

sensitivity purposes, we estimate that the contribution shortfall would increase by \$465,000 for every 500 additional jail officers that join the Fund (~\$930 per jail officer).

Assumptions related to additional revenues:

We have assumed that membership dues will remain at the \$25.00 per month level for periods after July 1, 2021. Additionally, we assumed annual revenues from fines and bond forfeitures will increase to \$29.772 million due to the increases provided in SB 249. This information was provided by the Fund's Administrator and is based on the actual number of cases and revenues received by the Fund for the period July 1, 2018 through June 30, 2019 as follows:

| \$ in Thousands | \$4.01 – \$50.00 | \$50.01 – \$100.00 | \$100.00 + | Pretrial Diversions | Total |
|-------------------------------|----------------------------|----------------------------|----------------------------------|-------------------------|-----------|
| Number of Cases | 167,604 | 315,691 | 1,027,029 | 42,728 | 1,553,052 |
| 2018/2019 Revenue | \$609 | \$1,578 | \$12,096 | \$214 | \$14,497 |
| Assumed Future Revenue | \$1,676 (\$10 per case) | \$3,157 (\$10 per case) | \$24,191 (est. 10% of amount) | \$748 (5% of amount) | \$29,772 |

Actual revenues will vary based on items such as the number of cases or the amounts of fines and forfeitures. We have assumed the above amounts will remain level in future years.

Discussion of Risks

As can be seen in the results labeled Before SB 249, the Peace Officers' Annuity and Benefit Fund's assets exceed accrued liabilities as of June 30, 2019. This surplus asset provides a cushion against fluctuations in funding requirements that occur due to year-over-year investment return volatility and other actuarial gains and losses. SB 249 would eliminate the surplus, resulting in an unfunded liability. The level of funding (revenues) that will be needed to amortize the unfunded liability may vary year-over-year due to market volatility and other actuarial gains and losses. This factor should be considered when analyzing the amount of revenue required to cover the benefit increases included in SB 249. As noted previously, the annual cost will also vary based on the number of jail officers who join the fund. The June 30, 2019 Actuarial Valuation Report of the Fund provides a detailed discussion of key risks that should also be considered when reviewing the results.

Summary of Results

SB 249 will meet the concurrent funding requirements of OCGA 47-20-50 as additional costs are fully offset by additional revenues from fines and forfeitures. Based on June 30, 2019 Actuarial Valuation results, SB 249 will increase annual costs (normal costs plus amortization of the UAAL) by \$13.798 million assuming 1,500 of approximately 4,500 jail officers join the Fund. This increase is fully offset by a \$15.328 million increase in revenue from fines and bond forfeitures.

Actuarial Notes and Certifications

This analysis is provided to meet the requirements of 47-20-36 regarding actuarial impacts of proposed legislation. This analysis may not be appropriate for use by other parties and/or other purposes. Unless otherwise noted, all member data, actuarial assumptions and methods, and plan provisions are the same as those provided in the June 30, 2019 Actuarial Valuation Report for the Fund (a copy is enclosed with this letter).

Discussion of Variances in Future Actuarial Measurements and Risks:

Future actuarial measurements may differ significantly from the current measurements presented herein for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope, we did not perform an analysis of the potential range of such future measurements.

The June 30, 2019 Actuarial Valuation Report of the Fund provides a detailed discussion of key risks that should be considered when reviewing these results. Additional risks that should be reviewed in consideration of the SB 249 are found in the Discussion of Risks section of this letter.

Actuarial Certification:

To our knowledge, no associate of Foster & Foster, Inc. has any direct financial interest or indirect material interest in the Fund, nor does anyone at Foster & Foster, Inc. act as a member of the Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

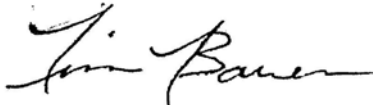
The undersigned are familiar with the immediate and long-term aspects of pension valuations and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein.

This analysis has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to Georgia Public Retirement System Law, Code Title 47, Chapter 20, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this report represent reasonable expectations of anticipated plan experience.

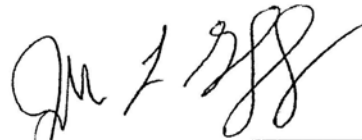
The undersigned would be pleased to discuss this report and any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.



Timothy G. Bowen, MAAA, EA, FCA
17-07204



Joseph L. Griffin, MAAA, EA, ASA, FCA
17-06938

Enclosure

Cc: Ms. Carol G. Schwinne, Director of Administration, Department of Audits and Accounts
Mr. Robert Carter, Secretary-Treasurer, Peace Officers' Annuity and Benefit Fund

