

**MAGISTRATES RETIREMENT FUND OF GEORGIA**

(A Component Unit of the State of Georgia)

Schedule of Employer and Nonemployer Allocations and  
Schedule of Pension Amounts by Employer and Nonemployer

June 30, 2018

(With Independent Auditor's Report Thereon)



## DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

### **Independent Auditor's Report**

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

We have audited the accompanying schedule of employer and nonemployer allocations of the Magistrates Retirement Fund of Georgia (the Retirement Fund), a component unit of the State of Georgia, as of and for the year ended June 30, 2018, and the related notes. We also have audited the total for all entities of the columns titled net pension liability, total deferred inflows of resources, total deferred outflows of resources, and total employer pension expense (specified column totals) included in the accompanying schedule of pension amounts by employer and nonemployer of the Retirement Fund (collectively, the Schedules) as of and for the year ended June 30, 2018, 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 and nonemployer allocations and the specified column totals included in the schedule of pension amounts by employer and nonemployer 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 and nonemployer allocations and the specified column totals included in the schedule of pension amounts by employer and nonemployer are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of employer and nonemployer allocations and the specified column totals included in the schedule of pension amounts by employer and nonemployer. The procedures

selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule of employer and nonemployer allocations and the specified column totals included in the schedule of pension amounts by employer and nonemployer, 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 and nonemployer allocations and the specified column totals included in the schedule of pension amounts by employer and nonemployer 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 and nonemployer allocations and the specified column totals included in the schedule of pension amounts by employer and nonemployer.

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 and nonemployer allocations and net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total employer pension expense of the Fund as of and for the year ended June 30, 2018, 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 Retirement Fund as of and for the year ended June 30, 2018, and our report thereon, dated May 31, 2019, and expressed an unmodified opinion on those financial statements.

### ***Restriction on Use***

Our report is intended solely for the information and use of the Retirement Fund management, the Board, the Retirement 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

May 31, 2019

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

Schedule of Employer and Nonemployer Allocations

For the year ended June 30, 2018

| <u>Employer</u>                                    | <u>Earnings Cap</u> | <u>Employer<br/>Allocation<br/>Percentage</u> |
|--|---------------------|---|
| State of Georgia - Nonemployer Contributing Entity |                     |   |
| State's Proportionate Share Associated with:       |                     |   |
| Appling  | \$ 44,074.28        | 0.663457%                                     |
| Atkinson   | 44,074.28           | 0.663457%                                     |
| Baker  | 44,074.28           | 0.663457%                                     |
| Baldwin  | 46,144.15           | 0.694615%                                     |
| Banks  | 44,074.28           | 0.663457%                                     |
| Barrow   | 51,718.98           | 0.778533%                                     |
| Bartow   | 59,312.53           | 0.892840%                                     |
| Berrien  | 44,074.28           | 0.663457%                                     |
| Bleckley   | 44,074.28           | 0.663457%                                     |
| Brantley   | 44,074.28           | 0.663457%                                     |
| Brooks   | 44,074.28           | 0.663457%                                     |
| Bryan  | 44,074.28           | 0.663457%                                     |
| Bulloch  | 51,718.98           | 0.778533%                                     |
| Burke  | 44,074.28           | 0.663457%                                     |
| Butts  | 44,074.28           | 0.663457%                                     |
| Calhoun  | 44,074.28           | 0.663457%                                     |
| Camden   | 51,718.98           | 0.778533%                                     |
| Candler  | 44,074.28           | 0.663457%                                     |
| Carroll  | 59,312.53           | 0.892840%                                     |
| Catoosa  | 51,718.98           | 0.778533%                                     |
| Charlton   | 44,074.28           | 0.663457%                                     |
| Chatham  | 75,074.35           | 1.130110%                                     |
| Chattahoochee                                      | 44,074.28           | 0.663457%                                     |
| Chattooga  | 44,074.28           | 0.663457%                                     |
| Cherokee   | 69,162.09           | 1.041110%                                     |
| Clay   | 44,074.28           | 0.663457%                                     |
| Clayton  | 75,074.35           | 1.130110%                                     |
| Cobb   | 89,603.25           | 1.348810%                                     |
| Coffee   | 46,144.15           | 0.694615%                                     |
| Colquitt   | 46,144.15           | 0.694615%                                     |
| Columbia   | 59,312.53           | 0.892840%                                     |
| Cook   | 44,074.28           | 0.663457%                                     |
| Coweta   | 59,312.53           | 0.892840%                                     |
| Crisp  | 44,074.28           | 0.663457%                                     |

