Montgomery County Employee Retirement Plans

Annual Comprehensive Financial Report

Employees' Retirement System
Retirement Savings Plan
Deferred Compensation Plan
(*Trust Funds of Montgomery County, Maryland*)

Fiscal Year 2022
July 1, 2021 – June 30, 2022

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Montgomery County Employee Retirement Plans
Maryland**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

Montgomery County
Employee Retirement Plans

Annual Comprehensive Financial Report

Employees' Retirement System
Retirement Savings Plan
Deferred Compensation Plan

(Trust Funds of Montgomery County, Maryland)

Fiscal Year 2022
July 1, 2021 – June 30, 2022

Prepared by Montgomery County Employee Retirement Plans
101 Monroe Street, 15th Floor
Rockville, Maryland 20850

MONTGOMERY COUNTY

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GARDEZ BIEN

MARYLAND

MONTGOMERY COUNTY
EMPLOYEE RETIREMENT PLANS
Fiscal Year Ended June 30, 2022
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INTRODUCTION SECTION

OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

Richard S. Madaleno
Chief Administrative Officer

October 26, 2022

Honorable County Executive and
Members of the Montgomery County Council

I am pleased to present to you the Annual Comprehensive Financial Report (ACFR) of the Montgomery County Employee Retirement Plans (Plans) for the fiscal year ended June 30, 2022. This annual report is designed to assist you in understanding the structure and current status of the Plans.

FORMAL TRANSMITTAL OF THE ACFR

This report was prepared pursuant to the provisions of Section 33-51(b) of the Montgomery County Code, 2004, as amended (Code), and includes the independent auditor's report, issued by the County Council's appointed independent public accounting firm. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation including all disclosures rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the fiduciary net position and the changes in the fiduciary net position of the Plans; and that all disclosures necessary to enable the reader to gain the maximum understanding of the financial affairs of the Plans have been included.

PROFILE OF THE RETIREMENT PLANS

History

The Employees' Retirement System (System) was established in 1965, as a cost-sharing, multiple-employer defined benefit pension plan providing benefits to the employees of the County and other agencies or political subdivisions who elect to participate. Participating agencies and subdivisions include the following: Montgomery County Revenue Authority; Housing Opportunities Commission of Montgomery County; Town of Chevy Chase; Strathmore Hall Foundation, Inc.; Washington Suburban Transit Commission; SkyPoint Federal Credit Union; and certain employees of the State Department of Assessments and Taxation; and the District Court of Maryland. The System is closed to employees hired on or after October 1, 1994, except public safety bargaining unit employees and Guaranteed Retirement Income Plan (GRIP) participants. The Montgomery County Council passed legislation in FY 2009 enabling the County to establish and maintain a GRIP, a cash balance plan that is part of the System, for employees. During FY 2010, eligible County employees who were members of the Retirement Savings Plan (RSP) were granted the option to elect to participate in the GRIP, to transfer their RSP member account balance to the GRIP, and to cease being a member of the RSP. There were 5,956 active members, including 2,626 in the GRIP, and 6,966 retirees and beneficiaries participating in the System as of June 30, 2022.

The RSP was established in 1994 as a cost-sharing multiple-employer defined contribution plan providing benefits to all non-public safety and certain public safety employees hired on or after October 1, 1994. Employees covered by the System may make an irrevocable decision to transfer to the RSP. As of June 30, 2022, there were 3,238 active plan members.

The Deferred Compensation Plan (DCP) was established pursuant to Section 457 of the Internal Revenue Code, as amended. During FY 1999, in accordance with Federal legislation, the assets of the County Plan were placed in trust for the sole benefit of participants and their beneficiaries.

Benefit Provisions

The benefit provisions of the System are established by the Code. The System provides for normal service retirement and early service retirement benefits for members who attain age and service requirements. The System also provides options for disability and death benefits to eligible participants. Members are vested after five years of service.

The RSP provides for immediate vesting of employee contributions, and employer contributions are vested after three years of service or upon death, disability, or reaching retirement age.

Major Initiatives

The Board continues to build on its previous strong record of incorporating Environmental, Social, and Governance (ESG) considerations into the investment program. In the last year, staff has taken the results from our first annual Principles for Responsible Investment (PRI) submission to benchmark ourselves on ESG integration relative to our peers and identify areas for improvement. Further, staff seeks to influence the investment managers within the portfolio to become PRI signatories as it is becoming the industry standard for ESG integration. Currently, 44% of the managers within the portfolio are signatories, up from 38% last year. The Board continues to engage with investment managers on Diversity, Equity, and Inclusion (DEI) considerations within their organizations and reports the results of the manager group within each sector of the portfolio at each Board meeting throughout the year. The Board's Governance Manual states that the Board, staff, and consultants are committed to including emerging investment managers in searches, including businesses owned by women, minorities, and disabled individuals. As of the end of the fiscal year, the portfolio had 24% of the portfolio allocated to diverse firms.

In addition to the above initiative, the Board continued to implement changes to the investment program which resulted in further diversification of the investment portfolio and better management of the System's risk. Toward this effort, new investments were approved in the following sectors: public equities and private markets.

INFORMATION USEFUL IN ASSESSING THE RETIREMENT PLANS' ECONOMIC CONDITION

Financial Information

Accounting System and Reports

The Plans' financial statements have been prepared under the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due. Benefits, refunds and distributions are recognized when due in accordance with the terms of the Plans.

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A), found on pages 15 to 19 of this report, provides a brief analysis of the financial performance of the Plans and an introduction to the financial statements of the Plans for the year ended June 30, 2022.

Investments

Montgomery County has established a Board to be responsible for the investment management of the Plans' assets for the exclusive benefit of the members and participants. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

In overseeing the management of the assets of the Plans, the Board has developed sound and prudent investment policies. The Board believes an appropriate balance must be struck between risks taken and returns sought to ensure the long-term health of the defined benefit plan. The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long- term increases in the value of assets. To achieve this objective, System assets are allocated to a broad array of investment sectors as follows: domestic equity 11.8 percent, international equity 10.5 percent, global equity 3.2 percent, high yield 6.7 percent, emerging markets debt 1.1 percent, private equity 16.9 percent, credit opportunities 3.3 percent, directional hedge funds 2.4 percent, long duration and cash 8.1 percent, diversifying hedge funds 2.7 percent, public real assets 7.9 percent, private real assets 9.0 percent, and inflation indexed bonds/Gold 16.4 percent. For the twelve months ended June 30, 2022, the total time-weighted return achieved by the System's investments was a loss of (2.9) percent, compared to the loss recorded by the System's benchmark index of (4.8) percent and the actuarial assumed rate of return of 7.5 percent.

Section 33-125 of the Montgomery County Code authorizes the Board to establish for members of the RSP a diversified slate of mutual and commingled investment funds from which participants may select options. The Board has developed an investment policy outlining its oversight of the investment products offered.

The Board has also established a diversified slate of mutual and commingled funds for the County's Deferred Compensation Plan which offers a range of options from which participants may select. The Board has constructed an investment policy stipulating investment objectives and oversight by the Board.

Funding

The System's actuary uses a five-year market-related value smoothing to determine the actuarial value of assets. The smoothing prevents extreme volatility in employer contribution rates due to short-term fluctuations in the investment markets. For the valuation as of June 30, 2022, the actuarial value of assets was $4.9 billion and the aggregate actuarial liability was $4.8 billion, resulting in a funded status ratio of 101.9%.

The Schedule of Changes in the Employers' net pension liability and related ratios, included as Required Supplementary Information in the Financial Section, expresses the System's fiduciary net position as a percentage of the total pension liability, providing one indication of the System's funding status on a going-concern basis. The actuary has determined that the present net asset base, expected future contributions, and investment earnings thereon, are sufficient to provide for full payment of future benefits under the entry-age normal actuarial cost method.

Internal Control Structure and Budgetary Controls

The Plans' management is responsible for maintaining internal accounting controls to provide reasonable assurance that transactions are properly authorized and recorded as necessary to permit preparation of financial statements in conformity with U.S. generally accepted accounting principles. We believe the internal controls in effect during the fiscal year ended June 30, 2022, adequately safeguard the Plans' assets and provide reasonable assurance regarding the proper recording of financial transactions. In addition, the Board, in conjunction with the Chief Administrative Officer, approves and actively monitors the annual budgets for each plan. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement.

Independent Audit and Actuarial Certification

The independent public accountants' report and actuarial certification are included in this report.

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Montgomery County Employee Retirement Plans for its annual comprehensive financial report for the fiscal year ended June 30, 2021. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report, whose contents conform to program standards. Such a 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. The Montgomery County Employee Retirement Plans have received the Certificate of Achievement for the last twenty-two consecutive years. We believe our current annual comprehensive financial report continues to meet the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

Acknowledgements

The Plans' annual comprehensive financial report was prepared by the Montgomery County Employee Retirement Plans' staff in conjunction with staff support from the County's Department of Finance. I would like to express my appreciation to the employees who have worked hard throughout the year to ensure the successful operation of the Plans.

Respectfully submitted,

Richard S. Madaleno
Chief Administrative Officer
Plan Administrator

ADMINISTRATIVE ORGANIZATION

Professional Services

Actuary	Auditor	Custodial Bank
Gabriel Roeder Smith & Company	SB & Company, LLC	The Northern Trust Company

Investment Consultants

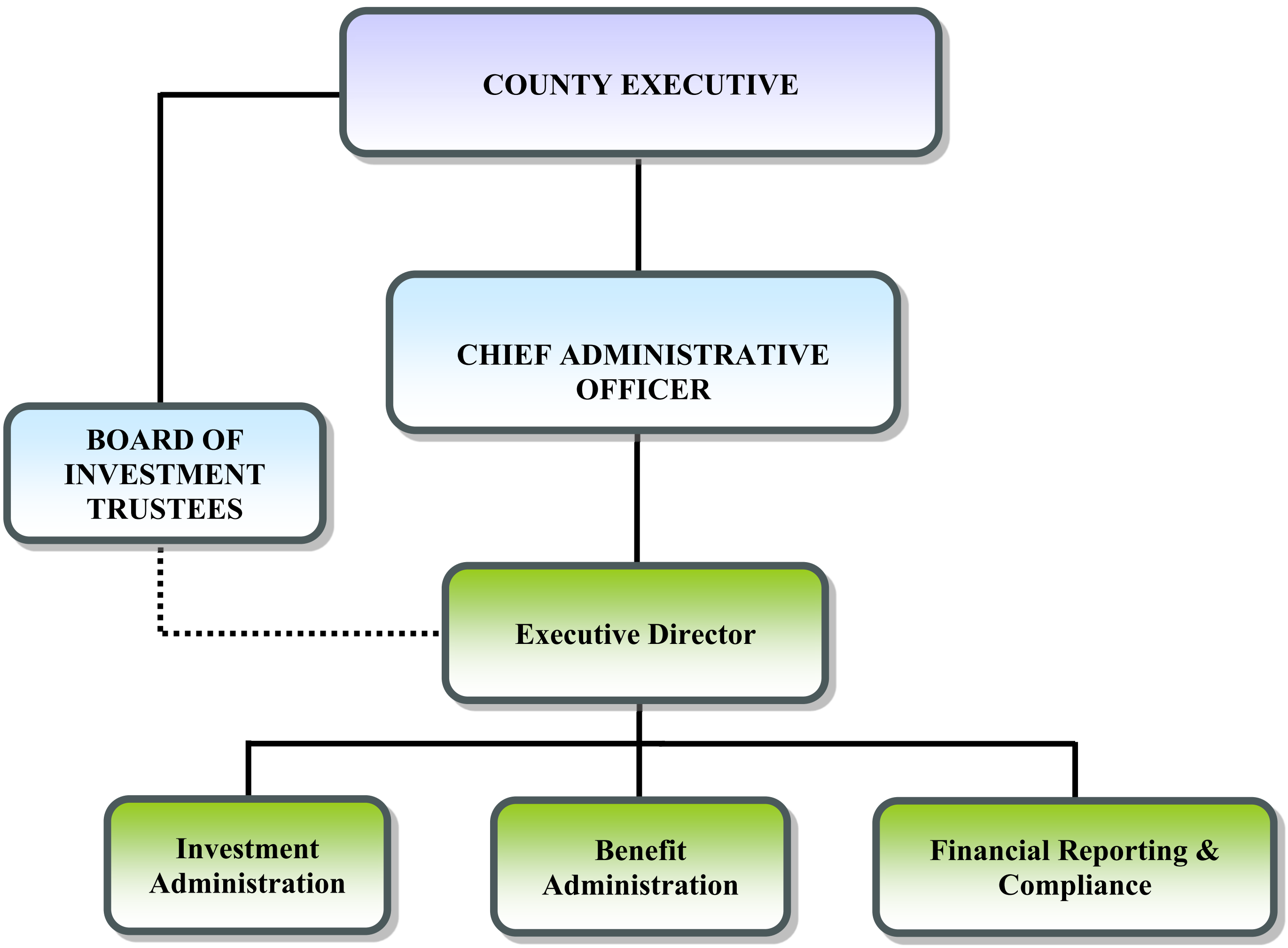
Albourne America LLC	Franklin Park Associates, LLC	NEPC, LLC

Investment Managers-Employees' Retirement System

Aberdeen Asset Management, Inc.	Acadian Asset Management LLC	Adams Street Partners
Altaris Capital Partners	Altus Capital Partners	Amulet Capital Partners
Arrowstreet Capital	Arroyo Energy Investors LLC	Atlas Capital Resources
Banner Ridge Partners	Bison Capital Partners	BlackRock Financial Management
Blackstone Inc.	Bridgewater Associates	BV Investment Partners
Caprock Management, LLC	Carmel Partners	Castlelake LP
Center Rock Capital Partners	CIBC Asset Management	Clearlake Capital Group
Crest Rock Partners	DW Healthcare Partners	Eagle Asset Management*
EMR Capital	EnerVest Ltd.	Excelsior Energy Capital
Federal Capital Partners	First Quadrant LP	Franklin Park Associates, LLC
GMO LLC	Graycliff Partners	Greenbacker Capital Management
Greyrock Capital Group	Gryphon Partners	GQG Partners
Hampshire Companies	HarbourVest Partners	Highclere International Investors LLP
Homestead Capital	J.F. Lehman & Company	Juniper Capital LP
K1 Investment Management LLC	Kimmeridge Energy Management Company	KPS Capital Partners, LP
Landmark Partners Inc.	LBA Realty	Levine Leichtman Capital Partners
Lime Rock Resources	Longpoint Realty Partners	Loomis Sayles & Co.
Luxor Capital Partners	Lyme Timber Company	Magna Hospitality Group
Marathon Asset Management (EMD)	Marathon Asset Management LLP*	Mason Wells Inc.
Melford Capital Partners LLP	Meridian Realty Partners	MiddleGround Capital
Morgan Stanley	New Energy Capital	NISA Investment Advisors
Nomura Asset Management	Odyssey Investment Partners	P/E Investments LLc
Pearlmark Real Estate Partners	Phoenician Resources	Polunin Capital Partners Limited
Post Road Group	Princeton Equity Group	Principal Real Estate Investors
PineBridge Investments LLC	Resource Land Holdings	Rhumbline Advisors*
Riverside Partners	Riverside Acceleration Capital	Ridgewood Infrastructure
Schroder Investment Management	Segall Bryant & Hamill LLC*	Senator Investment Group
Siris Capital Group LLC	Sunstone Partners	TA Associates
Tailwater Capital	Thoma Bravo LP	TimesSquare Capital Management*
Trinity Street Asset Management	VSS Capital Partners	WCM Investment Management*
Wellington Management*	Whitehorse Liquidity Partners	Wicks Group
WNG Capital	Woodbourne Capital	

* Public equity commission brokers are listed on page 60.

Montgomery County Employee Retirement Plans
Administrative Organization Chart



FINANCIAL SECTION

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Honorable County Council of Montgomery County, Maryland
Board of Investment Trustees
Montgomery County Employee Retirement Plans

Report on the Audit of the Financial Statements

Opinion

We have audited each of the accompanying statements of fiduciary net position of the Montgomery County Employee Retirement Plans (the Plans) as of June 30, 2022, and the related statements of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the fiduciary net position of the Plans as of June 30, 2022, and the respective changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

The Plans' 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 controls 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 Plans' ability to continue as a going concern for one after the date that the financial statements are available for issuance.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is

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not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. 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, 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 controls 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 Plans' internal controls. 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 Plans' 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 controls–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 the employers' net pension liability and related ratios, employer contributions and investment returns, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial

statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plans' basic financial statements. The schedules of administrative expenses, payments to consultants and investment expenses, the statements of fiduciary net position and changes in fiduciary net position for the Employees' Retirement System, Retirement Savings Plan and the Deferred Compensation Plan (supplementary information) as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary 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. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the introduction, investment, actuarial, and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinion on the basic financial statements does 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 October 26, 2022, on our consideration of the Plans' internal controls 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 controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the Plans' internal controls 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 Plans' internal controls over financial reporting and compliance.

Owings Mills, Maryland
October 26, 2022

SB + Company, LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The following Management's Discussion and Analysis (MD&A) of the Montgomery County Employee Retirement Plans (Plans) financial performance provides an introduction to the financial statements of the Plans as of and for the year ended June 30, 2022. Since the MD&A is designed to focus on current activities, resulting changes and current known facts, it should be read in conjunction with the transmittal letter in the Introduction Section on page 4, and the financial statements, notes to the financial statements, required supplementary information, and other supplementary information which follow this discussion.

REQUIRED FINANCIAL STATEMENTS

The financial statements for the Plans have been prepared under the accrual basis of accounting in conformity with U.S. generally accepted accounting principles, promulgated by the Governmental Accounting Standards Board. The Statements of Fiduciary Net Position comprise the Plans' assets and liabilities and provide information about the nature and amount of investments, as well as the liabilities. The Statements of Changes in Fiduciary Net Position report the changes of the Plans' net position, measured by the additions by major sources and deductions by type. Comparative financial statements of the three plans are presented in the latter part of the financial section.

FINANCIAL ANALYSIS OF THE MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS

Shown below is a condensed presentation of the net position of the Employees' Retirement System (ERS), Retirement Savings Plan (RSP), and Deferred Compensation Plan (DCP) at June 30:

Net Position
(Millions)

	ERS		RSP		DCP	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Assets:						
Cash and investments	$ 5,028.9	$ 5,445.6	$ 612.6	$ 704.8	$ 515.6	$ 610.9
Receivables	18.4	19.3	2.3	2.2	1.3	1.3
Total assets	5,047.3	5,464.9	614.9	707.0	516.9	612.2
Liabilities	211.0	168.9	0.1	0.1	-	-
Total net position	$ 4,836.3	$ 5,296.0	$ 614.8	$ 706.9	$ 516.9	$ 612.2

Shown below is a condensed summary of the changes in net position of the ERS, RSP, and DCP for the years ended June 30:

Change in Net Position
(Millions)

	ERS		RSP		DCP	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Additions:						
Employer contributions	$ 68.1	$ 70.7	$ 22.3	$ 21.6	$ -	$ -
Member contributions	31.2	30.8	12.2	11.8	23.9	25.7
Net investment income (loss)	(257.1)	1,141.1	(103.6)	156.0	(89.3)	150.7
Total additions (reductions)	(157.8)	1,242.6	(69.1)	189.4	(65.4)	176.4
Deductions:						
Benefits	287.0	267.4	-	-	-	-
Refunds and Distributions	11.7	9.7	22.8	19.8	29.9	31.9
Administrative expenses	3.1	3.0	0.3	0.2	-	-
Total deductions	301.8	280.1	23.1	20.0	29.9	31.9
Total change in net position	$ (459.6)	$ 962.5	$ (92.2)	$ 169.4	$ (95.3)	$ 144.5

The following schedules provide a comparative summary and an analysis of each Plan's assets, liabilities and net position, at June 30:

Employees' Retirement System
Net Position
(Millions)

	2022	**2021**	**Percentage Change**
Assets:			
Cash and investments	$ 5,028.9	$ 5,445.6	(7.7) %
Receivables	18.4	19.3	(4.7)
Total assets	5,047.3	5,464.9	(7.6)
Liabilities:			
Benefits payable and other liabilities	19.9	13.2	50.8
Obligations under securities lending agreements	191.1	155.7	22.7
Total liabilities	211.0	168.9	24.9
Total net position	$ 4,836.3	$ 5,296.0	(8.7) %

The table shown above reflects a decrease of $459.7 million, an 8.7 percent decrease in the net position for the ERS during fiscal year (FY) 2022, due to a combination of contributions, benefits paid, and investment loss.

