

Superior Court Clerks' Retirement Fund of Georgia
Financial Statements
Fiscal Year Ended June 30, 2025



Cover photograph is the Major W.L. “Bill” Cline, Fund Headquarters located in Griffin, Georgia.

Superior Court Clerks' Retirement Fund of Georgia
(A Component Unit of the State of Georgia)

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Independent Auditor's Report

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the Board of Commissioners of the Superior Court Clerks' Retirement Fund of Georgia
and
Mr. Homer Bryson, Secretary-Treasurer

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Superior Court Clerks' Retirement Fund of Georgia (Fund), a component unit of the State of Georgia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Fund as of June 30, 2025, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 and *Government Auditing Standards* 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 financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 financial statements.
- 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

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.

Required Supplementary Information

Management has omitted 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 required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2026 on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

A copy of this report has been filed as a permanent record and made available to the press of the State, as provided for by Official Code of Georgia Annotated section 50-6-24.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is fluid and cursive, with a horizontal line extending from the end.

Greg S. Griffin
State Auditor

September 15, 2026

Basic Financial Statements

Superior Court Clerks' Retirement Fund of Georgia

(A Component Unit of the State of Georgia)

Statement of Fiduciary Net Position

June 30, 2025

Assets:

Cash and cash equivalents		\$	3,319,691
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Receivables:

Interest and dividends and other			370,843
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Investments - at fair value:

Obligations:

Mutual funds	\$	9,269,140	
Municipal bonds		628,244	
U.S. Treasury obligations		6,857,031	
U.S. Agency obligations		17,142,478	
Corporate bonds/notes/debentures:			
Domestic		14,256,630	
International		1,537,429	
Asset-backed securities		4,954,509	
Mortgage investments		<u>2,124,680</u>	\$ 56,770,141

Equities:

Exchange traded funds:

International	3,329,521
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Mutual funds:

Domestic	16,041,747
International	6,020,296

Stocks:

Domestic	46,058,205
International	10,119,764

Real estate investment trusts	<u>596,761</u>	<u>82,166,294</u>
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Total investments		<u>138,936,435</u>
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Total assets		<u>142,626,969</u>
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Liabilities:

Accounts payable and other accruals		<u>121,810</u>
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Total liabilities		<u>121,810</u>
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Net position restricted for pensions		<u>\$ 142,505,159</u>
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See accompanying notes to the financial statements.

Superior Court Clerks' Retirement Fund of Georgia

(A Component Unit of the State of Georgia)

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2025

Additions:

Contributions:

Nonemployer	\$	3,129,588
Members		150,800

Net investment income:

Net increase in fair value of investments	\$	10,624,840
Interest, dividends, and other		4,464,560
Less investment expense		(660,596)

Total additions		<u>17,709,192</u>
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Deductions:

Benefit payments		7,800,395
Refund of member contributions		6,683
Administrative expenses, net		<u>194,793</u>

Total deductions		<u>8,001,871</u>
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Net increase in net position		9,707,321
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Net position restricted for pensions:

Beginning of year		<u>132,797,838</u>
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End of year	\$	<u><u>142,505,159</u></u>
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See accompanying notes to the financial statements.

Superior Court Clerks' Retirement Fund of Georgia
(A Component Unit of the State of Georgia)

Notes to the Financial Statements

June 30, 2025

Note 1: Plan Description

The Superior Court Clerks' Retirement Fund of Georgia (the Fund) was created in 1952 by the Georgia General Assembly to provide retirement benefits for clerks of the Superior Courts of Georgia and any clerk of State Court where that clerk is someone other than the clerk of Superior Court. The 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*.

The Fund is governed by its Board of Commissioners. The Board is comprised of the Governor of the State of Georgia or his designee; an appointee of the Governor other than the Attorney General; and five superior court clerks, of which at least one but not more than two are retired clerks receiving retirement benefits. The Board of Commissioners is ultimately responsible for the administration of the Fund.

Eligibility and Membership

Individuals eligible to apply for membership in the Fund are defined in the *Official Code of Georgia Annotated* (O.C.G.A.) §47-14-40 and generally include all qualified and commissioned clerks of the superior courts of the counties of the State of Georgia.

As of June 30, 2025, participation in the Fund is as follows:

Member Type	Count
Inactive plan members and beneficiaries currently receiving benefits	175
Terminated members not yet receiving benefits, vested	1
Active plan members	<u>150</u>
Total	<u><u>326</u></u>

Participating Employers and Other Contributing Entities

At June 30, 2025, the active members of the Fund were employed by 150 employers. The Fund also had one nonemployer contributing entity, which is the State of Georgia.

Retirement Conditions

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

No clerk shall receive credit for any service unless payment of the required contributions for such service has been made. With the exception of disability benefits, benefit payments do not begin until the clerk attains the age of 55.

Normal Retirement:

A member with at least 12 years of service either as a clerk or deputy clerk shall receive retirement benefits, provided that at least 8 years of such service shall have been served as a clerk, and the member must have served continuously as a clerk for the 4 years immediately preceding retirement.

