COUNTY EMPLOYEES' RETIREMENT PLAN

(a Fiduciary Component Unit of St. Louis County, Missouri)

ANNUAL FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

For Years Ended December 31, 2023 and 2022

SAINT LOUIS COUNTY
Missouri

ST. LOUIS COUNTY, MISSOURI
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Board of Trustees
County Employees' Retirement Plan of St. Louis County, Missouri
Clayton, Missouri

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the County Employees' Retirement Plan of St. Louis County, Missouri (the Plan), a fiduciary component unit of St. Louis County, Missouri (the County), as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan, as of December 31, 2023 and 2022, and the changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Board of Trustees
County Employees' Retirement Plan of St. Louis County, Missouri

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the 10 years of historical trend information but does not include the basic financial statements and our auditors' 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 audits 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 June 11, 2024, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Louis, Missouri
June 11, 2024

Management is pleased to provide this overview and analysis of the financial activities of the St. Louis County, Missouri County Employees' Retirement Fund (the Plan) for the year ended December 31, 2023. We encourage readers to consider the information presented in conjunction with the financial statements, notes to financial statements, and required supplementary information, which follows the management's discussion and analysis (MD&A).

The Plan is comprised of two plan classes for membership purposes and considered to be a single plan for accounting purposes. The Plan provides for retirement and death benefits for the two membership classes known as a noncontributory plan and a contributory plan.

Overview of the Financial Statements

The Plan's 2023 financial statements, notes to financial statements, required supplementary information, and other information were prepared on an accrual basis, in accordance with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board (GASB). The following MD&A is intended to serve as an introduction and overview of the Plan's financial reporting components.

The **Statements of Fiduciary Net Position** present information of the Plan's assets and liabilities and the resulting net position held in trust to meet future benefit payments. It reflects the Plan's investments at fair value, along with cash and short-term investments, receivables, and other assets and liabilities. It indicates the resources available to pay future pension and death benefits and gives a snapshot at a particular point in time.

The **Statements of Changes in Fiduciary Net Position** present information showing how the Plan's net position held in trust for future benefits changed during the years. It reflects members' salary deferral contributions and employer contributions along with deductions for retirement benefits, distributions, and administrative expenses. Investment returns during the period are also presented, showing income and/or losses from investment activities.

The **Notes to Financial Statements** provide additional information that is essential to a full understanding of the data provided in the audited financial statements.

The **Required Supplementary Information** provides the Schedules of Changes in the Net Pension Liability, Schedules of Employer's Net Pension Liability and Ratios, Schedule of Employer's Contributions, and Schedule of Investment Returns.

The **Other Information** includes 10 years of historical trend information.

2023 Financial Highlights

- The Plan's fiduciary net position increased by $62.8 million, or 8.8%, from $777.9 million at December 31, 2022 to $840.7 million at December 31, 2023. The increase was due primarily to increased investment earnings. Increased employer and member contributions also impacted the overall increase in the fiduciary net position of the Plan.
- Investments as of December 31, 2023 increased from the prior year by $60.7 million to $839.4 million. The increase in the investment portfolio mirrors 2023 financial market returns. In May 2023, the World Health Organization announced the end to the global pandemic. In the United States, a tight labor market, solid household balance sheets, and the deployment of excess savings accumulated during the pandemic supported robust spending.
- The Plan's funding objective is to meet long-term benefit obligations through contributions and investment income. As of December 31, 2023, the date of the last actuarial evaluation, the funded ratio for the Plan was 66.51% based on the ratio of market value of assets over actuarial liability. In general, this indicates that for every dollar of benefits due we had approximately $0.67 of assets available for this payment as of that date. Fiduciary net position as a percentage of total pension liability was 66.51%, 64.10%, and 81.19% as of December 31, 2023, 2022, and 2021, respectively.
- For the year ended December 31, 2023, the total additions to net position resulted in an increase of $145.7 million, compared to a $(110.2) million decrease for the year ended December 31, 2022. For the year ended December 31, 2023, the additions consisted of employer and member contributions totaling $49.9 million and net investment gain of $95.8 million.
- Total Deductions from net position totaled $82.9 million, an increase of $5.3 million or 6.9% from the prior year. The increase was attributable to an increase in pension benefits paid to retirees and beneficiaries.
- At December 31, 2023, the number of retirees and beneficiaries currently receiving benefits and terminated participants entitled to benefits but not yet receiving increased to 5,838, or 5.5%, compared to 5,532 at December 31, 2022.

Comparative Financial Statements

As of December 31, 2023, the Plan's financial net position increased by $62.8 million compared to a decrease of $(187.7) million in the prior year. The increase in net position is primarily a result of the fair value of investments increasing due to a positive performance in the markets in 2023. As of December 31, 2023, the Plan had $840.7 million in fiduciary net position, where the amount of total assets of $842.1 million exceeded the total liabilities of $1.4 million. Over time, increase and decreases in fiduciary net position are one of the indicators of whether the Plan's financial situation is improving or deteriorating. Additional factors such as market conditions also need to be considered in assessing the Plan's overall financial position.

Condensed financial information comparing the Plan's fiduciary net position for the last three fiscal years is presented below:

STATEMENTS OF FIDUCIARY NET POSITION (in millions)

	December 31			Change	
	2023	**2022**	**2021**	**2023-2022**	**2022-2021**
ASSETS					
Equity in pooled cash	$ 0.6	$ 0.8	$ 0.3	$ (0.2)	$ 0.5
Investments	839.4	778.7	966.7	60.7	(188.0)
Other assets	2.1	1.4	1.2	0.7	0.2
Total Assets	842.1	780.9	968.2	61.2	(187.3)
LIABILITIES	1.4	3.0	2.6	(1.6)	0.4
NET POSITION - RESTRICTED FOR PENSION	$ 840.7	$ 777.9	$ 965.6	$ 62.8	$ (187.7)

The primary sources that finance the promised retiree benefits are the collection of employer and member retirement contributions and changes in the value of assets. For fiscal year ended 2023 total additions amounted to $145.7 million, an increase of $255.9 million from fiscal year 2022. The increase was almost entirely due to high investment returns compared to the low investment returns from the prior year. High investment returns resulted in a 160.8% increase in net investment income from the prior fiscal year. Net investment income was primarily from increase in net realized and unrealized gains. During the fiscal year, all classes of assets experienced significant increases in returns from the prior fiscal year, resulting in this increase.

Employer contributions year-over-year ended December 31, 2023 and 2022 increased by $1.8 million. This was the result of increased covered payroll during the fiscal year and an increase to employer contribution rates. The contribution of the County is based on actuarial-determined annual contribution rate.

In December 2017, the County created a new contributory plan requiring all newly hired civilian employees on or after January 17, 2018 and newly hired police on or after February 1, 2018 to contribute 4% pre-tax of their compensation to the Plan. Total employee contributions for the 2023 year totaled $3.5 million, an increase of $0.6 million or 21.3% from the prior year.

The primary uses of Plan assets include the payment of promised benefits to retirees and their beneficiaries, refunds of contributions to terminated employees, and costs of administering the Plan. These deductions totaled $82.9 million for fiscal year 2023, an increase of $5.4 million or 6.9% from the prior year. Benefit payments were $82.5 million in fiscal year 2023, an increase of $5.5 million, or 7.0%. The fiscal year 2023 increase in benefit payments was due to an increase in the number of new retirees.

