

# *Peace Officers' Annuity and Benefit 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.*

**Peace Officers' Annuity and Benefit Fund of Georgia**  
(A Component Unit of the State of Georgia)

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## Financial Section



## **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  
Peace Officers' Annuity and Benefit Fund of Georgia  
and  
Mr. Homer Bryson, Executive Director

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the Peace Officers' Annuity and Benefit 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**

# Peace Officers' Annuity and Benefit Fund of Georgia

(A Component Unit of the State of Georgia)

## Statement of Fiduciary Net Position

June 30, 2025

|                                      |              |                  |
|--------------------------------------|--------------|------------------|
| Assets:                              |              |                  |
| Cash and cash equivalents            |              | \$ 30,661,905    |
| Receivables:                         |              |                  |
| Interest and dividends and other     |              | 2,893,131        |
| Investments - at fair value:         |              |                  |
| Obligations:                         |              |                  |
| Municipal bonds                      | \$ 1,575,949 |                  |
| U.S. Treasury obligations            | 45,470,895   |                  |
| U.S. Agency obligations              | 85,134,538   |                  |
| Corporate bonds/notes/debentures:    |              |                  |
| Domestic                             | 66,810,284   |                  |
| International                        | 8,258,659    |                  |
| Asset-backed securities              | 23,820,495   |                  |
| Mortgage investments                 | 8,815,017    |                  |
| Private debt senior loan fund        | 40,468,113   | \$ 280,353,950   |
| Equities:                            |              |                  |
| Stocks:                              |              |                  |
| Domestic                             | 374,939,725  |                  |
| International                        | 342,946,678  |                  |
| Real estate investment trusts        | 5,968,497    |                  |
| Private real estate trust            | 39,993,186   |                  |
| Private equity fund of funds         | 6,960,669    | 770,808,755      |
| Total investments                    |              | 1,051,162,705    |
| Intangible right-to-use asset, net   |              | 1,276,250        |
| Capital assets, net                  |              | 448,005          |
| Total assets                         |              | 1,086,441,996    |
| Liabilities:                         |              |                  |
| Subscription liability               |              | 631,527          |
| Accounts payable and other accruals  |              | 856,134          |
| Total liabilities                    |              | 1,487,661        |
| Net position restricted for pensions |              | \$ 1,084,954,335 |

See accompanying notes to the financial statements.

# Peace Officers' Annuity and Benefit 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 | \$ | 29,140,369 |
| Members     |    | 7,613,282  |

#### Net investment income:

|                                           |    |                    |
|-------------------------------------------|----|--------------------|
| Net increase in fair value of investments | \$ | 102,567,760        |
| Interest, dividends, and other            |    | 29,863,650         |
| Less investment expense                   |    | (5,306,730)        |
|                                           |    | <u>127,124,680</u> |

|               |  |                |
|---------------|--|----------------|
| Miscellaneous |  | <u>391,520</u> |
|---------------|--|----------------|

|                 |  |                    |
|-----------------|--|--------------------|
| Total additions |  | <u>164,269,851</u> |
|-----------------|--|--------------------|

### Deductions:

|                                 |  |                  |
|---------------------------------|--|------------------|
| Benefit payments                |  | 62,229,639       |
| Refunds of member contributions |  | 629,622          |
| Administrative expenses, net    |  | <u>2,176,510</u> |

|                  |  |                   |
|------------------|--|-------------------|
| Total deductions |  | <u>65,035,771</u> |
|------------------|--|-------------------|

|                              |  |            |
|------------------------------|--|------------|
| Net increase in net position |  | 99,234,080 |
|------------------------------|--|------------|

### Net position restricted for pensions:

|                   |  |                    |
|-------------------|--|--------------------|
| Beginning of year |  | <u>985,720,255</u> |
|-------------------|--|--------------------|

|             |    |                             |
|-------------|----|-----------------------------|
| End of year | \$ | <u><u>1,084,954,335</u></u> |
|-------------|----|-----------------------------|

See accompanying notes to the financial statements.

# Peace Officers' Annuity and Benefit Fund of Georgia

(A Component Unit of the State of Georgia)

## Notes to the Financial Statements

June 30, 2025

### Note 1: Plan Description

The Peace Officers' Annuity and Benefit Fund of Georgia (the Fund) was created in 1950 by the Georgia General Assembly to provide retirement benefits for qualifying peace officers. 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; the Commissioner of Insurance or his designee; and three active or retired peace officers appointed by the Governor. 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.) §47-17-1 and generally include: any individual employed by the State of Georgia or any municipality, county, or other political subdivision thereof for the preservation of public order, the protection of life and property or the detection of crime; wardens and correction officers of correctional institutions; full-time parole officers; other individuals employed full-time for the purpose of law enforcement; and full-time employees of the Fund.

