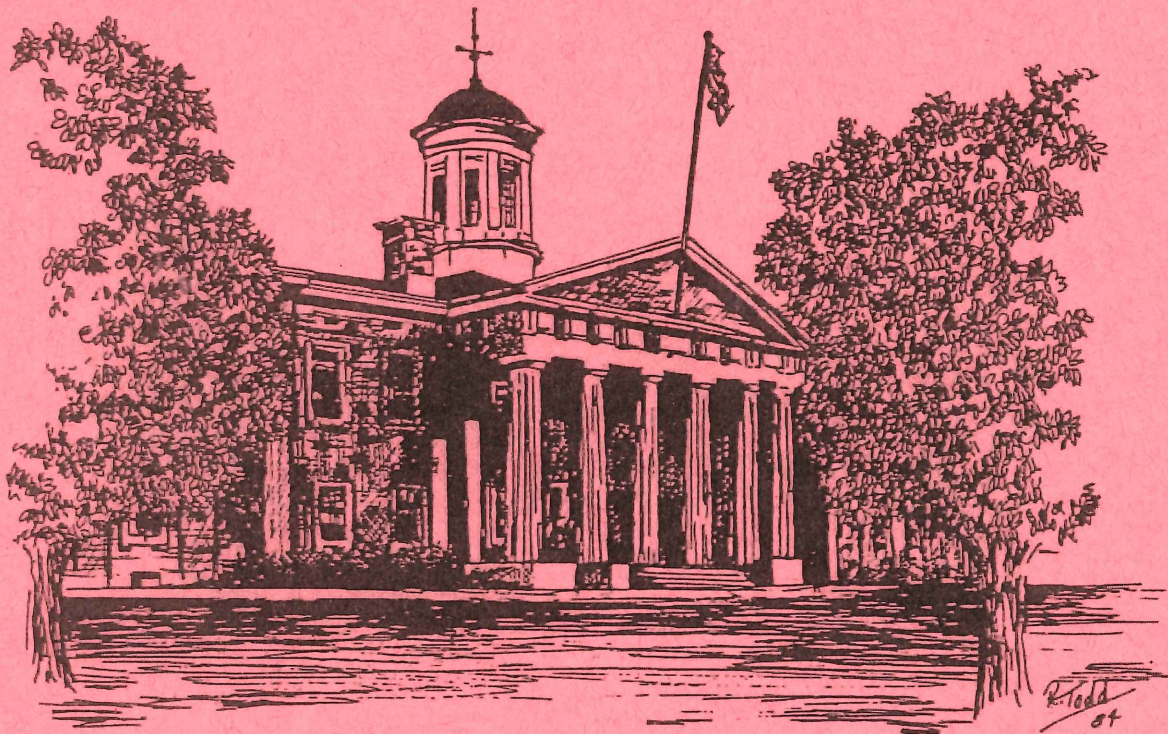


Employees' Retirement System of Baltimore County, Maryland

ANNUAL COMPREHENSIVE FINANCIAL REPORT

A Pension Trust Fund of Baltimore County

For the Fiscal Years Ended June 30, 2022 and 2021



**ANNUAL COMPREHENSIVE
FINANCIAL REPORT OF THE
EMPLOYEES' RETIREMENT SYSTEM
OF BALTIMORE COUNTY**

**FOR THE YEARS ENDED
JUNE 30, 2022 AND 2021**

**A PENSION
TRUST FUND OF
BALTIMORE COUNTY
MARYLAND**

Prepared By:
Office of Budget and Finance

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TABLE OF CONTENTS

INTRODUCTORY SECTION

Certificate of Achievement	1
Letter of Transmittal.....	2
Board of Trustees	6
Consultants and Professional Services	7
Investment Managers	7
Administrative Organizational Chart	10

FINANCIAL SECTION

Independent Auditors' Report for the Years Ended June 30, 2022 and 2021	11
Management's Discussion and Analysis	14
Basic Financial Statements	
Statements of Fiduciary Net Position	22
Statements of Changes in Fiduciary Net Position	23
Notes to Financial Statements	24
Required Supplementary Information and Supporting Schedules	
Schedule of Changes in the Net Pension Liability and Related Ratios	45
Schedule of Investment Returns.....	48
Schedule of Employer Contributions	48
Notes to the Required Supplementary Information.....	50
Supplementary Supporting Schedules	
Schedule of Investment Expenses	51
Schedule of Administrative Expenses	51

INVESTMENT SECTION

Investment Consultant's Report	52
Outline of Investment Policies	55
Investment Results	55
Portfolio Composition by Manager Type (Current Year)	57
Portfolio Composition by Manager Type (Five Year)	58
List of Largest Assets Held	59
Schedule of Fees.....	61
Schedule of Commissions	62
Investment Summary.....	63

ACTUARIAL SECTION

Actuary's Certification Letter.....	65
Summary of Actuarial Assumptions and Methods.....	67
Schedule of Active Member Valuation Data.....	75
Schedule of Retiree and Beneficiary Data.....	83
Schedule of Funding Progress	84
Solvency Test.....	85
Change in Unfunded Accrued Liability.....	88
Allocation of Amortization Bases	90
Summary of Plan Provisions.....	91
Changes to Plan Provisions.....	97

STATISTICAL SECTION

Schedule of Changes in Fiduciary Net Position, Last ten fiscal years.....	100
Schedule of Benefit Payments and Refund Deductions from	
Fiduciary Net Position by Type, Last ten fiscal years	101
Retirees and Beneficiaries - Distribution to Members by Type of Retirement	103
Retirees and Beneficiaries - Distribution to Members by Option Selected	105
Schedule of Average Benefit Payments	107
Schedule of Participating Employers	110

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***INTRODUCTORY
SECTION***



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Employees' Retirement System of Baltimore County
Maryland**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

INTRODUCTORY SECTION

EMPLOYEES' RETIREMENT SYSTEM OF BALTIMORE COUNTY



Letter of Transmittal

December 22, 2022

The Board of Trustees
Employees' Retirement System of Baltimore County
Towson, Maryland 21204

The Annual Comprehensive Financial Report of the Employees' Retirement System of Baltimore County, Maryland (the "System") for the year ended June 30, 2022 (FY 2022), is submitted herewith. The System is a Pension Trust Fund included in the financial statements of Baltimore County, Maryland. The System administration is responsible for the accuracy and fairness of the information contained in this report. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the fiduciary net position and changes in the fiduciary net position of the System in conformity with accounting principles generally accepted in the United States of America.

Generally accepted accounting principles require management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A may be found immediately following the report of the independent auditors.

Plan History. The System, a defined benefit plan, was established January 1, 1945 by County ordinance. The authority to establish and maintain the System is specified in Section 5-1-101 of the Baltimore County Code. Membership in the System is open to employees in both the classified and unclassified service of Baltimore County, and employees of the Baltimore County Revenue Authority, the Baltimore County Board of Education, the Baltimore County Board of Library Trustees and the Community College of Baltimore County who are not eligible to participate in the Maryland State Retirement and Pension Systems. Direct appointees of the Governor of Maryland, temporary employees and employees for whom there are existing pension provisions are excluded. System membership is compulsory for general County merit employees after sixty days of service for members hired on or after January 1, 2014, but before July 1, 2022. Beginning July 1, 2022, System membership is now compulsory for all employees hired on or after July 1, 2022.

Benefits and Services Provided. The System provides normal service retirement and discontinued service retirement benefits for members who attain the age and service requirements. Coverage for occupational disability benefits is immediate upon entry into the System. Disability benefits for non-occupational related injury or illness are provided to vested members. Members hired prior to July 1, 2007 are vested after five years of membership service. Members hired on or after July 1, 2007 are vested after ten years of creditable service. Ordinary disability benefits are provided to Police Officers and Firefighters after five years of creditable service if hired prior to July 1, 2007, and after ten years of creditable service for all other members. Occupational death benefits are provided upon membership for any member whose death results from an injury occurring in the actual performance of their job.

INTRODUCTORY SECTION

Letter of Transmittal, continued

Post-Retirement Cost-of-Living Adjustments (COLAs) are granted annually as of July 1, to members who have been retired for more than 60 months, provided sufficient excess investment earnings exist in the Post Retirement Increase Fund (PRIF). For active members who select the Deferred Retirement Option Program (DROP), the eligibility period to receive COLAs in the DROP remains a minimum of 12 months. Once the member actually retires, the eligibility period for a post-retirement COLA is a minimum of 48 months. Members retiring on or after July 1, 2010 and hired prior to July 1, 2007 must have 20 years of creditable service to qualify for COLAs. Members hired on or after July 1, 2007 must have 25 years of creditable service to qualify for COLAs.

The staff makes benefit presentations at retirement seminars that are held twice a year.

INVESTMENT PERFORMANCE

The System's investment portfolio time-weighted rate of return, gross of fees, was -9.9% in FY 2022 and 27.5% in FY 2021. The Comparative Balanced Index was -9.8% and 28.0% respectively, for the same periods.

FUNDING STATUS

For actuarial valuation purposes, gains and losses are smoothed over a five-year period. The actuarially determined target investment return is a long-term target and significant deviations from this target can be expected. The actuarial cost method applied is the projected unit credit. Based on the latest available actuarial reports, the funded status (based on the accrued liability and the actuarial value of assets) for the System as of July 1, 2021 was 61.5%. Beginning FY2021, the System's actuarial report was changed from a calendar year to a fiscal year.

INVESTMENT STRATEGIES

On April 12, 2022, the Board approved the following target allocation changes as recommended by the pension consultant NEPC:

- Increase US Large Cap Equity from 22% to 24%.
- Decrease Emerging Market Equities from 7% to 5%.
- Add a target to Private Market Debt of 5%.
- Increase the Real Estate allocation from 5% to 7%.
- Decreased Fixed Income from 29% to 22%.

During FY 2022, the Trustees conducted an annual asset allocation review with the above listed changes. In addition, one new manager was added to fund a passive mandate for U.S. large cap value, and several managers were also added to the private equity and private debt asset classes. One manager was terminated with the elimination of the target to emerging market debt. These changes were implemented to better meet the System's long-term risk and return objectives.

MAJOR ISSUES AND INITIATIVES

LEGISLATIVE AND ADMINISTRATIVE CHANGES

On May 2, 2022, the County Council approved Bill No. 42-22, effective July 1, 2022, for the purpose of establishing requirements and procedures relating to the pension of a Judge of the Orphans' Court; making it mandatory for merit and non-merit employees to join the Employees' Retirement System upon being hired; clarifying the Correctional Officer and Deputy Sheriff Officer retirement benefit; clarifying the definition of "active duty military service" for

INTRODUCTORY SECTION

Letter of Transmittal, continued

National Guard members; codifying modifications to the Plan B Police employees and Plan B Fire employees Deferred Retirement Option Programs; clarifying the military service credit refund provisions; modifying pension provisions for Police employees in the Supervisory Management & Confidential category and all sworn Fire employees.

Actuarial Changes:

Effective July 1 2021, the Board of Trustees reduced the smoothing period for investment earnings from 10 years to 5 years, and reduced the PRIF assumed rate of return from 7.875% to 7.00%.

FINANCIAL INFORMATION

Accounting System. The System's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, contributions and investment income are recorded when earned regardless of the date of collection and benefits and other expenses are recorded when liabilities are incurred regardless of when payment is made.

Internal Control. In developing and evaluating the accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived; and the evaluation of cost and benefits requires estimates and judgments by management. All internal control evaluations occur within this framework. Management believes the System's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Investments. As provided in Section 5-1-251 of the Baltimore County Code, the Board of Trustees is empowered to invest the System's assets utilizing the "prudent person" standard and to take appropriate action regarding the investment, management and custodianship of plan assets. The investment responsibilities include establishing reasonable investment objectives, developing investment policy guidelines, selecting investment managers and evaluating performance results to ensure adherence to guidelines and the achievement of objectives.

OTHER INFORMATION

Independent Audit. The County has contracted with a firm of independent certified public accountants to audit the System's financial statements. The independent auditors' report is contained herein.

Professional Services. The Board of Trustees has appointed an actuary, a pension investment consultant, an asset custodian, a medical board and numerous investment managers to provide services to the System. The list of professionals which provide services to the System is found on pages 7 through 9. The Schedule of Fees and Schedule of Commissions paid to investment professionals is located on pages 61 through 62 of the Investment Section.

Certificate of Achievement. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Employees' Retirement System of Baltimore County for its annual comprehensive financial report for the fiscal year ended June 30, 2021. This was the twenty eighth consecutive year that the System has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

INTRODUCTORY SECTION

Letter of Transmittal, continued

ACKNOWLEDGMENTS

The preparation of this report on a timely basis reflects the combined effort and dedication of the System's staff. On behalf of the Board of Trustees, I would like to take this opportunity to express my gratitude to the staff who have worked so diligently to assure the successful operation of the System. This report is intended to provide complete and reliable information as a basis for making management decisions, as a means of determining compliance with legal provisions and for determining responsible stewardship for the assets of the System.

Respectfully submitted,



Edward P. Blades
Director of Budget and Finance and
Secretary to the Board of Trustees
Employees' Retirement System of Baltimore County

INTRODUCTORY SECTION

Board of Trustees

Michael K. Day, Chairman
Employee Representative

Elected by active membership
Four-year term expires November 30, 2024

Dori Henry
Chief of Staff

County Executive Designee

Edward P. Blades
Director of Budget and Finance

Ex-officio Trustee

Rhoda Benjamin
Director of Human Resources

Ex-officio Trustee

Colonel, Dennis J. Delp
Interim Chief of Police

Ex-officio Trustee

D'Andrea Walker
Acting Director of Public Works

Ex-officio Trustee

William D. Patterson
Retiree Representative

Elected by retired membership
Four-year term expires November 30, 2024

David Rose
Employee Representative

Elected by active membership
Four-year term expires November 30, 2024

Ed Crawford
County Council Appointee

Appointed by County Council
Four-year term expires June 30, 2023

Fred Hill
County Council Appointee

Appointed by County Council
Four-year term expires June 30, 2025

Vacant
County Executive Appointee

Appointed by County Executive

The Ex-officio trustees serve by virtue of their position with Baltimore County.

INTRODUCTORY SECTION

Consultants and Professional Services

Actuary

Korn Ferry, Inc.
Reston, Virginia

Auditors

CliftonLarsonAllen, LLP
Baltimore, Maryland

Pension Investment Consultants

NEPC, LLC
Cambridge, Massachusetts

EDP Consultant

CPAS Systems, Inc.
Toronto, Ontario, Canada

CASI

Baltimore, Maryland

Medical Board

Rubin Reider, M.D.
Jose Morelos, M.D.
Deepti Dar Razdan M.D.

Asset Custodian

BNY Mellon
Pittsburgh, Pennsylvania

Operational Banking

M & T Bank
Buffalo, New York

Investment Managers

Domestic Equity

Benchmark Plus Management
Tacoma, Washington

BlackRock
San Francisco, California

Brown Advisory
Baltimore, Maryland

Brown Capital Management
Baltimore, Maryland

Channing Capital Management
Atlanta, Georgia

Earnest Partners
Atlanta, Georgia

Edgar Lomax Company
Alexandria, Virginia

International Equity

Arrowstreet Capital International
Boston, Massachusetts

Invesco Trust Company
Atlanta, GA

BlackRock
San Francisco, California

Mondrian Investment Partners
Wilmington, Delaware

Ativo Capital Management
Chicago, Illinois

Strategic Global Advisors
Newport Beach, California

Metis Global Partners
San Diego, CA

Silchester International
New York, New York

INTRODUCTORY SECTION

Fixed Income

PIMCO Newport Beach, California	Reams Asset Management Columbus, Indiana
Guggenheim Investments New York, New York	Western Asset Management Pasadena, California
Garcia Hamilton & Associates Houston, Texas	Pacific Asset Management Newport Beach, California
BlackRock San Francisco, California	

Private Equity

HarbourVest Partners, Inc. Boston, Massachusetts	Siguler Guff New York, New York
Edison Partners Lawrenceville, New Jersey	Apollo Global Management New York, New York
Mesirow Private Equity Chicago, Illinois	Newstone Capital Partners Los Angeles, California
Crescent Capital Group Los Angeles, California	Paul Capital Partners San Francisco, California
Energy Spectrum Partners Dallas, Texas	EIG Global Energy Partners Washington, District of Columbia
Landmark Equity Partners Simsbury, Connecticut	Lexington Partners New York, New York
Vista Equity Partners San Francisco, California	Sterling Capital Management, LLC Baltimore, Maryland
Apogem Capital Fund Richmond, Virginia	CCMP Capital Advisors, LLC New York, New York
PIMCO Newport Beach, California	

INTRODUCTORY SECTION

Investment Managers, continued

Private Equity, continued

Riverstone Holdings, LLC
New York, New York

Warburg Pincus
New York, New York

Comvest Partners
West Palm Beach, FL

Park Square Capital
London, England

Siris Partners
New York, NY

Axiom Asia
Singapore, Singapore

KPS Capital Partners, LP
New York, New York

StepStone Group
La Jolla, CA

Trive Capital Fund
Dallas, Texas

Top Tier Capital Partners
San Francisco, California

Real Estate

ING Clarion
New York, New York

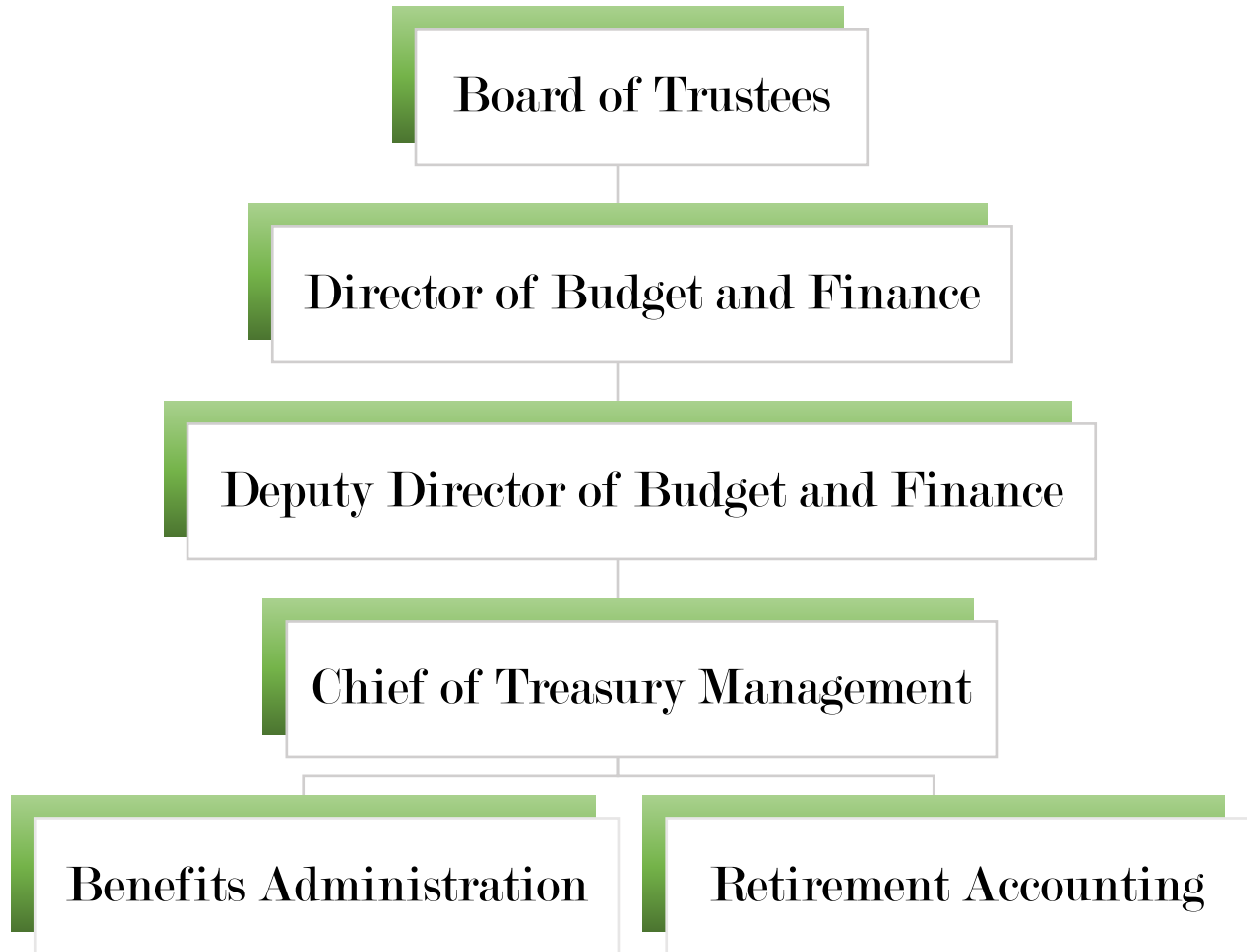
JP Morgan
New York, New York

UBS Global Asset Management
Hartford, Connecticut

Global Asset Allocation

Bridgewater
Westport, Connecticut

Administrative Organizational Chart



***FINANCIAL
SECTION***



INDEPENDENT AUDITORS' REPORT

The Honorable County Executive and
Members of County Council
Baltimore County, Maryland

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Employees' Retirement System of Baltimore County, Maryland (the System), a fiduciary component unit of Baltimore County, Maryland, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the System'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 System as of June 30, 2022 and 2021, and the respective changes in its fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System 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 System'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.

Auditors' 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 auditors' report that includes our opinions. 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.

FINANCIAL SECTION

The Honorable County Executive and
Members of County Council

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 System'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 System'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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the schedules of changes in net pension liability and related ratios, employer contributions and investment returns and related notes, as 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.

FINANCIAL SECTION

The Honorable County Executive and
Members of County Council

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The statements of fiduciary net position and changes in fiduciary net position for Plan A and Plan B and the schedules of investment expenses and administrative expenses (collectively, the supplementary information), as listed in the table of contents, for the year ended June 30, 2022 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

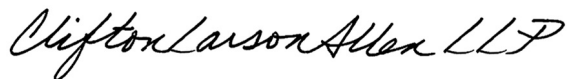
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory, investment, actuarial, and statistical sections, as listed in the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022, on our consideration of the System'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 System'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 System's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
December 22, 2022

Management's Discussion and Analysis

Our discussion and analysis of the financial performance of the Employees' Retirement System of Baltimore County (the "System") provides an overview of financial activities for the fiscal years ended June 30, 2022 (FY 2022) and June 30, 2021 (FY 2021). Please read it in conjunction with the transmittal letter in the Introductory Section beginning on Page 2 and the basic financial statements, which follow this discussion.

FINANCIAL HIGHLIGHTS

- The System's net position restricted for pensions at the close of FY 2022 and FY 2021 were \$2.836 billion and \$3.288 billion, respectively. This decrease was primarily due to the loss in the System's investment portfolio of -9.9%.
- Total contributions for FY 2022 and FY 2021 were \$212.6 million and \$204.2 million, respectively, an increase of 4.1%. The employer contributions for FY 2022 and FY 2021 were \$160.6 million and \$151.9 million, respectively, an increase of 5.7%. This increase was primarily due to scheduled increase in amortization contribution, increase due to salary changes, increase due to demographic factors, and other factors.
- Net investment loss of \$331.9 million resulted in a time-weighted, gross of fees return of -9.9% for FY 2022 vs. net investment gains of \$727.3 million for FY 2021 which resulted in a time-weighted, gross of fees return of 27.5%. The Comparative Balanced Index was -9.8% and 28.0% respectively, for the same periods. The investment losses in FY 2022 were due to negative returns across all asset categories, except for real estate and private equity investments.
- Total deductions decreased from \$342.1 in FY 2021 to \$332.5 in FY2022 or by \$9.6 million, a decrease of 2.8%. The decrease was primarily due to a decrease in benefit payments.
- The System's Total Pension Liability was \$5.10 billion for FY 2022 and \$4.97 billion for FY 2021. The Fiduciary Net Position, as a percentage of Total Pension Liability was 55.62% as of June 30, 2022, and 66.11% as of June 30, 2021.
- Covered payroll was \$630.1 million as of June 30, 2022 and \$620.7 million as of June 30, 2021. The System had a Net Pension Liability of \$2.26 billion for FY 2022, and \$1.69 billion for FY 2021. The Net Pension Liability as a percentage of Covered payroll was 359.1% as of June 30, 2022 and 271.6% as of June 30, 2021.
- The System's funding objective is to meet long-term benefit obligations through contributions and investment income. Based on the latest actuarial valuations, as of July 1, 2021, the funded ratio was 61.5%.

THE STATEMENT OF FIDUCIARY NET POSITION AND THE STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

This Annual Comprehensive Financial Report (ACFR) consists of two financial statements: Statements of Fiduciary Net Position (Page 22) and Statements of Changes in Fiduciary Net Position (Page 23). These financial statements report information about the System as a whole, and about its financial condition that should help answer the question: Is the System, as a whole, better or worse off as a result of this year's activities? These statements include all assets and liabilities that are due and payable using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, all revenues and expenses are taken into account regardless of when cash is received or paid.

The Statements of Fiduciary Net Position present all of the System's assets and liabilities, with the difference between the two reported as the net position. Over time, increases and decreases in the net position measure whether the System's assets available for benefits is improving or deteriorating. The Statements of Changes in Fiduciary Net Position present how the System's net position changed during the most recent fiscal year. These two sets of financial statements should be reviewed along with the Notes to the Financial Statements, and the Required Supplementary Information (RSI), including, the Schedule of Changes in Net Pension Liability, the Schedule of Employer Contributions, the Schedule of

FINANCIAL SECTION

Management's Discussion and Analysis, continued

Investment Returns, and the Notes to the RSI, to determine whether the System is becoming financially stronger or weaker and to understand changes over time in the funded status of the System.

FINANCIAL ANALYSIS

The System's overall funding objective is to accumulate sufficient assets over time to meet its long-term benefit obligations as they become due.

The System's assets exceeded its due and payable liabilities at the close of FY 2022 and FY 2021 by \$2.836 billion and \$3.288 billion, respectively. In FY 2022, the net position restricted for pension benefits decreased -13.7% or \$451.8 million from FY 2021. In FY 2021, the net position restricted for pension benefits increased 21.8% or \$589.3 million from FY 2020.

The following table illustrates a condensed version of the Combined Statements of Fiduciary Net Position and Changes in Fiduciary Net Position for the System, Plan A and Plan B for fiscal years ending June 30, 2022, 2021 and 2020.