Condensed financial information comparing the statements of changes in fiduciary net position for the last three fiscal years is presented below:

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION (in millions)

	Years Ended December 31			Change	
	2023	2022	2021	2023-2022	2022-2021
ADDITIONS TO NET POSITION ATTRIBUTED TO					
Employer contributions	$ 46.4	$ 44.6	$ 46.8	$ 1.8	$ (2.2)
Members' salary deferral contributions	3.5	2.9	2.2	0.6	0.7
Investment income	95.8	(157.7)	130.7	253.5	(288.4)
Total Additions	145.7	(110.2)	179.7	255.9	(289.9)
DEDUCTIONS FROM NET POSITON ATTRIBUTED TO					
Benefits	82.5	77.0	70.6	5.5	6.4
Refunds of members' contributions	0.3	0.4	0.2	(0.1)	0.2
Administrative expense	0.1	0.1	0.1	-	-
Total Deductions	82.9	77.5	70.9	5.4	6.6
CHANGE IN NET POSITION	62.8	(187.7)	108.8	250.5	(296.5)
NET POSITION - RESTRICTED FOR PENSION, BEGINNING OF YEAR	777.9	965.6	856.8	(187.7)	108.8
NET POSITION - RESTRICTED FOR PENSION, END OF YEAR	$ 840.7	$ 777.9	$ 965.6	$ 62.8	$ (187.7)

Economic Factors, Investment Returns, and Other Important Matters

The Plan's purpose is to grow plan assets at a rate sufficient to meet promised benefits to its members while minimizing the risks associated with achieving that growth. Through its investment policy, the Plan has a well-diversified investment portfolio to achieve this long-term objective.

In addition, to maximize investment returns and preserve fund assets, the Plan carefully monitors the performance of each of its investment managers and takes the necessary corrective action to ensure acceptable investment results.

Requests for Information

This financial report is designed to provide a general overview of the Plan's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to St. Louis County, Missouri, Division of Fiscal Management, 41 South Central Avenue, Clayton, Missouri, 63105.

ST. LOUIS COUNTY, MISSOURI
COUNTY EMPLOYEES' RETIREMENT PLAN
STATEMENTS OF FIDUCIARY NET POSITION
DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
Equity in pooled cash and investments of		
St. Louis County, Missouri	$ 646,141	$ 759,516
Unsettled investment sale transactions	399,136	794,764
Accrued interest and dividends	1,714,813	635,196
Total Receivables	2,113,949	1,429,960
Investments, at fair value:		
Common stock	89,435,160	74,795,340
Mutual funds	517,651,016	453,119,371
Fixed income:		
Asset-backed securities	33,031,149	34,145,342
Corporate bonds	19,590,308	21,773,493
U.S. government securities	22,713,705	15,426,946
Short-term investment funds	1,780,481	2,951,848
Municipal bonds	1,991,081	1,772,062
Private Equity	25,965,705	18,193,727
Real estate investment trusts	127,248,231	156,527,827
Total Investments	839,406,836	778,705,956
Total Assets	842,166,926	780,895,432
LIABILITIES		
Accrued investment expenses	685,963	1,070,295
Unsettled investment purchase transactions	729,473	1,905,889
Accrued administrative expenses	4,711	-
Total Liabilities	1,420,147	2,976,184
NET POSITION - RESTRICTED FOR PENSION	$ 840,746,779	$ 777,919,248

ST. LOUIS COUNTY, MISSOURI
COUNTY EMPLOYEES' RETIREMENT PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022

	2023	2022
ADDITIONS TO NET POSITION ATTRIBUTED TO		
Employer contributions	$ 46,336,419	$ 44,627,336
Members' salary deferral contributions	3,530,775	2,911,043
Total Contributions	49,867,194	47,538,379
Investment Income (Loss):		
Net appreciation (depreciation) in fair value of plan investments	88,194,663	(165,011,824)
Interest and dividends	9,582,843	9,378,224
Total Investment Income (Loss)	97,777,506	(155,633,600)
Less: Investment expenses	1,963,321	2,055,368
Net Investment Income (Loss)	95,814,185	(157,688,968)
Total Additions	145,681,379	(110,150,589)
DEDUCTIONS FROM NET POSITION ATTRIBUTED TO		
Retirement and disability benefits	81,729,378	76,364,149
Death benefits	745,000	705,000
Refunds of members' contributions	296,653	373,115
Administrative expenses	82,817	90,004
Total Deductions	82,853,848	77,532,268
CHANGE IN NET POSITION	62,827,531	(187,682,857)
NET POSITION - RESTRICTED FOR PENSION, BEGINNING OF YEAR	777,919,248	965,602,105
NET POSITION - RESTRICTED FOR PENSION, END OF YEAR	$ 840,746,779	$ 777,919,248

1. PLAN DESCRIPTION

A. General

In December 2017, the St. Louis County, Missouri (the County) created a new defined benefit trust fund designated the County Employees' Retirement Fund (the Plan) for the purpose of accumulating funds for distribution of the benefits provided under the existing noncontributory plan and a newly established contributory plan. The noncontributory plan closed to newly hired Civilian employees on January 17, 2018 and to newly hired Police on February 1, 2018.

The Plan is considered to be part of the County's financial reporting entity and is included in the County's financial reporting entity as a Fiduciary Component Unit. The assets of the Plan are available for the payment of pension benefits to either class of members. The Plan covers substantially all civilian employees (Civilian) and commissioned police officers (Police) employed by St. Louis County.

B. Membership

Membership statistics as of January 1, 2023 and 2022 (the latest actuarial valuation) are as follows:

	Civilian		Police		Total	
	2023	2022	2023	2022	2023	2022
Active employees:						
Vested	1,530	1,579	679	680	2,209	2,259
Nonvested	1,239	1,179	172	205	1,411	1,384
	2,769	2,758	851	885	3,620	3,643
Retirees and beneficiaries currently receiving benefits	2,952	2,834	595	574	3,547	3,408
Disability Retirees	-	-	11	-	11	-
Terminated participants entitled to benefits but not yet receiving them	1,906	1,785	374	339	2,280	2,124
Total Membership	7,627	7,377	1,831	1,798	9,458	9,175

The Plan is under the management and control of the Board of Trustees, as provided in the St. Louis County Retirement Plan Ordinance. The Board of Trustees consists of seven members, appointed by the County Executive. One member must be a commissioned police officer of the County's Police Department; two members must be

Civilian participants in the County's retirement plan and from different departments; and four members are appointed from the general public and must not be County employees. Additionally, two of the members appointed from the general public require recommendation by the County Council.

C. **Pension Benefits**

Under the noncontributory plan, all regular full-time Civilian employees hired through January 16, 2018 and Police hired through January 31, 2018 are eligible for participation and are considered vested when they have attained five years of credited service. The retirement benefit is calculated as 1.5% of average compensation for Civilian (age 65 and rule of 80) and 1.6% of average compensation for Police (age 55 and rule of 80) during the highest consecutive 36 months of the last 120 months of service multiplied by the years of credited service.

