

**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, 2020

(With Independent Auditor's Report Thereon)



## DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 4-101  
Atlanta, Georgia 30334-8400

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

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

Board of Commissioners of the Magistrates Retirement Fund of Georgia  
Mr. Homer Bryson, Secretary/Treasurer

We have audited the accompanying schedule of employer and nonemployer allocations of Magistrates Retirement Fund of Georgia (the Fund), a component unit of the State of Georgia, as of and for the year ended June 30, 2020, 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 and nonemployer of the Fund (collectively, the Schedules) as of and for the year ended June 30, 2020, and the related notes.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these Schedules 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 the Schedules that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the Schedules 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 Schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the Schedules 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 Fund'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 Schedules.

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

***Opinion***

In our opinion, the 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, 2020, in accordance with accounting principles generally accepted in the United States of America.

***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, 2020, and our report thereon, dated May 14, 2021, expressed an unmodified opinion on those financial statements.

**Restrictions on 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,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is written in a cursive style with a horizontal line at the end.

Greg S. Griffin

State Auditor

May 14, 2021

**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, 2020

<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	\$ 42,781.22	0.645322%
Atkinson	42,781.22	0.645322%
Baker	42,781.22	0.645322%
Baldwin	47,538.86	0.717087%
Banks	42,781.22	0.645322%
Barrow	53,285.63	0.803773%
Bartow	61,105.25	0.921726%
Berrien	42,781.22	0.645322%
Bibb	65,369.25	0.986045%
Bleckley	42,781.22	0.645322%
Brantley	42,781.22	0.645322%
Brooks	42,781.22	0.645322%
Bryan	44,740.29	0.674873%
Bulloch	53,285.63	0.803773%
Burke	42,781.22	0.645322%
Butts	42,781.22	0.645322%
Calhoun	42,781.22	0.645322%
Camden	53,285.63	0.803773%
Candler	42,781.22	0.645322%
Carroll	61,105.25	0.921726%
Catoosa	53,285.63	0.803773%
Charlton	42,781.22	0.645322%
Chatham	77,343.47	1.166667%
Chattahoochee	42,781.22	0.645322%
Chattooga	42,781.22	0.645322%
Cherokee	71,249.38	1.074742%
Clay	42,781.22	0.645322%
Clayton	77,343.47	1.166667%
Cobb	92,311.50	1.392448%
Coffee	47,538.86	0.717087%
Colquitt	47,538.86	0.717087%
Columbia	61,105.25	0.921726%
Coweta	61,105.25	0.921726%
Crisp	42,781.22	0.645322%
Dade	42,781.22	0.645322%

**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, 2020

<u>Employer</u>	<u>Earnings Cap</u>	<u>Employer Allocation Percentage</u>
State of Georgia - Nonemployer Contributing Entity		
State's Proportionate Share Associated with:		
Dawson	\$ 42,781.22	0.645322%
Decatur	42,781.22	0.645322%
DeKalb	92,311.50	1.392448%
Dooly	42,781.22	0.645322%
Dougherty	57,195.95	0.862757%
Douglas	61,105.25	0.921726%
Early	42,781.22	0.645322%
Echols	42,781.22	0.645322%
Effingham	53,285.63	0.803773%
Elbert	42,781.22	0.645322%
Emanuel	42,781.22	0.645322%
Evans	42,781.22	0.645322%
Fannin	42,781.22	0.645322%
Fayette	61,105.25	0.921726%
Floyd	57,195.95	0.862757%
Forsyth	65,369.25	0.986045%
Franklin	42,781.22	0.645322%
Fulton	92,311.50	1.392448%
Gilmer	42,781.22	0.645322%
Glascock	42,781.22	0.645322%
Glynn	57,195.95	0.862757%
Gordon	53,285.63	0.803773%
Grady	42,781.22	0.645322%
Greene	42,781.22	0.645322%
Gwinnett	92,311.50	1.392448%
Habersham	47,538.86	0.717087%
Hall	65,369.25	0.986045%
Hancock	42,781.22	0.645322%
Heard	42,781.22	0.645322%
Henry	71,249.38	1.074742%
Houston	61,105.25	0.921726%
Irwin	42,781.22	0.645322%
Jackson	53,285.63	0.803773%
Jasper	42,781.22	0.645322%