Superior Court Clerks' Retirement Fund of Georgia

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June 30, 2025

In computing service for normal retirement, a clerk may include up to 8 years of prior service as a chief deputy clerk of the Superior Court if the service was purchased at the time of application for membership. Under certain limited conditions, a member may also include not more than 4 years of service as a member of the armed forces of the United States if the service time was purchased at the time of application for membership. The statutory provisions dealing with deputy clerk service were amended by statute effective as of July 1, 2010.

Disability Retirement:

A clerk may retire after completing 16 years of service, provided he/she becomes totally and permanently disabled after having commenced service as a clerk.

Retirement Benefits

Beginning July 1, 2024, the normal and early retirement benefit rate was \$175.09. On January 1, 2025, the rate increased to \$177.72. Benefits for the fiscal year were calculated by multiplying the rate by the number of years of service, without a maximum service limit.

On June 30, 2019, disability benefits were fixed at \$2,600 per month for the service terms less than 20 years. Service terms greater than 20 years are calculated at normal rates. Under Georgia law benefits may be increased by 1.5% semiannually with approval of the Board of Trustees, if actuarially sound.

Optional Benefits

A clerk may elect to receive an actuarially reduced benefit and at the death of the clerk, the surviving spouse would receive 50% of the clerk's original benefit as was calculated before the elected reduction. The survivor's lifetime benefits do not commence until the survivor has attained the age of 55. Should the spouse predecease the clerk or in the case of divorce, the clerk may revoke the election for spousal benefit by approval of the Board of Trustees.

Death and Disability Benefits

A clerk who dies while currently serving in office is entitled to a death benefit of \$5,000. If a clerk dies before early retirement eligibility or is unmarried at the time of death, total contributions made into the Fund, without accumulated interest, are paid to the deceased clerk's estate.

If a clerk's death is after vesting but prior to retirement, any surviving spousal benefits would commence once the spouse attains the age of 55. The spouse must also have been married to the deceased clerk for at least 6 years immediately preceding the clerk's death. If the total member contributions, without interest, exceeds the total monthly benefits paid to a deceased clerk, and to the clerk's deceased spouse if applicable, such excess of dues is paid to the deceased clerk's estate.

Terminations

In the event of termination, a clerk is entitled to withdraw the total sum of previous contributions made to the fund, excluding interest.

Superior Court Clerks' Retirement Fund of Georgia
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Notes to the Financial Statements

June 30, 2025

Contributions

The Fund is funded by member and nonemployer contributing entity (Nonemployer) contributions. Contribution provisions are established by statute and may be amended only by the General Assembly.

Member Contributions: Member contribution requirements are set forth in O.C.G.A. §47-14-40 and are not actuarially determined. Each member must contribute \$50 per month. Members who first or again become members on or after September 1, 2009 shall pay \$100 per month.

Nonemployer Contributions: In accordance with O.C.G.A. §47-14-50 and §47-14-51, the State of Georgia provides nonemployer contributions to the Fund through the collection of court fines and fees, forfeitures, certain civil actions, and real estate recordings. For each civil case or criminal and quasi-criminal case involving the violation of State statutes which are tried in any court in Georgia for which the Clerk of Superior Court serves as clerk, the following fees are collected and paid to the Fund:

For criminal and quasi-criminal cases	\$2
For civil cases	\$2
For real estate filings	\$0.50

The court fines, forfeitures, and fees are considered employer contributions for the purpose of determining whether the Fund has met minimum funding requirements specified in O.C.G.A. §47-20-10. This statute also 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 June 30, 2024, calculated the minimum employer contribution for the fiscal year ended June 30, 2025, as \$200,000. The court fines, forfeitures, and fees revenue of \$3,129,588 for the fiscal year ended June 30, 2025, meets the minimum required fund contribution.

Administrative Expenses

Administrative expenses are generally funded from current member and court fines, forfeitures, and fees contributions. Investment earnings may be utilized to fund any expenses in excess of contributions.

Note 2: Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The Fund's financial statements are prepared on the accrual basis of accounting, except for the collection of contributions, which are recognized when collected from the members and the courts. Any accrual of these contributions would be immaterial to the Fund's financial statements. Retirement and refund payments are recognized as deductions when due and payable.

Reporting Entity

The Fund is a component unit of the State of Georgia; however, it is accountable for its own fiscal matters and presentation of its separate financial statements. The Fund has considered potential component units under GASB Statements No. 61, *The Financial Reporting Entity's Omnibus – an amendment of GASB Statement No. 14 and No. 34*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and determined there were no component units of the Fund.

Superior Court Clerks' Retirement Fund of Georgia

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Notes to the Financial Statements

June 30, 2025

Cash and Cash Equivalents

Cash and cash equivalents, reported at cost, include cash in banks, cash on deposit with the investment custodian earning a credit to offset fees; and short-term highly liquid financial securities with original maturities of three months or less from the date of acquisition.

