(4)	Expected Market Value of Assets on July 1, 2017 including Contributions Receivable (1) + (2)c + (3)	$	391,550,195
(5)	Market Value of Assets on July 1, 2017, including Contributions Receivable	$	412,200,258
(6)	Gain/(Loss) on Market Value of Assets (5) - (4)	$	20,650,063
(7)	Deferred Gains/(Losses) on Market Value of Assets		

	Total Gain/(Loss)	Amount Deferred
2016	$ 20,650,063	$ 16,520,050
2015	(35,106,024)	(21,063,614)
2014	(18,277,954)	(7,311,182)
2013	26,303,197	5,260,639
		$ (6,594,107)

(8)	Preliminary Actuarial Value of Assets on July 1, 2017 (5) - (7)	$	418,794,365
(9)	80% of Market Value .80 x (5)	$	329,760,207
(10)	120% of Market Value 1.20 x (5)	$	494,640,310
(11)	Actuarial Value of Assets on July 1, 2017 Smaller of (10) and maximum of (8) and (9)	$	418,794,365

Schedule C - Assets of the Retirement System

Reconciliation of Market Value of Assets

Receipts		
Employer and Participant Contributions		$ 23,622,900
Investment Income		
Interest and Dividends	$ 5,297,628	
Net Appreciation (Depreciation) in Fair Value of Investments	44,779,896	
Total Investment Income		50,077,524
Total Receipts		$ 73,700,424
Disbursements		
Benefits Paid		$ 34,435,158
Increase in Pending Refunds[1]		205,372
Administrative and Investment Expenses		423,420
Total Disbursements		$ 35,063,950
Excess of Receipts Over Disbursements		$ 38,636,474
Reconciliation of Asset Balances		
Market Value at July 1, 2016, including contributions receivable		$ 373,563,784
Excess of Receipts Over Disbursements		38,636,474
Market Value at July 1, 2017, including contributions receivable		$ 412,200,258

[1] Unpaid Pending Refunds of $733,160 were subtracted from the July 1, 2016 Market Value of Assets, and $938,532 was subtracted from the July 1, 2017 Market Value of Assets. The difference of $205,372 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, 2016 (before adjustment for window plan):		$ 174,899,932
2.	Expected Change in Unfunded Liability During 2016/2017 Plan Year		
a.	Due to Total Normal Cost (beginning of year)	$ 12,502,299	
b.	Mortality Change	(10,150,502)	
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	14,992,178	
g.	Due to Actual Employer and Participant Contributions with Interest	(24,549,638)	
h.	Total Expected Change, a. + b. + c. + d. + e. + f. + g.	$ (7,205,663)	
3.	Expected Unfunded Accrued Liability as of July 1, 2017:		$ 167,694,269
4.	Actual Unfunded Accrued Liability as of July 1, 2017:		$ 177,145,407
5.	Experience Gain/(Loss) for the 2016/2017 Plan Year* (3) – (4)		$ (9,451,138)

* Liability related portion of experience Gain/(Loss): $ (5,433,737)
Asset related portion of experience Gain/(Loss): $ (4,017,401)

Schedule E - Outline of Actuarial Assumptions and Methods

Interest Rate

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

Separations before Retirement – Hired Before 1/1/2016

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)

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

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

Safety

	Annual Rate of					
	Withdrawal					Disability
Age	Years 0-1	Years 1-2	Years 2-3	Years 3-9	Years 10+	
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 3-9	Years 10+	
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 – Hired Before 1/1/2016

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

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

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

Schedule E - Outline of Actuarial Assumptions and Methods (continued)

Rates of Retirement – Hired On or After 1/1/2016

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	
51			.100	
52			.150	
53			.250	
54			.350	
55	.400		.160	.250
56	.100		.160	.100
57	.090		.160	.100
58	.080		.160	.150
59	.070		.160	.200
60	.060			.550
61	.050			.650
62		.250		.650
63		.160		.650
64		.110		.650
65		.600		1.000
66		.400		
67		.400		
68		.400		
69		.400		
70		1.000		

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

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

Schedule E - Outline of Actuarial Assumptions and Methods (continued)

Salary Increases

2.00% per annum for through 6/30/2018, 3.00% per annum through 6/30/2023, and 4.00% per annum thereafter.

Mortality

Healthy Annuitants

RP2014 Blue Collar mortality table rolled back to 2010, with a load of 7.75%, and projected with fully generational mortality improvements based on the Conduent Modified MP2017 projection scale.

Healthy Non-annuitants

RP2014 Blue Collar mortality table rolled back to 2010, and projected with fully generational mortality improvements based on the Conduent Modified MP2017 projection scale.

Disabled Participants

RP2014 Disabled mortality table rolled back to 2010, and projected with fully generational mortality improvements based on the Conduent Modified MP2017 projection scale.

Future Administrative Expenses

Expenses assumed to be 0.325% of payroll.

Loading or Contingency Reserves

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

Spouses

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

Contingent Assets & Liabilities

There were none as of July 1, 2016.

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.