Under the new contributory plan, all newly hired Civilian employees on or after January 17, 2018 and newly hired Police on or after February 1, 2018 are considered vested when they have attained seven years of credited service. The retirement benefit is calculated at 1.3% of average compensation for Civilian (age 67 and rule of 85) and 1.4% of average compensation for Police (age 57 and rule of 85) during the highest consecutive 36 months of the last 120 month of service multiplied by the years of credited service. Additionally, the Plan provides early retirement, death benefits, and disability benefits. Participants grandfathered under the existing noncontributory plan benefits have not changed.

D. **Contributions**

The new contributory plan requires employees to contribute 4% pre-tax of their compensation to the Plan each payroll. Annually, participants accumulated contribution accounts are credited with an interest rate equal to a short-term U.S. Treasury Bill rate. Nonvested participants who incur a termination of employment and a beneficiary of a deceased participant may apply for a refund of accumulated contributions and interest credited thereon, provided they are not eligible for retirement benefits provided by the Plan. Participants grandfathered under the existing noncontributory plan benefits have not changed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

A. **Measurement Focus and Basis of Accounting**

The Plan's financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental organizations. In doing so, the Plan adheres to the reporting requirements established by the Governmental Accounting Standards Board (GASB). Employer contributions are recognized in the period in which the contributions are due. Investment income is recognized as earned. Benefits are recognized when due and payable in accordance with the terms of the Plan. Certain administration expenses of the Plan are paid by the County at no charge to the Plan. Investment sales and purchases are recorded on a trade-date basis (the date upon which the transaction is initiated).

B. **Methods Used to Value Investments**

Investments are stated at fair value, as defined by accounting principles generally accepted in the United States of America. Fair values for investments are determined by closing market prices at year-end as reported by the investment custodian. Mortgage-backed securities are valued at fair value based on future principal and interest payments and are discounted at prevailing interest rates for similar instruments. Alternative investments are carried at estimated fair value provided by the management of the alternative investment partnerships or funds. Alternative investments in real estate investment trusts are valued at least annually by external independent appraisal firms. On a quarterly basis, the appraised values are updated by the appraisers or management of the real estate investment trusts for changes in factors such as occupancy levels, lease amendments, lease incentives, capital improvements, and growth assumptions, as well as other financial and industry market conditions. Because alternative investment funds are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ materially from the value that would have been used had a ready market for the investments existed.

C. **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management and the Plan's actuary to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of additions and deductions to the Plan net position during the reporting period. Accordingly, actual results could differ from those estimates.

D. **Income Tax Status**

The Plan meets the requirements of a governmental plan under section 414(d) of the Internal Revenue Code (IRC). The Plan is not subject to the provision of the Employee Retirement Income Security Act of 1974; however, the Plan obtained its latest determination letter on May 12, 2014, in which the Internal Revenue Service (IRS) stated that the Plan, as then designed and being operated, was in compliance with applicable requirements of the IRC.

3. DEPOSITS AND INVESTMENTS

A. **General**

As outlined in the St. Louis County Retirement Plan Ordinance, the Plan is under the management and control of the Board of Trustees. The Plan is authorized to invest in U.S. Government obligations, other marketable equity and nonequity securities, deposit administration contracts, and other investments as outlined in the investment portfolio guidelines issued by the Board of Trustees to each investment manager.

As of December 31, 2023 and 2022, the Plan had the following cash deposits and investments:

	2023	2022
Pooled cash	$ 646,141	$ 759,516
Investments:		
Common stock	89,435,160	74,795,340
Mutual funds	517,651,016	453,119,371
Fixed income:		
Asset-backed securities	33,031,149	34,145,342
Corporate bonds	19,590,308	21,773,493
U.S. government securities	22,713,705	15,426,946
Short-term investment funds	1,780,481	2,951,848
Municipal bonds	1,991,081	1,772,062
Private Equity	25,965,705	18,193,727
Real estate investment trusts	127,248,231	156,527,827
Total Investments	839,406,836	778,705,956
Total Deposits and Investments	$ 840,052,977	$ 779,465,472

For the years ended December 31, 2023 and 2022, the annual money-weighted rate of return on plan investments, net of investment expense, was 12.58% and -16.56%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts invested.

The Plan's investments are continuously exposed to various types of inherent risks. These risks are mitigated by the Plan's development and continual monitoring of sound investment policies. The following information addresses the exposure to certain common risks.

B. **Interest Rate Risk**

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Plan's portfolio is allotted among specialist managers for equity only, real estate only, fixed income only, and hedge fund only management. The Plan requires each manager to diversify by issue and manage the effective duration of their portfolio type relative to specific indices outlined in the Plan's policy. Specifically, the Plan requires fixed income managers to diversify by issue and manage the effective duration of fixed income securities relative to the Barclays index.

Investment in Corporate and Municipal bonds are subject to interest rate risk. The risk that changes in interest rates will adversely affect the fair value of these investments. These fixed income investments are managed in accordance with monitoring and control policies established by the Board that are specific as to the degree of interest rate risk that can be taken. The Plan's policies manage the interest rate risk within the portfolio using various methods, including average maturity, credit rating, and broad market indexes. The Plan does not have a specific investment policy on interest rate risk.

The Plan also invests in mortgage-backed securities, such as collateralized mortgage obligations. These securities are reported at fair value and are based on the cash flows from interest payments by the underlying mortgages. As a result, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and homeowners' refinance mortgages, thereby prepaying the mortgages underlying these securities, the cash flow from interest payments is reduced and the value of these securities declines. Likewise, if homeowners pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated.

The following schedule provides a summary of the investment maturities by investment type, which helps demonstrate the current level of interest rate risk assumed by the Plan as of December 31, 2023 and 2022:

	December 31, 2023					
			Investment Maturities (In Years)			
	Fair Value	No Maturity	Less Than 1	1 - 5	6 - 10	More Than 10
U.S. government securities	$ 22,713,705	$ -	$ -	$ 6,451,214	$ 4,589,770	$ 11,672,721
Municipal bonds	1,991,081	-	-	431,525	1,023,144	536,412
Corporate bonds	19,590,308	-	313,128	9,484,230	3,802,298	5,990,652
Common stock	89,435,160	89,435,160	-	-	-	-
Mutual funds	517,651,016	517,651,016	-	-	-	-
Short-term investment funds	1,780,481	-	1,780,481	-	-	-
Asset-backed securities	33,031,149	-	-	3,045,133	2,996,904	26,989,112
Private Equity	25,965,705	25,965,705	-	-	-	-
Real estate investment trusts	127,248,231	127,248,231	-	-	-	-
Total	$839,406,836	$760,300,112	$ 2,093,609	$ 19,412,102	$ 12,412,116	$ 45,188,897

	December 31, 2022					
			Investment Maturities (In Years)			
	Fair Value	No Maturity	Less Than 1	1 - 5	6 - 10	More Than 10
U.S. government securities	$ 15,426,946	$ -	$ 691,146	$ 6,250,735	$ 2,386,685	$ 6,098,380
Municipal bonds	1,772,062	-	-	147,822	347,997	1,276,243
Corporate bonds	21,773,493	-	86,840	7,598,792	7,206,341	6,881,520
Common stock	74,795,340	74,795,340	-	-	-	-
Mutual funds	453,119,371	453,119,371	-	-	-	-
Short-term investment funds	2,951,848	-	2,951,848	-	-	-
Asset-backed securities	34,145,342	-	-	2,251,650	1,270,971	30,622,721
Private Equity	18,193,727	18,193,727	-	-	-	-
Real estate investment trusts	156,527,827	156,527,827	-	-	-	-
Total	$778,705,956	$702,636,265	$ 3,729,834	$ 16,248,999	$ 11,211,994	$ 44,878,864

C. **Credit Risk**

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Plan's policy is that fixed income managers will be monitored to identify changes in quality and conformity with guidelines as well as detect style changes, if any. Fixed income performance will be managed relative to the Barclays index.