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

Schedule of Employer and Nonemployer Allocations

For the year ended June 30, 2018

| <u>Employer</u>                                    | <u>Earnings Cap</u> | <u>Employer<br/>Allocation<br/>Percentage</u> |
|--|---------------------|---|
| State of Georgia - Nonemployer Contributing Entity |                     |   |
| State's Proportionate Share Associated with:       |                     |   |
| Dade   | \$ 44,074.28        | 0.663457%                                     |
| Dawson   | 44,074.28           | 0.663457%                                     |
| Decatur  | 44,074.28           | 0.663457%                                     |
| DeKalb   | 89,603.25           | 1.348810%                                     |
| Dooly  | 44,074.28           | 0.663457%                                     |
| Dougherty  | 55,517.92           | 0.835719%                                     |
| Douglas  | 59,312.53           | 0.892840%                                     |
| Early  | 44,074.28           | 0.663457%                                     |
| Echols   | 44,074.28           | 0.663457%                                     |
| Effingham  | 51,718.98           | 0.778533%                                     |
| Elbert   | 44,074.28           | 0.663457%                                     |
| Emanuel  | 44,074.28           | 0.663457%                                     |
| Evans  | 44,074.28           | 0.663457%                                     |
| Fannin   | 44,074.28           | 0.663457%                                     |
| Fayette  | 59,312.53           | 0.892840%                                     |
| Floyd  | 55,517.92           | 0.835719%                                     |
| Forsyth  | 63,451.44           | 0.955144%                                     |
| Franklin   | 44,074.28           | 0.663457%                                     |
| Fulton   | 89,603.25           | 1.348810%                                     |
| Gilmer   | 44,074.28           | 0.663457%                                     |
| Glascocock   | 44,074.28           | 0.663457%                                     |
| Glynn  | 55,517.92           | 0.835719%                                     |
| Gordon   | 51,718.98           | 0.778533%                                     |
| Grady  | 44,074.28           | 0.663457%                                     |
| Greene   | 44,074.28           | 0.663457%                                     |
| Gwinnett   | 89,603.25           | 1.348810%                                     |
| Habersham  | 46,144.15           | 0.694615%                                     |
| Hall   | 63,451.44           | 0.955144%                                     |
| Hancock  | 44,074.28           | 0.663457%                                     |
| Heard  | 44,074.28           | 0.663457%                                     |
| Henry  | 69,162.09           | 1.041110%                                     |
| Houston  | 59,312.53           | 0.892840%                                     |
| Irwin  | 44,074.28           | 0.663457%                                     |

