



ANNUAL FINANCIAL AUDIT • JUNE 30, 2023

# 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**

Greg S. Griffin | State Auditor



**DOAA**  
Georgia Department  
of Audits & Accounts



## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Commissioners of the Magistrates Retirement  
Fund of Georgia  
and  
Mr. Homer Bryson, Secretary-Treasurer  
Magistrates Retirement Fund of Georgia

### ***Opinions***

We have audited the schedule of employer and nonemployer allocations 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. 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 as of and for the year ended June 30, 2023, and the related notes.

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, 2023 in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Schedules* 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 opinions.

### ***Responsibilities of Management for the Schedules***

Management is responsible for the preparation and fair presentation of the schedule of employer and nonemployer allocations and the schedule of pension amounts by employer and nonemployer (collectively, the Schedules) 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 the Schedules that are free from material misstatement, whether due to fraud or error.

## ***Auditor's Responsibilities for the Audit of the Schedules***

Our objectives are to obtain reasonable assurance about whether the Schedules are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 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 Schedules.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedules, 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 Schedules.
- 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 Schedules.

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.

## ***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, 2023. Our report thereon, dated July 22, 2024, expressed an unmodified opinion on those financial statements.

***Restriction on Use***

Our report is intended solely for the information and use of the Fund's 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

July 22, 2024

**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, 2023

<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	0.6644%
Atkinson	42,781.22	0.6644%
Baker	42,781.22	0.6644%
Baldwin	50,456.02	0.7836%
Banks	42,781.22	0.6644%
Barrow	60,705.70	0.9428%
Bartow	64,854.89	1.0072%
Bibb	69,380.55	1.0775%
Bleckley	42,781.22	0.6644%
Brantley	42,781.22	0.6644%
Bryan	50,456.02	0.7836%
Bulloch	60,705.70	0.9428%
Burke	44,519.08	0.6914%
Butts	44,519.08	0.6914%
Calhoun	42,781.22	0.6644%
Camden	56,551.77	0.8783%
Candler	42,781.22	0.6644%
Catoosa	56,551.77	0.8783%
Charlton	42,781.22	0.6644%
Chatham	82,089.54	1.2749%
Chattooga	44,519.08	0.6914%
Cherokee	82,089.54	1.2749%
Clay	42,781.22	0.6644%
Cobb	97,976.05	1.5216%
Coffee	50,456.02	0.7836%
Colquitt	50,456.02	0.7836%
Columbia	69,380.55	1.0775%
Coweta	64,854.89	1.0072%
Crisp	44,519.08	0.6914%
Dade	42,781.22	0.6644%
Dawson	44,519.08	0.6914%
Decatur	47,485.71	0.7375%
Dekalb	97,976.05	1.5216%
Dodge	42,781.22	0.6644%
Dougherty	60,705.70	0.9428%
Douglas	64,854.89	1.0072%
Early	42,781.22	0.6644%
Echols	42,781.22	0.6644%
Effingham	56,551.77	0.8783%
Elbert	42,781.22	0.6644%
Emanuel	44,519.08	0.6914%
Evans	42,781.22	0.6644%
Fannin	44,519.08	0.6914%
Fayette	64,854.89	1.0072%

**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, 2023

<u>Employer</u>	<u>Earnings Cap</u>	<u>Employer Allocation Percentage</u>
State of Georgia - Nonemployer Contributing Entity		
State's Proportionate Share Associated with:		
Floyd	60,705.70	0.9428%
Forsyth	82,089.54	1.2749%
Franklin	44,519.08	0.6914%
Fulton	97,976.05	1.5216%
Gilmer	47,485.71	0.7375%
Gordon	56,551.77	0.8783%
Grady	44,519.08	0.6914%
Greene	42,781.22	0.6644%
Gwinnett	97,976.05	1.5216%
Habersham	50,456.02	0.7836%
Hall	75,621.49	1.1744%
Haralson	47,485.71	0.7375%
Harris	47,485.71	0.7375%
Heard	42,781.22	0.6644%
Henry	75,621.49	1.1744%
Irwin	42,781.22	0.6644%
Jackson	60,705.70	0.9428%
Jasper	42,781.22	0.6644%
Jeff Davis	42,781.22	0.6644%
Jefferson	42,781.22	0.6644%
Johnson	42,781.22	0.6644%
Lamar	42,781.22	0.6644%
Lanier	42,781.22	0.6644%
Laurens	50,456.02	0.7836%
Lee	47,485.71	0.7375%
Liberty	56,551.77	0.8783%
Lincoln	42,781.22	0.6644%
Long	42,781.22	0.6644%
Lumpkin	47,485.71	0.7375%
Macon	42,781.22	0.6644%
Marion	42,781.22	0.6644%
Mcduffie	44,519.08	0.6914%
Mcintosh	42,781.22	0.6644%
Meriwether	44,519.08	0.6914%
Miller	42,781.22	0.6644%
Mitchell	44,519.08	0.6914%
Montgomery	42,781.22	0.6644%
Morgan	44,519.08	0.6914%
Murray	50,456.02	0.7836%
Oconee	50,456.02	0.7836%
Oglethorpe	42,781.22	0.6644%
Paulding	69,380.55	1.0775%
Peach	44,519.08	0.6914%