Retirement Savings Plan Net Position (Millions)			
	2022	2021	Percentage Change
Assets:			
Cash and investments	$ 612.6	$ 704.8	(13.1) %
Receivables	2.3	2.2	4.5
Total assets	614.9	707.0	(13.0)
Liabilities	0.1	0.1	-
Total net position	$ 614.8	$ 706.9	(13.0) %

During FY 2022, the net position of the RSP decreased 13.1 percent to $612.6 million primarily driven by investment loss and distribution made during the fiscal year.

Deferred Compensation Plan Net Position (Millions)			
	2022	2021	Percentage Change
Assets:			
Cash and investments	$ 515.6	$ 610.9	(15.6) %
Receivables	1.3	1.3	-
Total net position	$ 516.9	$ 612.2	(15.6) %

The net position of the DCP decreased 15.6 percent to $516.9 million during FY 2022. The change is due to investment loss and decrease of rollover contributions during the fiscal year.

ADDITIONS

The primary sources of additions for the Plans include member and employer (where applicable) contributions and investment income. The following tables compare the source and amount of additions for each Plan during FY 2022 and FY 2021:

Employees' Retirement System Contributions and Investment Income (Millions)			
	2022	2021	Percentage Change
Employer contributions	$ 68.1	$ 70.7	(3.7) %
Member contributions	31.2	30.8	1.3
Net investment income (loss)	(257.1)	1,141.1	(122.5)
	$ (157.8)	$ 1,242.6	(112.7) %

Employer contributions were lower by 3.7 percent in FY 2022 from the FY 2021 level due to the increased funded status of the plan which resulted in lower employer contribution rates.

Net investment income decreased by 122.5 percent to loss of $(257.1) million in FY 2022 from FY 2021due to weaker financial markets conditions in FY 2022.

The net investment loss for the ERS totaled $(257.1) million for FY 2022, comprised of $(300.8) million in net decrease in fair value of investments, $83.3 million in dividends and interest, $0.8 million from securities lending activities, and offset by $40.4 million related to investment expenses.

Retirement Savings Plan
Contributions and Investment Income
(Millions)

	2022	2021	Percentage Change
Employer contributions	$ 22.3	$ 21.6	3.2 %
Member contributions	12.2	11.8	3.4
Net investment income (loss)	(103.6)	156.0	(166.4)
	$ (69.1)	$ 189.4	(136.5) %

Employer contributions to the RSP were $22.3 million for FY 2022, an increase of 3.2 percent from the FY 2021. The increase in member contributions in FY 2022 was due to slightly higher rollover contributions and retirement eligible earnings versus the FY 2021 level. Net investment loss for the RSP totaled $69.1 million a decrease of 136.5 percent due to weak financial markets condition in FY 2022.

Deferred Compensation Plan
Contributions and Investment Income
(Millions)

	2022	2021	Percentage Change
Member contributions	$ 23.9	$ 25.7	(7.0) %
Net investment income (loss)	(89.3)	150.7	(159.3)
	$ (65.4)	$ 176.4	(137.1) %

Member contributions to the DCP were $23.9 million for FY 2022, 14.2 percent higher than the FY 2021 level due to decreased rollover contributions compared to the prior fiscal year. Net investment loss for the DCP totaled $89.3 million an increase of 159.3 percent versus the prior year due to weaker financial markets condition.

DEDUCTIONS

The primary sources of deductions from the Plans include the payment of retiree and survivor benefits, participant refunds and distributions, and administrative expenses.

The following tables show the use and amount of deductions for each plan during FY 2022 and 2021:

Employees' Retirement System
Deductions by Type
(Millions)

	2022	2021	Percentage Change
Benefits	$ 287.0	$ 267.4	7.3 %
Refunds	11.7	9.7	20.6
Administrative expenses	3.1	3.0	3.3
	$ 301.8	$ 280.1	7.7 %

During FY 2022, benefits and refunds increased by $19.6 million or 7.3 percent and $2.0 million or 20.6 percent, respectively. Refunds increased primarily due to an increase in the number of participants electing to receive distributions. Administrative expenses slightly increased by 3.3 percent factored in cost of living increases.

Retirement Savings Plan
Deductions by Type
(Millions)

	2022	2021	Percentage Change
Distributions	$ 22.8	$ 19.8	15.2 %
Administrative expenses	0.3	0.2	50.0
	$ 23.1	$ 20.0	15.5 %

The deductions related to the RSP are comprised of distributions and administrative costs. During FY 2022, distributions paid from the RSP increased by 15.2 percent from the FY 2021 level due to an increase in the dollar amount of individual refunds. Administrative expenses increased by 50% due to combination of salary and professional services fee increase.

Deferred Compensation Plan
Deductions by Type
(Millions)

	2022	2021	Percentage Change
Distributions	$ 29.9	$ 31.9	(6.3) %

During FY 2022, distributions paid from the DCP decreased by 6.3% percent from the FY 2021 level.

For additional information regarding this report, please contact the Board of Investment Trustees at 240-777-8220.

MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS
STATEMENTS OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2022

	Employees' Retirement System	Retirement Savings Plan	Deferred Compensation Plan
ASSETS			
Equity in County's pooled cash and investments	$ 2,027,017	$ 400,154	$ -
Investments:			
Government and agency obligations	90,898,497	-	-
Municipal/Provincial obligations	6,901,970	-	-
Corporate bonds	403,474,888	-	-
Commerical mortgage-backed securities	2,681,279	-	-
Common and preferred stock	1,099,036,741	-	-
Mutual and commingled funds	1,653,739,980	612,163,832	515,583,856
Short-term investments	173,905,699	-	-
Cash collateral received under securities lending agreements	191,146,313	-	-
Private real assets	433,852,253	-	-
Private equity/debt	971,247,096	-	-
Total investments	5,026,884,716	612,163,832	515,583,856
Dividend, interest, and other receivables	11,508,575	-	-
Contributions receivable	6,918,120	2,339,801	1,322,491
Total assets	5,047,338,428	614,903,787	516,906,347
LIABILITIES			
Payable for collateral received under securities lending agreements	191,146,313	-	-
Benefits payable and other liabilities	19,876,179	58,987	-
Total liabilities	211,022,492	58,987	-
Net position restricted for pensions	$ 4,836,315,936	$ 614,844,800	$ 516,906,347

See accompanying notes to financial statements.

MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	Employees' Retirement System	Retirement Savings Plan	Deferred Compensation Plan
ADDITIONS			
Contributions:			
Employer	$ 68,120,087	$ 22,341,229	$ -
Members	31,202,587	12,205,025	23,908,201
Total contributions	99,322,674	34,546,254	23,908,201
Investment loss	(217,530,202)	(103,577,480)	(89,286,742)
Less investment expenses	40,397,410	6,791	-
Net loss from investment activities	(257,927,612)	(103,584,271)	(89,286,742)
Income from securities lending	1,181,873	-	-
Less securities lending expenses	375,532	-	-
Net income from securities lending	806,341	-	-
Total reductions	(157,798,597)	(69,038,017)	(65,378,541)
DEDUCTIONS			
Retiree benefits	220,330,653	-	-
Disability benefits	55,902,141	-	-
Survivor benefits	10,770,287	-	-
Refunds and distributions	11,722,715	22,750,933	29,918,725
Administrative expenses	3,132,193	276,665	-
Total deductions	301,857,989	23,027,598	29,918,725
Net decrease	(459,656,586)	(92,065,615)	(95,297,266)
Net position restricted for pensions			
Beginning of year	5,295,972,522	706,910,415	612,203,613
End of year	$ 4,836,315,936	$ 614,844,800	$ 516,906,347

See accompanying notes to financial statements.

INTRODUCTION

The Montgomery County Employee Retirement Plans (Plans) are offered to Montgomery County (County) employees, as well as participating agencies, whose eligibility to participate is based on employment status and other factors. Each of the Plans as well as participating agencies described below was established under a separate section of the Montgomery County Code (Code). The accompanying notes summarize the significant accounting policies and plan provisions for each of the Plans, including the Employees' Retirement System, a defined benefit pension plan; the Retirement Savings Plan, a defined contribution plan; and the Deferred Compensation Plan, a plan established pursuant to Section 457 of the Internal Revenue Code.

EMPLOYEES' RETIREMENT SYSTEM - Defined Benefit Pension Plan

The Montgomery County Employees' Retirement System (System or Plan) is considered part of the County's financial reporting entity and is included in the County's basic financial statements as a pension and other employee benefit trust fund. The accompanying financial statements present only the operations of the System in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to public employee retirement systems. They are not intended to present fairly the financial position and results of operations of the entire County.

The Montgomery County Council passed legislation in FY 2009 enabling the County to establish and maintain a Guaranteed Retirement Income Plan (GRIP), a cash balance plan that is part of the Plan, for employees. During FY 2010 eligible County employees who were members of the Retirement Savings Plan (RSP) were granted the option to elect to participate in the GRIP and to transfer their RSP member account balance to the GRIP and cease being a member of the RSP.

A. Plan Description and Contribution Information

Plan Membership. As of June 30, 2022, the date of the latest actuarial valuation, membership in the System consisted of:

Retirees and beneficiaries receiving benefits	6,966
Terminated plan members entitled to but not yet receiving benefits	726
Active plan members	5,956

Plan Administration. The System, a cost-sharing multiple-employer defined benefit pension plan, was established in 1965 and is sponsored by the County. Eight other agencies and political subdivisions have elected to participate. The System is closed to employees hired on or after October 1, 1994, except public safety bargaining unit employees and GRIP participants. All covered full-time employees of the County and participating agencies must become members of the System as a condition of employment. All covered career part-time employees of the County and participating agencies may become members on an individual basis.

Contributions. The System is a contributory plan with employees contributing a percentage of their base annual salary. Contribution rates range from 6 percent to 11.25 percent of regular earnings annually based on group classification and contributions earn interest at the rate of 4 percent per annum as specified under Section 33-39(b) of the Code. The County and each participating agency are required to contribute the remaining amounts necessary to fund the System using the actuarial basis as specified in Section 33-40 of the Code. Employee contributions for the Elected Officials' Plan are 4 percent of regular earnings.

The GRIP, as defined in Section 33-35 of the Code, requires non-public safety employees to contribute 4 percent of regular earnings up to the Social Security wage base and 8 percent above the Social Security wage base. Public safety employees are required to contribute 3 percent of regular earnings up to the Social Security wage base and 6 percent above the Social Security wage base. Section 33-40 of the Code requires the County and each participating agency to contribute 8 percent and 10 percent of regular earnings for non-public safety and public safety employees, respectively.

Benefit Provisions. Benefit provisions are established under the Code beginning with Section 33-35. All benefits vest at five years of service. There are different retirement groups within the System. Members enrolled before July 1, 1978, belong to either the optional non-integrated group or the optional integrated group. Members enrolled on or after July 1, 1978, belong to the mandatory integrated group. Within the groups are different retirement membership classes. The retirement group assigned depends upon the job classification of the member (i.e., non-public safety, police, fire, sheriffs and correctional staff). Normal and early retirement eligibility, the formula for determining the amount of benefit, and the cost of living adjustment varies depending upon the retirement group and retirement membership class. Normal retirement is a percentage of earnings multiplied by years of credited service. Earnings for optional non-integrated group members and optional integrated group members is defined as the high 12 months and for mandatory integrated plan members, the high 36 months. The percentage of earnings, the maximum years of credited service and the cost of living adjustment varies depending upon the retirement membership class and group. Members who retire early receive normal retirement benefits reduced by a minimum of 2 percent to a maximum of 60 percent depending on the number of years early retirement precedes normal retirement. The System provides options for disability and death benefits to eligible participants. Annual cost-of-living adjustments are provided to retirees and beneficiaries based on the percentage change in the Consumer Price Index.

Deferred Retirement Option Plans (DROP). Legislation enacted by the Montgomery County Council in November 1999 required the Chief Administrative Officer of the County to establish Deferred Retirement Option Plans, or DROP Plans, allowing any employee who is a member of a specified membership group or bargaining unit, and who meets certain eligibility requirements, to elect to "retire" but continue to work for a specified time period, during which pension payments are deferred. When the member's participation in the DROP Plan ends, the member must stop working for the County, draw a pension benefit based on the member's credited service and earnings as of the date that the member began to participate in the DROP Plan, and receive the value of the DROP Plan payoff. The assets held by the System pursuant to DROP Plans as of June 30, 2022 were $42,079,203.

For members of the GRIP, employee contributions and earnings thereon vest immediately and employer contributions and earnings thereon are vested after three years of service or upon death, disability, or reaching retirement age. At separation, a participant's benefit is determined based upon the account balance which includes contributions and earnings.

B. Summary of Significant Accounting Policies

Basis of Accounting. The System's financial statements have been prepared under the accrual basis of accounting. Member and employer contributions are recognized in the period in which the contributions are required to be made as specified under the County Code. Benefits and refunds are recognized when due in accordance with the terms of the Plan. The cost of administering the Plan is paid by the System.

Method Used to Value Investments. Investments are stated at fair value. The fair value for public securities is generally based on quoted market prices as of June 30, 2022. Fair value for private investment funds, including private equity, private debt and private real assets, are determined using unit values supplied by the fund managers, which are based upon the fund managers' appraisals of the funds' underlying holdings. Such values involve subjective judgment and may differ from amounts which would be realized if such holdings were actually sold. The fair value of limited partnership investments are based on valuations of the underlying assets of the limited partnerships as reported by the general partner. Cash received as collateral on securities lending transactions and investments made with such cash are stated at fair value along with a related liability for collateral received.

Equity in County's Pooled Cash and Investments. The System maintains its short-term cash with the County, which invests cash and allocates interest earned, on a quarterly basis to the System based on the System's average daily balance of its equity in pooled cash. The County's policy is to fully collateralize the cash maintained in the pool.

Accounting Changes. There were no changes to the statements made as a result of new pronouncements during the year ended June 30, 2022.

C. Net Pension Liability

The components of the net pension liability of the System as of June 30, 2022, were as follows:

Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)	Plan Fiduciary Net Position as a % of Total Pension Liability (b/a)
$4,681,943,291	$4,836,315,936	$(154,372,645)	103.30%

Additional information as of the latest actuarial valuation is as follows.

Valuation date	July 1, 2021
Measurement Date	June 30, 2022
Actuarial cost method	Entry Age Normal
Amortization method for funding	Level percentage of payroll, separate closed period bases for Public Safety and GRIP, single closed period amortization base for non-Public Safety.
Amortization period for funding	For Public Safety and GRIP: Initial amortization period of 20 years for the base established July 1, 2015. Initial amortization period of 20 years for subsequent bases. For non-Public Safety: Single closed amortization period of 9 years established July 1, 2015.
Asset valuation method	Fair Market Value
Actuarial assumptions:	
Investment rate of return	7.50% per year
Projected salary increases depending on service	3.00%-10.75%
Cost-of-living (inflation rate) adjustments	2.50% on the benefit attributable to credited service earned prior to June 30, 2011. 2.20% on the benefit attribution to credited service earned on or after July 1, 2011, reflecting the 2.50% cap.
Post-retirement Increases	Consumer Price Index - by Group
Mortality rates after retirement	Pub-2010 Healthy Retiree Mortality Table (for General Employees), sex-distinct for healthy mortality. To provide a margin for future mortality improvements, generational mortality improvements from 2010 using projection scale MP-2018 was used.

An experience study was conducted in September 2019 for the period July 1, 2014 to July 1, 2018. The results of the experience study have been incorporated into the financial statements where applicable. An actuarial experience study is conducted every five years.

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 (see the discussion of the System's investment policy) are summarized in the table on the next page:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equities	2.20 %
International Equities	3.00
Emerging Market Equities	5.90
Global Equities	3.30
Private Equity	5.80
Credit Opportunities	4.20
High Yield Bonds	0.80
Emerging Market Debt	1.70
Directional Hedge Funds	1.80
Long Duration Fixed Income	(0.60)
Cash	(0.90)
Diversifying Hedge Funds	1.70
Global ILs/Gold	2.50
Private Real Assets	4.40
Public Real Assets	2.90

Discount Rate. The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and contributions from the County and other participating agencies will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the System calculated using the discount rate of 7.5%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net pension liability	$336,548,909	$(154,372,645)	$(568,198,466)

D. Trustees of the Plan

The County established a Board of Investment Trustees (Board) for the System to be responsible for the investment management of the System's assets for the exclusive benefit of the members. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

E. Investments

Section 33-61C of the Code, authorizes the Board to act with the care, skill, prudence and diligence under the circumstances that a prudent person acting in a similar capacity and familiar with the same matters would use to conduct a similar enterprise with similar purposes. The Code also requires that such investments be diversified so as to minimize the risk of large losses unless it is clearly not prudent to diversify under the circumstances. The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term increases in the value of assets. The overall investment policies do not address specific levels of credit risk, interest rate risk or foreign currency risk. The Board believes that risks can be managed, but not eliminated, by establishing constraints on the investment portfolios and by monitoring the financial markets, the System's asset allocation and the investment managers hired by the System.

Each investment manager has a specific benchmark and investment guidelines appropriate for the type of investments they are managing.

The following was the Board's adopted asset allocation policy as of June 30, 2022:

Asset Class	Target Allocation
Domestic Equities	12.70 %
International Equities	7.50
Emerging Market Equities	3.80
Global Equities	3.50
Private Equity	15.00
Credit Opportunities	6.00
High Yield Bonds	4.00
Emerging Market Debt	1.50
Directional Hedge Funds	2.25
Total Growth	**56.25**
Long Duration Fixed Income	7.00
Cash	1.00
Diversifying Hedge Funds	2.25
Total Risk Mitigation	**10.25**
Global Ils & Gold	16.50
Private Real Assets	12.00
Public Real Assets	5.00
Total Real Assets/Inflation Protection	**33.50**
Total	**100.00 %**

Rate of Return. The annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, for FY 2022 was (3.17)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Fair Value Measurement. The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level I measurements) and the lowest priority to unobservable inputs (level III measurements).

Level I– Unadjusted quoted prices for identical assets or liabilities in active markets.
Level II – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets are not active; and model-derived valuations in which all significant inputs are observable.
Level III – Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The System's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The table on the next page shows the fair value leveling of the System's investments.

	6/30/2022	Quoted Prices in Active Markets for Identical Assets Level I	Significant Other Observable Inputs Level II	Significant Unobservable Inputs Level III
		Fair Value Measurements Using		
Investments by fair value level				
Debt securities				
Government and agency obligations	$ 90,898,497	$ -	$ 90,898,497	$ -
Municipal/Provincial obligations	6,901,970	-	6,901,970	-
Corporate bonds	403,474,888	-	401,084,002	2,390,886
Commercial mortgage-backed securities	2,681,279	-	2,681,279	-
Total debt securities	503,956,634	-	501,565,748	2,390,886
Equity securities				
Consumer goods	125,834,454	125,813,726	-	20,728
Energy	63,734,913	63,299,389	43,858	391,666
Financial services	84,157,032	84,157,032	-	-
Health care	109,354,547	109,354,547	-	-
Industrials	135,554,786	135,554,786	-	-
Information technology	163,475,385	163,392,302	-	83,083
Materials	27,401,334	27,324,582	-	76,752
Telecommunication services	59,078,370	56,927,072	2,016,869	134,429
Utilities	95,507,273	95,507,273	-	-
Real Estate	234,938,647	234,938,647	-	-
Total equity securities	1,099,036,741	1,096,269,356	2,060,727	706,658
Securities lending collateral fund	191,146,313	-	191,146,313	-
Total investments by fair value level	1,794,139,688	$ 1,096,269,356	$ 694,772,788	$ 3,097,544
Investments measured at the net asset value (NAV)				
Commingled equity funds	498,564,898			
Commingled bond funds	605,785,453			
Commingled funds (other)	10,408,479			
Hedge funds	292,426,530			
Fund-of-hedge funds	245,051,754			
Private real assets	433,852,253			
Private equity/debt	971,247,096			
Total investments measured at the NAV	3,057,336,463			
Investments measured at amortized cost				
Short-term investments	173,905,699			
Total investments measured at amortized cost	173,905,699			
Synthetic guaranteed investments contracts measured at contract value	1,502,866			
Total investments	$ 5,026,884,716			
Investment derivative instruments:				
Foreign exchange contracts	$ (792,371)	$ -	$ (792,371)	
Credit default swaps	$ (481,711)	$ -	$ (481,711)	

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

Debt securities classified in Level II and Level III are valued using either a bid evaluation, or matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices. Level II debt securities have non-proprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market. Level III debt securities use proprietary information or single source pricing. Equity securities classified in Level II are securities whose values are derived daily from associated traded securities. Equity securities classified in Level III are valued with last trade data having limited trading volume. Short-term investments are cash or cash equivalents and generally include investments in money market-type securities reported at cost plus accrued interest, which approximates market or fair value.

