Magistrates Retirement Fund of Georgia

Financial Statements

Fiscal Year Ended June 30, 2023

Cover photograph is the Major W.L. "Bill" Cline, Fund Headquarters located in Griffin, Georgia.

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

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SECTION I - FINANCIAL

DOAA
Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

INDEPENDENT AUDITOR'S REPORT

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the Board of Commissioners of the Magistrates Retirement Fund of Georgia
and
Mr. Homer Bryson, Secretary-Treasurer

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Magistrates Retirement Fund of Georgia (Fund), a component unit of the State of Georgia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Fund as of June 30, 2023, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2024 on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

A copy of this report has been filed as a permanent record and made available to the press of the State, as provided for by Official Code of Georgia Annotated section 50-6-24.

Respectfully submitted,

Greg S. Griffin
State Auditor

July 22, 2024

BASIC FINANCIAL STATEMENTS

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

Statement of Fiduciary Net Position

June 30, 2023

Assets:			
Cash and cash equivalents			$ 556,178
Receivables:			
Due from brokers for securities sold		$ 1,855	
Interest and dividends and Other		136,573	138,428
Investments - at fair value:			
Obligations:			
U.S. Treasury obligations	$ 5,178,215		
U.S. Agency obigations	5,023,612		
Corporate bonds/notes/debentures			
Domestic	4,413,413		
International	352,087		
Asset-backed securities	104,448		
Mortgage investments	601,334	15,673,109	
Equities:			
Mutual funds	4,882,703		
Stocks			
Domestic	13,272,441		
International	6,757,925		
Real estate investment trusts	144,559	25,057,628	
Total investments			40,730,737
Total assets			41,425,343
Liabilities:			
Accounts payable and other accruals			44,146
Total liabilities			44,146
Net position restricted for pensions			$ 41,381,197

See accompanying notes to financial statements.

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

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2023

Additions:		
Contributions:		
Nonemployer		$ 1,674,489
Members		199,755
Net investment income:		
Net increase in fair value of investments	$ 2,372,847	
Interest, dividends, and other	1,136,608	
Less investment expense	(237,792)	3,271,663
Total additions		5,145,907
Deductions:		
Benefit payments		1,042,030
Refunds of member contributions		30,128
Administrative expenses, net		124,238
Total deductions		1,196,396
Net increase in net position		3,949,511
Net position restricted for pensions:		
Beginning of year		37,431,686
End of year		$ 41,381,197

See accompanying notes to financial statements.

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

Notes to Financial Statements

June 30, 2023

Note 1: Plan Description

The Magistrates Retirement Fund of Georgia (the Fund) was created July 1, 2006, by the Georgia General Assembly to provide 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*.

The Fund is governed by its Board of Commissioners. The Board is comprised of the Governor of the State of Georgia or his designee; an appointee of the Governor other than the Attorney General; and five full-time chief magistrates who are members of the Fund. The Board of Commissioners is ultimately responsible for the administration of the Fund.

Eligibility and Membership

Individuals eligible to apply for membership in the Fund are defined in the Official Code of Georgia Annotated (O.C.G.A.) §47-25-40 and generally include all duly qualified and commissioned magistrates of a county of the State of Georgia and any person serving as secretary-treasurer of the Board of Commissioners

As of June 30, 2023, participation in the Fund is as follows:

Inactive members and beneficiaries currently receiving benefits	49
Terminated members not yet receiving benefits, vested	3
Active plan members	130
Total	182

Participating Employers and Other Contributing Entities

At June 30, 2023, the active members of the Fund were employed by 130 employers. The Fund also had 1 nonemployer contributing entity, which is the State of Georgia.

Retirement Benefits

The Fund provides retirement as well as disability and death benefits. Title 47 of the O.C.G.A. assigns the authority to establish and amend the provisions of the Fund to the General Assembly. Members are eligible for retirement at age 60 and must have served at least eight years in a position eligible for membership in the Fund. A member must have terminated his or her official capacity as a chief magistrate or as a secretary-treasurer of the Board to receive benefits.

A member who is approved for retirement benefits is paid a monthly benefit equal to 4% of his or her average final monthly compensation (subject to a salary cap) for each year served up to, but not exceeding, a total of 20 years, with exceptions.