Investments

Investments are reported at fair value. Equity securities traded on a national or international exchange are valued at the last reported sales price. Fixed income securities are valued based primarily on quoted market prices provided by independent pricing sources. Investment income is recognized as earned by the Fund. There are no investments in, loans to, or leases with parties related to the Fund.

The Fund utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as credit, interest rate, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

The Fund maintains an investment policy that may be amended by its Board of Commissioners both upon its own initiative and upon consideration of the advice and recommendations of its investment consultant. There were no significant changes in the investment policy for the Fund during the fiscal year.

The Fund's policy for the allocation of invested assets is established on a cost basis in compliance with State law. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following was the Fund's adopted asset allocation policy as of June 30, 2025:

Asset Class	Target Allocation
Fixed income	45%
Equities	55%
Total	100%

At June 30, 2025 approximately 17.3% of the investments held in trust for pension benefits are invested in debt securities of the U.S. government and its instrumentalities, of which 4.9% are U.S. government debt securities and 12.3% are debt securities of the U.S. government instrumentalities. The Fund has no investments in any one organization, other than those issued by the U.S. government and its instrumentalities that represent 5% or more of the Fund's net position restricted for pensions.

For the year ended June 30, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.18%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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Notes to the Financial Statements

June 30, 2025

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of fiduciary net position and changes therein. Actual results could differ from those estimates.

New Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101, *Compensated Absences* effective for fiscal years beginning after December 15, 2023. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. There are no applicable reporting requirements for the Fund related to this statement.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures* effective for fiscal years beginning after June 15, 2024. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. There are no applicable reporting requirements for the Fund related to this statement.

Note 3: Investment Program

The Fund maintains sufficient cash to meet its immediate liquidity needs. Cash not immediately needed is invested as directed by the investment policy of the Fund. All investments are held by agent custodial banks in the name of the Fund. State law and the Fund's investment policy authorize the Fund to invest in a variety of short-term and long-term securities.

Cash and Cash Equivalents

The carrying amount of the Fund's operating account totaled \$5,137 at June 30, 2025, with an actual bank balance of \$10,593. The Fund's cash balance is fully insured through the Federal Deposit Insurance Corporation, an independent agency of the U.S. Government.

The carrying amount of the Fund's cash balances maintained within an investment account is \$3,314,554 at June 30, 2025. This balance includes \$3,290,157 which is uncollateralized. This balance also includes \$24,397 which is held in British Pounds and is uncollateralized.

Investments

Fixed income investments are maintained in mutual funds, exchange-traded funds, municipal bonds, U.S. Treasury obligations, obligations issued by agencies of the U.S. Government, obligations of foreign governments, investment-grade corporate bonds, asset-backed securities, and mortgage-related securities.

Equity investments are maintained in mutual funds, domestic equities, international equities, and real estate investment trusts. Domestic equities are those securities considered by the O.C.G.A. to be domiciled in the United States. International equities will be a diversified portfolio including both developed and emerging countries. These securities are not considered by the O.C.G.A. to be domiciled in the United States.

Superior Court Clerks' Retirement Fund of Georgia

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June 30, 2025

The equity portfolio is managed by the Fund in conjunction with independent advisors. Buy/sell decisions are based on securities meeting rating criteria established by the investment policy of the Fund. Equity trades are approved and executed by the independent advisors. Common stocks eligible for investment must meet the Objectives and Guidelines of the Fund's investment policy. State law limits the total investment in equity securities to 75% of the total invested assets calculated on a historical cost basis.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Fund. State law limits investments to investment-grade securities. The Fund's investment policy requires that purchases of bonds be restricted to bonds rated as investment grade or better as defined by a nationally recognized rating agency. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and do not require disclosure of credit quality.

Superior Court Clerks' Retirement Fund of Georgia

(A Component Unit of the State of Georgia)

Notes to the Financial Statements

June 30, 2025

The quality ratings of investments in fixed income securities at June 30, 2025, as described by Standard & Poor's, which is a nationally recognized statistical rating organization, are shown in the following table:

Quality Ratings of Fixed Income Investments Held at June 30, 2025

Investment Type	Total Fair Value	AAA	AA	A	BBB	BB	Unrated
Cash Equivalents Subject to Credit Risk:							
Short-term investment funds	\$ 3,290,157	-	-	-	-	-	3,290,157
Debt Securities Subject to Credit Risk:							
Municipal bonds	\$ 628,244	-	-	628,244	-	-	-
Mutual funds	9,269,140						9,269,140
U.S. Agency obligations							
Implicitly guaranteed	17,142,478	92,659	-	-	-	-	17,049,819
Corporate debt:							
Domestic	14,256,630	478,868	183,022	1,817,854	11,636,827	140,059	-
International	1,537,429	-	-	345,770	1,191,659	-	-
Asset-backed securities	4,954,509	3,244,206	127,518	573,412	743,728	-	265,645
Mortgage-backed securities	2,124,680	1,373,364	-	-	-	-	751,316
Total Debt Securities Subject to Credit Risk	49,913,110	\$ 5,189,097	310,540	3,365,280	13,572,214	140,059	27,335,920
Debt Securities Not Subject to Credit Risk:							
U.S. Treasury obligations	6,857,031						
Total Debt Securities	\$ 56,770,141						

