MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS

(Trust Funds of Montgomery County, Maryland)

Annual Comprehensive Financial Report

July 1, 2023 – June 30, 2024

2024

EMPLOYEES' RETIREMENT SYSTEM ▪ RETIREMENT SAVINGS PLAN ▪ DEFERRED COMPENSATION PLAN

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, 2023

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 2024
July 1, 2023 – June 30, 2024

Prepared by Montgomery County Employee Retirement Plans
101 Monroe Street, 6th Floor
Rockville, Maryland 20850

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2024

Table of Contents

INTRODUCTORY SECTION

Letter of Transmittal 5
Board of Investment Trustees 9
Administrative Organization 10
Organization Chart 11

FINANCIAL SECTION

Report of Independent Public Accountants 15
Management's Discussion and Analysis 19

Basic Financial Statements
- Statements of Fiduciary Net Position 24
- Statements of Changes in Fiduciary Net Position 25
- Notes to Financial Statements 26

Required Supplementary Information
- Schedule of Changes in the Employers' Net Pension Liability and Related Ratios 46
- Schedule of Employer Contributions 48
- Schedule of Investment Returns 49
- Schedule of Administrative Expenses and Schedule of Payments to Consultants 50
- Schedules of Investment Expenses 51

Employees' Retirement System
- Statements of Fiduciary Net Position 52
- Statements of Changes in Fiduciary Net Position 53

Retirement Savings Plan
- Statements of Fiduciary Net Position 54
- Statements of Changes in Fiduciary Net Position 55

Deferred Compensation Plan
- Statements of Fiduciary Net Position 56
- Statements of Changes in Fiduciary Net Position 57

INVESTMENT SECTION - EMPLOYEES' RETIREMENT SYSTEM

Chief Investment Officer's Report 61
Investment Performance – Annualized Returns 64
Investment Policy and Objectives 65

Table of Contents

Assets Allocation 66
Schedule of Largest Fixed Income and Equity Holdings 67
Schedule of Brokerage Commissions 68
Schedule of Investment Fees by Asset Class 68
Schedule of Investment Summary 69

ACTUARIAL SECTION - EMPLOYEES' RETIREMENT SYSTEM

Actuary's Certification Letter 73
Summary of Valuation Results 79
Summary of Actuarial Assumptions and Methods 83
Actuarial Assumptions and Methods 83
Analysis of Financial Experience 88
Solvency Test 88
Schedule of Retirees and Survivors 89
Schedule of Annual Allowance 90
Schedule of Active Member Valuation Data/Funding Progress 91

STATISTICAL SECTION - EMPLOYEE RETIREMENT PLANS

Employees' Retirement System
- Schedule of Change in Fiduciary Net Position 96
- Schedule of Benefit and Refund Deductions from Fiduciary Net Position by Type 96

Retirement Savings Plan
- Schedule of Change in Fiduciary Net Position 98
- Schedule of Distribution Deductions from Fiduciary Net Position 98

Deferred Compensation Plan
- Schedule of Change in Fiduciary Net Position 100
- Schedule of Distribution Deductions from Fiduciary Net Position 100

Schedule of Retired Members by Benefit Type 102
Schedule of Average Benefit Amounts 102
Schedule of Retired Members by Type of Retirement 103
Schedule of Average Benefit Payments and Average Final Valuation Pay 104
Principal Participating Employers 105
Schedule of Participating Agencies and Political Subdivisions 105

INTRODUCTORY SECTION

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2024

OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

Richard S. Madaleno
Chief Administrative Officer

October 28, 2024

Dear Members and the Board of Investment Trustees
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, 2024. 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 public accountants' 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 6,681 active members, including 3,260 in the GRIP, and 6,972 retirees and beneficiaries participating in the System as of June 30, 2024.

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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, 2024, there were 3,321 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 GRIP provides for immediate vesting of employee contributions, and employer contributions are vested after three years of plan membership or upon death or disability.

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

Major Initiatives

The Board continued to implement changes to the investment portfolio to improve the risk-adjusted returns of the program. During the year, new investments were added across the portfolio, including enhancements to the private equity, private credit, and private real assets portfolios. Additionally, the System launched a co-investment program within the private infrastructure portfolio, which will reduce investment fees and should enhance the return of the portfolio.

Environmental, Social, and Governance (ESG) factors are considered as part of the screening and diligence process. This year, three analyses were conducted on Diversity, Equity, and Inclusion (DEI), PRI signatory adoption, and portfolio-level ESG exposure. The DEI analysis showed that 32% of the portfolio is managed by women or minority-owned organizations. The PRI signatory analysis revealed that 75% of the portfolio is invested with PRI signatories, and 12.4% is allocated to ESG investments, mainly in private markets. Significant ESG sectors include renewable energy, health, housing, and education.

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 19 to 23 of this report, provides a brief analysis of the financial performance of the Plans and an introduction to the financial statements of the Plans as of and for the year ended June 30, 2024.

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 9.0%, international equity 11.3%, global equity 3.7%, high yield 5.3%, emerging markets debt 1.4%, private equity 18.9%, credit opportunities 4.9%, directional hedge funds 1.8%, long duration and cash 7.6%, diversifying hedge funds 3.0%, public real assets 7.7%, private real assets 10.6% and inflation indexed bonds/gold 14.8%. The median return among U.S. public pension plans over $1 billion in size in FY 2024 was 10.0%, 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 gain of 9.2%, gross of fees, ranking in the universe's third quartile. The same study ranked the System's three-year return of 3.3% and five-year return of 7.8% in the second quartile of the universe. The ten-year and fifteen-year returns of 7.3% and 9.4%, respectively, rank in the universe's top quartile. The System significantly outperformed the policy benchmark, which returned 7.2%, during the year.

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, 2024, the actuarial value of assets was $5.1 billion and the aggregate actuarial liability was $5.3 billion, resulting in a funded status ratio of 96.3%.

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, 2024, 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, 2023. 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-four 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 Madaleno

Richard S. Madaleno
Chief Administrative Officer
Plan Administrator

BOARD OF INVESTMENT TRUSTEES

*A 3-year term for these trustees ends on March 1 of every third year after each trustee is confirmed by the Council.

Administrative Organization

Professional Services

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

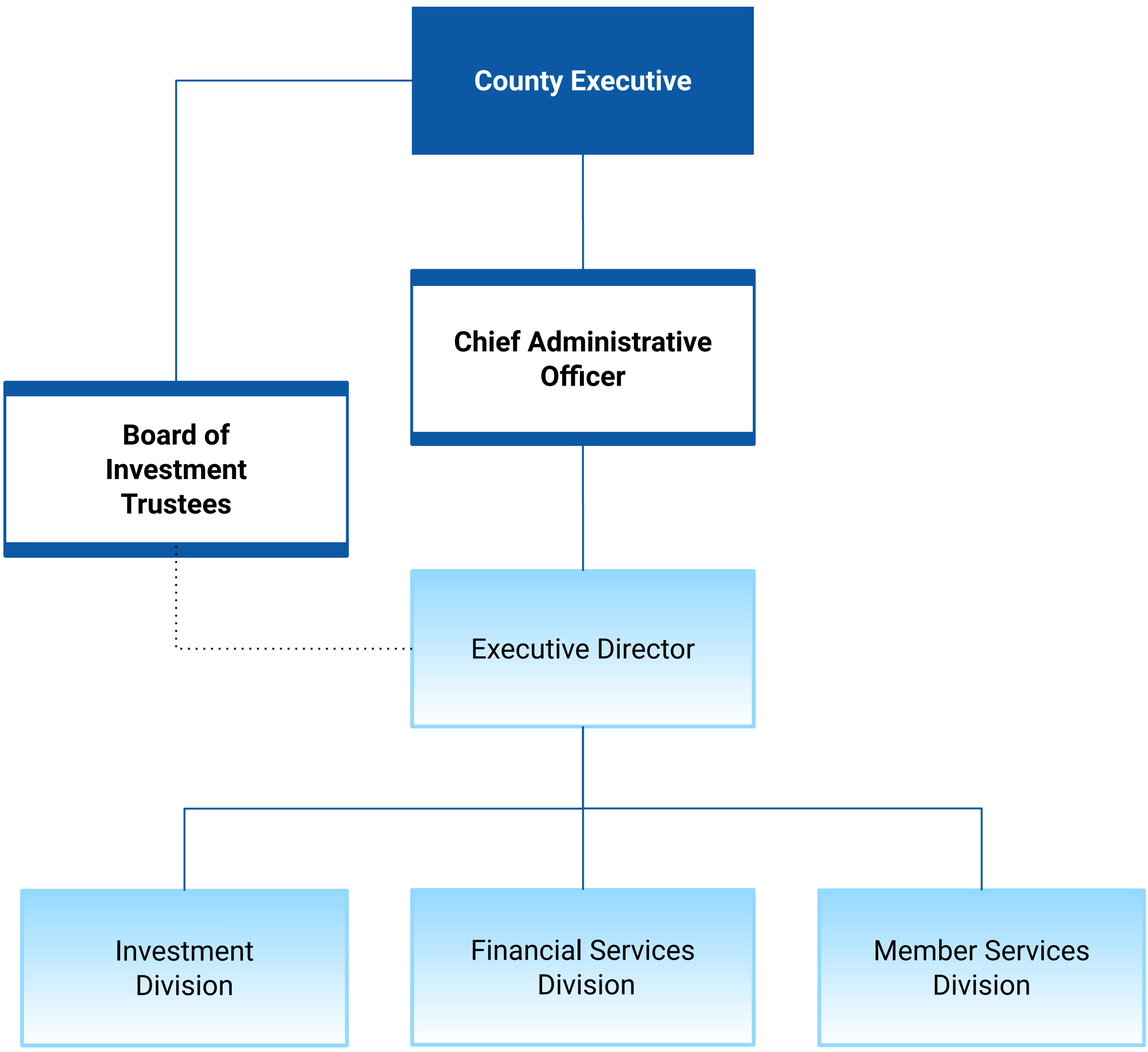
Investment Consultants

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
AEW Partners	Altaris Capital Partners	Altus Capital Partners
Amulet Capital Partners	Arrowstreet Capital	Arroyo Energy Investors LLC
Astara Capital Partners	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.	Enlightenment Capital	Excelsior Energy Capital
Farallon Capital Management	Federal Capital Partners	Franklin Park Associates, LLC
Global Alpha Capital Management Ltd.	GMO LLC	GQG Partners
Graycliff Partners	Greenbacker Capital Management	Greyrock Capital Group
Gryphon 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
Linden Structural Capital, LP	Longpoint Realty Fund, LP	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
MML Partners Capital Fund S.C. Sp	Morgan Stanley	New Energy Capital
NISA Investment Advisors	Nomura Asset Management	Odyssey Investment Partners
P/E Investments LLC	Pearlmark Real Estate Partners	Phoenician Resources
PineBridge Investments LLC	Polunin Capital Partners Limited	Post Road Group
Princeton Equity Group	Principal Real Estate Investors	Raith Real Estate, LP
Resource Land Holdings	Rhumbline Advisors	Ridgewood Infrastructure
Riverside Acceleration Capital	Riverside Partners	Segall Bryant & Hamill LLC
Schroder Investment Management	Siris Capital Group LLC	Sunstone Partners
TA Associates	Tailwater Capital	Thoma Bravo LP
Trinity Street Asset Management	VSS Capital Partners	WCM Investment Management
Wellington Management	Whitehorse Liquidity Partners	Wicks Group
WNG Capital	Woodbourne Capital	

Montgomery County Employee Retirement Plans Administrative Organization Chart



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FINANCIAL SECTION

MONTGOMERY COUNTY MARYLAND

FOR FISCAL YEAR ENDED JUNE 30, 2024

SBC Certified Public Accountants & Business Advisors

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, 2024, 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, 2024, 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 not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will

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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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal 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.

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

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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 comprehensive financial 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 27, 2024, 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 28, 2024

SB & Company, LLC

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2024

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, 2024. 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 5, 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) as of June 30:

Net Position
(Millions)

	ERS		RSP		DCP	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Assets:						
Cash and investments	$ 4,985.6	$ 4,924.5	$ 791.6	$ 688.3	$ 659.0	$ 574.7
Receivables	16.6	15.0	1.6	1.4	0.7	0.6
Total assets	5,002.2	4,939.5	793.2	689.7	659.7	575.3
Liabilities	86.9	161.2	-	-	-	-
Total net position	$ 4,915.3	$ 4,778.3	$ 793.2	$ 689.7	$ 659.7	$ 575.3

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	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Additions:						
Employer contributions	$ 64.9	$ 52.5	$ 24.9	$ 23.5	$ -	$ -
Member contributions	37.4	33.5	12.8	11.9	23.3	22.5
Net investment income	376.6	181.9	98.5	68.5	102.1	71.6
Total additions	478.9	267.9	136.2	103.9	125.4	94.1
Deductions:						
Benefits	326.9	310.4	-	-	-	-
Refunds	11.2	12.3	32.4	28.7	41.0	35.8
Administrative expenses	3.8	3.2	0.3	0.3	-	-
Total deductions	341.9	325.9	32.7	29.0	41.0	35.8
Total change in net position	137.0	(58.0)	103.5	74.9	84.4	58.3
Net position restricted for pensions						
Beginning of year	4,778.3	4,836.3	689.7	614.8	575.3	517.0
End of year	$ 4,915.3	$ 4,778.3	$ 793.2	$ 689.7	$ 659.7	$ 575.3

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

Employees' Retirement System
Net Position
(Millions)

	2024	**2023**	**Percentage Change**
Assets:			
Cash and investments	$ 4,985.6	$ 4,924.5	1.2 %
Receivables	16.6	15.0	10.7
Total assets	5,002.2	4,939.5	1.3
Liabilities:			
Benefits payable and other liabilities	5.3	7.6	(30.3)
Obligations under securities lending agreements	81.6	153.6	(46.9)
Total liabilities	86.9	161.2	(46.1)
Total net position	$ 4,915.3	$ 4,778.3	2.9 %

The table shown above reflects an increase of $137.0 million, 2.9 percent increase in the net position for the ERS during fiscal year (FY) 2024, due to a combination of investment asset appreciation and less securities lending cash collateral obligations.

Retirement Savings Plan
Net Position
(Millions)

	2024	2023	Percentage Change
Assets:			
Cash and investments	$ 791.6	$ 688.3	15.0 %
Receivables	1.6	1.4	14.3
Total assets	793.2	689.7	15.0
Total net position	$ 793.2	$ 689.7	15.0 %

During FY 2024, the net position of the RSP increased by 15.0 percent to $793.2 million primarily driven by investment asset appreciation during the fiscal year.

