

# County of Lancaster

P E N N S Y L V A N I A



The Lancaster County Employees' Retirement System  
Financial Statement  
December 31, 2021

Prepared by the Office of the Controller  
Lisa K. Colón, Controller



**Controller**  
Lisa K. Colón

## Controller's Office

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The following report presents a summarization of the Lancaster County Employees' Retirement System ("Fund") for the year of 2021. The Retirement Board continually monitors the Fund to ensure it is a solid and dependable source of income for the almost 1,500 retirees of the County, and it will continue to be a reliable source of income when the nearly 1,700 active participants of the Fund decide to retire. Along with a professional group of Investment Managers, an Actuary, and a Consultant, the Retirement Board continually strives to keep the cost of the Fund manageable for the County's budget. During 2021, the County contributed the required Actuarially Determined Contribution of \$5,142,723 to the Fund. Due to the diligence of the Retirement Board and the performance of the Fund, this is down from a contribution of over \$7 million made in 2013.

The markets had a strong year during 2021 and as a result the Fund posted a market value rate of re-turn of 14.79%. This resulted in a significant increase in the value of the Fund during 2021. The Fund increased over \$41 million during 2021 from \$348,780,651 at December 31, 2020 to \$389,968,672 at December 31, 2021. During 2021, there was an increase in the number of retirees and the total benefits paid to them from the Fund. The number of retirees increased by 63 during 2021 to 1,454. The total benefits paid increased \$3,027,955 from \$17,613,126 during 2020 to \$20,641,081 during 2021. This increase is substantially higher than years past due to an increased amount of death benefits and retirement allowances paid, and an increase in the amount of member contributions refunded.

The Retirement Board, along with the Consultant, constantly reviews the asset allocation, performance, and expenses of the investments to ensure that we have a well-diversified Fund available for the benefit of Lancaster County retirees. During 2021 fees as a percent of market value remained steady at a very reasonable 0.39%. For 2021, the Retirement Board maintained the return assumption at 7.00%. The Board decided to take a more conservative approach when considering future market returns. Due to the strong market performance over the last few years, the overall funded ratio of the Fund increased from 91.0% at January 1, 2021, to 94.6% at January 1, 2022. The actuary for the Fund considers the Fund to be well funded and in good financial standing.

The Lancaster County Employees' Retirement System continues to be a consistent source of income for the retirees of the County of Lancaster, as a direct result of the devoted work of the Retirement Board, Consultants, Investment Managers, Actuary, and Custodian. I would like to acknowledge the dedicated efforts of my staff who process the retirement quotes, benefit payments, handle daily inquiries, and review all transactions of the Fund. If you have any questions, please direct them to the Controller's Office at (717) 299-8262, and we will be glad to assist you.

Lisa K. Colón  
Retirement Fund Secretary



# The Lancaster County Employees' Retirement System Structure of the Plan Management

**Retirement Board**  
 Joshua Parsons, Commissioner/Chairman  
 Ray D'Agostino, Commissioner  
 Craig Lehman, Commissioner  
 Brian Hurter, Controller/Secretary  
 Amber Martin, Treasurer

