

MAGISTRATES RETIREMENT FUND OF GEORGIA
(A Component Unit of the State of Georgia)

GASB Statement No. 68 Schedules

June 30, 2014

(With Independent Auditors' Report Thereon)



DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 1-156

Atlanta, Georgia 30334-8400

GREG S. GRIFFIN
STATE AUDITOR
(404) 656-2174

Independent Auditor's Report

Members of the Board of Commissioners of the Magistrates Retirement Fund of Georgia
Mr. Robert Carter, Secretary/Treasurer

We have audited the accompanying schedule of employer allocations of the Magistrates Retirement Fund of Georgia (the Fund), a component unit of the State of Georgia, as of and for the year ended June 30, 2014, and the related notes. We have also audited the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total employer pension expense (specified column totals) included in the accompanying schedule of pension amounts by employer of the Fund as of and for the year ended June 30, 2014, and the related notes.

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of these schedules in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer, 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 schedule of

employer allocations and the specified column totals included in the schedule of pension amounts by employer 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 schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer.

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

Opinions

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations and net pension liability, total deferred outflows of resources, total deferred inflows of resources and total employer pension expense for the total of all participating entities for the Fund as of and for the year ended June 30, 2014, in accordance with U.S. generally accepted accounting principles.

Other Matter

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the financial statements of the Fund as of and for the year ended June 30, 2014, and our report thereon, dated June 30, 2015, expressed an unmodified opinion on those financial statements.

Restriction of Use

Our report is intended solely for the information and use of Fund management, the Board of Commissioners, the Fund employers, nonemployer contributing entities, and their auditors and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Greg S. Griffin
State Auditor

October 15, 2015

GSG:slm

MAGISTRATES RETIREMENT FUND OF GEORGIA
(A Component Unit of the State of Georgia)

Schedule of Employer Allocations

For the year ended June 30, 2014

<u>Employer</u>	<u>Earnings Cap</u>	<u>Employer Allocation Percentage</u>
State of Georgia - Nonemployer Contributing Entity		
State's Proportionate Share Associated with:		
Appling County	\$ 42,781.22	0.708852%
Atkinson County	42,781.22	0.708852%
Banks County	42,781.22	0.708852%
Barrow County	50,201.64	0.831803%
Bartow County	57,572.40	0.953930%
Berrien County	42,781.22	0.708852%
Bleckley County	42,781.22	0.708852%
Brantley County	42,781.22	0.708852%
Brooks County	42,781.22	0.708852%
Bryan County	42,781.22	0.708852%
Bulloch County	50,201.64	0.831803%
Burke County	42,781.22	0.708852%
Butts County	42,781.22	0.708852%
Calhoun County	42,781.22	0.708852%
Camden County	50,201.64	0.831803%
Carroll County	57,572.40	0.953930%
Catoosa County	50,201.64	0.831803%
Chatham County	72,871.80	1.207430%
Chattahoochee County	42,781.22	0.708852%
Chattooga County	42,781.22	0.708852%
Cherokee County	67,130.04	1.112293%
Clay County	42,781.22	0.708852%
Clayton County	72,871.80	1.207430%
Cobb County	86,974.44	1.441100%
Coffee County	44,790.36	0.742142%
Colquitt County	44,790.36	0.742142%
Columbia County	57,572.40	0.953930%
Cook County	42,781.22	0.708852%
Coweta County	57,572.40	0.953930%
Dade County	42,781.22	0.708852%
Dawson County	42,781.22	0.708852%

MAGISTRATES RETIREMENT FUND OF GEORGIA
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Schedule of Employer Allocations