EMPLOYEES' RETIREMENT SYSTEM OF BALTIMORE COUNTY COMBINED FIDUCIARY NET POSITION AS OF JUNE 30, 2022, 2021 AND 2020 (IN THOUSANDS)

THE SYSTEM

	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>2022-2021 % Change</u>	<u>2021-2020 % Change</u>
Assets					
Cash and short term investments	\$ 40,611	\$ 64,890	\$ 53,866	-37.4%	20.5%
Collateral for loaned securities	10,662	10,667	13,906	0.0%	-23.3%
Receivables	19,203	7,850	42,837	144.6%	-81.7%
Investments	2,814,846	3,234,295	2,668,457	-13.0%	21.2%
Total assets	<u>2,885,322</u>	<u>3,317,702</u>	<u>2,779,066</u>	-13.0%	19.4%
Liabilities					
Accounts payable and other accrued liabilities	38,984	19,516	66,985	99.8%	-70.9%
Obligations under securities lending	10,662	10,667	13,906	0.0%	-23.3%
Total liabilities	<u>49,646</u>	<u>30,183</u>	<u>80,891</u>	64.5%	-62.7%
Net position restricted for pensions	<u>\$ 2,835,676</u>	<u>\$ 3,287,519</u>	<u>\$ 2,698,175</u>	-13.7%	21.8%

FINANCIAL SECTION

Management's Discussion and Analysis, continued
EMPLOYEES' RETIREMENT SYSTEM OF BALTIMORE COUNTY
FIDUCIARY NET POSITION
AS OF JUNE 30, 2022, 2020 AND 2019
(IN THOUSANDS)

PLAN A

	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>2022-2021 % Change</u>	<u>2021-2020 % Change</u>
Assets					
Cash and short term investments	\$ 37,213	\$ 60,362	\$ 50,957	-38.4%	18.5%
Collateral for loaned securities	9,839	9,948	13,215	-1.1%	-24.7%
Receivables	17,066	6,447	20,291	164.7%	-68.2%
Investments	2,597,592	3,016,470	2,535,810	-13.9%	19.0%
Total assets	<u>2,661,710</u>	<u>3,093,227</u>	<u>2,620,273</u>	-14.0%	18.0%
Liabilities					
Accounts payable and other accrued liabilities	31,733	14,212	60,405	123.3%	-76.5%
Obligations under securities lending	9,839	9,948	13,215	-1.1%	-24.7%
Total liabilities	<u>41,572</u>	<u>24,160</u>	<u>73,620</u>	72.1%	-67.2%
Net position restricted for pensions	<u>\$ 2,620,138</u>	<u>\$ 3,069,067</u>	<u>\$ 2,546,653</u>	-14.6%	20.5%

PLAN B

	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>2022-2021 % Change</u>	<u>2021-2020 % Change</u>
Assets					
Cash and short term investments	\$ 3,398	\$ 4,528	\$ 2,909	-25.0%	55.7%
Collateral for loaned securities	823	719	691	14.5%	4.1%
Receivables	2,137	1,403	22,546	52.3%	-93.8%
Investments	217,254	217,825	132,647	-0.3%	64.2%
Total assets	<u>223,612</u>	<u>224,475</u>	<u>158,793</u>	-0.4%	41.4%
Liabilities					
Accounts payable and other accrued liabilities	7,251	5,304	6,580	36.7%	-19.4%
Obligations under securities lending	823	719	691	14.5%	4.1%
Total liabilities	<u>8,074</u>	<u>6,023</u>	<u>7,271</u>	34.1%	-17.2%
Net position restricted for pensions	<u>\$ 215,538</u>	<u>\$ 218,452</u>	<u>\$ 151,522</u>	-1.3%	44.2%

FINANCIAL SECTION

Management's Discussion and Analysis, continued

EMPLOYEES' RETIREMENT SYSTEM OF BALTIMORE COUNTY COMBINED CHANGES IN FIDUCIARY NET POSITION FOR THE FISCAL YEARS ENDED JUNE 30, 2022, 2021 AND 2020 (IN THOUSANDS)

THE SYSTEM

	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>2022-2021 % Change</u>	<u>2021-2020 % Change</u>
Additions					
Contributions:					
Employer	\$ 160,572	\$ 151,903	\$ 144,605	5.7%	5.0%
Member	52,007	52,312	51,193	-0.6%	2.2%
Total contributions	<u>212,579</u>	<u>204,215</u>	<u>195,798</u>	4.1%	4.3%
Investment income (loss)	(331,975)	727,170	7,226	-145.7%	9963.2%
Income from securities lending	64	113	150	-43.4%	-24.7%
Net investment income (loss)	<u>(331,911)</u>	<u>727,283</u>	<u>7,376</u>	-145.6%	9760.1%
Total additions	<u>(119,332)</u>	<u>931,498</u>	<u>203,174</u>	-112.8%	358.5%
Deductions					
Benefits	320,684	334,290	290,035	-4.1%	15.3%
Refunds of contributions	10,434	6,383	7,490	63.5%	-14.8%
Administrative expenses	<u>1,393</u>	<u>1,481</u>	<u>1,382</u>	-5.9%	7.2%
Total deductions	<u>332,511</u>	<u>342,154</u>	<u>298,907</u>	-2.8%	14.5%
Net increase (decrease)	(451,843)	589,344	(95,733)	-176.7%	-715.6%
Net position restricted for pension benefits					
Beginning of year	<u>3,287,519</u>	<u>2,698,175</u>	<u>2,793,908</u>	21.8%	-3.4%
End of year	<u>\$ 2,835,676</u>	<u>\$ 3,287,519</u>	<u>\$ 2,698,175</u>	-13.7%	21.8%

FINANCIAL SECTION

Management's Discussion and Analysis, continued

EMPLOYEES' RETIREMENT SYSTEM OF BALTIMORE COUNTY CHANGES IN FIDUCIARY NET POSITION FOR THE FISCAL YEARS ENDED JUNE 30, 2022, 2021 AND 2020 (IN THOUSANDS)

PLAN A

	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>2022-2021</u> <u>% Change</u>	<u>2021-2020</u> <u>% Change</u>
Additions					
Contributions:					
Employer	\$ 154,751	\$ 147,818	\$ 140,583	4.7%	5.1%
Member	25,987	27,914	29,377	-6.9%	-5.0%
Total contributions	<u>180,738</u>	<u>175,732</u>	<u>169,960</u>	2.8%	3.4%
Investment income (loss)	(307,045)	684,192	6,600	-144.9%	10266.5%
Income from security lending	<u>60</u>	<u>106</u>	<u>142</u>	-43.4%	-25.4%
Net investment income (loss)	<u>(306,985)</u>	<u>684,298</u>	<u>6,742</u>	-144.9%	10049.8%
Total additions	<u>(126,247)</u>	<u>860,030</u>	<u>176,702</u>	-114.7%	386.7%
Deductions					
Benefits	319,629	333,711	289,646	-4.2%	15.2%
Refunds of Contributions	1,767	2,523	1,761	-30.0%	43.3%
Administrative Expenses	<u>1,286</u>	<u>1,382</u>	<u>1,313</u>	-6.9%	5.3%
Total deductions	<u>322,682</u>	<u>337,616</u>	<u>292,720</u>	-4.4%	15.3%
Net increase (decrease)	(448,929)	522,414	(116,018)	-185.9%	-550.3%
Net position restricted for pension benefits					
Beginning of year	<u>3,069,067</u>	<u>2,546,653</u>	<u>2,662,671</u>	20.5%	-4.4%
End of year	<u>\$2,620,138</u>	<u>\$3,069,067</u>	<u>\$2,546,653</u>	-14.6%	20.5%

FINANCIAL SECTION

Management's Discussion and Analysis, continued

EMPLOYEES' RETIREMENT SYSTEM OF BALTIMORE COUNTY CHANGES IN FIDUCIARY NET POSITION FOR THE FISCAL YEARS ENDED JUNE 30, 2022, 2021 AND 2020 (IN THOUSANDS)

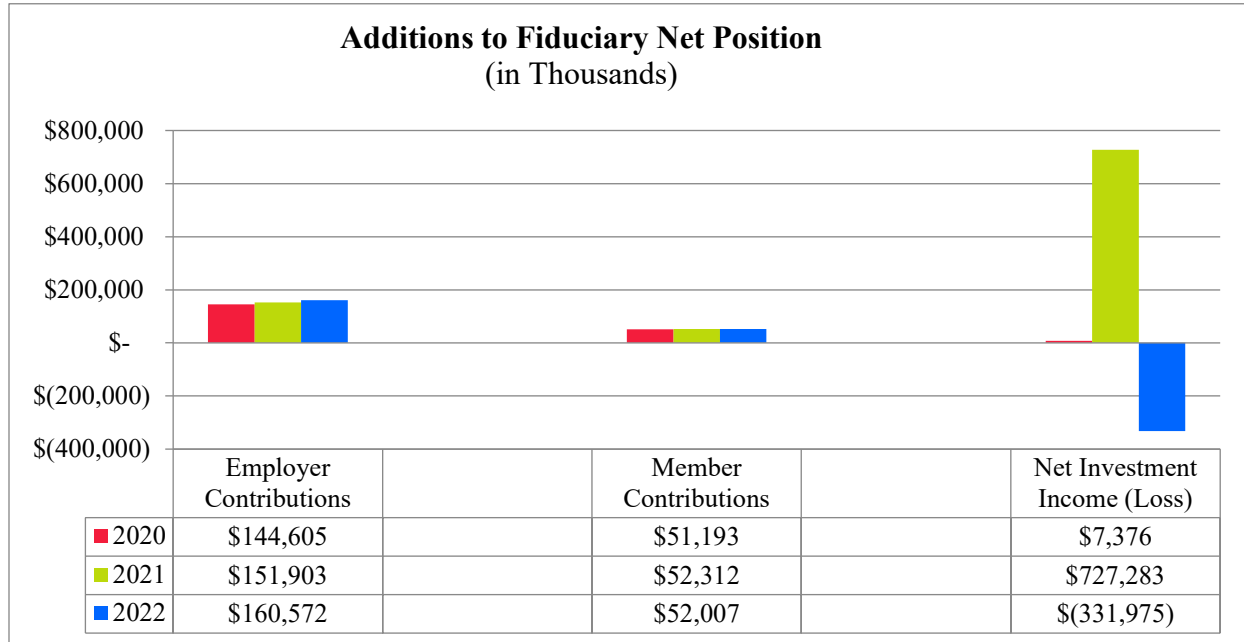
PLAN B

	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>2022-2021 % Change</u>	<u>2021-2020 % Change</u>
Additions					
Contributions:					
Employer	\$ 5,821	\$ 4,085	\$ 4,022	42.5%	1.6%
Member	26,020	24,398	21,816	6.6%	11.8%
Total contributions	<u>31,841</u>	<u>28,483</u>	<u>25,838</u>	11.8%	10.2%
Investment income (loss)	(24,930)	42,978	626	-158.0%	6765.5%
Income from security lending	<u>4</u>	<u>7</u>	<u>8</u>	-42.9%	-12.5%
Net investment income (loss)	<u>(24,926)</u>	<u>42,985</u>	<u>634</u>	-158.0%	6680.0%
Total additions	<u>6,915</u>	<u>71,468</u>	<u>26,472</u>	-90.3%	170.0%
Deductions					
Benefits	1,055	579	389	82.2%	48.8%
Refunds of contributions	8,667	3,860	5,729	124.5%	-32.6%
Administrative Expenses	<u>107</u>	<u>99</u>	<u>69</u>	8.1%	43.5%
Total deductions	<u>9,829</u>	<u>4,538</u>	<u>6,187</u>	116.6%	-26.7%
Net increase (decrease)	(2,914)	66,930	20,285	-104.4%	229.9%
Net position restricted for pension benefits					
Beginning of year	<u>218,452</u>	<u>151,522</u>	<u>131,237</u>	44.2%	15.5%
End of year	<u>\$ 215,538</u>	<u>\$ 218,452</u>	<u>\$ 151,522</u>	-1.3%	44.2%

FINANCIAL SECTION

Management's Discussion and Analysis, continued

THE SYSTEM



ADDITIONS TO FIDUCIARY NET POSITION

The reserves needed to finance retirement benefits are accumulated through the collection of employer and employee contributions and earnings on investments. Employer contributions, employee contributions and net investment income for fiscal years 2022 and 2021 were -\$119.3 million and \$931.5 million, respectively. This decrease was primarily due to a decrease in investment income of -9.9%.

Additions for FY 2022 were -\$119.3 million. This was due to the significant decrease in investment income from \$727.3 million in FY 2021 to -\$331.9 million in FY 2022.

Additions for FY 2021 were \$931.5 million. Employer contributions for FY 2021 increased by \$7.3 million or 5.0% over FY 2020. This increase was primarily due to scheduled increase in amortization contribution, change in normal rate, increase due to demographic factors, increase due to active participant experience, and other factors.

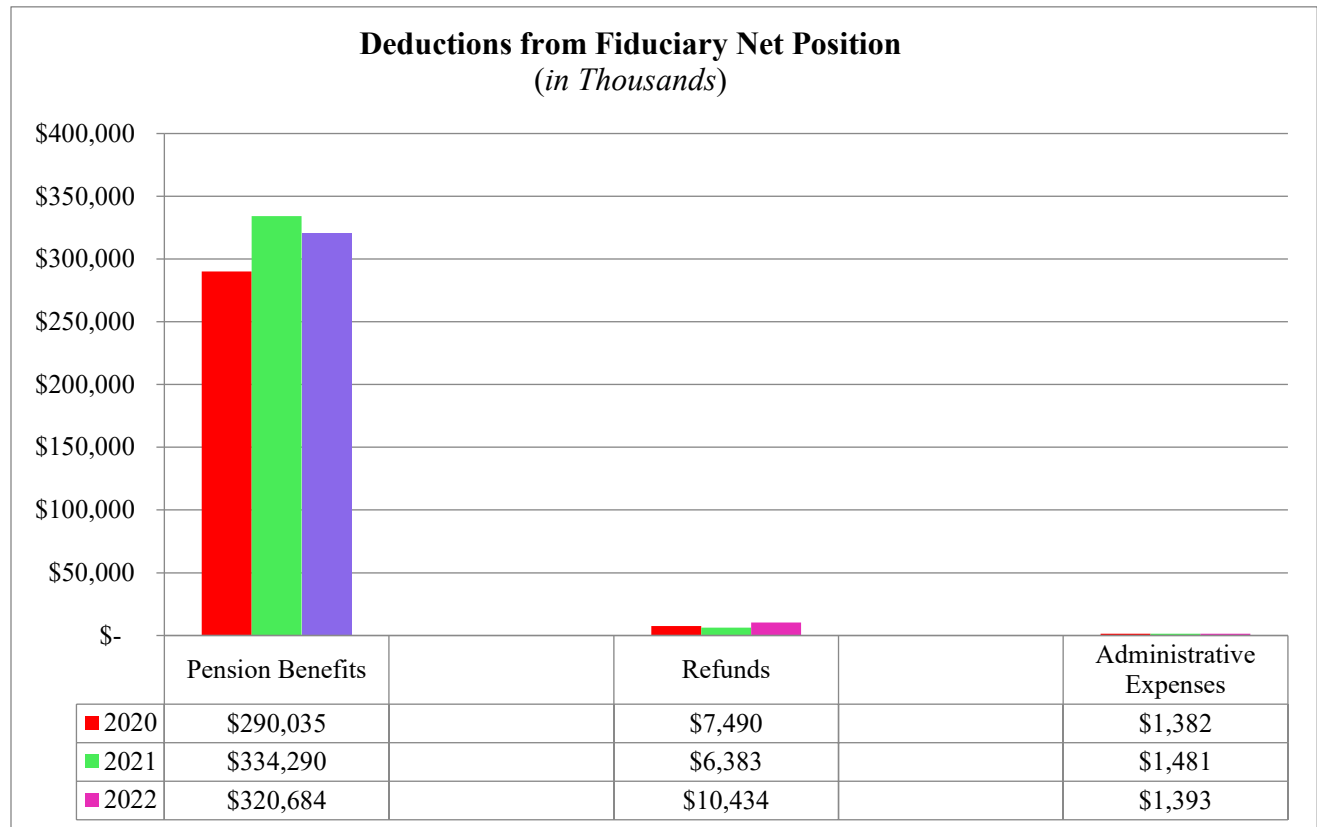
The overall System portfolio, calculated using a time-weighted rate of return methodology, returned -9.9% gross of fees for FY 2022. All asset categories contributed to these negative returns, except for real estate and private equity investments.

FINANCIAL SECTION

Management's Discussion and Analysis, continued

DEDUCTIONS FROM FIDUCIARY NET POSITION

The deductions include pension payments to members and beneficiaries, refunds of contributions to former members, and the cost of administering the System. Total deductions for FY 2022 decreased by -2.8% or \$9.6 million over FY 2021 due to the decrease in benefit payments. Total deductions for FY 2021 increased by 14.5% or \$43.3 million over FY 2020 due to the increase in benefit payments and administrative expenses.



RETIREMENT SYSTEM AS A WHOLE

The net position held in trust for pension benefits decreased by \$451.8 million or -13.7% in FY 2022 over FY 2021. Based on the latest actuarial valuation available, the System's funding ratio, as determined by the County's actuary, was 61.5% as of July 1, 2021. The Board continues to utilize the concepts of prudent investment management, cost controls and strategic planning.

CONTACTING SYSTEM FINANCIAL MANAGEMENT

This financial report is designed to provide the Retirement Board, our membership, taxpayers, investors, and creditors with a general overview of the System's finances and to demonstrate the System's accountability for the money it receives. If you have any questions about this report or need additional financial information, you may contact the Office of Budget and Finance, Mezzanine, Historic Court House, 400 Washington Avenue, Towson, Maryland 21204 or email ers@baltimorecountymd.gov.

The Employees' Retirement System Annual Comprehensive Financial Report may be found online at: www.baltimorecountymd.gov/Agencies/budfin/retirement/index.html.

FINANCIAL SECTION

Statements of Fiduciary Net Position As of June 30, 2022 and 2021 (IN THOUSANDS)

	FY 2022			FY 2021		
	Plan A	Plan B	The System	Plan A	Plan B	The System
Assets:						
Cash and short term investments	\$ 37,213	\$ 3,398	\$ 40,611	\$ 60,362	\$ 4,528	\$ 64,890
Collateral for loaned securities	9,839	823	10,662	9,948	719	10,667
Receivables:						
Accrued interest and dividend income	2,946	241	3,187	2,654	188	2,842
Receivable for investments sold	13,327	1,115	14,442	2,794	202	2,996
Receivables - other	793	781	1,574	999	1,013	2,012
Total receivables	17,066	2,137	19,203	6,447	1,403	7,850
Investments, at fair value						
U.S. Government and agency securities	94,175	7,876	102,051	103,150	7,449	110,599
Municipal Debt	21	2	23	28	2	30
Foreign debt	11,443	957	12,400	29,593	2,137	31,730
Corporate debt	148,580	12,427	161,007	123,915	8,948	132,863
Stocks	328,909	27,509	356,418	484,419	34,981	519,400
Bond mutual funds	394,760	33,016	427,776	575,523	41,559	617,082
Stock mutual funds	1,003,875	83,960	1,087,835	1,157,448	83,582	1,241,030
Real estate equity funds	185,597	15,523	201,120	147,024	10,617	157,641
Private equity funds	307,681	25,734	333,415	251,444	18,157	269,601
Global asset allocation	122,551	10,250	132,801	143,926	10,393	154,319
Total investments	2,597,592	217,254	2,814,846	3,016,470	217,825	3,234,295
 Total assets	 2,661,710	 223,612	 2,885,322	 3,093,227	 224,475	 3,317,702
Liabilities:						
Investment expenses payable	1,482	123	1,605	3,409	246	3,655
Refunds payable	57	5,222	5,279	56	4,717	4,773
Payable for investments purchased	22,791	1,906	24,697	4,719	341	5,060
Payable for collateral for loaned securities	9,839	823	10,662	9,948	719	10,667
Payables - other	7,403	-	7,403	6,028	-	6,028
Total liabilities	41,572	8,074	49,646	24,160	6,023	30,183
 Net position restricted for pension benefits	 \$ 2,620,138	 \$ 215,538	 \$ 2,835,676	 \$ 3,069,067	 \$ 218,452	 \$ 3,287,519

The accompanying notes are an integral part of the financial statements.

FINANCIAL SECTION

Statements of Changes in Fiduciary Net Position

For the Years Ended June 30, 2022 and 2021

(IN THOUSANDS)

	FY 2022			FY 2021		
	Plan A	Plan B	The System	Plan A	Plan B	The System
Additions						
Contributions:						
Employer	\$ 154,751	\$ 5,821	\$ 160,572	\$ 147,818	\$ 4,085	\$ 151,903
Member	25,987	26,020	52,007	27,914	24,398	52,312
Total contributions	180,738	31,841	212,579	175,732	28,483	204,215
Investment income (loss):						
Net increase/decrease in the fair value of investments	(328,577)	(26,535)	(355,112)	665,612	41,873	707,485
Interest and dividends	44,775	3,427	48,202	41,832	2,729	44,561
	(283,802)	(23,108)	(306,910)	707,444	44,602	752,046
Less: Investment expenses	(23,243)	(1,822)	(25,065)	(23,252)	(1,624)	(24,876)
Investment income (loss)	(307,045)	(24,930)	(331,975)	684,192	42,978	727,170
Securities lending:						
Securities lending income	58	4	62	92	5	97
Borrower rebates	27	2	29	50	4	54
Agent fees	(25)	(2)	(27)	(36)	(2)	(38)
Net income from securities lending	60	4	64	106	7	113
Total net investment income (loss)	(306,985)	(24,926)	(331,911)	684,298	42,985	727,283
Total additions	(126,247)	6,915	(119,332)	860,030	71,468	931,498
Deductions						
Benefits	319,629	1,055	320,684	333,711	579	334,290
Refunds of contributions	1,767	8,667	10,434	2,523	3,860	6,383
Administrative expenses	1,286	107	1,393	1,382	99	1,481
Total deductions	322,682	9,829	332,511	337,616	4,538	342,154
Net increase (decrease)	(448,929)	(2,914)	(451,843)	522,414	66,930	589,344
Net position restricted for pension benefits						
Beginning of year	3,069,067	218,452	3,287,519	2,546,653	151,522	2,698,175
End of year	\$ 2,620,138	\$ 215,538	\$ 2,835,676	\$ 3,069,067	\$ 218,452	\$ 3,287,519

The accompanying notes are an integral part of the financial statements.

FINANCIAL SECTION

Notes to Financial Statements

1. Plan Description

The Employees' Retirement System of Baltimore County (the "System") is a cost-sharing multiple-employer defined benefit public employee retirement system that acts as a common investment and administrative agent serving five entities including Baltimore County (the "County") and certain employees of the Baltimore County Board of Education, Baltimore County Board of Library Trustees, the Community College of Baltimore County and the Baltimore County Revenue Authority. The System is not an employer. The System provides retirement, disability and death benefits to plan members and beneficiaries. The authority to establish and maintain the System is specified in Section 5-1-101 of the Baltimore County Code (the "Code").

Separate Plans:

On October 15, 2012, the County Council passed Bill No. 65-12 that formally closed the System for members hired prior to July 1, 2007, now known as members of "Plan A". Members hired on or after July 1, 2007 are members of "Plan B". The assets of each plan are separated and cannot be used to pay benefits of the other plan.

The System is considered part of the Baltimore County, Maryland reporting entity and its financial statements are included in the County's basic financial statements as a pension trust fund. The System is fiscally dependent on the County by virtue of the legislative and executive controls exercised with respect to its operations, policies and administrative budget. In accordance with Section 5-1-238 of the Code, responsibility for the proper operation of the System is vested in an eleven-member Board of Trustees (the "Board"), comprised of a combination of ex-officio, appointed and elected representatives. The general administration of the System is vested in the Director of Budget and Finance.

Plan Membership: As of June 30, 2022 and 2021 System membership consisted of:

Membership Status (as of June 30, 2022)	Plan - A* Count	Plan - B Count	Total Count
Inactive plan members and beneficiaries currently receiving benefits	8,441	63	8,504
Inactive plan members entitled, but not yet receiving benefits	361	70	431
Active plan members	<u>3,444</u>	<u>5,895</u>	<u>9,339</u>
Total	<u>12,246</u>	<u>6,028</u>	<u>18,274</u>

*Plan A is closed to new members hired on or after July 1, 2007.

Membership Status (as of June 30, 2021)	Plan - A* Count	Plan - B Count	Total Count
Inactive plan members and beneficiaries currently receiving benefits	8,387	39	8,426
Inactive plan members entitled, but not yet receiving benefits	373	57	430
Active plan members	<u>3,816</u>	<u>5,775</u>	<u>9,591</u>
Total	<u>12,576</u>	<u>5,871</u>	<u>18,447</u>

*Plan A is closed to new members hired on or after July 1, 2007.

Notes to Financial Statements, continued

The following is a brief description of the System's plan provisions. For a more complete description, see the Summary of Plan Provisions included in the Actuarial Section of this report.

Members are designated as classified or merit system employees, part-time employees, non-merit employees, elected officials, department heads, or agency employees. Merit system employees include full-time general employees, police officers, firefighters, deputy sheriffs and correctional officers. Agency employees include the Board of Education, the Board of Library Trustees, the Community College of Baltimore County and the Baltimore County Revenue Authority. Agency employees that are not eligible to participate in the Maryland State Retirement and Pension Systems are entitled to membership in the System. The term "general employees" is hereafter used to refer to both county general employees and agency employees.

System membership is compulsory for merit system employees as a condition of employment, except for those members who were hired at age 55 or over. Merit employees, exclusive of police officers and firefighters, are required to join the System within the first sixty days, if hired prior to July 1, 2022. Police officers and firefighters are required to join the System as a condition of employment.

Part-time employees, non-merit employees, elected officials, department heads, and merit system employees hired at age 55 or over, and agency employees have the option to join the system within sixty days or forfeit the right to join the System, if hired prior to July 1, 2022.

Beginning July 1, 2022, System membership is compulsory for all employees as a condition of employment.

Members who began service on or after July 1, 2010 are now eligible to purchase credit for service prior to joining the retirement System. Purchase for service prior to joining may be up to 60 days for members hired after January 1, 2014 and up to 2 years for members hired between July 1, 2010 and December 31, 2014. Such members must complete purchase of waived time no later than April 1, 2023. The Retirement Office will determine all eligibility for purchase of waived service.

Members hired prior to July 1, 2007 are vested after five years of creditable service. System members hired on or after July 1, 2007 are vested after ten years of creditable service.

Employees who terminate employment or die in service prior to meeting vesting eligibility are entitled to a refund of their contributions. Interest is credited on member contributions at the rate of 5% per annum. Employers are required to contribute an actuarially determined amount annually to finance the System as specified by Sections 5-1-203 and 5-1-257 of the Code.

Members are eligible for a normal retirement for service based on age and/or years of creditable service. There is no mandatory retirement age for general employees, deputy sheriffs and correctional officers. Firefighters and police officers must retire at age 65 unless approved for continuation of service by the Board on an annual basis.

The County has adopted a Back DROP (the election is made at date of retirement) for Police Officers and Firefighters under which eligible active members may elect to receive a lump sum payment with a 6% bonus at retirement in exchange for a reduced monthly benefit for life. The DROP period is between three and five years, effective with retirements that occurred on or after July 1, 2004. Police Officers and Firefighters hired on or after July 1, 2007 are now eligible to participate in the Back DROP, per Bill No. 42-22, enacted June 16, 2022 and effective July 1, 2022.

The County has adopted a Back DROP (the election is made at date of retirement) for Correctional Officers and Deputy Sheriffs hired prior to July 1, 2007. Eligible active members may elect to receive a lump sum payment at retirement in exchange for a reduced monthly benefit. The Back DROP period is between three and five years, effective with retirements that occur on or after July 1, 2010. Correctional Officers and Deputy Sheriffs hired on or after July 1, 2007 are not eligible to participate in the Back DROP.

Notes to Financial Statements, continued

The County has adopted a Forward DROP (the election is made at least 5 years prior to the date of retirement) for General Employees hired prior to July 1, 2007. Eligible active members may elect to receive a lump sum payment at retirement in exchange for a reduced monthly benefit. The Forward DROP period is between five and ten years, effective with retirements that occur on or after July 1, 2012. A member may opt out of the DROP at any time and the member's benefit shall be treated as if the member had not elected to enter the DROP. General employees hired on or after July 1, 2007 are not eligible to participate in the Forward DROP.

An ordinary disability retirement may be granted to a member who can no longer perform their job due to a non-occupational related injury. Police officers and firefighters ("Group 4") hired prior to July 1, 2007 must have 5 years of creditable service while all other members must have ten years of creditable service. All members must be medically certified as incapacitated for continued performance of their duties. The ordinary disability retirement allowance is determined in accordance with Section 5-1-222 of the Code.

An accidental disability retirement may be granted to a member who has been incapacitated for duty as a result of an occupational related injury. Accidental disability payments are tiered (75%, 66.67%, or 50%), based upon the degree of disability. The accidental disability retirement allowance is determined in accordance with Section 5-1-226 of the Code.

An ordinary death benefit is granted as a result of a member's death from non-occupational causes. A member's designated beneficiary or estate receives a lump sum payment of the member's contributions plus interest. Additionally, after one year of creditable service, the member's designated beneficiary or estate may receive a minimum one-time payment equal to 100% of the member's annual earnable compensation. If a member was eligible for a service retirement or had 15 years of creditable service at the time of death, the spouse, if designated as the beneficiary, may receive a retirement allowance based on service years equivalent to a 100% survivorship option (*Option 2*).

An accidental death benefit is granted as the result of death from an occupational related injury. The dependent beneficiary of a general employee may receive an allowance equal to $66\frac{2}{3}\%$ of average final compensation (AFC) plus their annuity (i.e. employee contributions plus interest). The dependent beneficiary of a firefighter or police officer may receive an allowance equal to 100% of the annual earnable compensation at the time of death plus their annuity. If a member was eligible for a service retirement or had 15 years of creditable service at the time of death, the spouse, if designated as the beneficiary, may receive a retirement allowance based on service years equivalent to a 100% survivorship option (*Option 2*).

Retirement allowances are comprised of an annuity equal to the actuarial equivalent of the accumulated contributions plus a pension which together with the annuity shall provide a total allowance as provided for in the System's plan. The retirement allowance is determined based on the AFC and number of years of creditable service. AFC is defined as the rate of annual earnable compensation during the twelve or thirty-six consecutive calendar months of service, depending upon group and hire date, affording the highest average. The normal retirement for service allowance is determined as follows:

FINANCIAL SECTION

Notes to Financial Statements, continued

Employee designation

Allowance formula for Vested Employees

General employees - Plan A (Hired prior to July 1, 2007)	1.82% of AFC times the number of years of creditable service for: (i) 30 years of creditable service or (ii) Age 65 with 5 years of creditable service or, General employees hired prior to July 1, 2007, retiring at age 60 with less than 30 years of creditable service, will receive a blended benefit, (i.e. 1.82% of AFC times the number of years of creditable service earned prior to July 1, 2007 plus 1.43% of AFC times the number of years of creditable service earned on or after July 1, 2007).
General employees – Plan B (Hired on or after July 1, 2007)	1.43% of AFC times the number of years of creditable service.
Appointed officials	2.5% of AFC times the number of years of creditable service.
Elected officials	5.0% of AFC times the number of years of creditable service. Any Council member who elects to be member of the retirement system on or after February 1, 2010 may not receive a retirement allowance in excess of 60% of the member's AFC.
Firefighters	2.5% of AFC times the number of years of creditable service up to 20 years, plus 2.0% of AFC for each year of creditable service in excess of 20 years, and 3.0% of AFC for each year of creditable service in excess of 30 years for service years on or after July 1, 2007. 2.0% of AFC times the number of years of creditable service – if less than 20 years of creditable service.
Correctional officers and Deputy sheriffs	2.5% of AFC times the number of years of creditable service up to 20 years, plus 2.0% of AFC times the number of years of creditable service in excess of 20 years. 3.0% of AFC times the number of years of creditable service in excess of 25 years, if retired after July 1, 2020. <u>If hired prior to July 1, 2007 and age 65 with at least 5 but less than 20 years of creditable service:</u> 1.82% of AFC times the number of years of creditable service. <u>If hired prior to July 1, 2007 and age 60 with less than 20 years of creditable service:</u> 1.82% of AFC times the number of years of creditable service earned prior to July 1, 2007, plus 1.43% of AFC times the number of years of creditable service earned after June 30, 2007. <u>If hired on or after July 1, 2007 with less than 25 years of creditable service at retirement:</u> 1.43% of AFC times the number of years of creditable service.
Police officers	2.5% of AFC times the number of years of creditable service up to 20 years, plus 2.0% of AFC for each year of creditable service in excess of 20 years, and 3.0% of AFC for each year of creditable service in excess of 25 years for service years on or after July 1, 2007. 2.0% of AFC times the number of years of creditable service – if less than 20 years of creditable service.

Notes to Financial Statements, continued

In addition to the maximum retirement allowance, members may select one of six retirement allowance options to provide payments to a beneficiary upon the death of a retired member. A selection of an option reduces the maximum allowance. Police officers on Pay Schedule VII (Supervisory, Management and Confidential (SMC)) and firefighters with at least 25 years of actual service as a sworn Baltimore County Police Officer or sworn Baltimore County Firefighter may select a 7th option that allows 50% of member's retirement to continue to the original beneficiary at no cost to the employee. Police officers on Pay Schedule IV (Fraternal Order of Police Lodge 4) with at least 25 years of creditable service may select a 7th option that allows 50% of member's retirement to continue to the original beneficiary at no cost to the employee.

In accordance with Section 5-1-235 of the Code, each July 1, post-retirement allowance adjustments may be granted to retirees who have been retired for more than 60 months. Active members hired prior to July 1, 2007 and retire on or after July 1, 2010 must have at least 20 years of creditable service to be eligible for post-retirement COLAs. Active members hired on or after July 1, 2007 must have at least twenty five (25) years of creditable service to be eligible for post-retirement COLAs. For active members who select the DROP program, the eligibility period to receive COLAs in the DROP remains a minimum of 12 months. Once the member actually retires, the eligibility period for a post-retirement COLA is a minimum of 48 months. The post-retirement allowance adjustment is equal to the increase in the Consumer Price Index - All Urban Consumers (CPI-U) for the previous calendar year, in an amount not to exceed 3%, provided sufficient investment income in excess of valuation requirements has accumulated in the Post-Retirement Increase Fund Balance Account described in Note 2. The maximum Post-Retirement Increase Fund Account Balance is equal to twice the cost of a 3% COLA. Additional details regarding cost-of-living increases may be found in the Summary of Plan Provisions under the heading Post-Retirement Allowance Increases.

2. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting - The financial statements of the System are presented using the economic resource measurement focus and the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The System records investment purchases and sales on a trade-date basis. These transactions are not finalized until settlement date. Cash received as collateral on securities lending transactions and investments made with such cash are reported as assets along with a related liability for collateral received.