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

Investments Measured at the NAV

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled equity funds	$ 498,564,898	$ -	Daily, Weekly, Monthly	0-30 days
Commingled bond funds	605,785,453	-	Daily, Monthly	0-5 days
Commingled funds (other)	10,408,479	-	Daily	None
Hedge funds	292,426,530	-	Monthly, Quarterly	5-90 days
Fund-of-hedge funds	245,051,754	-	Quarterly	95 days
Private real assets	433,852,253	91,581,608	Not eligible	N/A
Private equity/debt	971,247,096	268,377,892	Not eligible	N/A
Total investments measured at the NAV	$ 3,057,336,463	$ 359,959,500		

Commingled Equity Funds, Bond Funds and Other. Eight equity funds, six bond funds and one other fund are considered to be commingled in nature. The fair value of the investments in these types of funds has been determined using the NAV per share of the investments.

Hedge Funds. The fair value of the investments have been determined using the NAV per share of the funds. Three funds are categorized in this category. All funds in this category could be subject to varying degrees of redemption restrictions based on market conditions that may impact their underlying portfolios.

Fund-of-Hedge Funds. The fair value of these funds are based upon information provided by underlying hedge fund investments using the NAV per share of the funds. Fund-of-hedge funds provide additional opportunities in terms of manager access, investment structuring, and fees. These funds also could be subject to varying degrees of redemption restrictions based on market conditions that may impact their underlying portfolios.

Private Real Assets. The portfolio consists of forty-two private real asset limited partnerships. Private real asset funds include U.S. real estate, oil and gas, timber, agriculture and other real asset investments. The fair value of these funds has been determined using the net asset values as of June 30, 2022. Net asset values one quarter in arrears plus current quarter cash flows are used when the most recent information is not available. These funds are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over a span of 5 to 10 years.

Private Equity/Debt. The portfolio consists of ninety-eight private equity/debt limited partnerships. Private equity funds include buyout, turnaround, fund-of-funds, and growth equity investments. Private debt funds include distressed and structured equity investments. The fair value of these funds has been determined using the net asset values as of June 30, 2022. Net asset values one quarter in arrears plus current quarter cash flows are used when the most recent information is not available. These funds are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over a span of 3 to 10 years.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. The Board's investment policies and guidelines manage interest rate risk by establishing duration constraints on each fixed income manager's portfolio based on the duration of each manager's respective benchmark. Duration is a measure of interest rate risk based on a bond price's sensitivity to a 100-basis point change in interest rates. The greater the duration of a bond, or a portfolio of bonds, the greater its price volatility will be in response to a change in interest rates and vice-versa. Duration of eight would mean that, given a 100-basis point change up/down in rates, a bond's price would move down/up by 8 percent. As of June 30, 2022, the System's fixed income portfolio had the following sensitivity to changes in interest rates included in the table on the next page:

Type of Investment	Effective Duration in Years	Fair Value	Percentage of Portfolio
U.S. Government Obligations	16.10	$ 90,178,064	7.03 %
Foreign Government Obligations	5.64	720,433	0.06
Commercial Mortgage-Backed Securities	1.75	2,681,279	0.21
Municipal/Provincial Obligations	14.32	6,901,970	0.54
Corporate Bonds	5.94	403,474,888	31.43
Fixed Income Pooled Funds	N/A	605,785,453	47.18
Short-term Investments and Others *	N/A	173,905,699	13.55
Total Fixed Income Securities		$ 1,283,647,786	100.00 %

*Short-term investments consist of U.S. Treasury and government sponsored securities, money market funds, commercial paper, certificates of deposit, repurchase agreements, asset backed securities, notes and bonds issued by U.S. corporations, and other allowable instruments that meet short-term maturity or average life, diversification, and credit quality restrictions.

Credit Risk/Concentration of Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Board's investment policies and guidelines limit the percentage of the total fund and individual manager's account which can be invested in fixed income securities rated below investment grade. In addition, the Board's investment policies and guidelines, for the majority of public fund managers, limit the percentage of each investment manager's account that may be allocated to any one security, position, issuer or affiliated issuer, to less than 5 percent of the fair value of the investment manager's account. The System does not have investments (other than those issued or explicitly guaranteed by the U.S. Government or pooled investments) in any one company that represents 5 percent or more of net assets.

The quality ratings of investments in fixed income securities as described by nationally recognized rating organizations as of June 30, 2022 are as follows:

Type of Investment	Quality Rating	Fair Value	Percentage of Portfolio
U.S. Government Obligations*	AA+	$ 90,178,064	7.03 %
Foreign Government Obligations	BBB	347,406	0.03
	BB	225,248	0.02
	Unrated	147,780	0.01
Commercial Mortgage-Backed Securities	B	963,780	0.08
	Unrated	1,717,499	0.13
Municipal/Provincial Bonds	AAA	4,205,112	0.33
	AA	2,136,366	0.17
	A	560,492	0.04
Corporate Bonds	AAA	1,442,390	0.11
	AA	8,450,392	0.66
	A	27,504,444	2.14
	BBB	72,568,840	5.65
	BB	132,465,237	10.32
	B	115,653,305	9.01
	CCC	29,278,981	2.28
	CC	721,899	0.06
	C	587,796	0.05
	D	285,397	0.02
	Unrated	14,516,206	1.13
Fixed Income Pooled Funds	Unrated	605,785,453	47.18
Short-term Investments and others	Unrated	173,905,699	13.55
Total Fixed Income Securities		$ 1,283,647,786	100.00 %

*Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Board's International Investing Policy's objective is to achieve long-term capital appreciation and current income by investing in diversified portfolios of non-U.S. equities and bonds. The System has indirect exposure to foreign currency risk as of June 30, 2022 as follows:

International Securities	Equity	Fixed Income	Short-Term and Other	Total Non-U.S. Dollar
British pound sterling	$ 42,240,711	$ -	$ 7,028,427	$ 49,269,138
Canadian dollar	33,438,089	-	12,126,230	45,564,319
Hong Kong dollar	31,662,569	-	(6,439,067)	25,223,502
Japanese yen	37,418,925	-	(13,014,440)	24,404,485
Indian rupee	-	-	16,463,031	16,463,031
Swedish krona	8,472,279	-	7,876,577	16,348,856
Malaysian ringgit	23,970.00	-	8,901,675	8,925,645
Chilean peso	-	-	8,317,646	8,317,646
Danish krone	7,515,281.00	-	292	7,515,573
Indonesian rupiah	94,460.00	-	6,597,053	6,691,513
Other Currencies	112,109,904	-	(239,928,877)	(127,818,973)
Total International Securities	$ 272,976,188	$ -	$(192,071,453)	$ 80,904,735

Derivatives. In accordance with the Board's Statement of Investment Policy and Objectives, the System regularly invests in derivative financial instruments in the normal course of its investing activities to manage exposure to certain risks within the fund. During FY 2022, the System invested directly in various derivatives including exchange-traded futures contracts, forward currency contracts, and swaps. Investment managers are prohibited from purchasing securities on margin or using leverage unless specifically permitted within the investment manager's guidelines. These investments generally contain market risk resulting from fluctuations in interest and currency rates. The credit risk of these investments is associated with the creditworthiness of the related parties to the contracts. The System could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. The Board's Statement of Investment Policy and Objectives seeks to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring procedures. In addition, the System has indirect exposure to market and credit risk through its ownership interests in certain mutual and commingled funds which may hold derivative financial instruments. The System is not a dealer, but an end-user of these instruments.

The notional or contractual amounts of derivatives indicate the extent of the System's involvement in the various types of derivative financial instruments and do not measure the System's exposure to credit or market risk and do not necessarily represent amounts exchanged by the parties. The amounts exchanged are determined by reference to the notional amounts and the other terms of the derivatives.

As permitted by the Board's policies, the System holds off-financial statement derivatives in the form of exchange-traded financial futures, and foreign currency exchange contracts.

Futures contracts are contracts in which the buyer agrees to purchase and the seller agrees to make delivery of a specified financial instrument at a predetermined date and price. Gains and losses on futures contracts are settled daily. Futures contracts are standardized and are traded on exchanges. The exchange assumes the risk that a counterparty will not pay. As of June 30, 2022, the System held 119 long US Treasury futures contracts with a fair value of $17,565,250. The System also held 25 currency futures contracts and 693 equity futures contracts with a fair value of $1,942,500 and $70,038,943, respectively. In addition, the System held 1,301 commodity futures contracts with fair value of $235,145,492.

Foreign exchange contracts involve an agreement to exchange the currency of one country for the currency of another country at an agreed-upon price and settlement date. Foreign exchange contracts contain market risk resulting from fluctuations in currency rates. The credit risk is associated with the creditworthiness of the related parties to the contracts. As of June 30, 2022, the System held $834,635,121 buy foreign exchange contracts and ($835,427,492) sell foreign exchange contracts. The unrealized loss on the System's contracts was $792,371.

Credit default swaps are financial instruments used to replicate the effect of investing in debt obligations or corporate bond issuers as a means to manage bond exposure, effectively buying or selling insurance protection in case of default. Credit default swaps may be specific to an individual security or to a specific market sector (index swaps). As of June 30, 2022, the System held one credit default swap index sell contract with a fair value of ($481,711) and notional amount of $17,453,106.

Securities Lending. Board policy permits the System to lend its securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The System's custodian is the agent in lending the System's securities for collateral of 102 percent for domestic and 105 percent for international securities. The custodian receives cash, securities or irrevocable bank letters of credit as collateral. All securities loans can be terminated on demand by either the System or the borrower. Cash collateral received from the borrower is invested by the lending agent, as an agent for the System, in a short-term investment pool in the name of the System, with guidelines approved by the Board. Such investments are considered a collateralized investment pool. The relationship between the maturities of the investment pool and the System's loans is affected by the maturities of securities loans made by other plan entities that invest cash collateral in the investment pool, which the System cannot determine. The System records a liability for the return of the cash collateral shown as collateral held for securities lending in the statement of fiduciary net position. The agent indemnifies the System by agreeing to purchase replacement securities, or return the cash collateral thereof, in the event a borrower fails to return loaned securities or pay distributions thereon. There were no such failures by any borrower during the fiscal year, nor were there any losses during the period resulting from a default of the borrower or lending agent.

As of June 30, 2022, the fair value of securities on loan was $375,152,258. Cash received as collateral and the related liability of $191,146,313 as of June 30, 2022, is shown on the Statement of Fiduciary Net Position. Securities received as collateral are not reported as assets since the System does not have the ability to pledge or sell the collateral securities absent borrower default. Securities lending revenues and expenses amounting to $1,181,873 and $375,532 respectively, have been classified with investment income and investment expenses, respectively, in the accompanying financial statements.

The following represents the balances relating to the securities lending transactions as of June 30, 2022:

Securities Lent	Underlying Securities	Non-Cash Collateral Value	Cash Collateral Investment Value
Lent for Cash Collateral:			
Government Obligations	$ 19,041,781	$ -	$ 19,387,946
Corporate Bonds	128,906,487	-	132,879,417
Equities	37,469,419	-	38,878,950
Lent for Non-Cash Collateral:			
Government Obligations	48,432,516	51,145,251	-
Corporate Bonds	11,700,610	12,388,887	-
Equities	129,601,445	138,944,354	-
Total	$ 375,152,258	$ 202,478,492	$ 191,146,313

As of June 30, 2022, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceeded the amounts the borrowers owe the System. The System is fully indemnified by its custodial bank against any losses incurred as a result of borrower default.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2022, there were no funds held by a counterparty that was acting as the System's agent in securities lending transactions.

F. Allocated Insurance Contract

On August 1, 1986, the County entered into an agreement with Aetna Life Insurance Company (Aetna) wherein Aetna accepted future responsibility for monthly payments to all members retired prior to January 1, 1986, in exchange for a lump sum payment. The County is liable for cost of living increases effective January 1, 1986, and later. Monthly payments made under this agreement have not been recognized in the System's financial statements.

G. Income Taxes

The Internal Revenue Service issued a determination letter in October 2016, which stated that the System and its underlying trust qualify under the applicable provisions of the Internal Revenue Code and are exempt from federal income taxes. In the opinion of the plan administrator, the System and its underlying trust have operated within the terms of the System and are qualified under the applicable provisions of the Internal Revenue Code.

RETIREMENT SAVINGS PLAN - Defined Contribution Plan

The Montgomery County Retirement Savings Plan (Plan) is considered part of the County's financial reporting entity and is included in the County's basic financial statements as a pension and other employee benefit trust fund. The accompanying financial statements present only the operations of the Plan in conformity with GAAP. They are not intended to present fairly the financial position and results of operations of the entire County.

The Montgomery County Council passed legislation in FY 2009 enabling the County to establish and maintain a Guaranteed Retirement Income Plan (GRIP), a cash balance plan that is part of the Employees' Retirement System, for employees. During FY 2010, eligible County employees who were members of the Retirement Savings Plan (Plan) were granted the option to elect to participate in the GRIP and to transfer their Plan member account balance to the GRIP and cease being a member of the Plan.

A. Plan Description and Contribution Information

Membership. As of June 30, 2022, membership in the Plan consisted of:

Active plan members	3,238
Inactive plan members	1,158

Plan Description. The Plan, a cost-sharing multiple-employer defined contribution plan, was established in 1994 and is sponsored by the County. Eight other agencies or political subdivisions have elected to participate. All non-public safety and certain public safety employees not represented by a collective bargaining agreement and hired on or after October 1, 1994 are covered by the Plan unless they elect to participate in the GRIP. Eligible employees covered by the Montgomery County Employees' Retirement System may make an irrevocable decision to transfer to this Plan.

Contributions. For fiscal year 2021, under Section 33-116 of the Code, the Plan required non-public safety employees to contribute 4 percent of regular earnings up to the Social Security wage base and 8 percent above the Social Security wage base. Public safety employees are required to contribute 3 percent of regular earnings up to the Social Security wage base and 6 percent above the Social Security wage base. Section 33-117 of the Code requires the County and each participating agency to contribute 8 percent and 10 percent of regular earnings for non-public safety and public safety employees, respectively.

Benefit Provisions. Employee contributions and earnings thereon vest immediately and employer contributions and earnings thereon are vested after three years of service or upon death, disability, or reaching retirement age. Members are fully vested upon reaching normal retirement (age 62) regardless of years of service. At separation, a participant's benefit is determined based upon the account balance which includes contributions and investment earnings.

B. Summary of Significant Accounting Policies

Basis of Accounting. The Plan's financial statements have been prepared under the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are required to be made as specified in the County Code. Benefits, refunds and distributions are recognized when due in accordance with the terms of the Plan. The cost of administering the Plan is paid by the County and participating agencies.

Method Used to Value Investments. Investments are stated at fair value. The fair value is based on net asset value or quoted market prices as of June 30, 2022.

Equity in County's Pooled Cash and Investments. The Plan maintains its short-term cash with the County, which invests cash and allocates interest earned, on a quarterly basis to the Plan based on the Plan's average daily balance of its equity in pooled cash. The County's policy is to fully collateralize the cash maintained in the pool.

C. Trustees of the Plan

The County established a Board of Investment Trustees (Board) for the RSP to oversee the investment program. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

D. Investments

Section 33-125 of the Code authorizes the Board to establish a diversified slate of mutual and commingled investment funds from which participants may select an option. The Board exercises the Standard of Care as delineated in Section 33-61 of the Code. As of June 30, 2022, the fair value of the mutual and commingled investment funds was $612,163,832, of which $142,888,491 was invested in international mutual funds.

Fair Value Measurement. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level I measurements) and the lowest priority to unobservable inputs (level III measurements).

Level I– Unadjusted quoted prices for identical assets or liabilities in active markets.
Level II – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets are not active; and model-derived valuations in which all significant inputs are observable.
Level III – Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Plan's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The table below shows the fair value leveling of the Plan's investments.

		Fair Value Measurements Using		
	6/30/2022	Quoted Prices in Active Markets for Level I	Significant Other Observable Inputs Level II	Significant Unobservable Inputs Level III
Investments by fair value level				
Self directed - various securities	$ 10,942,036	$ 10,942,036	$ -	$ -
Total investments by fair value level	10,942,036	$ 10,942,036	$ -	$ -
Investments measured at the net asset value (NAV)				
Commingled equity funds	97,470,512			
Commingled bond funds	11,526,581			
Commingled funds (other)	468,933,801			
Total investments measured at the NAV	577,930,894			
Commingled Fund - Synthetic guaranteed investments contracts measured at contract value	23,290,902			
Total investments	$ 612,163,832			

Securities classified in Level I are valued using prices quoted in active markets for those securities.

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

Investments Measured at the NAV

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled equity funds	$ 97,470,512	$ -	Daily	None
Commingled bond funds	11,526,581	-	Daily	None
Commingled funds (other)	468,933,801	-	Daily	None
Total investments measured at the NAV	$ 577,930,894	$ -		

Commingled Bond Funds, Equity Funds and Other Funds. Five bond funds and ten equity funds are considered commingled in nature. Other commingled funds include eleven life cycle funds and one other fund. The fair value of the investments in these types of funds have been determined using the NAV per share of the investments.

E. Income Taxes

The Internal Revenue Service issued a determination letter in October 2016, which stated that the Plan and its underlying trust qualify under the applicable provisions of the Internal Revenue Code and are exempt from federal income taxes. In the opinion of the plan administrator, the Plan and its underlying trust have operated within the terms of the Plan and are qualified under the applicable provisions of the Internal Revenue Code.

DEFERRED COMPENSATION PLAN

During FY 2005, the Montgomery County Council passed legislation enabling the County to establish and maintain one or more additional deferred compensation plans for employees covered by a collective bargaining agreement. All County non-represented employees, those County represented employees who elected to participate, and employees who were retired at the time of transfer, continue to participate in the Montgomery County Deferred Compensation Plan administered by the County (the County Plan). County represented employees who elected and all represented employees hired after March 1, 2005 participate in the newly created Montgomery County Union Employees Deferred Compensation Plan (the Union Plan) administered by the bargaining units. The purpose of these Plans is to extend to employees deferred compensation plans pursuant to Section 457 of the Internal Revenue Code of 1986, as amended.

The accompanying financial statements present only the operations of the County Plan in conformity with GAAP. They are not intended to present fairly the financial position and results of operations of the entire County. The assets of the Union Plan are not included in the accompanying financial statements since neither the County nor the Board of Investment Trustees (Board) have fiduciary or other responsibility for the Union Plan except as required by federal law, including any regulation, ruling, or other guidance issued under law.

A. Plan Description and Contribution Information

Plan Description. During 1999, in accordance with Federal legislation, the assets were placed in Trust for the sole benefit of participants and their beneficiaries. Trust responsibilities for the County Plan are assigned to the Board. The Board has a third-party administrator contract to provide investment vehicles and administrative services to plan participants. Under the County Plan, contributions are sent to the providers for different types of investments as selected by the participants. A separate account, which reflects the monies deferred, investment of the monies, and related investment earnings is maintained for each participant by the third-party administrator. Withdrawals are made upon retirement, termination of employment, death, and/or in unforeseeable emergencies.

Plan Contributions. In accordance with Section 457 of the IRC, the Plan limits the amount of an employee's annual contributions to an amount not to exceed the lesser of $19,500 in 2020 and in 2021 or 100% of the employee's eligible compensation. The Plan also provides certain catch-up contribution provisions for participants age 50 or older and for participants within three years of their normal retirement age. Amounts contributed by employees are deferred for federal and state income tax purposes until benefits are paid to the employees. Under Section 33-11 of the County Code, all eligible employees hired after July 1, 2008 are automatically enrolled in the Plan with a 1% contribution unless they elect out within 60 days from the date of hire. If they do not opt out of the Plan within 60 days from the date of hire, they begin making a contribution equivalent to 1% of their salary.

B. Summary of Significant Accounting Policies

Basis of Accounting. The County Plan's financial statements have been prepared under the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are made. Distributions are recognized when paid in accordance with the terms of the County Plan, and administrative costs are recognized as incurred.

Method Used to Value Investments. Investments are stated at fair value. The fair value is based on net asset value or quoted market prices on June 30, 2022.

C. Trustees of the Plan

The County established a Board to oversee the investment program of the County Plan. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

D. Investments

The Board is required to establish a diversified slate of mutual and commingled funds from which participants may select investment options. The Board exercises the Standard of Care as delineated in Section 33-61 of the Code. As of June 30, 2022, the fair value of the mutual and commingled investment funds was $515,583,855 of which $70,709,381 was invested in international mutual funds.

Fair Value Measurement. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level I measurements) and the lowest priority to unobservable inputs (level III measurements).

Level I– Unadjusted quoted prices for identical assets or liabilities in active markets.
Level II – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets are not active; and model-derived valuations in which all significant inputs are observable.
Level III – Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Plan's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The table below shows the fair value leveling of the Plan's investments.

