



## **GEORGIA JUDICIAL RETIREMENT SYSTEM**

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

June 30, 2023

(With Independent Auditors' Report Thereon)





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## Independent Auditors' Report

The Board of Trustees  
Georgia Judicial Retirement System:

### *Opinions*

We have audited the schedule of employer and nonemployer allocations of the Georgia Judicial Retirement System (GJRS) 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 asset, total deferred outflows of resources, total deferred inflows of resources, and total pension expense (specified column totals) included in the accompanying schedule of pension amounts by employer and nonemployer of GJRS as of and for the year ended June 30, 2023, and the related notes.

In our opinion, the accompanying schedules referred to above present fairly, in all material respects, the employer and nonemployer allocations and net pension asset, total deferred outflows of resources, total deferred inflows of resources, and total pension expense for the total of all participating entities for GJRS as of and for the year ended June 30, 2023, in accordance with U.S. generally accepted accounting principles.

### *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 Auditors' Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of GJRS 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 these schedules in accordance with U.S. generally accepted accounting principles, 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.

### *Auditors' Responsibilities for the Audit of the Schedules*

Our objectives are to obtain reasonable assurance about whether the schedule of employer and nonemployer allocations and specified column totals included in the schedule of pension amounts by employer and nonemployer are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 schedule of employer and nonemployer allocations and specified column totals included in the schedule of pension amounts by employer and nonemployer.

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 schedule of employer and nonemployer allocations and specified column totals included in the schedule of pension amounts by employer and nonemployer, 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 in the schedule of employer and nonemployer allocations and specified column totals included in the schedule of pension amounts by employer and nonemployer and the related disclosures.
- 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 GJRS'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 schedule of employer and nonemployer allocations and specified column totals included in the schedule of pension amounts by employer and nonemployer.

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 GAAS, the financial statements of the Employees' Retirement System of Georgia (the System), which includes the Georgia Judicial Retirement System, as of and for the year ended June 30, 2023, and our report thereon, dated September 29, 2023, expressed an unmodified opinion on those financial statements.

#### *Supplementary Information*

The schedule of employer allocations of special funding amounts and schedule of special funding amounts by employer have not been subjected to the auditing procedures applied in the audit of the schedule of employer and nonemployer allocations and schedule of pension amounts by employer and nonemployer and accordingly, we do not express an opinion or provide any assurance on them.

#### *Restriction on Use*

Our report is intended solely for the information and use of the System management, the Board of Trustees, GJRS employers, the State of Georgia, and their auditors and is not intended to be and should not be used by anyone other than these specified parties.

**KPMG LLP**

Atlanta, Georgia  
April 26, 2024

**Georgia Judicial Retirement System**  
 Schedule of Employer and Nonemployer Allocations  
 As of and for the year ended June 30, 2023

	<u>Employer</u>	<u>Contributions</u>	<u>Employer/ nonemployer allocation percentage</u>
State of Georgia		<u>\$ 3,117,523</u>	<u>57.586241 %</u>
	<u>Nonemployer</u>		
State of Georgia		<u>2,296,137</u>	<u>42.413759 %</u>
Total		<u>\$ 5,413,660</u>	<u>100.000000 %</u>

See accompanying notes to schedule of employer and nonemployer allocations and schedule of pension amounts by employer and nonemployer.

**Georgia Judicial Retirement System**  
Schedule of Pension Amounts by Employer and Nonemployer  
As of and for the year ended June 30, 2023

	Deferred outflows of resources						Deferred inflows of resources			Pension expense		
	Net pension asset	Differences between expected and actual experience	Changes of assumptions	Net difference between projected and actual investment earnings on pension plan investments	Changes in proportion & diff between employer contributions & proportionate share of contributions	Total deferred outflows of resources	Differences between expected and actual experience	Changes in proportion & diff between employer contributions & proportionate share of contributions	Total deferred inflows of resources	Proportionate share of plan pension expense	Net amortization of changes in proportion & diff between employer contributions & proportionate share of contributions	Total pension expense
<u>Employer</u>												
State of Georgia	\$ (11,580,013)	4,450,262	4,108,777	5,443,624	772,125	14,774,788	688,152	832,537	1,520,689	9,488,642	32,638	9,521,280
<u>Nonemployer</u>												
State of Georgia	(8,528,987)	3,277,738	3,026,223	4,009,376	1,576,574	11,889,911	506,848	1,516,162	2,023,010	6,988,358	(32,638)	6,955,720
Total	<u>\$ (20,109,000)</u>	<u>7,728,000</u>	<u>7,135,000</u>	<u>9,453,000</u>	<u>2,348,699</u>	<u>26,664,699</u>	<u>1,195,000</u>	<u>2,348,699</u>	<u>3,543,699</u>	<u>16,477,000</u>	<u>—</u>	<u>16,477,000</u>

See accompanying notes to schedule of employer and nonemployer allocations and schedule of pension amounts by employer and nonemployer.