**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, 2020

<u>Employer</u>	<u>Earnings Cap</u>	<u>Employer Allocation Percentage</u>
State of Georgia - Nonemployer Contributing Entity		
State's Proportionate Share Associated with:		
Jeff Davis	\$ 42,781.22	0.645322%
Jefferson	42,781.22	0.645322%
Johnson	42,781.22	0.645322%
Jones	42,781.22	0.645322%
Lamar	42,781.22	0.645322%
Lanier	42,781.22	0.645322%
Laurens	47,538.86	0.717087%
Lee	42,781.22	0.645322%
Liberty	53,285.63	0.803773%
Lincoln	42,781.22	0.645322%
Long	42,781.22	0.645322%
Lumpkin	44,740.29	0.674873%
Macon	42,781.22	0.645322%
Marion	42,781.22	0.645322%
McDuffie	42,781.22	0.645322%
McIntosh	42,781.22	0.645322%
Meriwether	42,781.22	0.645322%
Miller	42,781.22	0.645322%
Mitchell	42,781.22	0.645322%
Montgomery	42,781.22	0.645322%
Morgan	42,781.22	0.645322%
Oconee	44,740.29	0.674873%
Oglethorpe	42,781.22	0.645322%
Paulding	61,105.25	0.921726%
Peach	42,781.22	0.645322%
Pickens	44,740.29	0.674873%
Pierce	42,781.22	0.645322%
Pike	42,781.22	0.645322%
Polk	47,538.86	0.717087%
Pulaski	42,781.22	0.645322%
Putnam	42,781.22	0.645322%
Randolph	42,781.22	0.645322%
Richmond	71,249.38	1.074742%
Rockdale	57,195.95	0.862757%

**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, 2020

<u>Employer</u>	<u>Earnings Cap</u>	<u>Employer Allocation Percentage</u>
State of Georgia - Nonemployer Contributing Entity		
State's Proportionate Share Associated with:		
Schley	\$ 42,781.22	0.645322%
Screven	42,781.22	0.645322%
Secretary Treasurer	92,311.50	1.392448%
Spalding	53,285.63	0.803773%
Stephens	42,781.22	0.645322%
Taliaferro	42,781.22	0.645322%
Tattnall	42,781.22	0.645322%
Taylor	42,781.22	0.645322%
Terrell	42,781.22	0.645322%
Thomas	47,538.86	0.717087%
Tift	47,538.86	0.717087%
Toombs	42,781.22	0.645322%
Towns	42,781.22	0.645322%
Treutlen	42,781.22	0.645322%
Troup	53,285.63	0.803773%
Turner	42,781.22	0.645322%
Twiggs	42,781.22	0.645322%
Union	42,781.22	0.645322%
Upson	42,781.22	0.645322%
Walker	53,285.63	0.803773%
Walton	57,195.95	0.862757%
Ware	44,740.29	0.674873%
Warren	42,781.22	0.645322%
Washington	42,781.22	0.645322%
Wayne	44,740.29	0.674873%
Webster	42,781.22	0.645322%
Wheeler	42,781.22	0.645322%
White	42,781.22	0.645322%
Wilcox	42,781.22	0.645322%
Wilkes	42,781.22	0.645322%
Wilkinson	42,781.22	0.645322%

**MAGISTRATES RETIREMENT FUND OF GEORGIA**  
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Schedule of Employer and Nonemployer Allocations

For the year ended June 30, 2020

<u>Employer</u>	<u>Earnings Cap</u>	<u>Employer Allocation Percentage</u>
State of Georgia - Nonemployer Contributing Entity State's Proportionate Share Associated with:		
Worth	42,781.22	0.645322%
Total	\$ 6,629,439.11	100.0000%
Each Employer of Plan Members - Employer Share		0.000000%