Superior Court Clerks' Retirement Fund of Georgia
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Notes to the Financial Statements

June 30, 2025

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Fund does not have a formal policy for managing interest rate risk. The following table provides information about the Fund's interest rate risk:

Fair Value of Fixed Income Investments by Maturity Period - Specific Identification Method
Held at June 30, 2025

Investment type	Total Fair Value	Maturity Period				More than 10 Years
		Less than 3 Months	4 - 12 Months	1 - 5 Years	6 - 10 Years	
Cash Equivalents Subject to Interest Rate Risk:						
Short-term investment funds	\$ 3,290,157	3,290,157	-	-	-	-
Debt Securities Subject to Interest Rate Risk:						
Municipal bonds	\$ 628,244	-	445,021	-	-	183,223
Mutual funds	9,269,140	-	-	3,092,159	6,176,981	-
U.S. Treasury obligations	6,857,031	-	-	1,604,249	386,896	4,865,886
U.S. Agency obligations	17,142,478	-	-	-	92,659	17,049,819
Corporate debt:						
Domestic	14,256,630	-	253,973	5,975,420	3,914,737	4,112,500
International	1,537,429	-	76,946	673,559	501,730	285,194
Asset-backed securities	4,954,509	-	145,721	2,053,550	883,506	1,871,732
Mortgage investments	2,124,680	-	-	-	-	2,124,680
Total Debt Securities Subject to Interest Rate Risk:						
	\$ 56,770,141	-	921,661	13,398,937	11,956,509	30,493,034

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of the Fund's investment in a single issue. The Fund's concentration of credit risk policy is that the securities of any one company or government agency should not exceed 5% of the total fund. On June 30, 2025, the Fund did not have debt investments in any one organization, other than those issued or guaranteed by the U.S. Government or its agencies, which represented greater than 5% of the plan's total investments.

Superior Court Clerks' Retirement Fund of Georgia

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Notes to the Financial Statements

June 30, 2025

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Fund's currency risk exposures, or exchange rate risks, primarily reside within the Fund's international investment holdings. The Fund does not have a formal policy for managing foreign currency risk. As of June 30, 2025, the Fund's exposure to foreign currency risk in U.S. dollars, is highlighted in the following table:

International Investment Securities at Fair Value as of June 30, 2025

Currency Denomination	Fair Value
British Pound	
Investment Type:	
Cash and Cash Equivalents	\$ 24,397
Equity Mutual Funds - International	4,934,799
Common Stock - International	5,663,418
Total	<u>\$ 10,622,614</u>

Fair Value Measurement

The Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the inputs used in valuation and gives the highest priority to unadjusted quoted prices in active markets and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in the hierarchy is based on whether the significant inputs into the valuation are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest level, Level 1, is given to unadjusted quoted prices in active markets and the lowest level, Level 3, to unobservable inputs. These guidelines recognize a three-tiered hierarchy, as follows:

Level 1 – Valuations based on unadjusted quoted prices for identical instruments in active markets.

Level 2 – Valuations based on quoted prices for similar instruments in active markets; quoted prices for identical or similar instrument in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Fund's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each investment.

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June 30, 2025

The following table shows the fair value leveling of the Fund's investments:

Investments Measured at Fair Value as of June 30, 2025

Investments by fair value level	Total	Fair Value Measures Using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash Equivalents:				
Short-term investment funds	\$ 3,314,554	3,290,157	24,397	-
Debt Securities:				
Municipal bonds	\$ 628,244	-	628,244	-
U.S. Treasury obligations	6,857,031	-	6,857,031	-
U.S. Agency obligations	17,142,478	-	17,142,478	-
Corporate debt:				
Domestic	14,256,630	-	14,256,630	-
International	1,537,429	-	1,537,429	-
Mutual funds:				
Domestic	9,269,140	-	9,269,140	-
International	-	-	-	-
Asset-backed securities	4,954,509	-	4,954,509	-
Mortgage investments	2,124,680	-	2,124,680	-
Equities:				
Exchange traded funds:				
International	3,329,521	3,329,521	-	-
Mutual Funds:	-			
Domestic	16,041,747	16,041,747	-	-
International	6,020,296	6,020,296	-	-
Stocks:				
Domestic	46,058,205	46,058,205	-	-
International	10,119,764	10,119,764	-	-
Real estate investment trusts	596,761	596,761	-	-
Total Investments by fair value level	\$ 138,936,435	82,166,294	56,770,141	-

Superior Court Clerks' Retirement Fund of Georgia

(A Component Unit of the State of Georgia)

Notes to the Financial Statements

June 30, 2025

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features and ratings. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. These securities have nonproprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

The Fund did not have any Net Asset Value (NAV) investments at June 30, 2025.