Method Used To Value Investments - Plan investments are reported at fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. The fair value of real estate equity funds is based on independent appraisals. The fair value of mutual funds is based on the fair value of the underlying securities. Hedge Fund-of-Funds are valued based on information provided by the respective fund managers. The fair value for alternative investments which include private equity funds is based upon the partnership's most recent available financial information. For more information on fair value measurement, please refer to Note 4, Cash deposits, Investments and Securities Lending.

Administrative Costs - The System pays for the following administrative expenses: professional actuarial costs, pension consultant fees, data processing, medical board examinations, salaries, benefits, audit/legal fees, equipment and supplies, postage, printing and miscellaneous expenses. These administrative expenses are funded from employer contributions.

Net Position Accounts - As provided by the Code, all assets of the System must be credited according to the purpose for which they are held to the annuity savings fund, the pension accumulation fund or the post-retirement increase fund.

FINANCIAL SECTION

Notes to Financial Statements, continued

These funds are classified together as the net position held in trust for pension benefits for financial reporting purposes and are explained below:

Annuity Savings Fund Balance Account - This Account records the accumulated contributions credited to individual members' accounts together with the interest thereon. Upon termination of employment, accumulated contributions plus interest are refunded from this account. When a member retires, the member's accumulated contributions plus interest are transferred to the Pension Accumulation Fund Balance Account.

Pension Accumulation Fund Balance Account - This Account records all accumulated reserves used to pay member pensions, other benefits and administrative expenses. The reserves are accumulated from employer contributions, investment income, gains on sales of investments and amounts transferred from the Annuity Savings Fund Balance Account when a member retires.

Post-Retirement Increase Fund Balance Account - This Account records all investment earnings in excess of valuation requirements transferred from the Pension Accumulation Fund Balance Account in order to finance post-retirement allowance increases to retired members.

At June 30, 2022 and 2021, the balances in the legally required accounts are as follows:

	FY 2022 (in Thousands)	FY 2021 (in Thousands)
Annuity Savings Fund	\$680,104	\$664,500
Pension Accumulation Fund	2,063,626	2,621,224
Post-Retirement Increase Fund	91,946	1,795
Net Position Held in Trust for Pension Benefits	<u>\$2,835,676</u>	<u>\$3,287,519</u>

3. Contributions

System members contribute a percentage of their salary to the System as determined by County Code. The contribution rates for members are based on employee classification. A chart of member contribution rates is provided in the Summary of Plan Provisions in the Actuarial Section of this report. The County and the participating employers intend to fund the System according to the actuarially determined employer contributions (ADEC). The ADEC is equal to the normal cost plus amortization of the unfunded actuarial accrued liability. The employer contributions to the System are equal to 100% of the ADEC. Per Section 5-1-203 of the Code, contribution requirements of the plan members and the participating employers are established and may be amended by the Board.

4. Cash Deposits, Investments and Securities Lending

Custodial Credit Risk - For Cash Deposits, Investments and Securities Lending, custodial credit risk is the risk that, in the event of the failure of the bank or counterparty, the System will not be able to recover the deposits, value of its investments or collateral securities that are in possession of an outside party. The System cash deposits are fully covered by FDIC insurance and/or collateral pledged to the System's account held by the System's agent in the System's name at year-end. The collateral pledged and held consists of obligations issued by the U.S. government and agencies.

Investment securities are registered in the name of the System. As of June 30, 2022 and 2021, the carrying amount of cash and cash equivalents was \$40.6 million and \$64.9 million, respectively.

FINANCIAL SECTION

Notes to Financial Statements, continued

Investment Policy - Pursuant to Section 5-1-251 of the Baltimore County Code, the Board of Trustees utilizes the “prudent person” standard for managing the assets of the System. The Board has established the following policies:

- 1) Assure that the System’s investment policy has been designed to provide broad diversification among asset classes in order to maximize return at an appropriate level of risk and minimize the risk of large losses to the System.
- 2) Employ a diversity of investment managers with different investment styles on how to obtain their investment objective.
- 3) Closely monitor the performance of all investment managers not only in relation to specific objectives, but also in relation to other fund managers following the same investment objectives.

The System is currently invested in stocks (domestic and foreign), fixed income securities, private equity funds, real estate funds, and global asset allocation funds. During FY 2016, the Board phased out the allocations to hedge fund-of-funds and eliminated the allocation of real assets. The Code provides for full power to hold, purchase, sell, assign, transfer and dispose of any of the securities and investments in any of the System’s funds.

For the year ended June 30, 2022 and 2021, the System has operated in all material respects in accordance with the System’s investment policy.

The System’s investment policy as of June 30, 2022 and 2021, are shown below for the broad investment categories:

<i>Asset Class – FY2022</i>	<i>Allocation Target</i>	<i>Allocation Range</i>
<i>U. S. Equities</i>	33%	27 – 39%
<i>International Equities</i>	19%	11 - 27%
<i>Private Equity</i>	9%	0 - 12%
<i>Private Debt</i>	5%	0 - 10%
<i>Fixed Income</i>	22%	10 - 34%
<i>Real Estate</i>	7%	4 - 10%
<i>Global Asset Allocation</i>	5%	2 - 8%
<i>Cash and Cash equivalents</i>	<u>-0%</u>	0 - 5%
<i>Total</i>	<i><u>100%</u></i>	

<i>Asset Class – FY2021</i>	<i>Allocation Target</i>	<i>Allocation Range</i>
<i>U. S. Equities</i>	31%	25 - 37%
<i>International Equities</i>	21%	15 - 27%
<i>Private Equities</i>	9%	0 - 12%
<i>Fixed Income</i>	29%	23 - 35%
<i>Real Estate</i>	5%	2 - 8%
<i>Global Asset Allocation</i>	5%	2 - 8%
<i>Cash and Cash equivalents</i>	<u>-0%</u>	0 - 5%
<i>Total</i>	<i><u>100%</u></i>	

FINANCIAL SECTION

Notes to Financial Statements, continued

Rate of Return - For the years ended June 30, 2022 and 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -10.20% and 26.96% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Interest Rate Risk - The investment policy guidelines of the Employees' Retirement System of Baltimore County do not specifically address limits on maturities as a means of managing its exposure to fair value losses arising from changing interest rates. The manager of each fixed income portfolio is responsible for determining the average maturity of their portfolio. The following is a maturity schedule of the System's fixed income investments of bonds and short term investments as of June 30, 2022 and 2021.

Investment Maturities (in Years)

FY 2022

(Expressed in Thousands)

Investment Type	Fair Value	Less than 1	1 - 4.9	5 - 9.9	10-19.9	20-30	More Than 30
U.S. Govt. Obligations	\$ 76,715	\$ 5,588	\$ 19,499	\$ 31,937	\$ 6,772	\$ 12,438	\$ 481
U.S. Agency Securities	25,336	8,899	121	1,172	7,484	7,447	213
Municipals debt	23	-	-	-	-	23	-
Corporate debt	161,007	12,611	92,133	28,077	5,835	11,208	11,143
Bond Mutual Funds	427,776	-	93,854	333,922	-	-	-
Foreign debt	12,400	8,216	53	2,303	780	1,017	31
Total	\$ 703,257	\$ 35,314	\$ 205,660	\$ 397,411	\$ 20,871	\$ 32,133	\$ 11,868

Investment Maturities (in Years)

FY 2021

(Expressed in Thousands)

Investment Type	Fair Value	Less than 1	1 - 4.9	5 - 9.9	10-19.9	20-30	More Than 30
U.S. Govt. Obligations	\$ 77,316	\$ 30,457	\$ 15,475	\$ 22,416	\$ 2,613	\$ 6,264	\$ 91
U.S. Agency Securities	33,283	1,563	1,665	9,136	15,478	5,250	191
Municipals debt	30	-	-	-	-	30	-
Corporate debt	132,863	17,980	63,655	28,350	5,106	12,380	5,392
Bond Mutual Funds	617,082	-	38,343	578,739	-	-	-
Foreign debt	31,730	11,426	15,468	2,282	791	1,763	-
Total	\$ 892,304	\$ 61,426	\$ 134,606	\$ 640,923	\$ 23,988	\$ 25,687	\$ 5,674

Credit Risk - The System's investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act with discretion and intelligence, to seek reasonable income, preserve capital and in general, avoid speculative investments. Investments in high yield securities are limited to 20% in the guidelines for core plus fixed income manager Western Asset Management, and 15% for Reams Asset Management. PIMCO Diversified Fixed Income Fund target 1/3 of their portfolio in high yield securities.

FINANCIAL SECTION

Notes to Financial Statements, continued

As of June 30, 2022 and 2021, the System's fixed income investments had the following credit risk characteristics:

	FY 2022			FY 2021	
Moody's Ratings or Comparable	Fair Value (in Thousands)	Percent of Fixed Income Investments		Fair Value (in Thousands)	Percent of Fixed Income Investments
AAA	\$ 134,933	19.2%		\$ 132,627	14.9%
AA	7,374	1.1		11,315	1.3
A	58,992	8.4		58,453	6.6
BBB	41,981	6.0		45,093	5.0
BB	7,077	1.0		8,488	1.0
B	919	0.1		1,043	0.1
CCC	289	-		400	-
CC	87	-		107	-
NR*	451,605	64.2		634,778	71.1
Total	<u>\$ 703,257</u>	100.0%		<u>\$ 892,304</u>	100.0%

*NR represents securities not rated, primarily made up of swaps and commingled funds, which by their nature do not have credit quality ratings.

Investments in Excess of 5% of the Net Position Held in Trust for Pension Benefits - The System had no individual investments at fair value in excess of 5% of the System's net position held in trust for pension benefits as of June 30, 2022 and 2021.

Derivative Policy:

As permitted by guidelines established by the Board of Trustees the System may invest in Derivatives.

A derivative is a security or contractual agreement, which derives its value from some underlying security, commodity, currency, or index.

1. Types of derivative contracts
 - a. Forward-based derivatives, including forward contracts, futures contracts, swaps, and similar instruments, and
 - b. Option-based derivatives, including put options, call options, interest rate caps and floors, and similar instruments.
2. Types of Derivative Securities
 - a. Collateralized Mortgage Obligations (CMOs)
 - b. Structured Notes
3. Domestic Debt Securities are permitted and may include U.S. Government and Agency obligations, corporate bonds, asset backed securities, agency guaranteed mortgage pass-through securities and low risk collateralized mortgage obligations of comparable or lower risk, such as Planned Amortizations Class Level 1 and sequentials, commercial paper, and certificates of deposit. Managers may also invest in U.S. dollar denominated issues of international agencies, foreign governments and foreign corporations (i.e., Eurodollar and Yankee bonds).
4. Futures and Options strategies may be employed, upon specific authorization of the Board, on equity and fixed income investments to provide volatility protection or enhance the rate of return over time.

FINANCIAL SECTION

Notes to Financial Statements, continued

5. Where appropriate, managers may use derivative contracts for the following reasons:
 - a. Hedging. To the extent that the portfolio is exposed to clearly defined risks and there are derivative contracts that can be used to reduce those risks, the investment managers are permitted to use such derivatives for hedging purposes, including cross hedging of currency exposures.
 - b. Creation of Market Exposures. Managers are permitted to use derivatives to replicate the risk/return profile of an asset or asset class provided that the guidelines for the Manager allow for such exposures to be created with the underlying assets themselves.

6. The following two uses of derivative contracts and securities are strictly prohibited:
 - a. Leverage. Derivatives shall not be used to magnify overall portfolio exposure to an asset, asset class, interest rate, or any other financial variable beyond that which would be allowed by a portfolio's investment guidelines if derivatives were not used.
 - b. Unrelated speculation. Derivatives shall not be used to create exposures to securities, currencies, indices, or any other financial variable unless such exposures would be allowed by a portfolio's investment guidelines if created with non-derivative securities.

The System utilizes certain derivative instruments for the purpose of obtaining income or profit. The derivatives are subject to credit risks, interest rate risk, and foreign currency risk. Classified and aggregated by type, the fair value balances and notional amounts of derivative instruments outstanding at June 30, 2022 and 2021, and the changes in fair value of such derivative instruments for the year then ended are as follows:

	Changes in Fair Value		Fair Value as of June 30, 2022	
	(in Thousands)		(in Thousands)	
<u>Investment Derivatives:</u>	<u>Classification</u>	<u>Amount</u>	<u>Amount</u>	<u>Notional Value</u>
Futures	Investment Revenue	\$ -	(\$344)	\$ 29,626
Options	Investment Revenue	(75)	(174)	153
Swaps	Investment Revenue	257	724	724
TBA Transactions	Investment Revenue	(109)	8,904	8,904

	Changes in Fair Value		Fair Value as of June 30, 2021	
	(in Thousands)		(in Thousands)	
<u>Investment Derivatives:</u>	<u>Classification</u>	<u>Amount</u>	<u>Amount</u>	<u>Notional Value</u>
Futures	Investment Revenue	\$ -	\$ 151	\$ 7,586
Options	Investment Revenue	(9)	(16)	(945)
Swaps	Investment Revenue	439	723	723
TBA Transactions	Investment Revenue	2	1,219	1,219

FINANCIAL SECTION

Notes to Financial Statements, continued

Foreign Currency Risk - The System's exposure to foreign currency risk is derived from its positions in foreign currency-denominated common stock and fixed income investments. Managers are allowed to use derivatives to hedge out foreign currency; however, there is no formal policy regarding foreign currency risk. The Systems exposure to foreign currency risk as of June 30, 2022 and 2021 is as follows:

Currency	FY 2022 Fair Value (in Thousands)	FY 2021 Fair Value (in Thousands)
Australian Dollar	\$ 565	\$ 3,470
Brazil Real	2,867	1,312
Canadian Dollar	3,694	3,596
Colombian Peso	8	-
Danish Krone	1,172	1,034
Euro Currency Unit	8,223	50,186
Hong Kong Dollar	3,403	11,281
Indonesian Rupiah	263	158
Japanese Yen	2,829	25,228
Mexican Peso	1,084	665
New Taiwan Dollar	1,746	2,101
Norwegian Krone	295	3
Philippines Peso	-	298
Polish Zloty	-	406
Pound Sterling	3,125	16,324
Singapore Dollar	-	3,280
South African Rand	935	1,109
South Korean Won	216	-
Swedish Krona	1,440	8,644
Swiss Franc	1,706	5,969
Thailand Baht	198	331
Total	<u>\$ 33,769</u>	<u>\$ 135,395</u>

Securities Lending Transactions - The Board's policies permit the System to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The System's custodian lends U.S. government and agency securities, corporate bonds and stocks for collateral in the form of cash, other securities and irrevocable bank letters of credit. Collateral securities, letters of credit and cash are initially pledged at 102% of the fair value of the securities lent. Additional collateral is to be provided by the next business day if the collateral value falls to less than 100% of the fair value of the securities lent. The System did not impose any restrictions during the fiscal year on security loans the custodian made on its behalf. At June 30, 2022, the System had no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System. The relationship between the maturities of the investment pool and the System's loans is affected by the maturities of the security loans made by other entities that use the agent's pool, which the System cannot determine. The System cannot pledge or sell collateral securities received unless the borrower defaults. All securities loans can be terminated on demand by either the System or the borrower. Cash collateral is invested in both a separately managed fixed income account and a cash collateral pool, which at year-end had a weighted-average maturity of 1.31 days. The collateral held as of June 30, 2022 and 2021 was \$37.9 million and \$62.7 million, respectively. The fair value of securities on loan as of June 30, 2022 and 2021 totaled \$36.3 million and \$60.6 million, respectively.

FINANCIAL SECTION

Notes to Financial Statements, continued

The following tables present the fair value of the underlying securities, and the value of the collateral pledged at June 30, 2022 and 2021 (in thousands):

FY 2022 Securities Lent for:	Fair Value of Loaned Securities	Collateral Fair Value	Percent Collateralized
Cash Collateral	\$10,154	\$10,662	105.01%
Non-Cash Collateral	<u>26,122</u>	<u>27,210</u>	104.17%
Total	<u>\$36,276</u>	<u>\$37,872</u>	104.40%

FY 2021 Securities Lent for:	Fair Value of Loaned Securities	Collateral Fair Value	Percent Collateralized
Cash Collateral	\$10,242	\$10,667	104.15%
Non-Cash Collateral	<u>50,395</u>	<u>52,033</u>	103.25%
Total	<u>\$60,637</u>	<u>\$62,700</u>	103.40%

Fair Value Measurement - Investments measured and reported at fair value are classified according to the following hierarchy:

Level 1 – Investments reflect quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Investments reflect prices (other than quoted prices) that are observable for the asset or liability, whether directly or indirectly, which may include inputs in markets that are not considered to be active.

Level 3 – Investments reflect prices based upon unobservable sources, when there is little, if any market activity.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Debt, equities, and investment derivatives classified in Level 1 of the fair value hierarchy are valued based on prices quoted in active markets for those securities, such as the New York Stock Exchange or the Nasdaq stock market. Investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique, which is based on the securities' relationship to benchmark quoted prices. Derivative instruments classified in Level 2 of the fair value hierarchy are valued using a market approach that considers benchmark interest rates and foreign exchange rates. Securities classified in Level 3 of the fair value hierarchy, are valued using unobservable inputs for the asset or liability.

FINANCIAL SECTION

Notes to Financial Statements, continued

Investment Valuation - June 30, 2022

(Expressed in thousands)

The following table presents the System's recurring fair value measurements as of June 30, 2022.

INVESTMENT VALUATION - THE SYSTEM

	Fair Value	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
<u>Investments by Fair Value Level</u>				
<u>Debt Securities:</u>				
U.S. Government Obligations	\$ 76,469	\$ 73,705	\$ 2,764	\$ -
U.S. Securities and Agencies	16,705	-	16,705	-
Municipal debt	23	-	23	-
Corporate debt	161,014	-	156,677	4,337
Foreign debt	12,159	-	3,536	8,623
Total Debt Securities	266,370	73,705	179,705	12,960
<u>Equity Securities:</u>				
Domestic	325,452	325,452	-	-
International	30,966	30,966	-	-
Total Equity Securities:	356,418	356,418	-	-
Securities Lending Cash Collateral	10,662	10,662	-	-
<u>Investments Derivative Instruments:</u>				
Futures	\$ (344)	\$ (344)	\$ -	\$ -
Options	(174)	(169)	(5)	-
Swaps	724	-	724	-
TBAs	8,904	-	8,904	-
Total Investments Derivative Instruments	\$ 9,110	\$ (513)	\$ 9,623	\$ -
Total Investments by Fair Value Level	\$ 642,560	\$ 440,272	\$ 189,328	\$ 12,960
<u>Investments Measured at the Net Asset Value (NAV):</u>				
Commingled Fixed Income Funds	\$ 427,776			
Commingled Domestic Equity	556,552			
Commingled International Equity	372,796			
Commingled Emerging Market Equity	158,487			
Real Estate Funds	201,120			
Private Equity Funds	333,415			
Global Asset Allocation	132,801			
Total Investments Measured at the NAV	\$ 2,182,947			
Total Investments and Collateral for Loaned Securities	\$ 2,825,507			

FINANCIAL SECTION

Notes to Financial Statements, continued

Investment Valuation - June 30, 2021 (expressed in thousands)

The following table presents the System's recurring fair value measurements as of June 30, 2021.

INVESTMENT VALUATION - THE SYSTEM

	Fair Value Measurement Using			
	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	
Investments by Fair Value Level	Fair Value			
Debt Securities:				
U.S. Government Obligations	\$ 76,968	\$ 73,525	\$ 3,443	\$ -
U.S. Securities and Agencies	32,253	-	32,253	-
Municipal debt	30	-	30	-
Corporate debt	132,863	-	128,032	4,831
Foreign debt	31,031	-	21,605	9,426
Total Debt Securities	273,145	73,525	185,363	14,257
Equity Securities:				
Domestic	380,839	380,839	-	-
International	138,561	138,561	-	-
Total Equity Securities:	519,400	519,400	-	-
Securities Lending Cash Collateral	10,667	10,667	-	-
Investments Derivative Instruments:				
Futures	\$ 151	\$ 151	\$ -	\$ -
Options	(16)	(16)	-	-
Swaps	723	-	723	-
TBAs	1,219	-	1,219	-
Total Investments Derivative Instruments	\$ 2,077	\$ 135	\$ 1,942	\$ -
Total Investments by Fair Value Level	\$ 805,289	\$ 603,727	\$ 187,305	\$ 14,257
Investments Measured at the Net Asset Value (NAV):				
Commingled Fixed Income Funds	\$ 617,082			
Commingled Domestic Equity	667,144			
Commingled International Equity	344,827			
Commingled Emerging Market Equity	229,059			
Real Estate Funds	157,641			
Private Equity Funds	269,601			
Global Asset Allocation	154,319			
Total Investments Measured at the NAV	\$ 2,439,673			
Total Investments and Collateral for Loaned Securities	\$ 3,244,962			

FINANCIAL SECTION

Notes to Financial Statements, continued

Investments in Entities That Calculate Net Asset Value Per Share

The fair values of investments in certain equity, fixed income, and marketable alternatives funds are based on the investments' net asset value (NAV) per share (or its equivalent) of the System's ownership interest in the partners' capital provided by the investee. The fair values of investments in certain private equity funds have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments.

The following table presents the System's unfunded commitments, redemption terms and investments measured at the NAV as of June 30, 2022.

Investments Measured at the NAV (expressed in thousands)	Fair Value	Strategy Type	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pimco Diversified Income	\$ 241,433	Global, High Yield , Emg. Mkt.	-	Daily	1 day
Blackrock USTIPs Fund	92,490	US Tips and Index Fund	-	Daily	2 days
Guggenheim Investments	56,392	Bank Loans	-	Monthly	21 days
Pacific Asset Management	37,461	Bank Loans	-	Monthly	30 days
(a) Commingled Fixed Income Funds	<u>427,776</u>				
Benchmark	30,455	Portable Alpha	-	Annually	90 days
Blackrock US Equity	466,727	Wilshire 5000 Index	-	Daily	3 days
Blackrock Russell 1000 Value	59,370	Russell 1000 Value Index	-	Daily	3 days
(b) Commingled Domestic Equity	<u>556,552</u>				
Arrowstreet Capital	86,912	International Equity	-	Daily	1 day
Blackrock ACWI Ex-US	131,804	All Country World Ex US Index	-	Daily	5 days
Metis International Small Cap	27,477	International Equity - Small Cap	-	Monthly	30 Days
Silchester International Investors	94,740	MSCI World Ex USA Small Cap	-	Daily	5 days
Strategic Global Advisors	31,863	MSCI World Ex USA Small Cap	-	Daily	5 days
(c) Commingled International Equity	<u>372,796</u>				
Mondrian Emerging Markets	99,705	Emerging Market Equity	-	Monthly	15 days
Invesco Emerging Mkts Innovators	58,782	Emerging Mky Equity - Small Cap	-	Daily	5 days
(b) Commingled Emerging Market Equity	<u>158,487</u>				
JP Morgan	71,747	Value Added Real Estate	-	Monthly	15 days
Clarion Lion	72,570	Core Real Estate	-	Quarterly	90 days
UBS Real Estate	56,803	Core Real Estate	-	Quarterly	60 days
(d) Real Estate Funds	<u>201,120</u>				
(f) Private Equity Funds	<u>333,415</u>	Private Equity	\$175,313	N/A	N/A
Bridgewater All Weather	132,801	Risk Parity	-	Monthly	5 days
(g) Global Asset Allocation	<u>132,801</u>				
Total Investments Measured at NAV	<u>\$2,182,947</u>				

FINANCIAL SECTION

Notes to Financial Statements, continued

The following table presents the System's unfunded commitments, redemption terms and investments measured at the NAV as of June 30, 2021.

Investments Measured at the NAV (expressed in thousands)	Fair Value	Strategy Type	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pimco Diversified Income	\$ 289,910	Global, High Yield , Emg. Mkt.	-	Daily	1 day
Schroder EM Bonds	134,017	Emerging Market Multi-Sector	-	Monthly	5 days
Blackrock US TIPS Fund	97,258	US TIPS Index Fund	-	Daily	2 days
Guggenheim Investments	57,554	Bank Loans	-	Monthly	21 days
Pacific Asset Management	38,343	Bank Loans	-	Monthly	30 days
(a) Commingled Fixed Income Funds	<u>617,082</u>				
Benchmark	38,435	Portable Alpha	-	Annually	90 days
Blackrock US Equity	628,709	Wilshire 5000 Index	-	Daily	3 days
(b) Commingled Domestic Equity	<u>667,144</u>				
Blackrock ACWI Ex-US	162,667	All Country World Ex US Index	-	Daily	5 days
Strategic Global Advisors	41,853	MSCI World Ex USA Small Cap	-	Daily	5 days
Silchester International Inv.	107,280	International Equity	-	Monthly	5 days
Metis International Small Cap	33,027	International Equity - Small Cap	-	Monthly	30 Days
(c) Commingled International Equity	<u>344,827</u>				
Mondrian Emerging Markets	129,733	Emerging Market Equity	-	Monthly	15 days
Invesco Emerging Mkts Innovators	99,326	Emerging Mky Equity - Small Cap	-	Daily	5 days
(d) Commingled Emerging Market Equity	<u>229,059</u>				
JP Morgan	56,375	Value Added Real Estate	-	Monthly	15 days
Clarion Lion	55,535	Core Real Estate	-	Quarterly	90 days
UBS Real Estate	45,731	Core Real Estate	-	Quarterly	60 days
(e) Real Estate Funds	<u>157,641</u>				
(f) Private Equity Funds	269,601	Private Equity	\$139,712	N/A	N/A
(g) Bridgewater All Weather-GAA	154,319	Risk Parity	-	Monthly	5 days
Total Investments Measured at NAV	<u><u>\$2,439,673</u></u>				

Notes to Financial Statements, continued

Investments measured at the NAV above are comprised of the following:

- (a) **Commingled Fixed Income Funds** – These include investments in four funds in FY2022 and five funds in FY2021, utilizing a variety of strategies which include High Yield Debt; US TIPs; Emerging Market Multi Sector Debt, and Bank Loans. The redemption notice period for one of the funds is one day, and for the other four funds are two, five, twenty one and thirty days. Two of the funds may be redeemed daily, and the other three funds may be redeemed monthly. The fair value of the investments in this type has been determined using the NAV per share (or its equivalent) of the investments.
- (b) **Commingled Domestic Equity Funds** – These include investments in three funds in FY2022 and two funds in FY2021, with investments in U.S. common stocks. The strategy type employed are Portable Alpha, the Wilshire 5000 index, and the Russell 1000 Value index. The fund utilizing the Portable Alpha strategy may only be redeemed annually with a redemption notice period of ninety days. The fund utilizing the Wilshire 5000 index, and the Russell 1000 Value index strategies may be redeemed daily with a redemption notice period of three days. The fair value of the investments in this type has been determined using the NAV per share (or its equivalent) of the investments.
- (c) **Commingled International Equity Funds** – These include investments in five funds in FY2022 and four funds in FY2021. One of the funds utilizes the International Equity Index, with a daily redemption frequency and a redemption notice period of five days. Two funds utilize the International Equity Small Cap index strategy with a daily redemption frequency and a redemption notice period of five days, and a monthly redemption frequency and a redemption notice period of 30 days, respectively. The other two funds utilize an International Equity strategy, with a daily redemption frequency and a redemption notice period of one day; and with a monthly redemption frequency and a redemption notice period of five days. The fair value of the investments in this type has been determined using the NAV per share (or its equivalent) of the investments.
- (d) **Emerging Market Equity** – These include investments in two funds in FY2022 and FY2021. One fund utilizes an Emerging Market Equity strategy with a monthly redemption frequency and a redemption notice period of fifteen days. The other fund utilizes an Emerging Market Equity- Small Cap strategy with a daily redemption frequency and a redemption notice period of five days. The fair value of the investments in this type has been determined using the NAV per share (or its equivalent) of the investments.
- (e) **Real Estate Funds** – This includes investments in three funds in U.S. commercial real estate. The strategy type for two of these funds is Core Real Estate and the third fund employs a Value Added Real Estate strategy. The fair value of the investments in this type has been determined using the NAV per share (or its equivalent) of the investments.
- (f) **Private Equity Funds** – These investments are not publicly traded on a stock exchange. The investment consists of fifty six private equity funds in FY2022 and forty five private equity funds in FY2021. The outstanding commitments were \$175,313,000 and \$139,712,000 in FY 2022 and FY 2021, respectively. These investments cannot be redeemed with the funds. Instead, the nature of the investments in this type is that distributions are received through the liquidation of the underlying assets of the fund. If these investments were held, it is expected that the underlying assets of the fund would be generally liquidated over ten years. The fair values of the investments in these private equity funds have been determined using the NAV per share (or equivalent) of the primary government's ownership interest in partners' capital.

FINANCIAL SECTION

Notes to Financial Statements, continued

- (g) Global Asset Allocation – This investment type includes one fund in FY2022 and FY2021. The fund utilizes the Risk Parity strategy. The strategy is employed to balance risk by investing in a variety of asset classes through active management. Funds may be invested in global equities, bonds and commodities. The fund allows only monthly redemptions with a redemption notice period of five days. The fair value of the investments in this type has been determined using the NAV per share (or its equivalent) of the investments.

5. Risk Management

The County bears any risk of loss related to the System (e.g. torts, theft of, damage to, or destruction of assets; errors or omissions, job-related illnesses, or injuries to employees; and natural disasters). The County manages its risks internally and sets aside assets for claims settlement in an internal service fund.

6. Deferred Retirement Option Program (DROP)

Effective July 1, 2007, General employees hired prior to July 1, 2007, are offered a Forward DROP. The DROP allows eligible general employees to elect to receive a lump sum payment at retirement in exchange for a reduced monthly benefit. The DROP period is a minimum of 5 years and a maximum of 10 years. Eligibility is age 55 plus a total of age and service of at least 85. The DROP account will include benefit payments at the maximum option, employee contributions, an interest credit of 5%, plus any cost of living increase granted to retirees, provided the member has been in the DROP for at least 12 months. As of June 30, 2022 and 2021, the balance of the System's DROP allowance for General employees' was \$44.1 and \$45.4 million, respectively, and DROP payables were \$7.1 and \$5.8 million, respectively. These DROP payables are included with "Payables – Other" in the Statement of Fiduciary Net Position.

