

ATLANTA REGIONAL COMMISSION
PENSION TRUST FUND AND
POST-EMPLOYMENT 401 (h) TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

To the Trustees of the
Atlanta Regional Commission Retirement Plans

Report on the Financial Statements

We have audited the accompanying financial statements of the Atlanta Regional Commission Pension Trust Fund and Post-Employment 401(h) Trust Fund (collectively known as the "Plans") as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Plans' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Plans' 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 opinions on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Atlanta Regional Commission Pension Trust Fund and Post-Employment 401(h) Trust Fund, as of December 31, 2020 and 2019, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Pension Trust Fund and Post-Employment 401 (h) Trust Fund and do not purport to, and do not, present fairly the financial position of the Atlanta Regional Commission, as of December 31, 2020 and 2019, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Pension Contributions, the Schedule of Changes in Net OPEB Liability and Related Ratios, the Schedule of OPEB Contributions, and the Schedule of Investment Returns on pages 18-22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis Letter, that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2021 on our consideration of the Plans' internal control over financial reporting and on our tests of the Plans' 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 Plans' internal control over financial reporting and compliance.

Nichols, Cauley + Associates, LLC

Kennesaw, GA
August 20, 2021

**ATLANTA REGIONAL COMMISSION PENSION TRUST FUND AND
POST-EMPLOYMENT 401 (h) TRUST FUND
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2020**

	Pension Trust Fund	Post Employment 401 (h) Trust Fund	Total
<u>Assets</u>			
Receivables:			
Accrued interest	\$ 14	\$ 3	\$ 17
Employee contributions	203,451	-	203,451
Due from others	474,622	-	474,622
Total receivables	<u>678,087</u>	<u>3</u>	<u>678,090</u>
Investments, at fair value:			
Short-term treasury obligations-Mutual Funds	987,166	181,022	1,168,188
Fixed income securities-Mutual Funds	20,026,241	3,672,325	23,698,566
Equity securities-Mutual Funds	47,799,848	8,765,327	56,565,175
Total investments	<u>68,813,255</u>	<u>12,618,674</u>	<u>81,431,929</u>
Total assets	<u>69,491,342</u>	<u>12,618,677</u>	<u>82,110,019</u>
<u>Liabilities</u>			
Payable to others	<u>20,780</u>	<u>3,811</u>	<u>24,591</u>
<u>Net position</u>			
Net position restricted for pension	69,470,562	-	69,470,562
Net position restricted for OPEB	-	12,614,866	12,614,866
Total net position	<u>\$ 69,470,562</u>	<u>\$ 12,614,866</u>	<u>\$ 82,085,428</u>

**ATLANTA REGIONAL COMMISSION PENSION TRUST FUND AND
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STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2019**

	Pension Trust Fund	Post Employment 401 (h) Trust Fund	Total
<u>Assets</u>			
Receivables:			
Accrued interest	\$ 1,103	\$ 209	\$ 1,312
Employee contributions	213,282	-	213,282
Total receivables	214,385	209	214,594
Investments, at fair value:			
Short-term treasury obligations-Mutual Funds	843,225	159,876	1,003,101
Fixed income securities-Mutual Funds	14,404,661	2,731,129	17,135,790
Equity securities-Mutual Funds	45,017,534	8,535,339	53,552,873
Total investments	60,265,420	11,426,344	71,691,764
Total assets	60,479,805	11,426,553	71,906,358
<u>Liabilities</u>			
Payable to others	63,591	12,057	75,648
<u>Net position</u>			
Net position restricted for pension	60,416,214	-	60,416,214
Net position restricted for OPEB	-	11,414,496	11,414,496
Total net position	<u>\$ 60,416,214</u>	<u>\$ 11,414,496</u>	<u>\$ 71,830,710</u>

**ATLANTA REGIONAL COMMISSION PENSION TRUST FUND AND
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STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Pension Trust Fund	Post Employment 401 (h) Trust Fund	Total
Additions:			
Employer contributions	\$ 3,317,488	\$ -	\$ 3,317,488
Employee contributions	816,392	-	816,392
Total contributions	4,133,880	-	4,133,880
Investment income (expenses):			
Net appreciation (depreciation) of fair value of investments	6,649,437	1,219,344	7,868,781
Interest and dividends	1,204,246	220,829	1,425,075
Total investment income (expenses)	7,853,683	1,440,173	9,293,856
Less investment expenses	(64,308)	(11,792)	(76,100)
Net investment income (expenses)	7,789,375	1,428,381	9,217,756
Total additions	11,923,255	1,428,381	13,351,636
Deductions:			
Benefits paid	2,849,500	224,453	3,073,953
Administrative expenses	19,407	3,558	22,965
Total deductions	2,868,907	228,011	3,096,918
Net increase (decrease) in net position	9,054,348	1,200,370	10,254,718
Net position - beginning of year	60,416,214	11,414,496	71,830,710
Net position - end of year	\$ 69,470,562	\$ 12,614,866	\$ 82,085,428