Note 4: Net Pension Liability of Employers and Nonemployers

The components of the collective net pension liability of the participating employers and nonemployers at June 30, 2025, were as follows:

Component	Amount
Total pension liability	\$ 122,263,754
Plan fiduciary net position	<u>(142,505,159)</u>
Net pension liability (asset)	<u>\$ (20,241,405)</u>
Plan fiduciary net position as a percentage of total pension liability	116.56%

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2024, with update procedures used to roll forward the total pension liability to June 30, 2025. The roll forward calculation adds the normal cost (also called service costs), subtracts the actual benefit payments and refunds for the plan year, and then applies the discount rate for the year. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 %
Salary increases	N/A
Investment rate of return	5.25%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 Mortality table projected generationally using the MP-2021 mortality improvement scale.

The long-term expected rate of return on pension plan investments was determined using a building block method 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 geometric real rates of return by the target asset allocation percentage and then adding expected inflation. The long-term assumed investment rate of return of 5.25% was reviewed by the Fund's actuary for reasonableness and adopted by the Board.

Superior Court Clerks' Retirement Fund of Georgia
(A Component Unit of the State of Georgia)

Notes to the Financial Statements

June 30, 2025

The target asset allocation and best estimates of geometric 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*
Domestic fixed income	50%	1.1%
Global equity	10%	6.0%
International developed markets equity	10%	6.4%
Domestic large cap equities	25%	5.7%
Domestic small/mid cap equities	5%	6.6%
Total	<u>100%</u>	

*Rates shown are net of inflation.

Discount Rate

The discount rate used to measure the total pension liability was 5.25%. The projection of cash flows used to determine the discount rate assumes revenues will remain level. 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 rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following table presents the net pension liability of the Fund, calculated using the discount rate of 5.25%, as well as what the Fund's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.25%) or 1-percentage-point higher (6.25%) than the current rate:

	1% Decrease (4.25%)	Current discount rate (5.25%)	1% Increase (6.25%)
Employers' and nonemployers' net pension liability (asset)	\$ (8,253,717)	\$ (20,241,405)	\$ (30,468,815)

Note 5: Subsequent Events

On May 1, 2025, and November 6, 2025, respectively, the Board of Commissioners approved two 1.5% cost-of-living adjustments to the benefit terms, effective July 1, 2025, and January 1, 2026.

Required Supplementary Information (Unaudited)

Superior Court Clerks' Retirement Fund of Georgia

(A Component Unit of the State of Georgia)

Required Supplementary Information

Schedule of Employers' and Nonemployers' Net Pension Liability

For the year ended June 30

(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability	\$ 122,263,754	\$ 120,344,728	\$ 114,863,904	\$ 112,983,420	\$ 108,653,863	\$ 105,689,818	\$ 105,756,554	\$ 100,409,720	\$ 97,675,604	\$ 92,611,902
Plan fiduciary net position	142,505,159	132,797,838	124,841,048	119,907,882	142,228,142	122,584,397	120,911,887	116,227,394	111,291,373	103,186,683
Employers' and nonemployers' net pension liability (asset)	\$ (20,241,405)	\$ (12,453,110)	\$ (9,977,144)	\$ (6,924,462)	\$ (33,574,279)	\$ (16,894,579)	\$ (15,155,333)	\$ (15,817,674)	\$ (13,615,769)	\$ (10,574,781)
Plan fiduciary net position as a percentage of the total pension liability	116.56%	110.35%	108.69%	106.13%	130.90%	115.99%	114.33%	115.75%	113.94%	111.42%
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Employers' and nonemployers' net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

See accompanying notes to the required supplementary information and accompanying independent auditor's report.

Superior Court Clerks' Retirement Fund of Georgia

(A Component Unit of the State of Georgia)