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

Schedule of Employer and Nonemployer Allocations

For the year ended June 30, 2018

| <u>Employer</u>                                    | <u>Earnings Cap</u> | <u>Employer<br/>Allocation<br/>Percentage</u> |
|--|---------------------|---|
| State of Georgia - Nonemployer Contributing Entity |                     |   |
| State's Proportionate Share Associated with:       |                     |   |
| Jasper   | \$ 44,074.28        | 0.663457%                                     |
| Jeff Davis   | 44,074.28           | 0.663457%                                     |
| Jefferson  | 44,074.28           | 0.663457%                                     |
| Johnson  | 44,074.28           | 0.663457%                                     |
| Jones  | 44,074.28           | 0.663457%                                     |
| Lamar  | 44,074.28           | 0.663457%                                     |
| Laurens  | 46,144.15           | 0.694615%                                     |
| Lee  | 44,074.28           | 0.663457%                                     |
| Liberty  | 51,718.98           | 0.778533%                                     |
| Lincoln  | 44,074.28           | 0.663457%                                     |
| Long   | 44,074.28           | 0.663457%                                     |
| Lumpkin  | 44,074.28           | 0.663457%                                     |
| Macon  | 44,074.28           | 0.663457%                                     |
| Marion   | 44,074.28           | 0.663457%                                     |
| McDuffie   | 44,074.28           | 0.663457%                                     |
| McIntosh   | 44,074.28           | 0.663457%                                     |
| Meriwether   | 44,074.28           | 0.663457%                                     |
| Miller   | 44,074.28           | 0.663457%                                     |
| Mitchell   | 44,074.28           | 0.663457%                                     |
| Montgomery   | 44,074.28           | 0.663457%                                     |
| Morgan   | 44,074.28           | 0.663457%                                     |
| Murray   | 46,144.15           | 0.694615%                                     |
| Oconee   | 44,074.28           | 0.663457%                                     |
| Oglethorpe   | 44,074.28           | 0.663457%                                     |
| Paulding   | 59,312.53           | 0.892840%                                     |
| Peach  | 44,074.28           | 0.663457%                                     |
| Pickens  | 44,074.28           | 0.663457%                                     |
| Pierce   | 44,074.28           | 0.663457%                                     |
| Pike   | 44,074.28           | 0.663457%                                     |
| Polk   | 46,144.15           | 0.694615%                                     |
| Pulaski  | 44,074.28           | 0.663457%                                     |
| Randolph   | 44,074.28           | 0.663457%                                     |
| Richmond   | 69,162.09           | 1.041110%                                     |

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Schedule of Employer and Nonemployer Allocations

For the year ended June 30, 2018

| <u>Employer</u>                                    | <u>Earnings Cap</u> | <u>Employer<br/>Allocation<br/>Percentage</u> |
|--|---------------------|---|
| State of Georgia - Nonemployer Contributing Entity |                     |   |
| State's Proportionate Share Associated with:       |                     |   |
| Rockdale   | \$ 55,517.92        | 0.835719%                                     |
| Schley   | 44,074.28           | 0.663457%                                     |
| Screven  | 44,074.28           | 0.663457%                                     |
| Secretary Treasurer                                | 89,603.25           | 1.348810%                                     |
| Spalding   | 51,718.98           | 0.778533%                                     |
| Stephens   | 44,074.28           | 0.663457%                                     |
| Taliaferro   | 44,074.28           | 0.663457%                                     |
| Tattnall   | 44,074.28           | 0.663457%                                     |
| Taylor   | 44,074.28           | 0.663457%                                     |
| Terrell  | 44,074.28           | 0.663457%                                     |
| Thomas   | 46,144.15           | 0.694615%                                     |
| Tift   | 46,144.15           | 0.694615%                                     |
| Toombs   | 44,074.28           | 0.663457%                                     |
| Towns  | 44,074.28           | 0.663457%                                     |
| Treutlen   | 44,074.28           | 0.663457%                                     |
| Troup  | 51,718.98           | 0.778533%                                     |
| Turner   | 88,148.56           | 1.326910%                                     |
| Twiggs   | 44,074.28           | 0.663457%                                     |
| Union  | 44,074.28           | 0.663457%                                     |
| Upson  | 44,074.28           | 0.663457%                                     |
| Walker   | 51,718.98           | 0.778533%                                     |
| Walton   | 55,517.92           | 0.835719%                                     |
| Ware   | 44,074.28           | 0.663457%                                     |
| Warren   | 44,074.28           | 0.663457%                                     |
| Washington   | 44,074.28           | 0.663457%                                     |
| Wayne  | 44,074.28           | 0.663457%                                     |
| Webster  | 44,074.28           | 0.663457%                                     |
| Wheeler  | 44,074.28           | 0.663457%                                     |
| White  | 44,074.28           | 0.663457%                                     |
| Whitfield  | 59,312.53           | 0.892840%                                     |
| Wilcox   | 44,074.28           | 0.663457%                                     |
| Wilkes   | 44,074.28           | 0.663457%                                     |
| Wilkinson  | 44,074.28           | 0.663457%                                     |