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets	**Significant Other Observable Inputs**	**Significant Unobservable Inputs**
	6/30/2022	**Level I**	**Level II**	**Level III**
Investments by fair value level				
Self directed - various securities	$ 13,325,510	$ 13,325,510	$ -	$ -
Total investments by fair value level	13,325,510	$ 13,325,510	$ -	$ -
Investments measured at the net asset value (NAV)				
Commingled equity funds	279,772,152			
Commingled bond funds	37,491,317			
Commingled funds (other)	126,549,903			
Total investments measured at the NAV	443,813,372			
Commingled Fund - Synthetic guaranteed investments contracts measured at contract value	58,444,973			
Total investments	$ 515,583,855			

Securities classified in Level I are valued using prices quoted in active markets for those securities.

The valuation method for investments measured at the net asset value (NAV) per share, or equivalent, is presented in the table below:

Investments Measured at the NAV

	Fair Value	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**
Commingled equity funds	$ 279,772,152	$ -	Daily	None
Commingled bond funds	37,491,317	-	Daily	None
Commingled funds (other)	126,549,903	-	Daily	None
Total investments measured at the NAV	$ 443,813,372	$ -		

Commingled Bond Funds, Equity Funds and Other Funds. Five bond funds and ten equity funds are considered to be commingled in nature. Other commingled funds include eleven life cycle funds and one other fund. The fair value of the investments in these types of funds have been determined using the NAV per share of the investments.

REQUIRED SUPPLEMENTARY INFORMATION

Historical trend information about the Employees' Retirement System (System) defined benefit pension plan is presented below as required supplementary information. This information is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

SCHEDULE OF CHANGES IN THE EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS

Fiscal year ending June 30,	2022	2021	2020	2019
Total Pension Liability				
Service Cost	$ 81,334,037	$ 81,947,469	$ 77,548,547	$ 77,383,488
Interest on the Total Pension Liability	333,825,779	326,048,470	320,549,553	318,813,604
Benefit Changes	-	-	-	-
Difference between Actual and Expected Experience	7,768,030	(16,244,403)	(52,694,298)	(8,632,850)
Assumption Changes	-	-	-	(97,002,014)
Benefit Payments	(287,003,081)	(267,420,904)	(262,073,745)	(256,950,531)
Refunds	(11,722,715)	(9,748,805)	(9,349,667)	(6,760,028)
Net Change in Total Pension Liability	124,202,050	114,581,827	73,980,390	26,851,669
Total Pension Liability - Beginning	4,557,741,241	4,443,159,414	4,369,179,024	4,342,327,355
Total Pension Liability - Ending (a)	$ 4,681,943,291	$ 4,557,741,241	$ 4,443,159,414	$ 4,369,179,024
Plan Fiduciary Net Position				
Contributions - Employer	$ 68,120,087	$ 70,740,597	$ 87,198,736	$ 86,584,479
Contributions - Member	31,202,587	30,848,249	30,781,032	29,628,822
Net Investment Income	(257,121,271)	1,141,050,879	173,368,090	317,890,354
Benefit Payments	(287,003,081)	(267,420,904)	(262,073,745)	(256,950,531)
Refunds	(11,722,715)	(9,748,805)	(9,349,667)	(6,760,028)
Administrative Expenses	(3,132,193)	(2,999,015)	(3,059,212)	(3,064,250)
Net Change in Plan Fiduciary Net Position	(459,656,586)	962,471,001	16,865,234	167,328,846
Plan Fiduciary Net Position - Beginning	5,295,972,522	4,333,501,521	4,316,636,287	4,149,307,441
Plan Fiduciary Net Position - Ending (b)	$ 4,836,315,936	$ 5,295,972,522	$ 4,333,501,521	$ 4,316,636,287
Net Pension Liability - Ending (a) - (b)	(154,372,645)	(738,231,281)	109,657,893	52,542,737
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	103.30%	116.20%	97.53%	98.80%
Covered Payroll	$ 510,692,954	$ 506,377,759	$ 503,656,509	$ 476,619,112
Net Pension Liability as a Percentage of Covered Payroll	(30.23)%	(145.79)%	21.77%	11.02%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

2018	2017	2016	2015	2014
$ 74,269,457	$ 71,688,228	$ 70,847,993	$ 74,984,370	$ 70,019,055
314,427,728	307,446,425	300,076,908	291,040,049	281,988,785
-	-	-	3,626,601	-
(78,304,829)	(44,766,772)	(34,032,308)	602,431	-
-	-	-	(12,706,870)	-
(238,915,782)	(235,124,234)	(230,695,791)	(230,646,729)	(229,664,720)
(4,624,066)	(6,473,277)	(5,887,137)	(2,874,357)	(4,329,834)
66,852,508	92,770,370	100,309,665	124,025,495	118,013,286
4,275,474,847	4,182,704,477	4,082,394,812	3,958,369,317	3,840,356,031
$ 4,342,327,355	$ 4,275,474,847	$ 4,182,704,477	$ 4,082,394,812	$ 3,958,369,317
$ 93,163,298	$ 95,398,957	$ 134,806,256	$ 151,301,867	$ 144,709,675
28,964,769	27,940,416	27,056,040	26,627,493	26,462,839
340,084,494	413,346,704	57,676,057	67,070,433	534,397,733
(238,915,782)	(235,124,234)	(230,695,791)	(230,646,729)	(229,664,720)
(4,624,066)	(6,473,277)	(5,887,137)	(2,874,357)	(4,329,834)
(2,870,683)	(3,185,769)	(3,014,055)	(2,684,560)	(2,953,807)
215,802,030	291,902,797	(20,058,630)	8,794,147	468,621,886
3,933,505,411	3,641,602,614	3,661,661,244	3,652,867,097	3,184,245,211
$ 4,149,307,441	$ 3,933,505,411	$ 3,641,602,614	$ 3,661,661,244	$ 3,652,867,097
193,019,914	341,969,436	541,101,863	420,733,568	305,502,220
95.55%	92.00%	87.06%	89.69%	92.28%
$ 467,974,450	$ 444,274,516	$ 427,622,475	$ 418,728,584	$ 402,899,096
41.25%	76.97%	126.54%	100.48%	75.83%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30		Actuarially Determined Contribution		Actual Contribution		Contribution Deficiency (Excess)		Covered Payroll	Actual Contribution as a % of Covered Payroll
2013	$	127,887,620	$	127,887,620	$	-	$	395,988,026	32.30 %
2014		144,709,675		144,709,675		-		402,899,096	35.92
2015		151,301,867		151,301,867		-		418,728,584	36.13
2016		134,806,256		134,806,256		-		427,622,475	31.52
2017		95,398,957		95,398,957		-		444,274,516	21.47
2018		93,163,298		93,163,298		-		467,974,450	19.91
2019		86,584,479		86,584,479		-		476,619,112	18.17
2020		87,198,736		87,198,736		-		503,656,509	17.31
2021		70,740,597		70,740,597		-		506,377,759	13.97
2022		68,120,087		68,120,087		-		510,692,954	13.34

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

Valuation Date:	July 1, 2020
Notes	Actuarially determined contribution rates are calculated 24 months prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Actuarially Determined Contribution:

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level percentage of pay, separate closed period bases
Remaining Amortization Period	Amortization Period (beginning with the valuation as of July 1, 2015): For Public Safety and GRIP: Initial amortization period of 20 years for the base established July 1, 2015. Initial amortization period of 20 years for subsequent bases. For non-Public Safety: Single closed amortization period of nine years established July 1, 2015. Average remaining amortization period for all plans is 3.9 years as of July 1, 2020.
Asset Valuation Method	5-year smoothed market
Inflation	2.50% per year
Salary Increases	Wage inflation of 3.00% per year plus additional service-based increases of up to 7.75%. Total increases of 3.00%-10.75%.
Investment Rate of Return	7.50% net of investment expense, including inflation
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition and years of service. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Pub-2010 Public Sector Mortality Table (for General and Safety employees), sex distinct, with rates projected from 2010 using projection scale MP-2018 (generational mortality).
Cost-of-Living Adjustment	2.50% compound for service before July 1, 2011 (1.50% compound for service before July 1, 2011 for defined groups) and 2.20% compound for service on or after July 1, 2011

SCHEDULE OF INVESTMENT RETURNS

Fiscal Year Ended June 30	Annual Money Weighted Rate of Return, Net of Investment Expenses
2014	16.95 %
2015	2.19
2016	1.42
2017	11.65
2018	8.60
2019	8.05
2020	3.41
2021	26.34
2022	(3.17)

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Employees' Retirement system	Retirement Savings Plan	Deferred Compensation Plan*
Personnel Services:			
Salaries and wages	$ 1,692,788	$ 160,848	$ -
Retirement contributions	101,835	9,991	-
Insurance	152,978	15,358	-
Social security	112,020	11,264	-
Total personnel services	2,059,621	197,461	-
Professional Services:			
Actuarial	171,820	-	-
Independent public accountants	25,776	3,222	-
Outside legal	48,275	10,691	-
Computer technical support	268,863	-	-
Other professional services	33,340	61,200	-
Total professional services	548,074	75,113	-
Benefit Processing:			
Disbursement services	34,487	-	-
Recordkeeping services	141,409	-	-
Disability management	263,541	-	-
Total benefit processing	439,437	-	-
Due diligence and continuing education	7,927	-	-
Office Management:			
Office equipment and supplies	77,134	4,090	-
Total office management	77,134	4,090	-
Total administrative expenses	$ 3,132,193	$ 276,664	$ -

SCHEDULE OF PAYMENTS TO CONSULTANTS
FOR THE YEAR ENDED JUNE 30, 2022

	Employees' Retirement system	Retirement Savings Plan	Deferred Compensation Plan*
Actuarial & Audit Services	$ 197,596	$ 3,222	$ -
Financial Planning and Consultation Services	17,500	60,950	-
Legal Services	48,275	10,691	-
IT Professional Services	247,536	-	-
Total payments to consultants	$ 510,907	$ 74,863	$ -

*Deferred Compensation Plan expenses are funded through Montgomery County Government's General Fund.

MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS
SCHEDULE OF INVESTMENT EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Employees' Retirement System	Retirement Savings Plan	Deferred Compensation Plan*
Investment Management Expenses:			
Acadian Asset Management	$ 368,849	$ -	$ -
Arrowstreet Capital Ltd.	714,538	-	-
BlackRock Financial Management	30,426	-	-
Bridgewater Associates	25,340,282	-	-
Canadian Imperial Bank of Commerce	643,755	-	-
Eagle Asset Management	473,172	-	-
First Quadrant L.P.	100,800	-	-
Gryphon International Investment	403,098	-	-
Highclere International Investors LLP	698,855	-	-
JP Morgan Investment Management	31,630	-	-
Loomis Sayles & Company LP	466,302	-	-
Marathon Asset Management Limited	708,513	-	-
Mondrian Investment Partners Ltd.	45,713	-	-
Morgan Stanley Investment Management Inc	671,994	-	-
NISA Investment Advisors LLC	105,402	-	-
Nomura Asset Management	1,678,247	-	-
P/E Global LLC	3,080,906	-	-
Principal Real Estate Investors LLC	676,037	-	-
RhumbLine Advisors	26,532	-	-
Segall Bryant & Hamill LLC	98,618	-	-
Schroder Investment Management North America Inc.	346,752	-	-
TimesSquare	590,394	-	-
WCM Investment Management	390,737	-	-
Wellington Management Company LLP	625,899	-	-
Wellington Trust Company NA	81,751	-	-
The Northern Trust Company	496,510	-	-
Abel Noser Solutions LLC	5,250	-	-
Aetna Life Insurance Company	469	-	-
Albourne America LLC	207,355	-	-
Bloomberg Finance LP	17,262	2,466	-
Ceres INC	1,150	-	-
Ernst and Young	8,040	-	-
Evestment	12,239	3,060	-
Flag Capital Management LLC	300,710	-	-
Franklin Park Associates LLC	585,725	-	-
Institutional Limited Partners Association	4,000	-	-
MSCI ESG Research Inc	11,500	-	-
NEPC LLC	320,997	-	-
Preqin	12,800	-	-
Principles for Responsible Investment Association	1,953	390	-
Two Sigma Investor Solutions LP	3,500	875	-
Wilshire Associates Incorporated	8,750	-	-
Total investment management expenses	40,397,410	6,791	-
Securities lending borrower rebates	233,563	-	-
Securities lending agent fees	141,969	-	-
Total securities lending expenses	375,532	-	-
Total investment expenses	$ 40,772,942	$ 6,791	$ -

*Deferred Compensation Plan expenses are funded through Montgomery County Government's General Fund.

EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Equity in County’s pooled cash and investments	$ 2,027,017	$ 1,245,201
Investments:		
Government and agency obligations	90,898,497	80,378,670
Municipal/Provincial bonds	6,901,970	1,771,786
Asset-backed securities	-	-
Corporate bonds	403,474,888	491,794,356
Commercial mortgage-backed securities	2,681,279	1,519,351
Common and preferred stock	1,099,036,741	1,716,310,988
Mutual and commingled funds	1,653,739,980	1,626,148,260
Short-term investments	173,905,699	162,518,924
Cash collateral received under securities lending agreements	191,146,313	155,728,739
Private real assets	433,852,253	343,846,799
Private equity/debt	971,247,096	864,349,703
Total investments	5,026,884,716	5,444,367,576
Dividend, interest, and other receivables	11,508,575	12,279,607
Contributions receivable	6,918,120	7,006,025
Total assets	5,047,338,428	5,464,898,409
LIABILITIES		
Payable for collateral received under securities lending agreements	191,146,313	155,728,739
Benefits payable and other liabilities	19,876,179	13,197,148
Total liabilities	211,022,492	168,925,887
Net position restricted for pensions	$ 4,836,315,936	$ 5,295,972,522

EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2022 and 2021

	2022	**2021**
ADDITIONS		
Contributions:		
Employer	$ 68,120,087	$70,740,597
Members	31,202,587	30,848,249
Total contributions	99,322,674	101,588,846
Investment (Loss) Income:		
Net decrease in fair value of investments	(300,782,047)	1,088,464,400
Dividends and interest	83,251,845	77,964,540
Total (loss) income from investment activities	(217,530,202)	1,166,428,940
Less investment expenses	40,397,410	26,207,145
Net (loss) income from investment activities	(257,927,612)	1,140,221,795
Income from securities lending	1,181,873	927,664
Less securities lending expenses	375,532	98,580
Net income from securities lending	806,341	829,084
Total (reductions) additions	(157,798,597)	1,242,639,725
DEDUCTIONS		
Retiree benefits	220,330,653	203,252,726
Disability benefits	55,902,141	53,924,544
Survivor benefits	10,770,287	10,243,634
Refunds and distributions	11,722,715	9,748,805
Administrative expenses	3,132,193	2,999,015
Total deductions	301,857,989	280,168,724
Net (decrease) increase	(459,656,586)	962,471,001
Net position restricted for pensions		
Beginning of year	5,295,972,522	4,333,501,521
End of year	$ 4,836,315,936	$5,295,972,522

RETIREMENT SAVINGS PLAN
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2022 and 2021

	2022	2021
ASSETS		
Equity in County's pooled cash and investments	$ 400,154	$ 245,485
Investments	612,163,832	704,522,521
Contributions receivable	2,339,801	2,203,633
Total assets	614,903,787	706,971,639
LIABILITIES		
Accrued expenses	58,987	61,224
Net position restricted for pensions	$ 614,844,800	$ 706,910,415

RETIREMENT SAVINGS PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
ADDITIONS		
Contributions:		
Employers	$ 22,341,229	$ 21,607,249
Members	12,205,025	11,742,147
Total contributions	34,546,254	33,349,396
Investment (loss) income	(104,124,486)	155,669,549
Other income - forfeitures	547,006	358,770
Net investment (loss) income	(103,577,480)	156,028,319
Less investment expenses	6,791	5,870
Total (reductions) additions	(69,038,017)	189,371,845
DEDUCTIONS		
Distributions	22,750,933	19,737,002
Administrative expenses	276,665	252,853
Total deductions	23,027,598	19,989,855
Net (decrease) increase	(92,065,615)	169,381,990
Net Position - beginning of year	706,910,415	537,528,425
Net Position - end of year	$ 614,844,800	$ 706,910,415

DEFERRED COMPENSATION PLAN
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Investments	$ 515,583,856	$ 610,944,506
Contributions receivable	1,322,491	1,259,107
Net position restricted for pensions	$ 516,906,347	$ 612,203,613

DEFERRED COMPENSATION PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
ADDITIONS		
Contributions - members	$ 23,908,201	$ 25,683,906
Investment (loss) income	(89,286,742)	150,693,839
Total (reductions) additions	(65,378,541)	176,377,745
DEDUCTIONS		
Distributions	29,918,725	31,861,300
Total deductions	29,918,725	31,861,300
Net (decrease) increase	(95,297,266)	144,516,445
Net position - beginning of year	612,203,613	467,687,168
Net position - end of year	$ 516,906,347	$ 612,203,613

INVESTMENT SECTION

Employees' Retirement System

INVESTMENT OVERVIEW

The Board of Investment Trustees (Board), and the Investment Staff, are responsible for the investment program for the $4.8 billion Employees' Retirement System (the System) with the assets invested solely in the interests of its beneficiaries. It is a significant responsibility due to the majority of the average retiree's benefit coming from investment earnings on contributions from members, the County, and participating agencies.

The median return among U.S. public pension plans over $5 billion in size in FY 2022 was a loss of 6.1%, gross of fees, based on a survey of public pension plans conducted by NEPC, a national consulting firm. The System's return for the fiscal year was a loss of 2.9%, gross of fees, ranking in the universe's first quartile. The key drivers of the performance for the twelve-month period ending June 30, 2022, were the System's allocations to private equity, credit opportunities, global IL bonds, and hedge funds. The same study ranked the System's three-year return of 8.6% in the top quartile of the universe. The System's five-year return of 8.7% and ten-year return of 8.8% both rank in the first quartile of the peer group universe. The gross return for the one-year period was above the performance benchmark established by the Board by 1.9%, with returns for the three-year and five-year periods exceeding the performance benchmarks by 2.4% and 2.1%, respectively. Returns for the System are calculated on a time-weighted basis (except as noted on page 54).

INVESTMENT POLICY AND OBJECTIVES

In the investment of public funds, adequate funding of employee retirement benefits at a reasonable and affordable cost is a paramount concern. An appropriate balance must be struck between risks taken and returns sought to ensure the long-term health of the System. The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term increases in the value of assets.

Specific investment objectives include:

- To realize the actuarial assumed rate of return of 7.5%.
- To manage portfolio risk to limit potential downside fluctuations in the value of the total System assets.
- To realize as high a rate of total return as possible consistent with the above.

To achieve these objectives, the following investment policies are employed:

- Allocate System assets to a broad array of investment sectors and strategies.
- Maintain the asset allocation in compliance with the Board's rebalancing policy (+/- 5.0% for major asset classes and +/- 1.5% to 3.0% for sub-asset classes).
- Monitor the individual investment managers' market value to ensure compliance with the Board's Statement of Investment Policy and the Manager Funding Policy.
- Evaluate the performance of all investment managers against their specific performance and style objectives, assigned risk, and the returns achieved by other similar managers.
- Analyze the System's overall risk exposure and modify investments through rebalancing when necessary.
- Effectively manage and monitor claims and securities litigations by use of a third-party vendor or outside counsel.

The funded status of the System was 101.9% as of June 30, 2022. Additional information on the results of the actuarial valuation as of June 30, 2022, is detailed on pages 61 to 79 of the report.

SIGNIFICANT ACTIONS IN 2022

The Board continues to build on its previous strong record of incorporating Environmental, Social, and Governance (ESG) considerations into the investment program. In the last year, Staff has taken the results from our first annual PRI submission to benchmark ourselves on ESG integration relative to our peers and identify areas for improvement. Further, Staff seeks to influence the investment managers within the portfolio to become PRI signatories as it is becoming the industry standard for ESG integration. Currently, 44% of the managers within the portfolio are signatories, up from 38% last year. The Board continues to engage with investment managers on Diversity, Equity, and Inclusion (DEI) considerations within their organizations and reports the results of the manager group within each sector of the portfolio at each Board meeting throughout the year. The Board's Governance Manual states that the Board, Staff, and consultants are committed to including emerging investment managers in searches, including businesses owned by women, minorities, and disabled individuals. As of the end of the fiscal year, the portfolio had 24% of the portfolio allocated to diverse firms.