Required Supplementary Information

Schedule of Changes in Employers' and Nonemployers' Net Pension Liability

For the year ended June 30

(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability:										
Service cost	\$ 2,012,886	\$ 1,965,594	\$ 2,209,603	\$ 1,956,482	\$ 1,950,642	\$ 2,317,403	\$ 2,286,789	\$ 2,199,178	\$ 2,256,199	\$ 1,659,938
Interest	6,218,839	5,940,710	5,858,690	5,619,180	5,469,281	5,504,983	5,231,467	5,085,034	4,830,334	4,896,392
Change of benefit terms	3,814,898	3,743,184	3,580,517	3,494,105	3,223,784	1,681,738	3,089,995	1,483,887	4,260,030	2,804,534
Differences between expected and actual experience	(2,320,519)	1,177,567	(2,570,464)	115,400	(126,407)	(419,884)	-	-	-	-
Changes of assumptions	-	-	-	301,063	(625,884)	(2,633,338)	(2,546,301)	-	163,339	315,396
Benefit payments	(7,800,395)	(7,333,131)	(7,193,576)	(7,152,573)	(6,861,047)	(6,517,638)	3,462,956	-	(722,731)	(6,015,764)
Refunds of member contributions	(6,683)	(13,100)	(4,286)	(4,100)	(66,324)	-	(6,178,072)	(6,033,983)	(5,723,469)	(5,306,518)
Net change in total pension liability	1,919,026	5,480,824	1,880,484	4,329,557	2,964,045	(66,736)	5,346,834	2,734,116	5,063,702	(1,646,022)
Total pension liability - beginning	120,344,728	114,863,904	112,983,420	108,653,863	105,689,818	105,756,554	100,409,720	97,675,604	92,611,902	94,257,924
Total pension liability - ending (a)	122,263,754	120,344,728	114,863,904	112,983,420	108,653,863	105,689,818	105,756,554	100,409,720	97,675,604	92,611,902
Plan fiduciary net position:										
Contributions - nonemployer	3,129,588	3,392,951	3,011,088	3,124,182	2,981,597	2,716,457	3,191,378	3,174,083	3,145,965	3,084,667
Contributions - member	150,800	141,700	146,350	141,425	135,550	131,605	126,000	126,900	302,401	175,215
Net investment income	14,428,804	11,965,892	9,140,942	(18,248,167)	23,648,825	5,504,889	7,711,032	7,804,487	10,550,802	(1,028,719)
Benefit payments	(7,800,395)	(7,333,131)	(7,193,576)	(7,152,573)	(6,861,047)	(6,517,638)	(6,178,072)	(6,033,983)	(5,723,469)	(5,306,518)
Refund of member contributions	(6,683)	(13,100)	(4,286)	(4,100)	(66,324)	-	-	-	-	-
Administrative expense	(194,793)	(197,522)	(167,352)	(181,027)	(194,856)	(162,803)	(165,845)	(135,466)	(171,009)	(284,561)
Net change in plan fiduciary net position	9,707,321	7,956,790	4,933,166	(22,320,260)	19,643,745	1,672,510	4,684,493	4,936,021	8,104,690	(3,359,916)
Plan fiduciary net position - beginning	132,797,838	124,841,048	119,907,882	142,228,142	122,584,397	120,911,887	116,227,394	111,291,373	103,186,683	106,546,599
Plan fiduciary net position - ending (b)	142,505,159	132,797,838	124,841,048	119,907,882	142,228,142	122,584,397	120,911,887	116,227,394	111,291,373	103,186,683
Net pension liability (asset) - ending (a) - (b)	\$ (20,241,405)	\$ (12,453,110)	\$ (9,977,144)	\$ (6,924,462)	\$ (33,574,279)	\$ (16,894,579)	\$ (15,155,333)	\$ (15,817,674)	\$ (13,615,769)	\$ (10,574,781)

See accompanying notes to the required supplementary information and accompanying independent auditor's report.

Superior Court Clerks' Retirement Fund of Georgia
(A Component Unit of the State of Georgia)

Required Supplementary Information
Schedule of Employer and Nonemployer Contributions
For the year ended June 30
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined employer and nonemployer contribution	\$ 200,000	\$ 697,370	\$ 1,066,444	\$ 200,000	\$ 167,000	\$ 170,000	\$ 140,000	\$ -	\$ 276,364	\$ -
Contributions in relation to the actuarially determined contribution	3,129,588	3,392,951	3,011,088	3,124,182	2,981,597	2,716,457	3,191,378	3,174,083	3,145,965	3,084,667
Contribution deficiency (excess)	<u>\$ (2,929,588)</u>	<u>\$ (2,695,581)</u>	<u>\$ (1,944,644)</u>	<u>\$ (2,924,182)</u>	<u>\$ (2,814,597)</u>	<u>\$ (2,546,457)</u>	<u>\$ (3,051,378)</u>	<u>\$ (3,174,083)</u>	<u>\$ (2,869,601)</u>	<u>\$ (3,084,667)</u>
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

See accompanying notes to the required supplementary information and accompanying independent auditor's report.

Superior Court Clerks' Retirement Fund of Georgia

(A Component Unit of the State of Georgia)

Required Supplementary Information

Schedule of Investment Returns

For the year ended June 30

(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expense	11.18%	10.01%	7.37%	-13.02%	19.60%	4.90%	7.55%	7.10%	10.35%	-0.54%

See accompanying notes to the required supplementary information and accompanying independent auditor's report.

Superior Court Clerks' Retirement Fund of Georgia

(A Component Unit of the State of Georgia)

Notes to the Required Supplementary Information

June 30, 2025

(Unaudited)

Note 1: Schedule of Employers' and Nonemployers' Net Pension Liability

The components of the net pension liability as of the fiscal year end and the fiduciary net position as a percentage of the total pension liability as of that date are presented in this schedule. This trend information will be accumulated to display a ten-year presentation.

Note 2: Schedule of Changes in Employers' and Nonemployers' Net Pension Liability

Net pension liability which is measured as the total pension liability less the amount of the fiduciary net position is presented in this schedule. This trend information will be accumulated to display a ten-year presentation.

Note 3: Schedule of Employer and Nonemployer Contributions

The schedule presents the required contributions and the amounts actually contributed.

