SHERIFFS’ RETIREMENT FUND OF GEORGIA

(A Component Unit of the State of Georgia)

Schedule of Employer and Nonemployer Allocations and

Schedule of Pension Amounts by Employer and Nonemployer

June 30, 2019

(With Independent Auditor’s Report Thereon)

DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 1-156
Atlanta, Georgia 30334-8400

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

Independent Auditor's Report

Board of Commissioners of the Sheriffs' Retirement Fund of Georgia
Mr. J. Terry Norris, Secretary/Treasurer

Report on the Schedule of Employer and Nonemployer Allocations and Schedule of Pension Amounts by Employer and Nonemployer

We have audited the accompanying schedule of employer and nonemployer allocations of Sheriffs' Retirement Fund of Georgia (the Fund), a component unit of the State of Georgia, as of and for the year ended June 30, 2019, and the related notes. We have also audited the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total employer pension expense (specified column totals) included in the accompanying schedule of pension amounts by employer and nonemployer of the Fund (collectively, the Schedules) as of and for the year ended June 30, 2019, and the related notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the schedule of employer and nonemployer allocations and the specified column totals included in the schedule of pension amounts by employer and nonemployer based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of employer and nonemployer allocations and the specified column totals included in the schedule of pension amounts by employer are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of employer and nonemployer allocations and the specified column totals included in the schedule of pension amounts by employer and nonemployer. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule of employer and nonemployer allocations and the specified column totals included in the schedule of pension amounts by employer and nonemployer, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of schedule of employer and nonemployer allocations and the specified column totals included in the schedule of pension amounts by employer and nonemployer in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule of employer and nonemployer allocations and the specified column totals included in the schedule of pension amounts by employer and nonemployer.

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

Opinions

In our opinion, the Schedules referred to above present fairly, in all material respects, the employer and nonemployer allocations and net pension liability, total deferred outflows of resources, total deferred inflows of resources and total employer pension expense of the Fund as of and for the year ended June 30, 2019, in accordance with accounting principles generally accepted in the United States of America.

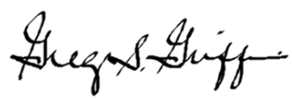
Other Matter

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the financial statements of the Fund as of and for the year ended June 30, 2019, and our report thereon, dated May 27, 2020, expressed an unmodified opinion on those financial statements.

Restrictions on Use

Our report is intended solely for the information and use of Fund management, the Board of Commissioners, the Fund employers, nonemployer contributing entities, and their auditors and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Greg S. Griffin
State Auditor

May 27, 2020

SHERIFFS' RETIREMENT FUND OF GEORGIA
(A Component unit of the State of Georgia)

Schedule of Employer and Nonemployer Allocations

For the year ended June 30, 2019

Employer	Employer Allocation Percentage
Each County in the State of Georgia - Employer Share	0.0000000 %
State's Proportionate Share for Each County	0.6289308 %
Total for Each County	0.6289308 %
STATE OF GEORGIA (Nonemployer Contributing Entity)	100.0000000 %
Total for All Entries	100.0000000 %

SHERIFFS' 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, 2019

Employer		Net Pension Liability	Deferred Outflows of Resources: Changes of Assumptions	Deferred Outflows of Resources: Differences Between Expected and Actual Experience	Deferred Outflows of Resources: Total Deferred Outflows of Resources	Deferred Inflows of Resources: Changes of Assumptions	Deferred Inflows of Resources: Differences Between Expected and Actual Experience	Deferred Inflows of Resources: Net Difference Between Projected and Actual Earnings on Plan Investments	Deferred Inflows of Resources: Total Deferred Inflows of Resources	Total Employer Pension Expense/(Income)
Each County in the State of Georgia- Employer Share										
State's Proportionate Share	$	360,080								42,111
Total for Each County in the State of Georgia	$	360,080								42,111
STATE OF GEORGIA (Nonemployer Contributing Entity)	$	57,252,663	2,003,991	865,348	2,869,339	165,284	757,358	2,489,692	3,412,334	6,695,680
Total for All Entities	$	57,252,663	2,003,991	865,348	2,869,339	165,284	757,358	2,489,692	3,412,334	6,695,680

SHERIFF'S 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, 2019

Note 1: Plan Description
The Sheriffs' Retirement Fund of Georgia (the Retirement Fund) was created in 1963 by the General Assembly of Georgia to provide retirement benefits to sheriffs 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*.