**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, 2023

<u>Employer</u>	<u>Earnings Cap</u>	<u>Employer Allocation Percentage</u>
State of Georgia - Nonemployer Contributing Entity		
State's Proportionate Share Associated with:		
Pickens	47,485.71	0.7375%
Pike	42,781.22	0.6644%
Polk	50,456.02	0.7836%
Pulaski	42,781.22	0.6644%
Putnam	44,519.08	0.6914%
Quitman	42,781.22	0.6644%
Randolph	42,781.22	0.6644%
Rockdale	60,705.70	0.9428%
Secretary-Treasurer	97,976.05	1.5216%
Schley	42,781.22	0.6644%
Screven	42,781.22	0.6644%
Spalding	56,551.77	0.8783%
Stephens	44,519.08	0.6914%
Taliaferro	42,781.22	0.6644%
Tattnall	44,519.08	0.6914%
Taylor	42,781.22	0.6644%
Terrell	42,781.22	0.6644%
Thomas	50,456.02	0.7836%
Tift	50,456.02	0.7836%
Towns	42,781.22	0.6644%
Treutlen	42,781.22	0.6644%
Troup	56,551.77	0.8783%
Twiggs	42,781.22	0.6644%
Union	44,519.08	0.6914%
Upson	44,519.08	0.6914%
Walker	56,551.77	0.8783%
Walton	60,705.70	0.9428%
Ware	47,485.71	0.7375%
Warren	42,781.22	0.6644%
Washington	42,781.22	0.6644%
Wayne	47,485.71	0.7375%
Webster	42,781.22	0.6644%
Wheeler	42,781.22	0.6644%
White	44,519.08	0.6914%
Whitfield	64,854.89	1.0072%
Wilcox	42,781.22	0.6644%
Wilkes	42,781.22	0.6644%
Wilkinson	42,781.22	0.6644%
Worth	44,519.08	0.6914%
Total	\$ <u>6,439,073.74</u>	<u>100.0000%</u>
Each Employer of Plan Members - Employer Share		<u>0.000000%</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, 2023

<u>Employer</u>	<u>Deferred Outflows of Resources</u>			<u>Deferred Inflows of Resources</u>			<u>Total Employer Pension Expense</u>
	<u>Net Pension Asset</u>	<u>Changes in Assumptions</u>	<u>Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments</u>	<u>Total Deferred Outflows of Resources</u>	<u>Changes in Assumptions</u>	<u>Differences Between Expected and Actual Experience</u>	
State of Georgia - Nonemployer Contributing Entity							
State's Proportionate Share Associated with:							
Appling	\$ (83,438)						\$ 6,506
Atkinson	(83,438)						6,506
Baker	(83,438)						6,506
Baldwin	(98,407)						7,673
Banks	(83,438)						6,506
Barrow	(118,398)						9,230
Bartow	(126,491)						9,861
Bibb	(135,318)						10,550
Bleckley	(83,438)						6,506
Brantley	(83,438)						6,506
Bryan	(98,407)						7,673
Bulloch	(118,398)						9,230
Burke	(86,828)						6,770
Butts	(86,828)						6,770
Calhoun	(83,438)						6,506
Camden	(110,296)						8,600
Candler	(83,438)						6,506
Catoosa	(110,296)						8,600
Charlton	(83,438)						6,506
Chatham	(160,106)						12,482
Chattooga	(86,828)						6,770
Cherokee	(160,106)						12,482
Clay	(83,438)						6,506
Cobb	(191,088)						14,898
Coffee	(98,407)						7,673
Colquitt	(98,407)						7,673
Columbia	(135,319)						10,550
Coweta	(126,491)						9,861
Crisp	(86,828)						6,770
Dade	(83,438)						6,506
Dawson	(86,828)						6,770
Decatur	(92,614)						7,221
Dekalb	(191,088)						14,898
Dodge	(83,438)						6,506
Dougherty	(118,398)						9,230

