

**SUPERIOR COURT CLERKS' RETIREMENT FUND OF GEORGIA**

**A COMPONENT UNIT OF THE  
STATE OF GEORGIA**

**FINANCIAL STATEMENTS**

**(WITH INDEPENDENT AUDITORS' REPORT)**

**Year Ended**

**June 30, 2012**

**SUPERIOR COURT CLERKS' RETIREMENT FUND OF GEORGIA  
(A COMPONENT UNIT OF THE STATE OF GEORGIA)**

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## INDEPENDENT AUDITORS' REPORT

December 7, 2012

Board of Commissioners  
SUPERIOR COURT CLERKS' RETIREMENT FUND OF GEORGIA  
Griffin, Georgia

We have audited the accompanying financial statements of the SUPERIOR COURT CLERKS' RETIREMENT FUND OF GEORGIA, a component unit of the State of Georgia, as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the SUPERIOR COURT CLERKS' RETIREMENT FUND OF GEORGIA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net assets available for benefits of the SUPERIOR COURT CLERKS' RETIREMENT FUND OF GEORGIA, as of June 30, 2012, and the respective changes in fiduciary net assets available for benefits for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 7, 2012, on our consideration of the SUPERIOR COURT CLERKS' RETIREMENT FUND OF GEORGIA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulation, contracts, grants, agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

The SUPERIOR COURT CLERKS' RETIREMENT FUND OF GEORGIA has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Schedule I - Schedule of Pension Funding Progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the SUPERIOR COURT CLERKS' RETIREMENT FUND OF GEORGIA's financial statements as a whole. Schedules II-IV listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the SUPERIOR COURT CLERKS' RETIREMENT FUND OF GEORGIA. These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Bates, Carter & Co, LLP*

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**SUPERIOR COURT CLERKS' RETIREMENT FUND OF GEORGIA**  
**(A COMPONENT UNIT OF THE STATE OF GEORGIA)**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUND TYPE - PENSION TRUST FUND**  
**June 30, 2012**

**ASSETS**

Cash and cash equivalents		\$ 13,433,718
Investments		
Debt securities		51,891,792
Equities		21,139,647
Investment pool		<u>9,091,593</u>
Total investments		<u>82,123,032</u>
Receivables		
Member dues receivable (net of allowance for uncollectibles)		1,050
County fines, forfeitures, and fees receivable		292,756
Interest and dividend receivable		313,876
Accounts receivable - investment transactions		<u>3,249</u>
Total receivables		<u>610,931</u>
<b>TOTAL ASSETS</b>		<u><b>96,167,681</b></u>
 <b>LIABILITIES</b>		
Accounts payable		111,623
Investment transactions to be settled		11,657,232
Prepayment of dues		<u>4,250</u>
<b>TOTAL LIABILITIES</b>		<u><b>11,773,105</b></u>
 <b>NET ASSETS</b>		
Net assets held in trust for pension benefits		<u>84,394,576</u>
<b>TOTAL NET ASSETS</b>		<u><u><b>\$ 84,394,576</b></u></u>

The accompanying notes are an integral part of this financial statement.

**SUPERIOR COURT CLERKS' RETIREMENT FUND OF GEORGIA  
(A COMPONENT UNIT OF THE STATE OF GEORGIA)  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND TYPE - PENSION TRUST FUND  
For the Year Ended June 30, 2012**

ADDITIONS

Member contributions	\$ 108,458
Court fines and forfeitures from counties	847,463
Fees on civil cases from counties	1,135,640
Fees on real estate recordings from counties	<u>1,327,371</u>
Total member contributions and county remittances	<u>3,418,932</u>
Investment income (expense), including change in fair value of investments	
Interest - temporary investments	2,995
Net investment earnings, other investments	3,323,461
Net investment earnings on the state investment pool	156,712
Investment expense	<u>(355,961)</u>
Net investment earnings	<u>3,127,207</u>
TOTAL ADDITIONS	<u>6,546,139</u>

DEDUCTIONS

Benefits	
Retirement benefits	4,005,413
Survivorship benefits	338,500
Death benefits	15,000
Refunds to terminated members	<u>16,734</u>
Total benefits	<u>4,375,647</u>
Administrative expenses	
Personnel services	42,000
Operating expenses	<u>115,057</u>
Total administrative expenses	<u>157,057</u>
TOTAL DEDUCTIONS	<u>4,532,704</u>
NET INCREASE (DECREASE) IN NET ASSETS	2,013,435
NET ASSETS, Beginning	<u>82,381,141</u>
NET ASSETS, Ending	<u>\$ 84,394,576</u>

The accompanying notes are an integral part of this financial statement.