**Fulton Financial Advisors**  
*Custodian of Pension Assets*

**Marquette Associates**  
*Consultant to Pension Fund*

**Korn Ferry Hay Group**  
*Actuary of Pension Fund*

**Vanguard S&P 500 EFT**  
*Mutual Fund*

**GW & K Small-Mid Cap Equity**  
*Comingled Investment Trust*

**Dodge & Cox Global Stock**  
*Mutual Fund*

**Artsian Global**  
*Comingled Investment Trust*

**Schroder International Multi-Cap Value Trust**  
*Comingled Investment Trust*

**Fidelity Emerging Markets Index**  
*Mutual Fund*

**Morgan Stanley**  
*Comingled Investment Trust*

**CS McKee Investment Managers**  
*Investment Manager*

**Vanguard Short-Term Corporate Bond Index**  
*Mutual Fund*

**Fidelity 500 Index**  
*Mutual Fund*

**Vanguard Small Cap Value Index**  
*Mutual Fund*

**AB Global Core Equity**  
*Mutual Fund*

**MFS Low Volatility Global Equity**  
*Comingled Investment Trust*

**Fidelity Total International Index**  
*Mutual Fund*

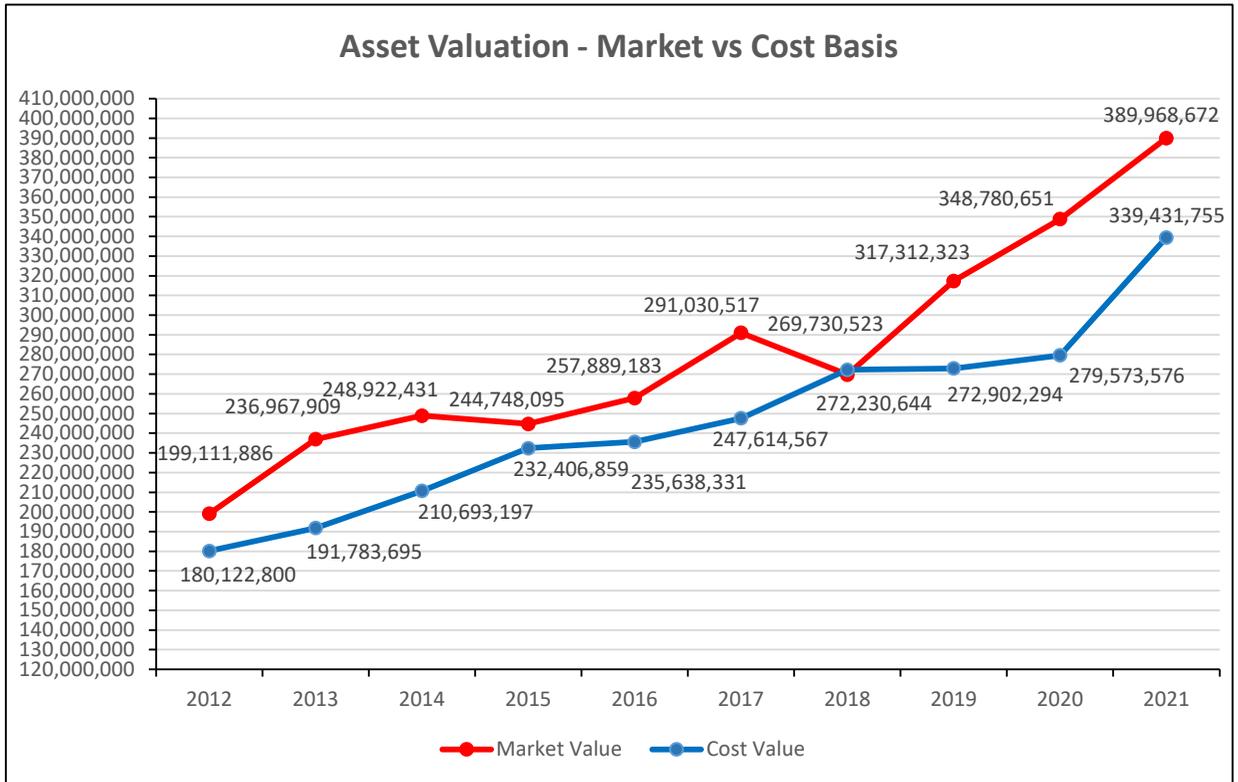
**JP Morgan**  
*Comingled Investment Trust*