Note 4: Schedule of Investment Returns

The schedule presents historical trend information about the annual money-weighted rate of return on plan investments, net of plan investment expense. This trend information will be accumulated to display a ten-year presentation.

Note 5: Actuarial Methods and Assumptions

Benefit changes: Effective January 1, 2025, the monthly benefit multiplier was increased by 1.5% from \$175.09 to \$177.72. In addition, a 1.5% cost of living adjustment was granted to retirees and surviving spouses effective January 1, 2025.

Effective July 1, 2025, the monthly benefit multiplier was increased by 1.5% from \$177.72 to \$180.39. In addition, a 1.5% cost of living adjustment was granted to retirees and surviving spouses effective July 1, 2025.

Changes of assumptions: There were no changes in assumptions.

Superior Court Clerks' Retirement Fund of Georgia

(A Component Unit of the State of Georgia)

Notes to the Required Supplementary Information

June 30, 2025

(Unaudited)

Methods and assumptions used in calculations of actuarially determined contributions: The following actuarial methods and assumptions were used to determine the most recently calculated actuarially determined contribution reported in the Schedule of Employer and Nonemployer Contributions:

Valuation date	June 30, 2024
Actuarial cost method	Aggregate Actuarial Cost Method
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Market Value
Inflation rate	2.5%
Salary increases	N/A
Investment rate of return	5.25%, net of pension plan investment expense

Compliance and Internal Control Report Section



**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the Board of Commissioners of the Superior Court Clerks' Retirement Fund of Georgia
and
Mr. Homer Bryson, Secretary-Treasurer

We have audited the financial statements of the Superior Court Clerks' Retirement Fund of Georgia (Fund), a component unit of the State of Georgia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated September 15, 2026. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Fund's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying *Schedule of Findings* in finding FS-948-25-01 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Fund's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Fund's response to the finding identified in our audit and described in the accompanying *Schedule of Findings*. The Fund's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Greg S. Griffin
State Auditor

September 15, 2026

Findings Section

Superior Court Clerks' Retirement Fund of Georgia
(A Component Unit of the State of Georgia)

Schedule of Findings
Year Ended June 30, 2025

Financial Statement Findings

FS 948-25-01 Improve Controls over Census Data Used in Actuarial Valuations

Internal Control Impact:	Significant Deficiency
Compliance Impact:	N/A

Description:

Fund management should establish controls over the review of the Fund's census data to final actuarial valuation reports before relying upon them for financial reporting.

Background:

Management annually provides participant census data to the actuary and performs certain reviews before the final actuarial valuation is issued, including census validation, prior year analytical comparisons, assumption review, status count analysis, and investigation of discrepancies with the actuary. The actuary uses this information to prepare the actuarial valuation and GASB schedules that management relies on for financial reporting and related disclosures.

Criteria:

Management is responsible for establishing and maintaining internal control over financial reporting. When management relies on the work of a specialist, management remains responsible for reviewing the completeness, accuracy, and reasonableness of that work before relying upon it for financial reporting.

Condition:

Management has implemented informal controls over census data and preliminary actuarial valuation information. However, management did not have controls in place to reconcile the final actuarial valuation and GASB reports to the Fund's underlying census data before relying on those reports for financial reporting. Audit procedures identified omitted active members. Although management detected these issues during its preliminary review, they did not resolve these discrepancies with the actuary due to the historical immateriality.

Cause:

Management had not formalized and documented the full actuarial review process to verify the completeness and accuracy of the actuarial reports received from its actuary before relying on those reports for financial reporting.

Effect:

Ineffective review controls increase the risk that material errors in actuarial reports, including participant omissions, employer allocation errors, pension liabilities (assets), pension expense (income), contribution requirements, and related disclosures, could occur and remain undetected. The control deficiency increases the risk of material misstatements in current and future reporting periods.

Superior Court Clerks' Retirement Fund of Georgia
(A Component Unit of the State of Georgia)

Schedule of Findings
Year Ended June 30, 2025

Recommendation:

Fund management should establish and formally document a comprehensive review process over final actuarial reports. At a minimum, the process should include:

- Reconciling participant census counts in the final actuarial report to the Fund's records;
- Reconciling final employer counts and allocations used in GASB schedules to the Fund's records;
- Establishing, in consultation with the actuary, a threshold for differences requiring follow up to ensure any unresolved discrepancies are immaterial, or adopt a practice of investigating all differences; and
- Formally documenting the existing review procedures over the actuarial report.

Views of Responsible Officials:

We do not concur with this finding. Management respectfully disagrees with the classification of this matter as a significant deficiency in internal control over financial reporting. Management acknowledges that documentation of the actuarial review process can be improved; however, substantial controls were in place to review census data, actuarial assumptions, and valuation results and to identify significant or unusual differences.

Existing Controls

The finding appropriately recognizes that management had controls over census data and preliminary actuarial valuation information. The principal issue identified is that management's process did not include a separately documented final reconciliation of the completed actuarial valuation and GASB schedules to the Fund's underlying records.