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

| Member Type                                                     | Count                |
|-----------------------------------------------------------------|----------------------|
| Inactive members and beneficiaries currently receiving benefits | 9,022                |
| Terminated members not yet receiving benefits, vested           | 1,429                |
| Beneficiaries entitled to but not yet receiving benefits        | 30                   |
| Active plan members                                             | <u>16,436</u>        |
| Total                                                           | <u><u>26,917</u></u> |

### Participating Employers and Other Contributing Entities

At June 30, 2025, the active members of the Fund were employed by 721 employers. The Fund also had 1 nonemployer contributing entity, which is the State of Georgia.

### Retirement Benefits

The Fund provides retirement as well as disability and death benefits. Title 47 of the O.C.G.A. assigns the authority to establish and amend the provisions of the Fund to the General Assembly. A member is eligible to receive retirement benefits with 30 years of service, regardless of age. A member is also eligible to receive retirement benefits at age 55 with 10 years of service; however, members joining on or after July 1, 2010, must have 15 years of service to be eligible for benefits. Beginning July 1, 2024, vested members who attain age 55 may continue to work in law enforcement and receive his or her retirement benefits. A member that has retired and began drawing benefits may not return to work and receive additional service credit.

# Peace Officers' Annuity and Benefit Fund of Georgia

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## Notes to the Financial Statements

June 30, 2025

The monthly benefit is a single life annuity payable in monthly payments for the life of the member only. The monthly payment amount at June 30, 2025, was \$30 per month (plus 1/12 of this amount for each month of any partial year) for each full year of creditable service up to a maximum of 30 years of total service. The Board of Commissioners is authorized to provide for increases effective as of January 1 and July 1 of each year up to 1.5% of the maximum monthly retirement benefit then in effect. Members may elect, as an alternate to the benefit described above, to receive a 100% joint life annuity payable during the life of the member or the member's spouse, or a contingency life annuity with a 50% monthly payment to the surviving spouse. The amount of the benefit for these options is an actuarially reduced portion of the single life annuity benefit described above.

### ***Death and Disability Benefits***

Any dues paying member who became a member prior to July 1, 1993 and becomes totally and permanently disabled is entitled to receive disability benefits, the amount of which is dependent upon the date of application for disability benefits.

Beginning July 1, 2024, the designated beneficiary of a deceased, active, vested, or retired member is entitled to a lump sum of \$5,000. If an active member dies in the line of duty and has a designated beneficiary, that beneficiary is eligible to receive a lump sum benefit of \$10,000.

### ***Terminations***

At any time before a member begins drawing retirement benefits, the member may request a refund of 100% of all member contributions paid into the Fund during creditable service. No interest is paid on these withdrawals.

### ***Contributions***

Funding is provided 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:* On and after July 1, 2024, member contribution requirements are determined annually by the Board and shall be at least \$35 but shall not exceed \$70 as set forth in O.C.G.A. §47-17-44 and are not actuarially determined. For the current fiscal year, each member must contribute \$35 per month, to be paid no later than the tenth day of each month.

*Nonemployer Contributions:* In accordance with O.C.G.A. §47-17-60, the State of Georgia provides nonemployer contributions to the Fund through the collection of fines and forfeitures. For each criminal and quasi-criminal case involving the violation of State of Georgia laws, county ordinances, or municipal ordinances, courts collect and remit the following amounts:

|                                                    |      |
|----------------------------------------------------|------|
| For fines and bond forfeitures not more than \$100 | \$10 |
| For fines and bond forfeitures in excess of \$100  | 10%  |
| For pretrial diversion cases not more than \$100   | \$5  |
| For pretrial diversion cases in excess of \$100    | 5%   |

# Peace Officers' Annuity and Benefit Fund of Georgia

(A Component Unit of the State of Georgia)

## Notes to the Financial Statements

June 30, 2025

The fines and forfeitures 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 \$24,171,614. The fines, forfeitures, and other revenue of \$29,531,889 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 nonmember 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 upon receipt 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 Statements 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.

### **Cash and Cash Equivalents**

Cash and cash equivalents, reported at cost, include cash on deposit at 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 interest rate, credit, foreign currency, 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.

## Peace Officers' Annuity and Benefit Fund of Georgia

(A Component Unit of the State of Georgia)

### Notes to the Financial Statements

June 30, 2025

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. The Fund's policy regarding 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:

| <b>Asset class</b>        | <b>Target allocation</b> |
|---------------------------|--------------------------|
| Fixed Income              | 17% - 23%                |
| Equities                  | 37% - 47%                |
| International Equities    | 24% - 32%                |
| Cash and Cash Equivalents | 0% - 10%                 |
| Alternatives              | 0% - 10%                 |

Approximately 12.4% of the investments held in trust for pension benefits are invested in debt securities of the U.S. government and its instrumentalities, of which 4.3% are U.S. government debt securities and 8.1% 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 plan's total investments.

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 12.4%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### **Capital Assets**

Capital assets are stated at cost less accumulated depreciation or amortization. The capitalization thresholds are \$1,000,000 for software, \$100,000 for buildings and building improvements and \$5,000 for equipment and vehicles. Depreciation on capital assets is computed using the straight-line method over estimated useful lives of 5 to 40 years. Depreciation and amortization expenses are included in administrative expenses. Maintenance and repairs are charged to administrative expense when incurred.