Death and Disability Benefits
Any member who becomes totally and permanently disabled after completing four years of creditable service is entitled to receive retirement benefits in the amount that the member would receive if their retirement were effective at the time the member became disabled.

If a member dies before retirement, the member's spouse may withdraw the dues paid into the Fund plus interest and thus waive any rights to any benefits through the Fund. The surviving spouse may also elect to receive benefits through an optional payment offered by the Fund. If a member who is receiving benefits dies, the surviving spouse, upon reaching age 60, may elect to receive a benefit equal to 50% of the monthly retirement benefit being paid to the deceased member at the time of death. These benefits will be paid for the remainder of the surviving spouse's life.

Terminations
In the event of termination, a member is entitled to any retirement benefits that may have been earned. However, the member may waive the right to these benefits and receive all dues paid plus interest.

Contributions
Funding is provided by member and nonemployer contributing entity (Nonemployer) contributions. Contribution provisions are established by statute and may be amended only by the General Assembly.

Member Contributions: Member contribution requirements are set forth in O.C.G.A. §47-25-41 and are not actuarially determined. Members must contribute 3.42% of their salary each month, subject to a limit that is based on the population of the member's county.

Nonemployer Contributions: In accordance with O.C.G.A. §47-25-60, the State of Georgia provides nonemployer contributions to the Fund through the collection of court fees. For each civil matter or proceeding filed in magistrate courts, \$3 is collected by the court and remitted directly to the Fund.

The court fees are considered employer contributions for the purpose of determining whether the Fund has met minimum funding requirements specified in O.C.G.A. §47-20-10. This statute also prohibits any action to grant a benefit increase until such time as the minimum annual contribution requirements meet or exceed legislative requirements. The actuarial valuation as of June 30, 2022, calculated the minimum employer contribution for the fiscal year ended June 30, 2023, as \$0. The court fees revenue of \$1,674,489 for the fiscal year ended June 30, 2023, meets the minimum required fund contribution.

Administrative Expenses
Administrative expenses are generally funded from current member and court fee contributions. Investment earnings may be utilized to fund any expenses in excess of contributions.

Note 2: Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting
The Fund's financial statements are prepared on the accrual basis of accounting, except for the collection of contributions, which are recognized when collected from the members and the courts. Any accrual of these contributions would be immaterial to the Fund's financial statements. Retirement and refund payments are recognized as deductions when due and payable.

Reporting Entity
The Fund is a component unit of the State of Georgia; however, it is accountable for its own fiscal matters and presentation of its separate financial statements. The Fund has considered potential component units under GASB Statements No. 61, *The Financial Reporting Entity's Omnibus – an amendment of GASB Statement No. 14 and No. 34*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and determined there were no component units of the Fund.

Cash and Cash Equivalents
Cash and cash equivalents, reported at cost, include cash in banks, cash on deposit with the investment custodian earning a credit to offset fees, and short-term highly liquid financial securities with original maturities of three months or less from the date of acquisition.

Investments
Investments are reported at fair value. Equity securities traded on a national or international exchange are valued at the last reported sales price. Fixed income securities are valued based primarily on quoted market prices provided by independent pricing sources. Investment income is recognized as earned by the Fund. There are no investments in, loans to, or leases with parties related to the Fund.

The Fund utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as credit, interest rate, foreign currency risk, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

The Fund maintains an investment policy that may be amended by its Board of Commissioners both upon its own initiative and upon consideration of the advice and recommendations of its investment managers. There were no updates made to the investment policy for the Fund during the fiscal year.

The Fund's policy regarding the allocation of invested assets is established on a cost basis in compliance with State law. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

The following was the Fund's adopted asset allocation policy as of June 30, 2023:

Asset Class	Target Allocation
Fixed income	36%
Equities	32%
International Equities	22%
Alternatives	10%

Approximately 25% of the investments held in trust for pension benefits are invested in debt securities of the U.S. government and its instrumentalities, of which 12.7% are U.S. government debt securities and 12.3% are debt securities of the U.S. government instrumentalities. The Fund has no investments in any one organization, other than those issued by the U.S. government and its instrumentalities, that represent 5% or more of the plan's total investments.