The Plan's fixed income investments current exposure to credit risk at December 31, 2023 and 2022, is presented below by investment category as rated by Moody's rating service, a nationally recognized statistical rating agency:

	December 31, 2023				
Credit Rating (Moody's)	U.S. Government Securities	Municipal Bonds	Corporate Bonds	Mortgage-backed Securities	Total
Aaa	$ 19,111,842	$ 278,763	$ 1,724,999	$ 6,526,946	$ 27,642,550
Aa	-	1,559,556	973,154	-	2,532,710
A	-	-	8,688,387	-	8,688,387
Baa	-	-	6,280,775	358,494	6,639,269
Ba	-	-	905,093	-	905,093
B	-	-	-	-	-
Caa	-	-	-	-	-
Ca	-	-	-	-	-
C	-	-	-	-	-
Unrated/Gov Guartanteed	3,601,863	152,762	1,017,900	26,145,709	30,918,234
Total	$ 22,713,705	$ 1,991,081	$ 19,590,308	$ 33,031,149	$ 77,326,243

	December 31, 2022				
Credit Rating (Moody's)	U.S. Government Securities	Municipal Bonds	Corporate Bonds	Mortgage-backed Securities	Total
Aaa	$ 15,426,946	$ 347,997	$ 2,090,429	$ 6,775,253	$ 24,640,625
Aa	-	1,424,065	934,314	-	2,358,379
A	-	-	8,493,188	-	8,493,188
Baa	-	-	8,173,686	-	8,173,686
Ba	-	-	416,235	-	416,235
B	-	-	-	-	-
Caa	-	-	-	-	-
Ca	-	-	-	-	-
C	-	-	-	-	-
Unrated/Gov Guaranteed	-	-	1,665,641	27,370,089	29,035,730
Total	$ 15,426,946	$ 1,772,062	$ 21,773,493	$ 34,145,342	$ 73,117,843

D. **Custodial Credit Risk**

Custodial Credit Risk for deposits and investments is the risk that in the event of a financial institution's failure, the Plan would not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not insured or not collateralized. Protection of the Plan's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, or by a single collateral pool established by the financial institution in accordance with state statutes.

Custodial Credit Risk for investments is the risk that, in the event of the failure of a counterparty, the County will not be able to recover the value of the investments that are in the possession of the counterparty. The Plan does not have a general policy addressing custodial credit risk, but it is the practice that all investments are held by the Plan's agent in the Plan's name, except the real estate investment trusts (REITs) where the assets in the real estate trusts are held in the name of the trust. The Plan retains investment managers that specialize in the investment of a particular asset class. Investment managers are subject to the guidelines and controls established in the investment policy and contracts executed with the Board of Trustees. The Plan utilizes a third party (Northern Trust) as custodian over the Plan's assets.

E. **Foreign Currency Risk**

Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Plan has six international investment fund portfolios. The Plan's policy is to allow the individual investment managers to decide what action to take regarding their respective portfolio's foreign currency exposure management and measure results relative to other managers with similar characteristics and the Europe, Australia, and Far East (EAFE) index.

The Plan's exposure to foreign currency risk by portfolio orientation in U.S. Dollars as of December 31, 2023 and 2022, is as follows:

	December 31	
	2023	**2022**
International Equities:		
Value Fund	$ 52,909,366	$ 46,264,336
Growth Fund	68,972,480	59,111,297
Small-cap	41,356,214	37,411,932
Emerging Markets	59,511,980	48,327,950
Total	$ 222,750,040	$ 191,115,515

The Plan's exposure to foreign currency risk in U.S. Dollars as of December 31, 2023 and 2022, is as follows:

	December 31	
	2023	2022
Australian Dollar	$ 2,169,076	$ 5,502,745
Brazilian Real	4,187,651	3,336,665
British Pound Sterling	24,866,514	23,080,503
Canadian Dollar	6,292,802	3,830,971
Chilean Peso	22,549	1,379
Chinese Yan	3,619,954	3,807,036
Columbian Peso	-	52
Danish Krone	4,530,260	3,985,287
Egyptian Pound	13,911	3,020
Euro	35,845,151	32,741,548
Hong Kong Dollar	14,341,724	18,085,463
Hungarian Forint	584,816	491,069
Indian Rupee	10,601,864	6,348,911
Indonesian Rupiah	968,325	1,550,019
Israeli New Shekel	145,061	210,574
Japanese Yen	26,844,926	18,979,846
Kuwaiti Dinar	48,772	302,016
Malaysian Ringgit	186,312	61,878
Mexican Peso	1,384,975	771,512
New Zealand Dollar	562,907	626,994
Norwegian Krone	-	202,193
Philippine Peso	4,196	22,951
Polish Zloty	923,797	619,425
Qatari Rial	25,965	118,015
Saudi Riyal	2,380,928	3,235,321
Singapore Dollar	1,885,230	2,883,107
South African Rand	1,941,712	1,295,549
South Korean Won	8,855,284	8,457,320
Swedish Krona	7,179,156	5,526,917
Swiss Franc	8,362,339	9,510,383
Taiwanese Dollar	14,332,792	5,921,786
Thai Baht	2,461,571	2,106,059
Turkish Lira	359,486	345,759
United Arab Emirates	946,618	767,750
Various foreign currency denominations	878,716	344,575
Total Foreign Currency	187,755,340	165,074,598
U.S. Dollar	34,994,700	26,040,917
Total	$ 222,750,040	$ 191,115,515

F. **Concentration of Credit Risk**

Concentration of credit risk is the risk of substantial loss if investments are concentrated in one issuer. As of December 31, 2023, the Plan has no single issuer that exceeds 5% of total investments. Investments issued or explicitly guaranteed by the U.S. Government, investments in mutual funds, external investment pools, or other pooled investments are excluded.

The Plan's target asset allocation and the acceptable degree of variation in the portfolio are shown below:

Asset Class	Target Allocation	Permissible Range
Equities:		
U.S. Large Cap	23.25 %	
U.S. Non-Large Cap	7.75	
International Developed Country Core	19.00	
International Emerging Markets	6.75	
	56.75	50% - 75%
Fixed income	22.00	15% - 30%
Real estate	15.00	5% - 20%
Private equity	6.25	0% - 10%
Total	100.0 %	

G. **Fair Value**

The Plan categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the inputs used in valuation and gives the highest priority to unadjusted quoted prices in active markets and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in the hierarchy is based on whether the significant inputs into the valuation are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest level, Level 1, is given to unadjusted quoted prices in active markets and the lowest level, Level 3, to unobservable inputs. These guidelines recognize a three-tiered hierarchy, as follows:

Level 1 – Valuations based on unadjusted quoted prices for identical instruments in active markets.

Level 2 – Valuations based on quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Fund's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each investment.