7. Net pension Liability of the System

The components of the net pension liability as of June 30, 2022, were (in thousands):

Components of Net Pension Liability	Plan A	Plan B	Total
Total pension liability	\$4,788,717	\$309,390	\$5,098,107
The Plan's fiduciary net position	<u>(2,620,138)</u>	<u>(215,538)</u>	<u>(2,835,676)</u>
The Plan's net pension liability	<u>\$2,168,579</u>	<u>\$ 93,852</u>	<u>\$2,262,431</u>
The Plan's net position as a percentage of the total pension liability	54.71%	69.67%	55.62%

The components of the net pension liability as of June 30, 2021, were (in thousands):

Components of Net Pension Liability	Plan A	Plan B	Total
Total pension liability	\$4,714,692	\$258,365	\$4,973,057
The Plan's fiduciary net position	<u>(3,069,066)</u>	<u>(218,452)</u>	<u>(3,287,518)</u>
The Plan's net pension liability	<u>\$1,645,626</u>	<u>\$ 39,913</u>	<u>\$1,685,539</u>
The Plan's net position as a percentage of the total pension liability	65.10%	78.11%	66.11%

FINANCIAL SECTION

Notes to Financial Statements, continued

Actuarial Assumptions

The total pension liability as of June 30, 2022, was determined by an actuarial valuation as of July 1, 2021 rolled forward to June 30, 2022; and the total pension liability as of June 30, 2021, was determined by an actuarial valuation as of July 1, 2020 rolled forward to June 30, 2021 using the actuarial assumptions set forth below. These assumptions were applied to all periods included in the measurement. For GASB No. 67 purposes, the Post Retirement Increase Fund (PRIF) assets equal to \$91,945,512 for FY 2022 and \$1,795,440 for FY 2021, respectively, were excluded from retiree and beneficiary liabilities but included in the Plan's fiduciary net position. (Detailed actuarial assumptions are set forth in the Actuarial Section of this report).

The last experience study dated August 27, 2018, covered the period July 1, 2011 through June 30, 2016. The experience investigation was prepared in accordance with Article 5-1-245 of the Baltimore County Code, which requires that the actuary periodically undertake an experience investigation into the mortality, service, and compensation experience of the members and retirees of the System.

Investment Rate of Return: For FY 2022 and FY 2021, the expected rate of investment return was 6.375% for each year, net of investment expense and gain sharing, and including inflation.

Mortality for FY2022 & FY 2021: For healthy participants and beneficiaries: For males 108% of the RP-2000 Combined Healthy male table projected to 2032 by Scale AA and for females 100% of the RP-2000 Combined Healthy female table projected to 2032 by Scale AA. For disabled members, RP-2000 Disabled Annuitant Tables projected to 2032 with Scale AA.

Inflation for FY2022 & FY2021: 3.0% per annum

Salary Increase: Representative rates for FY2022 & FY2021 are as follows:

Age Band	Annual Rates of Salary Increase	
	General Employees, Correctional Officers and Deputy Sheriffs	Police Officers and Firefighters
Under 25	7.50%	10.00%
25 - 29	6.50	6.50
30 - 34	3.75	4.00
35 - 39	2.75	3.50
40 - 44	2.75	3.00
45 - 49	2.50	2.50
50 - 54	2.00	2.00
55 or Over	1.75	1.75

Salary increases are based on the 2018 experience study

FINANCIAL SECTION

Notes to Financial Statements, continued

Marital Status for FY2022 and FY2021: For Firefighters and Police Officers, 90% of active members are assumed to be married. For all other employees, 90% of active males and 50% of active females are assumed to be married. In all cases, it is assumed that the male spouse is 3 years older than the female spouse.

Credit for Unused Sick Leave for FY2022 and FY2021: For members entitled to receive credit for unused sick leave, it was assumed that each member will accumulate such credit as follows:

Supervisory, management and confidential (SMC) members, other than firefighters	¾ year
Firefighters including SMC members	1 year
Employees other than Police Officers and Firefighters, excluding SMC members	½ year
Police Officers	½ year

Long-term expected rate of return. 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 returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, and 2021 are summarized in the table below:

Schedule of Long-term Expected Real Rate of Return

Asset Class	FY 2022		FY 2021	
	Long-Term Expected Real Rate of Return	Target Asset Allocation	Long-Term Expected Real Rate of Return	Target Asset Allocation
Cash	0.23%	-%	-0.31%	-%
Large Cap Equities	4.17	24.00	4.00	21.00
Small/Mid Cap Equities	4.75	9.00	4.29	7.00
International Equities (Unhedged)	4.26	14.00	4.19	14.00
Emerging International Equities	6.76	5.00	6.20	7.00
US TIPS	0.89	3.00	-0.11	-
Core Bonds	1.32	5.00	0.43	5.00
Core Bonds – Short	1.07	4.00	0.63	5.00
Bank Loans	3.57	3.00	2.53	3.00
EMD (blended)	3.54	-	2.59	5.00
Diversified Fixed Income	3.04	7.00	2.08	9.00
Private Debt	5.87	5.00	-	-
Private Equity	7.46	9.00	7.68	9.00
Real Estate (Core)	2.52	7.00	3.31	5.00
Global Asset Allocation/Risk Parity	3.32	5.00	3.47	5.00
Risk Parity	3.32	5.00	2.53	5.00

*Inflation assumption of 2.66%

Discount rate. The discount rate used to measure the total pension liability was the funding valuation interest rate of 6.375% as of June 30, 2022 and 2021, respectively. The projection of cash flow used to determine the discount rate assumed that employer contributions will continue to follow the current funding policy.

FINANCIAL SECTION

Notes to Financial Statements, continued

Based on those assumptions, the System's fiduciary net position was projected to make all 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, in accordance with the method prescribed by GASB Statement No. 67/68. We believe this assumption is reasonable for the purposes of the measurements required by the Statement. In the event of benefit payments not covered by the System's fiduciary net position, a municipal bond rate of 4.09% and 2.18% for FY 2022 and FY 2021, respectively, would be used to discount the benefit payments not covered by the System's fiduciary net position. The 4.09% and 2.18% rate equals the S&P Municipal Bond 20-Year High Grade Rate index at June 30, 2022 and 2021, respectively.

Sensitivity of the net pension liability to changes in the discount rate for FY 2022. The following schedule presents the net pension liability, calculated using the discount rate of 6.375%, as well as what the System's net liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.375%) or 1 percentage point higher (7.375%) than the current rate (in thousands):

FY 2022 Net Pension Liability	1.00% Decrease (5.375%)	Current Discount Rate (6.375%)	1.00% Increase (7.375%)
Plan A - Net Pension Liability	\$2,703,853	\$2,168,579	\$1,719,625
Plan B - Net Pension Liability	159,644	93,852	43,151
Total	<u>\$2,863,497</u>	<u>\$2,262,431</u>	<u>\$1,762,776</u>

Sensitivity of the net pension liability to changes in the discount rate for FY 2021. The following schedule presents the net pension liability, calculated using the discount rate of 6.375%, as well as what the System's net liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.375%) or 1 percentage point higher (7.375%) than the current rate (in thousands):

FY 2021 Net Pension Liability	1.00% Decrease (5.375%)	Current Discount Rate (6.375%)	1.00% Increase (7.375%)
Plan A - Net Pension Liability	\$2,182,964	\$1,645,626	\$1,195,690
Plan B - Net Pension Liability	94,755	39,913	(2,188)
Total	<u>\$2,277,719</u>	<u>\$1,685,539</u>	<u>\$1,193,502</u>

FINANCIAL SECTION

Required Supplementary Information (Unaudited) Schedule of Changes in the Net Pension Liability and Related Ratios

THE SYSTEM*

(in Thousands)

	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Total pension liability									
Service cost	\$ 91,994	\$ 93,196	\$ 90,335	\$ 95,077	\$ 110,061	\$ 103,827	\$ 94,108	\$ 88,642	\$ 60,588
Interest	312,343	303,012	299,754	288,687	276,797	257,478	262,189	258,266	251,154
Changes of benefit terms	-	3,140	-	3,981	-	-	-	-	-
Differences between expected and actual experience	51,832	84,128	(22,769)	63,801	105,206	43,948	(52,809)	71,738	-
Changes of assumptions	-	-	-	21,120	-	173,216	106,774	21,165	-
Benefit payments, incl. refunds of member contributions	(331,118)	(340,673)	(297,525)	(291,103)	(285,630)	(277,787)	(253,159)	(247,854)	(228,834)
Net change in total pension liability	125,051	142,803	69,796	181,563	206,434	300,682	157,103	191,957	82,908
Beginning total pension liability	4,973,057	4,830,254	4,760,458	4,578,895	4,372,461	4,071,779	3,914,676	3,722,719	3,639,811
Ending total pension liability: (a)	\$ 5,098,108	\$ 4,973,057	\$ 4,830,254	\$ 4,760,458	\$ 4,578,895	\$ 4,372,461	\$ 4,071,779	\$ 3,914,676	\$ 3,722,719
Plan fiduciary net position									
Employer contributions	\$ 160,572	\$ 151,903	\$ 144,605	\$ 138,200	\$ 128,896	\$ 118,155	\$ 105,742	\$ 108,191	\$ 80,453
Employee contributions	52,007	52,312	51,193	48,198	45,697	43,244	40,812	39,725	37,845
Net investment income	(331,911)	727,282	7,376	112,089	212,476	330,746	(26,404)	23,026	327,264
Benefit payments, incl. refunds of member contributions	(331,118)	(340,672)	(297,525)	(291,103)	(285,630)	(277,787)	(253,159)	(247,854)	(228,834)
Administrative expense	(1,392)	(1,481)	(1,382)	(1,125)	(1,272)	(2,393)	(1,647)	(1,681)	(1,342)
Other	-	-	-	-	-	150,000	-	-	-
Net change in plan fiduciary net position	(451,842)	589,344	(95,733)	6,259	100,167	361,965	(134,656)	(78,593)	215,386
Beginning plan fiduciary net position	3,287,518	2,698,174	2,793,908	2,787,649	2,687,482	2,325,517	2,460,173	2,538,766	2,323,380
Ending plan fiduciary net position: (b)	2,835,676	3,287,518	2,698,174	2,793,908	2,787,649	2,687,482	2,325,517	2,460,173	2,538,766
Plan's net pension liability-ending (a) - (b)	\$ 2,262,432	\$ 1,685,539	\$ 2,132,080	\$ 1,966,550	\$ 1,791,246	\$ 1,684,979	\$ 1,746,262	\$ 1,454,503	\$ 1,183,953
Plan fiduciary net position as a									
percentage of the total pension liability	55.62%	66.11%	55.86%	58.69%	60.88%	61.46%	57.11%	62.84%	68.20%
Covered payroll	\$ 630,111	\$ 620,691	\$ 609,702	\$ 588,645	\$ 572,829	\$ 569,281	\$ 540,702	\$ 519,380	\$ 509,899
System's net pension liability as a									
percentage of covered payroll	359.05%	271.56%	349.69%	334.08%	312.70%	295.98%	322.96%	280.05%	232.19%
Expected average remaining service years									
of all participants	6	6	6	6	6	6	6	6	6

*Ten-year historical trend information is not available but will be compiled going forward.

Notes to the Schedule: Benefit changes: Correctional officers and Deputy Sheriffs were granted an increased accrual for service after 25 years.

See that report and the latest funding valuation for the full set of assumptions.

Totals may not add due to rounding.

FINANCIAL SECTION

Required Supplementary Information (Unaudited) Schedule of Changes in the Net Pension Liability and Related Ratios

PLAN A*

(in Thousands)

	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Total pension liability									
Service cost	\$ 58,363	\$ 62,293	\$ 64,213	\$ 70,490	\$ 81,996	\$ 80,892	\$ 76,121	\$ 74,949	\$ 51,438
Interest	294,037	288,149	287,573	277,756	267,900	250,988	257,134	253,796	247,768
Changes of benefit terms	-	2,778	-	3,981	-	-	-	-	-
Differences between expected and actual experience	43,021	71,903	(27,018)	66,329	102,264	43,910	(51,504)	80,967	-
Changes of assumptions	-	-	-	30,176	-	166,954	103,817	21,165	-
Benefit payments, including refunds of member contributions	(321,396)	(336,234)	(291,407)	(285,502)	(282,243)	(274,978)	(250,515)	(246,074)	(227,438)
Net change in total pension liability	74,025	88,889	33,362	163,230	169,917	267,766	135,053	184,803	71,768
Beginning total pension liability	4,714,692	4,625,803	4,592,441	4,429,211	4,259,294	3,991,528	3,856,475	3,671,672	3,599,904
Ending total pension liability: (a)	\$4,788,717	\$4,714,692	\$ 4,625,803	\$ 4,592,441	\$4,429,211	\$ 4,259,294	\$ 3,991,528	\$ 3,856,475	\$ 3,671,672
Plan fiduciary net position									
Employer contributions	\$ 154,751	\$ 147,818	\$ 140,583	\$ 131,510	\$ 123,028	\$ 115,276	\$ 104,306	\$ 106,912	\$ 80,127
Employee contributions	25,988	27,914	29,377	28,564	28,504	28,445	28,491	29,463	29,860
Net investment income	(306,985)	684,297	6,742	106,590	206,107	321,774	(25,912)	22,648	323,620
Benefit payments, including refunds of member contributions	(321,396)	(336,234)	(291,407)	(285,502)	(282,243)	(274,978)	(250,515)	(246,074)	(227,438)
Administrative expense	(1,285)	(1,382)	(1,313)	(1,071)	(1,223)	(2,350)	(1,608)	(1,651)	(1,326)
Other	-	-	-	-	-	150,000	-	-	-
Net change in plan fiduciary net position	(448,927)	522,413	(116,018)	(19,909)	74,173	338,167	(145,238)	(88,702)	204,843
Beginning plan fiduciary net position	3,069,066	2,546,653	2,662,671	2,682,580	2,608,407	2,270,240	2,415,478	2,504,180	2,299,337
Ending plan fiduciary net position: (b)	2,620,139	3,069,066	2,546,653	2,662,671	2,682,580	2,608,407	2,270,240	2,415,478	2,504,180
Plan's net pension liability - ending (a) - (b)	\$2,168,578	\$1,645,626	\$ 2,079,150	\$ 1,929,770	\$1,746,631	\$ 1,650,887	\$ 1,721,288	\$ 1,440,997	\$ 1,167,492
Plan fiduciary net position as a percentage									
of the total pension liability	54.71%	65.10%	55.05%	57.98%	60.57%	61.24%	56.88%	62.63%	68.20%
Covered payroll	\$ 306,805	\$ 323,333	\$ 337,565	\$ 343,268	\$ 356,014	\$ 380,007	\$ 382,891	\$ 390,353	\$ 403,401
System's net pension liability as a percentage									
of covered payroll	706.83%	508.96%	615.93%	562.18%	490.61%	434.44%	449.55%	369.15%	289.41%
Expected average remaining service years									
of all participants	2	3	3	3	3	4	4	4	4

*Ten-year historical trend information is not available but will be compiled going forward.

Notes to the Schedule: Benefit changes: Correctional officers and Deputy Sheriffs were granted an increased accrual for service after 25 years.

See that report and the latest funding valuation for the full set of assumptions.

Totals may not add due to rounding.

FINANCIAL SECTION

Required Supplementary Information (Unaudited) Schedule of Changes in the Net Pension Liability and Related Ratios

PLAN B*

(in Thousands)

	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Total pension liability									
Service cost	\$ 33,631	\$ 30,903	\$ 26,122	\$ 24,587	\$ 28,065	\$ 22,935	\$ 17,987	\$ 13,693	\$ 9,150
Interest	18,305	14,863	12,181	10,931	8,897	6,490	5,055	4,470	3,386
Changes of benefit terms	-	362	-	-	-	-	-	-	-
Differences between expected and actual experience	8,811	12,225	4,249	(2,528)	2,942	38	(1,305)	(9,229)	-
Changes of assumptions	-	-	-	(9,056)	-	6,262	2,957	-	-
Benefit payments, including refunds of member contributions	(9,722)	(4,439)	(6,118)	(5,601)	(3,387)	(2,809)	(2,644)	(1,780)	(1,396)
Net change in total pension liability	51,025	53,914	36,434	18,333	36,517	32,916	22,050	7,154	11,140
Beginning total pension liability	258,365	204,451	168,017	149,684	113,167	80,251	58,201	51,047	39,907
Ending total pension liability: (a)	\$309,390	\$258,365	\$204,451	\$168,017	\$149,684	\$113,167	\$ 80,251	\$ 58,201	\$ 51,047
Plan fiduciary net position									
Employer contributions	\$ 5,821	\$ 4,085	\$ 4,022	\$ 6,690	\$ 5,868	\$ 2,879	\$ 1,436	\$ 1,279	\$ 326
Employee contributions	26,020	24,398	21,816	19,634	17,193	14,799	12,321	10,262	7,985
Net investment income	(24,926)	42,985	634	5,499	6,369	8,972	(492)	379	3,644
Benefit payments, including refunds of member contributions	(9,722)	(4,439)	(6,118)	(5,601)	(3,387)	(2,809)	(2,644)	(1,780)	(1,396)
Administrative expense	(107)	(98)	(69)	(54)	(49)	(43)	(39)	(31)	(16)
Other	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	(2,914)	66,931	20,285	26,168	25,994	23,798	10,582	10,109	10,543
Beginning plan fiduciary net position	218,452	151,521	131,237	105,069	79,075	55,277	44,695	34,586	24,043
Ending plan fiduciary net position: (b)	215,538	218,452	151,521	131,237	105,069	79,075	55,277	44,695	34,586
Plan's net pension liability - ending (a) - (b)	\$ 93,852	\$ 39,913	\$ 52,930	\$ 36,780	\$ 44,615	\$ 34,092	\$ 24,974	\$ 13,506	\$ 16,461
Plan fiduciary net position as a percentage									
of the total pension liability	69.67%	84.55%	74.11%	78.11%	70.19%	69.87%	68.88%	76.79%	67.75%
Covered payroll	\$323,306	\$297,358	\$272,137	\$245,377	\$216,815	\$189,274	\$157,811	\$129,027	\$106,498
System's net pension liability as a percentage									
of covered payroll	29.03%	13.42%	19.45%	14.99%	20.58%	18.01%	15.83%	10.47%	15.46%
Expected average remaining service years									
of all participants	12	12	12	12	12	12	13	13	13

*Ten-year historical trend information is not available but will be compiled going forward.

Notes to the Schedule: Benefit changes: Correctional officers and Deputy Sheriffs were granted an increased accrual for service after 25 years.

See that report and the latest funding valuation for the full set of assumptions.

Totals may not add due to rounding.

FINANCIAL SECTION

Required Supplementary Information, continued (Unaudited) Schedule of Investment Returns

Schedule of Investment Returns	Fiscal Year*	Rate
Annual money-weighted rate of return, net of investment expenses	2022	-10.20%
Annual money-weighted rate of return, net of investment expenses	2021	26.96
Annual money-weighted rate of return, net of investment expenses	2020	0.27
Annual money-weighted rate of return, net of investment expenses	2019	3.60
Annual money-weighted rate of return, net of investment expenses	2018	8.10
Annual money-weighted rate of return, net of investment expenses	2017	13.58
Annual money-weighted rate of return, net of investment expenses	2016	-1.14
Annual money-weighted rate of return, net of investment expenses	2015	0.78
Annual money-weighted rate of return, net of investment expenses	2014	14.01

*Ten year information is not available at this time, but will be compiled going forward.

Schedule of Employer Contributions Last 10 Fiscal Years (in thousands)

THE SYSTEM	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
Actuarially Determined Employer Contribution	\$160,572	\$151,903	\$144,605	\$138,200	\$128,896	\$118,155	\$110,561	\$103,372	\$80,453	\$73,362
Contributions in relation to the Actuarially Determined Employer Contribution	<u>160,572</u>	<u>151,903</u>	<u>144,605</u>	<u>138,200</u>	<u>128,896</u>	<u>118,155</u>	<u>105,742</u>	<u>108,191</u>	<u>80,453</u>	<u>73,362</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,819</u>	<u>\$ (4,819)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$630,111	\$620,691	\$609,702	\$588,645	\$572,829	\$569,281	\$540,702	\$519,380	\$509,899	\$532,406
Contributions as a percentage of Covered Payroll	25.48%	24.47%	23.72%	23.48%	22.50%	20.75%	19.56%	19.90%	15.78%	13.78%

FINANCIAL SECTION

Required Supplementary Information, continued
(Unaudited)
Schedule of Employer Contributions – Plan A
Last 10 Fiscal Years
(in thousands)

PLAN A*	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Actuarially Determined Employer Contribution	\$154,751	\$147,818	\$140,583	\$131,510	\$123,028	\$115,276	\$109,125	\$102,093	\$80,127
Contributions in relation to the Actuarially Determined Employer Contribution	<u>154,751</u>	<u>147,818</u>	<u>140,583</u>	<u>131,510</u>	<u>123,028</u>	<u>115,276</u>	<u>104,306</u>	<u>106,912</u>	<u>80,127</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,819</u>	<u>\$ (4,819)</u>	<u>\$ -</u>
Covered Payroll	\$306,805	\$323,333	\$337,565	\$343,268	\$356,014	\$380,007	\$382,891	\$390,353	\$403,401
Contributions as a percentage of Covered Payroll	50.44%	45.72%	41.65%	38.31%	34.56%	30.34%	27.24%	26.15%	19.86%

Schedule of Employer Contributions – Plan B
Last 10 Fiscal Years
(in thousands)

PLAN B*	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Actuarially Determined Employer Contribution	\$5,821	\$4,085	\$4,022	\$6,690	\$5,868	\$2,879	\$1,436	\$1,279	\$326
Contributions in relation to the Actuarially Determined Employer Contribution	<u>5,821</u>	<u>4,085</u>	<u>4,022</u>	<u>6,690</u>	<u>5,868</u>	<u>2,879</u>	<u>1,436</u>	<u>1,279</u>	<u>326</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$323,306	\$297,358	\$272,137	\$245,377	\$216,815	\$189,274	\$157,811	\$129,027	\$106,498
Contributions as a percentage of Covered Payroll	1.80%	1.37%	1.48%	2.73%	2.71%	1.52%	0.91%	0.99%	0.31%

*Ten-year historical trend information is not available but will be compiled going forward.

FINANCIAL SECTION

Notes to the Required Supplementary Information (Unaudited)

The actuarial method and assumptions used in the calculations of the actuarially determined employer contributions (ADEC) are calculated as of January 1, six months prior to the end of the fiscal year in which contributions are reported (i.e., the contribution determined by the valuation completed as of January 1, 2021 was contributed in the fiscal year ending June 30, 2022). Additional information as of the latest actuarial valuation follows:

Valuation Date:	July 1, 2021
Actuarial cost Method:	Projected Unit Credit (Entry Age Normal used for GASB 68*)
Normal Cost Allocation:	Service
Amortization Method:	Level percent closed
Remaining Amortization Period:	Fresh start as of July 1, 2015 over 30 years; Salary gains and losses amortized over 10 years; The special 2% COLA amortized over 16 years. The plan changes for Correctional Officers and Deputy Sheriffs amortized over 6 & 10 years.
Asset Valuation Method	10- year smoothed fair value without corridor
Actuarial Assumptions:	
-Investment Rate of Return ⁽¹⁾	6.375%
-Projected Salary Increases	Age-based rates
-Cost-of-Living Adjustments ⁽²⁾	None
-Healthy Mortality (Male)	108% of RP-2000 Healthy Annuitant Male Table projected to 2032 with Scale AA
-Healthy Mortality (Female)	RP-2000 Healthy Annuitant Female Table projected to 2032 with Scale AA
-Disabled Mortality	RP-2000 Disabled Annuitant Tables projected to 2032 with Scale AA

(1) Includes inflation at 3.0% and net of gain sharing.

(2) Increases equal to the CPI up to a maximum of 3% are granted to qualifying members only if only if sufficient reserves have accumulated in the Post Retirement Increase Fund.

*The Actuarial Cost Method used for the GASB 68 reporting is Entry Age Normal.

Actuarial valuations are performed every year.

FINANCIAL SECTION

Supplementary Supporting Schedules

Schedule of Investment Expenses

For the Years Ended June 30, 2022 and 2021

(in Thousands)

	<u>FY 2022</u>	<u>FY 2021</u>
Investment managers:		
Domestic equity managers	\$ 3,375	\$ 3,898
International equity managers	1,550	2,042
Emerging Market equity managers	1,256	1,694
Fixed income managers	2,997	1,885
Private equity managers	12,548	11,585
Real estate managers	1,901	1,624
Global asset allocation managers	813	1,544
Total manager fees	<u>24,440</u>	<u>24,272</u>
Investment service fees:		
Custodian fees	309	303
Consultant fees	<u>316</u>	<u>301</u>
Total service fees	<u>625</u>	<u>604</u>
Total investment fees and expenses	<u>\$ 25,065</u>	<u>\$ 24,876</u>

Schedule of Administrative Expenses

For the Years Ended June 30, 2022 and 2021

(in Thousands)

	<u>FY 2022</u>	<u>FY 2021</u>
Personal services:		
Salaries	\$ 655	\$ 630
Employee fringe benefits	<u>285</u>	<u>262</u>
Total personal services	940	892
Professional and contractual services:		
Contractual Services	-	3
Actuarial	174	239
Legal and financial	25	74
Data processing	113	183
Medical	<u>58</u>	<u>26</u>
Total Professional and Contractual services	370	525
Miscellaneous services:		
Communication	57	54
Equipment and supplies	<u>26</u>	<u>10</u>
Total miscellaneous services:	<u>83</u>	<u>64</u>
Total administrative expenses	<u>\$ 1,393</u>	<u>\$ 1,481</u>

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***INVESTMENT
SECTION***

INVESTMENT SECTION

INVESTMENT CONSULTANT'S REPORT

Introduction

This report, prepared for the Employees' Retirement System of Baltimore County (the "System") by NEPC, LLC, is based on accounting information supplied by the System's custodian, BNY Mellon. NEPC relies on this source for security pricing, calculation of accruals, and all transactions. NEPC reconciles the monthly rates of return provided by BNY Mellon with those calculated by each investment manager. NEPC exercises reasonable professional care in preparing the performance report and the performance calculations are reported to the greatest degree possible in compliance with the presentation standards of the Global Investment Performance Standards (GIPS) promulgated by the CFA Institute. The returns, calculated using a time-weighted rate of return methodology based upon fair values, are reported on both net of fees and gross of fees to provide comparisons with the appropriate benchmarks.

Distinction of Responsibilities

The Board of Trustees (the "Trustees") of the System is responsible for establishing the investment goals and objectives for the System's Retirement Fund (the "Fund") and sets the appropriate risk levels and asset allocation policy. The criteria used in developing the System's investment policy include: actuarial information, such as funded status, the actuarial return assumption and benefits obligations; risk and return expectations of the capital markets; the financial conditions of the County; and practices of similar types of funds. The investment policy has been developed after the Trustees have given careful consideration of the potential financial implication of a wide range of investment policies. The policy describes the degree of pension fund risk that the Trustees, as System fiduciaries, deem appropriate.

In carrying out their duties the Trustees follow acceptable standards of prudence. These standards include: 1) acting for the exclusive benefit of the Fund participants and beneficiaries; 2) exercising skill, care and diligence of a prudent person acting in a similar capacity; and 3) diversifying investments to minimize the risk of large losses.

The investment managers required to execute the policy will invest System assets in accordance with the established policy and with their judgments concerning relative investment values. In particular, the investment managers are accorded full discretion to select individual securities, make periodic strategic adjustments and diversify their portfolios.

Investment Policy/Structure

The System's investment policy was designed to provide broad diversification among asset classes in order to maximize return at an appropriate level of risk and minimize the risk of large losses to the System. In addition, asset allocation ranges have also been implemented to maintain compliance with the investment policy and ensure the System will achieve its long-term risk and return objectives.

The System's investment policy is shown below for the broad investment categories:

Investment Policy as of June 30, 2022

<i>Asset Class</i>	<i>Allocation Target</i>	<i>Allocation Range</i>
<i>U. S. Equities</i>	33%	27 – 39%
<i>International Equities</i>	19%	11 - 27%
<i>Private Equity</i>	9%	0 - 12%
<i>Private Debt</i>	5%	0 - 10%
<i>Fixed Income</i>	22%	10 - 34%
<i>Real Estate</i>	7%	4 - 10%
<i>Global Asset Allocation</i>	5%	2 - 8%
<i>Cash and Cash equivalents</i>	-%	0 - 5%
<i>Total</i>	<u>100%</u>	

INVESTMENT SECTION

INVESTMENT CONSULTANT'S REPORT, continued

Within each asset class, the Trustees have employed several investment managers to further diversify the investment approach and minimize style bias. The Trustees have employed both active and passive investment strategies in order to obtain the desired asset allocation mix in the most cost effective and efficient manner.

Investment Objective

The System's long-term investment objective is to achieve a total rate of return which exceeds the Policy Index, defined here as the asset allocation target for each asset class invested in its respective index. The Trustees recognize that there will be short-term deviations from these long-term investment objectives, and therefore, have developed performance expectations for the Fund and individual investment managers. The overall Fund is also compared to the Investment Metrics Public Funds Universe with more than \$1.0 trillion in assets, a large and representative universe of actual institutional performance results in the industry.

Market Overview

Following FY2021, when equity markets were bolstered by optimism surrounding the re-opening of economies from COVID-19 restrictions, capital markets in FY2022 declined sharply on concerns related to rising inflation and the associated response from the Federal Reserve toward monetary and quantitative tightening.

High inflation and dramatic increases in interest rates during FY2022 ratcheted up concerns of a recession. Major global equity indexes declined sharply in the second half of the fiscal year. US equity markets (as measured by the S&P 500 Index) ended the 12-months of FY2022 with a return of -10.6%. Within the U.S. stock market, small cap stocks (as measured by the Russell 2000 Index) underperformed large cap stocks, posting a one-year return of -23.4%. Developed international equity markets (as measured by the MSCI EAFE Index) ended FY2022 with a 12-month return of -17.8%. The MSCI Emerging Markets Index ended the fiscal year with a one-year return of -17.6%.

As headline inflation rose to a 40-year high of 9.1%, the U.S. Federal Reserve raised its benchmark interest rate from a range of -% - 0.25% at the end of FY2021 to a range of 1.5% - 1.75% by the end of FY2022, with an additional 0.75% rate hike in July 2022. In addition, the U.S. central bank began a quantitative tightening program in June, with the intention of reducing its \$9 trillion in balance sheet assets. In response, the 10-year U.S. Treasury yield rose 1.45% to 2.98% over the 12-months ending June 30, 2022, which was a headwind for the U.S. investment grade bond market. The Bloomberg U.S. Aggregate Index ended the fiscal year down -10.3%, with the Bloomberg U.S. Treasury Index down -8.9% for the trailing 12-month period ending June 30, 2022. The U.S. high yield bond market (as measured by the Bloomberg US High Yield Index) posted a return of -12.8% over the same period. In real assets, commodities continued their rebound off calendar year 2020 lows with the Bloomberg Commodities Index posting one-year gains of +24.3% and WTI crude oil prices rising 43.9% since June 30, 2021.

Investment Performance

For the fiscal year ended June 30, 2022, the System's investment portfolio returned -10.3% (net of fees), including dividends and interest income, unrealized gains and losses.