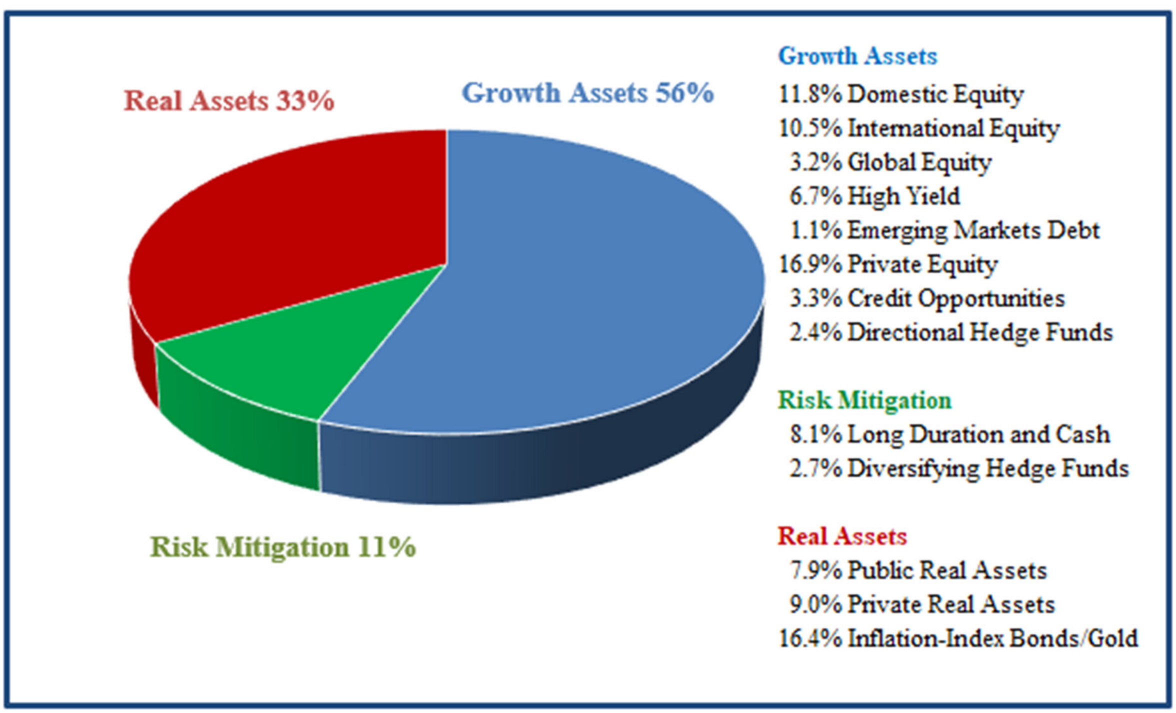
In addition to the above initiative, the Board continued to implement changes to the investment program which resulted in further diversification of the investment portfolio and better management of the System's risk. Toward this effort, new investments were approved in the following sectors: public equities, private markets, and commodities.

The following pages reflect comments on the investment portfolio and were prepared by the Board of Investment Trustees Staff.

ASSET ALLOCATION

The Board's asset allocation policy buckets or groups assets into the following categories based on their risk/return attributes and correlation to each other: growth, risk mitigation, and real assets. This provides a clear outline of the risk and diversification of the System's assets based on exposures to the economic factors of growth and inflation.

The pie chart below notes the grouping of the assets within the buckets. The Board's allocation within each bucket seeks to maximize returns and minimize risk.



The Board and Staff believe that a well-diversified portfolio will serve the Trust well over the long-term to manage the overall risk of the portfolio. Shown below is the description of each category:

- Growth - provides returns associated with the economic growth of underlying global economies.
- Risk mitigation - provides protection against negative growth shocks by offering a reliable income stream through the yield component. This yield also provides some protection against a deflationary environment, characterized by falling interest rates.
- Real assets - provides some level of protection against an inflationary environment, as well as additional diversification to the total portfolio through a differentiated income stream generate by owning tangible hard assets.

The risk/return characteristics of the System are evaluated on a periodic basis through annual asset allocation reviews. Asset/liability studies are prepared every three (3) years. The goal of these reviews is to formulate an Asset Allocation Policy which maximizes return while minimizing overall risk through the most efficient combination of acceptable asset classes under the prudent person standard.

Investments in private markets are generally less liquid than investments in public markets and are typically implemented via periodic commitments to funds. As a result, actual allocations to private markets may deviate from their strategic targets for extended periods. Under or over weights to private markets are invested in public market securities with the most similar risk/return characteristics as a short-term proxy for the private asset classes.

Shown on the next page are the annualized investment returns as of June 30, 2022, for all asset classes.

INVESTMENT PERFORMANCE – ANNUALIZED RETURNS – JUNE 30, 2022

	1 Year
Total Fund Time-Weighted Returns	
MCERS	(2.9)[A] %
Policy Benchmark	(4.8)
Domestic Equities	
MCERS	(15.0)
Russell 3000 Benchmark	(13.9)
International Equities	
MCERS	(23.4)
Custom International Equity Benchmark	(19.6)
Global Equities	
MCERS	(18.7)
MSCI All Country World Benchmark	(15.8)
Private Equities	
MCERS	18.8[A,B]
Investible Russell 3000 + 300 Bpts Benchmark	(10.1)[B]
High Yield	
MCERS	(13.7)
ICE BofAML U.S. HY Constrained Benchmark	(12.7)
Emerging Market Debt	
MCERS	(22.2)
JPM EMBI Global Diversified Benchmark	(21.2)
Credit Opportunities	
MCERS	15.1[A,B]
Investible ICE BofAML U.S. HY Const. + 300 Bpts	(10.2)[B]
Directional Hedge Funds	
MCERS	(2.2)
HFR FoF Strategic Benchmark	(12.4)
Long Duration	
MCERS	(19.3)
BC U.S. Gov't/Credit Long Benchmark	(19.2)
Diversifying Hedge Funds	
MCERS	9.9
HFR FoF Conservative Benchmark	0.1
Public Real Assets	
MCERS	(8.1)
Custom Public Real Asset Benchmark	(5.9)
Private Real Assets	
MCERS	26.7[A,B]
CPI + 500 Bpts Benchmark	14.5[B]
Global Inflation Indexed Bonds	
MCERS	(1.3)
Custom ILB Benchmark	(14.6)

Return data for the System was calculated on a time weighted basis (except where noted). Returns shown are provided by various System vendors. Valuations are based on published national securities exchange prices, where available, and all valuations are reconciled between the various investment managers and the custodian bank. Returns are gross of fees paid to investment managers except where noted.

A: Returns utilize lagged valuations for fund-of-funds, including private equity, credit opportunities and private real assets.
B: Returns computed on dollar-weighted basis and may or may not be net of investment management fees.

GROWTH INVESTMENTS

PUBLIC EQUITY

The market value of the total Public Equity Portfolio as of June 30, 2022, represented approximately 25.5% of the System assets, split between Domestic Equity at 11.8%, International Equity at 10.5%, and Global Equity at 3.2%. The Domestic Equity Portfolio underperformed the Russell 3000 Benchmark by 1.1% for the one year ending June 30, 2022. U.S. equity markets advanced earlier in the fiscal year on strong corporate earnings, favorable economic data, and accommodative financial conditions. However, Russia's invasion of Ukraine, concerns over inflation pressures, and calls for more aggressive Fed tightening weighed heavily on the markets in the latter part of the fiscal year.

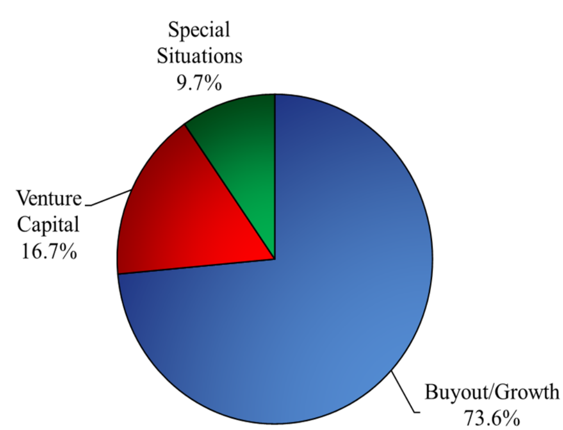
The International Equity Portfolio underperformed the international equity benchmark by 3.8% for the fiscal year. Overall, the international markets followed their domestic counterparts by declining later in the fiscal year due to the conflict in Ukraine and sanctions on Russia. Most regions fell sharply in the face of global inflation and recession fears. Within developed international markets, European equities outperformed the Pacific region. As of June 30, 2022, emerging markets represented 34.3% of the International Equity Portfolio. Emerging markets lagged developed markets during the period, driven by a 77.1% drop in EM Europe in response to Russia's invasion of Ukraine, which resulted in Russia being removed from the index. The -31.8% correction in China, the largest country in the EM index, was another major headwind during the period. The decline in Chinese equities was the result of continued COVID-related lockdowns, the government's regulatory crackdown on large technology companies, and uncertainty surrounding the country's real estate sector.

EQUITY: TOP 15 HOLDINGS

The top 15 holdings in the Public Equity Portfolio comprised 3.9% of ERS assets as of June 30, 2022. In comparison to the top 15 holdings as of June 30, 2021, Apple, Microsoft, American Tower, China Gas Holdings, Amazon, Crown Castle, Prologis, Alphabet Inc, Enbridge remained while GFL Environmental, UnitedHealth, Infrastructure Wireless Italia, Sempra, and Vinci were added.

Equity	Shares		Fair Value
APPLE INC COM STK	190,985	$	26,111,469
MICROSOFT CORP COM	101,176		25,985,032
AMERICAN TOWER CORP	89,396		22,848,724
CHINA GAS HOLDINGS HKD0.01	12,029,710		18,580,478
AMAZON COM INC COM	111,012		11,790,585
CROWN CASTLE INC COM	57,804		9,733,038
GFL ENVIRONMENTAL INC. COM NPV	350,381		9,039,830
PROLOGIS INC COM	74,905		8,812,573
UNITEDHEALTH GROUP INC COM	16,643		8,548,344
INFRASTRUTTURE WIRELESS ITALIA SPA	824,664		8,349,013
ALPHABET INC CAP STK USD0.001 CL A	3,757		8,187,480
ENBRIDGE INC COM NPV	181,888		7,664,973
ALPHABET INC CAP STK USD0.001 CL C	3,431		7,505,141
SEMPRA COM	48,703		7,318,600
VINCI EUR2.50	80,603		7,159,275

PRIVATE EQUITY



The System began investing in private equity in 2003 to achieve returns greater than those available in the public equity markets and to gain exposure to diversified alpha sources. As of June 30, 2022, the Private Equity Portfolio represented 16.9% of the System assets with approximately 81.8% of the dollars committed having been called. On a long-term basis, the Private Equity program seeks to outperform the Russell 3000 Index by 3.0%. System returns are calculated on a dollar-weighted or internal-rate-of-return (IRR) basis, and the annualized return since inception (2003) through June 30, 2022, was 14.2%. By comparison, the dollar-weighted return for the Russell 3000 Index plus 3.0% for the same period was 12.9%. The return from 2009, when the System moved from fund-of-funds to a direct program, is 25.1% as of June 30, 2022, compared to the 15.7% return of the Russell 3000 plus 3.0% benchmark.

Compared to the prior fiscal year, U.S. buyout investment ticked up, as the number of completed deals, aggregate deal value, and average deal size increased modestly to record high levels as capital markets continued to recover following the COVID-19 pandemic. Fundraising declined during the fiscal year as the number of funds raised and the aggregate capital raised for U.S. buyout funds decreased 31% and 39%, respectively. Average U.S. buyout fund sizes remain well below pre-pandemic levels, falling 2.9% to $1.1 billion over the course of the fiscal year. The recovery in capital markets remained strong to start the fiscal year but began to wane in more recent quarters; however, overall buyout exit activity for the fiscal year extended to new highs as the number of exits increased 1% to 1,298 and the average exit size increased 29% to $1.4 billion, although aggregate exit value pulled back 6% to $446 billion. EV/EBITDA valuation multiples for U.S. buyouts companies remain high but halted their upward trend finishing the fiscal year at 11.8x. Similar to buyouts, U.S. venture activity was strong during the fiscal year as the number of deals increased 5% to 9,090, aggregate venture deal value increased 13% to $316 billion, and average deal size increased 6.3% to $42 million. Venture IPO activity saw a significant decrease of 53% relative to the prior fiscal year as the exit environment became challenging in 2022.

CREDIT OPPORTUNITIES

The System began investing a portion of its portfolio in credit opportunities in 2014 to target higher yielding securities and further diversify the portfolio. The market value of the Portfolio as of June 30, 2022, represented 3.2% of System assets. Approximately 82.4% of total committed capital has been called. On a dollar weighted, or IRR, basis, the annualized return since inception is 12.9%, outperforming the benchmark index, the ICE BofA Merrill Lynch U.S. High Yield Constrained Index plus 3.0%, by 7.5%. According to Preqin, private debt fundraising began the fiscal year significantly higher than the past two years and ended the fiscal year as the highest annual aggregate capital raised on record. North America remained the number one market for private debt throughout the fiscal year. Direct lending funds were the most attractive debt strategy due to the diversity and security of income, although there was increased demand for special situation funds towards the end of the fiscal year. Dry powder remained the highest amount ever recorded by Preqin. The Portfolio primarily consists of managers focused on lending to privately held middle-market companies in need of less dilutive forms of growth capital.

HIGH YIELD

The System invests a portion of its portfolio in U.S. high yield securities which are designed to provide a higher cash coupon than government bonds and investment-grade corporate securities. High yield bonds also have less sensitivity to interest rate risk than lower yielding fixed income securities with similar maturity dates. The market value of the high yield portfolio as of June 30, 2022, represented 6.7% of the total Fund. During the fiscal year, the System's high yield portfolio lost 13.7%, underperforming the ICE BofA Merrill Lynch U.S. High Yield Constrained Index which recorded a loss of 12.7% due to underperformance from one of the System's managers.

U.S. high yield securities declined during the fiscal year primarily driven by the market discounting higher overall interest rates. High yield spreads, or the difference between the current yield of a high yield security and Treasury bonds of a similar maturity, increased noticeably during the year and finished at 5.7%, 3.0% higher than the spread level of 2.7% one year prior. The high yield market appears to be pricing in a significant economic slowdown and not a recession with the US high yield market pricing in a default rate of 4.5% to 5.0%.

EMERGING MARKET DEBT

The System invests a portion of its portfolio in emerging market dollar denominated (EMD) securities which are designed to provide a higher cash coupon than U.S. government bonds. EMD bonds have less credit risk and higher interest rate risk compared to U.S. high yield bonds. The market value of the EMD portfolio as of June 30, 2022, represented 1.1% of the total Fund. During the fiscal year, the System's EMD portfolio lost 22.2%, underperforming the JPM EMBI Global Diversified Index which recorded a loss of 21.2% due to underperformance from both System's active managers.

DIRECTIONAL HEDGE FUNDS

A portion of the portfolio is invested in growth-oriented hedge funds through direct funds and a fund-of-one vehicle to enhance risk adjusted and absolute returns. The combined market value of the investments as of June 30, 2022, represented 2.4% of System assets.

The portfolio's return of -2.2% outperformed the HFRI Fund-of-Funds Strategic Index's loss of 12.4% for the one-year period as of June 30, 2022, primarily due to strong performance within the residential mortgages and event-driven sectors.

RISK MITIGATION INVESTMENTS

LONG DURATION

Long duration securities are held to reduce the volatility of the System's portfolio and to provide a measure of downside protection in the event of a slowing economic environment. The market value of the long duration portfolio as of June 30, 2022, represented 6.3% of total System assets. During the fiscal year, the long duration portfolio lost 19.3%, in-line with the benchmark's loss of 19.2%.

For the one year ending June 30, 2022, long duration bonds struggled as the Federal Reserve raised interest rates aggressively to fight inflationary pressures. The U.S. Treasury yield curve shifted higher given strong growth, rising interest rates, and inflationary fears. Correspondingly, credit spreads in long duration bonds widened 30 bps due to increased uncertainly and reduced financial liquidity. As of June 30, 2022, the yield on the 10-year Treasury stood at 3.0%, or 1.5% higher than the same period one year earlier.

Fixed Income: Top 15 Holdings

Fifteen Largest Fixed Income Holdings	Interest Rate	Maturity Date	Fair Value
United States Treasury Bonds	2.0 %	November 15, 2041	$ 30,596,406
United States Treasury Bonds	3.3	May 15, 2042	12,623,439
United States Treasury Bonds	2.9	May 15, 2052	11,002,001
United States Treasury Bonds	1.9	November 15, 2051	10,071,373
United States Treasury Bonds	2.0	February 15, 2052	7,686,494
United States Treasury Bonds	2.0	August 15, 2051	5,216,352
United States Treasury Bonds	2.3	February 15, 2042	4,697,479
CSC Holdings LLC	4.6	December 1, 2030	3,174,644
Carnival Corp	5.8	March 1, 2027	2,887,935
United States Treasury Bonds	1.4	June 30, 2023	2,840,931
Anheuser-Busch Co	4.9	February 1, 2046	2,767,603
University of Michigan	4.5	April 1, 2122	2,592,546
Bank of Montreal	3.1	January 10, 2037	2,555,525
United States Treasury Bonds	0.1	December 15, 2023	2,528,509
Standard Chartered Plc	2.7	June 29, 2032	2,365,330

DIVERSIFYING HEDGE FUNDS

Investments are held in diversifying hedge funds strategies through a fund-of-one vehicle to enhance risk adjusted returns and reduce volatility of the System's portfolio. The market value of the diversifying investments as of June 30, 2022, represented 2.7% of System assets. The portfolio's performance of 9.9% outperformed the HFRI Fund-of-Funds Conservative Index's gain of 0.1% for the one-year period as of June 30, 2022, primarily due to strong performance within the quantitative and multi-strategy sectors.

REAL ASSETS INVESTMENTS

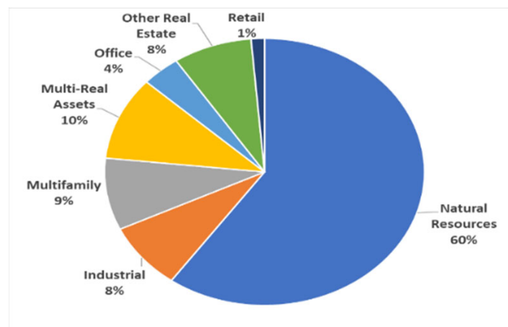
PUBLIC REAL ASSETS

The System began investing in Public Real Assets in January 2009 to further diversify the portfolio, reduce risk, and provide a hedge against inflation. The market value of the Public Real Assets Portfolio as of June 30, 2022, represented approximately 7.9% of System assets and was allocated as follows: 50.0% global real estate and 50.0% global listed infrastructure.

Real estate was among the worst-hit asset classes during the pandemic and the subsequent recovery. It took several quarters for activity to recover to anything like previous levels. But in another setback, it is looking likely that rising rates could put a halt to that short-lived recovery. Economically sensitive sectors (malls, traditional office, and lodging) have been particularly impacted by rising rates and inflation fears, while more defensive sectors like net lease, student housing, data centers, and self-storage have held up better as investors seek more durable incomes. Global listed infrastructure held up well relative to global equities due to exposure to the energy markets and a large weighting to defensive areas like utilities.

PRIVATE REAL ASSETS

Private real estate and natural resources were added to the portfolio in 2006 to attain real returns less correlated with the broad public securities markets. Returns are computed on a dollar-weighted, or IRR, basis, and from inception (2006) to June 30, 2022, the investments generated an annualized gain of 7.3%. By comparison, the dollar-weighted return for the benchmark CPI plus 5.0% for the same period was a gain of 7.6%. The Private Real Assets Portfolio comprised 9.0% of the Fund as of June 30, 2022, with approximately 82% of the dollars committed called.



During the fiscal year, U.S real estate transaction activity declined substantially due to rising interest rates, rising costs, and a slowdown in fundraising activity. Capitalization rates in the U.S. increased, especially for more cyclical property sectors such as office, retail, and hotels. The commodity sector in aggregate exhibited strong gains on steep price hikes in energy prices and modest increases in agriculture due to very favorable supply and demand dynamics. As of June 2022, oil prices were at $108/barrel resulting in modestly increasing domestic energy investments. U.S. farmland cash flows continued to increase as agricultural prices advanced over the past twelve months. Industrial metals were flat for the year due to steep losses in Q2 2022 on recessionary fears.

GLOBAL INFLATION INDEXED BONDS

Inflation-indexed bonds provide protection against inflation risk, as well as a globally diversified return stream, to assist in managing volatility. The Portfolio represented 16.4% of System assets as of June 30, 2022. The Portfolio, which also includes an absolute return fund overlay, lost 1.3% during the fiscal year, outperforming the custom benchmark's loss of 14.6%.

Inflation-Indexed Bonds - Country Exposures		
United States	45	%
United Kingdom	20	
Canada	10	
France	10	
Germany	7	
Sweden	5	
Australia	3	

The recent period has been mixed for inflation-linked (IL) bond performance. From the onslaught of COVID through the fourth quarter of 2021, central banks' easy policies and rising inflation expectations helped IL bond returns. During the first quarter of 2022, markets moved away from discounting ultra-easy central bank policies and towards a more hawkish real interest rate position. This led to a modest sell off in IL bonds during the quarter. Finally, after years of continued decline, developed market real yields rose markedly in the second quarter and have reached positive levels in aggregate. This led to relatively large sell-offs in IL bonds across developed markets, except for Japan where inflation is more muted, and the Bank of Japan is maintaining an easy monetary stance.