The following tables sets forth by level, within the fair value hierarchy, the Plan's assets at fair value:

	December 31, 2023			
		Fair Value Measurements Using		
	Total Investments	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Common stock	$ 89,435,160	$ 89,435,160	$ -	$ -
Mutual funds	517,651,016	100,515,962	417,135,054	-
Asset-backed securities	33,031,149	-	33,031,149	-
Corporate bonds	19,590,308	-	19,590,308	-
U.S. government securities	22,713,705	-	22,713,705	-
Short-term investment funds	1,780,481	1,780,481	-	-
Municipal bonds	1,991,081	-	1,991,081	-
Total Investments By Fair Value Level	686,192,900	$ 191,731,603	$ 494,461,297	$ -
Investments measured at net asset value (NAV):				
Real estate investment trusts	127,248,231			
Private Equity	25,965,705			
Total Investments	$ 839,406,836			

	December 31, 2022			
		Fair Value Measurements Using		
	Total Investments	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Common stock	$ 74,795,340	$ 73,145,578	$ 1,649,762	$ -
Mutual funds	453,119,371	92,239,090	360,880,281	-
Asset-backed securities	34,145,342	-	34,145,342	-
Corporate bonds	21,773,493	-	21,773,493	-
U.S. government securities	15,426,946	15,426,946	-	-
Short-term investment funds	2,951,848	2,951,848	-	-
Municipal bonds	1,772,062	-	1,772,062	-
Total Investments By Fair Value Level	603,984,402	$ 183,763,462	$ 420,220,940	$ -
Investments measured at net asset value (NAV):				
Real estate investment trusts	156,527,827			
Private Equity	18,193,727			
Total Investments	$ 778,705,956			

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Equity securities classified in Level 2 are valued using observable underlying inputs that are market corroborated.

Debt securities classified in Level 1 are valued using prices quoted in active markets. Debt securities classified in Level 2 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Mutual funds classified in Level 1 are valued using prices quoted in active markets for those investment types. Mutual funds classified in Level 2 are valued using observable underlying inputs that are market corroborated.

The valuation method for investments measured at the NAV per share (or its equivalent) is presented on the following tables:

	December 31, 2023			
	Fair Value	**Unfunded Commitments**	**Redemption Frequency (If Currently Eligible)**	**Redemption Notice Period**
Real estate investment trust (a)	$ 47,384,376	$ -	Quarterly	45 days notice
Real estate investment trust (b)	79,863,855	-	Quarterly	90 days notice
Private Equity (c)	25,965,705	35,040,129	Illiquid	N/A
Total	$ 153,213,936	$ 35,040,129		

	December 31, 2022			
	Fair Value	**Unfunded Commitments**	**Redemption Frequency (If Currently Eligible)**	**Redemption Notice Period**
Real estate investment trust (a)	$ 65,208,069	$ -	Quarterly	45 days notice
Real estate investment trust (b)	91,319,758	-	Quarterly	90 days notice
Private Equity (c)	18,193,727	42,090,846	Illiquid	N/A
Total	$ 174,721,554	$ 42,090,846		

(a) Real estate investment trust. This trust is an open-ended core fund organized to serve as a collective investment vehicle through which eligible investors may invest in a professionally managed real estate portfolio consisting of multi-family, industrial, retail, and office properties in targeted metropolitan areas within the continental United States (including leased properties, vacant properties, and development and redevelopment properties). The principal investment objective of the trust is to generate attractive, predictable investment returns from a target portfolio of low-risk equity investments in income-producing real estate while maximizing the total return to unit holders through cash dividends and appreciation in the value of REIT limited partner units.

(b) Real estate investment trust. This trust is organized as a perpetual-life, open ended comingled fund for the objective and purpose of creating a high-quality, low risk, diversified portfolio of stabilized, income-producing real estate investments diversified by property type and economic exposure. The fund accomplishes this by acquiring assets in infill locations within major metropolitan areas within the continental United States with strong site attributes (such as proximity to amenities, employment centers, and transportation networks) and that are well constructed, with features that will appeal to tenants over long periods of time. The fund's real estate investments consist of direct and venture investments with third-party owner/operators.

(c) Private equity. These are fund investments consisting primarily of private equity fund of funds, investing primarily in leveraged buyout funds, venture capital funds, special situation funds and secondary funds. The fair values of these investments have been determined using the NAV per share of the investments. These investments are considered illiquid since the nature of the investments in this category prohibits redemptions through the duration of the partnership. Distributions are received through the liquidation of underlying assets of the funds. The Fund currently has no plans to sell any of the assets prior to their liquidation.

4. CONTRIBUTIONS

Member Contributions

Member contributions are based upon plan membership: the contributory plan or the noncontributory plan.

Noncontributory plan members do not contribute to the Plan. Contributions are paid solely by the County. The contributory plan requires all newly hired Civilian employees on or after January 17, 2018 and newly hired Police on or after February 1, 2018 to contribute 4% pre-tax of their compensation to the Plan. Participants grandfathered under the previous noncontributory plan benefits have not changed whereby plan participants do not contribute to the Plan.

Member accumulated contributions accounts are credited with interest annually on December 31 on the value of the member's accumulated contributions account balance as of January 1 of the same year. Upon termination of employment prior to retirement, a member may elect to withdraw his or her accumulated member contributions and interest, terminating Plan membership and forfeiting all related rights and benefits.

Member salary deferral contributions made to the Plan for the years ended December 31, 2023 and 2022 are as follows:

	For The Years Ended	
	2023	**2022**
Civilian	$ 3,120,873	$ 2,524,205
Police	409,902	386,838
Total Members' Salary Deferral Contributions	$ 3,530,775	$ 2,911,043

Employer Contributions

The contributions are actuarially determined using the Project Unit Cost actuarial cost method and are sufficient to pay benefits when due. County contributions made to the Plan for the years ended December 31, 2023 and 2022 are as follows:

	For The Year Ended December 31, 2023		
	Civilian	**Police**	**Total**
Normal cost	$ 13,672,126	$ 8,696,682	$ 22,368,808
Amortization of prior service costs	13,315,419	13,342,466	26,657,885
Total Actuarially Determined Contributions	26,987,545	22,039,148	49,026,693
Less: Expected employee contributions	2,311,637	378,637	2,690,274
Employer Annual Cost	$ 24,675,908	$ 21,660,511	$ 46,336,419

	For The Year Ended December 31, 2022		
	Civilian	**Police**	**Total**
Normal cost	$ 13,511,358	$ 8,736,994	$ 22,248,352
Amortization of prior service costs	12,438,636	11,911,222	24,349,858
Total Actuarially Determined Contributions	25,949,994	20,648,216	46,598,210
Less: Expected employee contributions	1,669,848	301,026	1,970,874
Employer Annual Cost	$ 24,280,146	$ 20,347,190	$ 44,627,336

5. NET PENSION LIABILITY

The components of net pension liability of the County at December 31, 2023 and 2022, were as follows:

Provided by Foster & Foster Consulting Actuaries, Inc. for 2023 and 2022, the Plan's actuary.