For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.81%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Use of Estimates
The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of fiduciary net position and changes therein. Actual results could differ from those estimates.

New Accounting Pronouncements
GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This statement's objective is to improve financial reporting by addressing issues related to partnership arrangements. The statement also provides guidance for accounting and financial reporting for availability payment arrangements. There are no applicable reporting requirements for the Fund related to this statement.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. There are no applicable reporting requirements for the Fund related to this statement.

Note 3: Investment Program

The Fund maintains sufficient cash to meet its immediate liquidity needs. Cash not immediately needed is invested as directed by the investment policy of the Fund. All investments are held by agent custodial banks in the name of the Fund. State statutes and the Fund's investment policy authorize the Fund to invest in a variety of short-term and long-term securities.

Cash and Cash Equivalents

The carrying amount of the Fund's operating account totaled $76,558 at June 30, 2023, with an actual bank balance of $81,828. This balance is fully insured through the Federal Deposit Insurance Corporation, an independent agency of the U.S. Government.

The carrying amount of the Fund's cash balances maintained within an investment account is $479,619.43 at June 30, 2023. This balance includes $229,619.43 which is uncollateralized and $250,000 which is fully insured through the Federal Deposit Insurance Corporation, an independent agency of the U.S. Government.

Investments

Fixed-income investments are maintained in mutual funds, exchange-traded funds, municipal bonds, U.S. Treasury obligations, obligations unconditionally guaranteed by agencies of the U.S. Government, obligations of foreign governments, investment-grade corporate bonds, asset-backed securities, and mortgage-related securities.

Equity investments are maintained in mutual funds, domestic equities, international equities, and real estate investment trusts. Domestic equities are those securities considered by the O.C.G.A. to be domiciled in the United States. International equities are not considered by the O.C.G.A to be domiciled in the United States.

The equity portfolio is managed by the Fund in conjunction with independent advisors. Buy/sell decisions are based on securities meeting rating criteria established by the investment policy of the Fund. Equity trades are approved and executed by the independent advisors. Common stocks eligible for investment must meet the Objectives and Policies of the Fund's investment policy.

State law limits the total investment in equity securities to 75% of the total invested assets calculated on a historical cost basis.

Credit Risk
Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Fund. State law limits investments to investment-grade securities. The Fund's investment policy requires that purchases of bonds be restricted to bonds rated as investment-grade rated BAA (or equivalent) or better as defined by a nationally recognized rating agency. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and do not require disclosure of credit quality.

The quality ratings of investments in fixed income securities at June 30, 2023, as described by Standard & Poor's, which is a nationally recognized statistical rating organization, are shown in the following table:

Quality Ratings of Fixed Income Investments Held at June 30, 2023

Investment Type	Total Fair Value	AAA	AA	A	BBB	BB	Unrated
Debt Securities Subject to Credit Risk:							
US Agency obligations							
Implicitly guaranteed	$ 5,023,612	-	-	-	-	-	5,023,612
Corporate debt							
Domestic	4,413,413	-	-	488,484	3,727,006	-	197,923
International	352,087	-	-	-	276,313	-	75,774
Asset-backed securities	104,448	-	50,556	-	-	-	53,892
Mortgage-backed securities	601,334	136,264	-	-	-	-	465,070
Total Debt Securities Subject to Credit Risk	10,494,894	136,264	50,556	488,484	4,003,319	-	$ 5,816,271
Debt Securities Not Subject to Credit Risk:							
U.S. Treasury obligations	5,178,215						
Total Debt Securities	$ 15,673,109						

Interest Rate Risk
Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Fund does not have a formal policy for managing interest rate risk. The following table provides information about the Fund's interest rate risk:

Fair Value of Fixed Income Instruments by Maturity Period - Specific Identification Method Held at June 30, 2023