Deferred Compensation Plan
Net Position
(Millions)

	2024	2023	Percentage Change
Assets:			
Cash and investments	$ 659.0	$ 574.7	14.7 %
Receivables	0.7	0.6	16.7
Total net position	$ 659.7	$ 575.3	14.7 %

The net position of the DCP increased 14.7 percent to $659.7 million during FY 2024. This change is mainly due to investment asset appreciation 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 2024 and FY 2023:

Employees' Retirement System
Contributions and Investment Income
(Millions)

	2024	2023	Percentage Change
Employer contributions	$ 64.9	$ 52.5	23.6 %
Member contributions	37.4	33.5	11.6
Net investment income	376.6	181.9	107.0
Total additions	$ 478.9	$ 267.9	78.8 %

Employer contributions were higher by 23.6 percent in FY 2024 compared to the FY 2023 level based on actuarially determined contribution rates set by the annual plan valuation.

Net investment income increased by 107.0 percent to $376.6 million in FY 2024 from FY 2023 due to stronger financial market conditions in FY 2024.

The net investment income for the ERS totaled $376.6 million for FY 2024, comprised of $321.6 million in net increase in the fair value of investments, $71.7 million in dividends and interest, $0.8 million from securities lending activities, and offset by $17.5 million related to investment expenses.

Retirement Savings Plan
Contributions and Investment Income
(Millions)

	2024	2023	Percentage Change
Employer contributions	$ 24.9	$ 23.5	6.0 %
Member contributions	12.8	11.9	7.6
Net investment income	98.5	68.5	43.8
Total additions	$ 136.2	$ 103.9	31.1 %

Employer contributions to the RSP were $24.9 million for FY 2024, an increase of 6.0 percent from FY 2023. Member contributions were $12.8 million for FY 2024, an increase of 7.6 percent from FY 2023. The increase in member contributions in FY 2024 was due to higher rollover contributions. Net investment income for the RSP totaled $98.5 million, an increase of 43.8 percent due to stronger financial market conditions in FY 2024.

Deferred Compensation Plan
Contributions and Investment Income
(Millions)

	2024	2023	Percentage Change
Member contributions	$ 23.3	$ 22.5	3.6 %
Net investment income	102.1	71.6	42.6
Total additions	$ 125.4	$ 94.1	33.3 %

Member contributions to the DCP were $23.3 million for FY 2024, 3.6 percent higher than the FY 2023 level due to increased rollover contributions compared to the prior fiscal year. Net investment income for the DCP totaled $102.1 million, an increase of 42.6 percent compared to the prior year due to stronger financial market conditions.

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 2024 and 2023:

Employees' Retirement System
Deductions by Type
(Millions)

	2024	2023	Percentage Change
Benefits	$ 326.9	$ 310.4	5.3 %
Refunds	11.2	12.3	(8.9)
Administrative expenses	3.8	3.2	18.8
Total deductions	$ 341.9	$ 325.9	4.9 %

During FY 2024, benefits increased by $16.5 million or 5.3 percent and refunds decreased by $1.1 million or 8.9 percent. Benefits increased mainly due to cost of living adjustment in FY24. Administrative expenses slightly increased by 18.8 percent mainly due to salary and professional fee increase.

Retirement Savings Plan
Deductions by Type
(Millions)

	2024	2023	Percentage Change
Distributions	$ 32.4	$ 28.7	12.9 %
Administrative expenses	0.3	0.3	-
Total deductions	$ 32.7	$ 29.0	12.8 %

The deductions related to the RSP are comprised of distributions and administrative costs. During FY 2024, distributions paid from the RSP increased by 12.9 percent from the FY 2023 level due to increased volumes of individual refunds. Administrative expenses in FY24 remained the same level as FY23.

Deferred Compensation Plan
Deductions by Type
(Millions)

	2024	2023	Percentage Change
Distributions	$ 41.0	$ 35.8	14.5 %

During FY 2024, distributions paid from the DCP increased by 14.5 percent from the FY 2023 level due to the increased volume of individual refunds.

For additional information regarding this report, please contact Montgomery County Employee Retirement Plans at 240-777-8230.

Montgomery County Employee Retirement Plans
Statements of Fiduciary Net Position
As of June 30, 2024

	Employees' Retirement System	Retirement Savings Plan	Deferred Compensation Plan
ASSETS			
Equity in County's pooled cash and investments	$ 1,454,673	$ 525,007	$ -
Investments:			
Government and agency obligations	103,736,433	-	-
Municipal/Provincial obligations	3,730,249	-	-
Corporate bonds	327,673,033	-	-
Commercial mortgage-backed securities	1,136,675	-	-
Common and preferred stock	993,464,495	-	-
Mutual and commingled funds	1,571,705,022	791,085,713	658,958,818
Short-term investments	218,199,003	-	-
Cash collateral received under securities lending agreements	81,601,717	-	-
Private real assets	518,870,577	-	-
Private equity/debt	1,164,000,733	-	-
Total investments	4,984,117,937	791,085,713	658,958,818
Dividend, interest, and other receivables	12,307,364	-	-
Contributions receivable	4,357,109	1,623,204	718,818
Total assets	5,002,237,083	793,233,924	659,677,636
LIABILITIES			
Payable for collateral received under securities lending agreements	81,601,716	-	-
Benefits payable and other liabilities	5,297,277	25,580	-
Total liabilities	86,898,993	25,580	-
Net position restricted for pensions	$ 4,915,338,090	$ 793,208,344	$ 659,677,636

See accompanying notes to financial statements.

Montgomery County Employee Retirement Plans
Statements of Changes in Fiduciary Net Position
For The Year Ended June 30, 2024

	Employees' Retirement System	Retirement Savings Plan	Deferred Compensation Plan
ADDITIONS			
Contributions:			
Employer	$ 64,878,147	$ 24,864,797	$ -
Members	37,411,080	12,828,789	23,270,772
Total contributions	102,289,227	37,693,586	23,270,772
Investment income	393,293,595	98,517,174	102,104,027
Less investment expenses	17,512,452	12,563	-
Net gain from investment activities	375,781,143	98,504,611	102,104,027
Income from securities lending	7,203,767	-	-
Less securities lending expenses	6,355,641	-	-
Net income from securities lending	848,126	-	-
Total additions	478,918,496	136,198,197	125,374,799
DEDUCTIONS			
Retiree benefits	252,974,673	-	-
Disability benefits	61,121,142	-	-
Survivor benefits	12,719,539	-	-
Refunds and distributions	11,238,312	32,408,138	40,951,195
Administrative expenses	3,795,631	306,546	-
Total deductions	341,849,297	32,714,684	40,951,195
Net increase	137,069,199	103,483,513	84,423,604
Net position restricted for pensions			
Beginning of year	4,778,268,891	689,724,831	575,254,032
End of year	$ 4,915,338,090	$ 793,208,344	$ 659,677,636

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

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, 2024, the date of the latest actuarial valuation, membership in the System consisted of:

Retirees and beneficiaries receiving benefits	6,972
Terminated plan members entitled to but not yet receiving benefits	860
Active plan members	6,681

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., nonpublic 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 vary 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 are 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 vary 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 adjustment 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, 2024 were $42,221,080.

For members of the GRIP, employee contributions and earnings thereon vest immediately and employer contributions and earnings thereon are vested after three years of plan membership or upon death or disability. 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, 2024. Fair value for private investment funds, including private equity, private debt and private real assets, is 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 is 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.

C. Net Pension Liability

The components of the net pension liability of the System as of June 30, 2024, 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)
$ 5,193,973,216	$ 4,915,338,090	$ 278,635,126	94.6 %

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

Valuation Date	July 1, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Inflation	2.50% per year
Salary Increases	Wage inflation of 3.00% per year plus additional service-based increases of up to 8.00%. Total increases of 3.00%-11.00%.
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 services. Last updated for the 2024 valuation pursuant to the experience study of the period 2018-2023.

Mortality Rates After Retirement	Pub-2010 Healthy Retiree Mortality Table (for General and Safety Employees), sex-distinct, with rates projected from 2010 using projection scale MP-2021 (generational mortality). Updated for the 2023 valuation.
Cost-of-Living Adjustments	2.5% compound for service before July 1, 2011, for optional integrated and non-integrated plan members, 2.45% compound for service before July 1, 2011 for mandatory integrated plan members (1.50% compound for service before July 1, 2011 for defined groups of mandatory integrated plan members) and 2.2% compound for service on or after July 1, 2011.

The actuarial assumptions used in the actuarial valuation are based on the phase 1 and phase 2 experience study reports covering the period July 1, 2018 through July 1, 2023.

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, 2024 are summarized in the table below:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equities	2.25 %
International Equities	2.58
Emerging Market Equities	5.93
Global Equities	2.75
Private Equity	5.70
Credit Opportunities	5.67
High Yield Bonds	3.53
Emerging Market Debt	2.40
Directional Hedge Funds	3.86
Long Duration Fixed Income	1.49
Cash	1.31
Diversifying Hedge Funds	3.25
Global IL's/Gold	3.99
Private Real Assets	3.91
Public Real Assets	5.48

Discount Rate. The discount rate used to measure the total pension liability was 7.50%. 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 7.50%, 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	$ 815,766,550	$ 278,635,126	$ (175,451,994)

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, 2024:

Asset Class	Target Allocation	Allowable Ranges
Domestic Equities	12.70 %	9.70-15.70 %
International Equities	7.50	4.50-10.50
Emerging Market Equities	3.80	2.30-5.30
Global Equities	3.50	2.00-5.00
Private Equity	15.00*	12.00-18.00
Credit Opportunities	6.00*	3.00-9.00
High Yield Bonds	4.00	2.50-5.50
Emerging Market Debt	1.50	0.00-3.00
Directional Hedge Funds	2.25	0.00-4.50
Total Growth	**56.25**	**51.25-61.25**
Long Duration Fixed Income	7.00	4.00-10.00
Cash	1.00	0.50-1.50
Diversifying Hedge Funds	2.25	0.00-4.50
Total Risk Mitigation	**10.25**	**5.25-12.25**
Global Ils & Gold	16.50	13.50-19.50
Private Real Assets	12.00*	9.00-15.00
Public Real Assets	5.00	2.00-8.00
Total Real Assets/Inflation Protection	**33.50**	**28.50-38.50**
Total	**100.00** %	

*Alternative assets target allocations, and recent changes to the target allocation, may be reached over a long time horizon, therefore, funds to be invested in these asset classes may temporarily reside in other asset classes. The target allocation and allowable ranges of the affected asset classes may be temporarily altered to account for this.

Rate of Return. The annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, for FY 2024 was 8.78%. 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 which 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.

		Fair Value Measurements Using		
	6/30/2024	Quoted Prices in Active Markets for Identical Assets Level I	Significant Other Observable Inputs Level II	Significant Unobservable Inputs Level III
Investments by fair value level				
Debt securities				
Government and agency obligations	$ 103,736,433	$ -	$ 103,736,433	$ -
Municipal/Provincial obligations	3,730,249	-	3,730,249	-
Corporate bonds	327,673,033	-	327,131,379	541,654
Commercial mortgage-backed securities	1,136,675	-	1,136,675	-
Total debt securities	436,276,390	-	435,734,736	541,654
Equity securities				
Consumer goods	99,747,935	99,726,539	-	21,396
Energy	70,488,206	70,066,335	916	420,955
Financial services	91,473,595	91,473,595	-	-
Health care	81,170,220	81,167,626	-	2,594
Industrials	127,178,619	126,964,967	-	213,652
Information technology	147,224,818	147,205,785	-	19,033
Materials	25,554,099	25,509,171	-	44,928
Telecommunication services	42,012,455	41,507,320	-	505,135
Utilities	83,150,938	83,027,178	123,760	-
Real Estate	225,463,610	225,463,610	-	-
Total equity securities	993,464,495	992,112,126	124,676	1,227,693
Securities lending collateral fund	81,601,717	-	81,601,717	-
Total investments by fair value level	1,511,342,602	$ 992,112,126	$ 517,461,129	$ 1,769,347
Investments measured at the net asset value (NAV)				
Commingled equity funds	544,452,273			
Commingled bond funds	559,834,892			
Commingled funds (other)	10,037,192			
Hedge funds	222,161,960			
Fund-of-hedge funds	234,210,441			
Private real assets	518,870,577			
Private equity/debt	1,164,000,733			
Total investments measured at the NAV	3,253,568,068			
Investments measured at amortized cost				
Short-term investments	218,199,003			
Total investments measured at amortized cost	218,199,003			
Synthetic guaranteed investments contracts measured at contract value	1,008,264			
Total investments	$4,984,117,937			
Investment derivative instruments:				
Foreign exchange contracts	$ (1,314,267)	$ -	$ (1,314,267)	
Credit default swaps	$ 673,487	$ -	$ 673,487	

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	$ 544,452,273	$ -	Daily, Weekly, Monthly	0-30 days
Commingled bond funds	559,834,892	-	Daily, Monthly	0-5 days
Commingled funds (other)	10,037,192	-	Daily	None
Hedge funds	222,161,960	-	Monthly, Quarterly	5-90 days
Fund-of-hedge funds	234,210,441	-	Quarterly	95 days
Private real assets	518,870,577	91,581,608	Not eligible	N/A
Private equity/debt	1,164,000,733	268,377,892	Not eligible	N/A
Total investments measured at the NAV	$ 3,253,568,068	$ 359,959,500		

Commingled Equity Funds, Bond Funds and Other. Eight equity funds, five 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 has 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 is 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-nine 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, 2024. 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 one hundred-six 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, 2024. 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, 2024, the System's fixed income portfolio had the following sensitivity to changes in interest rates included in the table below:

Type of Investment	Effective Duration in Years	Fair Value	Percentage of Portfolio
U.S. Government Obligations	15.25	$ 102,287,665	8.42 %
Foreign Government Obligations	3.89	1,448,768	0.12
Commercial Mortgage-Backed Securities	0.67	1,136,675	0.10
Municipal/Provincial Obligations	10.32	3,730,249	0.31
Corporate Bonds	5.59	327,673,033	26.98
Commingled Bond Funds	10.34	559,834,892	46.10
Short-term Investments *	N/A	218,199,003	17.97
Total Fixed Income Securities		$ 1,214,310,285	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 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, 2024 are as follows:

Type of Investment	Quality Rating	Fair Value	Percentage of Portfolio
U.S. Government Obligations*	AA+	$ 102,287,665	8.42 %
Foreign Government Obligations	BBB	64,469	0.01
	BB	404,768	0.03
	B	805,680	0.07
	CCC	173,851	0.01
Commercial Mortgage-Backed Securities	B	697,809	0.06
	Unrated	438,866	0.04
Municipal/Provincial Bonds	AAA	3,163,922	0.26
	AA	115,119	0.01
	A	451,208	0.04
Corporate Bonds	AAA	1,345,375	0.11
	AA	3,183,128	0.26
	A	20,109,367	1.66
	BBB	63,424,738	5.22
	BB	120,090,192	9.89
	B	83,378,776	6.87
	CCC	23,574,088	1.94
	CC	898,029	0.07
	C	347,169	0.03
	D	332,070	0.03
	Unrated	10,990,101	0.90
Commingled Bond Funds	AA	491,704,261	40.49
	BB	68,130,631	5.61
Short-term Investments	Unrated	218,199,003	17.97
Total Fixed Income Securities		$ 1,214,310,285	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, 2024 as follows:

International Securities	Equity	Fixed Income	Short-Term and Other	Total Non-U.S. Dollar
Indian rupee	$ -	$ -	$ 38,373,808	$ 38,373,808
British pound sterling	52,122,405	-	(14,668,657)	37,453,748
Japanese yen	45,952,755	-	(9,346,355)	36,606,400
Indonesian rupiah	-	-	34,806,807	34,806,807
Mexican peso	6,442,821	-	21,020,494	27,463,315
Colombian peso	-	-	24,763,508	24,763,508
Brazilian real	361,403	-	23,962,416	24,323,819
Norwegian krone	2,467,027	-	20,940,488	23,407,515
Hungarian forint	-	-	14,511,682	14,511,682
South Korean won	-	-	11,906,476	11,906,476
Other Currencies	161,571,359	-	(394,708,412)	(233,137,053)
Total International Securities	$ 268,917,770	$ -	$ (228,437,745)	$ 40,480,025

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 2024, 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, 2024, the System held 110 long US Treasury futures contracts with notional exposure of $13,394,063. The System also held 19 long currency futures contracts and 538 long equity futures contracts with notional exposure of $1,390,800 and $65,927,802, respectively. In addition, the System held 939 long commodity futures contracts with notional exposure of $219,782,470.

