



ANNUAL FINANCIAL AUDIT • JUNE 30, 2024

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**

Greg S. Griffin | State Auditor



DOAA

Georgia Department
of Audits & Accounts



INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the schedule of employer and nonemployer allocations of the Sheriffs' Retirement Fund of Georgia (Fund), a component unit of the State of Georgia, as of and for the year ended June 30, 2024, 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, 2024, and the related notes (collectively, the Schedules).

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, 2024 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 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, 2024. Our report thereon, dated July 23, 2025, 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 fluid and cursive, with a long horizontal stroke at the end.

Greg S. Griffin
State Auditor

July 23, 2025

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, 2024

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

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, 2023

	Deferred Outflows of Resources				Deferred Inflow of Resources			Total Employer Pension Expense/(Income)
	Net Pension Liability	Changes of Assumptions	Net Difference Between Projected and Actual Earnings on Plan Investments	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Changes of Assumptions	Total Deferred Inflows of Resources	
<u>Employer</u>								
Each County in the State of Georgia- Employer Share State's Proportionate Share	\$ 364,844							96,435
Total for Each County in the State of Georgia	\$ 364,844							96,435
STATE OF GEORGIA (Nonemployer Contributing Entity)	\$ 58,010,215	9,442,398	364,693	9,807,091	1,903,863	5,207,419	7,111,282	15,333,100
Total for All Entities	\$ 58,010,215	9,442,398	364,693	9,807,091	1,903,863	5,207,419	7,111,282	15,333,100

SHERIFF'S RETIREMENT FUND OF GEORGIA

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

June 30, 2024

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, 2024 were as follows:

Total pension liability	\$ 145,451,807
Plan fiduciary net position	<u>119,222,625</u>
Net pension liability	<u>\$ 26,229,182</u>

Plan fiduciary net position as a percentage of total pension liability	81.97%
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Actuarial Assumptions

The collective total pension liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	N/A
Investment rate of return	6.00%, net of pension plan investment expense, including inflation
Discount Rate	6.00%
Post-retirement benefit increases	1.50% semi-annually

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Mortality rates were based on the PUB-2010 Public Safety Headcount Weighted Below Median Mortality Table projected generationally with the MP-2021 scale for both males and females while in active service. The PUB-2010 Healthy Retiree Below Median Mortality Table projected generationally with the MP-2021 scale was used for service retirements and the PUB-2010 Contingent Survivor Below Median Mortality Table projected generationally with the MP-2021 scale was used for beneficiaries.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of the actuarial experience study for the six-year period ending June 30, 2021.

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 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 by adding expected inflation.

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 Rate of Return</u>
Domestic Fixed Income	25.0%	3.97%
Domestic Large Cap Equities	40.0%	8.42%
Domestic Mid Cap Equities	3.5%	9.61%
Domestic Small Cap Equities	3.5%	9.61%
Global Equities	10.0%	8.41%
International Equities Core	15.0%	8.38%
Real Estate Investment Trusts	<u>3.0%</u>	10.80%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.00% as compared with last year's rate of 4.74%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (\$65 per month) and that nonemployer contributions (from fines and fee revenues) will continue to be made at rates currently established by statute. Employer contributions for the fiscal year ending June 30, 2024 were approximately \$2.05 million. With the passage of Senate Bill 322, it is anticipated that future employer contributions will be significantly higher. While we wait to see how much additional

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

June 30, 2024

funds will actually be contributed to the Sheriffs' Retirement Fund, our conservative estimate is \$2.50 million for future years. Projected future benefit payments for all current plan members were projected through the year 2115.

Based on those assumptions, the Retirement Fund's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, based on the GASB No. 67 provisions, the long-term expected rate of return on pension plan investments of 6.00 percent was applied to all periods of projected benefit payments to determine the total pension liability.

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 6.00%, 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 (5.00%) or 1-percentage-point higher (7.00%) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Collective net pension liability	\$ <u>42,878,161</u>	\$ <u>26,229,182</u>	\$ <u>12,219,535</u>

Note 4: Special Funding Situation

The State of Georgia, although not the employer of the Retirement Fund's members, makes contributions to the Retirement Fund through the collection of court 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.

SHERIFF'S RETIREMENT FUND OF GEORGIA

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June 30, 2024

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).

SHERIFF'S RETIREMENT FUND OF GEORGIA

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

June 30, 2024

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, 2024:

	Year of deferral	Amortization period	Beginning of year balance as previously reported	Current Year		End of year balance
				Additions	Deductions	
Deferred inflows of resources						
Differences between expected and actual experience	2022	2.59 years	\$ 970,312	-	970,312	-
	2023	2.68 years	933,551	-	555,685	377,866
	2024	2.30 years	-	2,408,396	1,047,129	1,361,267
Changes of assumptions	2023	2.68 years	5,207,419	-	3,099,654	2,107,765
	2024	2.30 years	-	21,487,119	9,342,226	12,144,893
Difference between projected and actual investment earnings (1)	2020	5 years	(684,631)	-	(684,631)	-
	2021	5 years	10,471,226	-	5,235,613	5,235,613
	2022	5 years	(16,689,446)	-	(5,563,148)	(11,126,298)
	2023	5 years	6,538,158	-	1,634,540	4,903,618
	2024	5 years	-	12,121,495	2,424,299	9,697,196
Net difference between projected and actual investment earnings (1)			(364,693)	12,121,495	3,046,673	8,710,129
Total deferred inflows of resources			\$ 6,746,589	36,017,010	18,061,679	24,701,920
Deferred outflows of resources						
Changes of assumptions	2022	2.59 years	9,442,398	-	9,442,398	-
Total deferred outflows of resources			\$ 9,442,398	-	9,442,398	-

(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 inflows 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 Ending June 30,	2025 \$	(16,606,290)
	2026	(1,612,494)
	2027	(4,058,837)
	2028	(2,424,299)
	Thereafter	-
	Total \$	<u>(24,701,920)</u>

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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, 2024.

Note 7: Collective Pension Expense

The components of collective pension expense for the year ended June 30, 2024, are shown in the following table:

Service cost	\$	3,166,989
Interest of the total pension liability and net cash flow		7,603,727
Current period benefit changes		1,353,454
Projected earnings on plan investments		(6,195,150)
Member contributions		(69,510)
Administrative expense		423,338
Recognition (amortization) of deferred inflows and outflows of resources		
Changes of assumptions		(2,999,482)
Difference between expected and actual experience		(2,573,126)
Difference between projected and actual investment earnings		<u>(3,046,673)</u>
Collective pension expense	\$	<u><u>(2,336,433)</u></u>