INVESTMENT MANAGERS

The diversified investment structure as of June 30, 2022 is reflected in the following table, which lists System managers by asset class and style.

Public Equity	Investment Style
Domestic Equity	
Eagle Asset Management	Small Cap Growth
Rhumbline Advisors	Russell 1000 Index
Segall Bryant & Hamill LLC	Small Cap Value
International Equity	
Acadian Asset Management*	Emerging Markets
GQG Partners*	Emerging Markets
Highclere Int'l Investors LLP*	Small Cap Core
Marathon Asset Management LLP	EAFE
Polunin Capital Partners*	Emerging Markets
TimesSquare	Small Cap Growth
Trinity Street Asset Management*	EAFE
Wellington Management*	Large Cap Growth
Global Equity	
Arrowstreet Capital*	Global
WCM Investment Management	Global

Private Real Assets	Investment Style
Aberdeen*	Co-Investment
Arroyo Energy Investors*	Energy
Caprock Partners*	Real Estate
Carmel Partners*	Real Estate
EMR Capital*	Mining
EnerVest, Ltd.*	Energy
Excelsior Energy Capital*	Energy
Federal Capital Partners*	Real Estate
Greenbacker*	Energy
Hampshire Companies*	Real Estate
Homestead Capital*	Agriculture
Juniper Capital*	Energy
Kimmeridge Energy*	Energy
LBA Realty*	Real Estate
Lime Rock Resources*	Energy
Longpoint Realty*	Real Estate
Lyme Timber Company*	Timber
Magna Hospitality Group*	Real Estate
Melford Capital Partners*	Real Estate
Meridian Realty Partners*	Real Estate
Pearlmark Real Estate Ptrs*	Real Estate
Phoenician Resources*	Energy
Resource Land Holdings*	Diversified Natural Resources
Ridgewood Infrastructure*	Infrastructure
Tailwater Capital LLC*	Energy
Woodbourne*	Real Estate

Public Real Assets	Investment Style
Morgan Stanley	Infrastructure
Principal Real Estate Investors LLC	Real Estate

Public Emerging Market Debt	Investment Style
GMO LLC*	Emerging Market Debt
Marathon Asset Management*	Emerging Market Debt

Directional Hedge Funds	Investment Style
Blackstone*	Fund-of-One
Luxor Capital Partners*	Event Driven
Senator Investment Group*	Event Driven

Diversifying Hedge Funds	Investment Style
Blackstone Inc.*	Fund-of-One

Private Debt	Investment Style
Banner Ridge Partners*	Distressed
Bison Capital Partners*	Structured Equity
Castlelake*	Distressed
Clearlake Capital Group*	Distressed
Franklin Park*	Co-Investment
Greyrock Capital Group*	Structured Equity
Levine Leichtman Capital Partners*	Structured Equity
New Energy Capital Partners*	Senior Debt
PineBridge Investments*	Structured Equity
Post Road Group*	Structured Equity
Riverside Acceleration Capital*	Senior Debt
VSS Capital Partners*	Structured Equity
Whitehorse Liquidity Partners *	Special Assets
WNG Capital*	Special Assets

Private Equity	Investment Style
Adams Street Partners*	Fund-of-Funds
Altaris Capital Partners*	Buyout
Altus Capital Partners*	Buyout
Atlas Capital Resources*	Turnaround
Amulet Capital Partners*	Buyout
BV Investment Partners*	Growth Equity
Center Rock Capital Partners*	Turnaround
Clearlake Capital Group*	Turnaround
Crest Rock Partners*	Buyout
DW Healthcare Partners*	Buyout
Franklin Park*	Fund-of-Funds
Graycliff Partners*	Buyout
Gryphon Partners*	Buyout
HarbourVest Partners*	Fund-of-Funds
J.F. Lehman & Company*	Buyout
K1 Investment Mgmt.*	Growth/Buyout
KPS Capital Partners*	Turnaround
Landmark Partners*	Fund-of-Funds
Mason Wells*	Buyout
MiddleGround Capital*	Buyout
Odyssey Inv. Partners*	Buyout
Princeton Equity Group*	Buyout
Riverside Partners*	Buyout
Siris Capital Group*	Buyout
Sunstone Partners*	Growth Equity
TA Associates*	Growth Equity
Thoma Bravo*	Buyout
Wicks Group*	Buyout

High Yield	Investment Style
Loomis Sayles & Co.	High Yield
Nomura Asset Management	High Yield

Long Duration	Investment Style
Blackrock Financial Mgt.*	Long Duration
Schroder Investment Mgt.	Long Duration

Global Inflation-Indexed Bonds	Investment Style
Bridgewater Associates*	Passive

Foreign Currency	Investment Style
CIBC Asset Management	Foreign Currency
First Quadrant LP	Foreign Currency
P/E Investments LLC	Foreign Currency

Other	Investment Style
NISA Investment Advisors	Overlay

* Pooled Funds

A complete list of the portfolio holdings are available upon request. Please contact the Montgomery County Employee Retirement Plans at 240-777-8220.

PUBLIC EQUITY COMMISSIONS

January 1, 2021 Through December 31, 2021

Brokers	Shares Traded	Total Commissions	Commissions per Share
CLSA Limited	16,322,860	$ 3,750	$ 0.0002
Citigroup Global Markets Limited	6,245,679	5,620	0.0009
UBS Securities ASIA Limited	5,798,298	17,460	0.0030
Jefferies International Limited	5,123,001	6,390	0.0012
Instinet Pacific Limited	5,036,287	1,340	0.0003
Goldman, Sachs and Co.	4,296,729	61,870	0.0144
J. P. Morgan Securities (Asia Pacific)	4,020,338	6,440	0.0016
Merrill Lynch International Limited	1,835,243	9,320	0.0051
Barclays Capital	1,653,511	21,390	0.0129
Credit Suisse Securities (Europe) Limitied	1,506,538	4,210	0.0028
Other Brokers	31,681,170	359,450	0.0113
Total	**83,519,654**	**$ 497,240**	**$ 0.0060**

INVESTMENT SUMMARY

	June 30, 2022 Fair Value	Percent of Total Value	June 30, 2021 Fair Value	Percent of Total Value
Government and agency obligations	$ 90,898,497	1.9 %	$ 80,378,670	1.5 %
Municipal/Provincial obligations	6,901,970	0.1	1,771,786	0.0
Corporate bonds	403,474,888	8.3	491,794,356	9.3
Commerical mortgage-backed securities	2,681,279	0.1	1,519,351	0.0
Common and preferred stock	1,099,036,741	22.7	1,716,310,988	32.5
Mutual and commingled funds	1,653,739,980	34.2	1,626,148,260	30.8
Short-term investments	173,905,699	3.6	162,518,924	3.1
Private real assets	433,852,253	9.0	343,846,799	6.5
Private equity/debt	971,247,096	20.1	864,349,703	16.3
Total	**$ 4,835,738,403**	**100.0 %**	**$ 5,288,638,837**	**100.0 %**

Cash collateral received under securities lending agreements is not included in the investment summary shown above.

ACTUARIAL SECTION
Employees' Retirement System

P: 312.456.9800 | www.grsconsulting.com

October 10, 2022

Mr. Kevin Killeavy
Acting Executive Director
Montgomery County Employee Retirement Plans
101 Monroe Street, 15th Floor
Rockville, Maryland 20850

Dear Mr. Killeavy:

At your request, we have performed an actuarial valuation for funding purposes, and a separate actuarial valuation for accounting purposes, of the Montgomery County Employees' Retirement System ("System") as of July 1, 2022. The purposes of the funding actuarial valuation, which is performed annually, are to determine the funding status and annual contribution requirements of the System. The purpose of the accounting actuarial valuation is to comply with the Governmental Accounting Standards Board (GASB) Statement Nos. 67 and 68 and provide accounting and financial reporting information needed to prepare the financial statements of the Montgomery County Employees' Retirement System.

The actuarial valuations were performed specifically at your request and are intended for use by the System and Montgomery County ("County") and those designated by the System and the County. These reports may be provided to parties other than the System and County only in their entirety and only with the permission of the System and County. GRS is not responsible for unauthorized use of this report.

Funding Objective

The funding objective for the System is to collect employer and employee contributions sufficient to pay the benefits of the Montgomery County Employees' Retirement System when due and to achieve a funded ratio of 100 percent at the end of the amortization period. The total contribution rate is equal to the normal cost rate plus amortization of the unfunded liability (or surplus) as a level percentage of payroll. The unfunded liability as of July 1, 2015 (and in each future year) for the closed Non-Public Safety groups (Groups A and H) is amortized over a single closed period of 9 years (2 years remaining at the actuarial valuation as of July 1, 2022, to amortize the total unfunded liability). The unfunded liability as of July 1, 2015 for the open Non-Public Safety group (Group J), Public Safety groups (Groups E, F and G) and GRIP was amortized over a closed period of 20 years (13 years remaining at the actuarial valuation as of July 1, 2022) and the unfunded liability bases established in each subsequent year are amortized over separate 20-year closed periods.

We have recommended a change to the amortization policy for Groups A and H (which are closed to new members), and presented some alternatives for an update to the amortization policy in a separate letter. Because the System is over 100 percent funded, we recommend a review and update to the funding policy for all groups to define the policy for County contributions when the System has a surplus and also to consider whether combining the outstanding amortization bases would be appropriate. The results in this report reflect the current policy, which (1) amortizes the unfunded liability (or surplus) for Groups A and H over a remaining closed period of 2 years (with a County contribution rate no less than 0 percent for each group) and (2) amortizes the unfunded liability (or surplus) for the open groups over separate 20-year closed amortization periods.

The single equivalent amortization period for the System in total as of July 1, 2022 is 27.2 years (7.1 years based on the preliminary amortization of unfunded liability before adjustments such that the County contribution is not less than $0). The single equivalent amortization period is 17.4 years for the closed (Groups A and H) Non-Public Safety groups (2 years based on the preliminary amortization of unfunded liability before adjustments such that the County contribution is not less than $0), 50.7 years for the non-GRIP open groups (Public Safety groups and Group J) and 13.0 years for GRIP as of July 1, 2022. There is currently a surplus for all groups except Groups A and G and therefore, the amortization periods relate to amortizing the surplus.

The total contribution rate minus the average employee contribution rate equals the County contribution rate. The funding actuarial valuation as of July 1, 2022 establishes the County contribution rate for the fiscal year beginning July 1, 2023, and ending June 30, 2024.

Actuarial Assumptions and Methods

The actuarial cost method used in this valuation is the same as the method used in the prior actuarial valuation. The actuarial cost method utilized by the System for both non-GRIP and GRIP members is the individual Entry-Age Normal method. The objective of this method is to finance the benefits of the System as a level percentage of payroll over the members' careers. Any Unfunded Actuarial Accrued Liability (UAAL) under this method is separately financed. All actuarial gains and losses under this method are reflected in the UAAL. The actuarial assumptions used in the actuarial valuation are based on an experience review covering the period July 1, 2014 to July 1, 2018 and were first adopted for use beginning with the actuarial valuation as of July 1, 2019. We recommend that an experience study covering the period July 1, 2018 to July 1, 2022 be performed after this actuarial valuation as of July 1, 2022 as well as a review of the funding policy for all groups.

The actuarial assumptions and methods used, including the economic and demographic assumptions, the actuarial cost method and asset method, meet the parameters set forth in the Actuarial Standards of Practice issued by the Actuarial Standards Board for the funding of public sector pension plans and are set by the County as authorized under Montgomery County Code. Actuarial assumptions and actuarial methods required under GASB Statement Nos. 67 and 68 were used in the preparation of the accounting disclosures and schedules required by GASB Statement Nos. 67 and 68.

Benefit Provisions

From March 2020 through February 2021, the County paid certain employees a pay differential for COVID-19. For members of Group F who were active at that time, the pay differential is eligible to be included in the Average Final Earnings for retirement benefit calculations. All other plan provisions have remained unchanged since the last valuation, performed as of July 1, 2021.

Participant Data

A total of 5,956 active members (excluding DRSP and DROP) were included in the actuarial valuation as of July 1, 2022. Between the 2021 and 2022 actuarial valuations, the number of active employees decreased by 258 members. The average annual actuarial valuation pay (excluding DRSP and DROP) increased by 5.2 percent, from $81,490 to $85,744 between the 2021 and 2022 actuarial valuations. The number of benefit recipients (including DRSP and DROP) increased from 6,843 to 6,966, or 1.8 percent, since the last actuarial valuation. The average monthly benefit increased by 7.3 percent, from $3,483 to $3,737.

Aetna Contract
There is a group of retirees who have benefits that are insured by Aetna. The total benefit amount reported for each of these members in the actuarial valuation report includes the insured benefit amount. However, the actuarial liabilities exclude the value of the insured benefits. The actuarial liabilities included in the actuarial valuation for these members are for benefits in excess of the insured benefit and represent cost of living adjustments provided by the Montgomery County Employees' Retirement System.

Actuarial Valuation Assets
On a market value basis, the Plan assets had an investment return of approximately -3.17 percent (net of investment expenses). Recognition of the fiscal year end 2018, 2019 and 2021 investment gains were partially offset by recognition of the fiscal year end 2020 and 2022 investment losses. The net investment gains resulted in an estimated net asset rate of return of 8.86 percent on an actuarial value of assets basis, which compares to the assumed rate of return of 7.50 percent.

Reliance on Others
The actuarial valuation was based upon information furnished by the County Staff, concerning benefits provided by the Montgomery County Employees' Retirement System, financial transactions, plan provisions and census data for active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the County Staff.

The trend data in the Financial Section and the schedules and other data in this Section are prepared by County Staff with our input.

Accounting Schedules under GASB Statement Nos. 67 and 68
The total pension liability (actuarial accrued liability) calculated under GASB Statement Nos. 67 and 68 is based on an actuarial valuation date of July 1, 2021, with results projected to July 1, 2022, assuming no liability gains and losses, under the Entry Age Normal actuarial cost method. A single discount rate of 7.50 percent, which is the same rate that is used in the funding actuarial valuation, was used to measure the total pension liability. All other assumptions and methods used in the funding actuarial valuation for calculation of the actuarial accrued liabilities as of July 1, 2022 were used in the GASB Statement Nos. 67 and 68 actuarial valuation for calculation of the total pension liability for fiscal year ending June 30, 2022. The total pension liability does not include the impact of the COVID-19 pay differential.

The net pension liability is measured as the total pension liability, less the amount of the pension plan’s fiduciary net position (market value of assets) as of June 30, 2022.

Certification
To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Montgomery County Employees' Retirement System as of the valuation date of July 1, 2022, based on the data and actuarial techniques described above and applicable sections of the County Code. All calculations have been made in conformity with generally accepted actuarial principles and practices, and all actuarial assumptions used in this report are reasonable for the purposes of this actuarial valuation and meet the parameters set forth in the Actuarial Standards of Practice issued by the Actuarial Standards Board. Lance J. Weiss, Amy Williams, and Cassie Rapoport are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

This report was prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation, and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled. We are relying on the GRS actuaries and Internal Software, Training and Processes Team who developed and maintain the model.

This report reflects the impact of COVID-19 through June 30, 2022. However, this report does not reflect the longer term and still developing future impact of COVID-19, which is likely to further influence demographic experience and economic expectations. We will continue to monitor these developments and their impact on the Fund and the actuarial assumptions. Actual experience will be reflected in each subsequent annual valuation, as experience emerges.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements in this report.

This actuarial valuation assumed the continuing ability of the plan sponsor to make the contributions necessary to fund this plan. A determination regarding whether or not the plan sponsor is actually able to afford the required contributions is outside the scope this engagement and was not performed.

This report should not be relied on for any purpose other than the purpose stated.

The signing actuaries are independent of the plan sponsor.

Respectfully submitted,

Gabriel, Roeder, Smith & Company

Lance J. Weiss

Lance J. Weiss, E.A., M.A.A.A., F.C.A.
Senior Consultant and Team Leader

Amy Williams

Amy Williams, A.S.A., M.A.A.A., F.C.A.
Senior Consultant

Cassie Rapoport

Cassie Rapoport, A.S.A., M.A.A.A.
Senior Analyst

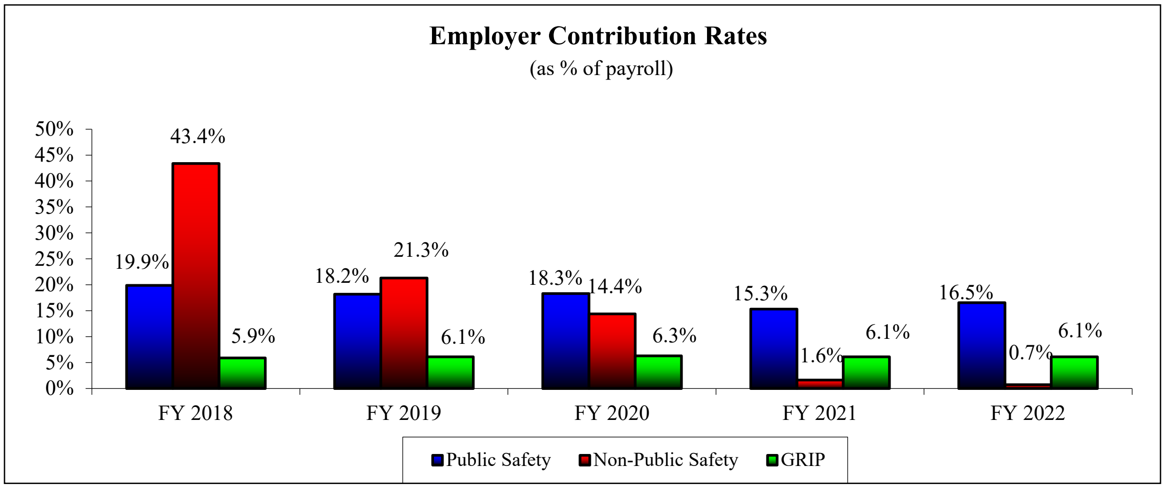
AW:ah

SUMMARY OF VALUATION RESULTS
EMPLOYEES' RETIREMENT SYSTEM

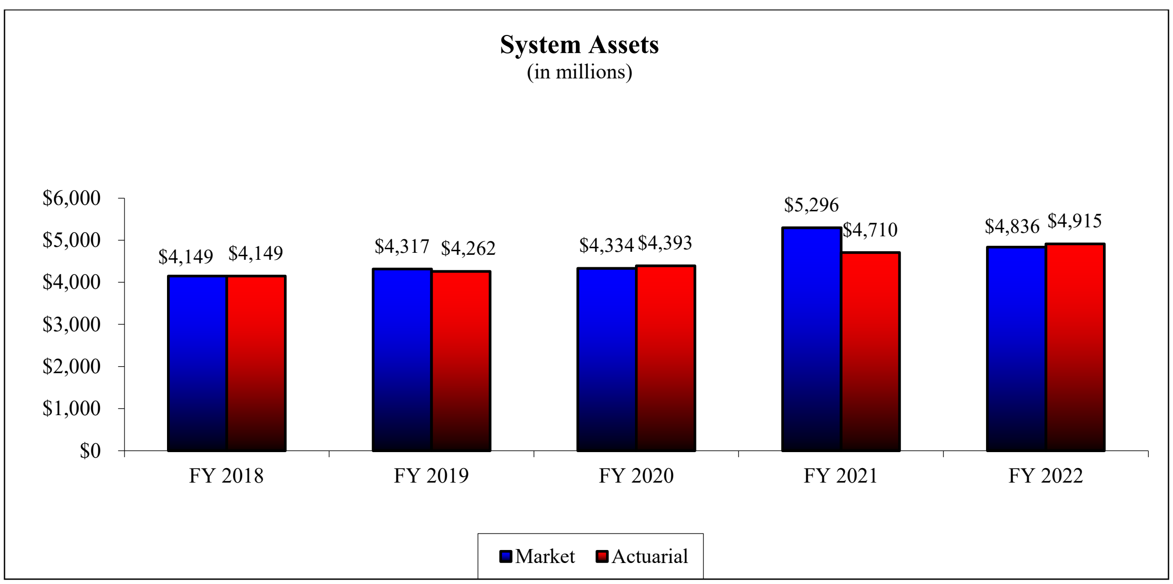
A. Overview

This report presents the results of our June 30, 2022 actuarial valuation of the Montgomery County Employees' Retirement System.