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, 2024, the System held $853,499,385 buy foreign exchange contracts and $854,813,652 sell foreign exchange contracts. The unrealized loss on the System's contracts was $1,314,267.

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, 2024, the System held one credit default swap index sell contract with a fair value of $673,487 and notional amount of $10,509,500.

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, 2024, the fair value of securities on loan was $358,966,985. Cash received as collateral and the related liability of $81,601,717 as of June 30, 2024, 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 $7,203,767 and $6,355,641 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, 2024:

Securities Lent	Underlying Securities	Non-Cash Collateral Value	Cash Collateral Investment Value
Lent for Cash Collateral:			
Government Obligations	$ 3,754,900	$ -	$ 3,862,089
Corporate Bonds	67,112,364	-	68,930,443
Equities	8,502,668	-	8,809,185
Lent for Non-Cash Collateral:			
Government Obligations	90,872,404	96,964,193	-
Corporate Bonds	24,539,243	25,478,436	-
Equities	164,185,406	174,608,793	-
Total Securities Lent	$ 358,966,985	$ 297,051,422	$ 81,601,717

As of June 30, 2024, 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, 2024, 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, 2024, membership in the Plan consisted of:

Active plan members	3,321
Inactive plan members	1,238

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 nonpublic 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 2024, 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 plan membership 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, 2024.

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, 2024, the fair value of the mutual and commingled investment funds was $791,085,713, of which $173,028,231 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 on the next page shows the fair value leveling of the Plan's investments.

		Fair Value Measurements Using		
	6/30/2024	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	$ 18,117,472	$ 18,117,472	$ -	$ -
Total investments by fair value level	18,117,472	$ 18,117,472	$ -	$ -
Investments measured at the net asset value (NAV)				
Commingled equity funds	152,737,550			
Commingled bond funds	13,058,338			
Commingled funds (other)	588,736,666			
Total investments measured at the NAV	754,532,554			
Commingled Fund - Synthetic guaranteed investments contracts measured at contract value	18,435,687			
Total investments	$ 791,085,713			

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	$ 152,737,550	$ -	Daily	None
Commingled bond funds	13,058,338	-	Daily	None
Commingled funds (other)	588,736,666	-	Daily	None
Total investments measured at the NAV	$ 754,532,554	$ -		

Commingled Bond Funds, Equity Funds and Other Funds. Five bond funds and nine 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 $22,500 in 2023, and $20,500 in 2022 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 as of June 30, 2024.

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, 2024, the fair value of the mutual and commingled investment funds was $658,958,818 of which $85,463,739 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		
	6/30/2024	Quoted Prices in Active Markets for Identical Assets Level I	Significant Other Observable Inputs Level II	Significant Unobservable Inputs Level III
Investments by fair value level				
Self directed - various securities	$ 21,188,319	$ 21,188,319	$ -	$ -
Total investments by fair value level	21,188,319	$ 21,188,319	$ -	$ -
Investments measured at the net asset value (NAV)				
Commingled equity funds	398,137,496			
Commingled bond funds	34,924,532			
Commingled funds (other)	158,937,600			
Total investments measured at the NAV	591,999,628			
Commingled Fund - Synthetic guaranteed investments contracts measured at contract value	45,770,871			
Total investments	$ 658,958,818			

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	$ 398,137,496	$ -	Daily	None
Commingled bond funds	34,924,532	-	Daily	None
Commingled funds (other)	158,937,600	-	Daily	None
Total investments measured at the NAV	$ 591,999,628	$ -		

Commingled Bond Funds, Equity Funds and Other Funds. Five bond funds and nine 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.

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,	2024	2023	2022	2021
Total Pension Liability				
Service Cost	$ 90,984,258	$ 82,430,888	$ 81,334,037	$ 81,947,469
Interest on the Total Pension Liability	359,614,331	342,296,729	333,825,779	326,048,470
Benefit Changes	97,033,894	23,498,811	-	-
Difference between Actual and Expected Experience	78,477,707	147,148,767	7,768,030	16,244,403
Assumption Changes	(10,242,477)	(38,410,093)	-	-
Benefit Payments	(326,815,354)	(310,438,546)	(287,003,081)	(267,420,904)
Refunds	(11,238,312)	(12,310,678)	(11,722,715)	(9,748,805)
Net Change in Total Pension Liability	277,814,047	234,215,878	124,202,050	114,581,827
Total Pension Liability - Beginning	4,916,159,169	4,681,943,291	4,557,741,241	4,443,159,414
Total Pension Liability - Ending (a)	$ 5,193,973,216	$ 4,916,159,169	$ 4,681,943,291	$ 4,557,741,241
Plan Fiduciary Net Position				
Contributions - Employer	$ 64,878,147	$ 52,523,686	$ 68,120,087	$ 70,740,597
Contributions - Member	37,411,080	33,543,896	31,202,587	30,848,249
Net Investment Income (Loss)	376,629,269	181,878,179	(257,121,271)	1,141,050,879
Benefit Payments	(326,815,354)	(310,438,546)	(287,003,081)	(267,420,904)
Refunds	(11,238,312)	(12,310,678)	(11,722,715)	(9,748,805)
Administrative Expenses	(3,795,631)	(3,243,582)	(3,132,193)	(2,999,015)
Net Change in Plan Fiduciary Net Position	137,069,199	(58,047,045)	(459,656,586)	962,471,001
Plan Fiduciary Net Position - Beginning Plan	4,778,268,891	4,836,315,936	5,295,972,522	4,333,501,521
Fiduciary Net Position - Ending (b)	$ 4,915,338,090	$ 4,778,268,891	$ 4,836,315,936	$ 5,295,972,522
Net Pension Liability (Asset) - Ending (a) - (b)	$ 278,635,126	$ 137,889,278	$ (154,372,645)	$ (738,231,281)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	94.64%	97.20%	103.30%	116.20%
Covered Payroll	$ 644,679,684	$ 564,939,277	$ 510,692,954	$ 506,377,759
Net Pension Liability as a Percentage of Covered Payroll	43.22%	24.41%	(30.23)%	(145.79)%

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

	2020	2019	2018	2017	2016	2015
	$ 77,548,547	$ 77,383,488	$ 74,269,457	$ 71,688,228	$ 70,847,993	$ 74,984,370
	320,549,553	318,813,604	314,427,728	307,446,425	300,076,908	291,040,049
	-	-	-	-	-	3,626,601
	52,694,298	8,632,850	(78,304,829)	(44,766,772)	(34,032,308)	602,431
	-	97,002,014	-	-	-	(12,706,870)
	(262,073,745)	(256,950,531)	(238,915,782)	(235,124,234)	(230,695,791)	(230,646,729)
	(9,349,667)	(6,760,028)	(4,624,066)	(6,473,277)	(5,887,137)	(2,874,357)
	73,980,390	26,851,669	66,852,508	92,770,370	100,309,665	124,025,495
	4,369,179,024	4,342,327,355	4,275,474,847	4,182,704,477	4,082,394,812	3,958,369,317
	$ 4,443,159,414	$ 4,369,179,024	$ 4,342,327,355	$ 4,275,474,847	$ 4,182,704,477	$ 4,082,394,812
	$ 87,198,736	$ 86,584,479	$ 93,163,298	$ 95,398,957	$ 134,806,256	$ 151,301,867
	30,781,032	29,628,822	28,964,769	27,940,416	27,056,040	26,627,493
	173,368,090	317,890,354	340,084,494	413,346,704	57,676,057	67,070,433
	(262,073,745)	(256,950,531)	(238,915,782)	(235,124,234)	(230,695,791)	(230,646,729)
	(9,349,667)	(6,760,028)	(4,624,066)	(6,473,277)	(5,887,137)	(2,874,357)
	(3,059,212)	(3,064,250)	(2,870,683)	(3,185,769)	(3,014,055)	(2,684,560)
	16,865,234	167,328,846	215,802,030	291,902,797	(20,058,630)	8,794,147
	4,316,636,287	4,149,307,441	3,933,505,411	3,641,602,614	3,661,661,244	3,652,867,097
	$ 4,333,501,521	$ 4,316,636,287	$ 4,149,307,441	$ 3,933,505,411	$ 3,641,602,614	$ 3,661,661,244
	$ 109,657,893	$ 52,542,737	$ 193,019,914	$ 341,969,436	$ 541,101,863	$ 420,733,568
	97.53%	98.80%	95.55%	92.00%	87.06%	89.69%
	$ 503,656,509	$ 476,619,112	$ 467,974,450	$ 444,274,516	$ 427,622,475	$ 418,728,584
	21.77%	11.02%	41.25%	76.97%	126.54%	100.48%

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
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
2023	52,523,686	52,523,686	-	564,939,277	9.30
2024	64,878,147	64,878,147	-	644,679,684	10.06

Notes to Schedule of Employer Contributions

Valuation Date:	July 1, 2022
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 subsquented bases. For non-Public Safety: Single closed amortization period of nine years established July 1, 2015. Average remaining amortization period for all plans is 27.2 years as of July 1, 2022.
Asset Valuation Method	5-year smoothed fair value
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
2015	2.19 %
2016	1.42
2017	11.65
2018	8.60
2019	8.05
2020	3.41
2021	26.34
2022	(3.17)
2023	3.28
2024	8.78

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, 2024

	Employees' Retirement System	Retirement Savings Plan	Deferred Compensation Plan*
Personnel Services:			
Salaries and wages	$ 2,121,050	$ 161,166	$ -
Retirement contributions	125,483	10,733	-
Insurance	223,837	17,795	-
Social security	144,873	11,442	-
Total personnel services	2,615,243	201,136	-
Professional Services:			
Actuarial	293,381	-	-
Independent public accountants	27,322	3,415	-
Outside legal	122,269	3,639	-
Computer technical support	163,122	-	-
Other professional services	26,081	92,640	-
Total professional services	632,175	99,694	-
Benefit Processing:			
Disbursement services	23,239	-	-
Recordkeeping services	140,483	2,096	-
Disability management	257,958	-	-
Total benefit processing	421,680	2,096	-
Due diligence and continuing education	60,359	-	-
Office Management:			
Office equipment and supplies	66,174	3,620	-
Total office management	66,174	3,620	-
Total administrative expenses	$ 3,795,631	$ 306,546	$ -

Schedule of Payments to Consultants
For the Year Ended June 30, 2024

	Employees' Retirement System	Retirement Savings Plan	Deferred Compensation Plan*
Actuarial & Audit Services	$ 320,703	$ 3,415	$ -
Financial Planning and Consultation Services	17,684	92,107	-
Legal Services	122,269	3,639	-
IT Professional Services	131,995	-	-
Total payments to consultants	$ 592,651	$ 99,161	$ -

* 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, 2024

	Employees' Retirement System	Retirement Savings Plan	Deferred Compensation Plan*
Investment Management Expenses			
Growth Assets Aggregate Managers:			
Acadian Asset Management LLC	$ 493,615	$ -	$ -
Arrowstreet Capital Limited Partnership	1,420,388	-	-
Eagle Asset Management Inc	325,233	-	-
Global Alpha Capital Management Ltd.	422,844	-	-
Highclere	499,651	-	-
Loomis Sayles & Company LP	134,414	-	-
Marathon Asset Management LLP	360,866	-	-
NISA Investment Advisors LLC	110,646	-	-
Nomura Corporate Research	1,528,671	-	-
Rhumbline Advisers	16,182	-	-
Segall Bryant & Hamill LLC	115,333	-	-
WCM Investment Management	485,217	-	-
Wellington Trust Company	614,160	-	-
Risk Mitigation Aggregate Managers:			
Blackrock Institutional Trust Company	16,446	-	-
Canadian Imperial Bank Of Commerce	398,688	-	-
P/E Global LLC	258,022	-	-
Schroder Investment Management	344,570	-	-
Real Assets Aggregate Managers:			
Bridgewater Associates LP	6,472,323	-	-
Morgan Stanley Investment Management Inc	348,215	-	-
Principal Real Estate Investors LLC	837,295	-	-
Investment Consultants:			
Albourne America LLC	665,909	-	-
Franklin Park Associates LLC	615,377	-	-
NEPC	360,097	-	-
Custodian Bank:			
The Northern Trust Company	500,961	-	-
Other:			
Aetna	1,546	-	-
Bloomberg Finance LP	18,900	2,700	-
Ceres Inc	1,150	-	-
Crain Communication Inc	3,115	-	-
Ernst & Young US LLP	617	-	-
Evestment	21,435	5,359	-
FTSE International	800	-	-
Institutional Limited Partners Association	8,000	-	-
Institutional Shareholder Services Inc	17,937	-	-
MSCI ESG Research Inc	12,305	-	-
Preqin Ltd	13,184	-	-
Principles For Responsible Investment Association	2,272	454	-
Two Sigma Investor Solutions LP	16,200	4,050	-
Wilshire Associates Incorporated	8,750	-	-
XTP Implementation Services Inc	41,118	-	-
Total investment management expenses	17,512,452	12,563	-
Securities lending borrower rebates	6,206,329	-	-
Securities lending agent fees	149,312	-	-
Total securities lending expenses	6,355,641	-	-
Total investment expenses	$ 23,868,093	$ 12,563	$ -

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

Employees' Retirement System
Statements of Fiduciary Net Position
June 30, 2024 and 2023

