



**EMPLOYEE PENSION PLAN
BOARD OF TRUSTEES MEETING
TUESDAY, JULY 23, 2019
3:00 PM
CITY HALL - COUNCIL CHAMBERS**

A G E N D A

Call To Order

Minutes

- [1.](#) Pension Minutes May 28, 2019

Unfinished Business

- [2.](#) Investment Performance Analysis - June 30, 2019

New Business

- [3.](#) Pension audit for YE 12/31/18 received and will be presented by auditors (Estes & Walcott).

Retirees

- [4.](#) Larry C. Cochran - Police Department

Invoices

- [5.](#) Invoice #13327 (\$637.50) from Mitchell & Mitchell for Pension Services
- [6.](#) Credit balance from Mitchell & Mitchell
- [7.](#) SEAS Statement #187 and #188 (\$2,040.00 ea) for Consulting Services for June, and July, 2019

Reports

- [8.](#) Market Indices - May 31 - June 30, 2019
- [9.](#) MBR Calculation
- [10.](#) May 31, 2019 Pension Financial Report
- [11.](#) June 30, 2019 Pension Financial Report

Adjournment

THE CITY OF DALTON
EMPLOYEES PENSION PLAN – BOARD OF TRUSTEES
REGULAR MEETING
MAY 28, 2019

The regular meeting of the Board of Trustees of the City of Dalton Employees' Pension Plan was held this afternoon at 3:00 p.m. in the Council Chambers of City Hall. Present for the meeting were Chairman Gary Hill, Trustees Mike Sloan, Dwayne Carvell, Rick Johnson, and Mayor Dennis Mock and Council member Tyree Goodlett.

MINUTES

The Trustees were presented written copies of the minutes of the meeting of March 26, 2019. After review, on the motion of Mayor Mock, second Trustee Carvell, the minutes were approved. The vote was unanimous in favor.

SEAS - INVESTMENT PERFORMANCE ANALYSIS - FIRST QUARTER

Hilda Thompson from SEAS reviewed the Investment Performance Analysis dated April 30, 2019. Thompson stated the reports are great news thus far for 2019. Thompson stated the assets are \$113,495,879 which is the highest it's ever been, Thompson further stated that it is a great investment return.

Book Values

Thompson also reviewed the asset allocation and stated the Plan is in compliance with book values and SEAS is not recommending any changes at this time.

YTD Return

Thompson reported that the Total Return for the YTD is over 11% in (4) month and stated that it is the best (4) month Return since SEAS has been managing the Plan. On the motion of Mayor Mock, second Trustee Sloan the Trustees approved these reports.

SEAS - METLIFE MEMO

Hilda Thompson stated that in March, Trustees asked if there were additional assets that could be transferred from MetLife. Thompson stated that SEAS waited to see if the MBR (minimum balance requirement) would rebound after a bad 4th Quarter. Thompson stated the MBR is the value that MetLife states the Plan must keep available and any excess over that value can be moved. Thompson stated that after reviewing the MBR the Plan has 28 million in excess but SEAS recommends that the Plan retains a cushion of 20 million. Thompson stated that SEAS is recommending the Trustees move 5 million from the S&P 500 from MetLife to Total Fixed Income at Vanguard in 2.5 million increments prior to June 30th. On the motion of Mayor Mock, second Trustee Carvell, the Trustees approved the recommendation.

TERRANCE GOODLETT - DISTRIBUTION REQUEST

Human Resources Director Greg Batts reported to the Trustees that he discovered that a former employee that is deceased was not paid contributions made to the Pension Plan. Batts stated that Terrance Goodlett, a former employee of Public Works passed away in 2003. Batts stated that after it was brought to his attention and diligent research and also contacting MetLife to ascertain whether the distribution was paid, Batts stated it was realized, the interest was paid, but the contributions were never distributed to Goodletts' beneficiary, son Tyree Goodlett. Batts stated that after consulting with the City Attorney, it was advised that we add 3% compound interest from 2003 to May 2019. Batts requested the Board approve and authorize the distribution of \$13,152.98 to his beneficiary. Batts stated upon receiving the check from MetLife, the beneficiary will be required to sign stating he has received the distribution. On the motion of Mayor Mock, second Trustee Carvell, the request was approved. Trustee Tyree Goodlett abstained from voting.

RETIREEES

Quentin Dupree - Public Works

(1) On the motion of Trustee Carvell, second Mayor Mock, the Board ratified payment to Quentin Dupree - Public Works. Copies of the application for retirement, retirement benefit calculations and Authorization to Commence Retirement Payment forms are a part of these minutes. The Board noted there is no qualifying spouse. The vote was unanimous in favor.

David S. Langford - Public Works

(2) On the motion of Mayor Mock, second Trustee Carvell, the Board ratified payment to David S. Langford - Public Works. Copies of the application for retirement, retirement benefit calculations and Authorization to Commence Retirement Payment forms are a part of these minutes. The Board noted there is a qualifying spouse. The vote was unanimous in favor.

Tom Phillips - Police Department

(3) On the motion of Mayor Mock, second Trustee Carvell, the Board ratified payment to Tom Phillips - Police Department. Copies of the application for retirement, retirement benefit calculations and Authorization to Commence Retirement Payment forms are a part of these minutes. The Board noted there is a qualifying spouse. The vote was unanimous in favor.

INVOICES

The Trustees reviewed the following invoices:

(1) SEAS statement #186, dated 05/01/2019, in the amount of \$2,040.00 regarding Investment Consulting Services for May, 2019. On the motion of Mayor Mock, second Trustee Carvell, the Board approved the invoice. The vote was unanimous in favor.

(2) Southern Actuarial Services Invoice for preparation of the 1/1/19 actuarial valuation. Invoice #710-0319 in the amount of \$15,000.00. On the motion of Mayor Mock, second Trustee Carvell, the Board approved the invoice. The vote was unanimous in favor.

INVOICES

Continued

(3) The Mitchell & Mitchell Firm, statement number 13292, dated 04/10/19, in the amount of \$165.00 regarding Pension Matters. On the motion of Trustee Carvell, second Trustee Sloan, the Board approved the invoice. The vote was unanimous in favor.

(4) Hartford Invoice dated 05/08-19, in the amount of \$308.00 for Payment Required ERISA bond for DB Plan (\$500,000). On the motion of Mayor Mock, second Trustee Carvell, this item was removed from the agenda. The vote was unanimous in favor.

(5) McGriff Insurance Services, invoice #4334032, dated 05/01/19 for Fiduciary Insurance Services. On the motion of Trustee Goodlett, second Mayor Mock, the Board approved the invoice. The vote was unanimous in favor.

(6) The Minor Firm, statement number 169430, dated 04/10/19, in the amount of \$380.00 regarding Pension Matters. On the motion of Mayor Mock, second Trustee Carvell, the Board approved the invoice. The vote was unanimous in favor.

REPORTS

On the motion of Mayor Mock, second Trustee Carvell, the Board approved the following reports.

MBR Calculation - 3/31/19
Financial Report - March 31, 2019 & Financial Report - April 30, 2019
Market Indices Performance - March & April 2019

The vote was unanimous in favor.

ADJOURNMENT

Chairman Hill thanked everyone for coming. There being no further business to come before the trustees, the meeting was adjourned.

Gary Hill, Chairman

ATTEST:

Mike Sloan, Secretary

RECORDED

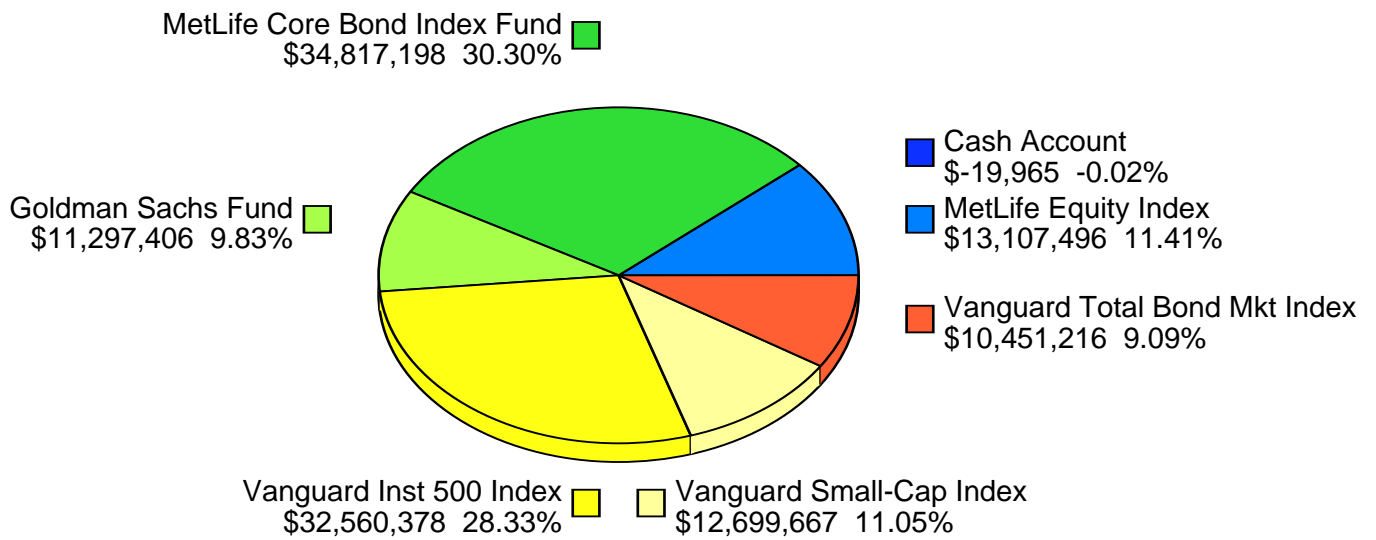
APPROVED

City of Dalton
Investment Performance Analysis
June 30, 2019

City of Dalton Total Fund Allocation By Manager Total Fund

June 30, 2019

\$114,913,395



City of Dalton
Performance Summary Table
Periods Ending 6/30/19

Manager	1 Mo	QTD	YTD	1 Year	3 Yrs	5 Yrs	10 Yrs
Total Large Cap Equity							
Total Return	7.13	4.36	18.61	10.48	14.15	10.68	14.65
Standard & Poors 500	7.05	4.30	18.54	10.42	14.19	10.71	14.70
MetLife Equity Index							
Total Return	7.30	4.50	18.74	10.65	14.44	10.85	14.73
Standard & Poors 500	7.05	4.30	18.54	10.42	14.19	10.71	14.70
Vanguard Inst 500 Index							
Total Return	7.04	4.30	18.54	10.39			
Standard & Poors 500	7.05	4.30	18.54	10.42			
Total Small Cap Equity							
Total Return	7.05	2.87	19.54	2.27	13.12	7.59	13.77
Russell 2000	7.07	2.10	16.98	-3.31	12.30	7.06	13.45
Vanguard Small-Cap Index							
Total Return	7.05	2.87	19.54	2.27			
CRSP Small Cap Index	7.04	2.86	19.54	2.29			
Total Fixed Income							
Total Return	1.22	3.01	5.94	7.68	2.29	2.88	3.88
Barclays U.S. Aggregate	1.26	3.08	6.11	7.87	2.31	2.95	3.90
MetLife Core Bond Index Fund							
Total Return	1.28	3.14	6.15	7.89	2.27		
Barclays U.S. Aggregate	1.26	3.08	6.11	7.87	2.31		
Goldman Sachs Fund							
Total Return	1.06	2.54	5.21	6.94	2.29		
Barclays Int Govt/Credit	1.07	2.59	4.97	6.93	1.99		
Vanguard Total Bond Mkt Index							
Total Return	1.21	3.13	6.17	7.92			
BBG Barc U.S. Aggregate	1.26	3.08	6.11	7.87			
Cash Account							
Total Return	-0.00	0.33	0.51	0.71	0.49	0.32	0.32
91-Day Treasury Bill	0.22	0.64	1.24	2.32	1.38	0.87	0.49

City of Dalton
 Performance Summary Table
 Periods Ending 6/30/19

Manager	1 Mo	QTD	YTD	1 Year	3 Yrs	5 Yrs	10 Yrs
Total Fund							
Total Return	4.53	3.73	12.82	8.41	8.60	6.79	9.35
Policy Index	4.13	3.56	12.13	8.15	8.16	6.56	9.68
Indices							
91-Day Treasury Bill	0.22	0.64	1.24	2.32	1.38	0.87	0.49

MAYOR AND COUNCIL
OF THE CITY OF DALTON
EMPLOYEES' PENSION PLAN

FOR THE YEAR ENDED DECEMBER 31, 2018

MAYOR AND COUNCIL OF THE CITY OF DALTON
EMPLOYEES' PENSION PLAN
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DECEMBER 31, 2018

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Members of the City Council,
and Finance Director
City of Dalton, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the Mayor and Council of the City of Dalton Employees' Pension Plan (Pension Plan), a fiduciary fund of the City of Dalton, Georgia, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Pension Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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.

Auditors' 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 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Mayor and Council of the City of Dalton Employees' Pension Plan as of December 31, 2018, and the change in fiduciary net position for the year 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 supplementary information presented on pages 14 through 18 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 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 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 July 3, 2019, on our consideration of the Mayor and Council of the City of Dalton Employees' Pension 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 Mayor and Council of the City of Dalton Employees' Pension Plan's internal control over financial reporting and compliance.

Estes & Walcott

Dalton, Georgia
July 3, 2019

MAYOR AND COUNCIL OF THE CITY OF DALTON
EMPLOYEES' PENSION PLAN
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2018

	<u>2018</u>
<u>ASSETS</u>	
Cash	\$ 788,132
Investments at fair market value:	
Metlife Core Bond Index Fund	32,316,735
MetLife Equity Index Fund	14,710,139
MetLife Goldman Sachs Fund	10,596,494
Vanguard Institutional Index Fund	27,468,203
Vanguard Small Cap Index Fund	10,624,030
Vanguard Total Bond Market Index Fund	5,116,411
Contributions receivable	<u>286,582</u>
Total assets	<u>101,906,726</u>
 <u>LIABILITIES</u>	
Accounts payable	<u>2,876</u>
 <u>NET POSITION</u>	
Net position restricted for pension benefits	<u>\$ 101,903,850</u>

The accompanying notes are an integral part of these financial statements.

MAYOR AND COUNCIL OF THE CITY OF DALTON
EMPLOYEES' PENSION PLAN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
DECEMBER 31, 2018

	<u>2018</u>
<u>ADDITIONS</u>	
Contributions:	
Employer	\$ 7,311,443
Plan members	<u>688,300</u>
Total contributions	<u>7,999,743</u>
 Investment income:	
Net increase (decrease) in fair value of investments	\$ (5,259,351)
Interest and dividends	<u>2,379,675</u>
Total investment income	(2,879,676)
Less investment expense	<u>(179,557)</u>
Net investment earnings	<u>(3,059,233)</u>
Total additions	<u>4,940,510</u>
 <u>DEDUCTIONS</u>	
Pension benefits paid	7,440,532
Administrative expenses	<u>49,401</u>
Total deductions	<u>7,489,933</u>
Change in net position	(2,549,423)
Net position beginning of year	<u>104,453,273</u>
Net position end of year	<u>\$ 101,903,850</u>

The accompanying notes are an integral part of these financial statements.

MAYOR AND COUNCIL OF THE CITY OF DALTON
EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 1. Description of the Pension Plan

The following description of the Mayor and Council of the City of Dalton Employees' Pension Plan (Pension Plan), as amended, provides only general information. Participants should refer to the Pension Plan agreement for a more complete description of the Pension Plan's provisions.

General-

The financial statements presented are only for the Mayor and Council of the City of Dalton Employees' Pension Plan, and are not intended to present the basic financial statements of the City of Dalton, Georgia (City). The Pension Plan was established to provide retirement benefits for eligible employees. The Pension Plan is a defined benefit single employer public employee retirement system. The Pension Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The Pension Plan is subject to the provisions of Section 401(a) and 501(a) of the Internal Revenue Code. The Mayor and Council of the City of Dalton serve as the Pension Plan administrator.

Eligibility-

All full-time employees of a participating employer who were hired prior to July 1, 2002 were eligible to participate in the Pension Plan after completing six months of service as a covered employee, except that the Mayor, Councilmembers, Commissioners, and Authority Members are not eligible to participate in the Pension Plan. Participating employers include: the City, including the Public Safety Commission, the Water, Light, and Sinking Fund Commission (WLSF Commission), and the Recreation Commission; the Northwest Georgia Trade and Convention Center Authority; the Dalton-Whitfield Convention and Visitors Bureau; and the Dalton Whitfield Regional Solid Waste Management Authority (DWRSWMA). Employees who began work after July 1, 2002 are eligible for participation in a separate defined contribution plan. The Pension Plan provides pension benefits, early retirement benefits, and death benefits.