The System's domestic equity portfolio posted a -15.6% net of fee return over the fiscal year as compared to a -15.5% return of the broad U.S. equity market, as measured by the Wilshire 5000 Index (allocations to large cap underperformed while small cap outperformed). The System's non-US equity portfolio's net of fee return was -22.6%, compared to -19.4% for the international equity benchmark (MSCI ACWI ex- US). The System's domestic fixed income portfolio net of fee return was -9.7%, compared to -10.3% for the broader domestic fixed income benchmark, as measured by the Bloomberg Barclays U.S. Aggregate. The System's global asset allocation manager outperformed their respective benchmark during the fiscal year.

To gauge how the overall fund did relative to other public funds, the System's gross of fee return for the fiscal year was compared to the median public fund in the Investment Metrics Universe of Public Funds.

INVESTMENT SECTION

INVESTMENT CONSULTANT'S REPORT, continued

The System's gross of fee return of -9.9% ranked in the 47th percentile of the Universe for the fiscal year. The fair value of the System investments decreased from \$3.292 billion on June 30, 2021 to \$2.846 billion on June 30, 2022.

The net returns for various asset classes earned during the fiscal year ending June 30, 2022 are shown in the following table.

			Fiscal Year Rate of Return	
	Fair Value (in Millions)	Percent of Total	System	Benchmark
U S Equities	\$ 892.2	31.3%	-15.6%	-15.5%
International Equities	405.9	14.3	-18.5%	-17.8%
Emerging Market Equity	158.5	5.6	-31.2%	-25.3%
Private Equity	333.4	11.7	26.2%	27.3%
Real Estate	201.1	7.1	27.2%	21.5%
Fixed Income	701.2	24.6	-9.7%	-10.3%
GAA	132.8	4.7	-14.2%	-15.8%
Cash	21.3	0.7	0.2%	0.2%
Total Fund*	<u>\$2,846.4</u>	<u>100.0%</u>	-10.3%	-9.8%

*The Total Fund shown above in the amount of \$2,846.4 includes short-term investments of \$38.7 million accrued interest and dividends receivable of \$3.2 million, receivables for investment sold of \$14.4 million and payables for investment purchased of \$24.7 million. These items are separately reported from "Total Investments" in the Statement of Fiduciary Net Position.

Investment Strategies

During FY 2022, the Trustees conducted an annual asset allocation review. As a result of the review, the Board increased their target to U.S. equities from 31% to 33% (increased U.S. large cap value), decreased emerging market equities from 7% to 5%, decreased fixed income from 29% to 22%, added a 5% target to private debt, and increased real estate from 5% to 7%. One new manager was added to fund a passive mandate for U.S. large cap value, and several managers were also added to the private equity and private debt asset classes. One manager was terminated with the elimination of the target to emerging market debt. The Board implemented these changes to better meet the System's long-term risk and return objectives.

Keith Stronkowski, CFA

Senior Consultant

INVESTMENT SECTION

Outline of Investment Policies

Investment Policy. As provided in Article 5 Title 1 of the Baltimore County Code, the Board of Trustees of the Employees' Retirement System of Baltimore County (the "Board") is empowered to invest the System's assets and to take appropriate action regarding the investment, management and custodianship of plan assets. The investment responsibilities include establishing reasonable investment objectives, developing investment policy guidelines, selecting investment managers and evaluating performance results to assure adherence to guidelines and the achievement of objectives.

The Board has carefully exercised these responsibilities by diversifying the assets into common stocks (domestic and foreign), fixed income, real estate, and private equity. The investment policy targets are 33% in U.S. equities, 22% in fixed income investments, 19% in international equities, 5% in global asset allocation, 9% in private equity, 5% in private debt and 7% in real estate. The investment policy authorizes the allocation targets to be maintained within the allocation ranges specified in the Investment Consultant's report.

A pension investment consultant has been appointed to advise and consult with the Board and the System staff, prepare recommendations on investment policies, investment management structure and asset allocation, and to monitor and evaluate the performance of the investment managers and the asset custodian.

The Board authorizes the managers to vote all proxies related to stocks in which they invest pension assets. The Board expects the managers to cast votes solely in the best interest of plan beneficiaries. Managers are required to report annually to the Board on its proxy-voting policies and activities on the System's behalf.

Investment Results

The following schedule compares rates of return, gross of fees, for the System portfolio with a comparative index, market indices and the inflation rate.

The market indices shown below are the Wilshire 5000 Stock Index, Morgan Stanley Capital International All Country World Ex-U.S. Index, the Barclays Capital Universal Index, 60% MSCI World/40% WGBI Blended Index, the NCREIF Property Index, and the Cambridge Associates Private Equity Index. The Comparative Index is a blend of market indices and is reflective of the total System's portfolio policy for each time period.

As of April 2021, the Balanced Index has been comprised of 22% S&P 500; 9% Russell 2000 Index; 14% MSCI EAFE Index; 4% MSCI EM Index; 3% MSCI EM Small Cap Index; 9% Bloomberg Barclays Capital Aggregate Bond Index, 9% Diversified Fixed Income (1/3rd each to Bloomberg Barclays Capital Global Aggregate Bond Index ex-EM, JP Morgan EMBI Global Bond Index, Merrill Lynch Global High Yield BB-B Developed Markets), 3% Credit Suisse Leveraged Loan Index, 5% EMD blended (50% JP Morgan GBI-EM Diversified Index, 50% JPM EMBI Index), 5% to blended benchmark (60% MSCI World Index, 40% FTSE World Government Bond Index), 5% NCREIF Property Index, 9% Cambridge Associates Private Equity Index, and 3% Bloomberg US TIPS Index.

As of April 2022, the Balanced Index has been comprised of 24% S&P 500; 9% Russell 2000 Index; 14% MSCI EAFE Index; 3% MSCI EM Index; 2% MSCI EM Small Cap Index; 9% Bloomberg Barclays Capital Aggregate Bond Index, 3% Bloomberg US TIPS Index, 7% Diversified Fixed Income (1/3rd each to Bloomberg Barclays Capital Global Aggregate Bond Index ex-EM, JP Morgan EMBI Global Bond Index, Merrill Lynch Global High Yield BB-B Developed Markets), 8% Credit Suisse Leveraged Loan Index (Bank Loans & Private Debt), 5% to blended benchmark (60% MSCI World Index, 40% FTSE World Government Bond Index), 7% NCREIF Property Index, and 9% Private Equity Index.

INVESTMENT SECTION

Outline of Investment Policies, continued

The rate of return measure for the financial asset class managers is time-weighted. This investment measure eliminates the influence of contributions and withdrawals that are beyond the control of the investment managers. This investment measure is an effective means of appraising a fund manager's ability to make assets perform.

Investment Return Summary

(Percentage Change)

<u>Rate of Return</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>Annualized Rate Over 3 Years</u>	<u>Annualized Rate Over 5 Years</u>
U.S. Common Stock	18.1%	7.2%	4.5%	44.1%	(15.4)%	8.4%	10.0%
Wilshire 5000 Stock Index	14.9	8.8	6.5	44.8	(15.5)	9.2	10.3
International Common Stock	5.1	(0.8)	(6.5)	40.6	(22.2)	0.8	1.3
MSCI ACWIXUS	7.3	1.3	(4.8)	35.7	(19.4)	1.4	2.5
GAA	6.1	3.7	2.1	22.2	(13.8)	2.5	3.4
60% MSCI World / 40% WGBI	7.4	7.2	4.0	23.0	(15.8)	2.5	4.3
Domestic Fixed Income	2.3	7.1	3.7	5.8	(9.3)	(0.2)	1.7
Barclays Universal	(0.3)	8.1	7.9	1.1	(10.9)	(0.9)	0.9
Emerging Market Debt	(3.8)	7.7	(3.6)	8.3	N/A	N/A	N/A
JP Morgan GBI – EM Diversified/JP**	(2.3)	9.0	(2.8)	7.1	N/A	N/A	N/A
Morgan EMBI Global Diversified (50/50)*							
Real Estate	9.2	4.8	2.4	7.8	28.5	12.4	10.3
NCREIF Property Index	7.2	6.5	2.7	7.4	21.5	10.2	8.9
Private Equity	13.5	5.4	0.3	30.0	26.2	18.0	15.4
Cambridge Assoc. Private Equity Index	16.2	14.5	(4.2)	47.4	27.3	22.7	19.3
Total System Portfolio	8.2	4.4	0.7	27.5	(9.9)	5.0	5.6
<u>Comparative Index (Policy Index)</u>	8.3	6.8	1.3	28.0	(9.8)	5.4	6.2
<u>Inflation Rate (CPI)</u>	2.9	1.7	0.6	5.4	9.1	5.0	3.9

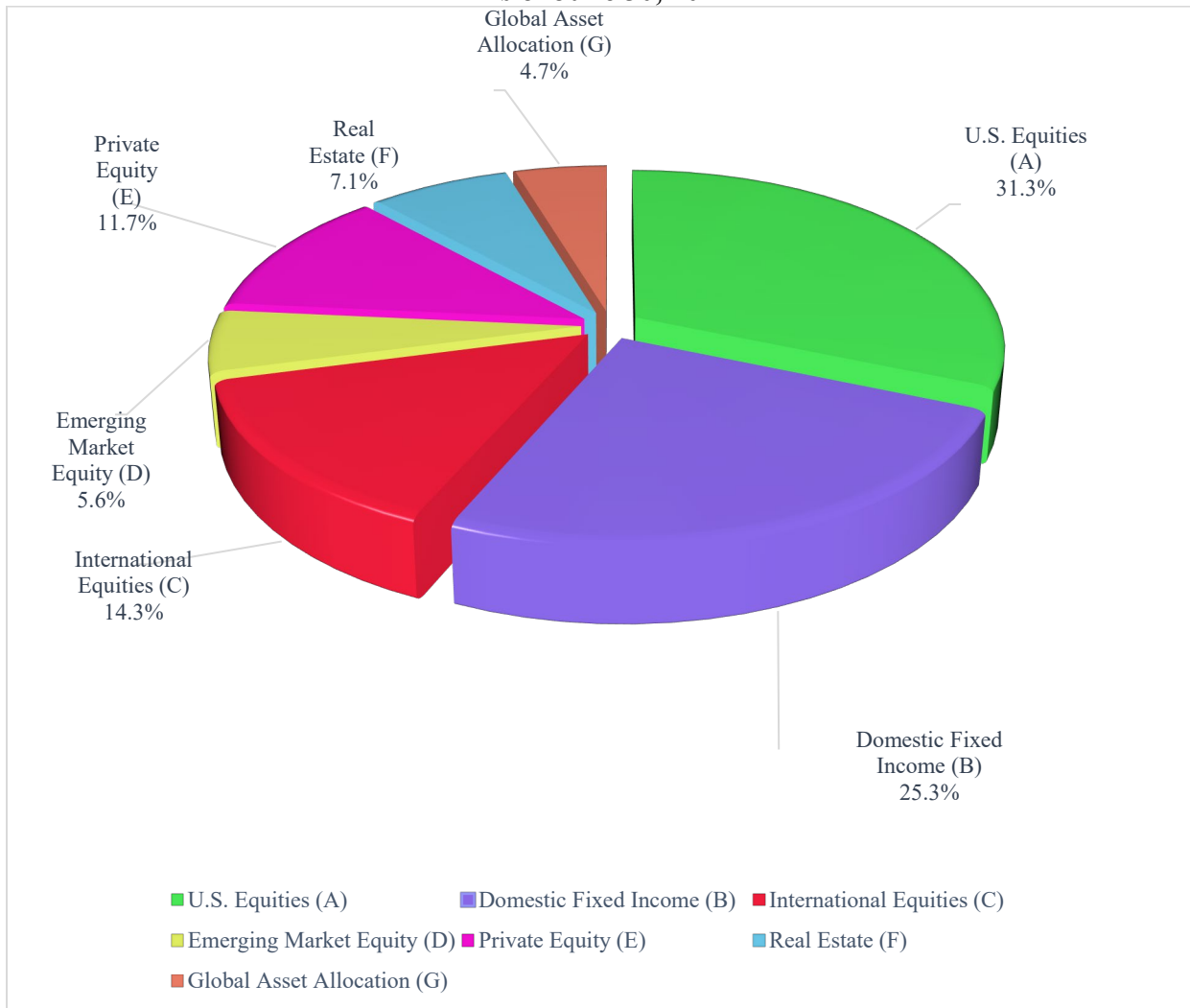
Note: Performance is gross of fees.

*Benchmark for Emerging Market Debt changed to 50/50 blend in 2021.

**100% JP Morgan GBI-EM Diversified prior to 2021.

INVESTMENT SECTION

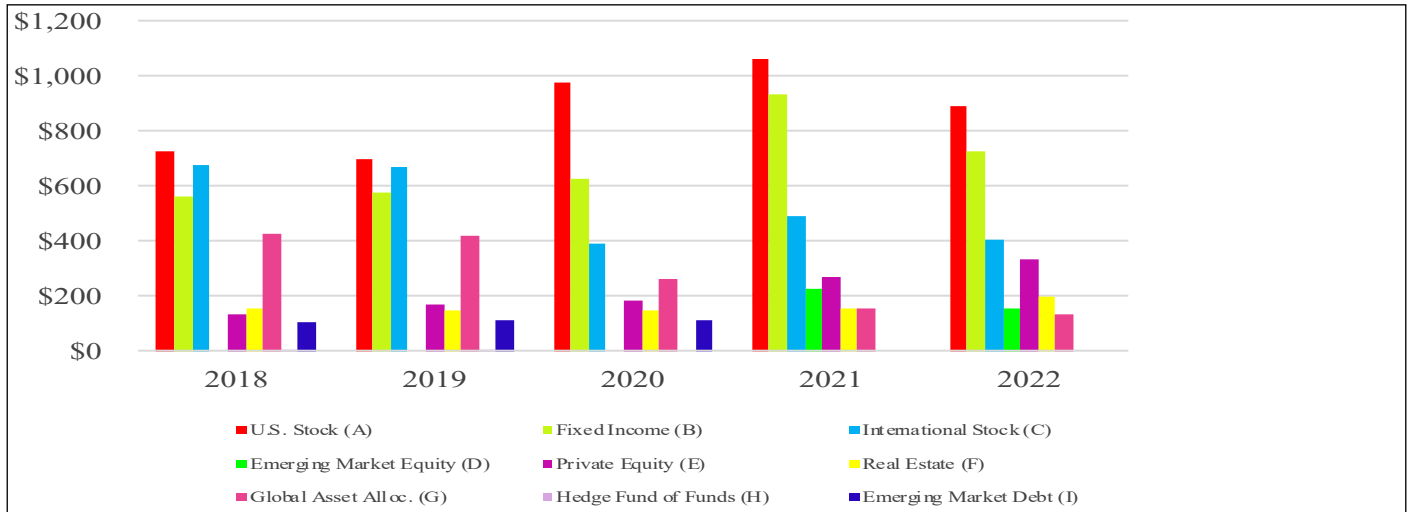
Portfolio Composition by Manager Type Fair Value of Investments Percent of Total Fund As of June 30, 2022



INVESTMENT SECTION

Portfolio Composition by Manager Type

Fair Value of Investments
Percent of Total Fund
As of June 30, 2018, 2019, 2020, 2021 & 2022
 (Expressed in Millions)



Investment Type	2018		2019		2020		2021		2022	
U.S. Stock (A)	\$ 728.7	26.2%	\$ 696.4	24.9%	\$ 977.9	36.1%	\$1,059.2	32.2%	\$892.2	31.3%
Fixed Income (B)	561.3	20.1	579.9	20.7	627.0	23.1	933.7	28.3	722.5	25.3
International Stock (C)	675.0	24.2	670.3	23.9	394.5	14.6	488.6	14.8	405.9	14.3
Emerging Market Equity (D)	-	-	-	-	-	-	229.1	7.0	158.5	5.6
Private Equity (E)	134.1	4.8	168.9	6.0	188.0	6.9	269.6	8.2	333.4	11.7
Real Estate (F)	153.9	5.5	150.3	5.4	148.6	5.5	157.6	4.8	201.1	7.1
Global Asset Alloc. (G)	429.5	15.4	420.3	15.0	261.4	9.7	154.3	4.7	132.8	4.7
Hedge Fund of Funds (H)	0.2	-	0.1	-	-	-	-	-	-	-
Emerging Market Debt (I)	104.7	3.8	114.9	4.1	111.7	4.1	-	-	-	-
Total	\$2,787.4	100.0%	\$2,801.1	100.0%	\$2,709.1	100.0%	\$3,292.1	100.0%	*\$2,846.4	100.0%

*The Total Fund shown above in the amount of \$2,846.4 includes short-term investments of \$38.7 million accrued interest and dividends receivable of \$3.2 million, receivables for investment sold of \$14.4 million and payables for investment purchased of \$24.7 million. These items are separately reported from "Total Investments" in the Statement of Fiduciary Net Position.

INVESTMENT SECTION

List of Largest Assets Held* (Year Ended June 30, 2022)

Ten Largest Equity Holdings (STOCKS)			PAR VALUE/ SHARES	FAIR VALUE
(1)	MICROSOFT, Corp.		17,666	\$4,537,064
(2)	VEEVA Systems, Inc.		19,026	3,767,869
(3)	Paycom Software, Inc.		13,074	3,662,366
(4)	Alarm Com Holdings, Inc.		58,764	3,635,145
(5)	Manhattan Associates, Inc.		31,278	3,584,491
(6)	ABIOMED, Inc.		14,048	3,477,097
(7)	ANSYS, Inc.		14,173	3,391,468
(8)	VISA, Inc.		17,000	3,347,084
(9)	Tyler Technologies, Inc.		9,971	3,315,319
(10)	Datadog, Inc.		34,190	3,256,284
Ten Largest Fixed Income Holdings (NOTES & BONDS)			PAR VALUE/ SHARES	FAIR VALUE
		INTEREST RATE	MATURITY DATE	
(1)	US Treasury Note	1.750%	01/31/2029	9,478,963
(2)	US Treasury Note	1.500	02/15/2030	8,107,792
(3)	US Treasury Note	0.375	04/15/2024	6,323,895
(4)	US Treasury Note	1.625	04/30/2023	5,296,663
(5)	US Treasury Bond	3.750	08/15/2041	4,017,209
(6)	US Treasury Note	1.125	02/15/2031	4,815,148
(7)	US Treasury Note	2.625	02/15/2029	3,682,442
(8)	EQUINOR ASA	2.875	04/06/2025	3,654,927
(9)	US Treasury Bond	2.500	05/15/2046	3,897,977
(10)	US Treasury Note	0.250	11/15/2023	3,159,654

*A complete list of the portfolio holdings is available upon request.

INVESTMENT SECTION

List of Largest Assets Held* (Year Ended June 30, 2021)

Ten Largest Equity Holdings (STOCKS)			PAR VALUE/ SHARES	FAIR VALUE	
(1)	Manhattan Associates, Inc.		37,180	\$5,385,163	
(2)	Cognex Corp.		63,440	5,332,129	
(3)	Glaukos Corp.		58,594	4,970,543	
(4)	Alarm Com Holdings, Inc.		58,186	4,928,367	
(5)	Tyler Technologies, Inc.		10,803	4,886,998	
(6)	Ansys, Inc.		13,852	4,807,542	
(7)	Microsoft, Corp.		17,620	4,773,348	
(8)	Veeva Systems, Inc.		15,247	4,741,145	
(9)	ABIOMED, Inc.		14,844	4,632,916	
(10)	Smart Sheet, Inc.		62,236	4,500,912	
Ten Largest Fixed Income Holdings (NOTES & BONDS)		INTEREST RATE	MATURITY DATE	PAR VALUE/ SHARES	FAIR VALUE
(1)	US Treasury Note	1.875%	01/31/2022	12,350,058	\$12,479,363
(2)	US Treasury Note	1.500	10/31/2021	8,919,487	8,962,211
(3)	US Treasury Note	2.375	05/15/2027	6,088,121	6,557,333
(4)	US Treasury Note	2.500	02/28/2026	5,955,473	6,414,699
(5)	US Treasury Note	0.375	03/31/2022	5,891,435	5,903,866
(6)	US Treasury Note	0.750	03/31/2026	5,626,138	5,603,521
(7)	US Treasury Note	1.500	02/15/2030	4,908,005	4,960,177
(8)	EQUINOR ASA	2.875	04/06/2025	3,645,554	3,897,061
(9)	US Treasury Note	2.250	11/15/2027	2,904,551	3,108,770
(10)	FNMA Pool #0MA4148	2.000	09/01/2030	2,754,738	2,851,072

*A complete list of the portfolio holdings is available upon request.

INVESTMENT SECTION

Schedule of Fees (Year Ended June 30, 2022) (in Thousands)

<u>Investment Services</u>	<u>Assets Under Management*</u>	<u>Fees</u>
Domestic Equity Managers	\$ 892,235	\$ 3,375
International Equity Managers	405,891	1,550
Emerging Market Equity Managers	158,487	1,256
Fixed Income Managers	701,193	2,997
Private Equity Managers	333,415	12,548
Real Estate Managers	201,120	1,901
Global Asset Allocation Managers	132,801	813
Short-Term Investment Manager	21,283	-
Other Investment Service Fees:		
Custodian		309
Investment consultant		316
Total	\$2,846,425	\$25,065

*The Total Fund shown above in the amount of \$2,846,425 thousand includes short-term investments of \$38,648 thousand accrued interest and dividends receivable of \$3,187 thousand, receivables for investment sold of \$14,442 thousand and payables for investment purchased of \$24,697 thousand. These items are separately reported from "Total Investments" in the Statement of Fiduciary Net Position.

Schedule of Fees (Year Ended June 30, 2021) (in Thousands)

<u>Investment Services</u>	<u>Assets Under Management*</u>	<u>Fees</u>
Domestic Equity Managers	\$ 1,059,172	\$ 3,898
International Equity Managers	488,620	2,042
Emerging Market Equity Managers	229,059	1,694
Fixed Income Managers	913,400	1,885
Private Equity Managers	269,601	11,585
Real Estate Managers	157,641	1,624
Global Asset Allocation Managers	154,319	1,544
Short-Term Investment Manager	20,255	-
Other Investment Service Fees:		
Custodian		303
Investment consultant		301
Total	\$3,292,067	\$24,876

*The Total Fund shown above in the amount of \$3,292,067 thousand includes short-term investments of \$57,080 thousand, accrued interest and dividends receivable of \$2,757 thousand, receivables for investment sold of \$2,995 thousand and payables for investment purchased of \$5,060 thousand. These items are separately reported from "Total Investments" in the Statement of Fiduciary Net Position.

INVESTMENT SECTION

Schedule of Commissions (Year Ended June 30, 2022)

<u>Investment Broker Firms</u>	<u>Number of Shares Traded</u>	<u>Total Commissions</u>	<u>Commission Per Share</u>
Jefferies & Co. Inc., New York	1,854,421	\$35,910	0.019
Citigroup Global Markets	238,138	15,628	0.066
Raymond James and Associates, Inc.	282,563	9,632	0.034
Apex Clearing Corporation, Dallas	255,916	9,511	0.037
Loop Capital Markets, New Jersey	288,726	7,057	0.024
Jefferies & Co. Inc., London	950,816	6,647	0.007
Goldman Sachs & Co. New York	168,197	6,593	0.039
Exane, Paris	58,129	6,236	0.107
International Trading, Inc., New York	161,028	6,119	0.038
Baird, Robert W. & Company Inc.	173,771	5,774	0.033
Berenberg Gossler & CIE, Hamburg	153,026	5,729	0.037
Mirabaud Securities, LLP., London	41,503	5,143	0.124
Credit Suisse, New York	125,879	5,086	0.040
Miscellaneous (Under \$5,000)	<u>13,872,408</u>	<u>90,017</u>	0.006
Total	<u>18,624,521</u>	<u>\$215,082</u>	

Schedule of Commissions (Year Ended June 30, 2021)

<u>Investment Broker Firms</u>	<u>Number of Shares Traded</u>	<u>Total Commissions</u>	<u>Commission Per Share</u>
Merrill Lynch Intl. London Equities	9,708,390	\$25,693	0.003
Morgan Stanley & Co. Inc. NY	5,048,542	22,175	0.004
Wells Fargo securities, LLC, NY	1,272,700	11,905	0.009
Jefferies & Co. Inc., New York	378,757	11,575	0.031
Citigroup GBL Mkts/Saloman, NY	32,663	9,954	0.305
Baird, Robert W. and Company Inc.	305,867	7,376	0.024
Societe Generale, Paris	400,751	6,808	0.017
Loop Capital Markets, Jersey City	331,722	6,148	0.019
Jones Trading Inst. Svcs. LLC, NY	211,395	5,644	0.027
Instinet Europe Limited, London	593,785	5,538	0.009
BNY Convergenx Execution Sol, NY	611,031	5,410	0.009
Penserra Securities, NY	199,862	5,317	0.027
Daiwa Secs. Amer. Inc., New York	343,491	5,251	0.015
Caceis Bank Deutschland, Germany	156,999	5,245	0.033
Instinet Corp. NY	299,854	5,191	0.017
Miscellaneous (Under \$5,000)	<u>20,980,479</u>	<u>136,746</u>	0.011
Total	<u>40,876,288</u>	<u>\$275,976</u>	

INVESTMENT SECTION

Investment Summary (Year Ended June 30, 2022) (in Thousands)

TYPE OF INVESTMENTS	FAIR VALUE	% of FAIR VALUE
Fixed Income:		
U.S. Government Obligations	\$76,715	2.7%
U.S. Agencies Securities	25,336	0.9
Municipals	23	-
Corporate Bonds	161,007	5.7
Foreign Debt	12,400	0.5
Commingled Fixed Income Funds	427,776	15.2
Total Fixed Income	<u>\$703,257</u>	25.0%
Common Stock:		
Basic Materials	\$7,811	0.3%
Communications	22,976	0.8
Consumer Cyclical	27,267	1.0
Consumer Non-Cyclical	86,337	3.1
Energy	11,019	0.4
Financial	74,109	2.6
Industrial	57,360	2.0
Technology	63,690	2.3
Utilities	5,849	0.2
Total Common Stock	<u>\$356,418</u>	12.7%
Other Investments:		
Commingled Equity Funds - Domestic	\$556,552	19.8%
Commingled Equity Funds - International	372,796	13.3
Commingled Funds – Emerging Market Equity	158,487	5.6
Real Estate Funds	201,120	7.1
Private Equity Funds	333,415	11.8
Global Asset Allocation Funds	132,801	4.7
Total Other Investments	<u>\$1,755,171</u>	62.3%
Total Investments at fair value	<u><u>\$2,814,846</u></u>	100.0%

INVESTMENT SECTION

Investment Summary (Year Ended June 30, 2021) (in Thousands)

TYPE OF INVESTMENTS	FAIR VALUE	% of FAIR VALUE
Fixed Income:		
U.S. Government Obligations	\$77,316	2.4%
U.S. Agencies Securities	33,283	1.0
Municipals	30	-
Corporate Bonds	31,730	1.0
Foreign Debt	132,863	4.1
Commingled Fixed Income Funds	617,082	19.1
Total Fixed Income	<u>\$892,304</u>	27.6%
Common Stock:		
Basic Materials	\$13,969	0.4%
Communications	35,119	1.1
Consumer, Cyclical	57,696	1.8
Consumer, Non-Cyclical	127,929	4.0
Energy	11,159	0.3
Financials	85,250	2.6
Industrials	83,087	2.6
Technology	99,927	3.1
Utilities	5,264	0.2
Total Common Stock	<u>\$519,400</u>	16.1%
Other Investments:		
Commingled Equity Funds - Domestic	\$667,144	20.6%
Commingled Equity Funds - International	344,827	10.7
Commingled Funds – Emerging Market Equity	229,059	7.1
Real Estate Funds	157,641	4.9
Private Equity Funds	269,601	8.3
Global Asset Allocation Funds	154,319	4.8
Total Other Investments	<u>\$1,822,591</u>	56.4%
Total Investments at fair value	<u><u>\$3,234,295</u></u>	100.0%

***ACTUARIAL
SECTION***



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Actuary's Certification Letter

December 15, 2022

Board of Trustees
Employees' Retirement System of Baltimore County
400 Washington Avenue
Towson, Maryland 21204

Re: Actuarial Certification for the June 30, 2022 Financial Report

Members of the Board:

The following sets forth the actuarial information for the June 30, 2022 Annual Comprehensive Financial Report (ACFR) for the Employees' Retirement System of Baltimore County, Maryland. The valuation was conducted as of July 1, 2021 and the results were rolled forward to June 30, 2022 for financial reporting purposes. Valuations are conducted annually. The accounting results are based on plan provisions, census data and asset data submitted by the County. We have relied on this information for purposes of preparing these accounting results, but we have not performed an audit.

We prepared the following schedules for Plans A and B:

Financial Section

1. Net Pension Liability of the County
2. Changes in the County's Net Pension Liability and Related Ratios
3. Schedule of County Contributions
4. Changes in the Net Pension Liability

Actuarial Section

5. Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
6. Components of County's Pension Expense for the Fiscal Year Ended June 30, 2022
7. Schedule of Differences between Projected and Actual Earnings on Pension Plan Investments
8. Schedule of Differences between Expected and Actual Experience
9. Schedule of Changes of Assumptions
10. Schedule of Active Member Valuation Data
11. Schedule of Retiree and Beneficiary Data
12. Solvency Test
13. Change in Unfunded Accrued Liability
14. Allocation of Amortization Bases
15. Schedule of Funding Progress

Statistical Section

16. Retirees and Beneficiaries - Distribution of Members by Type of Retirement
17. Retirees and Beneficiaries - Distribution to Members by Option Selected
18. Schedule of Participating Employers



Assumptions

The assumptions and methods used for funding purposes, to determine the Actuarially Determined Contribution (ADC), and for the preparation of the financial reporting under GASB 67/68 comply with the Actuarial Standards of Practice (ASOPs). These assumptions, other than the interest (discount) rate assumption, are primarily based upon recommendations made in the 2011-2016 actuarial experience study. The System's overall funding objective is to accumulate sufficient assets over time to meet its long-term benefit obligations as they become due.

The methods, assumptions, and participant data used are detailed in the July 1, 2021 actuarial valuation report with the exception of the actuarial cost method. These calculations are based on the Entry Age Normal cost method as required by GASB 67. The calculation of the Actuarially Determined Contribution for fiscal year ended June 30, 2022 is contained in the January 1, 2021 actuarial valuation report.

The undersigned credentialed actuaries meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. Korn Ferry is independent of Baltimore County Government. We are not aware of any relationship or interest that would impair the objectivity of our work. The July 1, 2021 actuarial valuation report contains information that is integral to the results contained herein.

Respectfully submitted,
Korn Ferry

By: Craig R. Graby

Craig R. Graby
Member American Academy of Actuaries
Enrolled Actuary No. 20-7319

— ACTUARIAL SECTION —

Summary of Actuarial Assumptions and Methods

ASSUMPTIONS

Interest Rate: 6.375% per annum, compounded annually.

Inflation: 3.0% per year.