**SUPERIOR COURT CLERKS' RETIREMENT FUND OF GEORGIA  
(A COMPONENT UNIT OF THE STATE OF GEORGIA)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS**

**REPORTING ENTITY**

The Retirement Fund is considered a component unit of the State of Georgia and is included within the State of Georgia reporting entity for financial reporting purposes because of the significance of its legal, operational and financial relationships with the State of Georgia.

The Retirement Fund uses a fund to report on its financial position and the results of its operation determined in conformity with the accounting practices prescribed or permitted by statutes and regulations of the State of Georgia. A fund is a separate accounting entity with a self-balancing set of accounts. The fund represented in this report is as follows:

**FIDUCIARY FUND TYPE**

**PENSION TRUST FUND** - The fund used to account for the accumulation of resources for retirement benefits to eligible members and beneficiaries.

**BASIS OF ACCOUNTING**

The Retirement Fund prepares its financial statements on the accrual basis of accounting with an economic resources measurement focus. Member and county contributions are recognized in the period in which the contributions are due. Benefits, refunds and expenses are recognized when due and payable in accordance with plan provisions.

**CASH AND CASH EQUIVALENTS**

Cash and Cash Equivalents consist of demand deposits with a bank. Cash and Cash Equivalents also include short-term, highly liquid investments with maturity dates within three months of the date acquired.

**INVESTMENTS**

The Official Code of Georgia Annotated Section 47-14-23 states that the Board of Commissioners of the Retirement Fund shall have full power to invest and reinvest the assets of the fund subject to the terms and conditions imposed by the laws of the State of Georgia upon the "Public Retirement System Investment Authority Law". Statutory provisions governing the investments of the "Public Retirement System Investment Authority Law" are enumerated in Title 47, Chapter 20, Paragraph 83 of the Official Code of Georgia Annotated.



**SUPERIOR COURT CLERKS' RETIREMENT FUND OF GEORGIA**  
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The significant forms of investment in accordance with these statutes and available to the Retirement Fund are as follows:

- 1) Corporations or obligations of corporations organized under the laws of this state or any other state or under the laws of Canada, but only if the corporation has a market capitalization equivalent to \$100 million; provided, however, that except as provided in Code Section 47-20-84, no fund shall invest in corporations or in obligations of corporations organized in a country other than the United States or Canada; provided, further, that such obligation shall be listed as investment grade by a nationally recognized rating agency;
- 2) Repurchase and reverse repurchase agreements for direct obligations of the United States government and for obligations unconditionally guaranteed by agencies of the United States government and for investments eligible under paragraph 1;
- 3) Cash assets or deposits in checking or savings accounts under certificates of deposit or in other form in banks and trust companies and in savings accounts, certificates of deposit, or similar certificates or evidences of deposits in savings and loan associations and building and loan associations which have qualified for the insurance protection afforded by the Federal Deposit Insurance Corporation;
- 4) Bonds, notes, warrants, and other evidence of indebtedness which are direct obligations of the government of the United States of America or for which the full faith and credit of the government of the United States of America is pledged for the payment of principal and interest;
- 5) Loans guaranteed as to principal and interest by the government of the United States of America, or by any agency or instrumentality of the government of the United States of America, to the extent of such guaranty;
- 6) Taxable bonds, notes, warrants, and other securities not in default which are the direct obligations of any state of the United States or of the District of Columbia, or of the government of Canada or any province of Canada, or for which the full faith and credit of such state, district, government, or province has been pledged for the payment of principal and interest;
- 7) Bonds, notes, warrants, and other securities not in default which are the direct obligations of the government of any foreign country which the International Monetary Fund lists as an industrialized country and for which the full faith and credit of such government has been pledged for the payment of principal and interest, provided such securities are listed as investment grade by a nationally recognized rating agency;
- 8) Bonds, debentures, or other securities issued or insured or guaranteed by any agency, authority, unit, or corporate body created by the government of the United States of America, whether or not such obligations are guaranteed by the United States;
- 9) Collateralized mortgage obligations that are listed as investment grade by a nationally recognized rating agency;