Pension benefits-

Benefits fully vest after ten years of service. Normal retirement benefits are available to employees of any age after thirty years of service. Employees who retire at the normal retirement date are entitled to monthly pension payments for the remainder of their lives equal to .15% of their average monthly compensation, multiplied by their years of credited service for which they were employed by a participating employer of the Pension Plan. These benefit payments are subject to a discretionary annual cost-of-living adjustment as determined and approved on an annual basis by the Mayor and Council of the City of Dalton. The participant's average monthly compensation is equal to the average of the participant's highest 36 consecutive basic monthly earnings during their last 120 months of employment; basic monthly earnings are equal to total compensation for a calendar year, excluding lump sum payments for severance and unused sick and vacation leave, and are deemed to be earned uniformly throughout each calendar year. Annual compensation is limited to \$200,000 per year (as indexed) for this calculation, pursuant to IRC section 401(a)(17).

Normal retirement benefits are available for participants who have reached any age with at least 30 years of service, age 55 with at least 25 years of service, or age 65 with at least 5 years of service.

MAYOR AND COUNCIL OF THE CITY OF DALTON
EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 1. Description of the Pension Plan - continued

Monthly pension benefits will be paid as a life annuity to the participant, with 120 payments guaranteed. Pension Plan provisions include early retirement benefits whereby an employee may terminate his employment with the City after accumulating 15 years of service and reaching the age of 50 or after accumulating 10 years of service and reaching the age of 55. The pension benefits are reduced by .5% for each month by which the participant's early retirement age precedes his normal retirement age.

Death benefits-

Pension provisions include death benefits whereby the surviving spouse is entitled to receive annually an amount equal to 55% of the employee's pension benefit at the time of death (commencing after 120 payments of the full benefit amount have been received). The surviving spouse may receive death benefits for life.

Changes-

The benefit terms of the Pension Plan have not changed from the prior measurement date.

Participants-

The number of participants in each category listed below is as of January 1, 2019, the latest actuarial valuation.

Actively employed participants	211
Average age	49.8 years
Average service	21.6 years
Total annualized compensation for the prior year	\$ 13,290,833
Total expected compensation for the current	\$ 13,722,784
Participants receiving a benefit	
Service retirees	292
Beneficiaries	63
Inactive participants - deferred; vested	18

Funding policy-

In accordance with the most recent actuarial report, the Pension Plan's funding policy for employers should be increased from 49.2% of covered payroll (at the valuation date of January 1, 2018, which determines the contribution for the 2019 year) to 56.8% of covered payroll (at the valuation date of January 1, 2019, which determines the contribution for the 2020 year) to adequately fund the Pension Plan's ongoing costs and an amortization of the unfunded actuarial accrued liability over a 10-year period with level dollar payments. The employers are currently funding at 50.9% of covered payroll, which exceeds the 46.5% rate specified in the actuarial report at the valuation date of January 1, 2017, which determined the contribution for the 2018 year.

MAYOR AND COUNCIL OF THE CITY OF DALTON
EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 1. Description of the Pension Plan - continued

Employees are required to pay 5% of their pensionable earnings to the Pension Plan. A participant (or their eligible beneficiary) who terminates their employment for any reason and who is not otherwise entitled to a monthly benefit will receive a refund of their contributions accumulated with interest at the rate of 3% per annum beginning as of the end of the year during which the contribution was made. All other participants may choose to receive a refund of their contributions accumulated with interest in lieu of receiving any additional benefits under the Pension Plan. The funding policy of the Pension Plan is established and may be amended by the Mayor and the Council.

Note 2. Summary of significant accounting policies

The accounting and reporting policies of the Pension Plan conform to generally accepted accounting principles. The following is a summary of the more significant policies.

Basis of accounting-

The accompanying financial statements are prepared on the accrual basis of accounting. Employer and member contributions are recognized in the period that the contributions are due.

Cash-

Cash consists primarily of the payment fund account managed by Metropolitan Life. This account records Pension Plan contributions, benefit payments, administrative fees, and investment transfers. Interest is distributed monthly based on average balances.

Investment valuation and income recognition-

All contributions to the Pension Plan, less any administrative expenses paid out of the Pension Plan, are invested with Metropolitan Life Insurance Company and Vanguard. The Pension Plan's investments are valued at fair value. The value of the assets is determined in accordance with applicable laws and regulations. The value of any assets not publicly traded will reflect prevailing interest rates and prices of publicly traded securities of similar quality. There are no investments in loans or leases with parties related to the Pension Plan. Investment income is recognized as earned by the Pension Plan. The net appreciation (depreciation) in the fair value of investments held by the Pension Plan 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. Benefits and refunds of the Pension Plan are recognized when due and payable in accordance with the terms of the Pension Plan.

Estimates-

The preparation of financial statements in conformity with generally accepted accounting principles requires the Pension Plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

MAYOR AND COUNCIL OF THE CITY OF DALTON
EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 2. Summary of significant accounting policies - continued

Subsequent events-

Management has evaluated subsequent events through July 3, 2019, the date the financial statements were available to be issued.

Note 3. Investments

In general, the cash and investments held by the Pension Plan are exempt from the City's investment and cash management policies, including the requirement that the deposits be federally insured. The Pension Plan has its own investment policy. The assets of the Pension Plan are invested in an immediate participation contract with Metropolitan Life Insurance Company and in mutual funds with Vanguard. The Pension Plan investments follow State of Georgia Code Sections 47-20-82, 47-20-83, and 47-20-84 for authorized investments.

The Pension Plan investment policy limits investment in equity securities to 55% (book value – cost) of total asset value. Investments in international equities and derivative investments are prohibited. The investment manager is restricted from using financial leverage or engaging in short sale techniques. Domestic equities must be traded on the New York or American Stock Exchange, NASDAQ system, or any other major exchange and single securities may not comprise more than 5% (market value) of the investment's equity mix. Domestic fixed income shall be of investment grade quality and the average credit quality of the Pension Plan's fixed income assets should be rated A or higher as rated by Standard & Poor's or Moody's rating services.

The Pension Plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board by a majority vote. The Board has full power to invest or reinvest Pension Plan assets in any kind of property which the Pension Board deems proper. It is the policy of the Pension Board to pursue an investment strategy which reduces risk through prudent diversification of the portfolio. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class for the investments of the Pension Plan is as follows:

Investment Category	Allocation	Expcted Long Term Real Return
US large cap stocks	40%	6.00% per annum
US small cap stocks	15%	6.75% per annum
US fixed income	45%	2.00% per annum
Total or weighted arithmetic average	100%	4.31% per annum

For the year ended December 31, 2018, the annual money-weighted rate of return on the Pension Plan's investments, net of Pension Plan investment expense, was -2.93%. The money-weighted rate of return expressed investment performance, net of investment expense, adjusted for the changing amounts actually invested.

MAYOR AND COUNCIL OF THE CITY OF DALTON
EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 3. Investments - continued

The Pension Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs.

The Pension Plan has the following recurring fair value measurements as of December 31, 2018:

- Cash in the amount of \$788,132 is presented in the financial statements and is reported at cost or amortized cost and is not subject to fair value hierarchy measurement.
- Investments in index and other mutual funds in the amount of \$43,208,644 are valued based on quoted prices in active markets for identical assets (level 1).
- Investments in index and other mutual funds in the amount of \$57,623,368 are valued based on observable market data and valuations of similar instruments (level 2).
- No investment securities are valued using level 3 inputs.

Each investment category listed represents 5% or more of the Pension Plan's fiduciary net position.

All of the Pension Plan investments are subject to credit risk. The values presented for the investments represent fair value. None of the investments are publicly rated for credit quality.

Note 4. Tax status

An Internal Revenue Service determination letter has not been obtained. However, the Pension Plan administrator and the Pension Plan's tax counsel believe that the Pension Plan is designed and is currently being operated in compliance with the applicable requirements of the Internal Revenue Code.

Note 5. Pension Plan administrative expenses

Certain administrative functions are performed by employees of the City and the WLSF Commission. No such employee receives compensation from the Pension Plan. The Pension Plan sponsor has paid certain administration expenses of the Pension Plan during the year ended December 31, 2018.