Salary Increase: Representative rates are as follows:

Age Band	Annual Rates of Salary Increase	
	General Employees, Correctional Officers and Deputy Sheriffs	Police Officers and Firefighters
Under 25	7.50%	10.00%
25 - 29	6.50	6.50
30 - 34	3.75	4.00
35 - 39	2.75	3.50
40 - 44	2.75	3.00
45 - 49	2.50	2.50
50 - 54	2.00	2.00
55 or Over	1.75	1.75

Salary increases are based on the 2018 experience study.

Expenses: The assumed interest rate is gross of the anticipated future administrative expenses of the fund. All administrative and operating expenses of the System are included in the normal cost.

DROP Election Rate:

Group	Election Rate
General Employee	50%
Agency	30%
Police	80%
Fire	85%
Corrections	95%

Rates are based on the 2018 experience study.

ACTUARIAL SECTION

Summary of Actuarial Assumptions and Methods, continued

Illustrative Rates of Separation from Service:

Sample rates are as follows:

Age								
	Withdrawal			Disability		Death		
	Refund Before 10 Years of Service	Refund After 10 Years of Service	Termination Benefit After 10 Years of Service			Ordinary		
				Ordinary	Accidental	Male	Female	Accidental
General Employees, Correctional Officers and Deputy Sheriffs								
20	15.23%	-	-	0.01%	-%	0.02%	0.01%	-%
25	15.23	-	-	0.02	-	0.03	0.01	-
30	8.60	0.95%	2.84%	0.03	0.01	0.04	0.02	-
35	7.71	0.69	2.08	0.05	0.01	0.07	0.03	-
40	7.36	0.60	1.79	0.09	0.01	0.09	0.04	-
45	7.28	0.54	1.63	0.13	0.01	0.11	0.07	-
50	6.68	0.31	0.94	0.18	0.01	0.32	0.14	0.01
55	5.67	0.45	1.34	0.22	0.02	0.35	0.27	0.01
60	11.81	0.54	1.62	0.22	0.02	0.53	0.53	0.01
64	9.92	0.11	0.32	0.22	0.02	0.83	0.80	0.02
65	28.35	-	-	0.22	0.02	0.92	0.88	0.02
69	-	-	-	0.22	0.02	1.38	1.29	0.03
Police Officers								
20	2.50%	-	-	-%	0.03%	0.02%	0.01%	0.01%
25	1.30	-	-	-	0.03	0.03	0.01	0.01
30	1.20	0.27%	0.27%	-	0.04	0.04	0.02	0.02
35	0.80	0.17	0.17	-	0.07	0.07	0.03	0.02
40	0.60	0.10	0.10	-	0.05	0.09	0.04	0.04
45	1.80	0.08	0.08	-	0.08	0.11	0.07	0.05
50	1.20	0.06	0.06	-	0.13	0.32	0.14	0.08
55	0.75	0.05	0.05	-	0.30	0.35	0.27	0.14
59	0.15	0.01	0.01	-	0.40	0.48	0.47	0.24
60	-	-	-	-	0.40	0.53	0.53	0.27
64	-	-	-	-	0.40	0.83	0.80	0.40
Firefighters								
20	3.75%	-	-	-%	0.02%	0.02%	0.01%	0.01%
25	1.95	-	-	-	0.02	0.03	0.01	0.01
30	1.80	0.89%	0.89%	-	0.02	0.04	0.02	0.02
35	1.20	0.57	0.57	-	0.06	0.07	0.03	0.02
40	0.90	0.35	0.35	-	0.07	0.09	0.04	0.04
45	0.90	0.26	0.26	-	0.08	0.11	0.07	0.05
50	0.60	0.21	0.21	-	0.12	0.32	0.14	0.08
55	0.38	0.17	0.17	-	0.35	0.35	0.27	0.14
59	0.08	0.16	0.16	-	0.36	0.48	0.47	0.24
60	-	-	-	-	0.36	0.53	0.53	0.27
64	-	-	-	-	0.36	0.83	0.80	0.40

Rates are based on the 2018 experience study.

— ACTUARIAL SECTION —

Summary of Actuarial Assumptions and Methods, continued

Retirement Rates for General Employees:

Sample rates are as follows:

Plan A (Members hired before July 1, 2007)									Plan B Members Hired after June 30, 2007
Years of Credited Service									
Age	5-9	10-14	15	20	25	30	35	>=40	
Under 55	-	-	-	-	-	12.44%	12.44%	-	-%
55	-	-	-	13.89%	13.89%	13.00	13.00	-	11.05
56	-	-	-	4.39	4.39	13.00	13.00	-	11.05
57	-	-	-	2.93	2.93	13.00	13.00	-	11.05
58	-	-	-	4.68	4.68	13.00	13.00	-	11.05
59	-	-	-	6.58	6.58	16.50	16.50	-	11.05
60	4.00%	8.00%	22.50%	45.00	16.50	16.50	14.75	14.75%	11.05
61	4.00	8.00	8.00	45.00	23.25	23.25	19.75	19.75	12.71
62	4.00	8.00	8.00	15.00	23.25	23.25	21.50	21.50	23.11
63	4.00	20.00	20.00	15.00	13.00	13.00	20.00	20.00	16.48
64	4.00	20.00	20.00	15.00	13.00	13.00	21.75	21.75	18.69
65	13.64	13.64	13.64	23.25	23.25	26.75	26.75	51.25	30.29
69	9.91	9.91	9.91	20.00	13.00	30.50	30.50	48.00	25.76
> =70	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	24.44

Rates are based on the 2018 experience study. Retirement assumptions were selected based on DROP exit experience.

————— ACTUARIAL SECTION —————

Summary of Actuarial Assumptions and Methods, continued
Retirement Rates for Correctional Officers and Deputy Sheriffs:
Sample rates are as follows:

Plan A (Members hired before July 1, 2007)									Plan B Members Hired after June 30, 2007
Years of Credited Service									
Age	5-9	10-14	15	20	25	26	27	>=28	
Under 60	-	-	-	20.00%	27.54%	20.00%	37.19%	17.19%	14.95%
60	4.00%	10.00%	10.00%	20.00	27.54	20.00	37.19	17.19	14.95
61	4.00	12.00	12.00	20.00	29.48	20.00	39.77	19.77	17.19
62	4.00	14.00	14.00	20.00	41.62	20.00	55.97	35.97	31.27
63	4.00	16.00	16.00	20.00	33.88	20.00	45.65	25.65	22.30
64	4.00	18.00	18.00	15.28	36.46	20.00	49.08	29.08	25.29
65	4.00	20.00	20.00	27.59	45.69	20.00	61.14	41.14	40.99
69	4.00	28.00	28.00	14.69	14.69	20.00	48.49	28.49	29.77
> =70	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Rates are based on the 2018 experience study.

— ACTUARIAL SECTION —

Summary of Actuarial Assumptions and Methods, continued Retirement Rates for Police Officers: Sample rates are as follows:

Plan A (Members hired before July 1, 2007)												Plan B Members Hired after June 30, 2007
Years of Credited Service												
Age	5-9	10-14	15	20	25	26	27	28	29	30	>=35	
40	-	-	-	0.95%	1.65%	2.30%	15.95%	4.45%	7.75%	7.75%	17.40%	-%
45	-	-	-	0.75	1.70	2.45	8.10	4.65	8.10	8.10	18.25	9.41
50	-	-	-	1.10	8.65	2.65	8.30	5.10	8.85	8.85	19.95	9.91
55	0.30%	2.50%	2.50%	2.85	12.90	6.90	12.35	13.20	22.95	22.95	51.65	19.30
56	0.30	3.00	3.00	2.60	12.20	6.20	11.70	11.90	20.70	20.70	46.55	17.79
57	0.30	3.50	3.50	1.10	8.65	2.65	8.30	5.05	8.80	8.80	19.80	9.86
58	0.30	4.00	4.00	1.15	8.75	2.75	8.35	5.25	9.10	9.10	20.45	10.07
59	0.30	4.50	4.50	1.60	8.90	2.90	8.50	5.55	9.60	9.60	21.65	10.41
60	0.30	5.00	5.00	23.75	81.25	71.25	40.63	50.00	50.00	100.00	100.00	95.00
61	0.30	5.50	5.50	10.00	40.00	30.00	20.00	30.00	30.00	100.00	100.00	40.00
62	0.30	6.00	6.00	18.75	66.25	56.25	33.13	50.00	50.00	100.00	100.00	75.00
63	0.30	6.50	6.50	12.50	47.50	37.50	23.75	37.50	37.50	100.00	100.00	50.00
64	0.30	7.00	7.00	12.50	52.00	37.50	23.75	37.50	37.50	100.00	100.00	50.00
65	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Rates are based on the 2018 experience study.

———— ACTUARIAL SECTION ————

Summary of Actuarial Assumptions and Methods, continued

Retirement Rates for Firefighters:

Sample rates are as follows:

Plan A (Members hired before July 1, 2007)												Plan B Members Hired after June 30, 2007
Years of Credited Service												
Age	5-9	10-14	15-19	20	25	26	27	28	29	30	>=35	
45-49	-	-	-	-	4.75%	4.50%	2.25%	2.25%	2.25%	2.25%	18.00%	-%
50	-	-	-	1.50%	8.85	3.85	1.90	1.90	1.90	1.90	15.38	10.25
55	-	-	-	2.00	12.45	7.45	3.75	3.75	3.75	3.75	29.84	19.89
56	-	-	-	2.00	11.85	6.85	3.45	3.45	3.45	3.45	27.48	18.32
57	-	-	-	2.00	8.80	3.80	1.90	1.90	1.90	1.90	15.16	10.10
58	-	-	-	2.00	8.85	3.85	1.95	1.95	1.95	1.95	15.46	10.31
59	-	-	-	2.00	10.30	4.00	2.00	2.00	2.00	2.00	15.98	10.65
60	3.00%	25.00%	25.00%	2.00	47.50	42.50	15.95	15.95	15.95	63.75	100.00	85.00
61	3.00	35.00	35.00	2.00	22.50	17.50	8.75	6.55	6.55	26.25	100.00	35.00
62	3.00	45.00	45.00	2.00	35.00	30.00	15.00	15.00	11.25	45.00	100.00	60.00
63	3.00	55.00	55.00	2.00	25.00	20.00	10.00	10.00	10.00	30.00	100.00	40.00
64	3.00	65.00	65.00	2.00	30.00	25.00	12.50	12.50	12.50	50.00	100.00	50.00
65	100.00	100.00	100.00	100.00	50.00	50.00	25.00	25.00	25.00	100.00	100.00	100.00
>=66	100.00	100.00	100.00	100.00	50.00	50.00	25.00	25.00	25.00	25.00	100.00	100.00

Rates are based on the 2018 experience study.

— ACTUARIAL SECTION —

Summary of Actuarial Assumptions and Methods, continued

Death after Retirement: The mortality for service retirements and dependent beneficiaries is 108% of the RP-2000 Healthy Annuitant Table for males, projected to 2032 with Scale AA and 100% of the RP-2000 Healthy Annuitant Table for females, projected to 2032 with Scale AA. For disability retirements, the mortality tables are the RP-2000 Disabled Annuitant Tables, projected to 2032 with Scale AA. Illustrative rates are shown below:

Age	Annual Rates of Mortality			
	Service Pensioners		Disability Pensioners	
	Males	Female	Male	Female
45	0.107%	0.067%	1.485%	0.445%
50	0.323	0.135	1.620	0.666
55	0.345	0.273	1.918	1.279
60	0.528	0.528	2.509	1.860
65	0.923	0.883	3.196	2.387
70	1.479	1.426	3.859	3.206
75	2.602	2.174	5.227	4.039
80	5.040	3.664	7.929	5.776
85	9.554	6.388	11.310	8.265

Marital Status: 90% of active Police Officers and Firefighters are assumed to be married. For all other employees, 90% of active males and 50% of active females are assumed to be married. In all cases, it is assumed that the female spouse is three years younger than the male spouse.

Credit for Unused Sick Leave: For members entitled to receive credit for unused sick leave, it was assumed that each member will accumulate such credit as follows:

Supervisory, management and confidential (SMC) members, other than Firefighters	0.75 year
Firefighters including SMC members	1.00 year
Police Officers, excluding SMC Police Officers	0.50 year
Employees other than Police Officers and Firefighters, excluding SMC members	0.50 year

— ACTUARIAL SECTION —

Summary of Actuarial Assumptions and Methods, continued

Actuarial Cost Method: Projected Unit Credit. Changes in benefits and assumptions and gains and losses are amortized over 27 years with payments that increase 3% per annum. Gains and losses due to actual salary experience differing from that assumed are amortized over 10 years with payments that increase 3% per annum.

The assumptions and methods used to determine the Actuarially Determined Contribution (ADC) and the preparation of the financial reporting under GASB 67/68 comply with the Actuarial Standards of Practice (ASOPs). These assumptions are based on the 2018 experience study. The System's overall funding objective is to accumulate sufficient assets over time to meet its long-term benefit obligations as they become due. The methods, assumptions, and participant data used are detailed in the January 1, 2020 actuarial valuation report with the exception of the actuarial cost method. These calculations are based on the Entry Age Normal cost method as required by GASB67.

Asset Valuation Method: A ten-year moving average market value of assets that spreads the difference between the actual investment income and the expected income on the market value (based on the valuation interest rate) over a period of ten years. For purposes of this calculation, the gain/(loss) is defined as the difference between the actual and the expected return on the market value of assets. There is no corridor limiting the valuation assets to a certain percentage of the market value.

Liability Due to Assets in Post-Retirement Increase Fund: Liabilities for retirees and beneficiaries include the value of assets in the Post-Retirement Increase Fund.

Payroll Growth: 3% per annum, compounded annually.

Part-Time Employees: For valuation purposes, all part-time County employees are assumed to be full-time. All part-time Agency employees are assumed to be 50% of full-time equivalence.

Data: The valuation is based on members of the System as of June 30, 2019 and does not take into account future members. All census data was supplied by the County and was subject to reasonable consistency checks.

Roll Forward:

Total Plan A liabilities were rolled forward to the measurement date. The liability as of the census date and half of the normal cost were given a half year of interest to the valuation date. The resulting liability was reduced by half of the calendar year benefit payments with a quarter year of interest. The final liability as of the measurement date was allocated to the groups (e.g. General Employees, Agency, Police, Fire, and Corrections) based on the liabilities as of the census date. The same methodology was used for Plan B.

DROP Loads

Separate DROP loads for Plan A participants were determined by group, for each possible age and service combination based on the average service in the DROP. The DROP load is equal to the present value of the benefit at DROP Exit if the retiree elected the DROP benefit divided by the present value of the benefit if the retiree elected to not receive a DROP benefit.

Other Valuation Assumptions:

Decrements are assumed to occur at the beginning of the year.

Employee Contributions are assumed to be in the middle of the year.

— ACTUARIAL SECTION —

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

GENERAL EMPLOYEES – THE SYSTEM

Valuation as of June 30	Participating Employers	Number of Active Members	Valuation Payroll	Average Salary	Percent Increase (Decrease)	CPI % Increase
2013	5	5,916	\$277,270,227	\$46,868	1.0%	1.8%
2014	5	5,974	281,585,487	47,135	0.6	2.1
2015	5	6,170	290,549,549	47,091	(0.1)	0.1
2016	5	6,254	303,685,765	48,559	3.1	1.0
2017	5	6,280	317,642,385	50,580	4.2	1.6
2018*	5	6,354	327,729,955	51,579	2.0	2.9
2019	5	6,376	331,588,095	52,006	0.8	1.6
2020	5	6,500	345,184,683	53,105	2.1	0.6
2021	5	6,324	350,562,416	55,434	4.4	5.4
2022	5	6,133	355,097,628	57,899	4.4	9.1

* Pay does not include 3% COLA deferred from July 1, 2018 to January 1, 2019

GENERAL EMPLOYEES – PLAN A**

Valuation as of June 30	Participating Employers	Number of Active Members	Valuation Payroll	Average Salary	Percent Increase (Decrease)	CPI % Increase
2014	5	3,891	\$200,020,320	\$51,406	N/A	2.1%
2015	5	3,602	188,735,135	52,397	1.9%	0.1
2016	5	3,325	183,185,133	55,093	5.1	1.0
2017	5	3,006	175,229,046	58,293	5.8	1.6
2018*	5	2,750	167,148,407	60,781	4.3	2.9
2019	5	2,553	156,697,428	61,378	1.0	1.6
2020	5	2,367	150,262,274	63,482	3.4	0.6
2021	5	2,176	144,353,979	66,339	4.5	5.4
2022	5	1,932	133,710,374	69,208	4.3	9.1

* Pay does not include 3% COLA deferred from July 1, 2018 to January 1, 2019

**Ten-year historical trend information is not available but will be compiled going forward.

— ACTUARIAL SECTION —

SCHEDULE OF ACTIVE MEMBER VALUATION DATA, CONTINUED

GENERAL EMPLOYEES – PLAN B**

Valuation as of June 30	Participating Employers	Number of Active Members	Valuation Payroll	Average Salary	Percent Increase (Decrease)	CPI % Increase
2014	5	2,083	\$81,565,167	\$39,158	N/A	2.1%
2015	5	2,568	101,814,414	39,647	1.3%	0.1
2016	5	2,929	120,500,632	41,141	3.8	1.0
2017	5	3,274	142,413,339	43,498	5.7	1.6
2018*	5	3,604	160,581,548	44,556	2.4	2.9
2019	5	3,823	174,890,668	45,747	2.7	1.6
2020	5	4,133	194,922,409	47,162	3.1	0.6
2021	5	4,148	206,208,438	49,713	5.4	5.4
2022	5	4,201	221,387,253	52,699	6.0	9.1

* Pay does not include 3% COLA deferred from July 1, 2018 to January 1, 2019

**Ten-year historical trend information is not available but will be compiled going forward.

POLICE OFFICERS – THE SYSTEM

Valuation as of June 30	Participating Employers	Number of Active Members	Valuation Payroll	Average Salary	Percent Increase (Decrease)	CPI % Increase
2013	1	1843	\$146,580,108	\$79,533	4.0%	1.8%
2014	1	1,819	146,728,596	80,664	1.4	2.1
2015	1	1,870	150,239,354	80,342	(0.4)	0.1
2016	1	1,852	153,813,966	83,053	3.4	1.0
2017	1	1,868	162,460,215	86,970	4.7	1.6
2018*	1	1,890	161,181,034	85,281	(1.9)	2.9
2019	1	1,889	161,103,668	85,285	0.0	1.6
2020	1	1,892	174,167,679	92,055	7.9	0.6
2021	1	1,854	172,811,326	93,210	1.3	5.4
2022	1	1,810	178,027,033	98,357	5.5	9.1

* Pay does not include 3% COLA deferred from July 1, 2018 to January 1, 2019

— ACTUARIAL SECTION —

SCHEDULE OF ACTIVE MEMBER VALUATION DATA, CONTINUED

POLICE OFFICERS – PLAN A**

Valuation as of June 30	Participating Employers	Number of Active Members	Valuation Payroll	Average Salary	Percent Increase (Decrease)	CPI % Increase
2014	1	1,528	\$131,455,172	\$86,031	N/A	2.1%
2015	1	1,488	129,997,544	87,364	1.5%	0.1
2016	1	1,435	130,464,784	90,916	4.1	1.0
2017	1	1,357	132,892,757	97,931	7.7	1.6
2018*	1	1,295	126,539,167	97,714	(0.2)	2.9
2019	1	1,240	122,639,051	98,902	1.2	1.6
2020	1	1,200	128,656,309	107,214	8.4	0.6
2021	1	1,100	121,000,209	110,000	2.6	5.4
2022	1	1,019	118,860,653	116,644	6.0	9.1

* Pay does not include 3% COLA deferred from July 1, 2018 to January 1, 2019

**Ten-year historical trend information is not available but will be compiled going forward.

POLICE OFFICERS – PLAN B**

Valuation as of June 30	Participating Employers	Number of Active Members	Valuation Payroll	Average Salary	Percent Increase (Decrease)	CPI % Increase
2014	1	291	\$15,273,425	\$52,486	N/A	2.1%
2015	1	382	20,241,810	52,989	1.0%	0.1
2016	1	417	23,349,182	55,993	5.7	1.0
2017	1	511	29,567,458	57,862	3.3	1.6
2018*	1	595	34,641,867	58,222	0.6	2.9
2019	1	649	38,464,617	59,268	1.8	1.6
2020	1	692	45,511,370	65,768	11.0	0.6
2021	1	754	51,811,188	68,715	4.5	5.4
2022	1	791	59,166,380	74,799	8.9	9.1

* Pay does not include 3% COLA deferred from July 1, 2018 to January 1, 2019

**Ten-year historical trend information is not available but will be compiled going forward.

— ACTUARIAL SECTION —

SCHEDULE OF ACTIVE MEMBER VALUATION DATA, CONTINUED

FIREFIGHTERS – THE SYSTEM

Valuation as of June 30	Participating Employers	Number of Active Members	Valuation Payroll	Average Salary	Percent Increase (Decrease)	CPI % Increase
2013	1	939	\$68,076,750	\$72,499	3.7%	1.8%
2014	1	963	69,048,320	71,701	(1.1)	2.1
2015	1	978	69,354,780	70,915	(1.1)	0.1
2016	1	994	72,235,285	72,671	2.5	1.0
2017	1	1,011	78,620,633	77,765	7.0	1.6
2018*	1	1,035	78,595,034	75,937	(2.4)	2.9
2019	1	1,051	80,064,623	76,179	0.3	1.6
2020	1	1,071	82,657,400	77,178	1.3	0.6
2021	1	1,039	82,262,843	79,175	2.6	5.4
2022	1	1,043	86,309,286	82,751	4.5	9.1

* Pay does not include 3% COLA deferred from July 1, 2018 to January 1, 2019

FIREFIGHTERS – PLAN A**

Valuation as of June 30	Participating Employers	Number of Active Members	Valuation Payroll	Average Salary	Percent Increase (Decrease)	CPI % Increase
2014	1	676	\$56,214,397	\$83,157	N/A	2.1%
2015	1	640	53,820,307	84,094	1.1%	0.1
2016	1	603	53,148,984	88,141	4.8	1.0
2017	1	563	54,731,489	97,214	10.3	1.6
2018*	1	516	50,686,571	98,230	1.0	2.9
2019	1	491	49,402,764	100,617	2.4	1.6
2020	1	461	47,938,148	103,987	3.3	0.6
2021	1	413	43,965,565	106,454	2.4	5.4
2022	1	383	43,239,027	112,896	6.1	9.1

* Pay does not include 3% COLA deferred from July 1, 2018 to January 1, 2019

**Ten-year historical trend information is not available but will be compiled going forward.

— ACTUARIAL SECTION —

SCHEDULE OF ACTIVE MEMBER VALUATION DATA, CONTINUED

FIREFIGHTERS – PLAN B**

Valuation as of June 30	Participating Employers	Number of Active Members	Valuation Payroll	Average Salary	Percent Increase (Decrease)	CPI % Increase
2014	1	287	\$12,833,923	\$44,718	N/A	2.1%
2015	1	338	15,534,473	45,960	2.8%	0.1
2016	1	391	19,086,301	48,814	6.2	1.0
2017	1	448	23,889,144	53,324	9.2	1.6
2018*	1	519	27,908,464	53,774	0.8	2.9
2019	1	560	30,661,859	54,753	1.8	1.6
2020	1	610	34,719,252	56,917	4.0	0.6
2021	1	626	38,297,278	61,178	7.5	5.4
2022	1	660	43,070,259	65,258	6.7	9.1

* Pay does not include 3% COLA deferred from July 1, 2018 to January 1, 2019

**Ten-year historical trend information is not available but will be compiled going forward.

CORRECTIONAL OFFICERS and DEPUTY SHERIFFS – THE SYSTEM

Valuation as of June 30	Participating Employers	Number of Active Members	Valuation Payroll	Average Salary	Percent Increase (Decrease)	CPI % Increase
2013	1	401	\$21,574,912	\$53,803	1.9%	1.8%
2014	1	397	21,311,072	53,680	(0.2)	2.1
2015	1	394	21,185,562	53,770	0.2	0.1
2016	1	425	22,924,402	53,940	0.3	1.0
2017	1	421	23,212,255	55,136	2.2	1.6
2018*	1	415	23,060,078	55,566	0.8	2.9
2019	1	393	22,086,250	56,199	1.1	1.6
2020	1	375	21,225,269	56,601	0.7	0.6
2021	1	374	21,212,469	56,718	0.2	5.4
2022	1	353	21,174,390	59,984	5.8	9.1

* Pay does not include 3% COLA deferred from July 1, 2018 to January 1, 2019

— ACTUARIAL SECTION —

SCHEDULE OF ACTIVE MEMBER VALUATION DATA, CONTINUED

CORRECTIONAL OFFICERS and DEPUTY SHERIFFS – PLAN A**

Valuation as of June 30	Participating Employers	Number of Active Members	Valuation Payroll	Average Salary	Percent Increase (Decrease)	CPI % Increase
2014	1	258	\$14,869,872	\$57,635	N/A	2.1%
2015	1	238	13,678,567	57,473	(0.3)%	0.1
2016	1	219	13,203,959	60,292	4.9	1.0
2017	1	200	12,441,204	62,206	3.2	1.6
2018*	1	177	11,345,890	64,101	3.0	2.9
2019	1	159	10,323,491	64,928	1.3	1.6
2020	1	146	9,705,501	66,476	2.4	0.6
2021	1	127	8,695,291	68,467	3.0	5.4
2022	1	110	8,241,676	74,924	9.4	9.1

* Pay does not include 3% COLA deferred from July 1, 2018 to January 1, 2019

**Ten-year historical trend information is not available but will be compiled going forward.

CORRECTIONAL OFFICERS and DEPUTY SHERIFFS – PLAN B**

Valuation as of June 30	Participating Employers	Number of Active Members	Valuation Payroll	Average Salary	Percent Increase (Decrease)	CPI % Increase
2014	1	139	\$6,441,200	\$46,340	N/A	2.1%
2015	1	156	7,506,995	48,122	3.8%	0.1
2016	1	206	9,720,442	47,187	(1.9)	1.0
2017	1	221	10,771,051	48,738	3.3	1.6
2018*	1	238	11,714,189	49,219	1.0	2.9
2019	1	234	11,762,759	50,268	2.1	1.6
2020	1	229	11,519,768	50,305	0.1	0.6
2021	1	247	12,517,179	50,677	0.7	5.4
2022	1	243	12,932,714	53,221	5.0	9.1

* Pay does not include 3% COLA deferred from July 1, 2018 to January 1, 2019

**Ten-year historical trend information is not available but will be compiled going forward.

— ACTUARIAL SECTION —

SCHEDULE OF ACTIVE MEMBER VALUATION DATA, CONTINUED

ALL GROUPS – THE SYSTEM

Valuation as of June 30	Participating Employers	Number of Active Members	Valuation Payroll	Average Salary	Percent Increase (Decrease)	CPI % Increase
2013	5	9,099	\$513,501,997	\$56,435	2.2%	1.8%
2014	5	9,153	518,673,476	56,667	0.4	2.1
2015	5	9,412	531,329,246	56,452	(0.4)	0.1
2016	5	9,525	552,659,417	58,022	2.8	1.0
2017	5	9,580	581,935,488	60,745	4.7	1.6
2018*	5	9,694	590,566,102	60,921	0.3	2.9
2019	5	9,710	594,842,637	61,261	0.6	1.6
2020	5	9,838	623,235,031	63,350	3.4	0.6
2021	5	9,591	626,849,055	65,358	3.2	5.4
2022	5	9,339	640,608,337	68,595	5.0	9.1

* Pay does not include 3% COLA deferred from July 1, 2018 to January 1, 2019

ALL GROUPS – PLAN A**

Valuation as of June 30	Participating Employers	Number of Active Members	Valuation Payroll	Average Salary	Percent Increase (Decrease)	CPI % Increase
2014	5	6,353	\$402,559,762	\$63,365	N/A	2.1%
2015	5	5,968	386,231,554	64,717	2.1%	0.1
2016	5	5,582	380,002,860	68,076	5.2	1.0
2017	5	5,126	375,294,496	73,214	7.5	1.6
2018*	5	4,738	355,720,034	75,078	2.5	2.9
2019	5	4,443	339,062,734	76,314	1.6	1.6
2020	5	4,174	336,562,232	80,633	5.7	0.6
2021	5	3,816	318,015,043	83,337	3.4	5.4
2022	5	3,444	304,051,731	88,284	5.9	9.1

* Pay does not include 3% COLA deferred from July 1, 2018 to January 1, 2019

**Ten-year historical trend information is not available but will be compiled going forward.

— ACTUARIAL SECTION —

SCHEDULE OF ACTIVE MEMBER VALUATION DATA, CONTINUED

ALL GROUPS – PLAN B**

Valuation as of June 30	Participating Employers	Number of Active Members	Valuation Payroll	Average Salary	Percent Increase (Decrease)	CPI % Increase
2014	5	2,800	\$116,113,715	\$41,469	N/A	2.1%
2015	5	3,444	145,097,692	42,131	1.6%	0.1
2016	5	3,943	172,656,557	43,788	3.9	1.0
2017	5	4,454	206,640,992	46,394	6.0	1.6
2018*	5	4,956	234,846,068	47,386	2.1	2.9
2019	5	5,267	255,779,903	48,563	2.5	1.6
2020	5	5,664	286,672,799	50,613	4.2	0.6
2021	5	5,775	308,834,012	53,478	5.7	5.4
2022	5	5,895	336,556,606	57,092	6.8	9.1

* Pay does not include 3% COLA deferred from July 1, 2018 to January 1, 2019

**Ten-year historical trend information is not available but will be compiled going forward.

— ACTUARIAL SECTION —

SCHEDULE OF RETIREE AND BENEFICIARY DATA – THE SYSTEM

Valuation as of June 30	Added to Rolls		Removed from Rolls		Rolls – End of Year		Percent Increase In Annual Allowances	Average Annual Allowances
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
2013	380	\$14,175,414	229	\$3,181,871	7,382	\$194,760,948	6.0%	\$26,383
2014	381	11,363,715	267	2,338,972	7,496	203,785,691	4.6	27,186
2015	363	12,015,865	246	3,800,294	7,613	212,001,262	4.0	27,847
2016	369	12,252,451	226	4,428,386	7,756	219,825,327	3.7	28,343
2017	457	15,475,435	247	4,189,937	7,966	231,110,825	5.1	29,012
2018	414	14,425,273	242	2,271,372	8,138	243,264,725	5.3	29,892
2019	323	12,265,930	261	4,857,676	8,200	250,672,980	3.0	30,570
2020	343	10,896,342	270	5,096,788	8,273	256,472,534	2.3	31,001
2021	447	19,949,932	294	6,449,223	8,426	269,973,242	5.3	32,041
2022	436	15,694,680	358	7,780,592	8,504	277,887,331	2.9	32,677

SCHEDULE OF RETIREE AND BENEFICIARY DATA – PLAN A

Valuation as of June 30	Added to Rolls		Removed from Rolls		Rolls – End of Year		Percent Increase In Annual Allowances	Average Annual Allowances
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
2013	380	\$14,175,414	229	\$3,181,871	7,382	\$194,760,948	6.0%	\$26,383
2014	381	11,363,715	267	2,338,972	7,496	203,785,691	4.6	27,186
2015	363	12,015,865	246	3,800,294	7,613	212,001,262	4.0	27,847
2016	367	12,169,536	226	4,428,386	7,754	219,742,412	3.7	28,339
2017	457	15,475,435	247	4,189,937	7,964	231,027,910	5.1	29,009
2018	409	14,337,208	242	2,271,372	8,131	243,093,746	5.2	29,897
2019	315	12,148,956	261	4,857,676	8,185	250,385,026	3.0	30,591
2020	335	10,787,187	270	5,096,788	8,250	256,075,425	2.3	31,039
2021	428	19,719,420	291	6,354,274	8,387	269,440,571	5.2	32,126
2022	404	15,308,236	350	7,733,669	8,441	277,015,138	2.8	32,818

SCHEDULE OF RETIREE AND BENEFICIARY DATA – PLAN B*

Valuation as of June 30	Added to Rolls		Removed from Rolls		Rolls – End of Year		Percent Increase In Annual Allowances	Average Annual Allowances
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
2016	2	\$82,915	-	-	2	\$82,915	N/A	\$41,457
2017	-	-	-	-	2	82,915	-%	41,457
2018	5	88,065	-	-	7	170,980	106.2	24,426
2019	8	116,974	-	-	15	287,954	68.4	19,197
2020	8	109,155	-	-	23	397,109	37.9	17,266
2021	19	230,512	3	\$94,949	39	532,672	34.1	13,658
2022	32	386,444	8	46,923	63	872,193	63.7	13,844

*Prior to FY 2016, there were no Plan B retirees.