**ATLANTA REGIONAL COMMISSION PENSION TRUST FUND AND
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STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Pension Trust Fund	Post Employment 401 (h) Trust Fund	Total
Additions:			
Employer contributions	\$ 3,171,012	\$ -	\$ 3,171,012
Employee contributions	777,706	-	777,706
Total contributions	3,948,718	-	3,948,718
Investment income (expenses):			
Net appreciation (depreciation) of fair value of investments	8,632,434	1,636,713	10,269,147
Interest and dividends	1,412,834	267,874	1,680,708
Total investment income (expenses)	10,045,268	1,904,587	11,949,855
Less investment expenses	(59,827)	(11,343)	(71,170)
Net investment income (expenses)	9,985,441	1,893,244	11,878,685
Total additions	13,934,159	1,893,244	15,827,403
Deductions:			
Benefits paid	2,802,439	212,886	3,015,325
Administrative expenses	25,606	4,856	30,462
Total deductions	2,828,045	217,742	3,045,787
Net increase (decrease) in net position	11,106,114	1,675,502	12,781,616
Net position - beginning of year	49,310,100	9,738,994	59,049,094
Net position - end of year	\$ 60,416,214	\$ 11,414,496	\$ 71,830,710

**ATLANTA REGIONAL COMMISSION PENSION TRUST FUND AND
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NOTES TO FINANCIAL STATEMENTS
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1) Plan Descriptions

The following brief description of the Atlanta Regional Commission Pension Trust Fund (the "Retirement Plan") and the Atlanta Regional Commission Post-Employment 401(h) Trust Fund (the "OPEB Plan") (or collectively known as the "Plans") is provided for informational purposes only. Participants should refer to the Plans' agreements for more complete information. The five member Board of Trustees is responsible for the Plans. All Trustees are appointed by the Atlanta Regional Commission ("ARC") Board of Commissioners ("Board"). The Chair of the Board serves as Chair of the Board of Trustees. The Treasurer of the Board serves as a member of the Board of Trustees. The Executive Director serves as a member of the Board of Trustees.

General - ARC maintains the single employer Plans which cover substantially all employees. The Plans are considered part of the ARC's financial reporting entity and are included in the ARC's Comprehensive Annual Financial Report as Fiduciary Funds. A third party trustee, U.S. Bank, administers the accounts. Control over the operation and administration of the Plans, except investment decisions, is vested in the Board of Trustees along with custody of certain assets of the Plans. The Board of Trustees establish and develop investment policy. An independent third party investment advisor makes investment recommendations which must be approved by the Plans' Board of Trustees. The Plans provide that ARC has no liability with respect to payments of benefits under the Plans except to pay actuarially determined contributions as is required to provide the benefits thereunder. ARC provides certain administrative services to the Plans at no cost to the Plans. All other costs to administer the Plans are paid from earnings of the Plans. If terminated, the Plans provide that if there are funds remaining after the satisfaction of all liabilities such funds shall not revert to ARC but shall be allocated to the Plans' participants. The Plans were formed under the authority of the Atlanta Regional Commission's Board of Directors and the Board has the authority to amend and/or terminate the Plans at any time.

Contributions - The contribution requirements are established and may be amended by the Board of Trustees. The Board of Trustees establishes rates based on an actuarially determined rate recommended by an independent actuary. ARC's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate necessary assets to pay benefits when due.

During the period of January 1, 2008 through December 31, 2014, active employees were required to contribute 3 percent of compensation to the Retirement Plan on a pre-tax basis. Effective January 1, 2015, active employees are required to contribute 5 percent of compensation to the Retirement Plan on a pre-tax basis. The OPEB Plan pays the insurance premiums for eligible retirees. Employees do not contribute to the OPEB Plan. Eligible retirees receiving benefits contribute between 43-89% of the premium cost for health care coverage according to hire date, years of service, plan selected and dependent coverage.