**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, 2020

Employer	Deferred Outflows of Resources					Deferred Inflows of Resources			
	Net Pension Asset	Changes in Assumptions	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Total Deferred Outflows of Resources	Changes in Assumptions	Differences Between Expected and Actual Experience	Total Deferred Inflows of Resources	Total Employer Pension Expense
State of Georgia - Nonemployer Contributing Entity									
State's Proportionate Share Associated with:									
Appling	\$ (71,624)							\$	5,378
Atkinson	(71,624)								5,378
Baker	(71,624)								5,378
Baldwin	(79,589)								5,976
Banks	(71,624)								5,378
Barrow	(89,210)								6,699
Bartow	(102,302)								7,682
Berrien	(71,624)								5,378
Bibb	(109,441)								8,218
Bleckley	(71,624)								5,378
Brantley	(71,624)								5,378
Brooks	(71,624)								5,378
Bryan	(74,904)								5,625
Bulloch	(89,210)								6,699
Burke	(71,624)								5,378
Butts	(71,624)								5,378
Calhoun	(71,624)								5,378
Camden	(89,210)								6,699
Candler	(71,624)								5,378
Carroll	(102,302)								7,682
Catoosa	(89,210)								6,699
Charlton	(71,624)								5,378
Chatham	(129,488)								9,723
Chattahoochee	(71,624)								5,378
Chattooga	(71,624)								5,378
Cherokee	(119,285)								8,957
Clay	(71,624)								5,378
Clayton	(129,488)								9,723
Cobb	(154,547)								11,605
Coffee	(79,589)								5,976
Colquitt	(79,589)								5,976
Columbia	(102,302)								7,682
Coweta	(102,302)								7,682
Crisp	(71,624)								5,378
Dade	(71,624)								5,378
Dawson	(71,624)								5,378
Decatur	(71,624)								5,378
DeKalb	(154,547)								11,605

**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, 2020

Employer	Deferred Outflows of Resources					Deferred Inflows of Resources			
	Net Pension Asset	Changes in Assumptions	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Earnings on Pension Plan Investments	Total Deferred Outflows of Resources	Changes in Assumptions	Differences Between Expected and Actual Experience	Total Deferred Inflows of Resources	Total Employer Pension Expense
State of Georgia - Nonemployer Contributing Entity									
State's Proportionate Share Associated with:									
Dooly	(71,624)								5,378
Dougherty	(95,757)								7,191
Douglas	(102,302)								7,682
Early	(71,624)								5,378
Echols	(71,624)								5,378
Effingham	(89,210)								6,699
Elbert	(71,624)								5,378
Emanuel	(71,624)								5,378
Evans	(71,624)								5,378
Fannin	(71,624)								5,378
Fayette	(102,302)								7,682
Floyd	(95,757)								7,191
Forsyth	(109,441)								8,218
Franklin	(71,624)								5,378
Fulton	(154,547)								11,605
Gilmer	(71,624)								5,378
Glascock	(71,624)								5,378
Glynn	(95,757)								7,191
Gordon	(89,210)								6,699
Grady	(71,624)								5,378
Greene	(71,624)								5,378
Gwinnett	(154,547)								11,605
Habersham	(79,589)								5,976
Hall	(109,441)								8,218
Hancock	(71,624)								5,378
Heard	(71,624)								5,378
Henry	(119,285)								8,957
Houston	(102,302)								7,682
Irwin	(71,624)								5,378
Jackson	(89,210)								6,699
Jasper	(71,624)								5,378
Jeff Davis	(71,624)								5,378
Jefferson	(71,624)								5,378
Johnson	(71,624)								5,378
Jones	(71,624)								5,378
Lamar	(71,624)								5,378
Lanier	(71,624)								5,378
Laurens	(79,589)								5,976