Before census data is finalized, management reviews information from the administration system for reasonableness and completeness, including participant status, age, gender, and service. Current-year information is compared with prior-year information, and management works directly with the actuary to investigate anomalies and individual participant records.

Management also performs an analytical review of the valuation that includes participant counts, average age and service, benefit information, actuarial liabilities, assumptions, and significant changes from prior-year valuations. Status-specific queries are also used to compare participant populations in the administration system with those reflected in the valuation.

These procedures are designed to identify unusual or unexpected changes that may indicate an error in either the census information or actuarial valuation.

Treatment of Differences

Management disagrees with the statement that identified discrepancies were not resolved because of "historical immateriality."

Superior Court Clerks' Retirement Fund of Georgia
(A Component Unit of the State of Georgia)

Schedule of Findings
Year Ended June 30, 2025

Management's established practice has been to investigate differences with the actuary, determine their cause and potential effect, and make corrections or adjustments when appropriate. Some differences can also result from retroactive membership status changes and other timing matters inherent in maintaining participant data.

In a prior independent review of the census data performed by the auditor's actuarial specialist, minor differences in member headcounts were identified. The specialist concluded that the differences were small and were not expected to have a material impact on the valuation. Accordingly, the historical immateriality referenced in this matter was supported by prior actuarial review and was not simply an assumption made by management.

Management agrees that establishing and documenting a more formal standard for the investigation and disposition of differences will strengthen the existing process.

Financial Reporting Impact and Classification

The audit procedures resulted in a difference of approximately \$98,787 of the total pension asset, or approximately 0.08%. The plan fiduciary net position as a percentage of the total pension liability changed from 116.65% to 116.56%.

The difference did not result in a material misstatement of the Fund's financial statements, actuarial valuation, pension liability, pension expense, or related disclosures.

Management recognizes that the absence of a material misstatement does not, by itself, establish that a significant deficiency does not exist. However, management believes the severity of the matter should be evaluated in the context of the total control environment, including:

- management's review of census information before the valuation is completed;
- investigation of data anomalies with the actuary;
- analytical review of the completed valuation;
- comparisons with prior-year participant populations and valuation results;
- management's review of actuarial assumptions and methodologies;
- Board review and adoption of applicable assumptions;
- the limited financial reporting effect identified during the audit; and
- the historical operation of these procedures without a material or significant actuarial reporting difference.

Taken together, management believes these controls substantially mitigate the risk associated with the absence of a separately documented final reconciliation.

Management therefore believes the matter is more appropriately characterized as an opportunity to strengthen the documentation and formalization of an existing control process rather than a significant deficiency in the Fund's overall actuarial review controls.

Superior Court Clerks' Retirement Fund of Georgia

(A Component Unit of the State of Georgia)

Schedule of Findings

Year Ended June 30, 2025

Auditor's Concluding Remarks:

The Georgia Department of Audits and Accounts (DOAA) acknowledges the controls management has implemented over census data and preliminary actuarial information, as well as the additional analytical and reconciliation procedures described in management's response. These processes provide a degree of oversight, but they do not replace the need for a formal and documented final review and reconciliation control over the completed actuarial valuation and GASB schedules.

Auditors disagree with the views of responsible officials that no material misstatement occurred. Materiality is a determination made by auditors in accordance with professional auditing standards, not a calculation performed independently by management. Based on the audit evidence obtained, the misstatements related to pension expense and deferred inflows of resources, associated with differences between expected and actual experience, as well as related disclosures, exceeded the auditors' quantitative materiality threshold. The absence of this key control at the back end of the process is the underlying cause of the material issues identified during the audit. While the existing procedures may reduce the likelihood of significant errors, they are not sufficiently precise to detect smaller census data omissions, duplications, or allocation errors that can accumulate and result in misstatements. Without implementing and consistently performing a formal final reconciliation, there remains a persistent risk that similar issues will recur in future periods.

Therefore, although management's mitigating controls reduce the overall risk, they do not fully address the control gap. We reaffirm our finding and will review the implementation of this final review control during the next audit cycle.

Management's Corrective Action for Findings Section



Superior Court Clerks' Retirement Fund of Georgia

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Corrective Action Plan - Financial Statement Finding

FS-948-25-01 Improve Controls over Census Data Used in Actuarial Valuations

Internal Control Impact: Internal Control
Compliance Impact: None

Description:

Fund management should establish controls over the review of the Fund's census data to final actuarial valuation reports before relying upon them for financial reporting.

Corrective Action Plans:

Regardless of the classification, management will strengthen the existing process by:

- Formally documenting the existing census validation, analytical review, and actuarial assumption review procedures; and
- Documenting the investigation and disposition of identified differences before management accepts the final actuarial valuation and GASB reports.

Management believes these enhancements appropriately address the issue identified during the audit while building upon the review controls that were already operating during the period under audit.

Estimated Completion Date: 9/30/2026

Contact Person: Brandt Barlow
Telephone: 470-523-4237
Email: bbarlow@rfga.us

Signature: _____

Title: _____

CFO