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Pension Benefits - Under the Retirement Plan agreement, normal retirement is at the earlier of (a) attainment of age 55 and the completion of 25 years of service (only if hired prior to January 1, 2008); (b) attainment of age 62 and the completion of 30 years of credited service; or (c) attainment of age 65. At that time, the employee is entitled to a lifetime pension equal to 2.5 percent of his/her "high three" year average compensation for each year of service. In addition, the Retirement Plan provides that no participant will receive less than what he/she would have received under the Retirement Plan in effect on June 30, 1987 if employed at that time. After retirement, the lifetime pension is indexed to reflect changes in the Consumer Price Index. Also, the Retirement Plan provides death and disability benefits. An employee vests at the rate of 10 percent per year for the first four years. In each subsequent year, the employee vests at the rate of 20 percent per year to a maximum of 100 percent after seven years. The vesting schedule is extended to a seven year cliff for participants hired after December 31, 2007.

Post-Employment Medical and Dental - The Atlanta Regional Commission provides post-employment health care benefits. Substantially all of ARC's employees may become eligible for OPEB Plan benefits if they reach normal retirement age while working for ARC (or reach early retirement age with at least 25 years of credited service).

Effective January 1, 1988, ARC began pre-funding those post-employment benefits by accruing the actuarially determined estimated cost of such benefits. Assets of the OPEB Plan may only be used to pay retiree medical and dental benefits.

As of January 1, 2020 and 2019 employee membership data related to the Plans was as follows:

	<u>2020</u>	<u>2019</u>
Retirees and beneficiaries currently receiving pension benefits	52	51
Retirees and beneficiaries currently receiving medical benefits only	<u>11</u>	<u>11</u>
	63	62
Terminated employees entitled to benefits but not yet receiving them	105	98
Active employees	<u>196</u>	<u>193</u>
Total plan participants	<u><u>364</u></u>	<u><u>353</u></u>

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2) Summary of Significant Accounting Policies and Plan Asset Matters

A. Basis of Accounting

The Plans' financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and, expenses are recognized at the time they are incurred. Employer contributions are recognized when due and employee contributions are recognized when due as deductions from the employees' payroll. Benefit payments are recognized when due and payable in accordance with the terms of the Plans. Investment income is recognized as earned by the Plans. The net appreciation (depreciation) in the fair value of investments held by the Plans is recorded as an increase (decrease) to investment income based on the valuation of investments as of the date of the statement of fiduciary net position. Expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

B. Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

C. Valuation of Investments

The Plans' investments in marketable securities are stated at the quoted market price. No amortization of discounts or premiums is recorded for financial reporting purposes. Included in net appreciation (depreciation) in fair value of investments are both realized and unrealized gains. Purchases and sales of securities are recorded on a trade date basis.

The Plans pool their investment resources to facilitate disbursements and to maximize investment income. Investment income, receivables and administrative expenses as well as investments at fair value are allocated to the appropriate plan utilizing a formula based on the average net position of each plan.

Although the assets of the Plans are commingled, each Plan's assets may only be used for the payment of benefits to the members of that plan, in accordance with the terms of the Plans.

D. Investment Income

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

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E. Administrative Costs

Administrative costs are financed through investment earnings.

3) Investments

As of December 31, 2020, the amounts included in the Pension and Other Post-Employment Benefits (OPEB) Trust Funds as Investments are \$81,431,929.

This is invested as follows:

Mutual Fund - Money Market	\$ 1,168,188
Mutual Funds - Fixed Income	23,698,566
Mutual Funds - Equity	56,565,175
	<u>\$ 81,431,929</u>

As of December 31, 2020, the ARC's Credit and Interest Rate Risk related to Fixed Income Securities is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Duration (Years)</u>	<u>Weighted Average Quality</u>
Cohen Steers Preferred Securities	\$ 7,816,439	4.90	BB+
Dodge & Cox Income Fund	5,084,210	4.90	AA-
Pimco Diversified Income	5,430,155	2.11	A-
Pimco Income Fund	5,367,762	6.05	BAA+
	<u>\$ 23,698,566</u>		

As of December 31, 2019, the amounts included in the Pension and OPEB Trust Funds as Investments are \$71,691,764.