MAYOR AND COUNCIL OF THE CITY OF DALTON
EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 6. Net pension liability

The components of the net pension liability of the participating employers at December 31, 2018 is as follows:

Total pension liability	\$ 138,472,674
Pension Plan fiduciary net position	<u>101,903,850</u>
Net pension liability	<u>\$ 36,568,824</u>
Pension Plan fiduciary net position as a percentage of total pension liability	74%

The following actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2018 through December 31, 2018:

Actuarial Assumptions

Discount rate:	6.81% per annum (2.50% per annum is attributable to long term inflation); this rate was used to discount all future benefit payments.
Investment return:	6.81% per year
Salary increases:	3.25% per year
Cost of living increase:	None assumed
Mortality basis:	Sex-distinct rates set forth in the RP-2000 Combined Mortality Table, with full generational improvements in mortality using Schedule AA.
Retirement:	Retirement is assumed to occur at normal retirement age.
Other decrements:	Assumed employment termination is based on age and ranges from 23.00% at age 20 to 4.00% at age 55. Assumed disability is based on age and gender and ranges from 0.04% for males and 0.02% for females at age 20 to 2.24% for males and 1.27% for females at age 65.
Non-investment expenses:	\$50,000 per year
Future contributions:	Contributions from the employer and employees are assumed to be made as legally required.
Changes:	Since the prior measurement date, the assumed increase in future salaries was decreased from 4.00% per year to 3.25% per year and the mortality basis was changed from a 2015 projection of the RP-2000 Moratlity Table for annuitants to the RP-2000 Combined Mortality Table with full generational improvements in morality using Scale AA.

MAYOR AND COUNCIL OF THE CITY OF DALTON
EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 6. Net pension liability - continued

Discount rate - The discount rate used to measure the total pension liability was 6.81%. There has been no change to the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employees and the participating employers make their contributions at the actuarially determined rates. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Pension Plan investments of 6.81% was applied to all periods of projected benefit payments to determine the total pension liability.

The net pension liability is based on the measurement date of December 31, 2018. The components of the net pension liability as of the Pension Plan's year end were as follows:

	Total Pension Liability	Pension Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2017	\$ 133,000,312	\$ 104,453,266	\$ 28,547,046
Changes for the year:			
Service cost	1,453,620	-	1,453,620
Interest	8,904,957	-	8,904,957
Differences between expected and actual experience	(798,265)	-	(798,265)
Contributions - employer	-	7,311,443	(7,311,443)
Contributions - employee	-	688,300	(688,300)
Net investment income	-	(3,057,726)	3,057,726
Benefit payments, including refunds of employee contributions	(7,440,532)	(7,440,532)	-
Administrative expenses	-	(50,901)	50,901
Assumption changes	3,352,582	-	3,352,582
Net changes	5,472,362	(2,549,416)	8,021,778
Balance at December 31, 2018	<u>\$ 138,472,674</u>	<u>\$ 101,903,850</u>	<u>\$ 36,568,824</u>

MAYOR AND COUNCIL OF THE CITY OF DALTON
EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 6. Net pension liability - continued

The following represents the net pension liability as of the measurement date and the Pension Plan's year end, December 31, 2018, calculated using the discount rate of 6.81%, as well as what the net pension liability would be using a discount rate that is 1% lower or 1% higher than the current rate:

	Discount Rate Minus 1.00%	Discount Rate 6.81%	Discount Rate Plus 1.00%
Total pension liability	\$ 153,761,494	\$ 138,472,674	\$ 125,660,633
Plan fiduciary net position	<u>101,903,850</u>	<u>101,903,850</u>	<u>101,903,850</u>
Net pension liability	<u>\$ 51,857,644</u>	<u>\$ 36,568,824</u>	<u>\$ 23,756,783</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the year ended December 31, 2018, the participating employers of the Pension Plan recognized pension expense of \$6,074,260. At December 31, 2018, the participating employers reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance as of December 31, 2017	\$ 2,881,228	\$ 5,362,957
Change due to:		
Amortization payments	(5,802,441)	(2,319,069)
Investment gain/loss	10,188,016	-
Demographic gain/loss	-	798,265
Assumption changes	<u>3,352,582</u>	<u>-</u>
Total change	7,738,157	(1,520,804)
Balance as of December 31, 2018	<u>\$ 10,619,385</u>	<u>\$ 3,842,153</u>

MAYOR AND COUNCIL OF THE CITY OF DALTON
EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 6. Net pension liability - continued

The above amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows Recognized to Expense
2019	\$ 4,500,788	\$ 1,575,686	\$ 2,925,102
2020	2,043,390	1,214,692	828,698
2021	2,037,603	1,051,775	985,828
2022	2,037,604	-	2,037,604
2023	-	-	-

The deferred outflows of resources, net pension liability, and deferred inflows of resources were allocated and reported in the financial statements of the Pension Plan's employers, which include the City, the WLSF Commission, and the DWRSWMA, a joint venture with Whitfield County, Georgia. The allocations were as follows:

	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources
City governmental activities	\$ 4,731,208	\$ 15,501,816	\$ 1,644,690
WLSF Commission	5,422,000	19,129,000	2,015,000
City municipal golf course	92,937	299,267	37,836
DWRSWMA	373,240	1,638,741	144,627
	<u>\$ 10,619,385</u>	<u>\$ 36,568,824</u>	<u>\$ 3,842,153</u>

Additional information is presented as required supplementary information, which immediately follows these notes to the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

MAYOR AND COUNCIL OF THE CITY OF DALTON
EMPLOYEES' PENSION PLAN
REQUIRED SUPPLEMENTAL INFORMATION
DECEMBER 31, 2018

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total pension liability:				
Service cost	\$ 1,743,901	\$ 1,652,021	\$ 1,592,733	\$ 1,453,620
Expected interest growth	8,238,500	8,495,017	8,713,989	8,904,957
Demographic experience	(1,273,686)	216,267	(54,192)	(798,265)
Assumption changes	1,890,054	-	-	3,352,582
Benefit payments and refunds	<u>(6,513,889)</u>	<u>(6,904,562)</u>	<u>(7,133,475)</u>	<u>(7,440,532)</u>
Net change in total pension liability	4,084,880	3,458,743	3,119,055	5,472,362
Total pension liability - beginning (a)	<u>122,337,634</u>	<u>126,422,514</u>	<u>129,881,257</u>	<u>133,000,312</u>
Total pension liability - ending (c)	<u>\$ 126,422,514</u>	<u>\$ 129,881,257</u>	<u>\$ 133,000,312</u>	<u>\$ 138,472,674</u>
Plan fiduciary net position:				
Employer contributions	\$ 7,099,703	\$ 6,841,734	\$ 7,225,029	\$ 7,311,443
Plan member contributions	784,871	769,249	727,343	688,300
Net investment earnings	190,355	6,615,507	11,557,213	(3,059,233)
Benefit payments and refunds	(6,513,889)	(6,904,562)	(7,133,475)	(7,440,532)
Administrative expenses	<u>(59,780)</u>	<u>(42,929)</u>	<u>(57,739)</u>	<u>(49,401)</u>
Net change in plan fiduciary net position	1,501,260	7,278,999	12,318,371	(2,549,423)
Plan fiduciary net position - beginning (b)	<u>83,354,643</u>	<u>84,855,903</u>	<u>92,134,902</u>	<u>104,453,273</u>
Plan fiduciary net position - ending (d)	<u>\$ 84,855,903</u>	<u>\$ 92,134,902</u>	<u>\$ 104,453,273</u>	<u>\$ 101,903,850</u>
Net pension liability - beginning (a) - (b)	<u>\$ 38,982,991</u>	<u>\$ 41,566,611</u>	<u>\$ 37,746,355</u>	<u>\$ 28,547,039</u>
Net pension liability - ending (c) - (d)	<u>\$ 41,566,611</u>	<u>\$ 37,746,355</u>	<u>\$ 28,547,039</u>	<u>\$ 36,568,824</u>
Plan fiduciary net position as a percentage of total pension liability	67%	71%	79%	74%
Covered payroll	\$ 16,758,095	\$ 15,756,935	\$ 15,113,517	\$ 14,091,077
Net pension liability as a percentage of covered payroll	248%	240%	189%	260%

Note: 2015 was the first year that data was measured in accordance with GASB 68.

Note: Only four years of information are presented in the schedule above; ten years of information will be presented as it becomes available.