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

Schedule of Employer and Nonemployer Allocations

For the year ended June 30, 2018

| <u>Employer</u>  | <u>Earnings Cap</u>    | <u>Employer<br/>Allocation<br/>Percentage</u> |
|--|------------------------|---|
| State of Georgia - Nonemployer Contributing Entity<br>State's Proportionate Share Associated with: |                        |   |
| Worth  | \$ 44,074.28           | 0.663457%                                     |
| Total  | <u>\$ 6,643,128.82</u> | <u>100.0000%</u>                              |
| Each Employer of Plan Members - Employer Share   |                        | <u>0.000000%</u>                              |
| Total for All Entities   |                        | <u>100.0000%</u>                              |



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

Schedule of Pension Amounts by Employer and Nonemployer

For the year ended June 30, 2018

| Employer   | Net Pension Asset | Deferred Outflows of Resources |   |  | Net Difference Between               |                      |   | Deferred Inflows of Resources       |                       |   |                                     |        |
|--|-------------------|--------------------------------|---|--|--------------------------------------|----------------------|---|-------------------------------------|-----------------------|---|-------------------------------------|--------|
|  |                   | Change in Assumptions          | Difference Between Expected and Actual Experience | Actual Investment Earnings on Pension Plan Investments | Total Deferred Outflows of Resources | Projected and Actual | Difference Between Expected and Actual Experience | Total Deferred Inflows of Resources | Change in Assumptions | Difference Between Expected and Actual Experience | Total Deferred Inflows of Resources |        |
| State of Georgia - Nonemployer Contributing Entity |                   |                                |   |  |                                      |                      |   |                                     |                       |   |                                     |        |
| State's Proportionate Share Associated with:       |                   |                                |   |  |                                      |                      |   |                                     |                       |   |                                     |        |
| Appling  | \$ (47,193)       |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 6,966  |
| Atkinson   | (47,193)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 6,966  |
| Baker  | (47,193)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 6,966  |
| Baldwin  | (49,410)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 7,293  |
| Banks  | (47,193)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 6,966  |
| Barrow   | (55,379)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 8,174  |
| Bartow   | (63,510)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 9,374  |
| Berrien  | (47,193)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 6,966  |
| Bleckley   | (47,193)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 6,966  |
| Brantley   | (47,193)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 6,966  |
| Brooks   | (47,193)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 6,966  |
| Bryan  | (47,193)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 6,966  |
| Bulloch  | (55,379)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 8,174  |
| Burke  | (47,193)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 6,966  |
| Buitt  | (47,193)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 6,966  |
| Calhoun  | (47,193)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 6,966  |
| Camden   | (55,379)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 6,966  |
| Candler  | (47,193)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 6,966  |
| Carroll  | (63,510)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 8,174  |
| Catoosa  | (55,379)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 9,374  |
| Charlton   | (47,193)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 6,966  |
| Chatham  | (80,388)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 11,865 |
| Chattahoochee                                      | (47,193)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 6,966  |
| Chattanooga  | (47,193)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 6,966  |
| Cherokee   | (74,057)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 10,931 |
| Clay   | (47,193)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 6,966  |
| Clayton  | (80,388)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 11,865 |
| Cobb   | (95,944)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 14,161 |
| Coffee   | (49,410)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 7,293  |
| Colquitt   | (49,410)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 7,293  |
| Columbia   | (63,510)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 9,374  |
| Cook   | (47,193)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 6,966  |
| Coweta   | (63,510)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 9,374  |
| Crisp  | (47,193)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 6,966  |
| Dade   | (47,193)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 6,966  |
| Dawson   | (47,193)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 6,966  |
| Decatur  | (47,193)          |                                |   |  |                                      |                      |   |                                     |                       |   |                                     | 6,966  |