This is invested as follows:

Mutual Fund - Money Market	\$ 1,003,101
Mutual Funds - Fixed Income	17,135,790
Mutual Funds - Equity	53,552,873
	<u>\$ 71,691,764</u>

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As of December 31, 2019, the ARC's Credit and Interest Rate Risk related to Fixed Income Securities is as follows:

Investment Type	Fair Value	Duration (Years)	Weighted Average Quality
Cohen Steers Preferred Securities	\$ 2,312,864	5.90	BB+
Dodge & Cox Income Fund	4,645,167	4.20	A
Pimco Diversified Income	5,104,069	5.43	A-
Pimco Income Fund	5,073,690	0.91	BAA+
	<u>\$ 17,135,790</u>		

The Plans' policy in regard to the allocation of invested assets is established and may be amended by the Board.

Credit ratings and duration of investments are only available for investments categorized as fixed income mutual funds. Such ratings and duration of investments are not available for the remaining investment categories.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Plans' investment policy adopts the following asset mix to achieve the lowest level of risk for the plan:

- Domestic equity securities between 20% and 55%.
- International equity securities between 5% and 20%.
- Domestic fixed income securities between 15% and 30%.
- Absolute return securities between 10% and 50%.
- Cash between 0% and 10%

Credit Risk - The Plans' policies prohibit investments in Micro-cap stocks, and no more than 75% (at cost) of the Plans' assets shall be invested in equities. It is the Plans' policies to limit investments, to 15%, in common or preferred stock of a corporation to those corporations publicly traded for less than one year on one or more of the recognized national stock exchanges in the United States of America, or those traded on the NASDAQ National Market. The policy also limits stock investments to not more than five (5) percent of the assets of any fund in common or preferred stock of any one issuing corporation.

Foreign Currency Risk - The risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Plans' policies prohibit direct investment in foreign equities, however, the policies do allow diversification in foreign equity through the purchase of diversified commingled or mutual funds; provided that they are registered domestically with the Security and Exchange Commission and subject to the Investment Advisors Act of 1940. At December 31, 2020 and 2019, the Plans had no exposure of foreign currency risk through direct investments in foreign companies.

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Concentrations - The following investments represent 5% or more of the Plans' fiduciary net position as of December 31, 2020 and 2019.

	2020	2019
American Funds WM Fund	\$ 8,623,750	\$ 7,979,080
AMG Yacktman Fund	9,262,290	8,034,539
Columbia Adaptive Risk Allocation	9,341,411	6,068,811
Cohen Steers Preferred Sec	7,816,439	*
Dodge & Cox Income Fund	5,084,210	4,645,167
LAUDUS Growth Invest Large Cap Fund	12,932,497	9,348,701
Pimco All Asset Fund	*	5,812,171
Pimco Diversified Income Fund	5,430,155	5,104,069
Pimco Income Fund	5,367,762	5,073,690
Vanguard S&P Mid-Cap Index Fund	5,882,113	5,179,016

* Did not represent 5% of Plan's fiduciary net position.

Rate of Return - For the year ended December 31, 2020, the annual money-weighted rate of return on Plan investments, net of investment expense, was 12.61 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

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

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

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

As of December 31, 2020 and 2019, mutual funds are classified in Level 1 of the fair value hierarchy and are valued using prices quoted in active markets for those securities.

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4) Net Pension Liability

ARC's net pension liability at December 31, 2020 was as follows:

Total pension liability	\$ 72,423,299
Plan fiduciary net position	69,470,562
Net pension liability	<u>\$ 2,952,737</u>
Plan fiduciary net position as a percentage of the total pension liability	95.92%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability using the discount rate of 6.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00%) or 1-percentage-point higher (7.00%) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net Pension Liability (Asset)	\$ 13,088,185	\$ 2,952,737	\$ (5,390,484)

5) Net OPEB Liability

ARC's net OPEB liability at December 31, 2020 was as follows:

Total OPEB liability	\$ 13,738,922
Plan fiduciary net position	12,614,866
Net OPEB liability	<u>\$ 1,124,056</u>
Plan fiduciary net position as a percentage of the total OPEB liability	91.82%

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.94%) or 1-percentage-point higher (4.94%) than the current discount rate:

	1% Decrease (2.94%)	Current Discount Rate (3.94%)	1% Increase (4.94%)
Net OPEB Liability (Asset)	\$ 3,597,283	\$ 1,124,056	\$ (840,203)

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Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.50% to 3.50%, 2% Dental Vision) or 1-percentage-point higher (8.50% to 5.50%, 4% Dental Vision) than the current discount rate:

	1% Decrease (6.50% to 3.50%, 2% Dental/Vision)	Cost Trend Rate (7.50% to 4.50%, 3% Dental/Vision)	1% Increase (8.50% to 5.50%, 4% Dental/Vision)
Net OPEB Liability (Asset)	\$ (1,175,619)	\$ 1,124,056	\$ 4,111,359

6) Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement date and rolled forward to the measurement date of December 31, 2020:

Discount rate:	6.00% per annum; this rate was used to discount all future benefit payments.
Salary increases:	3.00% per annum
Cost-of-living increases:	None assumed
Mortality:	Pub-10 General Amount-Weighted Mortality with MP-2020 improvement scale fully generational.
Retirement:	Normal retirement age
Disability:	Gender specific rates set forth in the Wyatt 1985 Disability Study (Class 1)
Future contributions:	Contributions from the employer and employees are assumed to be made as legally required.

The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions, applied to all periods included in the measurement date of and rolled forward to the measurements date of December 31, 2020:

Discount rate	3.94% per annum
Inflation:	2.00%
Salary increases:	3.00%
Investment rate of return:	6.00%
Cost-of-living increases:	None assumed.
Mortality:	Pub-2010 General Headcount-Weighted Mortality tables with Scale MP-2020.
Retirement age:	Assumed to occur at the earliest age of 55 with 25 years of services (only if before 2008), age 62 with 30 years of service, or age 65
Healthcare cost trend rate:	Increase annually starting at 7.50% in 2020 and decreasing linearly each year until an ultimate annual increase of 4.50% is reached. Dental and vision costs are assumed to increase 3.00% each year.

**ATLANTA REGIONAL COMMISSION PENSION TRUST FUND AND
POST-EMPLOYMENT 401 (h) TRUST FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

The actuarial assumption for the discount rate decreased from 3.95% per annum to 3.94% per annum as of the measurement date of December 31, 2020. The discount rate used to measure the total OPEB liability was 3.94%. The rate was based on a blend of the long term rate of return on 6.00% and the Aa bond yield of 2.12%. The municipal bond rate is based on the published return for the S&P Municipal Bond 20-Year High Grade Index as of December 31, 2020. The projection of cash flows used to determine the discount rate assumed that Plan contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be sufficient to cover plan outflows through 2056. The long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The long-term expected rate of return on investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Category	Target Allocation	Pension & OPEB Expected Long- Term Rate of Return Per Annum
Equities	65.00%	6.00% - 9.00%
Fixed Income	35.00%	4.00% - 5.00%
Cash	0.00%	1.00% - 2.00%
Total or weighted arithmetic average	<u>100.00%</u>	

7) Plan Termination

Although it has not expressed any intent to do so, management has the right under the Plans to discontinue its contributions at any time and to terminate the Plans subject to the provisions of the Plans. In the event of the Plans' termination, funds remaining after the satisfaction of all liabilities shall not revert to ARC, but shall be allocated to the Plans' participants as of the date of the Plans' termination.

8) Risks and Uncertainties

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

**ATLANTA REGIONAL COMMISSION PENSION TRUST FUND AND
POST-EMPLOYMENT 401 (h) TRUST FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

In March 2020, the World Health Organization categorized COVID-19 as a pandemic and the President of the United States declared a national emergency. Through December 31, 2020, the COVID-19 pandemic had a limited financial impact on the Plans. Should the COVID-19 pandemic continue for a prolonged period or impact the Plans more significantly than it has to date, the Plans' financial condition and cash flows could be impacted in more significant ways.

9) Subsequent Events

Subsequent to year end, the Plans transferred all assets to the Association County Commissioner Pension Trust and Defined Benefit Program, a public employee retirement system.