MAYOR AND COUNCIL OF THE CITY OF DALTON
EMPLOYEES' PENSION PLAN
REQUIRED SUPPLEMENTAL INFORMATION
DECEMBER 31, 2018

SCHEDULE OF FUNDING PROGRESS

Measurement Date	Total Pension Liability	Fiduciary Net Position	Net Pension Liability	Funded Percentage	Covered Payroll	Liability as a Percentage of Covered Payroll
01/01/2010	\$ 90,051,325	\$ 55,261,296	\$ 34,790,029	61%	\$ 21,418,412	162%
01/01/2011	94,177,910	60,426,552	33,751,358	64%	21,461,361	157%
01/01/2012	96,181,160	61,883,573	34,297,587	64%	19,632,308	175%
01/01/2013	103,250,126	66,758,929	36,491,197	65%	17,874,717	204%
12/31/2013	118,614,630	75,640,022	42,974,608	64%	17,324,713	248%
12/31/2014	122,337,631	83,354,743	38,982,888	68%	17,324,713	225%
12/31/2015	126,422,514	84,855,903	41,566,611	67%	16,758,095	248%
12/31/2016	129,881,257	92,134,902	37,746,355	71%	15,756,935	240%
12/31/2017	133,000,312	104,453,266	28,547,046	79%	15,113,517	189%
12/31/2018	138,472,674	101,903,850	36,568,824	74%	14,091,077	260%

Note: 2015 was the first year that data was measured in accordance with GASB 68.

MAYOR AND COUNCIL OF THE CITY OF DALTON
EMPLOYEES' PENSION PLAN
REQUIRED SUPPLEMENTAL INFORMATION
DECEMBER 31, 2018

SCHEDULE OF ACTUARIALLY DETERMINED CONTRIBUTIONS

Year End	Actuarially Determined Contribution (1)	Contributions Recognized by the Plan (2)	Difference Between (1) and (2)	Covered Payroll	Contributions as a % of Covered Payroll
12/31/2009	\$ 3,214,925	\$ 3,214,925	\$ -	\$ 23,258,581	14%
12/31/2010	3,657,993	3,657,993	-	21,418,412	17%
12/31/2011	3,977,435	3,977,435	-	21,461,361	19%
12/31/2012	4,220,538	4,220,538	-	19,632,308	21%
12/31/2013	4,374,373	4,374,373	-	17,874,717	24%
12/31/2014	6,789,929	6,789,929	-	17,324,713	39%
12/31/2015	7,099,703	7,099,703	-	16,758,095	42%
12/31/2016	6,657,107	6,841,734	(184,627)	15,756,935	43%
12/31/2017	7,409,656	7,225,029	184,627	15,113,517	48%
12/31/2018	7,311,443	7,311,443	-	14,091,077	52%

Note: 2015 was the first year that data was measured in accordance with GASB 68.

MAYOR AND COUNCIL OF THE CITY OF DALTON
EMPLOYEES' PENSION PLAN
REQUIRED SUPPLEMENTAL INFORMATION
DECEMBER 31, 2018

SCHEDULE OF INVESTMENT RETURNS

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	0.24%	7.74%	12.72%	-2.93%

Note: 2015 was the first year that data was measured in accordance with GASB 68.

Note: Only four years of information are presented in the schedule above; ten years of information will be presented as it becomes available.

MAYOR AND COUNCIL OF THE CITY OF DALTON
EMPLOYEES' PENSION PLAN
REQUIRED SUPPLEMENTAL INFORMATION
DECEMBER 31, 2018

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

Employers reporting date:	December 31, 2018
Measurement date:	December 31, 2018
Actuarial valuation date:	January 1, 2018
Actuarial cost method:	Entry age normal cost method
Amortization method:	The unfunded actuarial accrued liability is amortized over a ten year period with level dollar payments
Asset method:	The actuarial value of assets is equal to the market value of assets
Interest (discount) rate:	6.81% per annum
Salary increases:	Pension Plan compensation is assumed to increase at the rate of 3.25% per annum, unless actual Pension Plan compensation is known for a prior Pension Plan year.
Changes in assumptions:	Since the prior measurement date, the assumed increase in future salaries was decreased from 4.00% per year to 3.25% per year and the mortality basis was changed from a 2015 projection of the RP-2000 Mortality Table for annuitants to the RP-2000 Combined Mortality Table with full generational improvements in mortality using Scale AA.

Note: 2015 is the first year that data has been measured in accordance with GASB 68.

SPECIAL REPORTS



INDEPENDENT AUDITORS' 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 Honorable Mayor, Members of the City Council,
and Finance Director
City of Dalton, 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 Mayor and Council of the City of Dalton Employees' Pension Plan, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Mayor and Council of the City of Dalton Employees' Pension Plan's basic financial statements, and have issued our report thereon dated July 3, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Mayor and Council of the City of Dalton Employees' Pension 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mayor and Council of the City of Dalton Employees' Pension Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Mayor and Council of the City of Dalton Employees' Pension 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. 2018-001

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Mayor and Council of the City of Dalton Employees' Pension Plan's 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 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*.

Mayor and Council of the City of Dalton Employees' Pension Plan's Response to Findings

The Mayor and Council of the City of Dalton Employees' Pension Plan's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Mayor and Council of the City of Dalton Employees' Pension Plan's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

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.

Estes & Walcott

Dalton, Georgia
July 3, 2019

MAYOR AND COUNCIL OF THE CITY OF DALTON
EMPLOYEES' PENSION PLAN
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2018

Findings – Financial Statement Audit

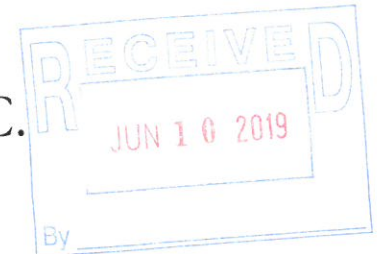
2018-001 Condition: Twelve 2018 retirees were errantly excluded from the list of retirees utilized in the actuarial valuation, four deceased retirees were errantly included on the list of retirees utilized in the actuarial valuation, and two retiree beneficiaries were errantly excluded from the list of retirees utilized in the actuarial valuation.

Effect: The actuarial valuation was based upon inaccurate participant count information.

Recommendation: City of Dalton and WLSF Commission human resources personnel should review and confirm active and retired participant lists at the end of each year to verify correct information is sent to the actuary.

View of responsible officials and planned corrective actions: We agree with the finding. We will verify that the current year active and retired participant lists are correct and review and confirm the active and retired participant lists submitted to the actuary in the future.

MITCHELL & MITCHELL, P.C.
 ATTORNEYS AT LAW
 ESTABLISHED 1924



TERRY L. MILLER
 G. GARGANDI VAUGHN
 WILLIAM J. KIMSEY

108 S. THORNTON AVENUE
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D. WRIGHT MITCHELL
 (1985-1970)
 DOUGLAS W. MITCHELL
 (1923-1984)
 NEIL WESTER
 (1944-2006)

Invoice For Professional Services

CITY OF DALTON - PENSION BOARD

Invoice No.: 13327
Invoice Date: 6/6/2019

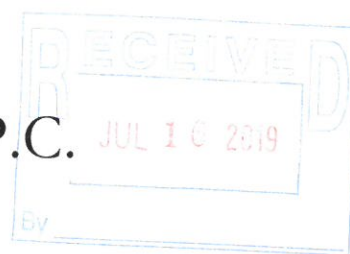
Description Of Professional Services Rendered

		<u>Hrs/Rate</u>	<u>Amount</u>
5/7/2019 TM	Conference with G. Batts re: premium refund issue for Terrance Goodlett	0.50 150.00/hr	75.00
5/8/2019 TM	Review correspondence re: Terrance Goodlett premium refund; Draft Acknowledgement and Release; Review plan provision and pleadings; Draft counterclaim	1.25 150.00/hr	187.50
5/28/2019 GV	Attend Pension Board Meeting	1.00 150.00/hr	150.00
5/31/2019 GV	Call attorney S. Basel and G. Batts re: delayed Pension Legal work	0.30 150.00/hr	45.00
5/23/2019 GV	Review Agenda	0.10 150.00/hr	15.00
	For professional services rendered	3.15	\$472.50

	<u>Amount</u>
Previous balance	\$165.00
Balance due	<u>\$637.50</u>

MITCHELL & MITCHELL, P.C.