# Peace Officers' Annuity and Benefit Fund of Georgia

(A Component Unit of the State of Georgia)

## Notes to the Financial Statements

June 30, 2025

Capital asset activity for the fiscal year end June 30, 2025 was as follows:

| <b>Capital Asset Category</b>                | <b>Balance<br/>July 1, 2024</b> | <b>Increase</b> | <b>Decrease</b> | <b>Balance<br/>June 30, 2025</b> |
|----------------------------------------------|---------------------------------|-----------------|-----------------|----------------------------------|
| Capital Assets Not Being Depreciated:        |                                 |                 |                 |                                  |
| Land                                         | \$ 97,510                       | -               | -               | 97,510                           |
| Capital Assets Being Depreciated             |                                 |                 |                 |                                  |
| Home Office                                  | 657,633                         | -               | -               | 657,633                          |
| Home Office - Furniture                      | 12,288                          | -               | -               | 12,288                           |
| Home Office - Equipment                      | 6,018                           | -               | -               | 6,018                            |
| Vehicle - 2022                               | 39,340                          | -               | -               | 39,340                           |
| Total Capital Assets Being Depreciated       | 715,279                         | -               | -               | 715,279                          |
| Less Accumulated Depreciation For:           |                                 |                 |                 |                                  |
| Home Office                                  | 306,718                         | 18,779          | -               | 325,497                          |
| Furniture                                    | 12,288                          | -               | -               | 12,288                           |
| Equipment                                    | 6,018                           | -               | -               | 6,018                            |
| Vehicle - 2022                               | 13,113                          | 7,868           | -               | 20,981                           |
| Total Accumulated Depreciation               | 338,137                         | 26,647          | -               | 364,784                          |
| Total Capital Assets, Being Depreciated, Net | 377,142                         | (26,647)        | -               | 350,495                          |
| Capital Assets, Net                          | \$ 474,652                      | (26,647)        | -               | 448,005                          |

Intangible right-to-use assets are stated net along with the corresponding subscription liability on the Statement of Fiduciary Net Position. The asset, a custom-built pension administration software, was originally placed into service in fiscal year 2020 with a 10-year subscription term with fixed annual subscription payments of \$150,000. The \$1,475,000 initial outlay for the project completion was capitalized and recorded as a depreciating asset. At June 30, 2022 the asset's value was \$1,475,000 with accumulated depreciation of \$336,979. As of June 30, 2025, the asset's value has been adjusted to reflect the addition of the subscription liability with the initial outlay, and to reflect the adjustment to accumulated amortization. The subscription liability is measured over the subscription term using the State of Georgia's incremental borrowing rate of 2.72%.

# Peace Officers' Annuity and Benefit Fund of Georgia

(A Component Unit of the State of Georgia)

## Notes to the Financial Statements

June 30, 2025

### Intangible Right-To-Use Asset

| Capital Asset Category                     | Balance<br>July 1, 2024 | Increase  | Decrease | Balance<br>June 30, 2025 |
|--------------------------------------------|-------------------------|-----------|----------|--------------------------|
| Capital Assets Being Amortized             |                         |           |          |                          |
| Computer Software                          | \$ 2,713,667            | -         | -        | 2,713,667                |
| Total Capital Assets Being Amortized       | 2,713,667               | -         | -        | 2,713,667                |
| Less Accumulated Amortization For:         |                         |           |          |                          |
| Computer Software                          | 1,163,935               | 273,482   | -        | 1,437,417                |
| Total Accumulated Depreciation             | 1,163,935               | 273,482   | -        | 1,437,417                |
| Total Capital Assets, Being Amortized, Net | \$ 1,549,732            | (273,482) | -        | 1,276,250                |

### Subscription Payments of the Intangible Right-to-Use Asset as June 30, 2025

| Fiscal Year Ended June 30        | Principal  | Interest  | Total      |
|----------------------------------|------------|-----------|------------|
| 2026                             | \$ 134,183 | \$ 15,817 | \$ 150,000 |
| 2027                             | 137,871    | 12,129    | 150,000    |
| 2028                             | 141,659    | 8,341     | 150,000    |
| 2029                             | 145,552    | 4,448     | 150,000    |
| 2030                             | 72,262     | 2,738     | 75,000     |
| Total Future Minimum Commitments | \$ 631,527 | \$ 43,473 | \$ 675,000 |

### 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. Implementation of GASB statement 101 would be immaterial to the amounts recorded in the Fund's financial statements.

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.

# Peace Officers' Annuity and Benefit Fund of Georgia

(A Component Unit of the State of Georgia)

## Notes to the Financial Statements

June 30, 2025

### 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 statutes 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 Fund had cash on hand of \$1,392 at June 30, 2025.