REQUIRED SUPPLEMENTARY INFORMATION

**ATLANTA REGIONAL COMMISSION PENSION TRUST FUND AND
POST-EMPLOYMENT 401 (h) TRUST FUND
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Total Pension Liability							
Service cost	\$ 2,838,532	\$ 2,376,853	\$ 2,539,447	\$ 2,140,284	\$ 2,309,795	\$ 2,142,577	\$ 1,968,114
Interest	3,994,719	3,822,029	3,587,607	3,486,631	3,154,070	2,923,933	2,785,920
Changes of benefit terms	-	-	-	-	40,394	151,716	-
Demographic experience	707,511	(1,725,522)	219,229	(2,004,676)	4,498,442	(286,874)	-
Change of assumptions	(271,358)	7,131,747	2,211,747	-	(2,428,875)	-	-
Benefit payments, including refunds of employee contributions	(2,849,500)	(2,802,439)	(2,592,815)	(2,426,180)	(2,350,942)	(1,781,615)	(2,492,409)
Net Change in Total Pension Liability	4,419,904	8,802,668	5,965,215	1,196,059	5,222,884	3,149,737	2,261,625
Total Pension Liability – Beginning	68,003,395	59,200,727	53,235,512	52,039,453	46,816,569	43,666,832	41,405,207
Total Pension Liability – Ending (a)	\$ 72,423,299	\$ 68,003,395	\$ 59,200,727	\$ 53,235,512	\$ 52,039,453	\$ 46,816,569	\$ 43,666,832
Plan Fiduciary Net Position							
Contributions – employer	\$ 3,317,488	\$ 3,171,012	\$ 1,588,128	\$ 1,886,796	\$ 3,023,959	\$ 2,472,050	\$ 1,443,396
Contributions – employees	816,392	777,706	736,646	687,675	641,440	687,622	355,776
Net investment income (expense)	7,853,683	10,045,268	(2,391,401)	7,295,716	3,700,025	(472,566)	1,689,420
Benefit payments, including refunds of employee contributions	(2,849,500)	(2,802,439)	(2,592,815)	(2,426,180)	(2,350,942)	(1,781,615)	(1,354,931)
Administrative expense	(83,715)	(85,433)	(44,913)	(40,825)	(51,678)	(14,387)	(26,175)
Other	-	-	-	-	-	-	-
Net Changes in Plan Fiduciary Net Position	9,054,348	11,106,114	(2,704,355)	7,403,182	4,962,804	891,104	2,107,486
Plan Fiduciary Net Position – Beginning	60,416,214	49,310,100	52,014,455	44,611,273	39,648,469	38,757,365	36,649,879
Plan Fiduciary Net Position – Ending (b)	\$ 69,470,562	\$ 60,416,214	\$ 49,310,100	\$ 52,014,455	\$ 44,611,273	\$ 39,648,469	\$ 38,757,365
Net Pension Liability – Ending (a)–(b)	\$ 2,952,737	\$ 7,587,181	\$ 9,890,627	\$ 1,221,057	\$ 7,428,180	\$ 7,168,100	\$ 4,909,467
Plan Fiduciary Net Position as a percentage of the							
Total Pension Liability	95.92%	88.84%	83.29%	97.71%	85.73%	84.69%	88.76%
Covered Payroll	\$ 14,912,234	\$ 14,163,265	\$ 13,515,977	\$ 11,970,540	\$ 12,964,900	\$ 11,114,204	\$ 10,204,932
Net Pension Liability as a percentage of Covered Payroll	19.80%	53.57%	73.18%	10.20%	57.29%	64.49%	48.11%

Note: The schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**ATLANTA REGIONAL COMMISSION PENSION TRUST FUND AND
POST-EMPLOYMENT 401 (h) TRUST FUND
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF PENSION CONTRIBUTIONS

Fiscal Year Ended	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
12/31/2020	\$ 3,317,488	\$ 3,317,488	\$ -	\$ 14,912,234	22.25%
12/31/2019	3,171,010	3,171,012	(2)	14,163,265	22.39%
12/31/2018	1,588,128	1,588,128	-	13,515,977	11.75%
12/31/2017	1,886,796	1,886,796	-	11,970,540	15.76%
12/31/2016	3,023,959	3,023,959	-	12,964,900	23.32%
12/31/2015	2,472,050	2,472,050	-	11,114,204	22.24%
12/31/2014	1,443,396	1,443,396	-	10,204,932	14.14%

Notes to Schedule:

The actuarially determined contribution rates in the schedule of contributions are calculated as of January 1st, one year prior to the fiscal year end in which contributions are reported. Information as of the latest available actuarial valuation follows:

Valuation Date	1/1/2019
Actuarial Cost Method	Individual Entry Age
Amortization Method	Level-Dollar Open
Remaining Amortization Period	15 years
Asset valuation method	Market Value
Investment Rate of Return	6.00%
Projected Salary Increase	3.00%

Note: The schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**ATLANTA REGIONAL COMMISSION PENSION TRUST FUND AND
POST-EMPLOYMENT 401 (h) TRUST FUND
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