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- 10) Obligations issued, assumed, or guaranteed by the International Bank for Reconstruction and Development or the International Financial Corporation;
- 11) In addition to those investments eligible under paragraph 1, bonds, debentures, notes, and other evidences of indebtedness issued, assumed, or guaranteed by any solvent institution existing under the laws of the United States of America or of Canada, or any state or province thereof, which are not in default as to principal or interest and which are secured by collateral worth at least 50 percent more than the par value of the entire issue of such obligations, but only if not more than one-third of the total value of the required collateral consists of common stocks;
- 12) In addition to those investments eligible under paragraph 1, secured and unsecured obligations of issuers described in paragraph 11 other than the obligations described in paragraph 11, bearing interest at a fixed rate, with mandatory principal and interest due at specified times, if the net earnings of the issuing, assuming, or guaranteeing institution available for its fixed charges for a period of five fiscal years next preceding the date of acquisition by the fund have averaged per year not less than one and one-half times its average annual fixed charges applicable to such period and if during either of the last two years of the period of such net earnings have been not less than one and one-half times its fixed charges for the year; provided, however, that any such obligation shall be listed as investment grade by a nationally recognized rating agency;
- 13) In addition to those investments eligible under paragraph 1, equipment trust obligations or certificates adequately secured and evidencing an interest in transportation equipment, wholly or in part within the United States of America, and the right to receive determined portions of rental, purchase, or other fixed obligatory payments for the use or purchase of the transportation equipment;
- 14) Loans that are secured by pledge or securities eligible for investment under this article;
- 15) Purchase money mortgages or like securities received upon the sale or exchange of real property acquired;
- 16) In addition to those investments eligible under paragraph 1, a mortgage or a mortgage participation, pass-through, conventional pass-through, trust certificate, or other similar security which represents an undivided, beneficial interest in a pool of loans secured by first mortgages, deeds of trust, or deeds to secure debt upon fee simple, unencumbered, improved, or income-producing real property located in the United States or Canada, which is improved with a residential building or condominium unit or buildings designed for occupancy by not more than four families, including leasehold estates in such real estate if such first mortgages, deeds of trust, or deeds to secure debt are fully guaranteed or insured by the Federal Housing Administration, the United States Department of Veterans Affairs, the Farmers Home Administration, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, the Federal National Mortgage Association, or any similar governmental entity or instrumentality;

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- 17) Land and buildings on such land used or acquired for use as a fund's office for the convenient transaction of its own business; provided, however, that portions of such buildings not used for its own business may be rented by the fund to others; provided, further, that the amount invested by a fund in office property shall not exceed 10 percent of the retirement system assets;
- 18) Real property acquired in satisfaction in whole or in part of loans, mortgages, liens, judgments, decrees, or debts previously owing to the fund in the course of its business;
- 19) Real property acquired in part payment of the consideration on the sale of other real property owned by the fund if such transaction effects a net reduction in the fund's investment in real estate;
- 20) Real property acquired by gift or devise, or through merger or consolidation with another fund; and
- 21) Additional real property and equipment incident to real property if necessary or convenient for the enhancement of the marketability or sale value of real property previously acquired or held by the fund under paragraphs 18, 19, and 20.

The Board adopted an investment policy which only permits investments to be in the form of items 1-10 listed above and the following two forms:

- 1) Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities.
- 2) Local government investment pools either state-administered or developed through joint powers statutes and other intergovernmental legislation.

Investments are defined as those financial instruments with terms in excess of three months from the date of purchase and certain other securities held for the production of revenue. Investments in U. S. Government securities, repurchase agreements, equities, and the Georgia Pooled Index Fund are recorded at fair value. Net appreciation (depreciation) in fair value of investments, realized and unrealized gains and losses, interest and dividends are included as investment income. Dividend income from the investment pool is automatically reinvested when received by the investment pool and recognized as income and an increase in investments. Dividends from other equities are recognized as income on the ex-dividend date.

The Georgia Pooled Index Fund is managed by the Division of Investment Services of the Teachers Retirement System of Georgia and the Employees' Retirement System of Georgia. It is not registered with the SEC as an investment company. The Investment Division benchmarks the pool to the Standard & Poor's 500 Index using a modeling technique designed to track the index. The pool's securities are marked to fair market value on a daily basis and the fund value is reported to participants on a monthly basis. Earnings are distributed monthly to each participating retirement fund based on the number of units held.