	2024	2023
ASSETS		
Equity in County's pooled cash and investments	$ 1,454,673	$ 533,121
Investments:		
Government and agency obligations	103,736,433	93,931,515
Municipal/Provincial obligations	3,730,249	6,212,249
Corporate bonds	327,673,033	370,885,557
Commerical mortgage-backed securities	1,136,675	1,911,798
Common and preferred stock	993,464,495	1,001,153,671
Mutual and commingled funds	1,571,705,022	1,507,342,585
Short-term investments	218,199,003	213,371,201
Cash collateral received under securities lending agreements	81,601,717	153,525,364
Private real assets	518,870,577	497,879,182
Private equity/debt	1,164,000,733	1,077,712,424
Total investments	4,984,117,937	4,923,925,546
Dividend, interest, and other receivables	12,307,364	11,441,323
Contributions receivable	4,357,109	3,524,000
Total assets	5,002,237,083	4,939,423,990
LIABILITIES		
Payable for collateral received under securities lending agreements	81,601,716	153,525,364
Benefits payable and other liabilities	5,297,277	7,629,735
Total liabilities	86,898,993	161,155,099
Net position restricted for pensions	$ 4,915,338,090	$ 4,778,268,891

Employees' Retirement System
Statements of Changes in Fiduciary Net Position
For the Years Ended June 30, 2024 and 2023

	2024	2023
ADDITIONS		
Contributions:		
Employer	$ 64,878,147	$ 52,523,686
Members	37,411,080	33,543,896
Total contributions	102,289,227	86,067,582
Investment Income		
Net decrease in fair value of investments	321,577,770	128,275,723
Dividends and interest	71,715,825	71,428,020
Total income from investment activities	393,293,595	199,703,743
Less investment expenses	17,512,452	18,760,157
Net income from investment activities	375,781,143	180,943,586
Income from securities lending	7,203,767	7,423,162
Less securities lending expenses	6,355,641	6,488,569
Net income from securities lending	848,126	934,593
Total additions	478,918,496	267,945,761
DEDUCTIONS		
Retiree benefits	252,974,673	238,982,643
Disability benefits	61,121,142	59,673,567
Survivor benefits	12,719,539	11,782,336
Refunds and distributions	11,238,312	12,310,678
Administrative expenses	3,795,631	3,243,582
Total deductions	341,849,297	325,992,806
Net Increase/(decrease)	137,069,199	(58,047,045)
Net position restricted for pensions		
Beginning of year	4,778,268,891	4,836,315,936
End of year	$ 4,915,338,090	$ 4,778,268,891

Retirement Savings Plan
Statements of Fiduciary Net Position
June 30, 2024 and 2023

	2024	2023
ASSETS		
Equity in County's pooled cash and investments	$ 525,007	$ 448,590
Investments	791,085,713	687,889,795
Contributions receivable	1,623,204	1,432,772
Total assets	793,233,924	689,771,157
LIABILITIES		
Accrued expenses	25,580	46,326
Net position held in trust for pension benefits	$ 793,208,344	$ 689,724,831

Retirement Savings Plan
Statements of Changes in Fiduciary Net Position
For the Years Ended June 30, 2024 and 2023

	2024	2023
ADDITIONS		
Contributions:		
Employer	$ 24,864,797	$ 23,524,411
Members	12,828,789	11,942,596
Total contributions	37,693,586	35,467,007
Investment income	97,981,585	68,089,083
Other income - forfeitures	535,589	366,746
Net investment income	98,517,174	68,455,829
Less investment expenses	12,563	10,419
Total additions	136,198,197	103,912,417
DEDUCTIONS		
Distributions	32,408,138	28,766,280
Administrative expenses	306,546	266,106
Total deductions	32,714,684	29,032,386
Net increase	103,483,513	74,880,031
Net position restricted for pensions		
Beginning of year	689,724,831	614,844,800
End of year	$ 793,208,344	$ 689,724,831

Deferred Compensation Plan
Statements of Fiduciary Net Position
June 30, 2024 and 2023

	2024	2023
ASSETS		
Investments	$ 658,958,818	$ 574,657,832
Contributions receivable	718,818	596,200
Net position restricted for pensions	$ 659,677,636	$ 575,254,032

Deferred Compensation Plan
Statements of Changes in Fiduciary Net Position
For the Years Ended June 30, 2024 and 2023

	2024	2023
ADDITIONS		
Contributions - members	$ 23,270,772	$ 22,544,268
Investment income	102,104,027	71,612,243
Total additions	125,374,799	94,156,511
DEDUCTIONS		
Distributions	40,951,195	35,808,826
Total deductions	40,951,195	35,808,826
Net increase	84,423,604	58,347,685
Net position restricted for pensions		
Beginning of year	575,254,032	516,906,347
End of year	$ 659,677,636	$ 575,254,032

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INVESTMENT SECTION

EMPLOYEES' RETIREMENT SYSTEM

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2024

Chief Investment Officer's Report

Investment Overview

The Board of Investment Trustees and the Investment Staff manage the $4.9 billion Employees' Retirement System (the System), with investments focused solely on benefiting its members. This responsibility is crucial, as retirees and beneficiaries rely on investment earnings, which come from contributions by members, the County, and participating agencies.

In FY 2024, the median return for U.S. public pension plans with over $1 billion was 10.0%, gross of fees, as reported by the System's consultant NEPC. The System achieved a 9.2% return, ranking in the third quartile. Over three and five years, returns were 3.3% and 7.8%, placing in the second quartile. Ten and fifteen year returns were 7.3% and 9.4%, respectively, which placed the system in the top quartile among other public pension plans. This year, the System outperformed its policy benchmark of 7.2%, with excess returns of 1.6%, 1.9%, 1.7%, and 1.5% over three, five, ten, and fifteen years, respectively. Strong performers included domestic and global equities, private equity, and private debt. Non-U.S. equity, global equity, emerging market debt, and hedge funds also contributed to gains. The System underperformed against peers due to lower U.S. equity exposure and a higher allocation in fixed income. Returns are based on time-weighted calculations (except as noted on page 64).

Investment Activities in 2024

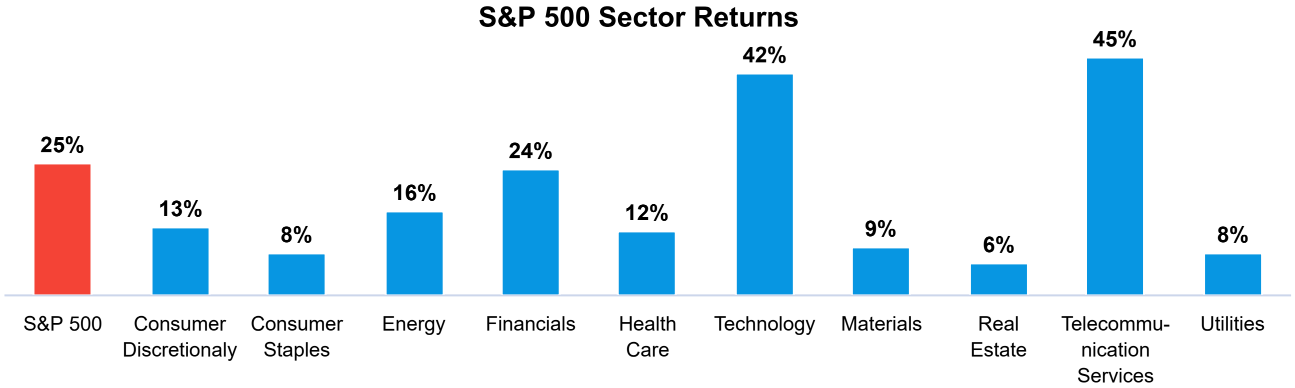
The Board continued to implement changes to the investment portfolio to improve the risk-adjusted returns of the program. During the year, new investments were added across the portfolio, including enhancements to the private equity, private credit, and private real assets portfolios. Additionally, the System launched a co-investment program within the private infrastructure portfolio, which will reduce investment fees and is expected to enhance the return of the portfolio.

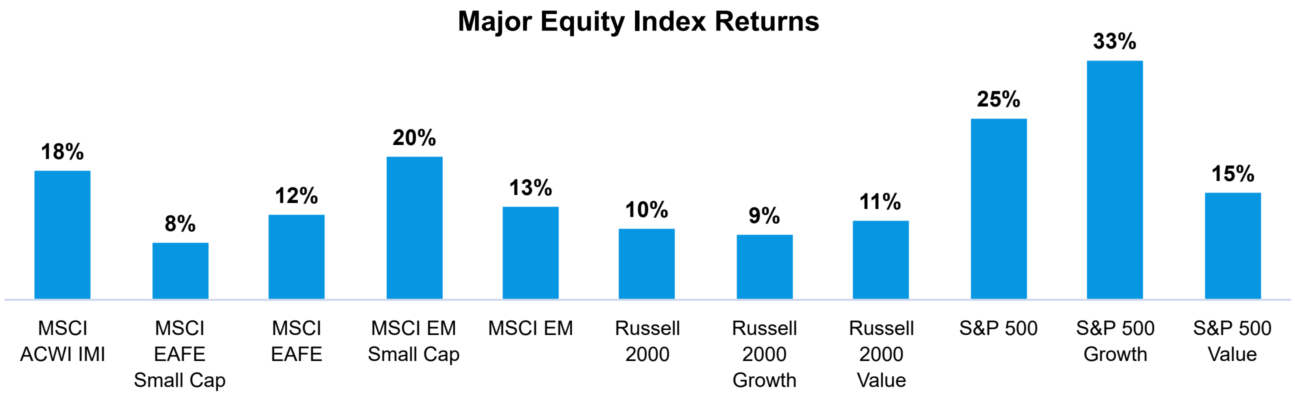
Environmental, Social, and Governance (ESG) factors continue to influence the investment program. This year, three analyses were conducted on Diversity, Equity, and Inclusion (DEI), PRI signatory adoption, and portfolio-level ESG exposure. The DEI analysis showed that 32% of the portfolio is managed by women or minority-owned organizations. The PRI signatory analysis revealed that 75% of the portfolio is invested with PRI signatories, and 12.4% is allocated to ESG investments, mainly in private markets. Significant ESG sectors include renewable energy, health, housing, and education.

Investment Results

During the fiscal year ended June 2024, public equity markets did well, driven by a strong economy, easing inflation, and expected rate cuts by the Federal Reserve. U.S. equities, especially large-cap tech firms, led with a 24.6% return for the S&P 500. Small-cap stocks returned 10.1%, boosted by AI-focused tech firms. Growth stocks outpaced value stocks, as tech and telecom sectors outperformed traditional sectors like utilities and real estate. International markets also performed well, with developed markets (MSCI EAFE) gaining 11.5% and emerging markets (MSCI EM) gaining 12.6%.

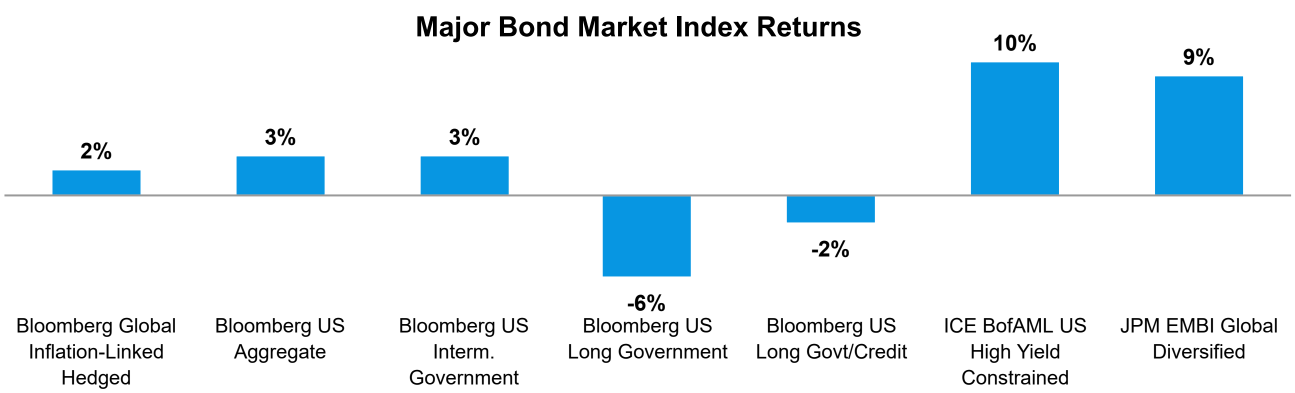
The graphs below show the S&P 500 sector returns and major equity index returns for FY2024.

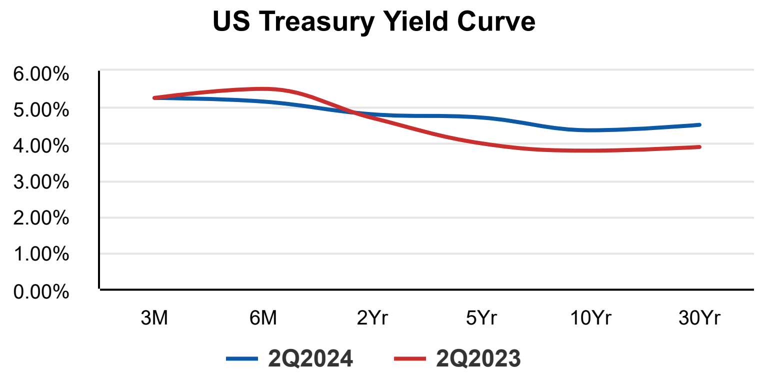




Fixed income markets were mixed. Duration-sensitive areas like U.S. Treasury bonds declined due to rising rates, while credit-sensitive areas, such as high-yield bonds and emerging market debt, saw gains as risk aversion eased and credit spreads tightened. The Federal Reserve raised the Fed Funds Rate early in the year to 5.25-5.5%, the highest since 2000, and may cut rates later in 2024. While long-duration bonds sold off, shorter-duration bonds were more resilient. High-yield bonds, tracked by the BAML US High Yield Constrained Index, returned 10.5%, and emerging market debt, tracked by the JPM EMBI Global Diversified Index, returned 9.2%.

The graph below shows the major bond market index returns for FY2024.





The graph on the right shows how the US Treasury yield curve changed during the fiscal year.

The Treasury yield curve steepened, with two-year yields down 23 basis points to 4.71%, while ten-year and thirty-year yields rose to 4.36% and 4.51%. Though inverted, the yield curve's spread between ten-year and two-year bonds narrowed by 78 basis points, ending at -0.35%. Inflation-linked bonds slightly outperformed nominal Treasuries, with U.S. TIPS real yields rising 49 basis points to 2.08%.

Private equity fundraising was mixed. While the number of funds raised dropped by 34%, total capital raised stayed over $900 billion. North America led global buyouts, handling 51% of completed deals and 48% of deal volume. Venture capital fundraising slowed, with reductions in the number of funds and total capital raised.

Private debt fundraising also declined, with fewer funds and total capital raised. However, available capital in private debt, or "dry powder," hit a record high of $500 billion in December 2023, which may boost future buyout and debt activities.