The carrying amount of the Fund's operating account totaled \$63,062 at June 30, 2025, with an actual bank balance of \$100,206. This 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 \$30,597,451 at June 30, 2025. This balance includes \$30,501,581 which is uncollateralized, \$24 which is fully insured through the Securities Investors Protection Corporation, and \$95,846 which is fully insured through the Federal Deposit Insurance Corporation. The Securities Investors Protection Corporation and the Federal Deposit Insurance Corporation are independent agencies of the U.S. Government.

#### ***Investments***

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

Equity investments are maintained in mutual funds, domestic equities, international equities, real estate investment trusts, and private real estate trusts. Domestic equities are those securities considered by the O.C.G.A. to be domiciled in the United States. International equities are not considered by the O.C.G.A. to be domiciled in the United States.

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 independent advisors. Common stocks eligible for investment must meet the Objectives and Policies 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 the bond portfolio is of high quality and chosen primarily with respect to the safety and liquidity of the investment and only secondarily by the yield available. The Fund's investment policy also requires that purchases of bonds be restricted to bonds rated as investment grade or higher quality 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.

# Peace Officers' Annuity and Benefit 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<br>Fair Value | AAA        | AA        | A          | BBB        | BB        | Unrated     |
|-------------------------------------------------|---------------------|------------|-----------|------------|------------|-----------|-------------|
| Cash Equivalents Subject to Credit Risk         |                     |            |           |            |            |           |             |
| Short-term investment funds                     | \$ 30,501,581       | -          | -         | -          | -          | -         | 30,501,581  |
| Debt Securities Subject to Credit Risk          |                     |            |           |            |            |           |             |
| Municipal bonds                                 | \$ 1,575,949        | -          | -         | 1,575,949  | -          | -         | -           |
| U.S. Agency obligations                         |                     |            |           |            |            |           |             |
| Implicitly guaranteed                           | 85,134,538          | 432,410    | -         | 1,144,194  | -          | -         | 83,557,934  |
| Corporate debt                                  |                     |            |           |            |            |           |             |
| Domestic                                        | 66,810,284          | 750,555    | -         | 8,104,366  | 56,927,293 | 1,028,070 | -           |
| International                                   | 8,258,659           | -          | -         | 2,677,405  | 5,581,254  | -         | -           |
| Asset-backed securities                         | 23,820,495          | 14,069,766 | 1,415,181 | 4,415,654  | 2,658,090  | -         | 1,261,804   |
| Mortgage-backed securities                      | 8,815,017           | 6,879,198  | -         | -          | -          | -         | 1,935,819   |
| Private debt senior loan fund                   | 40,468,113          | -          | -         | -          | -          | -         | 40,468,113  |
| Total Debt Securities Subject to<br>Credit Risk | 234,883,055         | 22,131,929 | 1,415,181 | 17,917,568 | 65,166,637 | 1,028,070 | 127,223,670 |
| Debt Securities Not Subject to Credit Risk      |                     |            |           |            |            |           |             |
| U.S. Treasury obligations                       | 45,470,895          |            |           |            |            |           |             |
| Total Debt Securities                           | \$ 280,353,950      |            |           |            |            |           |             |

**Peace Officers' Annuity and Benefit Fund of Georgia**  
(A Component Unit of the State of Georgia)

**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:

| Investment type                                         | Total<br>Fair Value | Maturity Period       |                  |             |              |                       |
|---------------------------------------------------------|---------------------|-----------------------|------------------|-------------|--------------|-----------------------|
|                                                         |                     | Less than 3<br>Months | 4 - 12<br>Months | 1 - 5 Years | 6 - 10 Years | More than 10<br>Years |
| Cash Equivalents Subject to<br>Interest Rate Risk:      |                     |                       |                  |             |              |                       |
| Short-term investment funds                             | \$ 30,501,581       | 30,501,581            | -                | -           | -            | -                     |
| Debt Securities Subject to<br>Interest Rate Risk:       |                     |                       |                  |             |              |                       |
| Municipal bonds                                         | \$ 1,575,949        | -                     | 1,575,949        | -           | -            | -                     |
| U.S. Treasury obligations                               | 45,470,895          | -                     | -                | 14,281,447  | 7,141,687    | 24,047,761            |
| U.S. Agency obligations                                 | 85,134,538          | -                     | -                | -           | 432,410      | 84,702,128            |
| Corporate debt                                          |                     |                       |                  |             |              |                       |
| Domestic                                                | 66,810,284          | -                     | 966,351          | 29,053,119  | 18,232,421   | 18,558,393            |
| International                                           | 8,258,659           | -                     | 314,780          | 3,739,914   | 2,728,807    | 1,475,158             |
| Asset-backed securities                                 | 23,820,495          | -                     | 286,416          | 8,257,885   | 4,175,806    | 11,100,388            |
| Mortgage-backed securities                              | 8,815,017           | -                     | -                | -           | -            | 8,815,017             |
| Private debt senior loan fund                           | 40,468,113          | -                     | -                | 40,468,113  | -            | -                     |
| Total Debt Securities Subject<br>to Interest Rate Risk: | \$ 280,353,950      | -                     | 3,143,496        | 95,800,478  | 32,711,131   | 148,698,845           |

*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. 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 plan's total investments.