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D. WRIGHT MITCHELL
(1985-1970)
DOUGLAS W. MITCHELL
(1923-1984)
NEIL WESTER
(1944-2006)

Invoice For Professional Services

CITY OF DALTON - PENSION BOARD

Invoice No.: 13347
Invoice Date: 7/10/2019

Description Of Professional Services Rendered

	<u>Hrs/Rate</u>	<u>Amount</u>
6/10/2019 GV Call by L. Maring with S. Baesel re: Pension reinstatement review and call G. Batts	0.30 150.00/hr	45.00
For professional services rendered	0.30	\$45.00
Previous balance		\$637.50
6/14/2019 Payment by EFT - Thank You. Rec 16014 / GV		(\$802.50)
Total payments and adjustments		(\$802.50)
Credit balance		(\$120.00)

INVOICE

TO: Ms. Cindy Jackson, C.P.A.
Chief Financial Officer
City of Dalton
City Hall/Finance Department
300 W. Waugh Street
P.O. Box 1205
Dalton, GA 30720

FROM: Southeastern Advisory Services, Inc.
3495 Piedmont Road, NE
Building 12, Suite 202
Atlanta, Georgia 30305

RE: Invoice Number 187 for Investment Consulting Services

DATE: June 3, 2019

Monthly Retainer ending May 31, 2019 \$2,040.00

TOTAL: \$2,040.00 ✓

Note: Invoice Payable upon receipt

707010 - 498025

INVOICE

TO: Ms. Cindy Jackson, C.P.A.
Chief Financial Officer
City of Dalton
City Hall/Finance Department
300 W. Waugh Street
P.O. Box 1205
Dalton, GA 30720

FROM: Southeastern Advisory Services, Inc.
3495 Piedmont Road, NE
Building 12, Suite 202
Atlanta, Georgia 30305

RE: Invoice Number 188 for Investment Consulting Services

DATE: July 1, 2019

Monthly Retainer ending June 30, 2019 \$2,040.00

TOTAL: \$2,040.00 ✓

Note: Invoice Payable upon receipt

*of
remain fund*

Market Indices Performance

As June 30, 2019

(%) Returns

	<u>1 Month</u>	<u>Q-T-D</u>	<u>Y-T-D</u>	<u>1 Year</u>	<u>3 Year</u>
<u>Equities</u>					
S&P 500	7.05	4.30	18.54	10.42	14.19
Russell 1000 Growth	6.87	4.64	21.49	11.56	18.07
Russell 1000 Value	7.18	3.84	16.24	8.46	10.19
Russell 2000	7.07	2.10	16.98	-3.31	12.30
MSCI EAFE	5.93	3.68	14.03	1.08	9.11
MSCI Emerging Markets	6.24	0.61	10.58	1.21	10.66
<u>Fixed Income</u>					
Barclays Aggregate	1.26	3.08	6.11	7.87	2.31
Barclays Intermediate G/C	1.07	2.59	4.97	6.93	1.99
Barclays 1-3 Year G/C	0.56	1.48	2.71	4.27	1.59
Barclays High Yield	2.28	2.50	9.94	7.48	7.52
90 Day T Bills	0.20	0.61	1.21	2.30	1.36

SOUTHEASTERN ADVISORY SERVICES, INC.
Registered Investment Advisor



Market Indices Performance
As May 31, 2019
(%) Returns

	<u>1 Month</u>	<u>Q-T-D</u>	<u>Y-T-D</u>	<u>1 Year</u>	<u>3 Year</u>
<u>Equities</u>					
S&P 500	-6.35	-2.56	10.74	3.78	11.72
Russell 1000 Growth	-6.32	-2.08	13.68	5.39	15.33
Russell 1000 Value	-6.43	-3.11	8.45	1.45	7.98
Russell 2000	-7.78	-4.64	9.26	-9.04	9.75
MSCI EAFE	-4.80	-2.13	7.64	-5.75	5.82
MSCI Emerging Markets	-7.26	-5.30	4.09	-8.70	9.88
<u>Fixed Income</u>					
Barclays Aggregate	1.78	1.80	4.80	6.40	2.50
Barclays Intermediate G/C	1.31	1.50	3.86	5.73	2.11
Barclays 1-3 Year G/C	0.69	0.92	2.14	3.70	1.61
Barclays High Yield	-1.19	0.22	7.49	5.51	7.04
90 Day T Bills	0.21	0.41	1.01	2.24	1.29

SOUTHEASTERN ADVISORY SERVICES, INC.
Registered Investment Advisor



**CITY OF DALTON PENSION
MBR CALCULATION**

Period Ended	<u>12/31/14</u>	<u>12/31/15</u>	<u>12/31/16</u>	<u>12/31/17</u>	<u>12/31/18</u>	<u>03/31/19</u>	<u>06/30/18</u>
MBR	\$ 37,588,427	\$ 35,508,869	\$ 33,797,435	\$ 31,837,567	\$ 28,791,767	\$ 28,816,751	\$ 28,897,148
<i>Equities:</i>							
Large Cap Index Fund	34,613,665	35,550,915	29,713,206	25,137,254	14,710,139	17,359,635	13,107,496
Small Cap Index Fund	9,029,040	8,533,469	-	-	-	-	-
Sub-total	43,642,705	44,084,384	29,713,206	25,137,254	14,710,139	17,359,635	13,107,496
Equities at 75%	32,732,029	33,063,288	22,284,905	18,852,941	11,032,604	13,019,726	9,830,622
Fixed income at 100%	39,079,036	40,074,942	41,292,393	42,700,883	42,913,229	44,718,970	46,114,604
Payment fund at 100%	635,136	582,898	611,248	612,361	627,264	654	(19,965)
Recognized assets	72,446,201	73,721,128	64,188,546	62,166,185	54,573,097	57,739,350	55,925,261
Minimum required balance	37,588,427	35,508,869	33,797,435	31,837,567	28,791,767	28,816,751	28,897,148
Excess (deficit) assets	\$ 34,857,774	\$ 38,212,259	\$ 30,391,111	\$ 30,328,618	\$ 25,781,330	\$ 28,922,599	\$ 27,028,113

CITY OF DALTON EMPLOYEE PENSION PLAN

FINANCIAL REPORT

MAY 31, 2019

**City of Dalton
Pension Trust Fund
Statement of Net Position
May 31, 2019 and 2018
(Unaudited)**

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents:		
Cash	\$ 709	\$ 296
Payment fund	618,048	15,216
Investments, at fair value		
MetLife large cap index equity fund	16,671,806	16,007,603
MetLife fixed income - core bond index	34,140,676	32,095,619
MetLife fixed income - Goldman Sachs	11,103,169	10,536,904
Vanguard - 500 index fund	30,417,610	29,316,726
Vanguard - small cap index fund	11,863,359	12,327,564
Vanguard - bond market index	5,366,965	5,031,331
Total Assets	<u>\$ 110,182,342</u>	<u>\$ 105,331,259</u>
Liabilities		
Accounts payable	<u>12,602</u>	<u>2,290</u>
Total Liabilities	<u>12,602</u>	<u>2,290</u>
Total Net Position	<u>\$ 110,169,740</u>	<u>\$ 105,328,969</u>

City of Dalton
Pension Trust Fund
Statement of Change in Net Position
For the Five Months Ended May 31, 2019
With Comparative Amounts for 2018
(Unaudited)

	<u>2019</u>	<u>2018</u>
Additions		
Contributions:		
Employer	\$ 3,139,017	\$ 2,862,542
Plan members	272,113	281,197
Total contributions	<u>3,411,130</u>	<u>3,143,739</u>
Investment income:		
Interest, dividends and realized gains	1,157,305	999,655
Net increase (decrease) in fair value investments	<u>6,907,563</u>	<u>(79,867)</u>
Total investment income	8,064,868	919,788
Less: investment expense	<u>73,556</u>	<u>75,430</u>
Net investment income	<u>7,991,312</u>	<u>844,358</u>
Total Additions	<u>11,402,442</u>	<u>3,988,097</u>
Deductions		
Pension benefits	3,099,122	3,077,686
Legal fees	2,168	120
Fiduciary insurance	9,437	8,750
Accounting and audit fees	-	-
Actuarial fees	15,000	15,000
Consulting fees	10,200	10,200
Administrative fees	625	625
Miscellaneous	<u>-</u>	<u>20</u>
Total Deductions	<u>3,136,552</u>	<u>3,112,401</u>
Change in Net Position	8,265,890	875,696
Net Position Beginning of Year	101,903,850	104,453,273
Net Position End of Period	<u>\$ 110,169,740</u>	<u>\$ 105,328,969</u>

City of Dalton
Pension Trust Fund
Supplemental Schedule
For the Five Months Ended May 31, 2019
With Comparative Amounts for 2018
(Unaudited)