**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, 2020

Employer	Deferred Outflows of Resources					Deferred Inflows of Resources			
	Net Pension Asset	Changes in Assumptions	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Earnings on Pension Plan Investments	Total Deferred Outflows of Resources	Changes in Assumptions	Differences Between Expected and Actual Experience	Total Deferred Inflows of Resources	Total Employer Pension Expense
State of Georgia - Nonemployer Contributing Entity									
State's Proportionate Share Associated with:									
Lee	(71,624)								5,378
Liberty	(89,210)								6,699
Lincoln	(71,624)								5,378
Long	(71,624)								5,378
Lumpkin	(74,904)								5,625
Macon	(71,624)								5,378
Marion	(71,624)								5,378
McDuffie	(71,624)								5,378
McIntosh	(71,624)								5,378
Meriwether	(71,624)								5,378
Miller	(71,624)								5,378
Mitchell	(71,624)								5,378
Montgomery	(71,624)								5,378
Morgan	(71,624)								5,378
Oconee	(74,904)								5,625
Oglethorpe	(71,624)								5,378
Paulding	(102,302)								7,682
Peach	(71,624)								5,378
Pickens	(74,904)								5,625
Pierce	(71,624)								5,378
Pike	(71,624)								5,378
Polk	(79,589)								5,976
Pulaski	(71,624)								5,378
Putnam	(71,624)								5,378
Randolph	(71,624)								5,378
Richmond	(119,285)								8,957
Rockdale	(95,757)								7,191
Schley	(71,624)								5,378
Secretary Treasurer	(154,547)								11,605
Screven	(71,624)								5,378
Spalding	(89,210)								6,699
Stephens	(71,624)								5,378
Taliaferro	(71,624)								5,378
Tattnall	(71,624)								5,378
Taylor	(71,624)								5,378
Terrell	(71,624)								5,378
Thomas	(79,589)								5,976
Tift	(79,589)								5,976

**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, 2020

Employer	Deferred Outflows of Resources					Deferred Inflows of Resources			
	Net Pension Asset	Changes in Assumptions	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Total Deferred Outflows of Resources	Changes in Assumptions	Differences Between Expected and Actual Experience	Total Deferred Inflows of Resources	Total Employer Pension Expense
State of Georgia - Nonemployer Contributing Entity State's Proportionate Share Associated with:									
Toombs	(\$71,624)								5,378
Towns	(\$71,624)								5,378
Treutlen	(\$71,624)								5,378
Troup	(\$89,210)								6,699
Turner	(\$71,624)								5,378
Twiggs	(\$71,624)								5,378
Union	(\$71,624)								5,378
Upson	(\$71,624)								5,378
Walker	(\$89,210)								6,699
Walton	(\$95,757)								7,191
Ware	(\$74,904)								5,625
Warren	(\$71,624)								5,378
Washington	(\$71,624)								5,378
Wayne	(\$74,904)								5,625
Webster	(\$71,624)								5,378
Wheeler	(\$71,624)								5,378
White	(\$71,624)								5,378
Wilcox	(\$71,624)								5,378
Wilkes	(\$71,624)								5,378
Wilkinson	(\$71,624)								5,378
Worth	(\$71,624)								5,378
<b>TOTAL STATE OF GEORGIA (Nonemployer Contributing Entity)</b>	<b>\$ (11,098,966)</b>	<b>263,978</b>	<b>27,355</b>	<b>715,726</b>	<b>1,007,059</b>	<b>2,748,507</b>	<b>1,225,487</b>	<b>3,973,994</b>	<b>833,439</b>
Each Employer of Plan Members - Employer Share	0	0	0	0	0	0	0	0	0
<b>Total for All Entities</b>	<b>\$ (11,098,966)</b>	<b>263,978</b>	<b>27,355</b>	<b>715,726</b>	<b>1,007,059</b>	<b>2,748,507</b>	<b>1,225,487</b>	<b>3,973,994</b>	<b>833,439</b>

**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, 2020

**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 (asset) of the participating employers and nonemployers at June 30, 2020 were as follows:

Total pension liability	\$	22,655,110
Plan fiduciary net position		<u>(33,754,076)</u>
Net pension liability (asset)	\$	<u><u>(11,098,966)</u></u>
Plan fiduciary net position as a percentage of total pension liability		148.99%

**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, 2020

*Actuarial Assumptions*

The total pension liability was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020. 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 based on the PubG-2010 (Amount Weighted General Employees) Mortality Table with generational mortality projection using the Buck Modified MP 2019 scale for healthy lives and the PubG-2010 (Amount Weighted Contingent Survivor) mortality table with generational mortality projection using Buck Modified 2019 scale for current and future beneficiaries of deceased participants, and the PubG-2010 (Amount Weighted General Employees) Disabled Mortality Table with generational mortality projection using the Buck Modified MP 2019 scale.