		Maturity Period				
Investment type	Total Fair Value	Less than 3 Months	4 - 12 Months	1 - 5 Years	6 - 10 Years	More than 10 Years
Debt Securities Subject to Interest Rate Risk:						
U.S. Treasury obligations	$ 5,178,215	188,197	-	2,740,812	586,776	1,662,430
U.S. Agency obligations	5,023,612	-	89,012	-	-	4,934,600
Corporate debt						
Domestic	4,413,413	-	-	1,624,998	1,454,713	1,333,702
International	352,087	-	-	298,020	-	54,067
Asset-backed securities	104,448	-	-	104,448	-	-
Mortgage-backed securities	601,334	-	-	136,264	-	465,070
Total Debt Securities Subject to Interest Rate Risk:	$ 15,673,109	188,197	89,012	4,904,542	2,041,489	8,449,869

Concentration of Credit Risk
Concentration of credit risk is the risk of loss that may be attributed to the magnitude of the Fund's investment in a single issue. On June 30, 2023, the Fund did not have debt investments in any one organization, other than those issued or guaranteed by the U.S. Government or its agencies, which represented greater than 5% of plan's total investments.

Foreign Currency Risk
Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Fund does not have a formal policy for managing foreign currency risk. As of June 30, 2023, the Fund did not have any exposure to foreign currency risk.

Fair Value Measurement
The Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the inputs used in valuation and gives the highest priority to unadjusted quoted prices in active markets and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in the hierarchy is based on whether the significant inputs into the valuation are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest level, Level 1, is given to unadjusted quoted prices in active markets and the lowest level, Level 3, to unobservable inputs. These guidelines recognize a three-tiered hierarchy, as follows:

Level 1 – Valuations based on unadjusted quoted prices for identical instruments in active markets.

Level 2 – Valuations based on quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Fund's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each investment.

The following table shows the fair value leveling of the Fund's investments:

Investments Measured at Fair Value as of June 30, 2023

			Fair value measures using		
Investments by fair value level		Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Debt Securities:					
U.S. Treasury obligations	$	5,178,215	-	5,178,215	-
U.S. Agency obligations		5,023,612	-	5,023,612	-
Corporate debt					
Domestic		4,413,413	-	4,413,413	-
International		352,087	-	352,087	-
Asset-backed securities		104,448	-	104,448	-
Mortgage-backed securities		601,334	-	601,334	-
Equities:					
Mutual Funds		4,882,703	4,882,703	-	-
Stocks					
Domestic		13,272,441	13,272,441	-	-
International		6,757,925	6,757,925	-	-
Real estate investment trusts		144,559	144,559	-	-
Total Investments by fair value level	$	40,730,737	25,057,628	15,673,109	-

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features and ratings. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. These securities have nonproprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

Note 4: Net Pension Liability of Employers and Nonemployers

The components of the collective net pension liability of the participating employers and nonemployers at June 30, 2023, were as follows:

Total pension liability	$	28,822,728
Plan fiduciary net position		(41,381,197)
Net pension liability (asset)	$	(12,558,469)
Plan fiduciary net position as a percentage of total pension liability		143.57%

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2022, with update procedures used to roll forward the total pension liability to June 30, 2023. 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	2.25 %
Salary increases	N/A
Investment rate of return	6.50%, net of pension plan investment expense, including inflation.

Mortality rates were based on the PUB-2010 Mortality table projected generationally using the MP-2021 mortality improvement scale.

The long-term expected rate of return on pension plan investments was determined using a building block method 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 geometric real rates of return by the target asset allocation percentage and then adding expected inflation. The long-term assumed investment rate of return of 6.50% was reviewed by the Fund’s actuary for reasonableness and adopted by the Board.

The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return*
U.S. Equity	32.0 %	5.33 %
International Equity	22.0	5.63
Core Fixed Income	36.0	1.18
Core Real Estate	5.0	4.27
Private Equity	5.0	6.65
Total	100.00 %	

*Rate shown are net of the 2.25% assumed rate of inflation

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 contributions 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 expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate
The following table presents the net pension liability of the Fund, calculated using the discount rate of 6.50%, as well as what the 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%)
Employer's and nonemployers' net pension liability (asset)	$ (9,520,088)	(12,558,469)	(15,151,444)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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

Required Supplementary Information

Schedule of Employers’ and Nonemployers’ Net Pension Liability

For the year ended June 30

(Unaudited)