Each county in the state of Georgia has a sheriff who is eligible to be a member of the Retirement Fund. 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 fines and forfeitures. 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, 2019 were as follows:

Total pension liability	$ 154,040,038
Plan fiduciary net position	96,787,375
Net pension liability	$ 57,252,663
Plan fiduciary net position as a percentage of total pension liability	62.83%

Actuarial Assumptions
The collective total pension liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	N/A
Investment rate of return	6.50%, net of pension plan investment expense, including inflation
Municipal Bond Index Rate	3.50%
Single Equivalent Interest Rate	4.95%

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward 2 years for both males and females for the period after retirement and for dependent beneficiaries. The RP-2000 Combined Mortality Table projected to 2025 with projection scale BB was used for deaths in active service.

Retirement benefits at the normal retirement date have increased by 1.5% every six months in the monthly benefit per year of credited service since July 1, 2000 and are assumed to continue into the future.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of the actuarial experience study for the seven-year period ending June 30, 2015.

The long-term expected rate of return on pension plan investments was calculated 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 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. A return of 6.50% is conservative yet reasonable.

Discount Rate

The discount rate used to measure the collective total pension liability was 4.95%. The projection of cash flows used to determine the discount rate assumes plan member contributions (dues) will be made at the current contribution rate ($45 per month) and that nonemployer contributions will continue to be made at rates currently established by statute. Projected future benefit payments for all current plan members were projected through the year 2106. Based on those assumptions, the Retirement Fund's fiduciary net position was projected to be depleted in 2041. Therefore, the long-term expected rate of return on pension plan investments of 6.50% was applied to all periods of projected benefit payments through 2040 and a municipal bond index rate of 3.50% was applied to all periods of projected benefit payments on or after 2041. The Single Equivalent Interest Rate (SEIR) that discounts the entire projected benefit stream to the same amount as the sum of the present values of the two separate benefit payment streams was determined to be 4.95%. Therefore, the discount rate used to measure the total pension liability was 4.95%.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate
The following table presents the collective net pension liability of the Retirement Fund, calculated using the discount rate of 4.95%, 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 (3.95%) or 1-percentage-point higher (5.95%) than the current rate:

	1% Decrease (3.95%)	Current Discount Rate (4.95%)	1% Increase (5.95%)
Collective net pension liability	$ 76,026,407	$ 57,252,663	$ 41,521,291

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 fines and forfeitures as specified by O.C.G.A. §47-16-60 and §47-16-61. 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%.

The amounts attributable to the State of Georgia, as the nonemployer contributing entity, have been allocated evenly to each county. Because there are 159 counties, each county's proportionate share allocation percentage is 0.6289308% (1 divided by 159).

Note 6: Collective Deferred Inflows and Outflows of Resources

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources for the year ended June 30, 2019:

				Current Year		
Deferred outflows of resources	Year of deferral	Amortization period	Beginning of year balance	Additions	Deductions	End of year balance
Changes of assumptions	2019	2.31 years	$	3,533,755	1,529,764	2,003,991
Differences between expected and actual experience	2018	2.66 years	2,176,481		1,311,133	865,348
Total deferred outflows of resources			$ 2,176,481	3,533,755	2,840,897	2,869,339
Deferred inflows of resources						
Changes of assumptions	2018	2.66 years	$ 415,714		250,430	165,284
Differences between expected and actual experience	2019	2.31 years		1,335,494	578,136	757,358
Differences between projected and actual investment earnings (1)	2015	5 years	(398,224)		(398,224)	
	2016	5 years	(3,145,009)		(1,572,505)	(1,572,503)
	2017	5 years	4,559,076		1,519,692	3,039,385
	2018	5 years	942,736		235,684	707,053
	2019	5 years		394,695	78,939	315,757
Net difference between projected and actual investment earnings (1)			1,958,579	394,695	(136,414)	2,489,692
Total deferred inflows of resources			$ 2,374,293	1,730,189	692,152	3,412,334

(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 inflow of resources related to pensions.

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, 2020	$	1,389,881
2021		(1,539,311)
2022		(314,624)
2023		(78,941)
Total	$	(542,995)

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, 2019.

Note 7: Collective Pension Expense

The components of collective pension expense for the year ended June 30, 2019, are shown in the following table:

Service cost	$	2,927,620
Interest on total pension liability and net cash flow		7,466,689
Projected earnings on plan investments		(6,024,580)
Member contributions		(89,895)
Administrative expense		267,101
Recognition (amortization) of deferred inflows and outflows of resources		
Changes of assumptions		1,279,334
Differences between expected and actual experience		732,997
Net difference between projected and actual investment earnings		136,414
Collective pension expense	$	6,695,680

Note 8: Subsequent Events

In December 2019, a strain of coronavirus (COVID-19) began to spread worldwide, resulting in a severe impact to the United States economy in March 2020. The spread of COVID-19 has had a negative impact on virtually all businesses and individuals which comprise the tax base of all levels of government. The full extent of this impact is uncertain but is expected to have a negative effect on the Plan's net pension liability which will be allocated to participants. The complete impact cannot be reasonably estimated at this time.