Schedule E - Outline of Actuarial Assumptions and Methods (continued)

Historical Assumption Changes

Effective 7/1/2017

Mortality for Healthy Annuitants

Prior Year: RP2014 blue collar base rates rolled back to 2010, with a load of 7.75%, and projected with fully generational mortality improvements based on the Modified Buck MP2014 projection scale.

Current Year: RP2014 Blue Collar mortality table rolled back to 2010, with a load of 7.75%, and projected with fully generational mortality improvements based on the Conduent Modified MP2017 projection scale.

Mortality for Healthy Non-annuitants

Prior Year: RP2014 blue collar base rates rolled back to 2010 and projected with fully generation mortality improvements based on the Modified Buck MP2014 projection scale.

Current Year: RP2014 Blue Collar mortality table rolled back to 2010 and projected with fully generational mortality improvements based on the Conduent Modified MP2017 projection scale.

Mortality for Disabled Participants

Prior Year: RP2014 disabled base rates with Modified Buck MP 2014 projection scale.

Current Year: RP2014 Disabled mortality table rolled back to 2010, and projected with fully generational mortality improvements based on the Conduent Modified MP2017 projection scale.

Effective 7/1/2016

For new members hired after January 1, 2016, assumed rates of retirement and termination were implemented to correspond with the new vesting and retirement eligibility requirements. Sample rates of retirement and termination are shown above.

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 Conduent 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 Conduent MP 2014 projection scale. The mortality table for disabled participants was changed RP2014 disabled base rates with Modified Conduent MP 2014 projection scale. The assumption for Future Administration expenses was changed to 0.325% of payroll.

Schedule E - Outline of Actuarial Assumptions and Methods (continued)

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.

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%.

Schedule E - Outline of Actuarial Assumptions and Methods (continued)

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.

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 – Hired Before 1/1/2016

The earlier of age 60 and 7 years of participation (5 years of participation for sworn safety personnel hired prior to June 1, 2001), or age 55 and 25 years of credited service. Effective January 1, 1999, a Participant may elect to apply sick leave reserve as an age credit in determining the attainment of Normal Retirement Age.

Eligibility – Hired On or After 1/1/2016

General Members

- Normal retirement at age 62 with 10 years of service

Public Safety Members

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

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.

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

Cost of Living Adjustments

Annual 2.0% cost of living increase effective beginning July 1, 2009 for those who have received their 84th monthly benefit payment prior to July 1.

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

Early Retirement Benefit

Eligibility – Hired Before 1/1/2016

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

Eligibility – Hired On or After 1/1/2016

General Members

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

Public Safety Members

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

Benefit

If the participant has 25 years of credited service, the benefit is reduced 1/2% for each month age is less than 55. If the participant has less than 25 years of credited service, the benefit is reduced 1/2% for each month age is less than 60.

Disability Retirement

Eligibility

3 years of credited service for in line-of-duty; 7 years of credited service for other than in line-of-duty.

Benefit

30% of participants' monthly rate of compensation as of the date of disability.

Late Retirement Benefit

Eligibility

Retirement after eligibility for normal retirement.

Benefit

Normal retirement benefit based on average monthly salary and service at actual date of retirement.

Schedule F - Summary of the Main Benefit and Contribution Provisions (continued)

Deferred Vested Benefit

Eligibility – Hired Before 1/1/2016

7 years of credited service.

Eligibility – Hired On or After 1/1/2016

10 years of credited service.

Benefit

100% of accrued benefit commencing at normal retirement age. If the member has 15 years of credited service, he 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.

Excess Benefits for Water Authority

Participants Only

Benefits in excess of the Internal Revenue Code 415 (m) limits are funded by the Water Authority as the benefits become payable but are not included in the valuation.

Normal Form of Payment

5 years certain and life annuity.

Optional Forms of Payment

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

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).

Schedule F - Summary of the Main Benefit and Contribution Provisions (continued)

Historical Provision Changes

Effective 7/1/2016

For new members hired after January 1, 2016:

- 10 year vesting
- Final average compensation based on final 5 years of service
- Discretionary, ad-hoc COLA
- Change in normal and early retirement eligibility:

General Members

- Early retirement at age 60 with 15 years of service or age 55 with 25 years of service
- Normal retirement at age 62 with 10 years of service

Public Safety Members

- Early retirement at age 55 with 15 years of service or age 50 with 25 years of service
- Normal retirement at age 60 with 10 years of service or 55 with 25 years of service

Effective 7/1/2015

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

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

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

Effective 7/1/2012

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

Effective 7/1/2008

Eliminated the 60 month certain and 114 month certain optional forms of payment for annuity starting dates after December 31, 2008.

Effective 7/1/2007

Adjusted accrued benefits of three people as of their normal retirement age.

Effective 7/1/2006

Added an annual 2.0% cost of living increase effective beginning July 1, 2009 for those who have received their 84th monthly benefit payment prior to July 1.

Increased participant contributions from 3.5% to 5.5%.