	<u>2019</u>	<u>2018</u>
Investment income:		
Interest income:		
City's cash account interest	\$ 102	\$ 267
Payment fund interest	60	406
	<u>162</u>	<u>673</u>
Investment income:		
Index equity large cap	150,436	186,919
Fixed Income - core bond index	402,788	377,447
Fixed income - Goldman Sachs	131,823	106,330
Vanguard - 500 index fund	180,961	97,829
Vanguard - small cap index fund	38,786	36,382
Vanguard - bond market index	63,375	12,117
	<u>968,169</u>	<u>817,024</u>
Realized gains (losses):		
Index equity large cap	112,225	254,999
Fixed Income - core bond index	(76,155)	17,773
Fixed income - Goldman Sachs	64,977	(90,814)
Vanguard - 500 index fund	87,927	-
Vanguard - small cap index fund	-	-
Vanguard - bond market index	-	-
	<u>188,974</u>	<u>181,958</u>
Total investment income	<u>\$ 1,157,305</u>	<u>\$ 999,655</u>
Change in fair value:		
Index equity large cap	1,351,472	(92,287)
Fixed Income - core bond index	1,244,768	(885,230)
Fixed income - Goldman Sachs	243,082	(88,888)
Vanguard - 500 index fund	2,680,520	391,913
Vanguard - small cap index fund	1,200,543	575,411
Vanguard - bond market index	187,178	19,214
Total change in fair value	<u>\$ 6,907,563</u>	<u>\$ (79,867)</u>
Investment expense:		
Payment fund		
Risk charges	\$ 4,851	\$ 5,145
Fund charges	27,070	28,195
	<u>31,921</u>	<u>33,340</u>
Investment funds		
Index equity large cap	6,717	8,197
Fixed Income - core bond index	13,149	12,759
Fixed income - Goldman Sachs	21,769	21,134
	<u>41,635</u>	<u>42,090</u>
Total investment expense	<u>\$ 73,556</u>	<u>\$ 75,430</u>



CITY OF DALTON, GA
 PAYMENT FUND STATEMENT
 GROUP ANNUITY CONTRACT # 1515
 BRANCH 040
 FOR THE PERIOD 12/31/18 TO 05/31/19

BALANCE AS OF 12/31/18	\$627,264.18
DEPOSITS	3,830,269.74
BENEFIT PAYMENTS	
GUARANTEED ANNUITIES	933,630.80-
NON-GUARANTEED ANNUITIES	2,165,492.79-
WITHDRAWALS	0.00
TRANSFERS FROM GENERAL ACCOUNT	0.00
TRANSFERS FROM SEPARATE ACCOUNT	3,121,768.00
TRANSFERS TO SEPARATE ACCOUNT	3,830,269.74-
EXPENSES	
RISK CHARGES	4,850.53-
FUND CHARGES	27,069.90-
INTEREST EARNED	59.77
BALANCE AS OF 05/31/19	\$618,047.93
INTEREST RATES:	
FROM 01/01/19 TO 03/31/19	2.44%
FROM 04/01/19 TO 06/30/19	2.48%

City of Dalton
METROPOLITAN LIFE INSURANCE COMPANY (INC)
 Monthly Statement Ending May 31, 2019

Contract/Policy: 001515 City of Dalton Employees' Pension Plan

Item	METLIFE SEPARATE ACCOUNT # 377 ACCESS TO CORE LAGB - SA 377 BR 007	METROPOLITAN INDEX FUND MI VIA SA# II - SA MI BR 005	METLIFE SEPARATE ACCOUNT #263 - SA 263 BR 008	Total Market Values
Opening Balance	\$33,771,563.40	\$18,130,556.18	\$11,049,007.56	\$62,951,127.14
Deposits	233,342.01	311,122.68	77,780.65	622,245.34
Withdrawals	(467,733.63)	(623,644.83)	(155,911.19)	(1,247,289.65)
Fees	(2,668.10)	(1,401.27)	(4,412.17)	(8,481.54)
Other Contract Expenses	0.00	0.00	0.00	0.00
Transfers	0.00	0.00	0.00	0.00
Distribution of Income	\$0.00	\$0.00	\$0.00	\$0.00
Investment Income	\$85,851.59	\$41,372.45	\$23,694.19	\$150,918.23
Realized Capital Gains/Losses	\$6,170.94	(\$3,222.00)	\$29,924.13	\$32,873.07
Change in Unrealized Appreciation of Assets	\$514,149.42	(\$1,182,977.30)	\$83,086.22	(\$585,741.66)
Closing Balance	\$34,140,675.63	\$16,671,805.91	\$11,103,169.39	\$61,915,650.93

Closing Unit Value	191.8147	9,208.0473	264.2664
Closing Number of Units	177,987.82	1,810.57	42,015.07

Investment Performance Results
 for the period ending May 31, 2019

	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	10 Years	Since Inception*	Inception Date
METLIFE SEPARATE ACCOUNT # 377 ACCESS TO CORE LAGB - SA 377 T&DWR***	1.79%	3.74%	4.78%	6.28%	2.85%	2.35%	N/A	N/A	2.72%	09/28/2015
METLIFE SEPARATE ACCOUNT # 377 ACCESS TO CORE LAGB - SA 377 TWR****	1.80%	3.76%	4.81%	6.37%	2.93%	2.43%	N/A	N/A	2.81%	09/28/2015





Corporation account

Intermediary Services: 800-669-0498

CITY OF DALTON GEORGIA/ THE MAYOR AND COUNCIL OF THE
CITY OF DALTON EMPLOYEES' PENSION PLAN

Account overview

\$47,647,933.95
Total account value as of May 31, 2019

Year-to-date income

Taxable income	\$371,048.87
Nontaxable income	0.00
Total	\$371,048.87

Balances and holdings for Vanguard funds

Beginning on January 1, 2012, new tax rules on taxable (nonretirement) mutual fund accounts (excluding money market funds) require Vanguard to track cost basis information for shares acquired and subsequently sold, on or after that date. Unless you select another method, sales of Vanguard mutual funds, but not ETFs, will default to the average cost method. For more information, visit vanguard.com/costbasis.

Symbol	Name	Fund and account	Average price per share	Total cost	Balance on 12/31/2018	Balance on 05/31/2019
VINIX	Inst Index Fund Inst	0094-88145531032	\$216.97	\$26,421,299.14	\$27,468,202.65	\$30,417,609.98
VSCIX	Small-Cap Index Fund Inst	0857-88145531032	58.91	9,930,773.88	10,624,030.34	11,863,359.17
VBPIX	Total Bond Mkt Index Inst	0222-88145531032	10.41	5,159,972.56	5,116,411.40	5,366,964.80
					\$43,208,644.39	\$47,647,933.95

Account activity for Vanguard funds

Inst Index Fund Inst 0094-88145531032

Purchases	Withdrawals	Dividends	Short-term capital gains	Long-term capital gains
\$0.00	\$0.00	\$180,960.59	\$0.00	\$87,927.22

May 31, 2019, year-to-date statement

Page 3 of 6

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INVOICE

TO: Ms. Cindy Jackson, C.P.A.
Chief Financial Officer
City of Dalton
City Hall/Finance Department
300 W. Waugh Street
P.O. Box 1205
Dalton, GA 30720

FROM: Southeastern Advisory Services, Inc.
3495 Piedmont Road, NE
Building 12, Suite 202
Atlanta, Georgia 30305

RE: Invoice Number 187 for Investment Consulting Services

DATE: June 3, 2019

Monthly Retainer ending May 31, 2019 \$2,040.00

TOTAL: \$2,040.00 ✓

Note: Invoice Payable upon receipt

707010 - 498025

INVOICE

TO: Ms. Cindy Jackson, C.P.A.
Chief Financial Officer
City of Dalton
City Hall/Finance Department
300 W. Waugh Street
P.O. Box 1205
Dalton, GA 30720

FROM: Southeastern Advisory Services, Inc.
3495 Piedmont Road, NE
Building 12, Suite 202
Atlanta, Georgia 30305

RE: Invoice Number 188 for Investment Consulting Services

DATE: July 1, 2019

Monthly Retainer ending June 30, 2019 \$2,040.00

TOTAL: \$2,040.00 ✓

Note: Invoice Payable upon receipt

*of
remain fund*

CITY OF DALTON EMPLOYEE PENSION PLAN

FINANCIAL REPORT

JUNE 30, 2019

City of Dalton
Pension Trust Fund
Statement of Net Position
June 30, 2019 and 2018
(Unaudited)

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents:		
Cash	\$ 1,172	\$ 1,232
Payment fund	140,862	641,880
Investments, at fair value		
MetLife large cap index equity fund	13,107,496	15,772,542
MetLife fixed income - core bond index	34,817,198	31,800,754
MetLife fixed income - Goldman Sachs	11,297,406	10,446,863
Vanguard - 500 index fund	32,560,378	29,494,684
Vanguard - small cap index fund	12,699,667	12,417,412
Vanguard - bond market index	10,451,216	5,033,217
Total Assets	<u>\$ 115,075,395</u>	<u>\$ 105,608,584</u>
 Liabilities		
Accounts payable	<u>2,415</u>	<u>2,415</u>
Total Liabilities	<u>2,415</u>	<u>2,415</u>
 Total Net Position	<u>\$ 115,072,980</u>	<u>\$ 105,606,169</u>