Private real assets had varied results. Energy gained 12.4%, infrastructure returned 6.8%, while real estate dropped 6.8%. Higher interest rates raised cap rates, impacting real estate, especially the office sector. Fundraising for private real estate also slowed. Private infrastructure performed well, with digital infrastructure and power sectors leading. Fundraising for private infrastructure grew by 70%, with the average fund size rising by 122%.

Public real assets saw moderate gains but trailed public equities. Global REITs returned 4.5%, with strong results in Europe, healthcare, office, retail, and lodging, while the industrial sector and Asia lagged. The Dow Jones Global Infrastructure Index returned 2.3%, led by midstream energy and utilities.

Hedge funds had a great year, with the HFRI Fund Weighted Composite returning 9.8%. Equity hedge and event-driven strategies led with returns of 12.0% and 10.6%. Asia-focused strategies performed best, gaining 16.8%, followed by North America, Europe, and emerging markets. Although inflows were mostly flat, the hedge fund industry's assets hit a record high of $4.3 trillion due to strong performance.

Conclusion

The Employees' Retirement System showed resilience in a complex market. While some areas were challenging, the System's diversified portfolio and focus on risk-adjusted returns led to strong overall performance.

Investment Performance – Annualized Returns – June 30, 2024

	1 Year	3 Year	5 Year
Total Fund Time-Weighted Returns			
MCERS	9.2 [A] %	3.3 [A] %	7.8 [A] %
Policy Benchmark	7.2	1.7	5.7
Domestic Equities			
MCERS	20.5	6.3	13.5
Russell 3000 Benchmark	23.1	8.1	14.1
International Equities			
MCERS	14.9	(0.3)	6.4
Custom International Equity Benchmark	12.0	0.5	5.8
Global Equities			
MCERS	26.2	6.8	14.9
MSCI All Country World Benchmark	19.4	5.4	10.8
Private Equities			
MCERS	8.6 [A,B]	10.8 [A,B]	20.7 [A,B]
Investible Russell 3000 + 300 Bpts Benchmark	26.0 [B]	11.5 [B]	17.9 [B]
High Yield			
MCERS	10.3	1.5	4.3
ICE BofAML U.S. HY Constrained Benchmark	10.5	1.7	3.7
Emerging Markets Debt			
MCERS	14.1	(0.9)	-
JPM EMBI Global Diversified Benchmark	9.2	(2.6)	-
Credit Opportunities			
MCERS	8.9 [A,B]	10.5 [A,B]	12.7 [A,B]
Investible ICE BofAML U.S. HY Const. + 300 Bpts	13.6 [B]	5.6 [B]	7.6 [B]
Directional Hedge Funds			
MCERS	8.2	2.9	2.8
HFR FoF Strategic Benchmark	10.2	0.4	4.7
Long Duration			
MCERS	(2.6)	(8.9)	(2.6)
BC U.S. Gov't/Credit Long Benchmark	(3.8)	(9.6)	(3.3)
Diversifying Hedge Funds			
MCERS	10.8	9.4	8.6
HFR FoF Conservative Benchmark	6.7	3.5	4.9
Public Real Assets			
MCERS	4.4	(1.6)	1.6
Custom Public Real Asset Benchmark	3.5	(1.8)	1.0
Private Real Assets			
MCERS	2.6 [A,B]	10.2 [A,B]	8.9 [A,B]
CPI + 500 Bpts Benchmark	8.3 [B]	10.3 [B]	9.5 [B]
Global Inflation Indexed Bonds/Gold			
MCERS	5.5	(3.3)	1.4
Custom ILB Benchmark	2.7	(6.9)	(0.8)

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.

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:

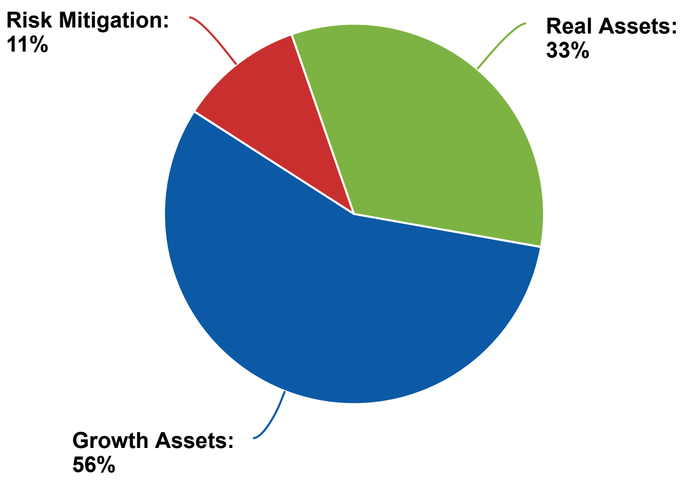
- Allocate System assets to a broad array of investment sectors and strategies.
- Maintain the asset allocation in compliance with the Board's rebalancing policy (+/- 5.0% for major asset classes and +/- 1.5% to 3.0% for sub-asset classes).
- Monitor the individual investment managers' fair value to 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.

As of June 30, 2024, the System's funded status was 92.9% on a fair value basis and 96.3% on an actuarial value of assets basis. The report's Actuarial Section provides additional information on the results of the actuarial valuation.

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.



Growth Assets

9.0	%	Domestic Equity
11.3	%	International Equity
3.7	%	Global Equity
5.3	%	High Yield
1.4	%	Emerging Markets Debt
18.9	%	Private Equity
4.9	%	Credit Opportunities
1.8	%	Directional Hedge Funds

Risk Mitigation

7.6	%	Long Duration and Cash
3.0	%	Diversifying Hedge Funds

Real Assets

7.7	%	Public Real Assets
10.6	%	Private Real Assets
14.8	%	Inflation Indexed Bonds/Gold

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 generated 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 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.

Schedule of Largest Fixed Income and Equity Holdings

Fifteen Largest Fixed Income Holdings	Interest Rate	Maturity Date	June 30, 2024 Fair Value
United States Treasury Bonds	2.0 %	11/15/2041	$ 14,032,962
United States Treasury Bonds	3.3	5/15/2042	11,208,587
United States Treasury Bonds	2.9	5/15/2052	9,641,378
United States Treasury Bonds	3.6	5/15/2053	8,912,509
United States Treasury Bonds	4.1	8/15/2053	6,110,236
United States Treasury Bonds	1.9	11/15/2051	5,926,439
United States Treasury Bonds	4.8	11/15/2053	4,378,772
United States Treasury Bonds	4.3	2/15/2054	3,777,852
United States Treasury Bonds	3.9	2/15/2043	3,693,097
United States Treasury Bonds	4.8	11/15/2043	3,718,969
United States Treasury Bonds	4.0	11/15/2042	3,574,263
United States Treasury Bonds	3.4	8/15/2042	3,547,557
United States Treasury Bonds	4.8	5/15/2054	3,410,969
United States Treasury Bonds	3.6	2/15/2053	3,064,195
United States Treasury Bonds	2.4	2/15/2042	3,024,269

Fifteen Largest Equity Holdings	Number of Shares	June 30, 2024 Fair Value
Microsoft Corp	57,433	$ 25,669,679
Nvidia Corp	183,477	22,666,749
Apple Inc	97,184	20,468,894
American Tower Corp	89,507	17,543,617
Amazon Com Inc	85,178	16,460,649
National Grid	1,154,721	13,361,992
Equinix Inc	15,835	11,980,761
Welltower Inc	98,725	10,292,081
Prologis Inc	89,543	10,056,574
GFL Environmental Inc	241,156	9,388,203
Enbridge Inc	252,196	8,970,204
Ishares Russell 1000 ETF	29,245	8,701,557
Oneok Inc	103,334	8,426,888
Extra Space Storage Inc	51,007	7,926,998
AvalonBay Communities REIT	37,904	7,906,460

Full disclosure of holdings is available upon request.

Schedule of Brokerage Commissions
For the Year Ended June 30, 2024

Brokers	Shares Traded	Total Commissions	Commissions per Share
Citigroup Global Markets Limited	4,350,725	$ 7,325	$ 0.0017
Sanford C. Bernstein & Co., LLC	2,753,254	4,370	0.0016
Jefferies International Ltd	1,663,540	6,135	0.0037
Merrill Lynch International Limited	1,336,429	7,125	0.0053
CLSA Singapore Pte Ltd	1,276,615	2,898	0.0023
BNP Paribas Securities Services	1,041,800	1,883	0.0018
UBS Securities Asia Limited	1,036,777	9,508	0.0092
Macquarie Securities Australia Ltd	879,100	3,912	0.0045
J.P. Morgan Securities PLC	806,008	5,555	0.0069
Jefferies LLC	794,903	14,661	0.0184
Other Brokers	18,097,605	209,202	0.0116
Total	**34,036,756**	**$ 272,574**	**$ 0.0080**

Schedule of Investments Fees by Asset Class
For the Year Ended June 30, 2024

	Fair Value	Investment Fees*
Growth aggregates	$ 2,757,409,678	$ 6,416,574
Real asset aggregates	1,620,411,413	7,657,833
Risk mitigation aggregates	522,295,799	1,128,372
Investment consultants fees	-	1,641,383
Custodian bank fees	-	500,961
Other investment fees	-	167,329
Subtotal	**$ 4,900,116,890**	**$ 17,512,452**
Security lending cash collateral	81,601,717	6,355,641
Accrued interests and pending trades	(12,307,363)	-
Investment held in Fidelity, Aetna and retiree payroll account	14,706,693	-
Total	**$ 4,984,117,937**	**$ 23,868,093**

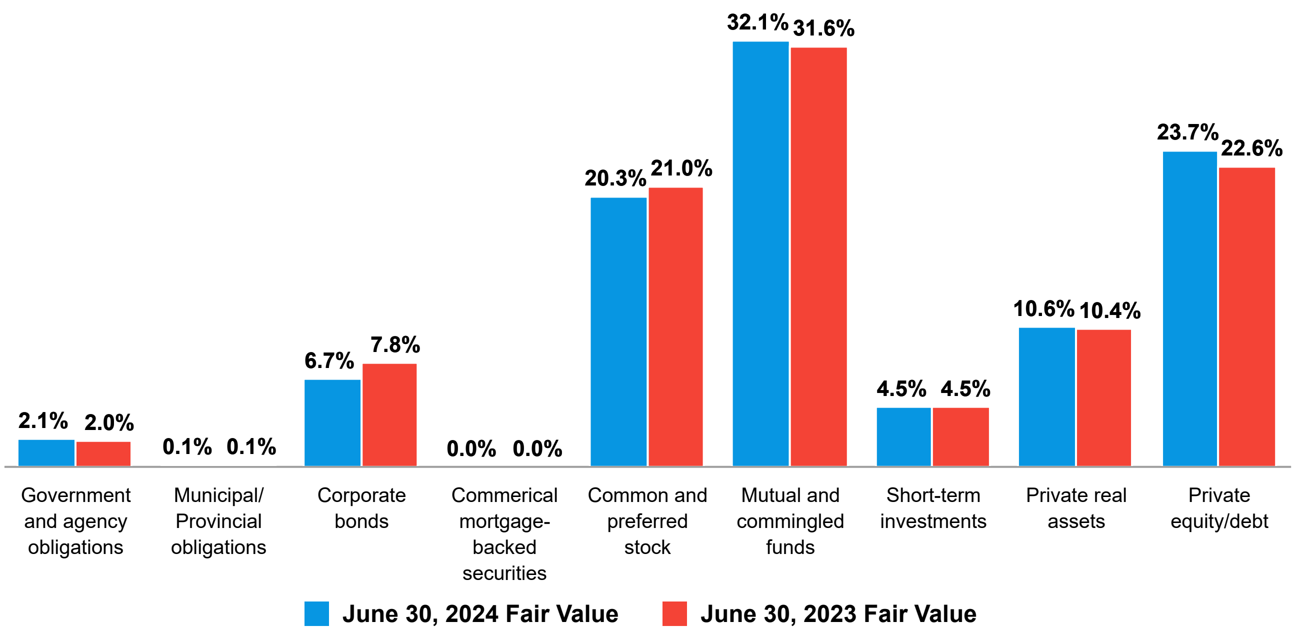
* Fees for comingled and alternative investments are not included.

Refer to page 51 Schedule of Investment Expenses for details.

Schedule of Investment Summary

	June 30, 2024 Fair Value	Percent	June 30, 2023 Fair Value	Percent
Government and agency obligations	$ 103,736,433	2.1 %	$ 93,931,515	2.0 %
Municipal/Provincial obligations	3,730,249	0.1	6,212,249	0.1
Corporate bonds	327,673,033	6.7	370,885,557	7.8
Commerical mortgage-backed securities	1,136,675	0.0	1,911,798	0.0
Common and preferred stock	993,464,495	20.3	1,001,153,671	21.0
Mutual and commingled funds	1,571,705,022	32.1	1,507,342,585	31.6
Short-term investments	218,199,003	4.5	213,371,201	4.5
Private real assets	518,870,577	10.6	497,879,182	10.4
Private equity/debt	1,164,000,733	23.7	1,077,712,424	22.6
Total investment excluding Security lending cash collateral	**$ 4,902,516,220**	**100.0 %**	**$ 4,770,400,182**	**100.0 %**
Security lending cash collateral	81,601,717		153,525,364	
Total investment	**$ 4,984,117,937**		**$ 4,923,925,546**	

Investment Summary



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ACTUARIAL SECTION

EMPLOYEES' RETIREMENT SYSTEM

GRS

P: 312.456.9800 | www.grsconsulting.com

September 30, 2024

Mr. Eli Martinez
Executive Director
Montgomery County Employee Retirement Plans
101 Monroe Street, 6th Floor
Rockville, Maryland 20850

Dear Mr. Martinez:

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, 2024. 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% 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 for the open Non-Public Safety group (Group J) and Public Safety groups (Groups E, F and G) was amortized over a closed period of 20 years (11 years remaining at the actuarial valuation as of July 1, 2024) and the unfunded liability bases established in each subsequent year are amortized over separate 20-year closed periods. The amortization policy was updated beginning with the actuarial valuation as of July 1, 2023 for Groups A, H and GRIP. The combined unfunded liability as of July 1, 2023 (and in each future year) for Groups A, H and GRIP (Groups A and H are closed to new members) is amortized over a 20-year closed amortization period as a level percentage of payroll and subsequent unfunded liability over separate 20-year closed amortization periods as a level percentage of payroll.

The single equivalent amortization period for the System in total as of July 1, 2024 is 16.2 years. The single equivalent amortization period is 23.5 years for Groups A, H, and GRIP and 15.9 years for the non-GRIP open groups (Public Safety groups and Group J) as of July 1, 2024. There is currently an unfunded liability for all groups except Group J, and therefore, the amortization period relates to amortizing the surplus for Group J.