		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability	$	28,822,728	26,359,901	24,148,943	22,655,110	23,635,707	20,934,490	18,660,629	16,767,742	14,287,045	12,005,486
Plan fiduciary net position		41,381,197	37,431,686	41,860,819	33,754,076	31,885,800	28,047,742	25,094,211	21,875,524	20,232,225	18,139,625
Employers' and nonemployers' net pension liability (asset)	$	(12,558,469)	(11,071,785)	(17,711,876)	(11,098,966)	(8,250,093)	(7,113,252)	(6,433,582)	(5,107,782)	(5,945,180)	(6,134,139)
Plan fiduciary net position as a percentage of the total pension liability		143.57%	142.00%	173.34%	148.99%	134.91%	133.98%	134.48%	130.46%	141.61%	151.09%
Covered payroll		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Employers' and nonemployers' net pension liability as a percentage of covered payroll		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

See accompanying notes to required supplementary information and accompanying independent auditor's report.

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

Required Supplementary Information

Schedule of Changes in Employers' and Nonemployers' Net Pension Liability

For the year ended June 30

(Unaudited)

		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:											
Service cost	$	1,364,867	1,424,202	1,384,621	1,348,219	1,377,913	1,414,486	1,439,028	1,337,201	1,342,981	1,320,295
Interest		1,767,265	1,636,263	1,543,115	1,609,586	1,436,563	1,294,034	1,175,629	1,089,423	930,688	675,478
Change of benefit terms		877,939	797,446	707,929	215,494	691,810	-	-	238,720	-	1,170,096
Differences between expected and actual experience		(475,087)	(931,397)	(1,555,777)	(605,639)	(330,027)	-	(481,440)	(479,969)	113,737	(173,451)
Changes of assumptions		-	84,191	12,934	(3,099,048)	(45,416)	(100,861)	-	417,435	-	686,668
Benefit payments		(1,042,030)	(799,569)	(557,830)	(425,142)	(396,360)	(327,544)	(226,851)	(122,113)	(91,519)	(5,989)
Refunds of member contributions		(30,127)	(178)	(41,159)	(24,067)	(33,266)	(6,254)	(13,479)	-	(14,328)	-
Net change in total pension liability		2,462,827	2,210,958	1,493,833	(980,597)	2,701,217	2,273,861	1,892,887	2,480,697	2,281,559	3,673,097
Total pension liability - beginning		26,359,901	24,148,943	22,655,110	23,635,707	20,934,490	18,660,629	16,767,742	14,287,045	12,005,486	8,332,389
Total pension liability - ending (a)		28,822,728	26,359,901	24,148,943	22,655,110	23,635,707	20,934,490	18,660,629	16,767,742	14,287,045	12,005,486
Plan fiduciary net position:											
Contributions - nonemployer		1,674,489	1,368,994	1,138,465	1,543,516	1,630,517	1,658,370	1,549,378	1,532,736	1,563,301	1,666,281
Contributions - member		199,755	193,007	184,381	191,072	186,522	187,208	176,627	171,939	169,399	151,155
Net investment income		3,271,662	(5,066,856)	7,529,427	703,977	2,522,661	1,542,264	1,809,461	168,174	510,933	2,347,662
Benefit payments		(1,042,030)	(799,569)	(557,830)	(425,142)	(396,360)	(327,544)	(226,851)	(122,113)	(91,519)	(5,989)
Refund of member contributions		(30,127)	(178)	(41,159)	(24,067)	(33,266)	(6,254)	(13,479)	-	(14,328)	-
Administrative expense		(124,238)	(124,531)	(146,541)	(121,080)	(72,016)	(100,513)	(76,449)	(107,437)	(45,186)	(98,767)
Net change in plan fiduciary net position		3,949,511	(4,429,133)	8,106,743	1,868,276	3,838,058	2,953,531	3,218,687	1,643,299	2,092,600	4,060,342
Plan fiduciary net position - beginning		37,431,686	41,860,819	33,754,076	31,885,800	28,047,742	25,094,211	21,875,524	20,232,225	18,139,625	14,079,283
Plan fiduciary net position - ending (b)		41,381,197	37,431,686	41,860,819	33,754,076	31,885,800	28,047,742	25,094,211	21,875,524	20,232,225	18,139,625
Net pension liability (asset) - ending (a) - (b)	$	(12,558,469)	(11,071,785)	(17,711,876)	(11,098,966)	(8,250,093)	(7,113,252)	(6,433,582)	(5,107,782)	(5,945,180)	(6,134,139)

