

**Illustration - Note Disclosures and Required Supplementary Information for a Cost-Sharing employer in GJRS in which contributions for employees are funded by the State of Georgia.**

*[Note: This illustration includes only note disclosures and required supplementary information required by GASB Statement 68. The circumstances of this example employer do not include all circumstances for which note disclosures and required supplementary information should be presented.]*

**Local County Board of Commissioners  
Notes to the Financial Statements  
For the Year Ended June 30, 2016  
(Dollar amounts in thousands)**

**Note X - Summary of Significant Accounting Policies**

**Pensions:** For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Georgia Judicial Retirement System (GJRS) and additions to/deductions from GJRS's fiduciary net position have been determined on the same basis as they are reported by GJRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Note X – Retirement Benefits**

*[This illustration provides an example of note disclosures of an employer participating only in GJRS. If employees were provided with benefits through more than one defined benefit pension plan, the employer should disclose information required by paragraph 74 of Statement 68 and should apply the requirements of paragraph 75 of Statement 68.]*

**General Information about the Georgia Judicial Retirement System**

**Plan description:** –The GJRS was established by the Georgia General Assembly in 1998 for the purpose of providing retirement allowances for judges and solicitors generals of the state courts and juvenile court judges in Georgia, and their survivors and other beneficiaries, superior court judges of the state of Georgia, and district attorneys of the state of Georgia. 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). It is a cost-sharing, multiple-employer defined benefit pension plan. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. GJRS issues a publicly available financial report that can be obtained at [www.ers.ga.gov/formspubs/formspubs](http://www.ers.ga.gov/formspubs/formspubs).

**Benefits provided:** The normal retirement for GJRS 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.

**Contributions:** Pursuant to O.C.G.A. 47-23-81 the employer contributions for state court judges and solicitors are funded by the State of Georgia on behalf of the local county employers and pursuant to O.C.G.A. 47-23-82 the employer contributions for juvenile court judges are funded by the State on behalf of local county employers.

***Pension Liabilities (Asset) and Pension Expense***

At June 30, 2016, the Board did not have a liability (asset) for a proportionate share of the net pension liability (asset) because of the related State of Georgia support. The amount of the State's proportionate share of net pension liability (asset) associated with the Board is as follows:

State of Georgia's proportionate share of the Net Pension Liability (Asset) associated with the Board	\$ <u>      (XX,XXX)</u>
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The net pension liability (asset) was measured as of June 30, 2015. The total pension liability (asset) used to calculate the net pension liability (asset) was based on an actuarial valuation as of June 30, 2014. An expected total pension liability (asset) as of June 30, 2015 was determined using standard roll-forward techniques. The State's proportion of the net pension liability (asset) associated with the Board was based on actuarially determined contributions paid by the State during the fiscal year ended June 30, 2015.

For the year ended June 30, 2016, the Board recognized pension expense of \$(X,XXX) and revenue of \$(X,XXX) for support provided by the State of Georgia.

**Actuarial assumptions:** The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increase	6.00%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for the period after service retirement, for dependent beneficiaries, and for deaths in active service, and the RP-2000 Disabled Mortality Table set back eleven years for males for the period after disability retirement.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2004 – June 30, 2009.

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 arithmetic 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*
Fixed income	30.00%	3.00%
Domestic large stocks	39.70	6.50
Domestic mid stocks	3.70	10.00
Domestic small stocks	1.60	13.00
International developed market stocks	18.90	6.50
International emerging market stocks	6.10	11.00
Total	100.00%	

\* Rates shown are net of the 3.00% assumed rate of inflation

**Discount rate:** The discount rate used to measure the total pension liability was 7.50%. 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 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.

**Local County Board of Commissioners  
Required Supplementary Information  
Schedule of Proportionate Share of the Net Pension Liability  
Georgia Judicial Retirement System  
For the Year Ended June 30  
(Dollar amounts in thousands)**

	<b>2016</b>	<b>2015</b>
Board's proportion of the net pension liability (asset)	0.0%	0.0%
Board's proportionate share of the net pension liability (asset)	\$ 0	0
State of Georgia's proportionate share of the net pension liability (asset) associated with the Board	XX,XXX	XX,XXX
Total	\$ XX,XXX	XX,XXX
Board's covered-employee payroll	\$ XX,XXX	XX,XXX
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability (asset)	113.38%	114.37%

*Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.*

**Local County Board of Commissioners**  
**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2016**  
(Dollar amounts in thousands)

**Changes of assumptions:** The last experience investigation was prepared for the five-year period ending June 30, 2009, and based on the results of the investigation various assumptions and methods were revised and adopted by the board on December 16, 2010. The next experience investigation will be prepared for the period July 1, 2009 through June 30, 2014.

**Method and assumptions used in calculations of actuarially determined contributions:** The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for year ended June 30, 2016 reported in that schedule:

Valuation date	June 30, 2013
Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Remaining amortization period	20 years
Asset valuation method	5-year smoothed market
Inflation rate	3.00%
Salary increases	6.00%
Investment rate of return	7.50%, net of pension plan investment expense, including inflation