*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 did not have any investment exposed to foreign currency risk.

# Peace Officers' Annuity and Benefit Fund of Georgia

(A Component Unit of the State of Georgia)

## Notes to the Financial Statements

June 30, 2025

### *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 instruments 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.

# Peace Officers' Annuity and Benefit Fund of Georgia

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## Notes to the Financial Statements

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

|                                          |                  | Fair Value Measures Using:                                              |                                                     |                                                 |
|------------------------------------------|------------------|-------------------------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------|
|                                          |                  | Quoted prices in<br>active markets for<br>identical assets<br>(Level 1) | Significant other<br>observable inputs<br>(Level 2) | Significant<br>unobservable inputs<br>(Level 3) |
| Investments by fair value level          | Total            |                                                                         |                                                     |                                                 |
| Cash Equivalents:                        |                  |                                                                         |                                                     |                                                 |
| Short-term investment funds              | \$ 30,501,581    | 30,501,581                                                              | -                                                   | -                                               |
| Debt Securities:                         |                  |                                                                         |                                                     |                                                 |
| Municipal bonds                          | \$ 1,575,949     | -                                                                       | 1,575,949                                           | -                                               |
| U.S. Treasury obligations                | 45,470,895       | -                                                                       | 45,470,895                                          | -                                               |
| U.S. Agency obligations                  | 85,134,538       | -                                                                       | 85,134,538                                          | -                                               |
| Corporate debt                           |                  |                                                                         |                                                     |                                                 |
| Domestic                                 | 66,810,284       | -                                                                       | 66,810,284                                          | -                                               |
| International                            | 8,258,659        |                                                                         | 8,258,659                                           | -                                               |
| Asset-backed securities                  | 23,820,495       | -                                                                       | 23,820,495                                          | -                                               |
| Mortgage-backed securities               | 8,815,017        | -                                                                       | 8,815,017                                           | -                                               |
| Equities:                                |                  |                                                                         |                                                     |                                                 |
| Stocks                                   |                  |                                                                         |                                                     |                                                 |
| Domestic                                 | 374,939,725      | 374,939,725                                                             | -                                                   | -                                               |
| International                            | 342,946,678      | 342,946,678                                                             | -                                                   | -                                               |
| Real estate investment trusts            | 5,968,497        | 5,968,497                                                               | -                                                   | -                                               |
| Total Investments by<br>fair value level | \$ 963,740,737   | 723,854,900                                                             | 239,885,837                                         | -                                               |
| Investments Measured at NAV              |                  |                                                                         |                                                     |                                                 |
| Private Debt Senior Loan Fund            | 40,468,113       |                                                                         |                                                     |                                                 |
| Private Equity Real Estate Trust         | 39,993,186       |                                                                         |                                                     |                                                 |
| Private Equity Fund of Funds             | 6,960,669        |                                                                         |                                                     |                                                 |
| Total Investments                        | \$ 1,051,162,705 |                                                                         |                                                     |                                                 |

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 valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the following table.

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**Notes to the Financial Statements**

June 30, 2025

**Investments Measured at the NAV (or its equivalent)**

| Investment Type               | Fair Value           | Unfunded<br>Commitments | Redemption<br>Frequency (if<br>Currently Eligible) | Notice<br>Period |
|-------------------------------|----------------------|-------------------------|----------------------------------------------------|------------------|
| Private Debt Senior Loan Fund | \$ 40,468,113        | \$ 12,000,000           | Not Eligible                                       | 180 days         |
| Private Equity Real Estate    | 39,993,186           | -                       | Illiquid                                           | N/A              |
| Private Equity Fund of Funds  | 6,960,669            | 54,480,000              | Illiquid                                           | N/A              |
| Total                         | <u>\$ 87,421,968</u> | <u>\$ 66,480,000</u>    |                                                    |                  |

*Private Debt Senior Loan Fund* includes first lien senior secured loans to private equity backed U.S. middle-market companies. These investments are considered "alternative investments" and, unlike more traditional investments, generally do not have readily obtainable market values and take the form of limited partnerships. These investments are valued by using the NAV provided by the trust as of the last day of each calendar quarter, adjusted by the Fund for cash flows through June 30. The quarterly values of the partnership investment are reviewed by the Fund to determine if any adjustments are necessary. These investments are considered partially liquid since the nature of these investments allows annual redemption throughout the duration of the partnership, after the initial 2-year lock-up period. Distributions are received through quarterly income and can be re-invested. The Fund currently has no plans to sell any of the investments prior to their liquidation.

*Private Equity Real Estate Trust* includes investments in private equity funds that invest in a portfolio of real estate holdings. These investments are considered "alternative investments" and, unlike more traditional investments, generally do not have readily obtainable market values and take the form of limited partnerships. These investments are valued by using the NAV provided by the trust as of the last day of each calendar quarter, adjusted by the Fund for cash flows through June 30. The quarterly values of the partnership investment are reviewed by the Fund to determine if any adjustments are necessary. These investments are considered illiquid since the nature of these investments in this category prohibits redemptions throughout the duration of the partnership, which ranges between 10 to 15 years. Distributions are received through the liquidation of underlying assets of the funds. The Fund currently has no plans to sell any of the investments prior to their liquidation.