# GEORGIA JUDICIAL RETIREMENT SYSTEM

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

June 30, 2023

### (1) Plan Description

The Georgia Judicial Retirement System (GJRS) was established by the Georgia General Assembly in 1998 for the purpose of providing retirement allowances for judges and solicitors general of the state courts and juvenile court judges in Georgia and their survivors and other beneficiaries, superior court judges of the State of Georgia (State), and district attorneys of the State. The GJRS was also created to serve the members and beneficiaries of the Trial Judges and Solicitors Retirement Fund, the Superior Court Judges Retirement System, and the District Attorneys Retirement System (collectively, the Predecessor Retirement Systems). The GJRS is 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*.

The normal retirement is age 60, with 16 years of creditable service; however, a member may retire at age 60 with a minimum of 10 years of creditable service. Annual retirement benefits paid to members are computed as 66⅔% of state paid salary at retirement for district attorneys and superior court judges and 66⅔% of the average over 24 consecutive months for trial judges and solicitors, plus 1% for each year of credited service over 16 years, not to exceed 24 years. Early retirement benefits paid to members are computed as the pro rata portion of the normal retirement benefit, based on service not to exceed 16 years. Death, disability, and spousal benefits are also available.

### (2) Basis of Presentation

The Schedule of Employer and Nonemployer Allocations and the Schedule of Pension Amounts by Employer and Nonemployer (collectively, the Schedules) present amounts that are elements of the financial statements of the GJRS and the State. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the GJRS or the State. The amounts presented in the Schedules are prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of GJRS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

### (3) Allocation Methodology

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB Statement No. 68) requires participating employers and nonemployers in the GJRS to recognize their proportionate share of the collective net pension asset, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer allocation percentages presented in the Schedule of Employer and Nonemployer Allocations and applied to amounts presented in the Schedule of Pension Amounts by Employer and Nonemployer are based on the ratio of each employer's and nonemployer's contribution to the GJRS total employer and nonemployer contributions during the measurement period July 1, 2022 through June 30, 2023. Contributions from the employer and nonemployer contributing entities are recognized when due, based on statutory requirements.

## GEORGIA JUDICIAL RETIREMENT SYSTEM

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

June 30, 2023

A reconciliation of total contributions presented in the schedule of employer and nonemployer allocations to those reported in the GJRS statement of changes in fiduciary net position for the year ended June 30, 2023 is as follows (amounts in thousands):

Total current year employer and nonemployer contributions		
per schedule of employer and nonemployer allocations	\$	5,414
Reclassification of prior year corrections		5
Transfers in from other retirement systems		(167)
Prior year employer and nonemployer contributions		60
Miscellaneous		(13)
Total employer and nonemployer contributions per audited financial statements	\$	5,299

#### (4) Collective Net Pension Asset

The components of the collective net pension asset of the participating employers and nonemployer at June 30, 2023 were as follows (amounts in thousands):

Total pension liability	\$	527,758
Plan fiduciary net position		547,867
Employers' and nonemployers' net pension asset	\$	(20,109)

#### (a) Actuarial Assumptions

The collective total pension liability for the June 30, 2023 measurement date 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 annual normal cost (also called service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. This actuarial valuation used the following key actuarial assumptions:

Inflation	2.50%
Salary increases	3.75%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates are as follows:

- The Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 scale is used for both males and females while in active service.
- The Pub-2010 Family of Tables projected generationally with the MP-2019 Scale and with further adjustments are used for post-retirement mortality assumptions in the table on the following page:

## GEORGIA JUDICIAL RETIREMENT SYSTEM

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

June 30, 2023

Participant Type	Membership Table	Set Forward (+)/ Setback (-)	Adjustment To Rates
Service Retirees	General Healthy Annuitant	Male: +1; Female: +1	Male: 105%; Female: 108%
Disability Retirees	General Disabled	Male: -3; Female: 0	Male: 103%; Female: 106%
Beneficiaries	General Contingent Survivors	Male: +2; Female: +2	Male: 106%; Female: 105%

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and estimates of arithmetic real rates of return as provided by the system for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00 %	0.90 %
Domestic large cap equities	46.30	9.40
Domestic small cap equities	1.20	13.40
International developed market equities	12.30	9.40
International emerging market equities	5.20	11.40
Alternatives	5.00	10.50
	100.00 %	

\*Net of inflation

#### **(b) Discount Rate**

The discount rate used to measure the collective total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected

# GEORGIA JUDICIAL RETIREMENT SYSTEM

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

June 30, 2023

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.