	As Of December 31	
	2023	**2022**
Total pension liability	$ 1,264,080,341	$ 1,213,651,372
Less: Plan fiduciary net position	840,746,779	777,919,248
Net Pension Liability	$ 423,333,562	$ 435,732,124
Plan fiduciary net position as a percentage of total pension liability	66.51%	64.10%

Actuarial Assumptions

The total pension liability was determined using the provisions of the GASB Statements No. 67 and No. 82 actuarial valuation as of January 1, 2023 and 2022 (the measurement date), projected to the end of each year using the following actuarial methods and assumptions:

	2023	2022
Valuation Date	January 1	January 1
Actuarial cost method:		
GASB reporting	Entry-Age Normal	Entry-Age Normal
Funding	Projected Unit Cost	Projected Unit Cost
Inflation	2.50%	2.50%
Salary increases including inflation	Varies by age and Plan between 12% for those under age 25 to 3.5% for those over age 65	Varies by age and Plan between 12% for those under age 25 to 3.5% for those over age 65
Investment rate of return:		
Discount rate	7.25%	7.25%
Mortality or death rates:		
Civilian	The base table utilizes a blend of 85% PubG-2010 and 15% PubS-2010 mortality tables using scale MP-2021.	The base table utilizes a blend of 85% PubG-2010 and 15% PubS-2010 mortality tables using scale MP-2021.
	For disabled participants, the base table utilizes a blend of 85% PubG-2010 disability and 15% PubS-2010 disability mortality tables using scale MP-2021.	For disabled participants, the base table utilizes a blend of 85% PubG-2010 disability and 15% PubS-2010 disability mortality tables using scale MP-2021.
Police	The base table utilizes 100% PubS-2010 mortality tables using scale MP-2021.	The base table utilizes 100% PubS-2010 mortality tables using scale MP-2021.
	For disabled participants, the base table utilizes 100% PubS-2010 disability mortality tables using scale MP-2021.	For disabled participants, the base table utilizes 100% PubS-2010 disability mortality tables using scale MP-2021.
Asset valuation method:		
Funding requirements	4-year smooth market	4-year smooth market
GASB reporting	Market value	Market value

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-term Expected Arithmetic Real Rate Of Return
Core Bonds	2.56%
Core Plus	2.87%
U.S. Large Cap Equity	7.15%
U.S Small Cap Equity	8.58%
International Developed Equity	8.03%
Emerging Market Equity	9.29%
Private Equity	10.51%
Core Real Estate	6.49%
Opportunistic Real Estate	9.49%

The rates of return are shown net of inflation (assumed at 2.75%) and net of investment expenses.

Discount Rate

The discount rate used to measure the total pension liability at December 31, 2023 and 2022, was 7.25%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the Plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan employees, retirees, and beneficiaries. Therefore, the long-term expected rate of return on pension plan investments (7.25 percent) was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

A schedule of changes in the net pension liability for the years ending December 31, 2014 through 2023 and related notes to the schedule is presented in the required supplemental information.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Plan's 2023 net pension liability calculated using the discount rate of 7.25%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.25%) or 1% point higher (8.25%) than the current rate:

	2023		
	1% Decrease	Current Discount Rate	1% Increase
	6.25%	7.25%	8.25%
Net pension liability	$ 565,483,949	$ 423,333,562	$ 303,506,307

The following presents the Plan's 2022 net pension liability calculated using the discount rate of 7.25%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.25%) or 1% point higher (8.25%) than the current rate:

	2022		
	1% Decrease	Current Discount Rate	1% Increase
	6.25%	7.25%	8.25%
Net pension liability	$ 572,302,174	$ 435,732,124	$ 320,521,814

The County's Pension Expense

For the County's fiscal years ended December 31, 2023 and 2022, the County recognized pension expense of $87,882,131 and $11,716,375, respectively.

The County records and discloses its pension expense and related pension liability using the January 1 (beginning of year) actuarial valuation in its annual comprehensive financial report.

6. PRIORITIES UPON TERMINATION

In the event the Plan is partially or totally terminated, or if complete discontinuance of contributions to the Plan occurs, the assets of the Plan will be allocated to the participants, after providing for necessary expenses, in a priority order as defined in the Plan. If the assets of the Plan are insufficient to give full effect to all provisions of this priority order, the assets available will be prorated in the payment of accrued benefits so that all eligible participants will receive the same percentage of their full monthly benefits.

7. RISKS AND UNCERTAINTIES

Investment Risks

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, foreign currency, regulatory, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and such changes could materially affect the amounts reported in the statements of fiduciary net position.

Experience Risks

Actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Risk Management

The Plan is exposed to various risks of loss related to natural disasters, errors and omissions, loss of assets, torts, etc. The County has chosen to cover such losses through the purchase of commercial insurance. There has been no material insurance claims filed or paid during the past four fiscal years.

8. COMMITMENTS

The County has capital commitments totaling $60.0 million and approximately $35.0 million is unfunded as of December 31, 2023.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

ST. LOUIS COUNTY, MISSOURI
COUNTY EMPLOYEES' RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULES OF CHANGES IN THE NET
PENSION LIABILITY (UNDER GASB 67)

For The Years Ended December 31

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY										
Service cost	$ 15,063,403	$ 13,126,647	$ 15,194,459	$ 15,840,034	$ 14,936,763	$ 14,755,101	$ 14,079,443	$ 14,910,911	$ 14,021,326	$ 12,809,400
Interest on total pension liability, including service cost	86,081,371	84,372,419	82,821,225	78,946,765	77,793,216	74,958,167	72,916,497	70,761,545	68,963,256	65,446,259
Benefit changes	-	34,414,427	-	-	-	-	-	-	-	-
Differences between expected and actual experience	32,055,226	(13,940,834)	7,502,577	17,029,087	(28,256,251)	(117,213)	(125,451)	(2,607,617)	16,509,590	-
Assumption changes	-	(16,231,016)	30,192,100	10,014,186	15,700,100	25,081,148	(4,809,926)	(3,103,113)	21,976,347	-
Benefit payments	(82,474,378)	(77,069,149)	(70,638,637)	(66,848,398)	(64,446,064)	(60,783,381)	(58,905,373)	(54,955,340)	(52,192,047)	(49,289,030)
Refund of Members' contributions	(296,653)	(373,115)	(255,185)	(97,563)	(45,258)	-	-	-	-	-
Net Change In Total Pension Liability	50,428,969	24,299,379	64,816,539	54,884,111	15,682,506	53,893,822	23,155,190	25,006,386	69,278,472	28,966,629
Total Pension Liability, Beginning	1,213,651,372	1,189,351,993	1,124,535,454	1,069,651,343	1,053,968,837	1,000,075,015	976,919,825	951,913,439	882,634,967	853,668,338
Total Pension Liability, Ending (a)	$1,264,080,341	$1,213,651,372	$1,189,351,993	$1,124,535,454	$1,069,651,343	$1,053,968,837	$1,000,075,015	$ 976,919,825	$ 951,913,439	$ 882,634,967
PLAN FIDUCIARY NET POSITION										
Employer contributions	$ 46,336,419	$ 44,627,336	$ 46,803,767	$ 45,371,071	$ 43,173,263	$ 44,342,552	$ 40,381,200	$ 39,938,958	$ 37,894,303	$ 36,202,086
Members' salary deferral contributions	3,530,775	2,911,043	2,237,957	1,661,095	993,780	269,511	-	-	-	-
Net investment income (loss)	95,814,185	(157,688,968)	130,699,087	131,642,782	121,836,772	(48,810,608)	114,512,177	33,060,291	10,585,937	31,551,403
Benefit payments	(82,474,378)	(77,069,149)	(70,638,637)	(66,848,398)	(64,446,064)	(60,783,381)	(58,905,373)	(54,955,340)	(52,192,047)	(49,289,030)
Refund of Members' contributions	(296,653)	(373,115)	(255,185)	(97,563)	(45,258)	-	-	-	-	-
Administrative expenses	(82,817)	(90,004)	(83,846)	(98,275)	(90,149)	(43,550)	(67,711)	(60,657)	(58,267)	-
Net Change In Plan Fiduciary Net Position	62,827,531	(187,682,857)	108,763,143	111,630,712	101,422,344	(65,025,476)	95,920,293	17,983,252	(3,770,074)	18,464,459
Plan Fiduciary Net Position, Beginning	777,919,248	965,602,105	856,838,962	745,208,250	643,785,906	708,811,382	612,891,089	594,907,837	598,677,911	580,213,452
Plan Fiduciary Net Position, Ending (b)	$ 840,746,779	$ 777,919,248	$ 965,602,105	$ 856,838,962	$ 745,208,250	$ 643,785,906	$ 708,811,382	$ 612,891,089	$ 594,907,837	$ 598,677,911
Net Pension Liability, Ending (a)-(b)	$ 423,333,562	$ 435,732,124	$ 223,749,888	$ 267,696,492	$ 324,443,093	$ 410,182,931	$ 291,263,633	$ 364,028,736	$ 357,005,602	$ 283,957,056