For the year ended June 30, 2014

<u>Employer</u>	<u>Earnings Cap</u>	<u>Employer Allocation Percentage</u>
State of Georgia - Nonemployer Contributing Entity		
State's Proportionate Share Associated with:		
DeKalb County	86,974.44	1.441100%
Dooly County	42,781.22	0.708852%
Dougherty County	53,889.12	0.892901%
Douglas County	57,572.40	0.953930%
Early County	42,781.22	0.708852%
Echols County	42,781.22	0.708852%
Effingham County	50,201.64	0.831803%
Elbert County	42,781.22	0.708852%
Emanuel County	42,781.22	0.708852%
Evans County	42,781.22	0.708852%
Fayette County	57,572.40	0.953930%
Floyd County	53,889.12	0.892901%
Forsyth County	61,589.88	1.020497%
Franklin County	42,781.22	0.708852%
Fulton County	86,974.44	1.441100%
Gilmer County	42,781.22	0.708852%
GlascocK County	42,781.22	0.708852%
Glynn County	53,889.12	0.892901%
Gordon County	50,201.64	0.831803%
Grady County	42,781.22	0.708852%
Greene County	42,781.22	0.708852%
Gwinnett County	86,974.44	1.441100%
Habersham County	44,790.36	0.742142%
Hall County	61,589.88	1.020497%
Hancock County	42,781.22	0.708852%
Heard County	42,781.22	0.708852%
Henry County	67,130.04	1.112293%
Houston County	57,572.40	0.953930%
Irwin County	42,781.22	0.708852%
Jeff Davis County	42,781.22	0.708852%

MAGISTRATES RETIREMENT FUND OF GEORGIA
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Schedule of Employer Allocations

For the year ended June 30, 2014

<u>Employer</u>	<u>Earnings Cap</u>	<u>Employer Allocation Percentage</u>
State of Georgia - Nonemployer Contributing Entity		
State's Proportionate Share Associated with:		
Jefferson County	42,781.22	0.708852%
Johnson County	42,781.22	0.708852%
Jones County	42,781.22	0.708852%
Lamar County	42,781.22	0.708852%
Lanier County	42,781.22	0.708852%
Laurens County	44,790.36	0.742142%
Lee County	42,781.22	0.708852%
Liberty County	50,201.64	0.831803%
Lincoln County	42,781.22	0.708852%
Long County	42,781.22	0.708852%
Lumpkin County	42,781.22	0.708852%
Macon County	42,781.22	0.708852%
Madison County	42,781.22	0.708852%
Marion County	42,781.22	0.708852%
Meriwether County	42,781.22	0.708852%
Miller County	42,781.22	0.708852%
Mitchell County	42,781.22	0.708852%
Montgomery County	42,781.22	0.708852%
Morgan County	42,781.22	0.708852%
Murray County	44,790.36	0.742142%
Oconee County	42,781.22	0.708852%
Oglethorpe County	42,781.22	0.708852%
Peach County	42,781.22	0.708852%
Pickens County	42,781.22	0.708852%
Pierce County	42,781.22	0.708852%
Pike County	42,781.22	0.708852%
Polk County	44,790.36	0.742142%
Pulaski County	42,781.22	0.708852%
Putnam County	42,781.22	0.708852%
Quitman County	42,781.22	0.708852%

MAGISTRATES RETIREMENT FUND OF GEORGIA
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Schedule of Employer Allocations

For the year ended June 30, 2014

<u>Employer</u>	<u>Earnings Cap</u>	<u>Employer Allocation Percentage</u>
State of Georgia - Nonemployer Contributing Entity		
State's Proportionate Share Associated with:		
Randolph County	42,781.22	0.708852%
Richmond County	67,130.04	1.112293%
Rockdale County	53,889.12	0.892901%
Screven County	42,781.22	0.708852%
Secretary Treasurer	86,974.44	1.441100%
Seminole County	42,781.22	0.708852%
Spalding County	50,201.64	0.831803%
Stephens County	42,781.22	0.708852%
Sumter County	42,781.22	0.708852%
Taliaferro County	42,781.22	0.708852%
Tattnall County	42,781.22	0.708852%
Taylor County	42,781.22	0.708852%
Terrell County	42,781.22	0.708852%
Thomas County	44,790.36	0.742142%
Tift County	44,790.36	0.742142%
Toombs County	42,781.22	0.708852%
Towns County	42,781.22	0.708852%
Treutlen County	42,781.22	0.708852%
Troup County	50,201.64	0.831803%
Turner County	42,781.22	0.708852%
Twiggs County	42,781.22	0.708852%
Union County	42,781.22	0.708852%
Upson County	42,781.22	0.708852%
Walker County	50,201.64	0.831803%
Ware County	42,781.22	0.708852%
Warren County	42,781.22	0.708852%
Washington County	42,781.22	0.708852%
Wayne County	42,781.22	0.708852%
Webster County	42,781.22	0.708852%
White County	42,781.22	0.708852%

MAGISTRATES RETIREMENT FUND OF GEORGIA
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Schedule of Employer Allocations