The total contribution rate minus the average employee contribution rate equals the County contribution rate. The funding actuarial valuation as of July 1, 2024 establishes the County contribution rate for the fiscal year beginning July 1, 2025, and ending June 30, 2026.

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 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 this actuarial valuation are based on the phase 1 and phase 2 experience study reports covering the period July 1, 2018 through July 1, 2023.

The following assumption changes were first reflected in the actuarial valuation as of July 1, 2024:

- Member salary increases (increases vary based on years of service)
    - Groups A, H, GRIP – increase assumed rates earlier in careers (first 10 years) and decrease assumed rates later in careers (after 10 years)
    - Group E, J – increase assumed rates for most years of service through 18 years of service
    - Group F – increase assumed rates for most years of service
    - Group G – increase or decrease assumed rates slightly for certain years of service
- Retirement rates
    - Groups A, H, GRIP and G – generally decrease rates to reflect employees are retiring later than currently assumed
    - Group E – generally increase rates to reflect employees are retiring earlier than assumed
    - Group F – generally slightly decrease rates to reflect employees are retiring later than assumed
- Termination rates
    - Increase termination rates for Groups E, J, F and GRIP
    - Slightly modify termination rates for Groups A, H and G
- Disability rates
    - Increase assumed rates for Groups A and H
    - Decrease assumed rates for all other groups (most significant change for Group F)
    - Decrease the assumed percentage of total disabilities assumed to be service-connected for Groups A and H, increase the assumed percentage for Groups E and J and no change in the assumed percentage of total disabilities that are service-connected for Groups F and G
- Sick Leave Credit
    - Slightly modify assumptions for assumed sick leave at retirement/termination (based on the number of years of service upon ceasing employment)
- DROP/DRSP elections
    - Slightly decrease the percentage of eligible Group F members that elect DRSP from 75% to 70% (no change for Groups E and G)

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

The following plan changes have been reflected in the funding actuarial valuation as of July 1, 2024. All other plan provisions have remained unchanged since the last valuation, performed as of July 1, 2023. The following changes (except for the Social Security integration age change for Group G) were also reflected in the GASB Statement Nos. 67 and 68 actuarial valuation for the fiscal year ending June 30, 2024.

- Group E, J, GRIP
  - Transfer of ECC employees from RSP/GRIP to Groups E and J.
- Groups E, F, G, J
  - A deferred vested benefit will be payable at age 72 (increased from age 70 ½) for participants who do not meet retirement eligibility conditions upon vested termination (are not age 55 with 15 or more years of service).
- Group G
  - The Social Security integration age was increased to age 70.

The following plan changes were reflected in the funding actuarial valuation as of July 1, 2023 and the GASB Statement Nos. 67 and 68 actuarial valuation for the fiscal year ending June 30, 2024.

- Group J
  - The Social Security integration age was increased to age 70.
  - The benefit accrual rate was increased to 2.50% for the first 25 years and 2.00% for the next five years for the benefit payable until the Social Security integration age.
- Group E
  - Up to 24 months of military time is granted to Group E members upon attainment of five years of County service, at no cost to the members.
  - The Social Security integration age was increased to age 70.
  - The benefit accrual rate was increased to 2.60% for the first 25 years and 2.25% for the next five years for the benefit payable until the Social Security integration age.
- Group F
  - Eligibility for the Discontinued Retirement Service Program (DRSP) was updated to allow entry upon satisfying normal retirement eligibility conditions (age 55 with 15 years of service or any age with 25 years of service).
  - The Social Security integration age was increased to age 70.
  - The benefit accrual rate was increased to 2.60% for the first 25 years and 2.40% for the next nine years for the benefit payable until the Social Security integration age and increased to 1.80% for the first 25 years and 1.65% for the next nine years for the benefit payable after the Social Security integration age.

- Group G
  - The benefit accrual rate was increased to 2.60% for the first 25 years and 1.25% for the next six years for the benefit payable until the Social Security integration age and increased to 1.7875% for the first 25 years and 0.859375% for the next six years for the benefit payable after the Social Security integration age.
  - COLA for members hired after July 1, 1978, is 100% of CPI up to 3%, plus 60% of the change in excess of 3%, up to a maximum increase of 5% on the total benefit (both the benefit attributable to service before and after July 1, 2011).

Participant Data
A total of 6,681 active members (excluding DRSP and DROP) were included in the actuarial valuation as of July 1, 2024. Between the 2023 and 2024 actuarial valuations, the number of active employees increased by 452 members. The average annual actuarial valuation pay (excluding DRSP and DROP) increased by 6.4%, from $90,695 to $96,494 between the 2023 and 2024 actuarial valuation. The number of benefit recipients (including DRSP and DROP) decreased from 6,986 to 6,972, or -0.2%, since the last actuarial valuation. The average monthly benefit increased by 2.5%, from $3,852 to $3,947.

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 fair value basis, the Plan assets had an investment return of approximately 8.78% (net of investment expenses). Recognition of the fiscal year end 2020, 2022 and 2023 investment losses were partially offset by recognition of the fiscal year end 2021 and 2024 investment gains. The net investment losses resulted in an estimated net asset rate of return of 6.69% on an actuarial value of assets basis, which compares to the assumed rate of return of 7.50%.

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 following schedules in the Financial Section and Actuarial Section of the Annual Comprehensive Financial Report were prepared based upon certain information presented in the previously mentioned funding valuation report or provided outside of the valuation to the System. In the case of the other schedules, the System Staff excerpted information from various schedules in the actuarial reports and tabulated it to produce the appropriate Annual Financial Report Schedule.

Financial Section

- Net Pension Liability
- Schedule of Changes in the Employer Net Pension Liability and Related Ratios
- Schedule of Employer Contributions
- Notes to Schedule of Employer Contributions

Actuarial Section

- Summary of Valuation Results
- Summary of Results
- Valuation Highlights
- Actuarial Assumptions and Methods
- Analysis of Financial Experience
- Schedule of Funding Progress
- Schedule of Retirees and Survivors
- Schedule of Annual Allowance
- Schedule of Active Member Valuation Data

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, 2023, with results projected to July 1, 2024, assuming no liability gains and losses, under the Entry Age Normal actuarial cost method. A single discount rate of 7.50%, which is the same rate that is used in the funding actuarial valuation, was used to measure the total pension liability. The assumptions and methods used in the funding actuarial valuation for calculation of the actuarial accrued liabilities as of July 1, 2024 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, 2024. The total pension liability includes the impact of the plan changes summarized on the previous pages that were enacted before July 1, 2024.

The net pension liability is measured as the total pension liability, less the amount of the pension plan's fiduciary net position (fair value of assets) as of June 30, 2024.

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, 2024, 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. Amy Williams and Mark Buis are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained 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.

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

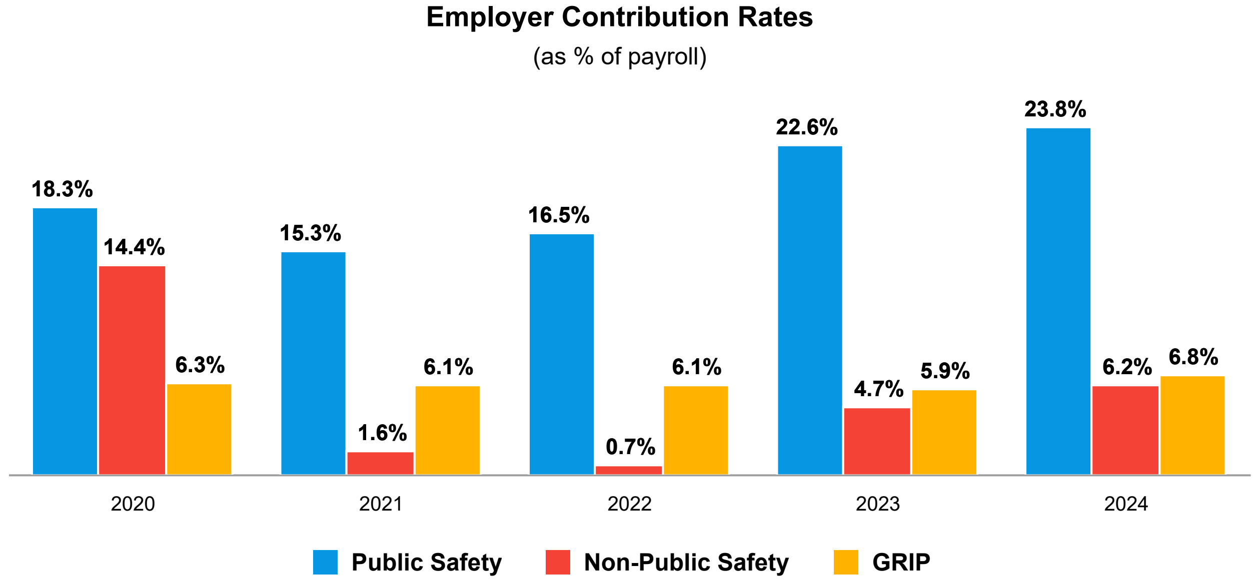
Amy Williams, ASA, EA, FCA, MAAA	Mark Buis, FSA, EA, MAAA, FCA
Senior Consultant	Senior Consultant

Summary of Valuation Results
Employees' Retirement System

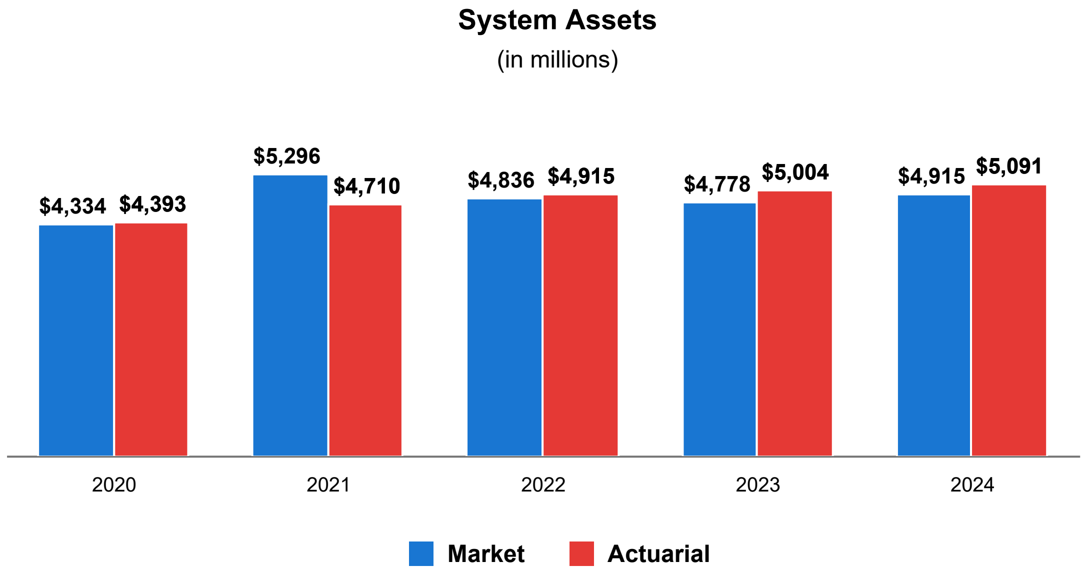
A. Overview

This report presents the results of our July 1, 2024 actuarial valuation of the Montgomery County Employees' Retirement System.

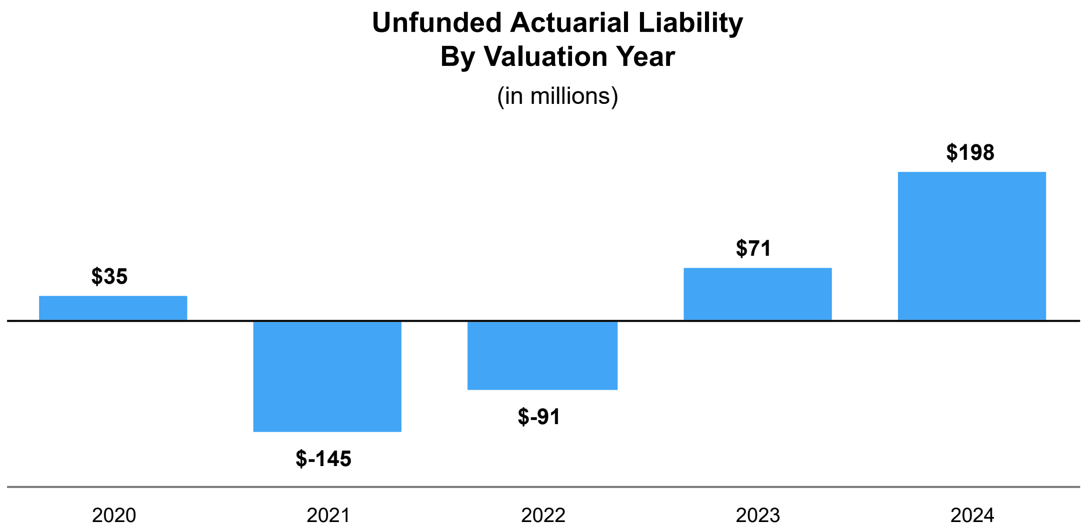
The major findings of the valuation are summarized in the following charts:



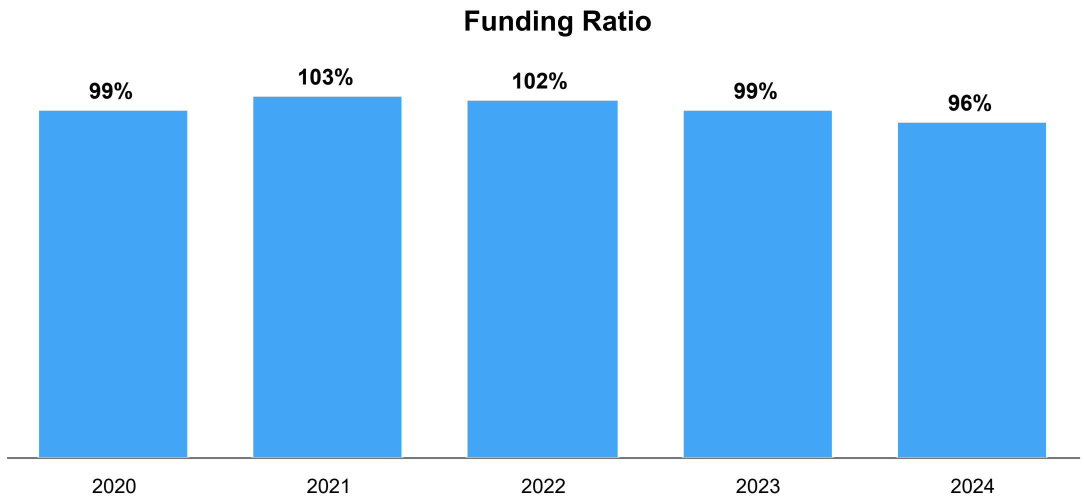
The change in the employer contribution rate, as of July 1, 2024 valuation, was primarily due to plan changes and salary increases.