|            |          |        |
|------------|----------|--------|
| DeKalb     | (95,944) | 14,161 |
| Dooley     | (47,193) | 6,966  |
| Dougherty  | (59,447) | 8,774  |
| Douglas    | (63,510) | 9,374  |
| Early      | (47,193) | 6,966  |
| Echols     | (47,193) | 6,966  |
| Effingham  | (55,379) | 8,174  |
| Elbert     | (47,193) | 6,966  |
| Emanuel    | (47,193) | 6,966  |
| Evans      | (47,193) | 6,966  |
| Fannin     | (47,193) | 6,966  |
| Fayette    | (63,510) | 9,374  |
| Floyd      | (59,447) | 8,774  |
| Forsyth    | (67,942) | 10,028 |
| Franklin   | (47,193) | 6,966  |
| Fulton     | (95,944) | 14,161 |
| Gilmer     | (47,193) | 6,966  |
| Glascok    | (47,193) | 6,966  |
| Glynn      | (59,447) | 8,774  |
| Gordon     | (55,379) | 8,174  |
| Grady      | (47,193) | 6,966  |
| Greene     | (47,193) | 6,966  |
| Gwinnett   | (95,944) | 6,966  |
| Habersham  | (49,410) | 14,161 |
| Hall       | (67,942) | 7,293  |
| Hancock    | (47,193) | 10,028 |
| Heard      | (47,193) | 6,966  |
| Henry      | (74,057) | 6,966  |
| Houston    | (63,510) | 10,931 |
| Irwin      | (47,193) | 9,374  |
| Jasper     | (47,193) | 6,966  |
| Jeff Davis | (47,193) | 6,966  |
| Jefferson  | (47,193) | 6,966  |
| Johnson    | (47,193) | 6,966  |
| Jones      | (47,193) | 6,966  |
| Lamar      | (47,193) | 6,966  |
| Laurens    | (49,410) | 7,293  |
| Lee        | (47,193) | 6,966  |
| Liberty    | (55,379) | 8,174  |
| Lincoln    | (47,193) | 6,966  |
| Long       | (47,193) | 6,966  |
| Lumpkin    | (47,193) | 6,966  |
| Macon      | (47,193) | 6,966  |
| Marion     | (47,193) | 6,966  |
| McDuffie   | (47,193) | 6,966  |
| McIntosh   | (47,193) | 6,966  |
| Meriwether | (47,193) | 6,966  |
| Miller     | (47,193) | 6,966  |
| Mitchell   | (47,193) | 6,966  |
| Montgomery | (47,193) | 6,966  |
| Morgan     | (47,193) | 6,966  |
| Murray     | (49,410) | 7,293  |
| Oconee     | (47,193) | 6,966  |



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

Notes to Schedule of Employer and Nonemployer Allocations and  
Schedule of Pension Amounts by Employer and Nonemployer

June 30, 2018

**Note 1: Plan Description**

The Magistrates Retirement Fund of Georgia (the Retirement 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 Retirement 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 Retirement Fund, do not make contributions to the Retirement Fund. The State of Georgia provides nonemployer contributions to the Retirement Fund through the collection of court filing fees. These nonemployer contributions are recognized as revenue by the Retirement Fund when collected from the courts.