The long-term expected rate of return on pension plan investments was calculated by the Fund's investment manager as 6.77% using a multi-input matrix that combines a Monte-Carlo simulation of multiple potential risk and return outcomes of the optimized asset allocation, and a weighted average projected return calculation using Morgan Stanley Capital Market return assumptions for all pertinent asset classes to which the fund is expected to be exposed. The 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 Fund's investment manager.

*Discount Rate*

The discount rate used to measure the total pension liability was 6.50%, based on the expected long-term rate of return on pension investments of 6.77%, but assuming an annual rate of inflation of 2.5%. 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.

**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, 2020

*Sensitivity of the Collective Net Pension Liability (Asset) 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% Decrease (5.50%)	Current discount rate (6.50%)	1% Increase (7.50%)
Collective net pension asset	\$ <u>(8,619,427)</u>	<u>(11,098,966)</u>	<u>(13,212,383)</u>

**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 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

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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, 2020. 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 28,999	\$ 42,781.22	\$ 3,565.10
29,000 to 38,999	44,740.29	3,728.36
39,000 to 49,999	47,538.86	3,961.57
50,000 to 74,999	53,282.19	4,440.18
75,000 to 99,999	57,195.95	4,766.33
100,000 to 149,999	61,105.25	5,092.10
150,000 to 199,999	65,369.25	5,447.44
200,000 to 249,999	71,249.38	5,937.45
250,000 to 299,999	77,343.47	6,445.29
300,000 to 399,999	85,378.59	7,114.88
400,000 to 499,999	88,845.05	7,403.75
500,000 or more	92,311.50	7,692.62



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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, 2020:

	Year of deferral	Amortization period	Beginning of year balance	Current Year		End of year balance
				Additions	Deductions	
<b>Deferred outflows of resources</b>						
Changes in assumptions	2014	8.5 years	\$ 201,958		80,785	121,173
	2016	7.6 years	197,731		54,926	142,805
Differences between expected and actual experience	2015	7.9 years	41,752		14,397	27,355
Differences between projected and actual investment earnings	2016	5 years	259,943		259,943	-
	2017	5 years	(136,702)		(68,350)	(68,352)
	2018	5 years	80,836		26,945	53,891
	2019	5 years	(525,984)		(131,496)	(394,488)
	2020	5 years		1,405,844	281,169	1,124,675
Net difference between projected and actual investment earnings (1)			(321,907)	1,405,844	368,211	715,726
Total deferred outflows of resources			<u>119,534</u>	<u>1,405,844</u>	<u>518,319</u>	<u>1,007,059</u>
<b>Deferred inflows of resources</b>						
Changes in assumptions	2019	6.8 years	\$ 38,737		6,679	32,058
	2020	8.1 years		3,099,048	382,599	2,716,449
Differences between expected and actual experience	2014	8.5 years	51,015		20,406	30,609
	2016	7.6 years	227,353		63,154	164,199
	2017	7 years	275,109		68,777	206,332
	2018	6.5 years	73,965		13,448	60,517
	2019	6.8 years	281,494		48,533	232,961
	2020	8.1 years		605,639	74,770	530,869
Total deferred inflows of resources			\$ <u>947,673</u>	<u>3,704,687</u>	<u>678,366</u>	<u>3,973,994</u>

(1) In accordance with paragraph 71b of GASB Statement No. 68, collective deferred outflows of resources and deferred outflows 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,	2022	\$	(419,992)
		2023		(383,272)
		2024		(450,072)
		2025		(244,861)
		2026		(508,265)
		2027		(457,369)
		Thereafter		(503,104)
Total			\$	(2,966,935)

*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, 2020.

**Note 7: Collective Pension Expense**

The components of collective pension expense for the year ended June 30, 2020, are shown in the following table:

Service cost	\$	1,348,219
Interest on the total pension liability and net cash flow		1,609,586
Projected earnings on plan investments		(2,109,821)
Current period effect of benefit changes		215,494
Member contributions		(191,072)
Administrative expenses		121,080
Recognition (amortization) of deferred inflows and outflows of resources		
Change in assumptions		(253,567)
Difference between expected and actual experience		(274,690)
Difference between projected and actual investment earnings		368,210
Collective pension expense	\$	833,439