— ACTUARIAL SECTION —

SCHEDULE OF FUNDING PROGRESS

Valuation as of June 30*	Actuarial Accrued Liability	Actuarial Value of Assets	Funded Ratio	Unfunded Actuarial Liability	Covered Payroll	Unfunded as a percentage of Covered Payroll
2012 ⁽¹⁾	\$3,154,516,567	\$2,483,511,733	78.7%	\$671,004,834	\$501,653,367	133.8%
2013 ⁽²⁾	3,466,604,253	2,490,481,231	71.8	976,123,022	513,501,997	190.1
2014	3,646,264,535	2,517,944,853	69.1	1,128,319,682	518,673,476	217.5
2015 ⁽³⁾	3,834,258,419	2,553,596,803	66.6	1,280,661,616	564,630,904	226.8
2016 ⁽⁴⁾	4,147,508,750	2,698,256,578	65.1	1,449,252,172	582,179,414	248.9
2018 ⁽⁵⁾	4,376,400,536	2,766,439,218	63.2	1,609,961,318	603,615,484	266.7
2019 ⁽⁶⁾	4,539,007,711	2,847,332,062	62.7	1,691,675,649	609,417,459	277.6
2020	4,617,222,021	2,919,690,535	63.2	1,697,531,486	637,426,563	266.3
2021	4,753,802,158	3,005,798,888	63.2	1,748,003,270	656,270,779	266.4

- (1) Interest rate decreased from 7.875% to 7.25%, which was offset by the net proceeds from pension obligation bonds. In addition, the System implemented the Retirement Incentive Plan early retirement window.
- (2) Interest rate decreased from 7.25% to 7.00% and the assumption changes recommended in the 2011 experience study were adopted.
- (3) Interest rate decreased from 7.00% to 6.75%.
- (4) Interest rate decreased from 6.75% to 6.375%.
- (5) Valuation Date moved to a calendar year basis. Results shown 2018 and later are as of January 1. Results prior to 2018 are as of June 30.
- (6) Assumption changes recommended in 2018 experience study were adopted.

Analysis of the dollar amounts of plan net assets, actuarial accrued liability and unfunded actuarial accrued liability in isolation can be misleading. Expressing plan net assets as a percentage of the actuarial accrued liability provides one indication of the system's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the system. Trends in the unfunded actuarial accrued liability (or excess of) and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the system's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the system.

— ACTUARIAL SECTION —

Summary of Accrued Liability and Actuarial Value of Assets

Solvency Test

Baltimore County's funding objective is to meet long-term benefit promises through contributions that remain approximately level from year to year as a percent of member payroll. If the contributions to the system are level in concept and soundly executed, the system will pay all promised benefits when due – the ultimate test of financial soundness. Testing for level contribution rates is the long-term test.

A short conditions test is one means of checking a system's progress under its funding program. In a short condition test, the system's present assets (cash and investments) are compared with: (1) the liabilities for future benefits to present retired lives; (2) the liabilities for service already rendered by active members. In a system that has been following the discipline of level percent of payroll financing, the liabilities for future benefits to present retired lives (liability B) will be fully covered by present assets (except in rare circumstances). In addition, the liabilities for service already rendered by active members (liability A & C) will be at least partially covered by the remainder of present assets. Generally, if the system has been using level cost financing, the funded portion of liability A & C will increase over time. This is the relationship between accrued liabilities and assets of the System over the last ten years:

The System

Valuation as of June 30	Accrued Liability for:			Actuarial Value of Assets	Portion of Accrued Liability Covered by Actuarial Value of Assets		
	(A)	(B)	(C)				
	Active Member Contribution	Retirees and Beneficiaries	Active Member Employer Financed		(A)	(B)	(C)
2012 ⁽¹⁾	\$468,059,738	\$1,783,341,001	\$903,115,828	\$2,483,511,733	100.0%	100.0%	25.7%
2013 ⁽²⁾	483,966,112	1,992,569,006	990,069,135	2,490,481,231	100.0	100.0	1.4
2014	490,356,233	2,041,957,711	1,113,950,591	2,517,944,853	100.0	99.3	-
2015 ⁽³⁾	513,180,004	2,153,486,824	1,167,591,591	2,553,596,803	100.0	94.7	-
2016 ⁽⁴⁾	533,502,719	2,296,643,507	1,317,362,524	2,698,256,578	100.0	94.3	-
2017	547,074,123	2,410,021,364	1,381,716,921	2,672,929,761	100.0	88.2	-
2018 ⁽⁵⁾	568,952,372	2,542,532,668	1,383,854,435	2,705,323,846	100.0	84.0	-
2019	591,382,134	2,624,282,258	1,353,926,802	2,800,178,246	100.0	84.2	-
2020	633,040,315	2,642,307,283	1,428,274,367	2,868,321,724	100.0	84.6	-
2021 ⁽⁶⁾	641,739,832	2,805,580,654	1,360,887,072	2,956,205,387	100.0	82.5	-

- (1) Interest rate decreased from 7.875% to 7.25%, which was offset by the net proceeds from the Pension Obligation Bonds. In addition, the System also implemented the Retirement Incentive Plan early retirement window.
- (2) Interest rate decreased from 7.25% to 7.00% and assumption changes recommended in the 2011 experience study were adopted.
- (3) Interest rate decreased from 7.00% to 6.75%.
- (4) Interest rate decreased from 6.75% to 6.375%.
- (5) Assumption changes recommended in the 2011-2016 experience study were adopted.
- (6) Actuarial Asset Method change: The Smoothing period was changed from 10 to 5 years.

— ACTUARIAL SECTION —

Summary of Accrued Liability and Actuarial Value of Assets, continued

Solvency Test, continued

Plan A*

Valuation as of June 30	Accrued Liability for:			Actuarial Value of Assets	Portion of Accrued Liability Covered by Actuarial Value of Assets		
	(A) Active Member Contribution	(B) Retirees and Beneficiaries	(C) Active Member Employer Financed		(A)	(B)	(C)
2014	\$461,795,813	\$2,041,957,711	\$1,103,649,784	\$2,485,014,469	100.0%	99.1%	-%
2015 ⁽³⁾	474,797,680	2,153,486,824	1,151,636,214	2,510,144,678	100.0	94.5	-
2016 ⁽⁴⁾	483,927,859	2,295,696,303	1,289,553,278	2,636,841,308	100.0	93.8	-
2017	483,474,933	2,409,134,316	1,341,860,335	2,594,283,037	100.0	87.6	-
2018 ⁽⁵⁾	485,913,053	2,540,392,483	1,348,198,379	2,603,357,863	100.0	83.4	-
2019	489,487,410	2,620,975,654	1,314,947,080	2,688,600,594	100.0	83.9	-
2020	508,986,855	2,637,880,177	1,376,002,584	2,707,245,481	100.0	83.3	-
2021 ⁽⁶⁾	493,749,825	2,799,535,162	1,292,797,479	2,759,769,184	100.0	80.9	-

*Ten-year historical trend information is not available but will be compiled going forward.

- (3) Interest rate decreased from 7.00% to 6.75%.
- (4) Interest rate decreased from 6.75% to 6.375%.
- (5) Assumption changes recommended in the 2011-2016 experience study were adopted.
- (6) Actuarial Asset Method change: The Smoothing period was changed from 10 to 5 years.

— ACTUARIAL SECTION —

Summary of Accrued Liability and Actuarial Value of Assets, continued

Solvency Test, continued

Plan B*

Valuation as of June 30	Accrued Liability for:			Actuarial Value of Assets	Portion of Accrued Liability Covered by Actuarial Value of Assets		
	(A) Active Member Contribution	(B) Retirees and Beneficiaries	(C) Active Member Employer Financed		(A)	(B)	(C)
2014	\$28,380,420	-	\$10,300,807	\$32,930,384	100.0%	100.0%	44.2%
2015 ⁽³⁾	38,382,323	-	15,955,378	43,452,125	100.0	100.0	31.8
2016 ⁽⁴⁾	49,574,860	\$947,204	27,809,246	61,415,270	100.0	100.0	39.2
2017	63,599,190	887,048	39,856,586	78,646,724	100.0	100.0	35.5
2018 ⁽⁵⁾	83,039,319	2,140,185	35,656,056	101,965,983	100.0	100.0	47.1
2019	101,894,724	3,306,604	38,979,722	111,577,652	100.0	100.0	16.4
2020	124,053,460	4,427,106	52,271,783	161,076,243	100.0	100.0	62.4
2021 ⁽⁶⁾	147,990,007	6,045,492	68,089,593	196,436,203	100.0	100.0	62.3

*Ten-year historical trend information is not available but will be compiled going forward.

- (3) Interest rate decreased from 7.00% to 6.75%.
- (4) Interest rate decreased from 6.75% to 6.375%.
- (5) Assumption changes recommended in the 2011-2016 experience study were adopted.
- (6) Actuarial Asset Method change: The Smoothing period was changed from 10 to 5 years.

— ACTUARIAL SECTION —

Change in Unfunded Accrued Liability

The System

As of July 1, 2021

<i>Reconciliation of Gain (Loss) in the Unfunded Accrued Liability:</i>	Amount
1. Unfunded Accrued Liability (UAL) at July 1, 2021	\$1,850,518,172
2. Interest Charge at 6.375% to July 1, 2022	117,970,533
3. Contributions Toward Unfunded Accrued Liability	119,137,713
4. Expected UAL at July 1, 2022 [(1) + (2) - (3)]	1,849,350,992
5. Projected Unfunded Accrued Liability at July 1, 2022 (Based on the July 1, 2021 Actuarial Valuation)	1,848,793,106
6. Increase due to Plan Amendments	(31,184,407)
7. Increase due to Changes in Assumptions	-
8. Increase due to Salary Experience Greater than Assumed	39,226,216
9. Actual (Gain)/Loss [(5) - (4) - (6) - (7) - (8)]	(\$8,599,696)

Change in Unfunded Accrued Liability

Plan A

As of July 1, 2021

<i>Reconciliation of Gain (Loss) in the Unfunded Accrued Liability:</i>	Amount
1. Unfunded Accrued Liability (UAL) at July 1, 2021	\$1,827,870,740
2. Interest Charge at 6.375% to July 1, 2022	116,526,760
3. Contributions Toward Unfunded Accrued Liability	117,187,880
4. Expected UAL at July 1, 2022 [(1) + (2) - (3)]	1,827,209,620
5. Projected Unfunded Accrued Liability at July 1, 2022 (Based on the July 1, 2021 Actuarial Valuation)	1,823,977,585
6. Increase due to Plan Amendments	(29,112,241)
7. Increase due to Changes in Assumptions	-
8. Increase due to Salary Experience Greater than Assumed	35,159,708
9. Actual (Gain)/Loss [(5) - (4) - (6) - (7) - (8)]	(\$9,279,502)

— ACTUARIAL SECTION —

Change in Unfunded Accrued Liability – continued

Plan B

As of July 1, 2021

<i>Reconciliation of Gain (Loss) in the Unfunded Accrued Liability:</i>	Amount
1. Unfunded Accrued Liability (UAL) at July 1, 2021	\$22,647,432
2. Interest Charge at 6.375% to July 1, 2022	1,443,773
3. Contributions Toward Unfunded Accrued Liability	1,949,833
4. Expected UAL at July 1, 2022 [(1) + (2) - (3)]	22,141,372
5. Projected Unfunded Accrued Liability at July 1, 2022 (Based on the July 1, 2021 Actuarial Valuation)	24,815,521
6. Increase due to Plan Amendments	(2,072,166)
7. Increase due to Changes in Assumptions	-
8. Increase due to Salary Experience Greater than Assumed	4,066,508
9. Actual (Gain)/Loss [(5) - (4) - (6) - (7) - (8)]	\$679,807

— ACTUARIAL SECTION —

Allocation of Amortization Bases For the Year Ended July 1, 2022

Description	Plan A	Plan B	Total	Amortization Period
2015 Fresh Start Employer Base	\$1,328,041,906	\$11,672,506	\$1,339,714,412	24 Years
2016 (Gain)/Loss	150,761,218	232,912	150,994,130	24 Years
2016 Change in Assumptions	12,742,382	5,936,706	18,679,088	24 Years
2017 (Gain)/Loss	205,608,045	9,051,092	214,659,137	24 Years
2017 Change in Measurement Date	(30,110,485)	(477,167)	(30,587,652)	24 Years
2018 (Gain)/Loss	5,025,590	3,999,622	9,025,212	24 Years
2018 Change in Assumptions	33,288,042	(16,836,819)	16,451,223	24 Years
2018 (Gain)/Loss Due to Salary Experience	31,053,303	3,624,921	34,678,224	7 Years
2018 Plan Amendment	3,931,071	-	3,931,071	13 Years
2019 (Gain)/Loss	47,498,591	(3,129,944)	44,368,647	24 Years
2020 Plan Amendment	2,191,393	-	2,191,393	5 Years
2020 Plan Amendment	-	268,384	268,384	9 Years
2020 (Gain)/Loss Due to Salary Experience	34,945,776	3,134,041	38,079,817	9 Years
2020 (Gain)/Loss	2,232,788	4,665,118	6,897,906	24 Years
2021 Plan Amendment	(29,112,241)	(2,072,166)	(31,184,407)	15 Years
2021(Gain)/Loss Due to Salary Experience	35,159,708	4,066,508	39,226,216	10 Years
2021(Gain)/Loss	(9,279,502)	679,807	(8,599,696)	24 Years
Total	\$1,823,977,585	\$24,815,521	\$1,848,793,106	

ACTUARIAL SECTION

Summary of Plan Provisions

The Employees' Retirement System provides members the following benefits:

- Retirement Benefits
- Disability Benefits
- Death Benefits

ELIGIBILITY

Members are designated as classified or merit system employees, part-time employees, non-merit employees, elected officials, department heads, or agency employees. Merit system employees included full-time general employees, police officers, firefighters, deputy sheriffs and correctional officers. Agency employees include the Board of Education, the Board of Library Trustees, the Community College of Baltimore County and the Baltimore County Revenue Authority. Agency employees that are not eligible to participate in the Maryland State Retirement and Pension Systems are entitled to membership in the System.

System membership is compulsory for merit system employees as a condition of employment, except for those members who were hired at age 55 or over. Merit employees, exclusive of police officers and firefighters, are required to join the System within the first sixty days of employment. Beginning July 1, 2022 all employees hired on or after July 1, 2022 are required to join the System as a condition of employment.

Any employee who was hired at age 55 or older, have the option of not joining the System. The option of not joining the System applies to all employees, except sworn members of the Police or Fire Departments.

Members hired prior to July 1, 2007 are vested after five years of membership service. System members hired on or after July 1, 2007 are vested after ten years of creditable service.

MEMBER CONTRIBUTIONS

Contribution rates for System members were negotiated with all employee groups based on a percentage of their salary. As of fiscal year-end, contribution rates were as follows:

Classification	Contribution Rate as a % of Covered Payroll				
	Hired prior to July 1, 2007 (Range)	Hired from July 1, 2007 to June 30, 2011	Hired from July 1, 2011 to June 30, 2012	Hired from July 1, 2012 to June 30, 2014	Hired on or after July 1, 2014
Elected Officials	13.85%	13.85%	13.85%	13.85%	13.85%
Department Heads	10.00	10.50	10.50	10.50	10.50
General Employees	7.25	7.00	7.00	7.00	7.00
Correctional Officers	8.50	8.50	10.00	10.00	10.00
Deputy Sheriffs	7.50	8.00	10.00	10.00	10.00
Firefighters	9.50	9.50	10.00	10.00	10.00
Fire Supervisory, Mgmt. and Confidential (SMC)	10.00	10.00	10.00	10.00	10.00
Police Officers	9.50	9.50	9.50	9.50	10.00
Police Supervisory, Mgmt. and Confidential (SMC)	9.50	9.50	9.50	10.00*	10.00*

*Includes members who were appointed as Police SMC on or after July 1, 2012.

Interest is credited on member contributions at the rate of 5.0% per annum on the beginning of the fiscal year balance.

— ACTUARIAL SECTION —

Summary of Plan Provisions, continued

MILITARY SERVICE CREDIT

Members hired prior to July 1, 2007, with five years of creditable service, or members hired on or after July 1, 2007, with ten years of creditable service are entitled to a military service credit on a year-for-year basis for up to a maximum of four years. No such service credit shall be granted to a member if the member has received credit for a period of military service under any other retirement system for which retirement benefits have been or will be received by the member. To apply, a member must bring their DD214 to the Retirement Office and complete an Application for Military Credit.

SICK LEAVE CREDIT

At the time of retirement, all members, except 911 employees on pay schedule 1-E, firefighters and Police SMC (Supervisory, Management and Confidential) receive one month of service credit for each 22 unused sick leave days. One additional month is granted if fractional days of sick leave total 11 or more. Firefighters, Police SMC and 911 employees (on pay schedule 1-E), receive one month of service credit for each 16 unused sick leave days. Sick leave may be used to determine service credit except for the following circumstances: death benefit, ordinary disability, and vesting.

RETIREMENT ALLOWANCE DATES

Normal Retirement for Service: Plan A (Members hired prior to July 1, 2007)

Normal retirement for service can be granted to general employees and appointed officials who have reached the age of 60 with 5 years of creditable service or attained 30 years of creditable service. A normal retirement for service can be granted to elected officials who have attained 16 years of creditable service or age 55 and attained 4 years of creditable service. An early service retirement can be granted to general employees who have reached the age of 55 and have attained 20 years of creditable service. A normal retirement for service can be granted to correctional officers and deputy sheriffs who have reached the age of 60 with 5 years of creditable service or have attained 20 years of creditable service. A normal retirement for service can be granted to firefighters at the age of 60 with 5 years of creditable service, age 50 with 20 years of creditable service, or 25 years creditable service regardless of age. A normal retirement for service can be granted to police officers who have reached the age of 55 or have attained 20 or more years of creditable service. The System does not have a mandatory retirement age requirement for general employees, deputy sheriffs and correctional officers. Firefighters and police officers must retire at age 65 unless approved for continuation of service by the Board annually.

Normal Retirement for Service: Plan B (Members hired on or after July 1, 2007)

Normal retirement for service can be granted to general employees and appointed officials who have reached the age of 67 with 10 years of creditable service or attained 35 years of creditable service. A normal retirement for service can be granted to elected officials who have attained 16 years of creditable service or age 55 and attained 4 years of creditable service. A normal retirement for service can be granted to correctional officers who have reached the age of 67 with 10 years of creditable service or have attained 25 years of creditable service. A normal retirement for service can be granted to deputy sheriffs who have reached the age of 62 with 10 years of creditable service or have attained 25 years of creditable service. A normal retirement for service can be granted to firefighters at the age of 60 with 10 years of creditable service or 30 years creditable service. A normal retirement for service can be granted to police officers who have reached the age of 60 with 10 years of creditable service or have attained 25 years of creditable service. The System does not have a mandatory retirement age requirement for general employees, deputy sheriffs and correctional officers. Firefighters and police officers must retire at age 65 unless approved for continuation of service by the Board on an annual basis.

Ordinary Disability Retirement may be granted to a member who can no longer perform their job due to a non-occupational related injury. A sworn police officer or firefighter, hired prior to July 1, 2007 must have five years of creditable service and be medically certified as incapacitated to continue performance of their duties. All other members must have 10 years of creditable service and be medically certified as incapacitated to continue performance of their duties.

— ACTUARIAL SECTION —

Summary of Plan Provisions, continued

Accidental Disability Retirement may be granted to a member upon application who has been physically incapacitated for duty as a result of an occupational related injury. Accidental disabilities for all members are tiered based on the degree of disability (75%, 66.67%, or 50%).

Discontinued Service Retirement may be granted to a member whose employment has been discontinued through no fault of their own after completion of 25 years of creditable service or age 50 and 20 years of creditable service.

RETIREMENT ALLOWANCES

Retirement allowances are comprised of an annuity equal to the actuarial equivalent of the accumulated contributions plus a pension which together with the annuity shall provide a maximum allowance as provided for in the Code.

Normal Retirement for Service Allowance is granted as follows:

- (A) General employees (excluding appointed officials, correctional officers and part-time employees) hired prior to July 1, 2007, with 30 years of creditable service, or age 65 with 5 years of creditable service receive an allowance equal to 1/55th of the Average Final Compensation (AFC) times the number of years of creditable service. General employees hired prior to July 1, 2007 may retire at age 60 with at least 5 years of creditable service, however, such members will be granted a blended benefit. For creditable service earned prior to July 1, 2007, members will receive an allowance equal to 1/55th of AFC times the number of years of creditable service and for creditable service earned on or after July 1, 2007, members will receive an allowance equal to 1/70th of AFC times the number of years of creditable service. The AFC definition is determined by the employee's classification as the highest 12 or 36 consecutive months.

General employees (excluding appointed officials and correctional officers) hired on or after July 1, 2007, receive an allowance equal to 1/70th of the Average Final Compensation (AFC) times the number of years of creditable service. The AFC definition for general employees hired on or after July 1, 2007 is the annual earnable compensation for the highest 36 consecutive months.

Part-time employees earn creditable service on a proportionate basis equal to the time worked annually as compared to the standard work year.

Appointed officials receive an allowance equal to 2.5% of their AFC times the number of years of creditable service.

- (B) Elected officials receive an allowance equal to 5.0% of their AFC times the number of years of creditable service. Any Council member who becomes a member of the retirement system on or after February 1, 2010 may not receive a retirement allowance in excess of 60% of the member's AFC.
- (C) Firefighters receive an allowance equal to 2.5% times the years of creditable service up to 20 years plus 2% of AFC for each year of creditable service in excess of 20 years, and 3% of AFC for each year of creditable service in excess of 30 years for years beginning on or after July 1, 2007. Firefighters with less than 20 years of creditable service receive an allowance equal to 2% of AFC times years of creditable service. The 3% rate does not apply to service earned prior to July 1, 2007. AFC is defined as the annual earnable compensation during the 12 consecutive calendar months affording the highest average.
- (D) Police officers with 20 or more years of creditable service receive an allowance equal to 2.5% of AFC times years of creditable service up to 20 years plus 2% of AFC for each year of creditable service in excess of 20 years, and 3% of AFC for each year of creditable service in excess of 25 years for years beginning on or after July 1, 2007. The 3% rate does not apply to service earned prior to July 1, 2007. Police officers with less than 20 years of creditable service receive an allowance equal to 2% of AFC times years of creditable service. AFC is defined as the annual earnable compensation during the 12 consecutive calendar months affording the highest average.

— ACTUARIAL SECTION —

Summary of Plan Provisions, continued

- (E) Correctional officers and deputy sheriffs with 20 or more years of creditable service receive an allowance equal to 2.5% of AFC times years of creditable service up to 20 years plus 2% of AFC for each year of creditable service in excess of 20 years; and if retired after July 1, 2020, receive an allowance equal to 3% of AFC for each year of creditable service in excess of 25 years. Correctional officers and deputy sheriffs hired prior to July 1, 2007, with less than 20 years of creditable service receive the same benefit as a general employee. Correctional officers and deputy sheriffs hired on or after July 1, 2007, with 25 years of creditable service receive an allowance equal to 1.43% of AFC times the number of years of creditable service.

Ordinary Disability Retirement Allowance

- (A) General employees, correctional officers and deputy sheriffs hired prior to July 1, 2007, receive an ordinary disability retirement allowance equal to 1.82% of AFC times the number of years of creditable service earned prior to July 1, 2007 and 1.43% for creditable service earned on or after July 1, 2007. General employees, correctional officers and deputy sheriffs hired on or after July 1, 2007, receive a retirement allowance equal to 1.43% of AFC times the number of years of creditable service. The minimum allowance is equal to 25% of AFC. The maximum allowance is equal to one-third of the members AFC. No member may receive a benefit in excess of that which they would have received at normal service retirement age. General employees, correctional officers and deputy sheriffs who are eligible for a normal service retirement and apply for an ordinary disability retirement may be required by the Board to accept a normal service retirement.
- (B) Firefighters and police officers receive an ordinary disability retirement allowance equal to 2.5% of AFC times the number of years of creditable service not in excess of 20 years, and 2% of AFC times the number of years of creditable service in excess of 20 years. The minimum retirement allowance for firefighters and police officers for an ordinary disability retirement allowance shall equal 50% of AFC. No member may receive a benefit in excess of that which they would have received at normal service retirement age.

RETIREMENT ALLOWANCE OPTIONS

Members may select the maximum retirement allowance or one of seven optional survivorship allowances. The selection of an option, excluding *Option 7*, reduces the maximum allowance. The options are as follows:

- Option 1.* Allows the member's undistributed accumulated contributions to be paid to the beneficiary in a lump sum if the member's death occurs prior to the complete payout of all member contributions.
- Option 2.* Allows 100% of the member's retirement allowance to continue to be paid to the beneficiary after the member's death.
- Option 3.* Allows 50% of the member's retirement allowance to continue to be paid to the beneficiary after the member's death.
- Option 4.* Allows any portion of the retirement allowance to continue to be paid to the beneficiary after the member's death.
- Option 5.* Allows 100% of the member's reduced retirement allowance to be paid to the beneficiary after the member's death. If the member becomes divorced from the beneficiary or the beneficiary dies before the retiree, upon notification to the Board of Trustees, the member's allowance will be increased to the maximum allowance described above. If after such death or divorce, the member wishes to select a new beneficiary and retirement option, the member may select *options 2, 3, 4, 5 or 6*. The retirement allowance will then be recomputed.
- Option 6.* Allows 50% of the member's reduced retirement allowance to be paid to the beneficiary after the member's death. If the member becomes divorced from the beneficiary or the beneficiary dies before the retiree, upon notification to the Board of Trustees, the member's allowance will be increased to the maximum allowance described above. If after such death or divorce, the member wishes to select a new beneficiary and retirement option, the member may select *options 2, 3, 4, 5 or 6*. The retirement allowance will then be recomputed.

— ACTUARIAL SECTION —

Summary of Plan Provisions, continued

RETIREMENT ALLOWANCE OPTIONS, continued

Option 7. Allows 50% of the member's retirement allowance to continue to be paid to the original beneficiary at no cost to the employee. This option is available to employees who have completed at least 25 years of actual service as a sworn Baltimore County Police Officer on Pay Schedule VII or 25 years of actual service as a sworn Baltimore County firefighter. Police Officers on Pay Schedule IV are eligible for this option upon 25 years of creditable service. If after such death or divorce, the member wishes to select a new beneficiary and retirement option, the member may select *options 2, 3, 4, 5 or 6*. The retirement allowance will then be recomputed.

DEFERRED RETIREMENT OPTION PLAN (DROP)

Police Officers and Firefighters DROP

The County has adopted a Back DROP for police officers with at least 27 years of service and firefighters with at least 32 years of service, under which eligible active members may elect to receive a lump sum payment with a 6% bonus at retirement in exchange for a reduced monthly benefit for life. Election to participate in the DROP will be made at retirement. The DROP participant benefit will be calculated along with all other available options, and the member will then choose between the DROP benefit and the regular pension benefits provided by the County. The DROP participant monthly pension will be determined as of a date that is 3, 3½, 4, 4½ or 5 years prior to retirement date based on the plan provisions, the member's salary and service at that earlier date. The lump sum payment will be based on the accumulation of member contributions, monthly pension payments, interest earned in the DROP at the greater of the rate of return on the actuarial value of assets minus 50 basis points or the regular rate of interest (currently 5%), and any retiree COLAs after at least twelve months in the DROP. This program became effective with retirements that occurred on or after July 1, 2004.

Correctional Officers and Deputy Sheriffs Deferred Retirement Option Plan (DROP)

Effective July 1, 2010, a Back-DROP is offered to eligible correctional officers and deputy sheriffs hired prior to July 1, 2007. The Back-DROP program allows eligible correctional officers and deputy sheriffs to elect to receive a lump sum payment at retirement in exchange for a reduced monthly benefit. The DROP period is 3, 3½, 4, 4½ or 5 years prior to retirement date based on the plan provisions, the member's salary and service at that earlier date. Eligibility is based on at least 27 years of service. The lump sum payment will be based on the accumulation of member contributions, monthly pension payments, interest earned in the DROP period at the regular rate of interest (currently 5%), and any retiree COLAs after at least twelve months in the DROP. Correctional officers and deputy sheriffs hired on or after July 1, 2007 are not eligible to participate in the DROP.

General Employees Deferred Retirement Option Plan (DROP)

Effective July 1, 2007, General employees hired prior to July 1, 2007, are offered a Forward DROP. The DROP allows eligible general employees to elect to receive a lump sum payment at retirement in exchange for a reduced monthly benefit. The DROP period is a minimum of 5 years and a maximum of 10 years. Eligibility is age 55 plus a total of age and service of at least 85. The DROP account will include benefit payments at the maximum option, employee contributions, interest earned in the DROP period at the regular rate of interest (currently 5%), plus any cost-of-living increase granted to retirees, provided the member has been in the DROP for at least 12 months and a one-time credit of unused sick time earned while in the DROP over the member's benefit basis times the member's average final compensation. This program is effective for retirements that occur on or after July 1, 2012. General employees hired on or after July 1, 2007 are not eligible to participate in the DROP.