**Note 2: Basis of Presentation**

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

**Note 3: Components of Collective Net Pension Liability**

The components of the collective net pension liability of the participating employers and nonemployers at June 30, 2018 were as follows:

|  |                       |
|--|-----------------------|
| Total pension liability  | \$ 20,934,490         |
| Plan fiduciary net position  | <u>(28,047,742)</u>   |
| Net pension asset  | <u>\$ (7,113,252)</u> |
| <br>   |                       |
| Plan fiduciary net position as a percentage of total pension liability | 133.98%               |

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*Actuarial Assumptions*

The total pension liability was determined by an actuarial valuation as of June 30, 2017, with update procedures used to roll forward the total pension liability to June 30, 2018. The roll forward calculation adds the normal cost (also called service costs), subtracts the actual benefit payments and refunds for the plan year, and then applies the discount rate for the year. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

|                           |  |
|---------------------------|--|
| Inflation                 | 2.5%   |
| Salary increases          | N/A  |
| Investment rate of return | 6.50%, net of pension plan investment expense, including inflation |

Mortality rates were updated to the RP 2014 Healthy Mortality Table with generational mortality projection using the Conduent modified Scale MP-2017 scale for healthy lives and the RP-2014 Disabled Retiree Mortality Table with generational mortality projection using the Conduent modified MP-2017 scale for disabled lives.

The long-term expected rate of return on pension plan investments was calculated by the Retirement Fund's investment manager as 7.70% using a building block method by weighting the expected future rates of return for each asset class by the Retirement Fund's current/target asset allocation percentages within each asset class (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation). 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 Retirement Fund's administrator determined that 6.50% was a reasonable assumption for the long-term rate of return on plan assets based on the calculation by the Retirement Fund's investment manager.

*Discount Rate*

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumes revenues will remain leveled. 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.

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

The following table presents the collective net pension liability of the Retirement Fund, calculated using the discount rate of 6.50%, as well as what the Retirement Fund’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

|                              | 1%<br>Decrease<br>(5.50%) | Current<br>discount rate<br>(6.50%) | 1%<br>Increase<br>(7.50%) |
|------------------------------|---------------------------|-------------------------------------|---------------------------|
| Collective net pension asset | \$ (4,781,844)            | (7,113,252)                         | (9,084,584)               |

**Note 4: Special Funding Situation**

The State of Georgia, although not the employer of the Retirement Fund’s members, makes contributions to the Retirement 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 Retirement 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 Retirement Fund’s members do not contribute directly to the Retirement 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 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 5: 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.

As discussed in Note 4, the counties, as employers of the Retirement Fund’s members, do not make contributions to the Retirement Fund; therefore, the proportionate share allocation for each employer is 0%. The proportionate share attributable to the State of Georgia, as the nonemployer

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contributing entity, is therefore 100%.

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. This law allows the Retirement Fund's Board of Commissioners to increase the population-based salary limits. The amounts attributable to the State of Georgia, as the nonemployer contributing entity, have been allocated to each employer participating in the Retirement Fund based on the maximum salary used to calculate benefits as of June 30, 2018. These maximum salaries are shown in the following table:

| <u>Population of County</u> | <u>Annual Salary<br/>Maximum</u> | <u>Monthly Salary<br/>Maximum</u> |
|-----------------------------|----------------------------------|-----------------------------------|
| 0 to 38,999                 | \$ 43,422.94                     |                                   |
| 39,000 to 49,999            | 45,462.22                        | \$ 3,788.52                       |
| 50,000 to 74,999            | 50,954.66                        | 4,246.22                          |
| 75,000 to 99,999            | 54,697.46                        | 4,558.12                          |
| 100,000 to 149,999          | 58,435.99                        | 4,869.67                          |
| 150,000 to 199,999          | 62,513.73                        | 5,209.48                          |
| 200,000 to 249,999          | 68,136.99                        | 5,678.08                          |
| 250,000 to 299,999          | 73,964.88                        | 6,163.74                          |
| 300,000 to 399,999          | 81,649.00                        | 6,804.08                          |
| 400,000 to 499,999          | 84,964.03                        | 7,080.34                          |
| 500,000 or more             | 88,279.08                        | 7,356.59                          |