The change in the system assets in 2024 was primarily due to investment income, employer and employee contributions.



The unfunded actuarial liability increased in 2024 mainly due to salary increases, cost-of-living adjustments and plan changes.



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

B. Summary of Results

	July 1, 2023 Results	July 1, 2024 Results
Actuarial Accrued Liability		
Active Members	$ 1,569,656,299	$ 1,713,018,379
Retired Members and Beneficiaries	3,440,983,353	3,500,468,419
Vested Former Members	64,416,985	75,364,531
Total Actuarial Accrued Liability	$ 5,075,056,637	$ 5,288,851,329
Valuation Assets	$ 5,003,872,329	$ 5,091,102,302
Unfunded Actuarial Accrued Liability	$ 71,184,308	$ 197,749,027
Normal Cost		
a. Gross Normal Cost	$ 98,245,954	$ 109,369,217
b. Expected Employee Contributions	30,463,444	34,490,782
Employer Normal Cost (a-b)	$ 67,782,510	$ 74,878,435
Amortization Payment	$ 6,185,910	$ 15,781,425
Employer Contribution Requirement	$ 73,968,420	$ 90,659,860
Employer Contribution (as a % of covered payroll)		
Public Safety Employees	22.57%	23.78%
Non-Public Safety Employees	4.72%	6.23%
Guaranteed Retirement Income Plan	5.94%	6.82%

C. Valuation Highlights

1. System Assets

As of July 1, 2024, the System had assets, valued at market, of $4.915 billion, compared to $4.778 billion at July 1, 2023. The increase of $137 million was attributable to the following:

a. An increase of $102 million from employer and employee contributions.
b. An increase of $377 million from investment income.
c. A decrease of $342 million due to the payment of benefits to System participants and administrative expenses.

When measured on an actuarial basis, System assets were $5.091 billion at July 1, 2024, and $5.004 billion at July 1, 2023. The asset valuation method smooths the fluctuations caused 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 $127 million, from liability of $71 million at July 1, 2023, to liability of $198 million at July 1, 2024, as follows:

Unfunded Actuarial Liability at beginning of year	$ 71,184,308
Unfunded Actuarial Liability at end of year	197,749,027
Increase in Unfunded Actuarial Liability	$ 126,564,719

The increase in Unfunded Actuarial Liability for the year ended June 30, 2024, is comprised of the changes as follows:

Recognition of Asset (Gains)/Losses	$ 39,679,285
Salary Increases	51,665,560
Cost-of-Living Adjustments	23,771,133
Plan Changes	12,558,593
Demographic Experience and Other Changes	6,492,806
Assumption and Method Changes	(7,602,658)
Increase in Unfunded Actuarial Liability	$ 126,564,719

3. System Contributions

Expected 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 changes in the employer contribution rate are comprised of the following:

	Group J	Group A, H with GRIP	Public Safety
Expected Employer Contribution Rate	6.76 %	5.85 %	22.53 %
Recognition of Asset (Gains)/Losses	0.37	0.32	0.61
Salary Increases	1.53	0.27	0.86
Cost-of-Living Adjustments	0.10	0.19	0.35
Plan Changes	2.29	0.20	0.54
Demographic Experience and Other Changes	(0.55)	(0.11)	(0.26)
Assumption and Method Changes	(1.53)	(0.08)	(0.85)
Employer Contribution Rate, Valuation as of July 1, 2024	8.97 %	6.64 %	23.78 %

4. Membership

The active membership of the System increased from 6,229 as of July 1, 2023 to 6,681 as of July 1, 2024. 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, decreased from 6,986 as of July 1, 2023 to 6,972 as of July 1, 2024 and the number of former members with vested rights increased from 768 to 860.

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 fair 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 2024		Post-Retirement Future Life Expectancy (years) in 2024	
Age	**Male**	**Female**	**Male**	**Female**
40	48.87	51.32	46.03	48.20
45	43.74	46.18	40.83	42.94
50	38.62	41.06	35.69	37.73
55	33.54	35.96	30.64	32.62
60	28.54	30.91	25.75	27.70
65	23.66	25.92	21.13	23.04
70	18.94	21.00	16.83	18.64
75	14.46	16.26	12.91	14.56
80	10.27	11.79	9.48	10.94
85	6.74	7.98	6.68	7.92

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		Public Safety Group G	
	Male	Female	Male	Female	Male	Female	Male	Female
0	10.50 %	12.50 %	18.00 %	20.00 %	8.00 %	12.00 %	7.00 %	10.50 %
1	9.50	10.50	10.00	18.00	6.00	6.00	5.00	5.00
2	9.00	9.50	8.00	16.00	5.25	4.00	3.75	4.50
3	7.50	9.00	5.00	10.00	4.50	3.50	3.50	4.00
4	7.50	8.50	8.00	10.00	3.75	3.00	2.50	3.50
5	6.50	8.00	5.00	8.00	3.50	2.50	2.00	3.00
6	6.00	7.00	5.00	6.00	3.00	2.00	1.75	2.75
7	5.50	5.00	5.00	5.00	2.75	2.00	1.50	2.50
8	4.00	4.50	4.00	4.00	2.25	2.00	1.25	2.00
9	4.00	4.00	3.00	3.00	2.00	2.00	1.00	1.75
10	3.75	3.75	2.50	2.50	1.50	1.50	1.00	1.00
11	3.50	3.50	2.50	2.50	1.25	1.50	0.75	0.75
12	3.25	3.25	2.50	2.50	0.75	1.50	0.50	0.50
13	3.00	3.00	2.50	2.50	0.50	1.50	0.25	0.25
14	3.00	2.75	1.00	1.00	0.50	0.50	0.25	0.25
15-19	2.00	2.50	1.00	1.00	0.50	0.50	0.25	0.25
20+	2.00	2.00	1.00	1.00	0.50	0.50	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	0	0	1	1
25	0	0	0	0	1	0	1	1	1	2
30	1	1	1	1	1	1	1	2	3	5
35	1	1	1	1	2	1	2	3	6	8
40	2	2	1	3	3	3	3	6	7	15
45	3	3	3	5	5	5	5	11	13	29
50	5	4	4	6	8	6	8	14	22	35
55	9	4	8	7	15	7	15	15	41	37
60	9	4	8	7	15	7	15	15	41	37

4. Deaths

Disabled Mortality
Future Life Expectancy (years) in 2024

Age	Male	Female
40	44.19	46.51
45	39.24	41.49
50	34.31	36.48
55	29.44	31.59
60	24.75	26.95
65	20.37	22.59
70	16.32	18.44
75	12.59	14.52
80	9.35	10.94
85	6.68	7.92

5. Rates of Retirement

	Non Public Safety		Group J		GRIP	
Age	Under 30 Years of Service	30 Years of Service & Over	Under 25 Years of Service	25 Years of Service & Over	Under 15 Years of Service	15 Years of Service & Over
Under 45	- %	- %	3.0 %	3.5 %	- %	- %
45 – 48	2.0	2.0	3.0	8.0	-	-
49	2.0	2.0	3.0	25.0		
50 – 54	3.0	12.5	7.5	25.0	-	-
55	6.0	15.0	10.0	25.0	5.0	5.0
56	6.0	15.0	10.0	25.0	5.0	5.0
57	6.0	15.0	10.0	25.0	5.0	5.0
58	6.0	15.0	10.0	25.0	5.0	5.0
59	6.0	15.0	10.0	25.0	5.0	5.0
60	15.0	18.0	10.0	30.0	5.0	5.0
61	13.0	18.0	10.0	30.0	5.0	5.0
62	14.0	18.0	10.0	30.0	6.0	12.0
63	11.0	18.0	10.0	30.0	6.0	12.0
64	11.0	18.0	10.0	30.0	8.0	12.0
65	15.0	18.0	30.0	50.0	13.0	15.0
66	15.0	20.0	30.0	50.0	13.0	15.0
67 – 68	20.0	20.0	30.0	50.0	13.0	20.0
69	20.0	20.0	30.0	50.0	13.0	25.0
70	25.0	30.0	100.0	100.0	20.0	40.0
71	25.0	30.0			20.0	40.0
72 – 74	25.0	30.0			20.0	40.0
75	100.0	100.0			100.0	100.0

	Group E			Public Safety Group F			Group G		
Age	Under 25 Years of Service	25 Years of Service & Over	First DROP Eligibility	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	3.0 %	3.5 %	- %	2.5 %	12.0 %	12.0 %	3.0 %	8.0 %	8.0 %
42 – 44	3.0	3.5	-	2.5	12.0	12.0	3.0	8.0	8.0
45	3.0	8.0	-	2.5	12.0	12.0	3.0	10.0	14.0
46	3.0	8.0	23.0	3.0	12.0	12.0	3.0	10.0	14.0
47	3.0	8.0	23.0	4.0	12.0	12.0	3.0	10.0	14.0
48	3.0	8.0	23.0	4.0	12.0	12.0	3.0	10.0	14.0
49	3.0	20.0	35.0	4.0	12.0	12.0	7.0	14.0	14.0
50	7.5	30.0	45.0	6.0	20.0	20.0	7.0	14.0	14.0
51	7.5	30.0	45.0	6.0	20.0	20.0	7.0	14.0	14.0
52	7.5	30.0	45.0	6.0	25.0	25.0	10.0	17.0	20.0
53	7.5	30.0	45.0	6.0	25.0	25.0	10.0	17.0	20.0
54	7.5	30.0	45.0	6.0	25.0	25.0	10.0	17.0	20.0
55	20.0	30.0	25.0	12.0	40.0	30.0	10.0	20.0	20.0
56	20.0	30.0	30.0	12.0	40.0	30.0	15.0	30.0	30.0
57	20.0	30.0	30.0	15.0	40.0	30.0	15.0	30.0	30.0
58 – 59	20.0	30.0	30.0	15.0	40.0	35.0	15.0	40.0	40.0
60 – 61	15.0	40.0	50.0	20.0	65.0	35.0	30.0	40.0	40.0
62	15.0	40.0	50.0	20.0	65.0	40.0	30.0	40.0	40.0
63 – 64	15.0	40.0	50.0	25.0	65.0	40.0	30.0	40.0	40.0
65	50.0	50.0	85.0	100.0	100.0	100.0	100.0	100.0	100.0

6. **Sick Leave Credit**

   Service credit is increased by 2.7% for Group A employees, 1.9% for Group E and J employees, 4.2% for Group F employees, 2.5% for Group G employees, and 1.5% for Group H employees to account for additional credit from unused sick leave. Sick leave is capped at 2 years.

7. **Marital assumption**

   It is assumed that 80% of active participants are married. For the married participants, 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.
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.
5. Salary Increase:	Merit and promotional increases assumed to be based on service as shown below:

Service At Assumed Pay Increase	Group A, H and GRIP	Group E and J	Group F	Group G
1	6.75 %	9.00 %	6.00 %	11.00 %
2	6.50	8.50	7.00	8.50
3	6.00	8.00	8.50	7.50
4	6.00	7.00	7.00	7.00
5	5.75	6.75	8.50	6.50
6	5.75	6.25	6.00	6.50
7	5.75	5.75	6.00	6.50
8	5.25	5.25	6.00	6.50
9	5.00	5.25	6.00	6.50
10	5.00	5.25	6.00	6.50
11	4.25	5.25	6.00	5.50
12	4.25	5.25	6.00	5.50
13	4.00	5.25	6.00	5.50
14	4.00	5.25	6.00	5.50
15	4.00	5.25	6.00	5.50
16	3.50	5.00	6.00	3.75
17	3.50	4.75	4.50	3.75
18	3.50	4.50	4.25	3.75
19	3.50	4.25	4.25	3.75
20	3.50	4.00	4.25	3.75
21	3.25	3.75	3.50	3.75
22	3.25	3.75	3.50	3.75
23	3.25	3.75	3.50	3.75
24	3.25	3.75	3.50	3.75
25	3.25	3.75	3.50	3.75
26	3.00	3.75	3.00	3.00
27	3.00	3.75	3.00	3.00
28	3.00	3.75	3.00	3.00
29	3.00	3.75	3.00	3.00
30+	3.00	3.00	3.00	3.00

Analysis of Financial Experience
Gains and Losses in Accrued Liability During Years Ended June 30
Resulting from Differences Between Assumed Experience and Actual Experience

Fiscal Year	(a) Recognition of Asset Gain/(Loss)	(b) Combined Liability Experience	(a)+(b) Gain/(Loss) during Year
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	(117,240,646)	(54,843,788)
2023	(31,676,832)	(130,455,775)	(162,132,607)
2024	39,679,285	(167,555,035)	(127,875,750)

Solvency Test
Aggregate Accrued Liability

Valuation Date	(1) Active Member 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)
7/1/2015	$ 280,135,577	$ 2,698,040,722	$ 1,072,560,553	$ 3,630,075,610	100.0 %	100.0 %	61.0 %
7/1/2016	297,715,372	2,747,575,831	1,095,769,765	3,798,555,275	100.0	100.0	69.0
7/1/2017	314,707,102	2,789,167,599	1,098,758,441	3,968,497,692	100.0	100.0	79.0
7/1/2018	327,611,097	2,900,824,622	1,105,861,079	4,149,435,330	100.0	100.0	83.0
7/1/2019	333,645,308	2,927,345,196	1,059,170,568	4,261,996,413	100.0	100.0	95.0
7/1/2020	350,094,770	3,003,483,784	1,074,469,788	4,393,054,415	100.0	100.0	97.0
7/1/2021	357,460,046	3,175,042,247	1,032,465,022	4,709,827,390	100.0	100.0	100.0
7/1/2022	357,178,578	3,443,545,983	1,024,084,383	4,915,636,212	100.0	100.0	100.0
7/1/2023	376,109,982	3,505,400,338	1,193,546,318	5,003,872,329	100.0	100.0	94.0
7/1/2024	401,039,080	3,575,832,950	1,311,979,299	5,091,102,302	100.0	100.0	85.0

DRSP and DROP member liability included in item (2) with retirees.