*Private Equity Fund of Funds* includes investment in private equity funds that invest in a portfolio of other private equity funds. These investments are considered "alternative investments" and, unlike more traditional investments, generally do not have readily obtainable market values and take the form of primary partnership commitments, secondary investments, and co-investments. These investments are valued by using the most recently calculated NAV provided by the General Partner, as of June 30, 2025. The values of the partnership investments provided by the general partner are reviewed by the Pension Fund to determine if adjustments are necessary. The types of partnership strategies currently held include buyout, growth equity, venture capital and special situations investments. These investments are considered illiquid since the nature of these investments prohibits redemption throughout the duration of the partnership, which ranges between 10 to 13 years. Distributions are received through the liquidation of underlying assets of the funds. The Pension Fund currently has no plans to sell any of the investments prior to their liquidation resulting in these assets being carried at the NAV estimated by the general partner.

## Peace Officers' Annuity and Benefit Fund of Georgia

(A Component Unit of the State of Georgia)

### Notes to the Financial Statements

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                                                | \$ 1,146,589,959       |
| Plan fiduciary net position                                            | <u>(1,084,954,335)</u> |
| Net pension liability                                                  | <u>\$ 61,635,624</u>   |
| Plan fiduciary net position as a percentage of total pension liability | 94.62%                 |

#### 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                 | 2.25 %                                                              |
| Salary increases          | N/A                                                                 |
| Investment rate of return | 6.50%, 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 6.50% was reviewed by the Fund's actuary for reasonableness and adopted by the Board.

# Peace Officers' Annuity and Benefit 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* |
|------------------------|-------------------|-----------------------------------------|
| Broad US Equity        | 42.00%            | 5.33%                                   |
| Developed ex-US Equity | 28.00%            | 5.15%                                   |
| Core US Fixed Income   | 20.00%            | 1.18%                                   |
| Core Real Estate       | 5.00%             | 4.57%                                   |
| Private Equity         | 5.00%             | 6.65%                                   |
| Total                  | <u>100.00%</u>    |                                         |

\*Rates shown are net of the 2.25% assumed rate of inflation.

### Discount Rate

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumes contributions 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 expected 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 6.50%, 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 (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

|                                                               | 1%<br>Decrease<br>(5.50%) | Current<br>discount rate<br>(6.50%) | 1%<br>Increase<br>(7.50%) |
|---------------------------------------------------------------|---------------------------|-------------------------------------|---------------------------|
| Employers' and nonemployers'<br>net pension liability (asset) | <u>\$ 198,058,344</u>     | <u>\$ 61,635,624</u>                | <u>\$ (52,058,108)</u>    |

### Note 5: Subsequent Events

Georgia Senate Bill 285 was signed into law, effective July 1, 2026. The legislation provides for the reallocation of certain insurance premium tax revenues to the Peace Officers' Annuity and Benefit Fund. Specifically, 1.5% of local insurance premium funds remitted by each county and municipal corporation will be allocated to the Fund, and 0.5% of State insurance premium tax revenues will also be allocated to the Fund.

The legislation further provides that these additional revenues are to be used to support increases in the benefit multiplier beginning July 1, 2027, provided the Fund's funded ratio remains above 90% and such increases are recommended by the Board's actuary.

# **Peace Officers' Annuity and Benefit Fund of Georgia**

(A Component Unit of the State of Georgia)

## **Notes to the Financial Statements**

**June 30, 2025**

On May 6, 2026, the Fund's actuary recommended to the Board of Commissioners a 1.5% increase in the benefit multiplier and a 1.5% cost-of-living adjustment for all retirees. The Board adopted the recommendation. As a result, the benefit multiplier increased from \$30.00 to \$30.45 per year of service.

## **Required Supplementary Information (Unaudited)**

# Peace Officers' Annuity and Benefit Fund of Georgia

(A Component Unit of the State of Georgia)

## 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                                                               | \$ 1,146,589,959 | \$ 1,107,647,457 | \$ 1,080,443,155 | \$ 1,056,622,136 | \$ 1,023,192,973 | \$ 841,241,189 | \$ 802,169,077  | \$ 781,280,969  | \$ 742,608,761  | \$ 747,483,662 |
| Plan fiduciary net position                                                           | 1,084,954,335    | 985,720,255      | 918,806,736      | 853,080,191      | 1,026,597,451    | 827,419,156    | 825,674,240     | 795,272,812     | 754,614,593     | 689,020,910    |
| Employers' and nonemployers' net pension liability (asset)                            | \$ 61,635,624    | \$ 121,927,202   | \$ 161,636,419   | \$ 203,541,945   | \$ (3,404,478)   | \$ 13,822,033  | \$ (23,505,163) | \$ (13,991,843) | \$ (12,005,832) | \$ 58,462,752  |
| Plan fiduciary net position as a percentage of the total pension liability            | 94.62%           | 88.99%           | 85.04%           | 80.74%           | 100.33%          | 98.36%         | 102.93%         | 101.79%         | 101.62%         | 92.18%         |
| Covered 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 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.