For the year ended June 30, 2014

<u>Employer</u>	<u>Earnings Cap</u>	<u>Employer Allocation Percentage</u>
State of Georgia - Nonemployer Contributing Entity		
State's Proportionate Share Associated with:		
Whitfield County	57,572.40	0.953930%
Wilcox County	42,781.22	0.708852%
Wilkes County	42,781.22	0.708852%
Wilkinson County	42,781.22	0.708852%
Worth County	42,781.22	0.708852%
	<u>42,781.22</u>	<u>0.708852%</u>
TOTAL STATE OF GEORGIA	\$ <u><u>6,035,283.12</u></u>	100.000000%
Each Employer of Plan Members - Employer Share		
		<u>0.000000%</u>
Total for All Entities		
		<u>100.000000%</u>

MAGISTRATES RETIREMENT FUND OF GEORGIA
(A Component Unit of the State of Georgia)

Schedule of Pension Amounts by Employer

For the year ended June 30, 2014

<u>Employer</u>	<u>Net Pension Liability</u>	<u>Total Deferred Outflows of Resources Changes in Assumptions</u>	<u>Deferred Inflows of Resources</u>			<u>Total Employer Pension Expense Proportionate Share of Plan Pension Expense</u>
			<u>Difference Between Expected and Actual Experience</u>	<u>Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investements</u>	<u>Total Deferred Inflows of Resources</u>	
State of Georgia - Nonemployer Contributing Entity						
State's Proportionate Share Associated with:						
Appling County	\$ (43,482)					\$ 13,247
Atkinson County	(43,482)					13,247
Banks County	(43,482)					13,247
Barrow County	(51,024)					15,543
Bartow County	(58,515)					17,826
Berrien County	(43,482)					13,247
Bleckley County	(43,482)					13,247
Brantley County	(43,482)					13,247
Brooks County	(43,482)					13,247
Bryan County	(43,482)					13,247
Bulloch County	(51,024)					15,543
Burke County	(43,482)					13,247
Butts County	(43,482)					13,247
Calhoun County	(43,482)					13,247
Camden County	(51,024)					15,543
Carroll County	(58,515)					17,826
Catoosa County	(51,024)					15,543
Chatham County	(74,064)					22,564
Chattahoochee County	(43,482)					13,247
Chattooga County	(43,482)					13,247
Cherokee County	(68,230)					20,785
Clay County	(43,482)					13,247
Clayton County	(74,064)					22,564
Cobb County	(88,399)					26,930
Coffee County	(45,524)					13,868
Colquitt County	(45,524)					13,868
Columbia County	(58,515)					17,826

MAGISTRATES RETIREMENT FUND OF GEORGIA
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Schedule of Pension Amounts by Employer

For the year ended June 30, 2014

<u>Employer</u>	<u>Net Pension Liability</u>	<u>Total Deferred Outflows of Resources Changes in Assumptions</u>	<u>Deferred Inflows of Resources</u>			<u>Total Employer Pension Expense Proportionate Share of Pension Expense</u>
			<u>Difference Between Expected and Actual Experience</u>	<u>Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investements</u>	<u>Total Deferred Inflows of Resources</u>	
State of Georgia - Nonemployer Contributing Entity						
State's Proportionate Share Associated with:						
Cook County	(43,482)					13,247
Coweta County	(58,515)					17,826
Dade County	(43,482)					13,247
Dawson County	(43,482)					13,247
DeKalb County	(88,399)					26,930
Dooly County	(43,482)					13,247
Dougherty County	(54,772)					16,685
Douglas County	(58,515)					17,826
Early County	(43,482)					13,247
Echols County	(43,482)					13,247
Effingham County	(51,024)					15,543
Elbert County	(43,482)					13,247
Emanuel County	(43,482)					13,247
Evans County	(43,482)					13,247
Fayette County	(58,515)					17,826
Floyd County	(54,772)					16,685
Forsyth County	(62,599)					19,070
Franklin County	(43,482)					13,247
Fulton County	(88,399)					26,930
Gilmer County	(43,482)					13,247
Glascock County	(43,482)					13,247
Glynn County	(54,772)					16,685
Gordon County	(51,024)					15,543
Grady County	(43,482)					13,247
Greene County	(43,482)					13,247
Gwinnett County	(88,399)					26,930
Habersham County	(45,524)					13,868
Hall County	(62,599)					19,070
Hancock County	(43,482)					13,247
Heard County	(43,482)					13,247