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At June 30, 2012, approximately 24% of the net assets available for benefits are invested in U.S. Government securities. Total net assets are \$84,394,576 and total government securities have a fair market value of \$20,154,282.

**CAPITAL ASSETS**

Capital assets are capitalized at the time of purchase if valued at \$5,000 or more. Capital assets are recorded at cost and reported on the financial statements net of accumulated depreciation. As of June 30, 2012, the Retirement Fund had no capital assets that fell within these parameters.

NOTE 2 - PLAN DESCRIPTION

**ORGANIZATION AND PURPOSE**

The Retirement Fund is a cost-sharing, multiple employer, defined benefit pension plan established in 1952 by the General Assembly of Georgia for the purpose of paying retirement benefits to the Superior Court clerks of the State of Georgia. The Board of Commissioners of the Retirement Fund is comprised of seven (7) members and consists of the Governor or his designee, an appointee of the Governor other than the Attorney General, and five (5) Superior Court clerks, of which at least one (1) but not more than two (2) are retired clerks receiving retirement benefits.

Membership in the Retirement Fund is restricted to those individuals who have served or are serving as Superior Court clerks within the State of Georgia and any clerk of a State Court where that clerk is someone other than the clerk of Superior Court. The Retirement Fund is funded through a combination of member contributions paid by the affected Superior Court clerks and designated portions of fines, fees and forfeitures for certain proceedings appearing in courts for which the Clerk of Superior Court serves as clerk.

**CURRENT MEMBERSHIP**

The following analysis compares the membership of the RETIREMENT FUND OF GEORGIA at June 30, 2012, to that of the prior year:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Retirees and Beneficiaries Currently Receiving Benefits		
For Retirement	122	127
For Survivorship	16	16
Entitled to Benefits, but not Receiving Benefits	<u>1</u>	<u>2</u>
Total Retirees and Beneficiaries Currently Receiving Benefits	<u>139</u>	<u>145</u>
Number of Active Members	<u>164</u>	<u>166</u>
Total Participants in Fund	<u><u>303</u></u>	<u><u>311</u></u>

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**NOTES TO FINANCIAL STATEMENTS**  
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**PLAN BENEFITS**

The Retirement Fund provides retirement as well as death and disability benefits. Benefit provisions and vesting requirements are established by statute and may be amended only by the State of Georgia General Assembly. A description of plan benefits and vesting requirements is as follows:

**(A) GENERAL PROVISIONS**

- (1) No clerk shall receive credit for any service unless payment of the required contributions for such service has been made. A clerk may not receive credit for retirement purposes for any such service performed as a clerk prior to six (6) months from the time application is made for membership in the Retirement Fund.
- (2) With the exception of disability benefits, benefit payments do not begin until the clerk attains the age of fifty-five (55).

**(B) RETIREMENT CONDITIONS**

- (1) Normal Retirement: A clerk must have served twenty (20) years, at least twelve (12) of which must have been as a clerk of a Superior Court. In addition, the clerk must have served the consecutive four (4) years immediately preceding retirement as a clerk of the Superior Court.

In computing service for normal retirement, a clerk may include certain service as a deputy clerk of the Superior Court and, under certain conditions, may include not more than four (4) years of service as a member of the armed forces of the United States. The statutory provisions dealing with deputy clerk service were changed by statute, effective as of July 1, 2010.

- (2) Delayed Retirement: A clerk who is eligible to retire under normal retirement but does not, yet continues to serve as a clerk, shall receive upon retirement the amount to which he/she was entitled under normal retirement, increased by five percent (5%) for each year of service beyond twenty (20) years.
- (3) Early Retirement After Twelve (12) Years of Service but Before Twenty (20) Years of Service: A clerk, if otherwise eligible, may receive retirement benefits if he/she served twelve (12) years, at least eight (8) of which were served as clerk and four (4) of which were served as clerk immediately preceding retirement. Service as deputy clerk of Superior Court is the only other type of service which may be counted for this category of retirement.

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- (4) Disability Retirement: A clerk may retire after completing sixteen (16) years of service, provided he/she becomes totally and permanently disabled after having commenced service as a clerk.