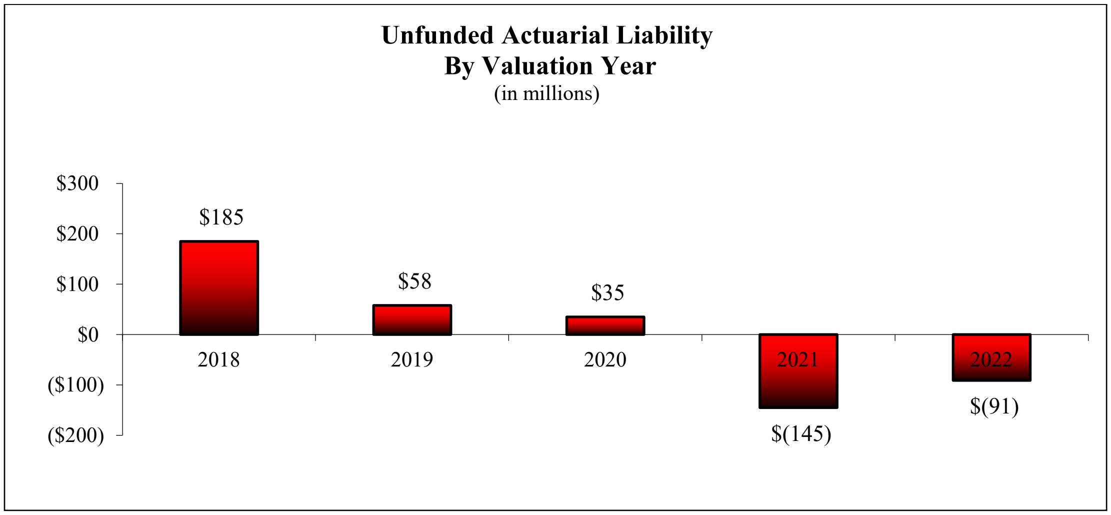
The major findings of the valuation are summarized in the following charts:



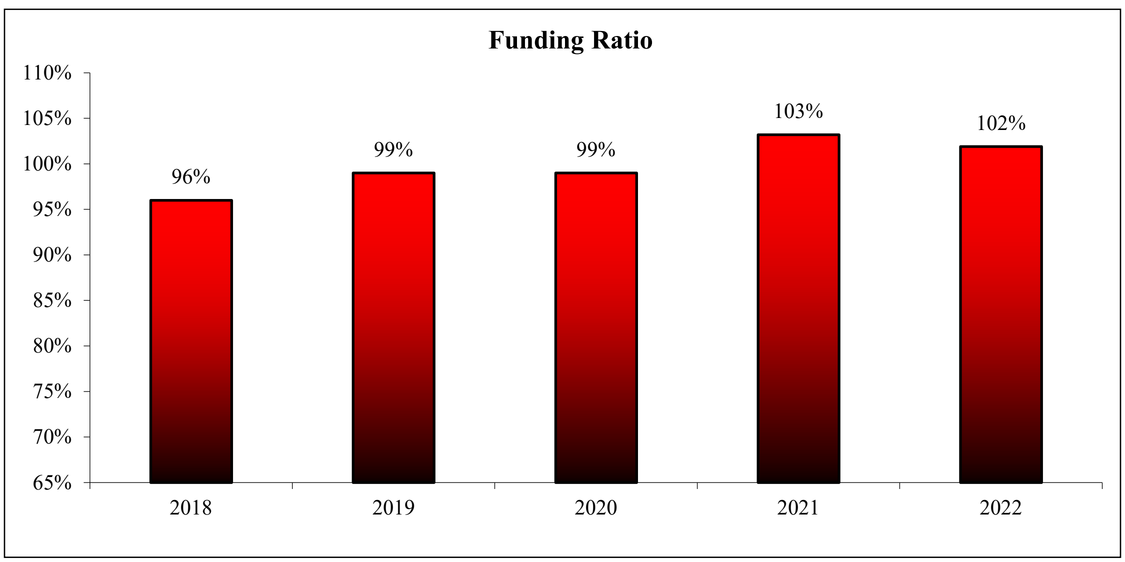
The change in the employer contribution rate in FY 2022 was due to actual System experience versus actuarial assumptions.



The change in the system assets in FY 2022 was primarily due to investment loss.



The unfunded actuarial liability stayed as surplus but decreased in FY 2022 primarily due to unfavorable investment and demographic experiences during the fiscal year.



The ratio of actuarial assets to the actuarial accrued liability slightly reduced primarily due to the factors noted above.

B. Summary of Results

	July 1, 2021	July 1, 2022
Actuarial Liability		
a. Active Members	$1,389,925,067	$1,381,262,961
b. Retired Members and Beneficiaries	3,128,257,439	3,387,000,065
c. Vested Former Members	46,784,819	56,545,918
d. Total	$4,564,967,315	$4,824,808,944
Valuation Assets	$4,709,827,390	$4,915,636,212
Unfunded Actuarial Accrued Liability	($144,860,075)	($90,827,268)
Normal Cost		
a. Gross Normal Cost	$84,526,937	$85,704,000
b. Anticipated Employee Contributions	$27,746,742	$27,889,228
c. County Normal Cost (a -b)	$57,120,124	$57,814,772
Amortization Payment	($9,352,117)	($6,224,199)
County Contribution Required at Date Shown	$47,428,078	$51,590,573
County FY 2022/FY 2023 Contribution (as a % of covered payroll)		
Public Safety Employees	15.32%	16.54%
Non-Public Safety Employees	1.64%	0.71%
Guaranteed Retirement Income Plan	6.12%	6.10%

C. Valuation Highlights

1. System Assets

As of June 30, 2022, the System had assets, valued at market, of $4.836 billion, as compared to $5.296 billion at June 30, 2021. The decrease of $460 million was attributable to the following:

a. An increase of $99 million from employer and employee contributions;
b. A decrease of $257 million from investment loss;
c. A decrease of $302 million due to the payment of benefits to System participants and administrative expenses.

When measured on an actuarial basis, System assets were $4.916 billion at June 30, 2022, and $4.710 billion at June 30, 2021. The asset valuation method smooths the fluctuations generated by intermittent market gains and losses. This method phases-in investment gains and losses arising during and after the 1994 fiscal year over a five-year period from the date established. Effective July 1, 1997, the calculation of the actuarial value of assets was changed to exclude the present value of estimated accrued contributions.

2. System Liabilities

The Unfunded Actuarial Liability increased by $54 million, from surplus of 145 million at July 1, 2021, to a surplus of $91 million at July 1, 2022, as follows:

Unfunded Actuarial Liability at beginning of year	$	(144,860,075)
Unfunded Actuarial Liability at end of year		(90,827,268)
Increase in Unfunded Actuarial Liability	$	(54,032,807)

The increase in Unfunded Actuarial Liability for the year ended June 30, 2022, is comprised of the following:

Decrease due to gain on actuarial value of assets	$	62,396,858
Increase due to demographic gain and other factors*		(141,815,800)
Decrease due to amortization payment and contributions*		25,386,135
Increase in Unfunded Actuarial Liability	$	(54,032,807)

*Includes $6 million increase to the unfunded liability due to the Group F COVID pay restated as retirement eligible earnings. Employee contributions related with Group F COVID pay will be collected in 26 periods beginning with the September 11, 2022 pay period.

3. System Contributions

Contributions to the System include a "normal cost" rate which covers the portion of projected liabilities related to service of members. In addition, an amortization payment is made to fund the unfunded liability related to changes made to benefits in previous years which are being funded over a specific period of time.

The increase/decrease in the employer contribution rate is attributable to the following:

	Non-Public Safety (non-GRIP)		Public Safety (non-GRIP)		GRIP	
Employer contribution rate - June 30, 2021	1.64	%	15.32	%	6.12	%
Increase/decrease due to recognition of asset (gains)/losses	(13.51)		(1.13)		(0.09)	
Increase/decrease due to actuarial (gains)/losses	12.58		2.17		0.07	
Increase/decrease due to plan changes	0.00		0.00		0.00	
Increase/decrease due to assumption and method changes	0.00		0.00		0.00	
Employer contribution rate - June 30, 2022	0.71	%	16.54	%	6.10	%

4. Membership

The active membership of the System decreased from 6,214 at June 30, 2021 to 5,956 at June 30, 2022. The System was closed to all new employees hired after October 1, 1994, except public safety, bargaining unit employees and GRIP participants. Inactive members, including retirees and beneficiaries, increased from 6,843 at June 30, 2021 to 6,966 at June 30, 2022 and the number of former members with vested rights increased from 603 to 712.

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
EMPLOYEES' RETIREMENT SYSTEM

A. Funding Method

The funding method used for the System's valuation is the "Individual Entry-Age Normal" actuarial cost method. The objective of this method is to finance the benefits of the System as a level percentage of payroll over the members' careers. The normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement. Each annual normal cost is a constant percentage of the member's year by year projected covered pay. An *actuarial liability* is calculated at the valuation date as the present value of benefits allocated to service prior to that date. The *Unfunded Actuarial Liability* at the valuation date is the excess of the actuarial liability over the assets of the System.

B. Actuarial Value of Assets

The actuarial value of assets is used for purposes of determining the County's contribution to the System. The asset adjustment method dampens the volatility of asset values that could occur because of short term fluctuations in market conditions. Use of an asset smoothing method is consistent with the long term nature of the actuarial valuation process. Assets are valued at market value but with a phase-in of investment gains and losses arising after July 1, 1994, over a 5-year period. The gains and losses are net of expenses. Effective July 1, 1997, the calculation of the actuarial value of assets does not include the present value of accrued contributions.

ACTUARIAL ASSUMPTIONS AND METHODS
EMPLOYEES' RETIREMENT SYSTEM

A. Demographic Assumptions

1. Mortality

MP-2018 Employee and Healthy Annuitant (non-disabled)

	Pre-Retirement Future Life Expectancy (years) in 2022		Post-Retirement Future Life Expectancy (years) in 2022			Pre-Retirement Future Life Expectancy (years) in 2022		Post-Retirement Future Life Expectancy (years) in 2022	
Age	**Male**	**Female**	**Male**	**Female**	**Age**	**Male**	**Female**	**Male**	**Female**
20	70.45	73.04	67.71	69.97	65	23.95	26.26	21.31	23.23
25	65.18	67.73	62.36	64.57	70	19.19	21.28	17.00	18.81
30	59.92	62.44	57.01	59.18	75	14.67	16.48	13.07	14.74
35	54.68	57.19	51.69	53.83	80	10.44	11.97	9.62	11.08
40	49.46	51.96	46.38	48.49	85	6.87	8.11	6.81	8.05
45	44.25	46.75	41.13	43.19	90	4.74	5.68	4.74	5.68
50	39.06	41.56	35.95	37.95	95	3.44	4.00	3.44	4.00
55	33.92	36.40	30.86	32.83	100	2.51	2.81	2.51	2.81
60	28.87	31.31	25.95	27.91	105	1.89	2.05	1.89	2.05

2. Rates of Termination of Employment (prior to retirement eligibility)

Years of Service	Non-Public Safety and GRIP		Public Safety Group E and J		Public Safety Group F and G	
	Male	**Female**	**Male**	**Female**	**Male**	**Female**
0	11.50%	12.00%	16.00%	16.00%	7.00%	10.50%
1	9.00	11.00	10.00	14.00	4.00	5.00
2	8.50	9.00	6.00	12.00	3.50	4.50
3	6.50	8.00	5.00	10.00	3.00	4.00
4	6.00	7.50	5.00	8.00	2.50	3.50
5	5.50	6.50	5.00	6.00	2.25	3.00
6	5.00	5.50	5.00	4.00	2.00	2.75
7	4.50	4.50	5.00	4.00	1.75	2.50
8	4.00	3.50	4.00	4.00	1.50	2.00
9	4.00	3.00	3.00	3.00	1.25	1.75
10	3.00	2.75	2.00	2.00	1.00	1.00
11	3.00	2.75	1.50	1.00	0.75	0.75
12	3.00	2.75	1.00	1.00	0.50	0.50
13	3.00	2.75	1.00	1.00	0.25	0.25
14	3.00	2.75	1.00	1.00	0.25	0.25
15-19	2.50	2.50	1.00	1.00	0.25	0.25
20+	2.00	2.00	1.00	1.00	0.25	0.25

Vested participants that terminate are assumed to elect the option with the greater present value:

1) A refund of their accumulated contributions with interest or
2) A deferred benefit.

3. Disability

Annual Disabilities per 1,000 Members

	Non-Public Safety Employees				Public Safety Employees					
	Group A and H		Group J		Group E		Group F		Group G	
Age	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
20	0	0	0	0	0	0	1	1	1	1
25	0	0	1	1	1	1	1	2	2	2
30	1	0	1	1	1	1	2	5	3	6
35	1	1	2	2	2	2	4	8	5	9
40	2	1	3	4	3	4	6	15	8	16
45	3	2	6	8	6	8	11	28	15	31
50	5	3	11	10	11	10	19	37	27	41
55	8	3	15	11	15	11	27	39	38	43
60	8	3	15	11	15	11	27	39	38	43

4. Deaths

	Disabled Mortality Future Life Expectancy (years) in 2022	
Age	Male	Female
20	65.04	67.58
25	59.85	62.23
30	54.68	56.95
35	49.58	51.77
40	44.52	46.68
45	39.49	41.62
50	34.50	36.61
55	29.61	31.73
60	24.91	27.12
65	20.53	22.76
70	16.47	18.60
75	12.73	14.68
80	9.50	11.08

5. Rates of Retirement

	Non Public Safety		GRIP	
Age	Under 30 Years of Service	30 Years of Service & Over	Under 15 Years of Service	15 Years of Service & Over
45 – 49	2.0%	2.0%	0.0%	0.0%
50 – 54	3.0	12.5	0.0	0.0
55	6.0	15.0	3.0	3.0
56	6.0	15.0	3.0	3.0
57	6.0	15.0	4.5	5.0
58	6.0	15.0	4.5	6.0
59	6.0	15.0	4.5	6.5
60	11.0	18.0	4.5	7.0
61	13.0	18.0	4.5	7.5
62	14.0	18.0	7.0	15.0
63	11.0	18.0	7.0	15.0
64	11.0	18.0	10.0	15.0
65	15.0	18.0	13.0	20.0
66	22.0	25.0	13.0	20.0
67-68	20.0	20.0	13.0	25.0
69	20.0	20.0	13.0	30.0
70	30.0	35.0	25.0	50.0
71	30.0	35.0	25.0	50.0
72-74	30.0	35.0	30.0	50.0
75	100.0	100.0	100.0	100.0

	Public Safety								
	Group E and J			Group F			Group G		
Age	Under 25 Years of Service	25 Years of Service & Over	26 Years of Service & Over	Under 25 Years of Service	25 Years of Service	26 Years of Service & Over	Under 20 or 21 - 24 Years of Service	20 Years of Service	25 Years of Service & Over
Under 42	3.5%	3.5%	3.5%	2.5%	20.0%	10.0%	2.5%	10.0%	2.5%
42 – 44	3.5	3.5	3.5	2.5	20.0	10.0	5.0	10.0	5.0
45	3.5	8.0	8.0	2.5	20.0	10.0	5.0	10.0	7.5
46	3.5	8.0	8.0	3.0	20.0	10.0	5.0	10.0	7.5
47	3.5	8.0	8.0	4.0	20.0	10.0	5.0	10.0	7.5
48	3.5	8.0	8.0	4.0	20.0	10.0	5.0	10.0	10.0
49	5.0	20.0	20.0	4.0	20.0	10.0	10.0	10.0	10.0
50	7.5	20.0	20.0	8.0	20.0	18.0	10.0	15.0	10.0
51	7.5	20.0	20.0	8.0	20.0	18.0	10.0	15.0	17.5
52	7.5	20.0	20.0	8.0	20.0	18.0	12.5	20.0	20.0
53	7.5	20.0	20.0	8.0	25.0	20.0	12.5	20.0	20.0
54	7.5	20.0	20.0	12.0	25.0	20.0	12.5	20.0	20.0
55 – 56	15.0	30.0	30.0	12.0	40.0	35.0	15.0	40.0	30.0
57	15.0	30.0	30.0	15.0	40.0	35.0	15.0	40.0	30.0
58-59	15.0	30.0	30.0	15.0	40.0	35.0	15.0	40.0	40.0
60 – 62	15.0	30.0	30.0	20.0	70.0	50.0	30.0	40.0	40.0
63-64	15.0	30.0	30.0	25.0	70.0	50.0	30.0	40.0	40.0
65	50.0	50.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

6. Sick Leave Credit

Service credit is increased by 2.6% for Group A employees, 2.2% for Group E and J employees, 4.4% for Group F employees, 2.9% for Group G employees, and 1.6% for Group H employees to account for additional credit from unused sick leave. Sick leave is capped at 2 years.

7. Marital assumption

80% of active participants are assumed to be married. Women are assumed to be three years younger than their spouses.

B. Economic Assumptions

1. Investment Return: 7.50% compound per annum

2. Cost-of-Living Increases: 2.50% on credited service earned prior to June 30, 2011. 2.20% on credited service earned on or after July 1, 2011, reflecting the 2.50% cap

3. Increase in Social Security Wage Base: 3.00% compound per annum

4. Expense load: Assumed administrative expenses are based on 105% of the average of the administrative expenses over the past three years. For FY 2024 this figure is $3,216,600.

5. Salary Increase: Merit and promotional increases assumed to be based on service as shown below:

Service	Non-Public Safety*	Service	Group E	Service	Group F	Service	Group G
1	6.75%	1	9.50%	1	7.75%	1	10.75%
2	5.75	2	9.25	2	7.50	2	9.25
3	5.25	3	8.00	3	7.25	3	7.75
4	5.25	4	6.75	4	7.00	4	7.25
5	5.25	5	6.25	5	6.75	5 – 10	6.75
6-8	5.00	6-7	5.75	6	5.75	11-15	5.25
9-10	4.75	8	5.25	7-8	5.50	16-20	4.25
11-15	4.25	9-15	4.75	9-10	5.00	21-29	3.25
16-21	4.00	16-18	4.50	11-15	4.75	30+	3.00
22-24	3.75	19-20	4.25	16	4.50		
25-29	3.50	21	4.00	17	4.25		
30+	3.00	22-27	3.75	18-20	4.00		
		28-29	3.50	21-25	3.25		
		30+	3.00	26+	3.00		

** Includes GRIP*

ANALYSIS OF FINANCIAL EXPERIENCE

Gains and Loss in Accrued Liability During Years Ended June 30

Resulting from Differences Between Assumed Experience and Actual Experience

Fiscal Year	(a) Investment gain/(loss)	(b) Combined liability experience	(a)+(b) Gain/(Loss) during year
2013	$ (33,134,494)	$ 93,060,972	$ 59,926,478
2014	163,194,287	7,865,965	171,060,252
2015	107,001,671	81,145,514	188,147,185
2016	(23,178,967)	86,796,201	63,617,234
2017	10,966,494	80,948,741	91,915,235
2018	12,111,506	21,671,951	33,783,457
2019	(42,453,998)	153,309,578	110,855,580
2020	(26,326,113)	41,909,369	15,583,256
2021	172,449,453	3,149,205	175,598,658
2022	(62,396,858)	7,553,070	(54,843,788)

SOLVENCY TEST

Aggregate Accrued Liability

Valuation Date	(1) Active Members Contributions	(2) Retirees, Term Vested, Beneficiaries	(3) Active Members (Employer Financed Portion)	Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets (%) (1)	(2)	(3)
6/30/2013	$ 248,331,006	$ 2,526,844,154	$ 1,046,205,572	$ 3,012,547,244	100%	100%	23%
6/30/2014	265,055,643	2,585,446,584	1,108,427,491	3,333,484,724	100	100	44
6/30/2015	280,135,577	2,698,040,722	1,072,560,553	3,630,075,610	100	100	61
6/30/2016	297,715,372	2,747,575,831	1,095,769,765	3,798,555,275	100	100	69
6/30/2017	314,707,102	2,789,167,599	1,098,758,441	3,968,497,692	100	100	79
6/30/2018	327,611,097	2,900,824,622	1,105,861,079	4,149,435,330	100	100	83
6/30/2019	333,645,308	2,927,345,196	1,059,170,568	4,261,996,413	100	100	95
6/30/2020	350,094,770	3,003,483,784	1,074,469,788	4,393,054,415	100	100	97
6/30/2021	357,460,046	3,175,042,247	1,032,465,022	4,709,827,390	100	100	100
6/30/2022	357,178,578	3,443,545,983	1,024,084,383	4,915,636,212	100	100	100