City of Dalton
Pension Trust Fund
Statement of Change in Net Position
For the Six Months Ended June 30, 2019
With Comparative Amounts for 2018
(Unaudited)

	2019	2018
Additions		
Contributions:		
Employer	\$ 3,885,226	\$ 3,411,950
Plan members	336,441	335,166
Total contributions	4,221,667	3,747,116
Investment income:		
Interest, dividends and realized gains	1,543,269	1,372,846
Net increase (decrease) in fair value investments	11,256,187	(137,812)
Total investment income	12,799,456	1,235,034
Less: investment expense	88,459	90,259
Net investment income	12,710,997	1,144,775
Total Additions	16,932,664	4,891,891
Deductions		
Pension benefits	3,723,939	3,702,115
Legal fees	2,168	120
Fiduciary insurance	9,437	8,750
Accounting and audit fees	-	-
Actuarial fees	15,000	15,000
Consulting fees	12,240	12,240
Administrative fees	750	750
Miscellaneous	-	20
Total Deductions	3,763,534	3,738,995
Change in Net Position	13,169,130	1,152,896
Net Position Beginning of Year	101,903,850	104,453,273
Net Position End of Period	\$ 115,072,980	\$ 105,606,169

City of Dalton
Pension Trust Fund
Supplemental Schedule
For the Six Months Ended June 30, 2019
With Comparative Amounts for 2018
(Unaudited)

	<u>2019</u>	<u>2018</u>
Investment income:		
Interest income:		
City's cash account interest	\$ 104	\$ 268
Payment fund interest	17	492
	<u>121</u>	<u>760</u>
Investment income:		
Index equity large cap	175,397	208,636
Fixed Income - core bond index	481,999	450,870
Fixed income - Goldman Sachs	153,698	127,548
Vanguard - 500 index fund	309,553	232,490
Vanguard - small cap index fund	78,235	67,081
Vanguard - bond market index	79,637	23,632
	<u>1,278,519</u>	<u>1,110,257</u>
Realized gains (losses):		
Index equity large cap	161,977	338,437
Fixed Income - core bond index	(74,917)	15,972
Fixed income - Goldman Sachs	89,642	(92,580)
Vanguard - 500 index fund	87,927	-
Vanguard - small cap index fund	-	-
Vanguard - bond market index	-	-
	<u>264,629</u>	<u>261,829</u>
Total investment income	<u>\$ 1,543,269</u>	<u>\$ 1,372,846</u>
Change in fair value:		
Index equity large cap	2,391,984	(102,528)
Fixed Income - core bond index	1,602,180	(1,002,663)
Fixed income - Goldman Sachs	314,757	(111,975)
Vanguard - 500 index fund	4,694,696	435,210
Vanguard - small cap index fund	1,997,402	634,560
Vanguard - bond market index	255,168	9,584
Total change in fair value	<u>\$ 11,256,187</u>	<u>\$ (137,812)</u>
Investment expense:		
Payment fund		
Risk charges	\$ 5,821	\$ 6,174
Fund charges	32,539	33,884
	<u>38,360</u>	<u>40,058</u>
Investment funds		
Index equity large cap	8,058	9,510
Fixed Income - core bond index	15,842	15,316
Fixed income - Goldman Sachs	26,199	25,375
	<u>50,099</u>	<u>50,201</u>
Total investment expense	<u>\$ 88,459</u>	<u>\$ 90,259</u>



CITY OF DALTON, GA
 PAYMENT FUND STATEMENT
 GROUP ANNUITY CONTRACT # 1515
 BRANCH 040
 FOR THE PERIOD 12/31/18 TO 06/30/19

BALANCE AS OF 12/31/18	\$627,264.18
DEPOSITS	4,480,319.09
BENEFIT PAYMENTS	
GUARANTEED ANNUITIES	1,112,607.87-
NON-GUARANTEED ANNUITIES	2,611,333.69-
WITHDRAWALS	5,013,152.98-
TRANSFERS FROM GENERAL ACCOUNT	0.00
TRANSFERS FROM SEPARATE ACCOUNT	8,128,206.84
TRANSFERS TO SEPARATE ACCOUNT	4,480,319.09-
EXPENSES	
RISK CHARGES	5,820.64-
FUND CHARGES	32,538.63-
INTEREST EARNED	17.43
BALANCE AS OF 06/30/19	\$19,965.36-
<i>Deposit In Transit</i>	<i>160,826.88</i>
	<u><i>* 140,861.51</i></u>
INTEREST RATES:	
FROM 01/01/19 TO 03/31/19	2.44%
FROM 04/01/19 TO 06/30/19	2.48%

City of Dalton
METROPOLITAN LIFE INSURANCE COMPANY (INC)
Monthly Statement Ending June 30, 2019
 Contract/Policy: 001515 City of Dalton Employees' Pension Plan

Item	METLIFE SEPARATE ACCOUNT # 377 ACCESS TO CORE LAGB - SA 377 BR 007	METROPOLITAN INDEX FUND MI VIA SA# II - SA MI BR 005	METLIFE SEPARATE ACCOUNT #263 - SA 263 BR 008	Total Market Values
Opening Balance	\$34,140,675.63	\$16,671,805.91	\$11,103,169.39	\$61,915,650.93
Deposits	243,768.50	325,024.68	81,256.17	650,049.35
Withdrawals	(2,414.57)	(5,003,219.41)	(804.86)	(5,006,438.84)
Fees	(2,692.71)	(1,340.49)	(4,430.22)	(8,463.42)
Other Contract Expenses	0.00	0.00	0.00	0.00
Transfers	0.00	0.00	0.00	0.00
Distribution of Income	\$0.00	\$0.00	\$0.00	\$0.00
Investment Income	\$79,211.00	\$24,960.67	\$21,875.44	\$126,047.11
Realized Capital Gains/Losses	\$1,237.95	\$49,751.81	\$24,664.90	\$75,654.66
Change in Unrealized Appreciation of Assets	\$357,412.65	\$1,040,512.56	\$71,674.73	\$1,469,599.94
Closing Balance	\$34,817,198.45	\$13,107,495.73	\$11,297,405.55	\$59,222,099.73
Closing Unit Value	194.2657	9,855.6067	267.0714	
Closing Number of Units	179,224.59	1,329.95	42,301.07	

Investment Performance Results
 for the period ending June 30, 2019

	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	10 Years	Since Inception*	Inception Date
METLIFE SEPARATE ACCOUNT # 377 ACCESS TO CORE LAGB - SA 377 T&DWR***	1.27%	3.11%	6.11%	7.80%	3.55%	2.19%	N/A	N/A	3.01%	09/28/2015
METLIFE SEPARATE ACCOUNT # 377 ACCESS TO CORE LAGB - SA 377 TWR****	1.28%	3.13%	6.15%	7.88%	3.63%	2.26%	N/A	N/A	3.09%	09/28/2015





Intermediary Services: 800-669-0498

Corporation account
 CITY OF DALTON GEORGIA/ THE MAYOR AND COUNCIL OF THE
 CITY OF DALTON EMPLOYEES' PENSION PLAN

Account overview

\$55,711,260.73

Total account value as of June 30, 2019

Year-to-date income

Taxable income	\$555,351.58
Nontaxable income	0.00
Total	\$555,351.58

Balances and holdings for Vanguard funds

Beginning on January 1, 2012, new tax rules on taxable (nonretirement) mutual fund accounts (excluding money market funds) require Vanguard to track cost basis information for shares acquired and subsequently sold, on or after that date. Unless you select another method, sales of Vanguard mutual funds, but not ETFs, will default to the average cost method. For more information, visit vanguard.com/costbasis.

Symbol	Name	Fund and account	Average price per share	Total cost	Balance on 12/31/2018	Balance on 06/30/2019
VINX	Inst Index Fund Inst	0094-88145531032	\$217.15	\$26,549,891.14	\$27,468,202.65	\$32,560,378.04
VSCX	Small-Cap Index Fund Inst	0857-88145531032	58.95	9,970,222.88	10,624,030.34	12,699,666.53
VBTX	Total Bond Mkt Index Inst	0222-88145531032	10.64	10,176,234.27	5,116,411.40	10,451,216.16
					\$43,208,644.39	\$55,711,260.73

Account activity for Vanguard funds

Inst Index Fund Inst 0094-88145531032

Purchases	Withdrawals	Dividends	Short-term capital gains	Long-term capital gains
\$0.00	\$0.00	\$309,552.59	\$0.00	\$87,927.22

June 30, 2019, year-to-date statement