(C) RETIREMENT BENEFITS

Beginning July 1, 2011, normal and early retirement benefits were \$118.89. So the first six months' benefits of the fiscal year were calculated by multiplying \$118.89 by the number of years of service (without a maximum limit). There was a mid-year adjustment of 1.5%, so after January 1, 2012, normal and early retirement benefits were calculated by multiplying \$120.67 by the number of years of service (without a maximum limit). At June 30, 2012, disability benefits were fixed at \$2,343 per month for service terms less than 20 years, service terms greater than 20 years are calculated at normal rates. Under Georgia law, benefits may be increased 1.5% semiannually with approval of the Board of Trustees if actuarially sound.

(D) OPTIONAL BENEFITS

A clerk may elect to receive ninety percent (90%) of the benefits he/she would otherwise be entitled to receive for the remainder of his/her life, and at death, leaving a surviving spouse, said spouse will receive a monthly benefit during his/her lifetime equal to fifty percent (50%) of the retirement benefit amount that the clerk would have received had he/she not made the election. The survivor's benefits do not commence until the survivor has attained the age of fifty-five (55).

(E) DEATH BENEFITS

- (1) Death before earliest eligibility for retirement benefits: Total contributions to date of death paid into the Retirement Fund, without accumulated interest, are paid to the deceased clerk's estate.
- (2) Death after vesting but prior to retirement:
- (a) Married Clerks: The surviving spouse receives a monthly benefit during his/her lifetime equal to fifty percent (50%) of the amount the deceased clerk would have received had he/she retired at the date of death under the optional form of retirement benefits described in (D) above. The spouse must have attained the age of fifty-five (55) and have been married to the deceased clerk for at least six (6) years immediately preceding his/her death.

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- (b) Unmarried Clerks: The total amount of contributions paid into the Retirement Fund during membership, excluding interest earned, are paid to the deceased clerk's estate.
  - (3) Death after Retirement: If the total contributions, without interest, exceed the total of monthly benefits paid to a deceased clerk, and to his/her deceased spouse if applicable, such excess is paid to the deceased clerk's estate.
  - (4) Death while in Office: A clerk who dies while currently serving in office is entitled to a death benefit of \$5,000.
- (F) TERMINATION

In the event of termination, a clerk is entitled to withdraw the total sum of previous contributions, excluding interest, from the Retirement Fund.

**FUNDING REQUIREMENTS**

Contribution provisions are established by statute and may be amended only by the State of Georgia General Assembly. A description of contribution requirements is as follows:

- (A) MEMBER'S CONTRIBUTIONS: Members must contribute five percent (5%) of their net monthly earnings or \$50 per month, whichever is less. Members who first or again become members on or after September 1, 2009 shall pay \$100 per month.
- (B) OTHER CONTRIBUTIONS: Additional contributions to the Retirement Fund are generated by the assessment of fees related to the duties of Superior Court clerks. For all criminal and quasi-criminal cases involving the violation of statutes of the State of Georgia which are tried in any court in Georgia for which the Clerk of Superior Court serves as clerk, the amount of \$2.00 is withheld from fines and bond forfeitures in excess of \$5 and remitted to the Retirement Fund. In addition, \$2 is collected for each lawsuit filed in a Superior Court operating within the State of Georgia, and \$0.50 is collected for each deed transaction filed in court records.

**SUPERIOR COURT CLERKS' RETIREMENT FUND OF GEORGIA**  
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**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 3 - FUNDING PROGRESS**

Schedule I included in the required supplementary information presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Because the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial accrued liabilities, the schedule of funding progress has been prepared using the entry age actuarial cost method to serve as a surrogate for the funded status and funding progress of the plan. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. The data for the current year are as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age Method	Unfunded AAL	Funded Ratio	Benefit Unit as of
June 30,	(a)	(b)	(b-a)	(a/b)	June 30
2012	\$ 83,952,789	\$ 77,238,085	\$ (6,714,704)	108.7 %	\$ 122.48

The annual required contribution and percentage contributed for the current year and prior years are as follows:

PERIOD ENDED	ANNUAL REQUIRED CONTRIBUTION	PERCENTAGE CONTRIBUTED
June 30, 2007	\$ 852,072	400 %
June 30, 2008	\$ 444,297	754 %
June 30, 2009	\$ 876,852	445 %
June 30, 2010	\$ 1,450,141	246 %
June 30, 2011	\$ 812,349	440 %
June 30, 2012	\$ 221,784	1,542 %