NOTES TO SCHEDULE

(A) The total pension liability as of the end of each measurement year is measured as of the measurement date (January 1) at the beginning of each year and is projected to the end of each year.

(B) Because the beginning and ending values for the year ended December 31, 2014 are based upon the same actuarial valuation (December 31, 2013) and there were no significant events, no liability gains or losses due to experience or assumption changes reported.

(C) *Changes in actuarial methods and assumptions.*

The discount rate assumption for 2014 through 2023 changed as follows:

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Long-term rate of return	7.25	7.25 %	7.25 %	7.50 %	7.50 %	7.50 %	7.75 %	7.75 %	7.75 %	8.00 %
Municipal bond 20-year high grade rate	4.00	4.31	2.25	1.93	3.26	3.64	3.16	3.71	3.20	3.40
Blended GASB discount rate	N/A	N/A	N/A	N/A	N/A	N/A	7.61	7.58	7.55	7.77

Since 2018 the fiduciary net position was projected to be sufficient to make all projected future benefit payments of the current plan members and their beneficiaries; therefore, the discount rate used to measure the Plan's actuarial pension liabilities continues to be the long-term rate of return.

January 1, 2023 Assumption Changes:

The temporary load to the normal cost to cover for lower than anticipated active headcount was removed.

January 1, 2022 Assumption Changes:

Based on the results of the 2022 experience actuarial study performed for the Plan, the following assumption changes were made: 1) updated retirement, termination and disability rates, 2) updated assumed salary increase rates, 3) updated the inflation assumption from 2.4% up to 2.5%, 4) a 5% load was added to the normal cost to adjust for any shortfall in measurement due to changes to the administrative system and actuary, the active headcount was lower than expected. These actuarial changes reflected in the 2022 actuarial valuation are reflected in the 2022 pension liability reported by the Plan.

January 1, 2021 Assumption Changes:

The actuarial assumptions and methods applied in measuring pension liabilities of the Plan and the County's annual contribution to the plan where updated based on an actuarial experience study. The changes resulting from the actuarial study, approved by the Pension Board, became effective with the January 1, 2021 actuarial valuation. The changes include: 1) updated the most recent mortality scale of MP-2020, 2) lowered the long-term rate of return 7.25%, 3) implemented an administrative expense load to normal cost based on trend and inflation, and 4) implemented an interest adjustment to reflect the timing of the County's contribution. These actuarial changes reflected in the 2021 actuarial valuation are reflected in the 2021 pension liability reported by the Plan.

January 1, 2020 Assumption Changes:

For the Police Plan, the unreduced retirement rates changed to 30% from age 50 to 54 and 20% from age 55 to 59 with an additional 10% assumed to retire in the first year of eligibility. The unreduced retirements rates changed to 20% at age 60 and 61, 40% at age 62, and 25% at age 63 and 64.

For the Police Plan, the reduced retirement rates changed for all eligible ages to 5% prior to normal retirement date.

For the Police Plan, the PTO conversion load for participants hired prior to 1/1/2002 increased FAC by 10%. The PTO conversion load for participants hired after 12/31/2001 increased the participant's credited service by 6 months.

January 1, 2019 Assumption Changes:

The Plan's funding policy for amortization of the unfunded net pension liabilities was changed to a 25-year closed-layered amortization method for the actuarial valuations prior periods used a 25-year rolling amortization method.

The actuarial assumption for salary increases was changed: 1) Civilian from 4.25% to 3.75% and 2) Police from 4.25% to 3.25%. The changes decreased the liability by $10.9 million.

There were no other changes in assumptions.

ST. LOUIS COUNTY, MISSOURI
COUNTY EMPLOYEES' RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULES OF EMPLOYER'S NET PENSION LIABILITY
AND RATIOS (UNDER GASB 67)

	For The Years Ended December 31									
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Total pension liability	$1,264,080,341	$1,213,651,372	$1,189,351,993	$1,124,535,454	$1,069,651,343	$1,053,968,837	$1,000,075,015	$ 976,919,825	$ 951,913,439	$ 882,634,967
Plan fiduciary net position	840,746,779	777,919,248	965,602,105	856,838,962	745,208,250	643,785,906	708,811,382	612,891,089	594,907,837	598,677,911
Net Pension Liability	$ 423,333,562	$ 435,732,124	$ 223,749,888	$ 267,696,492	$ 324,443,093	$ 410,182,931	$ 291,263,633	$ 364,028,736	$ 357,005,602	$ 283,957,056
Plan Fiduciary Net Position As A Percentage Of Total Pension Liability	66.51%	64.10%	81.19%	76.19%	69.67%	61.08%	70.88%	62.74%	62.50%	67.83%
Covered Payroll	$ 227,613,995	$ 209,942,444	$ 226,269,577	$ 213,663,311	$ 202,946,355	$ 228,138,805	$ 204,196,697	$ 194,735,386	$ 189,237,471	$ 187,020,333
Net Pension Liability As A Percentage Of Covered Payroll	185.99%	207.55%	98.89%	125.29%	159.87%	179.80%	142.64%	186.94%	188.65%	151.83%

NOTES TO SCHEDULE

(A) The "net pension liability" and "plan fiduciary net position as a percentage of the total pension liability" are measured on a market value of assets basis. These items presented may be appropriate for evaluating the need and level of future contributions but make no assessment regarding the actual future cost to settle the Plan's liabilities to members and their beneficiaries.