	12/31/2020	12/31/2019	12/31/2018	12/31/2017
Total OPEB Liability				
Service cost	\$ 816,835	\$ 402,193	\$ 387,059	\$ 442,954
Interest	500,982	472,810	501,952	429,429
Changes of benefit terms		-	-	-
Demographic experience		(480,083)	-	-
Change of assumptions	(148,671)	414,433	(859,870)	-
Benefit payments, including refunds of employee contributions	(224,453)	(212,886)	(408,815)	(380,543)
Net Change in Total OPEB Liability	944,693	596,467	(379,674)	491,840
Total OPEB Liability – Beginning	12,794,229	12,197,762	12,577,436	12,085,596
Total OPEB Liability – Ending (a)	<u>\$ 13,738,922</u>	<u>\$ 12,794,229</u>	<u>\$ 12,197,762</u>	<u>\$ 12,577,436</u>
Plan Fiduciary Net Position				
Contributions – employer	\$ -	\$ -	\$ -	\$ -
Contributions – employees	-	-	-	-
Net investment income (expense)	1,440,173	1,904,587	(474,250)	1,473,401
Benefit payments, including refunds of employee contributions	(224,453)	(212,886)	(212,986)	(214,561)
Administrative expense	(15,350)	(16,199)	(8,908)	(8,244)
Other	-	-	-	-
Net Changes in Plan Fiduciary Net Position	1,200,370	1,675,502	(696,144)	1,250,596
Plan Fiduciary Net Position – Beginning	11,414,496	9,738,994	10,435,138	9,184,542
Plan Fiduciary Net Position – Ending (b)	<u>\$ 12,614,866</u>	<u>\$ 11,414,496</u>	<u>\$ 9,738,994</u>	<u>\$ 10,435,138</u>
Net OPEB Liability – Ending (a)–(b)	<u>\$ 1,124,056</u>	<u>\$ 1,379,733</u>	<u>\$ 2,458,768</u>	<u>\$ 2,142,298</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	91.82%	89.22%	79.84%	82.97%
Covered Payroll	14,912,234	\$ 14,163,265	\$ 13,515,977	\$ 11,970,540
Net OPEB Liability as a percentage of Covered Payroll	7.54%	9.74%	18.19%	17.90%

Note: The schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**ATLANTA REGIONAL COMMISSION PENSION TRUST FUND AND
POST-EMPLOYMENT 401 (h) TRUST FUND
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF OPEB CONTRIBUTIONS

Fiscal Year Ended	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
12/31/2020	\$ -	\$ -	\$ -	\$ 14,912,234	0.00%
12/31/2019	-	-	-	14,163,265	0.00%
12/31/2018	-	-	-	13,515,977	0.00%
12/31/2017	-	-	-	11,970,540	0.00%

Notes to Schedule:

The actuarially determined contribution rates in the schedule of contributions are calculated as of January 1st, one year prior to the fiscal year end in which contributions are reported. Information as of the latest available actuarial valuation follows:

Valuation Date	1/1/2019
Aggregate Cost Method	Individual Entry Age
Amortization Method	Level-Dollar Open
Remaining Amortization Period	15 years
Asset valuation method	Market Value
Investment Rate of Return	6.00%
Projected Salary Increase	3.00%

Note: The schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**ATLANTA REGIONAL COMMISSION PENSION TRUST FUND AND
PENSION AND OPEB TRUST FUND
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF PENSION AND OPEB INVESTMENT RETURNS

<u>Annual money-weighted rate of return, net of investment expense</u>	
12/31/2020	12.61%
12/31/2019	20.15%
12/31/2018	-4.60%
12/31/2017	16.70%
12/31/2016	9.40%
12/31/2015	-1.20%
12/31/2014	5.00%

Note: The schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

SPECIAL REPORT



NICHOLS, CAULEY & ASSOCIATES, LLC

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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 Trustees of the
Atlanta Regional Commission Retirement Plans

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 Atlanta Regional Commission Pension Trust Fund and Post-Employment 401(h) Trust Fund (collectively known as the "Plans") as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements which collectively comprise the Plans' basic financial statements, and have issued our report thereon dated August 20, 2021.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Plans' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plans' internal control. Accordingly, we do not express an opinion on the effectiveness of the Plans' 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 a 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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plans' financial statements are free from material misstatement, we performed tests of its 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 audits, 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.

Richels, Cauley + Associates, LLC

Kennesaw, Georgia
August 20, 2021