Actuarial methods and significant assumptions are as follows:

Valuation	June 30, 2012
Actuarial cost method	Aggregate Actuarial Cost Method
Amortization method	n/a
Remaining amortization period	n/a
Asset valuation method	Market Value (formerly smoothed value for the equity portfolio)
Actuarial assumptions:	
Investment rate of return	5.5%
Projected salary increases	n/a
Includes inflation at	n/a
Cost-of-living adjustments	None



**SUPERIOR COURT CLERKS' RETIREMENT FUND OF GEORGIA  
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June 30, 2012**

NOTE 4 - BONDING INFORMATION

Mr. Bob Carter, Secretary-Treasurer, is bonded in the amount of \$500,000 by a surety bond.

NOTE 5 - RISKS OF CASH DEPOSITS AND INVESTMENTS

As of June 30, 2012, the Retirement Fund had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Agency</u>	<u>Percent of Total Debt Investments</u>	<u>Weighted Average Maturity (Years)</u>
Government STIF	\$ 13,279,679	n/a	n/a	15.39 %	17
US Treasuries	3,458,394	AAA	n/a	4.01 %	13
Federal National Mortgage Association	15,774,624	AAA	1	18.28 %	57
Federal Home Loan Mortgage Corporation	225,607	AAA	1	0.26 %	24
Resolution Trust Corporation	429,402	AAA	1	0.50 %	7
Various Municipal Bonds	266,255	AA1	1	0.31 %	21
Various Corporate Bonds	6,787,418	BBB	1	7.85 %	11
Various Corporate Bonds	1,157,704	AA	1	1.34 %	10
Various Corporate Bonds	7,646,597	A	1	8.86 %	5
Asset-Backed Notes	4,220,561	AAA	1	4.89 %	24
Equities - Common Stock	24,716,798	n/a	n/a	28.64 %	n/a
Equities - Partnership Units	299,652	n/a	n/a	0.35 %	n/a
Equities - Mutual Funds	7,871,854	n/a	n/a	9.12 %	n/a
Equities - Depository Receipts	<u>176,573</u>	n/a	n/a	<u>0.20 %</u>	n/a
Subtotal debt securities and equities	86,311,118			<u>100.00 %</u>	
Less securities included in cash equivalents	<u>(13,279,679)</u>				
Total debt securities and equities	<u>\$ 73,031,439</u>				
Displayed as:					
Debt securities	\$ 51,891,792				
Equities	<u>21,139,647</u>				
	<u>\$ 73,031,439</u>				
 Georgia Pooled Index Fund - Equities	 <u>\$ 9,091,593</u>				

1. *Standard & Poors*

**SUPERIOR COURT CLERKS' RETIREMENT FUND OF GEORGIA**  
**(A COMPONENT UNIT OF THE STATE OF GEORGIA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

The goal of the Retirement Fund in investing is to obtain a reasonable return on investments given an acceptable level of overall portfolio risk. See Note 1 for the allowed investments under state law and the board's adopted investment policy.

*Interest rate risk.* The Retirement Fund will minimize interest rate risk, which is the risk that the market value of securities will fall due to changes in market interest rates, by:

- i. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- ii. Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy.

*Credit Risk.* The Retirement Fund will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:

- i. Limiting investments to the types of securities listed in the Fund's Investment Policy.
- ii. Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the Fund will do business in accordance with the Investment Policy.
- iii. Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

*Concentration of credit risk.* The Retirement Fund does not allow the investment in the securities of any equity company to exceed 5% of the total fund. Other than U. S. International equities shall be limited to a maximum of 15% of Fund assets.

*Custodial credit risk - deposits.* In case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

The Retirement Fund may exceed the FDIC insured limit in making deposits in commercial banks and savings and loans institutions, if the funds are otherwise adequately secured. As of June 30, 2012, all deposits of the Retirement Fund were adequately insured.

*Custodial credit risk - investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Retirement Fund reduces this risk by dealing only with financial institutions and broker/dealers who have at least five years of operations and a minimum capital requirement of \$10,000,000.