ST. LOUIS COUNTY, MISSOURI
COUNTY EMPLOYEES' RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS (UNDER GASB 67)

For The Plan Years Ended December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2014	36,202,086	36,202,086	-	187,020,333	19.36
2015	37,894,303	37,894,303	-	189,237,471	20.02
2016	39,938,958	39,938,958	-	194,735,386	20.51
2017	40,372,354	40,381,200	(8,846)	204,196,697	19.78
2018	44,349,857	44,342,552	7,305	228,138,805	19.44
2019	43,173,263	43,173,263	-	202,946,355	21.27
2020	45,371,071	45,371,071	-	213,663,311	21.23
2021	46,803,767	46,803,767	-	226,269,577	20.68
2022	44,627,336	44,627,336	-	209,942,444	21.26
2023	46,336,419	46,336,419	-	227,613,995	20.36

NOTES TO SCHEDULE

(A) Actuarially determined contribution rates are calculated as of December 31, which is 12 months prior to the beginning of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent valuation, dated January 1 each year.

(B) *Covered payroll.* The payroll on which contributions are based.

ST. LOUIS COUNTY, MISSOURI
COUNTY EMPLOYEES' RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS (UNDER GASB 67)
(Continued)

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

Valuation date	January 1, 2023
Measurement date	December 31, 2023
Actuarial cost method:	
GASB reporting	Entry Age Normal
Funding	Projected Unit Credit Method
Amortization method	25-year closed-layered amortization of the unfunded liability
Asset valuation method	Actuarial value of assets with 4 years smoothing of gains and losses, subject to a 20% corridor around fair value.
Rate of investment return	7.25% per year
Municipal bond 20-year high grade return	4.00% per year
Inflation	2.50% per year
Return on employee contributions	1.5% per year
Salary increases	Varies by age and Plan between 12% for those under age 25 to 3.5% for those over age 65
Turnover rates	Varies by age and year of membership based on plan experience
Retirement Rates:	
Civilian-Achieving Rule of 80 or 85	From age 50 to 64 the rate varies from 8% to 25%, from age 65 to 69 the rate is 30% and the rate is 100% at age 70 and up.
Civilian-Prior to Achieving Rule of 80 or 85	From age 50 to 54 a rate of 0% is used, from age 55 to 69 the rate varies between 5% and 20% and the rate is 100% at age 70 and up.
Police-Unreduced	From age 50 to 54 the rate is 30%, from age 55 to 61 the rate is 15%, at age 62 the rate is 35%, from age 63 to 64 the rate is 20%, and the rate is 100% at age 65 and up.
Police-Reduced	From age 50 to 64 the rate varies between 0% and 5% and the rate is 100% at age 65 and up.
Mortality Rates:	
Civilian	The base table utilizes a blend of 85% PubG-2010 and 15% PubS-2010 mortality tables using Scale MP-2021.
Police	The base table utilizes 100% PubS-2010 mortality tables using Scale MP-2021.

ST. LOUIS COUNTY, MISSOURI
COUNTY EMPLOYEES' RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF INVESTMENT RETURNS (UNDER GASB 67)

For The Plan Years Ended December 31	Annual Money-Weighted Rate Of Return Net Of Investment Expenses
2014	5.50 %
2015	1.80
2016	5.51
2017	18.84
2018	(6.97)
2019	19.12
2020	17.91
2021	16.23
2022	(16.56)
2023	12.58

NOTES TO SCHEDULE

(A) The annual money-weighted rate of return incorporates both the size and the timing of cash flows to determine an internal rate of return. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. The rate is determined net of investment expenses and uses external monthly cash flows (i.e., contributions, benefit payments, and administrative expenses) as inputs to the calculation.

OTHER INFORMATION SECTION

ST. LOUIS COUNTY, MISSOURI
COUNTY EMPLOYEES' RETIREMENT PLAN
OTHER INFORMATION (UNAUDITED)
HISTORICAL TREND INFORMATION - 10 YEARS

	For The Years Ended December 31									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
ADDITIONS TO NET POSITION ATTRIBUTED TO										
Employer contributions	$ 46,336,419	$ 44,627,336	$ 46,803,767	$ 45,371,071	$ 43,173,263	$ 44,342,552	$ 40,381,200	$ 39,938,958	$ 37,894,303	$ 36,202,086
Members' salary deferral contributions	3,530,775	2,911,043	2,237,957	1,661,095	993,780	269,511	-	-	-	-
Total Contributions	49,867,194	47,538,379	49,041,724	47,032,166	44,167,043	44,612,063	40,381,200	39,938,958	37,894,303	36,202,086
Investment income (loss):										
Net appreciation (depreciation) in fair value of investments	88,194,663	(165,011,824)	122,050,514	123,675,852	110,742,296	(60,501,031)	104,659,944	24,562,137	3,144,036	21,385,537
Interest and dividends	9,582,843	9,378,224	11,144,275	10,006,225	13,942,035	14,584,416	12,377,671	11,165,212	10,098,654	12,800,352
Total Investment Income (Loss)	97,777,506	(155,633,600)	133,194,789	133,682,077	124,684,331	(45,916,615)	117,037,615	35,727,349	13,242,690	34,185,889
Less: Investment expense	1,963,321	2,055,368	2,495,702	2,004,295	2,847,559	2,893,993	2,525,438	2,667,058	2,656,753	2,578,314
Net Investment Income (Loss)	95,814,185	(157,688,968)	130,699,087	131,677,782	121,836,772	(48,810,608)	114,512,177	33,060,291	10,585,937	31,607,575
Total Additions - Net	145,681,379	(110,150,589)	179,740,811	178,709,948	166,003,815	(4,198,545)	154,893,377	72,999,249	48,480,240	67,809,661
DEDUCTIONS FROM NET POSITION ATTRIBUTED TO										
Retirement benefits	81,729,378	76,364,149	70,046,970	66,220,066	63,856,064	60,145,381	58,305,373	54,510,340	51,651,047	48,639,030
Death benefits	745,000	705,000	591,667	628,332	590,000	638,000	600,000	445,000	541,000	650,000
Administrative expenses	82,817	90,004	83,846	133,275	90,149	43,550	67,711	60,657	58,267	56,172
Refunds of Members' contributions	296,653	373,115	255,185	97,563	45,258	-	-	-	-	-
Total Deductions	82,853,848	77,532,268	70,977,668	67,079,236	64,581,471	60,826,931	58,973,084	55,015,997	52,250,314	49,345,202
CHANGE IN NET POSITION	62,827,531	(187,682,857)	108,763,143	111,630,712	101,422,344	(65,025,476)	95,920,293	17,983,252	(3,770,074)	18,464,459
NET POSITION - RESTRICTED FOR PENSION, BEGINNING OF YEAR	777,919,248	965,602,105	856,838,962	745,208,250	643,785,906	708,811,382	612,891,089	594,907,837	598,677,911	580,213,452
NET POSITION - RESTRICTED FOR PENSION, END OF YEAR	$ 840,746,779	$ 777,919,248	$ 965,602,105	$ 856,838,962	$ 745,208,250	$ 643,785,906	$ 708,811,382	$ 612,891,089	$ 594,907,837	$ 598,677,911

INTERNAL CONTROL AND COMPLIANCE SECTION

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
County Employees' Retirement Plan of St. Louis County, Missouri
Clayton, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the County Employees' Retirement Plan of St. Louis County, Missouri (the Plan), a fiduciary component unit of St. Louis County, Missouri (the County), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated June 11, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Plan's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Board of Trustees
County Employees' Retirement Plan of St. Louis County, Missouri

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Louis, Missouri
June 11, 2024