MAGISTRATES RETIREMENT FUND OF GEORGIA
(A Component Unit of the State of Georgia)

Schedule of Pension Amounts by Employer

For the year ended June 30, 2014

<u>Employer</u>	<u>Net Pension Liability</u>	<u>Total Deferred Outflows of Resources Changes in Assumptions</u>	<u>Deferred Inflows of Resources</u>			<u>Total Employer Pension Expense Proportionate Share of Pension Expense</u>
			<u>Difference Between Expected and Actual Experience</u>	<u>Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investements</u>	<u>Total Deferred Inflows of Resources</u>	
State of Georgia - Nonemployer Contributing Entity State's Proportionate Share Associated with:						
Henry County	(68,230)					20,785
Houston County	(58,515)					17,826
Irwin County	(43,482)					13,247
Jeff Davis County	(43,482)					13,247
Jefferson County	(43,482)					13,247
Johnson County	(43,482)					13,247
Jones County	(43,482)					13,247
Lamar County	(43,482)					13,247
Lanier County	(43,482)					13,247
Laurens County	(45,524)					13,868
Lee County	(43,482)					13,247
Liberty County	(51,024)					15,543
Lincoln County	(43,482)					13,247
Long County	(43,482)					13,247
Lumpkin County	(43,482)					13,247
Macon County	(43,482)					13,247
Madison County	(43,482)					13,247
Marion County	(43,482)					13,247
Meriwether County	(43,482)					13,247
Miller County	(43,482)					13,247
Mitchell County	(43,482)					13,247
Montgomery County	(43,482)					13,247
Morgan County	(43,482)					13,247
Murray County	(45,524)					13,868
Oconee County	(43,482)					13,247
Oglethorpe County	(43,482)					13,247
Peach County	(43,482)					13,247
Pickens County	(43,482)					13,247
Pierce County	(43,482)					13,247
Pike County	(43,482)					13,247

MAGISTRATES RETIREMENT FUND OF GEORGIA
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Schedule of Pension Amounts by Employer

For the year ended June 30, 2014

<u>Employer</u>	<u>Net Pension Liability</u>	<u>Total Deferred Outflows of Resources Changes in Assumptions</u>	<u>Deferred Inflows of Resources</u>			<u>Total Employer Pension Expense Proportionate Share of Pension Expense</u>
			<u>Difference Between Expected and Actual Experience</u>	<u>Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investements</u>	<u>Total Deferred Inflows of Resources</u>	
State of Georgia - Nonemployer Contributing Entity						
State's Proportionate Share Associated with:						
Polk County	(45,524)					13,868
Pulaski County	(43,482)					13,247
Putnam County	(43,482)					13,247
Quitman County	(43,482)					13,247
Randolph County	(43,482)					13,247
Richmond County	(68,230)					20,785
Rockdale County	(54,772)					16,685
Screven County	(43,482)					13,247
Secretary Treasurer	(88,399)					26,930
Seminole County	(43,482)					13,247
Spalding County	(51,024)					15,543
Stephens County	(43,482)					13,247
Sumter County	(43,482)					13,247
Taliaferro County	(43,482)					13,247
Tattnall County	(43,482)					13,247
Taylor County	(43,482)					13,247
Terrell County	(43,482)					13,247
Thomas County	(45,524)					13,868
Tift County	(45,524)					13,868
Toombs County	(43,482)					13,247
Towns County	(43,482)					13,247
Treutlen County	(43,482)					13,247
Troup County	(51,024)					15,543
Turner County	(43,482)					13,247
Twiggs County	(43,482)					13,247
Union County	(43,482)					13,247
Upson County	(43,482)					13,247
Walker County	(51,024)					15,543
Ware County	(43,482)					13,247
Warren County	(43,482)					13,247

MAGISTRATES RETIREMENT FUND OF GEORGIA
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Schedule of Pension Amounts by Employer