**SUPERIOR COURT CLERKS' RETIREMENT FUND OF GEORGIA  
(A COMPONENT UNIT OF THE STATE OF GEORGIA)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 6 - INVESTMENT INCOME**

For the year ended June 30, 2012, investment income consists of the following:

	Temporary Investments	Other Investments	State Investment Pool	Investment Expense	Total
Interest and dividends	\$ 2,995	\$ 1,822,539	\$ 791,571	\$ -	\$2,617,105
Realized gains (losses)	-	1,558,899	-	-	1,558,899
Investment expense	<u>-</u>	<u>-</u>	<u>(552)</u>	<u>(355,409)</u>	<u>(355,961)</u>
Subtotal cash basis	<u>2,995</u>	<u>3,381,438</u>	<u>791,019</u>	<u>(355,409)</u>	<u>3,820,043</u>
Change in accrued interest receivable	-	(14,451)	-	-	(14,451)
Change in fair value of investments	<u>-</u>	<u>(43,526)</u>	<u>(634,859)</u>	<u>-</u>	<u>(678,385)</u>
Total investment income	<u>\$ 2,995</u>	<u>\$ 3,323,461</u>	<u>\$ 156,712</u>	<u>\$ (355,409)</u>	<u>\$3,127,207</u>

The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of investments. Realized gains and losses of the current year include unrealized gains and losses on those same investments that were recognized in previous periods as part of the net appreciation or depreciation in the fair value of investments.

**NOTE 7 - CONTRIBUTIONS REQUIRED AND MADE**

**FUNDING POLICY**

The minimum annual employer contribution requirements are set forth in the Official Code of Georgia Annotated (O.C.G.A) Section 47-20-10. This statute further prohibits any action to grant a benefit increase until such time as the minimum annual contribution requirements meet or exceed legislative requirements. The actuarial valuation as of July 1, 2012, which reflected the proceeds of designated portions of fines, fees and forfeitures for certain proceedings appearing in courts for which the Clerk of Superior Court serves as clerk as the employer contribution, indicated that the minimum employer contribution level was being met. Member contribution requirements are set forth in O.C.G.A. Section 47-14-40.

**SUPERIOR COURT CLERKS' RETIREMENT FUND OF GEORGIA**  
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**FUNDING REQUIREMENTS**

Actual contributions for the year ended June 30, 2012, were as follows:

	Amount	Percentage
Member Contributions	\$ 108,458	3.17 %
Fines and Bond Forfeitures	847,463	24.79 %
Fees on Civil Cases	1,135,640	33.22 %
Fees on Real Estate Recordings	1,327,371	38.82 %
Interest and Penalties Received on Delinquent Member Contributions	<u>-</u>	<u>-</u> %
	<u>\$ 3,418,932</u>	<u>100.00</u> %

**SUPERIOR COURT CLERKS' RETIREMENT FUND OF GEORGIA  
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SCHEDULE I - SCHEDULE OF PENSION FUNDING PROGRESS  
For the Year Ended June 30, 2012**

Actuarial Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Method (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Benefit Unit as of June 30
2003	\$ 54,581,369	\$ 53,489,985	\$ (1,091,384)	102.0 %	\$103.97
2004	59,745,747	56,325,968	(3,419,779)	106.1 %	107.11
2005	64,250,570	62,851,764	(1,398,806)	102.2 %	110.35
2006	68,489,082	66,504,191	(1,984,891)	103.0 %	110.35
2007	74,405,322	69,155,343	(5,249,979)	107.6 %	112.01
2008	73,671,505	70,714,579	(2,956,926)	104.2 %	115.40
2009	67,384,160	69,228,693	1,844,533	97.3 %	117.13
2010	73,094,045	70,581,624	(2,512,421)	103.6 %	117.13
2011	81,981,902	74,724,624	(7,257,278)	109.7 %	118.89
2012	\$ 83,952,789	\$ 77,238,085	\$ (6,714,704)	108.7 %	\$122.48

\* Prior to 2005, the assumed investment rate was 6.0%.

The information presented in the above required supplementary schedule was determined as part of the actuarial valuations at the dates indicated. Because the aggregate actuarial cost method used in the valuation does not identify or separately amortize unfunded actuarial liabilities, the information above is presented using the entry age actuarial cost method, as required by GASB Statement No. 25, amended by GASB Statement No. 50.

See page 13 for the actuarial methods and significant assumptions used to determine the Actuarial Required Contribution for the current year and the funded status of the plan.