Granted a one-time 4.0% benefit increase to current participants, spouses and beneficiaries who were receiving benefits as of January 1, 2001.

Added a minimum monthly allowance of $300 (after the above benefit increases) to any participant, spouse or beneficiary receiving benefits as of July 1, 2006.

Added an Excess Benefit Arrangement providing benefits in excess of IRS Code Sec. 415 for Water Authority employees funded entirely and separately by the Water Authority.

Effective 7/1/2005

Added the 60 month certain and 114 month certain optional forms of payment.

Schedule F - Summary of the Main Benefit and Contribution Provisions (continued)

Effective 7/1/2003

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

The definition of compensation excludes certain forms of premium pay.

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

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

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

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

The method for computing final average earnings was clarified.

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

Effective 7/1/2001

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

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

Funding rate increased from 12.15% to 12.40%.

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

Schedule G - Member Statistics

		June 30, 2017
Active members		
Number		2,422
Average age		42.26
Average service		8.58
Terminated vested members		
Number		287
Average age		51.31
Average annual retirement benefits	$	12,455
Retired members		
Number		1,096
Average age		67.86
Average annual retirement benefits	$	29,772
Disabled members		
Number		66
Average age		62.42
Average annual retirement benefits	$	18,325
Survivors and beneficiaries of members		
Number		127
Average age		66.73
Average annual retirement benefits	$	14,441
Total Number of Members		3,998

Schedule G - Member Statistics (continued)

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	**64**	**67**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**131**
Avg. Pay	36,903	39,305	0	0	0	0	0	0	0	0	38,131
25 to 29	**73**	**195**	**44**	**2**	**0**	**0**	**0**	**0**	**0**	**0**	**314**
Avg. Pay	39,507	39,011	44,516	*	0	0	0	0	0	0	39,944
30 to 34	**47**	**144**	**100**	**43**	**1**	**0**	**0**	**0**	**0**	**0**	**335**
Avg. Pay	36,883	39,332	45,912	50,431	*	0	0	0	0	0	42,413
35 to 39	**26**	**96**	**88**	**62**	**29**	**2**	**0**	**0**	**0**	**0**	**303**
Avg. Pay	44,249	47,089	44,386	50,288	57,609	*	0	0	0	0	47,783
40 to 44	**21**	**67**	**67**	**51**	**48**	**23**	**1**	**0**	**0**	**0**	**278**
Avg. Pay	43,541	43,542	45,923	47,714	59,589	64,286	*	0	0	0	49,394
45 to 49	**20**	**70**	**76**	**71**	**57**	**45**	**33**	**3**	**0**	**0**	**375**
Avg. Pay	44,672	42,187	44,146	47,290	58,599	68,931	70,998	*	0	0	52,240
50 to 54	**11**	**57**	**58**	**39**	**38**	**36**	**63**	**14**	**0**	**0**	**316**
Avg. Pay	*	42,749	42,918	48,539	58,280	64,766	78,036	*	0	0	56,089
55 to 59	**12**	**49**	**45**	**50**	**35**	**17**	**11**	**1**	**1**	**0**	**221**
Avg. Pay	*	40,202	44,469	43,554	48,962	*	*	*	*	0	46,310
60 to 64	**4**	**16**	**22**	**34**	**13**	**9**	**4**	**3**	**0**	**0**	**105**
Avg. Pay	*	*	40,927	38,839	*	*	*	*	0	0	45,505
65 to 69	**2**	**3**	**14**	**10**	**5**	**1**	**0**	**0**	**1**	**0**	**36**
Avg. Pay	*	*	*	*	*	*	0	0	*	0	40,215
70 & up	**0**	**1**	**3**	**2**	**2**	**0**	**0**	**0**	**0**	**0**	**8**
Avg. Pay	0	*	*	*	*	0	0	0	0	0	*
Total	**280**	**765**	**517**	**364**	**228**	**133**	**112**	**21**	**2**	**0**	**2,422**
Avg. Annual Pay	39,548	41,395	44,407	46,682	55,942	65,715	73,553	74,238	*	*	47,108

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 Increase (Decrease) in Plan Net Position
Fiscal Year	Employer Contributions	Employee Contributions	Retirement Benefits	Investment Expense	Administrative Expenses	Total Expenses	Net Appreciation (Depreciation) in Fair Value of Investments	Interest & Dividends	
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
2016	17,058,845	6,198,974	32,100,764	454,121	410,926	32,965,811	(9,998,282)	5,642,990	(14,063,284)
2017	17,412,738	6,508,621	34,435,158	673,575	423,271	35,532,004	45,155,012	5,297,628	38,841,995

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
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%
2016	(4,355,292)	381,328,436	-1.14%
2017	50,452,640	393,717,792	12.81%

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, 2017, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated January 25, 2018.

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.

300 MULBERRY STREET, SUITE 300 • POST OFFICE BOX 1877 • MACON, GEORGIA 31202-1877 • 478-464-8000 • FAX 478-464-8051 • www.mjcpa.com
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Compliance and Other Matters

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Macon, Georgia
January 25, 2018

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