For the year ended June 30, 2014

<u>Employer</u>	<u>Net Pension Liability</u>	<u>Total Deferred Outflows of Resources Changes in Assumptions</u>	<u>Deferred Inflows of Resources</u>			<u>Total Employer Pension Expense Proportionate Share of Plan Pension Expense</u>
			<u>Difference Between Expected and Actual Experience</u>	<u>Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments</u>	<u>Total Deferred Inflows of Resources</u>	
State of Georgia - Nonemployer Contributing Entity State's Proportionate Share Associated with:						
Washington County	(43,482)					13,247
Wayne County	(43,482)					13,247
Webster County	(43,482)					13,247
White County	(43,482)					13,247
Whitfield County	(58,515)					17,826
Wilcox County	(43,482)					13,247
Wilkes County	(43,482)					13,247
Wilkinson County	(43,482)					13,247
Worth County	(43,482)					13,247
 TOTAL STATE OF GEORGIA	 \$ <u>(6,134,139)</u>	 \$ <u>605,884</u>	 \$ <u>(153,045)</u>	 \$ <u>(1,042,546)</u>	 \$ <u>(1,195,591)</u>	 \$ <u>1,868,743</u>
 Each Employer of Plan Members - Employer Share	 \$ <u>0</u>	 \$ <u>0</u>	 \$ <u>0</u>	 \$ <u>0</u>	 \$ <u>0</u>	 \$ <u>0</u>
 Total for All Entities	 \$ <u>(6,134,139)</u>	 \$ <u>605,884</u>	 \$ <u>(153,045)</u>	 \$ <u>(1,042,546)</u>	 \$ <u>(1,195,591)</u>	 \$ <u>1,868,743</u>

MAGISTRATES RETIREMENT FUND OF GEORGIA

(A Component Unit of the State of Georgia)

Notes to GASB Statement No. 68 Schedules

June 30, 2014

Note 1: Plan Description

The Magistrates Retirement Fund of Georgia (Fund) was created July 1, 2006, by the General Assembly of Georgia for the purpose of paying retirement benefits to chief magistrates of the magistrate courts of the State of Georgia. The Fund administers a cost-sharing, multiple-employer defined benefit pension plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*.

Employees of magistrate courts, including the chief magistrate, are employees of the county in which the court is located. The counties, as the employers of the members of the Fund, do not make contributions to the Fund. The State of Georgia provides nonemployer contributions to the Fund through the collection of court filing fees. These nonemployer contributions are recognized as revenue by the Fund when collected from the courts.

Note 2: Basis of Presentation

The Schedule of Employer Allocations and Schedule of Pension Amounts by Employer (the schedules) are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Note 3: Actuarial Valuation Date

The collective total pension liability is based upon the June 30, 2014 actuarial valuation.

Note 4: Components of Collective Net Pension Liability

The components of the collective net pension liability of the participating employers and nonemployers at June 30, 2014 were as follows:

Total pension liability	\$ 12,005,486
Net position	<u>(18,139,625)</u>
Net pension liability (asset)	<u>(6,134,139)</u>
Plan fiduciary net position as a percentage of total pension liability	151.09%

MAGISTRATES RETIREMENT FUND OF GEORGIA

(A Component Unit of the State of Georgia)

Notes to GASB Statement No. 68 Schedules

June 30, 2014

Note 5: Actuarial Assumptions

The collective total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	N/A
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP 2014 Healthy Mortality Table with generational mortality projection using Scale MP 2014 for healthy lives and the RP 2014 Disabled Retiree Mortality Table with generational mortality projection using Scale MP 2014 for disabled lives.

The long-term expected rate of return on pension plan investments was calculated by the Fund's investment manager as 6.43% using a Monte Carlo simulation in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of 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. The Fund's administrator determined that 7.00% was a reasonable assumption for the long-term rate of return on plan assets based on the calculation by the Fund's investment manager.

Note 6: Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumes revenues will remain level. 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 rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 7: Special Funding Situation

The State of Georgia, although not the employer of the Fund's members, makes contributions to the Fund through the collection of court filing fees as specified by O.C.G.A. §47-25-60. The State makes all these contributions to the Fund on behalf of the employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*.

Since the employers of the Fund's members do not contribute directly to the Fund, there is no net pension liability to recognize for each employer. However, the notes to each employer's financial statements must disclose the portion of the nonemployer contributing entity's share of the

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collective net pension liability that is associated with that employer. In addition, each employer must recognize its portion of the collective pension expense of the State as well as recognize revenue contributions from the State in an equal amount.