**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, 2023

<u>Employer</u>	Deferred Outflows of Resources			Deferred Inflows of Resources			Total Employer Pension Expense
	Net Pension Asset	Changes in Assumptions	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	
State of Georgia - Nonemployer Contributing Entity							
State's Proportionate Share Associated with:							
Douglas	(126,491)						9,861
Early	(83,438)						6,506
Echols	(83,438)						6,506
Effingham	(110,296)						8,600
Elbert	(83,438)						6,506
Emanuel	(86,828)						6,770
Evans	(83,438)						6,506
Fannin	(86,828)						6,770
Fayette	(126,491)						9,861
Floyd	(118,398)						9,230
Forsyth	(160,106)						12,482
Franklin	(86,828)						6,770
Fulton	(191,088)						14,898
Gilmer	(92,614)						7,221
Gordon	(110,296)						8,600
Grady	(86,828)						6,770
Greene	(83,438)						6,506
Gwinnett	(191,088)						14,898
Habersham	(98,407)						7,673
Hall	(147,490)						11,501
Haralson	(92,614)						7,221
Harris	(92,614)						7,221
Heard	(83,438)						6,506
Henry	(147,490)						11,501
Irwin	(83,438)						6,506
Jackson	(118,398)						9,230
Jasper	(83,438)						6,506
Jeff Davis	(83,438)						6,506
Jefferson	(83,438)						6,506
Johnson	(83,438)						6,506
Lamar	(83,438)						6,506
Lanier	(83,438)						6,506
Laurens	(98,407)						7,673
Lee	(92,614)						7,221
Liberty	(110,296)						8,600

**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, 2023

<u>Employer</u>	<u>Deferred Outflows of Resources</u>			<u>Deferred Inflows of Resources</u>			<u>Total Employer Pension Expense</u>
	<u>Net Pension Asset</u>	<u>Changes in Assumptions</u>	<u>Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments</u>	<u>Total Deferred Outflows of Resources</u>	<u>Changes in Assumptions</u>	<u>Differences Between Expected and Actual Experience</u>	
State of Georgia - Nonemployer Contributing Entity							
State's Proportionate Share Associated with:							
Lincoln	(83,438)						6,506
Long	(83,438)						6,506
Lumpkin	(92,614)						7,221
Macon	(83,438)						6,506
Marion	(83,438)						6,506
Mcduffie	(86,828)						6,770
Mcintosh	(83,438)						6,506
Meriwether	(86,828)						6,770
Miller	(83,438)						6,506
Mitchell	(86,828)						6,770
Montgomery	(83,438)						6,506
Morgan	(86,828)						6,770
Murray	(98,407)						7,673
Oconee	(98,407)						7,673
Oglethorpe	(83,438)						6,506
Paulding	(135,318)						10,550
Peach	(86,828)						6,770
Pickens	(92,614)						7,221
Pike	(83,438)						6,506
Polk	(98,407)						7,673
Pulaski	(83,438)						6,506
Putnam	(86,828)						6,770
Quitman	(83,438)						6,506
Randolph	(83,438)						6,506
Rockdale	(118,398)						9,230
Schley	(83,438)						6,506
Screven	(83,438)						6,506
Secretary-Treasurer	(191,088)						14,898
Spalding	(110,296)						8,600
Stephens	(86,828)						6,770
Taliaferro	(83,438)						6,506
Tattnall	(86,828)						6,770
Taylor	(83,438)						6,506
Terrell	(83,438)						6,506
Thomas	(98,407)						7,673
Tift	(98,407)						7,673
Towns	(83,438)						6,506
Treutlen	(83,438)						6,506
Troup	(110,296)						8,600

**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, 2023

<u>Employer</u>	Deferred Outflows of Resources				Deferred Inflows of Resources			Total Employer Pension Expense
	Net Pension Asset	Changes in Assumptions	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	
State of Georgia - Nonemployer Contributing Entity State's Proportionate Share Associated with:								
Twiggs	(83,438)							6,506
Union	(86,828)							6,770
Upson	(86,828)							6,770
Walker	(110,296)							8,600
Walton	(118,398)							9,230
Ware	(92,614)							7,221
Warren	(83,438)							6,506
Washington	(83,438)							6,506
Wayne	(92,614)							7,221
Webster	(83,438)							6,506
Wheeler	(83,438)							6,506
White	(86,828)							6,770
Whitfield	(126,491)							9,861
Wilcox	(83,438)							6,506
Wilkes	(83,438)							6,506
Wilkinson	(83,438)							6,506
Worth	(86,828)							6,770
<b>TOTAL STATE OF GEORGIA</b> (Nonemployer Contributing Entity)	<u>\$ (12,558,469)</u>	<u>69,019</u>	<u>2,186,372</u>	<u>2,255,391</u>	<u>1,580,673</u>	<u>2,446,177</u>	<u>4,026,850</u>	<u>979,177</u>
Each Employer of Plan Members - Employer Share	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total for All Entities</b>	<u>\$ (12,558,469)</u>	<u>69,019</u>	<u>2,186,372</u>	<u>2,255,391</u>	<u>1,580,673</u>	<u>2,446,177</u>	<u>4,026,850</u>	<u>979,177</u>

**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, 2023

**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, 2023 were as follows:

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

**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, 2023

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

Mortality rates were based on the 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

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 returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

**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, 2023

*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 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.