# Peace Officers' Annuity and Benefit Fund of Georgia

(A Component Unit of the State of Georgia)

## 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                                       | \$ 18,985,752 | \$ 17,545,842  | \$ 16,774,917  | \$ 17,038,181  | \$ 15,254,714  | \$ 15,137,419 | \$ 14,015,493   | \$ 13,770,913   | \$ 15,049,173   | \$ 12,825,926 |
| Interest                                           | 71,188,233    | 69,478,042     | 67,959,003     | 65,882,742     | 54,286,137     | 51,837,619    | 49,361,069      | 48,065,558      | 52,254,836      | 50,242,311    |
| Change of benefit terms                            | 11,202,394    | -              | -              | -              | 161,335,075    | -             | 12,271,275      | 11,546,024      | -               | -             |
| Differences between expected and actual experience | 425,384       | (1,627,492)    | (5,165,032)    | 2,263,227      | (3,652,927)    | 14,854,102    | (17,615,808)    | (350,262)       | (6,614,890)     | (4,688,487)   |
| Changes of assumptions                             | -             | -              | -              | 1,546,039      | (2,622,096)    | (3,147,686)   | -               | -               | (32,941,939)    | -             |
| Benefit payments                                   | (62,229,639)  | (57,754,253)   | (55,300,953)   | (52,767,810)   | (42,186,886)   | (39,268,275)  | (36,683,905)    | (33,889,830)    | (32,216,207)    | (30,696,141)  |
| Refunds of member contributions                    | (629,622)     | (437,837)      | (446,916)      | (533,216)      | (462,233)      | (341,067)     | (460,016)       | (470,195)       | (405,874)       | (412,644)     |
| Net change in total pension liability              | 38,942,502    | 27,204,302     | 23,821,019     | 33,429,163     | 181,951,784    | 39,072,112    | 20,888,108      | 38,672,208      | (4,874,901)     | 27,270,965    |
| Total pension liability - beginning                | 1,107,647,457 | 1,080,443,155  | 1,056,622,136  | 1,023,192,973  | 841,241,189    | 802,169,077   | 781,280,969     | 742,608,761     | 747,483,662     | 720,212,697   |
| Total pension liability - ending (a)               | 1,146,589,959 | 1,107,647,457  | 1,080,443,155  | 1,056,622,136  | 1,023,192,973  | 841,241,189   | 802,169,077     | 781,280,969     | 742,608,761     | 747,483,662   |
| Plan fiduciary net position:                       |               |                |                |                |                |               |                 |                 |                 |               |
| Contributions - nonemployer                        | 29,140,369    | 28,218,579     | 26,763,404     | 22,704,489     | 17,024,016     | 13,021,379    | 14,444,091      | 13,825,699      | 14,004,975      | 14,712,821    |
| Contributions - member                             | 7,613,282     | 5,089,307      | 4,657,855      | 4,584,258      | 4,797,962      | 3,641,272     | 3,541,866       | 3,459,827       | 3,481,782       | 3,526,325     |
| Net investment income                              | 127,124,680   | 93,479,315     | 91,700,510     | (146,027,093)  | 221,291,696    | 25,731,017    | 50,632,822      | 58,715,685      | 81,610,211      | (836,587)     |
| Miscellaneous                                      | 391,520       | 374,573        | 293,931        | 284,260        | 272,080        | 260,970       | 118,573         | 92,873          | 65,502          | 65,501        |
| Benefit payments                                   | (62,229,639)  | (57,754,253)   | (55,300,953)   | (52,767,810)   | (42,186,886)   | (39,268,275)  | (36,683,905)    | (33,889,830)    | (32,216,207)    | (30,696,141)  |
| Refunds of member contributions                    | (629,622)     | (437,837)      | (446,916)      | (533,216)      | (462,233)      | (341,067)     | (460,016)       | (470,195)       | (405,874)       | (412,644)     |
| Administrative expense                             | (2,176,510)   | (2,056,166)    | (1,941,285)    | (1,762,148)    | (1,558,340)    | (1,300,380)   | (1,192,003)     | (1,075,840)     | (946,706)       | (873,870)     |
| Net change in plan fiduciary net position          | 99,234,080    | 66,913,518     | 65,726,546     | (173,517,260)  | 199,178,295    | 1,744,916     | 30,401,428      | 40,658,219      | 65,593,683      | (14,514,595)  |
| Plan fiduciary net position - beginning            | 985,720,255   | 918,806,737    | 853,080,191    | 1,026,597,451  | 827,419,156    | 825,674,240   | 795,272,812     | 754,614,593     | 689,020,910     | 703,535,505   |
| Plan fiduciary net position - ending (b)           | 1,084,954,335 | 985,720,255    | 918,806,737    | 853,080,191    | 1,026,597,451  | 827,419,156   | 825,674,240     | 795,272,812     | 754,614,593     | 689,020,910   |
| Net pension liability (asset) - ending (a) - (b)   | \$ 61,635,624 | \$ 121,927,202 | \$ 161,636,418 | \$ 203,541,945 | \$ (3,404,478) | \$ 13,822,033 | \$ (23,505,163) | \$ (13,991,843) | \$ (12,005,832) | \$ 58,462,752 |