Note 8: Allocation Methodology

GASB Statement No. 68 requires participating employers and nonemployer contributing entities to recognize their proportionate share of collective net pension liability and pension expense. These schedules are prepared to provide employers and nonemployer contributing entities with their calculated proportionate share.

Members of the Fund are employees of the county in which their courts are located. The counties, as employers of the Fund's members, do not make contributions to the Fund; therefore, the proportionate share allocation for each employer is 0%.

Effective July 1, 2014, O.C.G.A. §47-25-81 was amended so that benefits and member contributions are based on the member's compensation, subject to a limit that is based on the population of the member's county. The amounts attributable to the State of Georgia, as the nonemployer contributing entity, have been allocated to each employer participating in the Fund based on the maximum salary used to calculate benefits. These maximum salaries are shown in the following table:

<u>Population of County</u>	<u>Annual Salary Maximum</u>	<u>Monthly Salary Maximum</u>
0 to 38,999	\$ 42,781.22	
39,000 to 49,999	44,790.36	\$ 3,732.53
50,000 to 74,999	50,201.64	4,183.47
75,000 to 99,999	53,889.12	4,490.76
100,000 to 149,999	57,572.40	4,797.70
150,000 to 199,999	61,589.88	5,132.49
200,000 to 249,999	67,130.04	5,594.17
250,000 to 299,999	72,871.80	6,072.65
300,000 to 399,999	80,442.36	6,703.53
400,000 to 499,999	83,708.40	6,975.70
500,000 or more	86,974.44	7,247.87

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Note 9: Components of Schedule of Pension Amounts by Employer

Net Pension Liability: The employer proportionate share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share percentage for the fiscal year ending June 30, 2014 as shown in the Schedule of Employer Allocations.

Changes in benefit terms: Maximum average compensation used to calculate retirement benefits changed from a uniform maximum of \$42,781 to maximums that vary according to the county's population, as shown in the table in Note 8. In addition, part-time chief magistrates are eligible to participate in the plan effective July 1, 2014. No past service benefits were granted to these members. The increase in total pension liability of \$1,170,096 resulting from these changes is included in pension expense in the current period.

Change of Assumptions: The mortality table for health lives was changed from the IRS 2013 Static Mortality Table (separate for annuitants and non-annuitants) to the RP 2014 Healthy Mortality Table with generational mortality projection using Scale MP 2014. The mortality table for disabled lives was changed to the RP 2014 Disabled Retiree Mortality Table with generational mortality projection using Scale MP 2014. The load for administrative expenses was changed from \$50,000 per annum to \$100,000 per annum to better reflect the actual administrative expenses expected to be paid from the Fund. The changes in assumptions about future economic or demographic factors or other inputs are amortized over the average of the expected remaining service life of active and inactive members, which is 8.50 years. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or deferred inflow or resources. The collective amount of change in assumptions for the fiscal year ending June 30, 2014 is \$686,668.

Difference between Expected and Actual Experience: The difference between expected and actual experience and demographic factors is amortized over the expected remaining service life of active and inactive members, which is 8.50 years. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or deferred inflow or resources. The difference between expected and actual experience for the fiscal year ending June 30, 2014 is \$(173,451).

Difference between Projected and Actual Investment Earnings on Pension Plan Investments: The difference between the actual earnings on plan investments compared to the plan's expected rate of return of 7.00% is amortized over a closed period of 5 years. The collective amounts of the difference between projected and actual earnings for the fiscal year ending June 30, 2014 is \$(1,303,183). The first year amortization, \$(260,637), is recognized as pension expense with the remaining, \$(1,042,546), shown as deferred inflows of resources.

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Pension Expense: The calculation of collective pension expense for the fiscal year ending June 30, 2014 is shown in the following table:

Service cost	\$ 1,320,295
Interest of the total pension liability and net cash flow	675,478
Projected earnings on plan investments	(1,044,480)
Current period effect of benefit changes	1,170,096
Expensed portion of current period difference between expected and actual experience	(20,406)
Expensed portion of current period effect of changes in assumptions	80,785
Expensed portion of current period difference between expected and actual on plan investments	(260,637)
Member contributions	(151,155)
Administrative expenses	<u>98,767</u>
Collective pension expense	\$ <u>1,868,743</u>

The employer proportionate share of collective pension expense is equal to the collective amount multiplied by the employer's proportionate share percentage for fiscal year ending June 30, 2014 as shown in the Schedule of Employer Allocations.