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

<u>Asset class</u>	<u>Target allocation</u>	<u>Long term expected real rate of return</u>
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
	<u>100.0 %</u>	

\*Rates shown are net of the 2.25% assumed rate of inflation

*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>(9,520,088)</u>	<u>(12,558,469)</u>	<u>(15,151,444)</u>

**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

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**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%.

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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, 2023. 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 11,889	\$ 42,781.22	\$ 3,565.10
11,890 to 19,999	42,808.37	3,567.36
20,000 to 28,999	45,864.67	3,822.06
29,000 to 38,999	48,920.97	4,076.75
39,000 to 49,999	51,981.05	4,331.75
50,000 to 74,999	58,261.05	4,855.09
75,000 to 99,999	62,540.53	5,211.71
100,000 to 149,999	66,815.13	5,567.93
150,000 to 199,999	71,477.58	5,956.47
200,000 to 249,999	77,907.15	6,492.26
250,000 to 299,999	84,570.69	7,047.56
300,000 to 399,999	93,356.66	7,779.72
400,000 to 499,999	97,147.02	8,095.59
500,000 or more	100,937.38	8,411.45

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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, 2023:

Deferred outflows of resources	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						
	2016	7.6 years	\$ 32,953	-	32,953	-
	2021	7.7 years	9,574	-	1,680	7,894
	2022	7.3 years	72,658	-	11,533	61,125
Differences between projected and actual investment earnings						
	2019	5 years	(131,496)	-	(131,496)	-
	2020	5 years	562,337	-	281,169	281,168
	2021	5 years	(3,189,989)	-	(1,063,330)	(2,126,659)
	2022	5 years	6,246,828	-	1,561,707	4,685,121
	2023	5 years	-	(816,572)	(163,314)	(653,258)
Net difference between projected and actual investment earnings (1)			<u>3,487,680</u>	<u>(816,572)</u>	<u>484,736</u>	<u>2,186,372</u>
Total deferred outflows of resources			<u>\$ 3,602,865</u>	<u>(816,572)</u>	<u>530,902</u>	<u>2,255,391</u>
<b>Deferred inflows of resources</b>						
Changes in assumptions						
	2019	6.8 years	\$ 18,700	-	6,679	12,021
	2020	8.1 years	1,951,251	-	382,599	1,568,652
Differences between expected and actual experience						
	2016	7.6 years	37,891	-	37,891	-
	2017	7.0 years	68,778	-	68,778	-
	2018	7.5 years	33,621	-	13,448	20,173
	2019	6.8 years	135,895	-	48,533	87,362
	2020	8.1 years	381,329	-	74,770	306,559
	2021	7.7 years	1,151,679	-	202,049	949,630
	2022	7.3 years	803,808	-	127,589	676,219
	2023	6.9 years	-	475,087	68,853	406,234
Total deferred inflows of resources			<u>\$ 4,582,952</u>	<u>475,087</u>	<u>1,031,189</u>	<u>4,026,850</u>

(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, 2024	\$	(295,076)
2025		(558,479)
2026		555,746
2027		(1,005,963)
2028		(370,904)
Thereafter		<u>(96,783)</u>
Total	\$	<u><u>(1,771,459)</u></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, 2023.

**Note 7: Collective Pension Expense**

The components of collective pension expense for the year ended June 30, 2023, are shown in the following table:

Service cost	\$	1,364,867
Interest on the total pension liability and net cash flow		1,767,265
Projected earnings on plan investments		(2,455,090)
Current period effect of benefit changes		877,939
Current period difference between expected and actual experience		(68,853)
Current period effect of changes in assumptions		-
Current period difference between projected and actual investment earnings		(163,314)
Member contributions		(199,755)
Administrative Expenses		124,238
Current period recognition of prior years' deferred outflows of resources		1,889,042
Current period recognition of prior years' deferred inflows of resources		<u>(2,157,162)</u>
Collective pension expense	\$	<u><u>979,177</u></u>