**(c) Sensitivity of the Collective Net Pension Asset to Changes in the Discount Rate**

The following presents the collective net pension asset calculated using a discount rate of 7.00%, as well as what the collective net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate at June 30, 2023 (amounts in thousands):

	<b>1% Decrease (6.00%)</b>	<b>Current discount rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Collective net pension liability (asset)	\$ 30,392	(20,109)	(63,674)

**(5) Special Funding Situation**

The State makes contributions to the GJRS for its employees and also on behalf of local county employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity in the GJRS. Since the local county employers do not contribute directly to the GJRS, there is no net pension asset, deferred outflows of resources, or deferred inflows of resources to recognize in the financial statements of the local county employers. However, the notes to the financial statements must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension asset that is associated with the local county employer. In addition, each local county employer must recognize the pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the employer.



## GEORGIA JUDICIAL RETIREMENT SYSTEM

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

June 30, 2023

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

Year ended June 30:		
2024	\$	3,865
2025		2,189
2026		20,244
2027		<u>(3,177)</u>
Total	\$	<u>23,121</u>

#### *Changes in Proportion*

The previous amounts do not include employer and nonemployer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer and nonemployer over the average of the expected remaining service lives of all plan members, which is 5.2 years, 5.1 years, 4.9 years, 5.0 years, 5.1 years, and 4.8 years for 2018, 2019, 2020, 2021, 2022, and 2023, respectively.

#### **(7) Collective Pension Expense**

The components of collective pension expense for the year ended June 30, 2023 are as follows (amounts in thousands):

Service cost	\$	13,920
Interest on the total pension liability and net cash flow		34,109
Current-period benefit changes		4,650
Member contributions		(6,018)
Projected earnings on plan investments		(35,285)
Administrative expense		1,004
Other		115
Recognition (amortization) of deferred inflows and outflows of resources:		
Differences between expected and actual experience		904
Changes of assumptions		3,854
Net difference between projected and actual earnings on plan investments		<u>(776)</u>
Collective pension expense	\$	<u>16,477</u>

**SUPPLEMENTARY INFORMATION**  
**(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)**









**Georgia Judicial Retirement System**  
Schedule of Special Funding Amounts by Employer  
As of and for the year ended June 30, 2023  
(Unaudited)

<u>Employer</u>	State proportionate share of net pension asset attributable to employer	Employer pension expense and related revenue
Upson County Board of Commissioners	\$ —	12,923
Walker County Board of Commissioners	(100,378)	92,802
Walton County Board of Commissioners	(38,714)	31,975
Ware County Board of Commissioners	(52,362)	50,979
Washington County Board of Commissioners	(23,739)	18,478
Wayne County Board of Commissioners	(78,273)	63,576
White County Board of Commissioners	(29,827)	26,052
Whitfield County Board of Commissioners	(34,286)	28,400
Worth County Board of Commissioners	(35,299)	28,065
Eighth Judicial Board of Commissioners	(130,346)	111,101
Atlantic Judicial Circuit	—	9,821
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Total for State Support Provided to the Districts	<u>\$ (8,528,987)</u>	<u>6,955,720</u>

See accompanying independent auditors' report.

# Georgia Judicial Retirement System

## Notes to Supplementary Information Schedules

June 30, 2023

### **(1) Schedule of Employer Allocations of Special Funding Amounts**

The schedule of employer allocations of special funding amounts shows the total State support provided during the measurement period July 1, 2022 through June 30, 2023. The schedule of employer allocations of special funding amounts is included to provide employers with their calculated proportionate share that will be used to recognize pension expense and revenue and to disclose the proportionate share of the collective net pension asset in their respective financial statements.

### **(2) Components of Schedule of Special Funding Amounts by Employer**

#### ***(a) State's Proportionate Share of the Net Pension Asset Attributable to Employer***

The State's proportionate share of the net pension asset attributable to the employer is equal to the collective net pension asset multiplied by the employer's proportionate share percentage for the fiscal year ending June 30, 2023, as shown in the schedule of employer allocations of special funding amounts.

#### ***(b) Employer Pension Expense and Related Revenue***

Employers in a special funding situation are required to recognize pension expense and revenue for the support provided by the nonemployer contributing entity. Certain employers in the GJRS plan are considered special funding situations, as employer contributions are paid by the State. The amounts reported in the column Employer Pension Expense and Related Revenue are calculated for each participating employer by multiplying the collective pension expense by the allocation percentage as shown in the schedule of employer allocations of special funding amounts and adjusting for the amortization of changes in proportion and difference between employer contributions and proportionate share of contributions.