Schedule of Retirees and Survivors

	New Retirees and Disableds	Survivors	Total
July 1, 2015	**5,932**	**448**	**6,380**
New retirements & disabilities	203	-	203
Deaths with beneficiaries	(20)	20	-
Deaths/benefits ended	(107)	(23)	(130)
July 1, 2016	**6,008**	**445**	**6,453**
New retirements & disabilities	207	-	207
Deaths with beneficiaries	(30)	30	-
Deaths/benefits ended	(122)	(22)	(144)
July 1, 2017	**6,063**	**453**	**6,516**
New retirements & disabilities	271	-	271
Deaths with beneficiaries	(40)	40	-
Deaths/benefits ended	(144)	(28)	(172)
July 1, 2018	**6,150**	**465**	**6,615**
New retirements & disabilities	270	-	270
Deaths with beneficiaries	(35)	35	-
Deaths/benefits ended	(125)	(29)	(154)
July 1, 2019	**6,260**	**471**	**6,731**
New retirements & disabilities	224	-	224
Deaths with beneficiaries	(23)	23	-
Deaths/benefits ended	(144)	(28)	(172)
July 1, 2020	**6,317**	**466**	**6,783**
New retirements & disabilities	237	-	237
Deaths with beneficiaries	(30)	30	-
Deaths/benefits ended	(142)	(35)	(177)
July 1, 2021	**6,382**	**461**	**6,843**
New retirements & disabilities	301	-	301
Deaths with beneficiaries	(27)	27	-
Deaths/benefits ended	(156)	(22)	(178)
July 1, 2022	**6,500**	**466**	**6,966**
New retirements & disabilities	178	-	178
Deaths with beneficiaries	(24)	24	-
Deaths/benefits ended	(133)	(25)	(158)
July 1, 2023	**6,521**	**465**	**6,986**
New retirements & disabilities	144	-	144
Deaths with beneficiaries	(42)	42	-
Deaths/benefits ended	(144)	(14)	(158)
July 1, 2024	**6,479**	**493**	**6,972**

Schedule of Annual Allowance

	Retirees, Disableds & QDRO's	Survivors	Total
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**	**$ 10,033,993**	**$ 312,419,906**
Average Annual Allowance	46,521	21,532	44,849
Annual Allowance Added	15,944,683	911,256	16,855,939
Annual Allowance Removed	(5,991,726)	(401,557)	(6,393,283)
July 1, 2023	**$ 312,338,871**	**$ 10,543,691**	**$ 322,882,562**
Average Annual Allowance	47,897	22,675	46,219
Annual Allowance Added	13,557,077	1,433,630	14,990,707
Annual Allowance Removed	(5,845,975)	(274,903)	(6,120,878)
July 1, 2024	**$ 320,049,973**	**$ 11,702,418**	**$ 331,752,391**

Schedule of Active Member Valuation Data

Valuation Date	Number	Annual Payroll	Annual Average Pay	% Increase in Average Pay
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
July 1, 2023	6,229	564,949,277	90,695	5.77
July 1, 2024	6,681	644,679,684	96,494	6.39

Schedule of Funding Progress

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liabilities (b)	Unfunded Actuarial Accrued Liabilities (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)-(a)]/(c)
July 1, 2015	$ 3,630,075,610	$ 4,050,736,852	$ 420,661,242	89.6 %	$ 418,728,584	100.5 %
July 1, 2016	3,798,555,275	4,141,060,968	342,505,693	91.7	427,622,475	80.1
July 1, 2017	3,968,497,692	4,202,633,142	234,135,450	94.4	444,274,516	52.7
July 1, 2018	4,149,354,330	4,334,296,798	184,942,468	95.7	467,974,450	39.5
July 1, 2019	4,261,996,413	4,320,161,072	58,164,659	98.7	476,619,112	12.2
July 1, 2020	4,393,054,415	4,428,048,342	34,993,927	99.2	503,656,510	6.9
July 1, 2021	4,709,827,390	4,564,967,315	(144,860,075)	103.2	506,377,759	(28.6)
July 1, 2022	4,915,636,212	4,824,808,944	(90,827,268)	101.9	510,692,954	(17.8)
July 1, 2023	5,003,872,329	5,075,056,637	71,184,308	98.6	564,939,277	12.6
July 1, 2024	5,091,102,302	5,288,851,329	197,749,027	96.3	644,679,684	30.7

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STATISTICAL SECTION

EMPLOYEE RETIREMENT PLANS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2024

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 96 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 102 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, 2024
Last Ten Fiscal Years
(Dollars in Thousands)

	2015	2016	2017	2018	2019
Additions					
Member contributions	$ 26,627	$ 27,056	$ 27,940	$ 28,965	$ 29,629
Employer contributions	151,302	134,806	95,399	93,163	86,584
Investment income (loss) (net of expenses)	67,071	57,676	413,347	340,085	317,891
Total additions	245,000	219,538	536,686	462,213	434,104
Deductions					
Benefit payments	230,647	230,696	235,124	238,916	256,951
Refunds	2,874	5,887	6,473	4,624	6,760
Administrative expenses	2,685	3,014	3,186	2,871	3,064
Total deductions	236,206	239,597	244,783	246,411	266,775
Change in net position	$ 8,794	$ (20,059)	$ 291,903	$ 215,802	$ 167,329

Employees' Retirement System
Schedule of Benefit and Refund Deductions from Fiduciary Net Position by Type
June 30, 2024
Last Ten Fiscal Years
(Dollars In Thousands)

	2015	2016	2017	2018	2019
Benefit Payments					
Service benefits:					
Retirees	$ 171,785	$ 171,391	$ 175,049	$ 178,268	$ 193,422
Survivors	8,982	9,017	9,334	9,784	10,291
Disability	49,880	50,288	50,741	50,864	53,238
Total benefits payments	$ 230,647	$ 230,696	$ 235,124	$ 238,916	$ 256,951
Refunds					
Death	$ 348	$ 1,134	$ 919	$ 425	$ 223
Seperation and other	2,526	4,753	5,554	4,199	6,537
Total Refunds	$ 2,874	$ 5,887	$ 6,473	$ 4,624	$ 6,760

2020	2021	2022	2023	2024
$ 30,781	$ 30,848	$ 31,203	$ 33,544	$ 37,411
87,199	70,741	68,120	52,524	64,878
173,368	1,141,051	(257,122)	181,878	376,629
291,348	1,242,640	(157,799)	267,946	478,918
262,074	267,421	287,003	310,438	326,815
9,350	9,749	11,723	12,311	11,238
3,059	2,999	3,132	3,244	3,796
274,483	280,169	301,858	325,993	341,849
$ 16,865	$ 962,471	$ (459,657)	$ (58,047)	$ 137,069

2020	2021	2022	2023	2024
$ 197,347	$ 203,253	$ 220,331	$ 238,982	$ 252,975
10,626	10,244	10,770	11,782	12,719
54,101	53,924	55,902	59,674	61,121
$ 262,074	$ 267,421	$ 287,003	$ 310,438	$ 326,815
$ 944	$ 162	$ 155	$ 664	$ 336
8,406	9,587	11,568	11,647	10,902
$ 9,350	$ 9,749	$ 11,723	$ 12,311	$ 11,238

Retirement Savings Plan
Schedule of Change in Fiduciary Net Position
June 30, 2024
Last Ten Fiscal Years
(Dollars in Thousands)

	2015	2016	2017	2018	2019
Additions					
Member contributions	$ 9,728	$ 10,714	$ 10,303	$ 10,801	$ 12,023
Employer contributions	18,502	19,682	19,782	20,348	20,511
Investment income (loss) (net of expenses)	7,493	500	43,598	36,561	27,124
Total additions	35,723	30,896	73,683	67,710	59,658
Deductions					
Distributions	12,694	10,055	15,220	15,387	16,066
Administrative expenses	235	181	267	329	325
Total deductions	12,929	10,236	15,487	15,716	16,391
Change in net position	$ 22,794	$ 20,660	$ 58,196	$ 51,994	$ 43,267

Retirement Savings Plan
Schedule of Distribution Deductions From Fiduciary Net Position by Type
June 30, 2024
Last Ten Fiscal Years
(Dollars in Thousands)

	2015	2016	2017	2018	2019
Distributions					
Death	$ 401	$ 437	$ 257	$ 58	$ 112
Seperation and other	12,293	9,618	14,963	15,329	15,954
Total Distributions	$ 12,694	$ 10,055	$ 15,220	$ 15,387	$ 16,066

2020	2021	2022	2023	2024
$ 11,481	$ 11,742	$ 12,205	$ 11,943	$ 12,829
21,232	21,607	22,341	23,524	24,865
34,237	156,023	(103,584)	68,445	98,505
66,950	189,372	(69,038)	103,912	136,199
18,583	19,737	22,751	28,766	32,408
257	253	277	266	307
18,840	19,990	23,028	29,032	32,715
$ 48,110	$ 169,382	$ (92,066)	$ 74,880	$ 103,484

2020	2021	2022	2023	2024
$ 40	$ 1	$ 14	$ 56	$ 6
18,543	19,736	22,737	28,710	32,402
$ 18,583	$ 19,737	$ 22,751	$ 28,766	$ 32,408

Deferred Compensation Plan
Schedule of Change in Fiduciary Net Position
June 30, 2024
Last Ten Fiscal Years
(Dollars in Thousands)

	2015	2016	2017	2018	2019
Additions					
Member contributions	$ 19,229	$ 18,761	$ 19,511	$ 20,574	$ 23,244
Investment income (loss) (net of expenses)	15,259	(63)	47,590	43,154	25,775
Total additions	34,488	18,698	67,101	63,728	49,019
Deductions					
Distributions	26,123	22,374	25,666	22,719	36,857
Total deductions	26,123	22,374	25,666	22,719	36,857
Change in net position	$ 8,365	$ (3,676)	$ 41,435	$ 41,009	$ 12,162

Deferred Compensation Plan
Schedule of Distribution Deductions from Fiduciary Net Position by Type
June 30, 2024
Last Ten Fiscal Years
(Dollars in Thousands)

	2015	2016	2017	2018	2019
Distributions					
Death	$ 2,326	$ 385	$ 763	$ 355	$ 341
Seperation and other	23,797	21,989	24,903	22,364	36,516
Total Distributions	$ 26,123	$ 22,374	$ 25,666	$ 22,719	$ 36,857

2020	2021	2022	2023	2024
$ 22,524	$ 25,684	$ 23,908	$ 22,544	$ 23,271
35,687	150,694	(89,287)	71,612	102,104
58,211	176,378	(65,379)	94,156	125,375
34,101	31,861	29,919	35,809	40,951
34,101	31,861	29,919	35,809	40,951
$ 24,110	$ 144,517	$ (95,298)	$ 58,347	$ 84,424

2020	2021	2022	2023	2024
$ 95	$ 158	$ 50	$ 291	$ 38
34,006	31,703	29,869	35,518	40,913
$ 34,101	$ 31,861	$ 29,919	$ 35,809	$ 40,951

Employees' Retirement System
Schedule of Retired Members by Benefit Type
June 30, 2024

Fiscal Year	Retiree	Disability	Survivor	Total Retired Members
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
2023	5,410	1,111	465	6,986
2024	5,375 *	1,104	493 **	6,972

Counts for retirees include DRSP and DROP members.

* Count includes 63 insured retirees with Total Annual Benefits of $2,602,878.

** Count includes 78 insured survivors with Total Annual Benefits of $1,970,670.

Employees' Retirement System
Schedule of Average Benefit Amounts
June 30, 2024

Fiscal Year	Retiree	Disability	Survivor	Total Average Annual Benefit
2015	$ 35,736	$ 44,337	$ 20,049	$ 36,152
2016	35,107	44,660	20,263	35,370
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	48,264	22,220	39,079
2022	40,931	50,047	23,112	41,201
2023	44,174	53,712	25,338	44,437
2024	47,065	55,363	25,800	46,875

Employees' Retirement System
Schedule of Retired Members by Type of Retirement
June 30, 2024

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	8	9	10
Deferred [c]	860													
$ 1 – $ 500	368	322	43	3	192	107	-	3	30	10	-	24	2	-
501 – 1,000	457	337	101	19	214	116	9	9	43	14	5	35	11	1
1,001 – 1,500	462	338	92	32	195	135	9	6	35	23	10	28	19	2
1,501 – 2,000	486	358	78	50	196	130	16	17	22	22	13	53	16	1
2,001 – 2,500	513	386	52	75	219	117	4	19	23	29	18	59	20	5
2,501 – 3,000	498	376	39	83	205	122	8	20	19	31	17	57	16	3
3,001 – 3,500	489	383	18	88	209	98	1	16	16	37	29	54	24	5
3,501 – 4,000	506	388	19	99	206	96	4	16	24	41	28	62	24	5
4,001 – 4,500	479	347	19	113	188	95	4	21	22	36	31	60	14	8
4,501 – 5,000	433	317	7	109	171	93	2	15	16	30	26	60	17	3
5,001 – 5,500	420	319	7	94	172	78	1	16	17	33	51	38	12	2
5,501 – 6,000	424	328	5	91	207	71	1	18	19	32	36	26	11	3
6,001 – 6,500	327	257	2	68	153	63	-	11	8	33	19	24	13	3
6,501 – 7,000	280	214	2	64	126	54	-	17	5	29	19	22	4	4
7,001 – 7,501	213	171	3	39	110	36	-	9	8	17	12	14	6	1
Over 7,501	617	534	6	77	308	102	-	40	24	64	39	28	11	1
Total	7,832	5,375	493	1,104	3,071	1,513	59	253	331	481	353	644	220	47

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 737 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 with Popup
Option 8—Social Security Adjustment Option
Option 9—Social Security Adjustment Option with Joint & Survivor
Option 10–Social Security Adjustment Option with Joint & Survivor and pop up

If the payment option was not provided and the percent of benefit continued was 0, the member was assumed to have selected the Life Annuity option.

Employees' Retirement System
Schedule of Average Benefit Payments and Average Final Valuation Pay
Last Ten Fiscal Years

	Years Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
Retirement Effective Dates							
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
Period 7/1/2022 to 6/30/2023							
Average monthly benefit*	$ -	$ 596	$ 1,935	$ 3,456	$ 4,988	$ 5,552	$ 6,282
Average final valuation pay**	$ -	$ 99,654	$ 91,248	$ 99,678	$ 107,042	$ 107,024	$ 113,406
Number of retired members***	-	1	4	11	32	63	68
Period 7/1/2023 to 6/30/2024							
Average monthly benefit*	$ -	$ -	$ -	$ 3,663	$ 5,027	$ 6,226	$ 6,229
Average final valuation pay**	$ -	$ -	$ -	$ 102,242	$ 111,032	$ 123,804	$ 116,482
Number of retired members***	-	-	-	10	25	65	60

* Based on current benefits only, and does not take into account any future benefits. Includes total benefit amount for insured retirees (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 active GRIP, DRSP, or DROP in the previous valuation and were retired in the current valuation.

Employees’ Retirement System
Principal Participating Employers
Current Fiscal Year and Nine Years Ago
June 30, 2024

	2024		2015	
Participating Government	**Covered Employees**	**Percentage of Total System**	**Covered Employees**	**Percentage of Total System**
Montgomery County	6,562	98.3 %	5,398	97.4 %
Town of Chevy Chase	1	-	2	-
Strathmore Hall	22	0.3	6	0.1
Housing Opportunities Commission	89	1.3	126	2.3
Revenue Authority	7	0.1	5	0.1
SkyPoint Federal Credit Union	-	-	3	0.1
State Department of Assessment and Taxation	-	-	-	-
District Court	-	-	1	-
Total	6,681	100.0 %	5,541	100.0 %

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

MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS

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