SCHEDULE OF RETIREES AND SURVIVORS
During Years Ended June 30

	New Retirees and Disableds	Survivors	Total
July 1, 2013	**5,513**	**448**	**5,961**
New retirements & disabilities	400	0	400
Deaths with beneficiaries	(23)	23	0
Deaths/benefits ended	(100)	(19)	(119)
July 1, 2014	**5,790**	**452**	**6,242**
New retirements & disabilities	264	0	264
Deaths with beneficiaries	(24)	24	0
Deaths/benefits ended	(98)	(28)	(126)
July 1, 2015	**5,932**	**448**	**6,380**
New retirements & disabilities	203	0	203
Deaths with beneficiaries	(20)	20	0
Deaths/benefits ended	(107)	(23)	(130)
July 1, 2016	**6,008**	**445**	**6,453**
New retirements & disabilities	207	0	207
Deaths with beneficiaries	(30)	30	0
Deaths/benefits ended	(122)	(22)	(144)
July 1, 2017	**6,063**	**453**	**6,516**
New retirements & disabilities	271	0	271
Deaths with beneficiaries	(40)	40	0
Deaths/benefits ended	(144)	(28)	(172)
July 1, 2018	**6,150**	**465**	**6,615**
New retirements & disabilities	270	0	270
Deaths with beneficiaries	(35)	35	0
Deaths/benefits ended	(125)	(29)	(154)
July 1, 2019	**6,260**	**471**	**6,731**
New retirements & disabilities	224	0	224
Deaths with beneficiaries	(23)	23	0
Deaths/benefits ended	(144)	(28)	(172)
July 1, 2020	**6,317**	**466**	**6,783**
New retirements & disabilities	237	0	237
Deaths with beneficiaries	(30)	30	0
Deaths/benefits ended	(142)	(35)	(177)
July 1, 2021	**6,382**	**461**	**6,843**
New retirements & disabilities	301	0	301
Deaths with beneficiaries	(27)	27	0
Deaths/benefits ended	(156)	(22)	(178)
July 1, 2022	**6,500**	**466**	**6,966**

SCHEDULE OF ANNUAL ALLOWANCE
During Years Ended June 30

	Retirees, Disableds & QDRO's	Survivors	Total
July 1, 2013	**$ 202,811,858**	**$ 7,875,019**	**$ 210,686,877**
Average Annual Allowance	36,788	17,578	35,344
Annual Allowance Added	21,907,364	699,388	22,606,753
Annual Allowance Removed	(3,506,950)	(217,824)	(3,724,774)
July 1, 2014	**$ 221,212,272**	**$ 8,356,583**	**$ 229,568,856**
Average Annual Allowance	38,206	18,488	36,778
Annual Allowance Added	8,938,666	612,732	9,551,398
Annual Allowance Removed	(3,140,736)	(366,643)	(3,507,379)
July 1, 2015	**$ 227,010,202**	**$ 8,602,673**	**$ 235,612,875**
Average Annual Allowance	38,269	19,202	36,930
Annual Allowance Added	8,783,325	490,043	9,273,368
Annual Allowance Removed	(3,486,640)	(535,806)	(4,022,446)
July 1, 2016	**$ 232,306,887**	**$ 8,556,910**	**$ 240,863,796**
Average Annual Allowance	38,666	19,229	37,326
Annual Allowance Added	8,587,719	633,990	9,221,709
Annual Allowance Removed	(4,617,442)	(329,036)	(4,946,478)
July 1, 2017	**$ 236,277,164**	**$ 8,861,864**	**$ 245,139,028**
Average Annual Allowance	38,970	19,563	37,621
Annual Allowance Added	13,309,491	1,046,785	14,356,276
Annual Allowance Removed	(3,360,205)	(595,678)	(3,955,883)
July 1, 2018	**$ 246,226,450**	**$ 9,312,972**	**$ 255,539,422**
Average Annual Allowance	40,037	20,028	38,630
Annual Allowance Added	15,362,545	843,157	16,205,702
Annual Allowance Removed	(5,059,721)	(505,871)	(5,565,591)
July 1, 2019	**$ 256,529,274**	**$ 9,650,259**	**$ 266,179,533**
Average Annual Allowance	40,979	20,489	39,545
Annual Allowance Added	8,728,596	265,440	8,994,036
Annual Allowance Removed	(4,732,240)	(594,568)	(5,326,808)
July 1, 2020	**$ 260,525,630**	**$ 9,321,131**	**$ 269,846,761**
Average Annual Allowance	41,242	20,002	39,783
Annual Allowance Added	21,135,214	962,131	22,097,345
Annual Allowance Removed	(5,180,570)	(751,498)	(5,932,068)
July 1, 2021	**$ 276,480,274**	**$ 9,531,764**	**$ 286,012,038**
Average Annual Allowance	43,322	20,676	41,796
Annual Allowance Added	31,489,382	1,035,604	32,524,986
Annual Allowance Removed	(5,583,743)	(533,376)	(6,117,119)
July 1, 2022	**$ 302,385,913**	**$ 10,033,992**	**$ 312,419,905**

Schedule of Active Member Valuation Data

Valuation Date	Number	Annual Payroll	Annual Average Pay	% Increase in Average Pay
July 1, 2013	5,606	$ 395,988,026	$ 70,636	-1.54 %
July 1, 2014	5,535	402,899,096	72,791	3.05
July 1, 2015	5,541	418,728,584	75,569	3.82
July 1, 2016	5,513	427,622,475	77,566	2.64
July 1, 2017	5,738	444,274,516	77,427	-0.18
July 1, 2018	6,004	467,974,450	77,944	0.67
July 1, 2019	6,003	476,619,112	79,397	1.86
July 1, 2020	6,204	503,656,509	81,183	2.25
July 1, 2021	6,214	506,377,759	81,490	0.38
July 1, 2022	5,956	510,692,954	85,744	5.22

STATISTICAL SECTION

Employee Retirement Plans

STATISTICAL SECTION

The Statistical Section presents detailed information in the areas shown below, as a context for understanding what the information in the Financial Section says about the overall financial health of the Employee Retirement Plans:

The schedules beginning on page 82 are designed to show financial trend information to assist users in understanding and assessing how the Employee Retirement Plans' financial position has changed over the past ten years. The financial trend schedules presented are:

- Changes in Fiduciary Net Position – Information to help the reader understand the Plans' historical contributions, earnings, and expenses.

- Benefit, Refund and Distribution Deductions from Fiduciary Net Position – Information to help the reader understand the historical benefits, refund, and distribution deductions.

The schedules beginning on page 88 display demographic, economic, and operating information. The demographic and economic information is intended to assist users in understanding the environment in which the Employee Retirement Plans operate. The operating information is intended to provide contextual information about the Employee Retirement Plans' operations to assist readers in using financial statement information. The demographic and economic information and the operating information presented include:

- Principal Participating Employers
- Retired Members by Benefit Type
- Average Benefit Amounts
- Retired Members by Type of Retirement
- Average Benefit Payments and Average Final Valuation Pay
- Schedule of Participating Agencies and Political Subdivisions

EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CHANGE IN FIDUCIARY NET POSITION
JUNE 30, 2022
LAST TEN FISCAL YEARS
(dollars in thousands)

	2013	2014	2015	2016	2017
Additions					
Member contributions	$ 24,854	$ 26,463	$ 26,627	$ 27,056	$ 27,940
Employer contributions	127,888	144,710	151,302	134,806	95,399
Investment income (loss) (net of expenses)	307,859	534,397	67,071	57,676	413,347
Total additions	460,601	705,570	245,000	219,538	536,686
Deductions					
Benefit payments	208,804	229,664	230,647	230,696	235,124
Refunds	1,925	4,330	2,874	5,887	6,473
Administrative expenses	2,401	2,954	2,685	3,014	3,186
Total deductions	213,130	236,948	236,206	239,597	244,783
Change in net position	$ 247,471	$ 468,622	$ 8,794	$ (20,059)	$ 291,903

EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF BENEFIT AND REFUND DEDUCTIONS FROM FIDUCIARY NET POSITION BY TYPE
JUNE 30, 2022
LAST TEN FISCAL YEARS
(dollars in thousands)

	2013	2014	2015	2016	2017
Type of Benefit					
Service benefits:					
Retirees	$ 153,566	$ 172,472	$ 171,785	$ 171,391	$ 175,049
Survivors	8,602	8,586	8,982	9,017	9,334
Disability	46,636	48,606	49,880	50,288	50,741
Total benefits	$ 208,804	$ 229,664	$ 230,647	$ 230,696	$ 235,124
Refund of Contributions	$ 1,925	$ 4,330	$ 2,874	$ 5,887	$ 6,473

2018	2019	2020	2021	2022
$ 28,965	$ 29,629	$ 30,781	$ 30,848	$ 31,203
93,163	86,584	87,199	70,741	68,120
340,085	317,891	173,368	1,141,051	(257,122)
462,213	434,104	291,348	1,242,640	(157,799)
238,916	256,951	262,074	267,421	287,003
4,624	6,760	9,350	9,749	11,723
2,871	3,064	3,059	2,999	3,132
246,411	266,775	274,483	280,169	301,858
$ 215,802	$ 167,329	$ 16,865	$ 962,471	$ (459,657)

2018	2019	2020	2021	2022
$ 178,268	$ 193,422	$ 197,347	$ 203,253	$ 220,331
9,784	10,291	10,626	10,244	10,770
50,864	53,238	54,101	53,924	55,902
$ 238,916	$ 256,951	$ 262,074	$ 267,421	$ 287,003
$ 4,624	$ 6,760	$ 9,350	$ 9,749	$ 11,723

RETIREMENT SAVINGS PLAN
SCHEDULE OF CHANGE IN FIDUCIARY NET POSITION
JUNE 30, 2022
LAST TEN FISCAL YEARS
(dollars in thousands)

	2013	2014	2015	2016	2017
Additions					
Member contributions	$ 8,274	$ 8,695	$ 9,728	$ 10,714	$ 10,303
Employer contributions	15,629	17,117	18,502	19,682	19,782
Investment income (loss) (net of expenses)	23,716	42,432	7,493	500	43,598
Total additions	47,619	68,244	35,723	30,896	73,683
Deductions					
Distributions	9,389	11,682	12,694	10,055	15,220
Administrative expenses	201	197	235	181	267
Total deductions	9,590	11,879	12,929	10,236	15,487
Change in net position	$ 38,029	$ 56,365	$ 22,794	$ 20,660	$ 58,196

RETIREMENT SAVINGS PLAN
SCHEDULE OF DISTRIBUTION DEDUCTIONS FROM FIDUCIARY NET POSITION
JUNE 30, 2022
LAST TEN FISCAL YEARS
(dollars in thousands)

	2013	2014	2015	2016	2017
Distributions	$ 9,389	$ 11,682	$ 12,694	$ 10,055	$ 15,220

2018	2019	2020	2021	2022
$ 10,801	$ 12,023	$ 11,481	$ 11,742	$ 12,205
20,348	20,511	21,232	21,607	22,341
36,561	27,124	34,237	156,023	(103,584)
67,710	59,658	66,950	189,372	(69,038)
15,387	16,066	18,583	19,737	22,751
329	325	257	253	277
15,716	16,391	18,840	19,990	23,028
$ 51,994	$ 43,267	$ 48,110	$ 169,382	$ (92,066)

2018	2019	2020	2021	2022
$ 15,387	$ 16,066	$ 18,583	$ 19,737	$ 22,751

DEFERRED COMPENSATION PLAN
SCHEDULE OF CHANGE IN FIDUCIARY NET POSITION
JUNE 30, 2022
LAST TEN FISCAL YEARS
(dollars in thousands)

	2013	2014	2015	2016	2017
Additions					
Member contributions	$ 18,229	$ 17,011	$ 19,229	$ 18,761	$ 19,511
Investment income (loss) (net of expenses)	34,096	48,864	15,259	(63)	47,590
Total additions	52,325	65,875	34,488	18,698	67,101
Deductions					
Distributions	19,847	25,506	26,123	22,374	25,666
Total deductions	19,847	25,506	26,123	22,374	25,666
Change in net position	$ 32,478	$ 40,369	$ 8,365	$ (3,676)	$ 41,435

DEFERRED COMPENSATION PLAN
SCHEDULE OF DISTRIBUTION DEDUCTIONS FROM FIDUCIARY NET POSITION
JUNE 30, 2022
LAST TEN FISCAL YEARS
(dollars in thousands)

	2013	2014	2015	2016	2017
Distributions	$ 19,847	$ 25,506	$ 26,123	$ 22,374	$ 25,666

2018	2019	2020	2021	2022
$ 20,574	$ 23,244	$ 22,524	$ 25,684	$ 23,908
43,154	25,775	35,687	150,694	(89,287)
63,728	49,019	58,211	176,378	(65,379)
22,719	36,857	34,101	31,861	29,919
22,719	36,857	34,101	31,861	29,919
$ 41,009	$ 12,162	$ 24,110	$ 144,517	$ (95,298)

2018	2019	2020	2021	2022
$ 22,719	$ 36,857	$ 34,101	$ 31,861	$ 29,919

EMPLOYEES' RETIREMENT SYSTEM
PRINCIPAL PARTICIPATING EMPLOYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO
JUNE 30, 2022

	2022		2013	
Participating Government	**Covered Employees**	**Percentage of Total System**	**Covered Employees**	**Percentage of Total System**
Montgomery County	5,821	97.8%	5,437	97.0%
Town of Chevy Chase	1	0.0%	3	0.1%
Strathmore Hall	6	0.1%	7	0.1%
Housing Opportunities Commission	120	2.0%	141	2.5%
Revenue Authority	7	0.1%	6	0.1%
SkyPoint Federal Credit Union	1	0.0%	9	0.2%
State Department of Assessment and Taxation	-	-	2	0.0%
District Court	-	-	1	0.0%
Total	5,956	100.0%	5,606	100.0%

EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF RETIRED MEMBERS BY BENEFIT TYPE
JUNE 30, 2022

Fiscal Year	Retiree	Disability	Survivor	Total
2013	4,412	1,101	448	5,961
2014	4,669	1,121	452	6,242
2015	4,807	1,125	448	6,380
2016	4,882	1,126	445	6,453
2017	4,947	1,116	453	6,516
2018	5,031	1,119	465	6,615
2019	5,128	1,132	471	6,731
2020	5,190	1,127	466	6,783
2021	5,273	1,109	461	6,843
2022	5,383	1,117	466	6,966

EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF AVERAGE BENEFIT AMOUNTS
JUNE 30, 2022

Fiscal Year	Retiree	Disability	Survivor	Total
2013	$ 34,807	$ 42,357	$ 19,201	$ 35,028
2014	36,940	43,360	18,995	36,793
2015	35,736	44,337	20,049	36,152
2016	35,107	44,660	20,263	35,750
2017	35,385	45,467	20,605	36,084
2018	35,434	45,455	21,040	36,117
2019	37,719	47,030	21,850	38,174
2020	38,024	48,004	22,803	38,637
2021	38,546	48,624	22,220	39,079
2022	40,931	50,047	23,112	41,201

EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF RETIRED MEMBERS BY TYPE OF RETIREMENT
JUNE 30, 2022

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement [a]			Option Selected [b]						
		1	2	3	1	2	3	4	5	6	7
Deferred [c]	726										
$ 1 – $ 500	398	342	53	3	204	113	2	3	34	11	31
501 – 1,000	486	362	105	19	217	116	19	14	41	25	54
1,001 – 1,500	527	401	89	37	222	139	13	13	46	37	57
1,501 – 2,000	524	395	67	62	213	121	19	23	20	46	82
2,001 – 2,500	554	417	56	81	221	140	12	25	21	43	92
2,501 – 3,000	524	409	23	92	202	121	5	26	25	61	84
3,001 – 3,500	493	378	19	96	205	102	5	14	19	52	96
3,501 – 4,000	503	350	19	134	188	105	2	24	24	72	88
Over 4,000	2,957	2,329	35	593	1,310	561	9	143	105	468	361
Total	7,692	5,383	466	1,117	2,982	1,518	86	285	335	815	945

Benefit amounts include total benefit amount for insured retirees (including the benefit amount that is paid by Aetna).
Counts include DRSP and DROP members.

Notes:

[a] Type of retirement:
1—Retiree
2—Beneficiary
3—Disabled Retiree

[c] Includes 576 terminated GRIP members

[b] Option selected:
Option 1—Modified Cash Refund
Option 2—Certain and Continuous
Option 3—Life Annuity
Option 4—Joint and Survivor 50%
Option 5—Joint and Survivor 100%
Option 6—Other Joint and Survivor Percentage
Option 7—Joint and Survivor Options

EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF AVERAGE BENEFIT PAYMENTS AND AVERAGE FINAL VALUATION PAY
LAST TEN FISCAL YEARS

	Years Credited Service						
Retirement Effective Dates	0–5	5–10	10–15	15–20	20–25	25–30	30+
Period 7/1/2012 to 6/30/2013							
Average monthly benefit*	$ -	$ 331	$ 1,595	$ 2,147	$ 3,063	$ 4,641	$ 5,845
Average final valuation pay**	$ -	$ 50,497	$ 56,936	$ 72,901	$ 76,904	$ 90,509	$ 94,904
Number of retired members***	-	1	5	17	46	38	69
Period 7/1/2013 to 6/30/2014							
Average monthly benefit*	$ -	$ -	$ -	$ 2,636	$ 2,941	$ 4,552	$ 5,790
Average final valuation pay**	$ -	$ -	$ -	$ 71,521	$ 75,097	$ 90,425	$ 92,772
Number of retired members***	-	-	-	17	53	98	71
Period 7/1/2014 to 6/30/2015							
Average monthly benefit*	$ -	$ -	$ 2,231	$ 1,654	$ 3,273	$ 4,388	$ 5,062
Average final valuation pay**	$ -	$ -	$ 72,858	$ 62,439	$ 82,958	$ 90,297	$ 91,982
Number of retired members***	-	-	1	11	49	74	57
Period 7/1/2015 to 6/30/2016							
Average monthly benefit*	$ -	$ -	$ 1,697	$ 2,309	$ 3,054	$ 4,510	$ 5,274
Average final valuation pay**	$ -	$ -	$ 65,941	$ 74,376	$ 84,079	$ 94,265	$ 99,878
Number of retired members***	-	-	6	5	32	63	37
Period 7/1/2016 to 6/30/2017							
Average monthly benefit*	$ -	$ -	$ 1,953	$ 2,427	$ 3,325	$ 4,362	$ 4,991
Average final valuation pay**	$ -	$ -	$ 76,592	$ 74,271	$ 85,297	$ 96,041	$ 90,799
Number of retired members***	-	-	12	5	27	60	39
Period 7/1/2017 to 6/30/2018							
Average monthly benefit*	$ -	$ -	$ 2,149	$ 3,074	$ 3,218	$ 4,736	$ 5,781
Average final valuation pay**	$ -	$ -	$ 101,266	$ 90,712	$ 81,372	$ 100,236	$ 104,711
Number of retired members***	-	-	5	7	31	76	48
Period 7/1/2018 to 6/30/2019							
Average monthly benefit*	$ -	$ -	$ 2,062	$ 3,105	$ 3,639	$ 4,561	$ 5,727
Average final valuation pay**	$ -	$ -	$ 77,242	$ 93,928	$ 88,698	$ 96,500	$ 108,661
Number of retired members***	-	-	4	9	22	69	75
Period 7/1/2019 to 6/30/2020							
Average monthly benefit*	$ -	$ -	$ 2,436	$ 2,632	$ 4,319	$ 4,961	$ 5,793
Average final valuation pay**	$ -	$ -	$ 93,706	$ 84,777	$ 101,006	$ 107,159	$ 108,935
Number of retired members***	-	-	1	7	17	56	90
Period 7/1/2020 to 6/30/2021							
Average monthly benefit*	$ -	$ -	$ 2,652	$ 3,062	$ 4,276	$ 4,832	$ 6,278
Average final valuation pay**	$ -	$ -	$ 79,089	$ 90,285	$ 102,629	$ 104,491	$ 116,696
Number of retired members***	-	-	3	18	20	46	65
Period 7/1/2021 to 6/30/2022							
Average monthly benefit*	$ -	$ 359	$ 1,753	$ 3,043	$ 4,833	$ 5,041	$ 6,012
Average final valuation pay**	$ -	$ 35,852	$ 77,650	$ 86,063	$ 103,805	$ 100,880	$ 108,346
Number of retired members***	-	1	6	17	37	86	92

* Based on current benefits only, and does not take into account any future benefits. Includes total benefit amount for insured reti
(including the benefit amount that is paid by Aetna).

** Pay used for last valuation (when member was an active employee).

*** Only includes participants who went from active to retiree status. Excludes disability retirees.

Counts include members that were in DRSP or DROP in the previous valuation and were retired in the current valuation.

SCHEDULE OF PARTICIPATING AGENCIES AND POLITICAL SUBDIVISIONS EMPLOYEES' RETIREMENT SYSTEM RETIREMENT SAVINGS PLAN

Town of Chevy Chase
Strathmore Hall Foundation, Inc.
Housing Opportunities Commission of Montgomery County
Montgomery County Revenue Authority
Washington Suburban Transit Commission
SkyPoint Federal Credit Union

Certain employees of the:
- State Department of Assessments and Taxation
- District Court of Maryland

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