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

# Peace Officers' Annuity and Benefit Fund of Georgia

(A Component Unit of the State of Georgia)

## 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         | \$ 24,171,614         | \$ 24,311,090         | \$ 23,354,070         | \$ 23,593,119     | \$ 24,419,091       | \$ 13,088,770    | \$ 10,430,116         | \$ 11,350,828         | \$ 12,651,232         | \$ 18,082,091       |
| Contributions in relation to the actuarially determined contribution | 29,531,889            | 28,593,152            | 27,057,335            | 22,988,749        | 17,296,096          | 13,021,379       | 14,444,091            | 13,825,699            | 14,004,975            | 14,712,821          |
| Contribution deficiency (excess)                                     | <u>\$ (5,360,275)</u> | <u>\$ (4,282,062)</u> | <u>\$ (3,703,265)</u> | <u>\$ 604,370</u> | <u>\$ 7,122,995</u> | <u>\$ 67,391</u> | <u>\$ (4,013,975)</u> | <u>\$ (2,474,871)</u> | <u>\$ (1,353,743)</u> | <u>\$ 3,369,270</u> |
| Covered 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 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.

**Peace Officers' Annuity and Benefit Fund of Georgia**  
(A Component Unit of the State of Georgia)

**Schedule of Investment Returns**  
**For the year ended June 30**  
**(Unaudited)**

|                                                                 | <b>2025</b> | <b>2024</b> | <b>2023</b> | <b>2022</b> | <b>2021</b> | <b>2020</b> | <b>2019</b> | <b>2018</b> | <b>2017</b> | <b>2016</b> |
|-----------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | 12.42%      | 9.92%       | 10.25%      | -14.77%     | 26.51%      | 3.77%       | 6.14%       | 7.89%       | 11.91%      | 0.08%       |

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

# Peace Officers' Annuity and Benefit 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 percentage of required contributions 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 May 6, 2024, the following changes to benefits have occurred:

- Vested members who attain age 55 may receive retirement benefits without terminating active employment as a peace officer.
- The current minimum disability benefit is \$455.
- The death benefit provided to retired members or active members in good standing is increased to \$5,000.
- The death benefit provided to a member whose injury that causes such death occurs out of and in the course of employment as a peace officer is increased to \$10,000.
- For a member who dies prior to vesting, the beneficiary will receive the greater of the death benefit and the dues paid by the member.

*Changes of assumptions:* There were no changes of assumptions.

## Peace Officers' Annuity and Benefit Fund of Georgia

(A Component Unit of the State of Georgia)

### Notes to the Required Supplementary Information

June 30, 2025

*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                                                     |
| Latest Experience Study       | 5-year period ending June 30, 2020                                |
| Actuarial cost method         | Entry age                                                         |
| Amortization method           | Level dollar, open                                                |
| Remaining amortization period | 30 years                                                          |
| Asset valuation method        | Actuarial value                                                   |
| Inflation rate                | 2.25%                                                             |
| Salary increases              | N/A                                                               |
| Investment rate of return     | 6.5%, net of pension plan investment expense, including inflation |

## **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  
Peace Officers' Annuity and Benefit Fund of Georgia  
and  
Mr. Homer Bryson, Executive Director

We have audited the financial statements of the Peace Officers' Annuity and Benefit 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-947-25-01 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,

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

## **Findings Section**

# Peace Officers' Annuity and Benefit Fund of Georgia

(A Component Unit of the State of Georgia)

## Schedule of Findings

Year Ended June 30, 2025

### Financial Statement Findings

#### FS 947-25-01 Improve Controls over Census Data Used in Actuarial Valuations

|                                 |                        |
|---------------------------------|------------------------|
| <b>Internal Control Impact:</b> | Significant Deficiency |
| <b>Compliance Impact:</b>       | 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, duplicate employers, and incorrect employer allocations due to mapping errors. Although management detected some of 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.

# Peace Officers' Annuity and Benefit 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."

## Peace Officers' Annuity and Benefit Fund of Georgia

(A Component Unit of the State of Georgia)

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 \$107,074 of the total pension liability, or approximately 0.009%. The plan fiduciary net position as a percentage of the total pension liability changed from 94.63% to 94.62%.

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.

### **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.

## **Peace Officers' Annuity and Benefit Fund of Georgia**

(A Component Unit of the State of Georgia)

The absence of this key control at the back end of the process is the underlying cause of the 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**



## PEACE OFFICERS' ANNUITY & BENEFIT FUND OF GEORGIA

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### Corrective Action Plan - Financial Statement Finding

#### FS-947-25-01 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