See accompanying notes to required supplementary information and accompanying independent auditor's report

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

Required Supplementary Information

Schedule of Employer and Nonemployer Contributions

For the year ended June 30

(Unaudited)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined employer and nonemployer contribution	$ -	-	-	-	753,816	795,161	849,394	-	-	-
Contributions in relation to the actuarially determined contribution	1,674,489	1,368,994	1,138,465	1,543,516	1,630,517	1,658,370	1,549,378	1,532,736	1,563,301	1,666,281
Contribution deficiency (excess)	$ (1,674,489)	(1,368,994)	(1,138,465)	(1,543,516)	(876,701)	(863,209)	(699,984)	(1,532,736)	(1,563,301)	(1,666,281)
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

See accompanying notes to required supplementary information and accompanying independent auditor's report.

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

Required Supplementary Information

Schedule of Investment Returns

For the year ended June 30

(Unaudited)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	7.81%	(12.53%)	21.60%	2.24%	8.94%	5.89%	8.76%	1.13%	3.07%	17.33%

See accompanying notes to required supplementary information and accompanying independent auditor's report.

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

Notes to Required Supplementary Information

June 30, 2023

(Unaudited)

Note 1: Schedule of Employers' and Nonemployers' Net Pension Liability
The components of the net pension liability as of the fiscal year end and the fiduciary net position as a percentage of the total pension liability as of that date are presented in this schedule. This trend information will be accumulated to display a ten-year presentation.

Note 2: Schedule of Changes in Employers' and Nonemployers' Net Pension Liability
Net pension liability which is measured as the total pension liability less the amount of the fiduciary net position is presented in this schedule. This trend information will be accumulated to display a ten-year presentation.

Note 3: Schedule of Employer and Nonemployer Contributions
The schedule presents the required contributions and the percentage of required contributions actually contributed.

Note 4: Schedule of Investment Returns
The schedule presents historical trend information about the annual money-weighted rate of return on plan investments, net of plan investment expense. This trend information will be accumulated to display a ten-year presentation.

Note 5: Actuarial Methods and Assumptions

Changes of assumptions: None.

Benefit changes: The Board approved two 1.5% increases in benefits for all members effective January 1, 2023, and July 1, 2023. Both increases adjusted the earnings cap used to calculate retirement benefits, provided a cost-of-living adjustment for retirees and surviving spouses, and adjusted membership dues (currently 3.42% of the earnings cap) respectively.

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

Notes to Required Supplementary Information

June 30, 2023

(Unaudited)

Methods and assumptions used in calculations of actuarially determined contributions: The following actuarial methods and assumptions were used to determine the most recently calculated actuarially determined contribution reported in the Schedule of Employer and Nonemployer Contributions:

Valuation date	June 30, 2022
Actuarial cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Actuarial value
Inflation rate	2.25%
Salary increases	N/A
Investment rate of return	6.5%, net of pension plan investment expense, including inflation
Retirement Age	Active retirement rates:

Age	Rate
60	30%
61-70	10%
71+	100%

Mortality rates were based on the PUB-2010 Mortality table projected generationally using the MP-2021 mortality improvement scale, with the following adjustments by status:

Active Members: Sex Distinct Amount Weighted General Employees Table

Non-Disabled Retirees: Sex Distinct Amount Weighted General Healthy Retiree Table

Contingent Survivors: Sex Distinct Amount Weighted Contingent Survivor Table

Disabled Retirees: Sex Distinct Amount Weighted Disabled Retiree Table

SECTION II – REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

DOAA
Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the Board of Commissioners of the Magistrates Retirement
Fund of Georgia
and
Mr. Homer Bryson, Secretary-Treasurer

We have audited the financial statements of the Magistrates Retirement Fund of Georgia (Fund), a component unit of the State of Georgia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated July 22, 2024. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Fund's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Greg S. Griffin
State Auditor

July 22, 2024