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**Note 6: Collective Deferred Outflows of Resources and Deferred Inflows of Resources**

The following table presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources for the year ended June 30, 2018:

|   | Year of deferral | Amortization period | Beginning of year balance as previously reported | Current Year |            | End of year balance |
|---|------------------|---------------------|--|--------------|------------|---------------------|
|   |                  |                     |  | Additions    | Deductions |                     |
| <b>Deferred outflows of resources</b>                               |                  |                     |  |              |            |                     |
| Change in assumptions   | 2014             | 8.5 years           | \$ 363,528                                       |              | 80,785     | 282,743             |
|   | 2016             | 7.6 years           | 307,583  |              | 54,926     | 252,657             |
| Difference between expected and actual experience                   | 2015             | 7.9 years           | 70,546   |              | 14,397     | 56,149              |
| Difference between projected and actual investment earnings         | 2014             | 5 years             | (260,637)  |              | (260,637)  |                     |
|   | 2015             | 5 years             | 325,679  |              | 162,840    | 162,839             |
|   | 2016             | 5 years             | 779,827  |              | 259,942    | 519,885             |
|   | 2017             | 5 years             | (273,402)  |              | (68,350)   | (205,052)           |
|   | 2018             | 5 years             |  | 134,726      | 26,945     | 107,781             |
| Net difference between projected and actual investment earnings (1) |                  |                     | \$ 571,467                                       | 134,726      | 120,740    | 585,453             |
| Total deferred outflows of resources                                |                  |                     | \$ 1,313,124                                     | 134,726      | 270,848    | 1,177,002           |
| <b>Deferred inflows of resources</b>                                |                  |                     |  |              |            |                     |
| Change in assumptions   | 2018             | 7.5 years           |  | 100,861      | 13,448     | 87,413              |
| Difference between expected and actual experience                   | 2014             | 8.5 years           | \$ 91,827  |              | 20,406     | 71,421              |
|   | 2016             | 7.6 years           | 353,661  |              | 63,154     | 290,507             |
|   | 2017             | 7 years             | 412,663  |              | 68,777     | 343,886             |
| Total deferred inflows of resources                                 |                  |                     | \$ 858,151                                       | 100,861      | 165,785    | 793,227             |

(1) In accordance with paragraph 71b of GASB Statement No. 68, collective deferred outflows of resources and deferred inflows of resources arising from differences between projected and actual pension plan investment earnings in different measurement periods have been aggregated and included as a net collective deferred outflows of resources related to pensions.



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

|                     |            |    |                |
|---------------------|------------|----|----------------|
| Year Ended June 30, | 2019       | \$ | 365,702        |
|                     | 2020       |    | 202,861        |
|                     | 2021       |    | (57,084)       |
|                     | 2022       |    | (20,364)       |
|                     | Thereafter |    | (107,340)      |
| Total               |            | \$ | <u>383,775</u> |

*Changes in Proportion*

The amounts shown in the two preceding tables do not include employer- or nonemployer-specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. Based on the allocation methodology discussed in Note 5, there were no changes in proportion for the year ended June 30, 2018.

**Note 7: Collective Pension Expense**

The components of collective pension expense for the year ended June 30, 2018, are shown in the following table:

|  |    |                  |
|--|----|------------------|
| Service cost   | \$ | 1,414,486        |
| Interest on the total pension liability and net cash flow                |    | 1,294,034        |
| Projected earnings on plan investments                                   |    | (1,676,990)      |
| Member contributions   |    | (187,208)        |
| Administrative expenses  |    | 100,513          |
| Recognition (amortization) of deferred inflows and outflows of resources |    |                  |
| Change in assumptions  |    | 122,263          |
| Difference between expected and actual experience                        |    | (137,940)        |
| Difference between projected and actual investment earnings              |    | <u>120,743</u>   |
| Collective pension expense   | \$ | <u>1,049,901</u> |