— ACTUARIAL SECTION —

Summary of Plan Provisions, continued

DEATH BENEFITS

Ordinary Death Benefit is granted as a result of a member's death from non-occupational causes as follows:

- (A) A general employee's designated beneficiary or estate receives a lump sum payment of the member's contributions plus interest. Additionally, after five years of creditable service, the member's designated beneficiary or estate may receive a one-time payment equal to 100% of the member's annual earnable compensation. If the member was eligible for a service retirement or had 15 years of creditable service at the time of death, the surviving spouse or surviving minor children, if designated as the beneficiary, may receive a retirement allowance, in lieu of other benefit payments, based on service years equivalent to *Option 2*.
- (B) A firefighter's or police officer's designated beneficiary or estate receives a lump sum payment consisting of the member's accumulated contributions plus interest. Additionally, after one year of creditable service, the member's designated beneficiary or estate may receive a one-time payment equal to 100% of the member's annual earnable compensation. If the firefighter or police officer had two years of creditable service, a surviving dependent family member, if designated as the beneficiary, may receive an allowance equal to 25% of AFC in lieu of another benefit. If the firefighter or police officer had 15 years of creditable service or was eligible for a service retirement, the surviving spouse or surviving minor children, if designated as the beneficiary, may receive a retirement allowance in lieu of other benefit payments based on the service years equivalent to *Option 2*.

Accidental Death Benefit is granted as the result of death from an occupational related injury as follows:

- (A) The dependent beneficiary of a general employee may receive an allowance equal to $66\frac{2}{3}\%$ of AFC plus the annuity.
- (B) The dependent beneficiary of a firefighter or police officer may receive an allowance equal to 100% of the annual earnable compensation at the time of death plus the annuity.

TERMINATION BENEFITS

Employees hired prior to July 1, 2007, with 5 or more years of membership service have the option of requesting a refund of their contributions and interest or remain in the System. If such member terminates employment or dies in service, with less than 5 years creditable service, the employee contributions plus interest are refundable to the former member or a designated beneficiary.

Employees hired on or after July 1, 2007, with 10 or more years of creditable service have the option of requesting a refund of their contributions and interest or remain in the System. If such member terminates employment or dies in service, with less than 10 years creditable service, the employee contributions plus interest are refundable to the former member or a designated beneficiary.

POST-RETIREMENT ALLOWANCE INCREASES

Retirement allowance increases can be granted each July 1 if sufficient investment income has accumulated in the Post-Retirement Increase Fund balance account. Increases will be granted in an amount equal to the Consumer Price Index - All Urban Consumers (CPI-U) increase for the previous calendar year. The increase cannot exceed 3%. If there are insufficient funds in the Post-Retirement Increase Fund balance account to finance the full CPI increase, the allowance will be increased to the nearest $\frac{1}{4}\%$ for which there are sufficient moneys. If there are insufficient funds to finance a one percent increase, no retirement allowance increase shall be granted. Effective July 1, 2010 the following changes regarding COLAs were implemented:

- Members retired prior to July 1, 2010 are eligible to receive a COLA.
- Active members hired prior to July 1, 2007 and retired after July 1, 2010, must have at least 20 years of creditable service to be eligible for post-retirement COLAs.

— ACTUARIAL SECTION —

Summary of Plan Provisions, continued

- Active members hired on or after July 1, 2007 must have at least twenty five (25) years of creditable service to be eligible for post-retirement COLAs.
- The cap on post-retirement COLAs is 3% for all members.
- The maximum account balance in the PRIF is 2 times the cost of a 3% COLA for all members.
- For active members who do not select the Deferred Retirement Option Program (DROP), the eligibility period to receive post-retirement COLAs is a minimum of 60 months.
- For active members who select the DROP program, the eligibility period to receive COLAs in the DROP is a minimum of 12 months. Once the member actually retires, the eligibility period for a post-retirement COLA is a minimum of 48 months.

Changes to Plan Provisions

LEGISLATIVE AND ADMINISTRATIVE CHANGES

On May 2, 2022, the County Council approved Bill No. 42-22, effective July 1, 2022, for the purpose of establishing requirements and procedures relating to the pension of a Judge of the Orphans' Court; making it mandatory for merit and non-merit employees to join the Employees' Retirement System upon being hired; clarifying the Correctional Officer and Deputy Sheriff Officer retirement benefit; clarifying the definition of "active duty military service" for National Guard members; codifying modifications to the Plan B Police employees and Plan B Fire employees Deferred Retirement Option Programs; clarifying the military service credit refund provisions; modifying pension provisions for Police employees in the Supervisory Management & Confidential category and all sworn Fire employees; and generally relating to the Employees' Retirement System.

DEFERRED RETIREMENT OPTION PROGRAM:

§ 5-1-307. DEFERRED RETIREMENT OPTION PROGRAM – FIRE HIRED ON OR AFTER JULY 1, 2007.

§ 5-1-308. DEFERRED RETIREMENT OPTION PROGRAM - POLICE HIRED ON OR AFTER JULY 1, 2007.

In order to implement a Deferred Retirement Option Program for Plan B Police Officers, and Plan B Firefighters, the following contribution rate changes were implemented effective July 1, 2022:

The contribution rate for Police Officers hired between 7/1/2007 and 6/30/2014, increased from 9.50% to 10.80%; and Police officers hired on or after 7/1/2014 increased from 10.00% to 11.30%.

The contribution rate for Police SMC, appointed between 7/1/2007 and 6/30/2012, increased from 9.50% to 10.80%; and Police SMC appointed on or after 7/1/2012, increased from 10.00% to 11.30%.

The contribution rate for Firefighters hired between 7/1/2007 and 6/30/2011, increased from 9.50% to 10.28%; and Firefighters hired on or after 7/1/2011 increased from 10.00% to 10.78%.

The contribution rate for Firefighters SMC increased from 10.00% to 10.78%.

Membership:

Any person who becomes an employee on or after July 1, 2022, shall become and remain a member of the Retirement System as a condition of employment. Any person who has attained the age of fifty-five (55) years at date of employment

———— ACTUARIAL SECTION ————

shall have the option of not joining the System. This option of not joining the System applies to all employees, except sworn members of the Police and Fire Departments.

Waived Time Eligible for purchase:

Any Group 3 member (i.e. other than Police or Fire) who began service on or after July 1, 2010, may purchase credit for service before joining the retirement system. The member must indicate their intent to make the purchase by October 1, 2022 and make a single lump-sum payment by April 1, 2023.

§ 5-1-237.1. Judges of the Orphans' Court:

An Orphans' Court Judge is eligible for a pension under this section only if the Judge was in office on or after January 1, 2022. Any person who becomes an Orphans' Court Judge, shall become and remain a member of the Retirement System, except upon taking office at the age of 55, have the option of not joining the System.

***STATISTICAL
SECTION***

STATISTICAL SECTION

Summary

The purpose of the Statistical Section is to provide financial statement users with a historical perspective, context and detail to assist the reader to better understand and assess the System's overall economic condition. The data presented is intended to provide users with a broader and more complete understanding of the System than is possible from the information presented in the Financial Section alone.

The schedules within the Statistical Section are classified into the following categories.

Financial Trends

The schedules on Pages 100 through 102 show financial trend information to help the reader understand how the System's financial position has changed over the last 10 years. The schedules presented are:

- Schedule of Changes in Fiduciary Net Position
- Schedule of Benefit and Refund Deductions from Fiduciary Net Position by Type

Other Information

The schedules beginning on Page 103 provide information to assist the reader to understand the retired member characteristics and the participating employer composition of the System. The schedules presented are:

- Retirees and Beneficiaries - Distribution to Members by Type of Retirement
- Retirees and Beneficiaries - Distribution to Members by Option Selected
- Schedule of Average Benefit Payments
- Schedule of Participating Employers

STATISTICAL SECTION

Schedule of Changes in Fiduciary Net Position – The System For the Ten Years Ended June 30 (Expressed in thousands)

Fiscal Year	ADDITIONS				DEDUCTIONS				Changes in Net Position
	Member Contributions	Employer Contributions	Total Net Investment Income	Total Additions to Fiduciary Net Position	Benefit Payments	Refunds of Contribution	Administrative Expenses	Total Deductions from Fiduciary Net Position	
2013	\$37,682	\$328,362	\$198,892	\$564,936	\$232,410	\$3,110	\$2,294	\$237,814	\$327,122
2014	37,844	80,454	327,264	445,562	225,668	3,166	1,342	230,176	215,386
2015	39,725	108,191	23,027	170,943	244,314	3,540	1,682	249,536	(78,593)
2016	40,812	105,742	(26,404)	120,150	249,016	4,143	1,647	254,806	(134,656)
2017	43,244	268,156	330,745	642,145	272,659	5,128	2,393	280,180	361,965
2018	45,697	128,896	212,476	387,069	280,832	4,798	1,272	286,902	100,167
2019	48,198	138,200	112,089	298,487	283,317	7,786	1,125	292,228	6,259
2020	51,193	144,605	7,376	203,174	290,035	7,490	1,382	298,907	(95,733)
2021	52,312	151,903	727,283	931,498	334,290	6,383	1,481	342,154	589,344
2022	52,007	160,572	(331,911)	(119,332)	320,684	10,434	1,393	332,511	(451,843)

Schedule of Changes in Fiduciary Net Position – Plan A For the Ten Years Ended June 30 (Expressed in thousands)

Fiscal Year	ADDITIONS				DEDUCTIONS				Changes in Net Position
	Member Contributions	Employer Contributions	Total Net Investment Income	Total Additions to Fiduciary Net Position	Benefit Payments	Refunds of Contribution	Administrative Expenses	Total Deductions from Fiduciary Net Position	
2013	\$30,643	\$327,894	\$197,341	\$555,878	\$232,410	\$2,085	\$2,278	\$236,773	\$319,105
2014	29,860	80,127	323,620	433,607	225,668	1,770	1,326	228,764	204,843
2015	29,463	106,912	22,648	159,023	244,314	1,760	1,651	247,725	(88,702)
2016	28,491	104,306	(25,912)	106,885	248,972	1,543	1,608	252,123	(145,238)
2017	28,445	265,277	321,773	615,495	272,576	2,402	2,350	277,328	338,167
2018	28,504	123,028	206,107	357,639	280,704	1,539	1,223	283,466	74,173
2019	28,564	131,510	106,590	266,664	283,043	2,459	1,071	286,573	(19,909)
2020	29,377	140,583	6,742	176,702	289,646	1,761	1,313	292,720	(116,018)
2021	27,914	147,818	684,298	860,030	333,711	2,523	1,382	337,616	522,414
2022	25,987	154,751	(306,985)	(126,247)	319,629	1,767	1,286	322,682	(448,929)

STATISTICAL SECTION

Schedule of Changes in Fiduciary Net Position – Plan B For the Ten Years Ended June 30 (Expressed in thousands)

Fiscal Year	ADDITIONS				DEDUCTIONS				Changes in Net Position
	Member Contributions	Employer Contributions	Total Net Investment Income	Total Additions to Fiduciary Net Position	Benefit Payments	Refunds of Contribution	Administrative Expenses	Total Deductions from Fiduciary Net Position	
2013	\$7,039	\$468	\$1,551	\$9,058	-	\$1,025	\$16	\$1,041	\$8,017
2014	7,984	327	3,644	11,955	-	1,396	16	1,412	10,543
2015	10,262	1,279	379	11,920	-	1,780	31	1,811	10,109
2016	12,321	1,436	(492)	13,265	\$44	2,600	39	2,683	10,582
2017	14,799	2,879	8,972	26,650	83	2,726	43	2,852	23,798
2018	17,193	5,868	6,369	29,430	128	3,259	49	3,436	25,994
2019	19,634	6,690	5,499	31,823	274	5,327	54	5,655	26,168
2020	21,816	4,022	634	26,472	389	5,729	69	6,187	20,285
2021	24,398	4,085	42,985	71,468	579	3,860	99	4,538	66,930
2022	26,020	5,821	(24,926)	6,915	1,055	8,667	107	9,829	(2,914)

Schedule of Benefit and Refund Deductions from Fiduciary Net Position by Type –The System For the Ten Years Ended June 30 (Expressed in thousands)

Year Ending June 30	Age & Service Benefits		Disability Benefits			Death Benefits	Total Benefits	Refunds		Total Refunds
			Retirees		Beneficiaries					
	Retirees	Beneficiaries	Occupational	Non- Occupational				Beneficiaries		
2013	\$199,754	\$9,130	\$16,671	\$5,824	\$709	\$292	\$232,410	\$2,823	\$287	\$3,110
2014	195,613	4,820	16,453	5,881	765	2,136	225,668	2,861	305	3,166
2015	211,893	7,030	16,205	5,780	1,133	2,273	244,314	3,458	82	3,540
2016	219,035	5,933	15,247	5,578	874	2,349	249,016	3,964	179	4,143
2017	242,309	6,624	14,775	5,437	935	2,579	272,659	4,324	804	5,128
2018	249,856	7,351	14,509	5,421	907	2,788	280,832	4,515	283	4,798
2019	251,024	8,217	14,520	5,492	835	3,229	283,317	7,465	321	7,786
2020	257,808	8,788	13,956	5,393	864	3,226	290,035	6,870	620	7,490
2021	302,823	9,217	13,163	5,046	909	3,131	334,289	5,595	788	6,383
2022	287,620	10,506	13,182	5,057	1,000	3,319	320,684	9,513	921	10,434

STATISTICAL SECTION

Schedule of Benefit and Refund Deductions from Fiduciary Net Position by Type – Plan A For the Ten Years Ended June 30 (Expressed in thousands)

Year Ending June 30	Age & Service Benefits		Disability Benefits			Death Benefits	Total Benefits	Refunds		Total Refunds
			Retirees		Beneficiaries					
	Retirees	Beneficiaries	Occupational	Non- Occupational						
								Separation	Death	
2013	\$199,754	\$9,130	\$16,671	\$5,824	\$709	\$292	\$232,410	\$1,798	\$287	\$2.085
2014	195,613	4,820	16,453	5,881	765	2,136	225,668	1,409	360	1,769
2015	211,893	7,030	16,205	5,780	1,133	2,273	244,314	1,685	75	1,760
2016	218,991	5,933	15,247	5,578	874	2,349	248,972	1,396	147	1,543
2017	242,226	6,624	14,775	5,437	935	2,579	272,576	1,598	804	2,402
2018	249,728	7,351	14,509	5,421	907	2,788	280,704	1297	242	1,539
2019	250,843	8,217	14,515	5,492	835	3,141	283,043	2,183	276	2,459
2020	257,541	8,788	13,939	5,372	852	3,154	289,646	1,191	570	1,761
2021	302,385	9,217	13,144	5,035	878	3,052	333,710	1,829	694	2,523
2022	286,994	10,506	13,011	5,028	969	3,122	319,629	1,071	696	1,767

Schedule of Benefit and Refund Deductions from Fiduciary Net Position by Type – Plan B For the Ten Years Ended June 30 (Expressed in thousands)

Year Ending June 30	Age & Service Benefits		Disability Benefits			Death Benefits	Total Benefits	Refunds		Total Refunds
			Retirees		Beneficiaries					
	Retirees	Beneficiaries	Occupational	Non- Occupational						
2013	-	-	-	-	-	-	-	\$1,025	-	\$1,025
2014	-	-	-	-	-	-	-	1,343	\$54	1,397
2015	-	-	-	-	-	-	-	1,774	6	1,780
2016	\$44	-	-	-	-	-	\$44	2,568	32	2,600
2017	83	-	-	-	-	-	83	2,726	-	2,726
2018	128	-	-	-	-	-	128	3,218	41	3,259
2019	181	-	\$5	-	-	\$88	274	5,282	45	5,327
2020	268	-	17	\$21	\$11	72	389	5,679	50	5,729
2021	439	-	19	11	31	79	579	3,766	94	3,860
2022	626	-	171	29	31	197	1055	8,442	225	8,667

STATISTICAL SECTION

Retirees and Beneficiaries - Distribution of Members by Type of Retirement The System Fiscal Year Ended June 30, 2022

Amount of Monthly Benefit	Number of Retirees	Type of Retirement			
		Service Retiree	Accidental Disability	Ordinary Disability	Beneficiary
Under \$300	373	290	2	-	81
\$300 - \$599	714	543	32	2	137
\$600 - \$899	709	526	76	2	105
\$900 - \$1,199	640	494	62	3	81
\$1,200 - \$1,499	528	386	38	10	94
\$1,500 - \$1,799	497	383	33	20	61
\$1,800 - \$2,099	526	394	37	43	52
\$2,100 - \$2,399	527	426	11	56	34
\$2,400 - \$2,699	567	456	8	72	31
\$2,700 - \$2,999	462	379	5	58	20
\$3,000 and over	2,961	2,749	11	130	71
Totals	8,504	7,026	315	396	767

Retirees and Beneficiaries - Distribution of Members by Type of Retirement Plan A Fiscal Year Ended June 30, 2022

Amount of Monthly Benefit	Number of Retirees	Type of Retirement			
		Service Retiree	Accidental Disability	Ordinary Disability	Beneficiary
Under \$300	373	290	2	-	81
\$300 - \$599	692	522	32	2	136
\$600 - \$899	691	512	74	-	105
\$900 - \$1,199	635	490	61	3	81
\$1,200 - \$1,499	523	382	38	10	93
\$1,500 - \$1,799	494	380	33	20	61
\$1,800 - \$2,099	526	394	37	43	52
\$2,100 - \$2,399	524	424	11	56	33
\$2,400 - \$2,699	565	455	8	71	31
\$2,700 - \$2,999	461	378	5	58	20
\$3,000 and over	2,957	2,748	11	128	70
Totals	8,441	6,975	312	391	763

STATISTICAL SECTION

Retirees and Beneficiaries - Distribution of Members by Type of Retirement, continued Plan B Fiscal Year Ended June 30, 2022

Amount of Monthly Benefit	Number of Retirees	Type of Retirement			
		Service Retiree	Accidental Disability	Ordinary Disability	Beneficiary
Under \$300	-	-	-	-	-
\$300 - \$599	22	21	-	-	1
\$600 - \$899	18	14	2	2	-
\$900 - \$1,199	5	4	1	-	-
\$1,200 - \$1,499	5	4	-	-	1
\$1,500 - \$1,799	3	3	-	-	-
\$1,800 - \$2,099	-	-	-	-	-
\$2,100 - \$2,399	3	2	-	-	1
\$2,400 - \$2,699	2	1	-	1	-
\$2,700 - \$2,999	1	1	-	-	-
\$3,000 and over	4	1	-	2	1
Totals	63	51	3	5	4

STATISTICAL SECTION

Retirees and Beneficiaries - Distribution to Members by Option Selected The System Fiscal Year Ended June 30, 2022

Amount of Monthly Benefit	Number of Retirees	Option Selected*							
		M	1	2	3	4	5	6	7
Under \$300	373	188	125	18	4	-	24	14	-
\$300 - \$599	714	309	246	42	17	-	62	38	-
\$600 - \$899	709	345	225	36	22	-	43	38	-
\$900 - \$1,199	640	283	196	37	18	3	54	49	-
\$1,200 - \$1,499	528	220	152	41	19	2	40	54	-
\$1,500 - \$1,799	497	220	123	34	17	6	47	50	-
\$1,800 - \$2,099	526	236	132	24	24	4	49	57	-
\$2,100 - \$2,399	527	216	125	35	18	18	59	56	-
\$2,400 - \$2,699	567	251	112	39	19	17	56	73	-
\$2,700 - \$2,999	462	193	89	28	13	22	49	68	-
\$3,000 and over	2,961	723	443	113	90	136	144	245	1,067
Totals	8,504	3,184	1,968	447	261	208	627	742	1,067

Retirees and Beneficiaries - Distribution to Members by Option Selected Plan A Fiscal Year Ended June 30, 2022

Amount of Monthly Benefit	Number of Retirees	Option Selected*							
		M	1	2	3	4	5	6	7
Under \$300	373	188	125	18	4	-	24	14	-
\$300 - \$599	692	302	240	37	17	-	60	36	-
\$600 - \$899	691	338	221	31	22	-	42	37	-
\$900 - \$1,199	635	280	196	35	18	3	54	49	-
\$1,200 - \$1,499	523	218	150	41	18	2	40	54	-
\$1,500 - \$1,799	494	220	123	32	17	6	47	49	-
\$1,800 - \$2,099	526	236	132	24	24	4	49	57	-
\$2,100 - \$2,399	524	214	124	35	18	18	59	56	-
\$2,400 - \$2,699	565	251	111	39	18	17	56	73	-
\$2,700 - \$2,999	461	193	89	28	13	22	48	68	-
\$3,000 and over	2,957	721	441	113	90	136	144	245	1,067
Totals	8,441	3,161	1,952	433	259	208	623	738	1,067

STATISTICAL SECTION

Retirees and Beneficiaries - Distribution to Members by Option Selected, continued Plan B Fiscal Year Ended June 30, 2022

Amount of Monthly Benefit	Number of Retirees	Option Selected*							
		M	1	2	3	4	5	6	7
Under \$300	-	-	-	-	-	-	-	-	-
\$300 - \$599	22	7	6	5	-	-	2	2	-
\$600 - \$899	18	7	4	5	-	-	1	1	-
\$900 - \$1,199	5	3	-	2	-	-	-	-	-
\$1,200 - \$1,499	5	2	2	-	1	-	-	-	-
\$1,500 - \$1,799	3	-	-	2	-	-	-	1	-
\$1,800 - \$2,099	-	-	-	-	-	-	-	-	-
\$2,100 - \$2,399	3	2	1	-	-	-	-	-	-
\$2,400 - \$2,699	2	-	1	-	1	-	-	-	-
\$2,700 - \$2,999	1	-	-	-	-	-	1	-	-
\$3,000 and over	4	2	2	-	-	-	-	-	-
Totals	63	23	16	14	2	-	4	4	-

*Option Selected:

M = Maximum. At member's death, all payments cease. Surviving beneficiary will receive pro-rated payment for number of days in final month.

Option 1. Guarantees the return of the member's accumulated contributions and interest less the member's accumulated reserves already paid.

Option 2. Guarantees 100% of the member's payment to the designated beneficiary for their lifetime.

Option 3. Guarantees 50% of the member's payment to the designated beneficiary for their lifetime.

Option 4. Guarantees an alternative specified % of the member's payment to the designated beneficiary for their lifetime.

Option 5. Guarantees 100% payment to beneficiary, unless beneficiary divorces or predeceases member. Allowance then pops-up to maximum.

Option 6. Guarantees 50% payment to beneficiary, unless beneficiary divorces or predeceases member. Allowance then pops-up to maximum.

Option 7. Guarantees 50% of the member's payment to the designated beneficiary for their lifetime, at no cost. (*Option 7* is applicable to police and firefighters only with 25 years of creditable service). Allowed to change beneficiary if beneficiary divorces or predeceases member.

STATISTICAL SECTION

Schedule of Average Benefit Payments The System For the Six Years Ended June 30

Retirement Effective Dates	Years Creditable Service					
	0-10	11-15	16-20	21-25	26-30	31+
July 1, 2016 to June 30, 2017						
Average Monthly Benefit	\$357	\$761	\$1,259	\$2,395	\$3,903	\$4,319
Average - Average Final Compensation	\$36,402	\$45,476	\$52,108	\$68,923	\$83,332	\$84,659
Number of Active Retirees	17	55	43	46	77	136
July 1, 2017 to June 30, 2018						
Average Monthly Benefit	\$476	\$771	\$1,230	\$2,454	\$3,809	\$5,069
Average - Average Final Compensation	\$41,548	\$47,077	\$50,691	\$66,939	\$82,017	\$98,205
Number of Active Retirees	25	42	51	45	58	130
July 1, 2018 to June 30, 2019						
Average Monthly Benefit	\$1,012	\$1,091	\$1,282	\$2,647	\$4,157	\$5,201
Average - Average Final Compensation	\$48,867	\$57,563	\$55,057	\$72,154	\$86,994	\$96,970
Number of Active Retirees	23	44	34	53	43	119
July 1, 2019 to June 30, 2020						
Average Monthly Benefit	\$348	\$863	\$1,173	\$2,453	\$4,323	\$4,466
Average - Average Final Compensation	\$47,028	\$50,762	\$50,327	\$69,100	\$92,855	\$90,170
Number of Active Retirees	8	33	21	43	28	93
July 1, 2020 to June 30, 2021						
Average Monthly Benefit	\$437	\$994	\$1,323	\$3,009	\$4,517	\$5,410
Average - Average Final Compensation	\$37,022	\$60,900	\$55,948	\$80,205	\$96,735	\$104,905
Number of Active Retirees	7	33	34	69	50	190
July 1, 2021 to June 30, 2022						
Average Monthly Benefit	\$914	\$1,058	\$1,879	\$3,001	\$4,947	\$4,952
Average - Average Final Compensation	\$64,855	\$55,577	\$65,316	\$79,368	\$103,534	\$95,172
Number of Active Retirees	11	50	65	50	71	110

STATISTICAL SECTION

Schedule of Average Benefit Payments Plan A For the Six Years Ended June 30

Retirement Effective Dates	Years Creditable Service					
	0-10	11-15	16-20	21-25	26-30	31+
July 1, 2016 to June 30, 2017						
Average Monthly Benefit	\$357	\$761	\$1,259	\$2,395	\$3,903	\$4,319
Average - Average Final Compensation	\$36,402	\$45,476	\$52,108	\$68,923	\$83,332	\$84,659
Number of Active Retirees	17	55	43	46	77	136
July 1, 2017 to June 30, 2018						
Average Monthly Benefit	\$476	\$796	\$1,262	\$2,444	\$3,809	\$5,069
Average - Average Final Compensation	\$41,548	\$47,891	\$51,055	\$66,877	\$82,017	\$98,205
Number of Active Retirees	25	39	52	44	58	130
July 1, 2018 to June 30, 2019						
Average Monthly Benefit	\$966	\$1,142	\$1,282	\$2,647	\$4,157	\$5,201
Average - Average Final Compensation	\$49,397	\$56,328	\$55,057	\$71,354	\$86,994	\$96,970
Number of Active Retirees	21	38	34	52	43	119
July 1, 2019 to June 30, 2020						
Average Monthly Benefit	\$348	\$834	\$1,173	\$2,453	\$4,323	\$4,466
Average - Average Final Compensation	\$47,028	\$47,869	\$50,327	\$69,100	\$92,855	\$90,170
Number of Active Retirees	8	28	21	43	28	93
July 1, 2021 to June 30, 2021						
Average Monthly Benefit	\$437	\$946	\$1,310	\$3,009	\$4,517	\$5,410
Average - Average Final Compensation	\$37,022	\$55,489	\$54,293	\$80,205	\$96,735	\$104,905
Number of Active Retirees	7	16	33	69	50	190
July 1, 2021 to June 30, 2022						
Average Monthly Benefit	\$625	\$1,287	\$1,887	\$3,001	\$4,947	\$4,952
Average - Average Final Compensation	\$59,885	\$60,513	\$65,209	\$79,368	\$103,534	\$95,172
Number of Active Retirees	7	31	64	50	71	110

STATISTICAL SECTION

Schedule of Average Benefit Payments Plan B For the Six Years Ended June 30

Retirement Effective Dates	Years Creditable Service					
	0-10	11-15	16-20	21-25	26-30	31+
July 1, 2016 to June 30, 2017						
Average Monthly Benefit	-	-	-	-	-	-
Average - Average Final Compensation	-	-	-	-	-	-
Number of Active Retirees	-	-	-	-	-	-
July 1, 2017 to June 30, 2018						
Average Monthly Benefit	-	\$445	-	-	-	-
Average - Average Final Compensation	-	\$36,502	-	-	-	-
Number of Active Retirees	-	3	-	-	-	-
July 1, 2018 to June 30, 2019						
Average Monthly Benefit	\$1,489	\$1,036	-	\$2,639	-	-
Average - Average Final Compensation	\$43,302	\$72,297	-	\$113,762	-	-
Number of Active Retirees	2	6	-	1	-	-
July 1, 2019 to June 30, 2020						
Average Monthly Benefit	-	\$1,029	-	-	-	-
Average - Average Final Compensation	-	\$66,961	-	-	-	-
Number of Active Retirees	-	5	-	-	-	-
July 1, 2020 to June 30, 2021						
Average Monthly Benefit	-	\$1,039	\$1,731	-	-	-
Average - Average Final Compensation	-	\$65,993	\$110,547	-	-	-
Number of Active Retirees	-	17	1	-	-	-
July 1, 2021 to June 30, 2022						
Average Monthly Benefit	\$1,420	\$935	\$1,424	-	-	-
Average - Average Final Compensation	\$73,553	\$59,324	\$72,142	-	-	-
Number of Active Retirees	4	19	1	-	-	-

STATISTICAL SECTION

Schedule of Participating Employers

Current Year and Nine Years ago

Participating Government Employers	The System			The System		
	FY 2022			FY 2013		
	Covered Employees	Rank	Percentage of Total System	Covered Employees	Rank	Percentage of Total System
Baltimore County, Maryland	6,778	1	72.58%	6,564	1	72.14%
<u>Certain employees of:</u>						
Board of Education	2,350	2	25.15%	2,293	2	25.20%
Community College	137	3	1.47%	153	3	1.68%
Revenue Authority	50	4	0.54%	53	4	0.58%
Board of Library Trustees	24	5	0.26%	36	5	0.40%
Total	9,339		100.00%	9,099		100.00%

Participating Government Employers	Plan A			Plan A		
	FY 2022			FY 2013		
	Covered Employees	Rank	Percentage of Total System	Covered Employees	Rank	Percentage of Total System
Baltimore County, Maryland	2,693	1	78.19%	4,973	1	74.20%
<u>Certain employees of:</u>						
Board of Education	698	2	20.28%	1,580	2	23.58%
Community College	27	3	0.78%	84	3	1.25%
Revenue Authority	20	4	0.58%	37	4	0.55%
Board of Library Trustees	6	5	0.17%	28	5	0.42%
Total	3,444		100.00%	6,702		100.00%

Participating Government Employers	Plan B			Plan B		
	FY 2022			FY 2013		
	Covered Employees	Rank	Percentage of Total System	Covered Employees	Rank	Percentage of Total System
Baltimore County, Maryland	4,085	1	69.29%	1,591	1	66.37%
<u>Certain employees of:</u>						
Board of Education	1,652	2	28.02%	713	2	29.75%
Community College	110	3	1.87%	69	3	2.88%
Revenue Authority	30	4	0.51%	16	4	0.67%
Board of Library Trustees	18	5	0.31%	8	5	0.33%
Total	5,895		100.00%	2,397		100.00%

Plan A closed to members hired after June 30, 2007. Plan B was created for members hired on or after July 1, 2007.