**Cohen & Steers Global Infrastructure**  
*Investment Manager*

**Fidelity Intermediate Treasury Bond Index**  
*Mutual Fund*

**The Lancaster County Employees' Retirement System  
Statement of Plan Assets as of December 31, 2021**

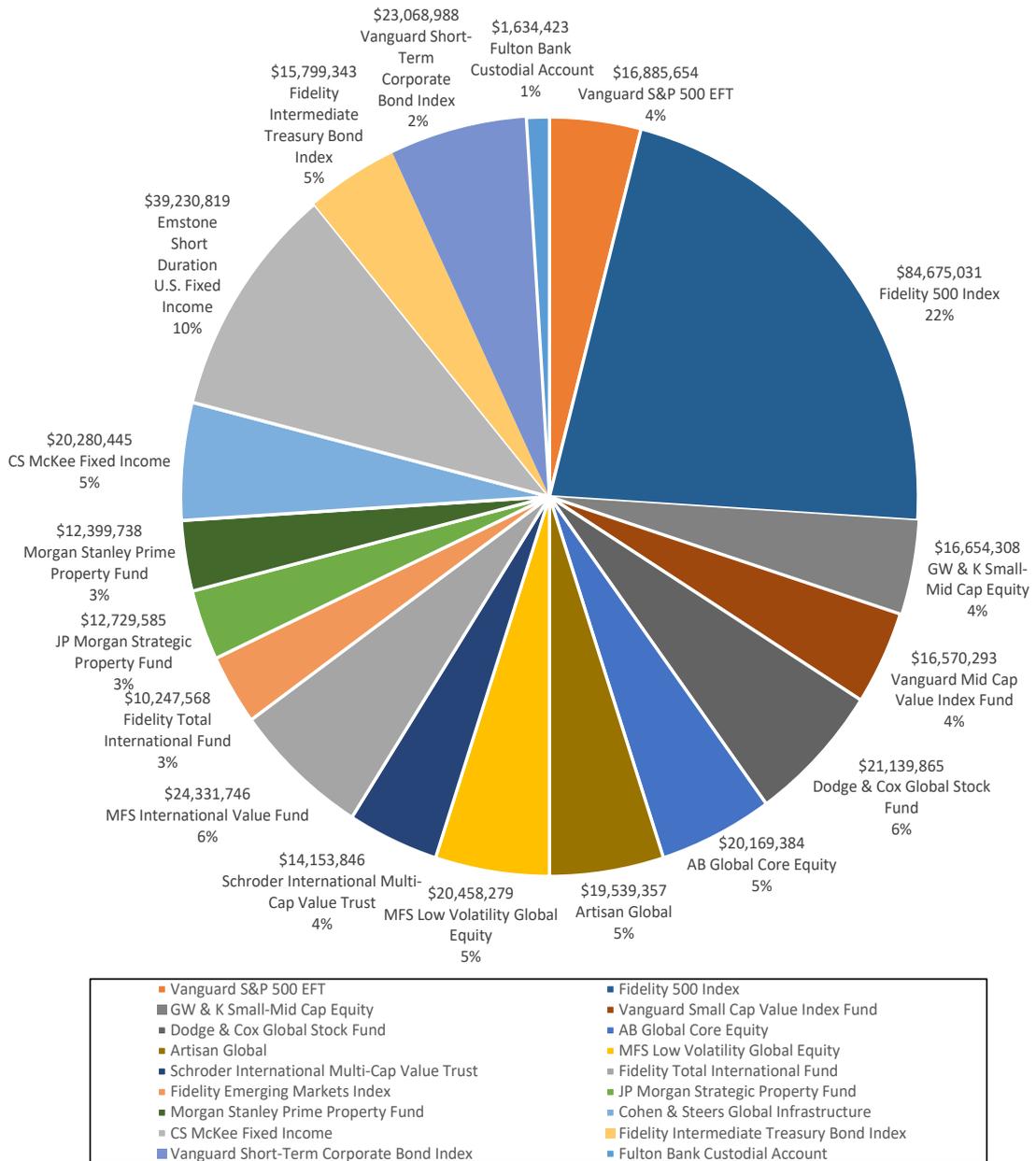
<u>Assets</u>	<u>Market Value</u>	<u>Cost Value</u>
Investments:		
Equity Mutual Funds	\$128,147,200	\$107,035,189
Exchange Traded Index Funds	16,885,654	10,458,095
Global Mutual Funds	101,587,330	82,893,711
International Equities	41,478,684	39,775,507
Real Estate Funds	25,129,323	21,944,667
Fixed Income Mutual Funds	38,851,474	39,159,296
Corporate Bonds	14,330,422	14,467,467
Government Securities	15,803,079	15,948,413
Mortgage Obligations	4,160,679	4,190,926
Certificates of Deposit	1,179,946	1,143,603
Money Market & Cash Equivalents	2,123,573	2,123,573
Receivables	291,308	291,308
<b>Net Assets Held for Pension Benefits at December 31, 2021</b>	<b><u>\$389,968,672</u></b>	<b><u>\$339,431,755</u></b>



# The Lancaster County Employees' Retirement System

## % Of Portfolio By Manager

### As Of 12/31/21



**Lancaster County Employees' Retirement System**  
**Estimated Management And Administrative Fees for 2021**

	12/31/21 Market Value	Estimated Annual Fees
Fulton Bank Custodial Account	\$1,634,423	\$ -
Vanguard S&P 500 EFT	16,885,654	6,754
Fidelity 500 Index	84,675,031	12,701
GW & K Small-Mid Cap Equity	16,654,308	108,253
Vanguard Small Cap Value Index	16,570,293	9,942
Dodge & Cox Global Stock Fund	21,139,865	131,067
AB Global Core Equity	20,169,384	163,372
Artisan Global	19,539,357	166,085
MFS Low Volatility Global Equity	20,458,279	73,252
Schroder Int'l Multi-Cap Value Trust	14,153,846	77,846
Fidelity Total International	24,331,746	14,599
Fidelity Emerging Markets Index	10,247,568	7,686
JP Morgan	12,729,585	130,647
Morgan Stanley	12,399,738	161,723
Cohen & Steers Gobal Infrastructure	20,280,445	190,636
CS McKee Investment Managers	39,230,819	78,462
Fidelity Intermediate Treasury Bond Index	15,799,343	4,740
Vanguard Short-Term Corporate Bond Index	23,068,988	11,534
Money Market Fund	-	2,841
Fulton Financial Advisors (Custodian)	-	38,115
Korn Ferry Haygroup (Actuary)	-	38,095
Marquette Associates (Consultant)	-	98,625
	<b>\$389,968,672</b>	<b>\$1,527,785</b>

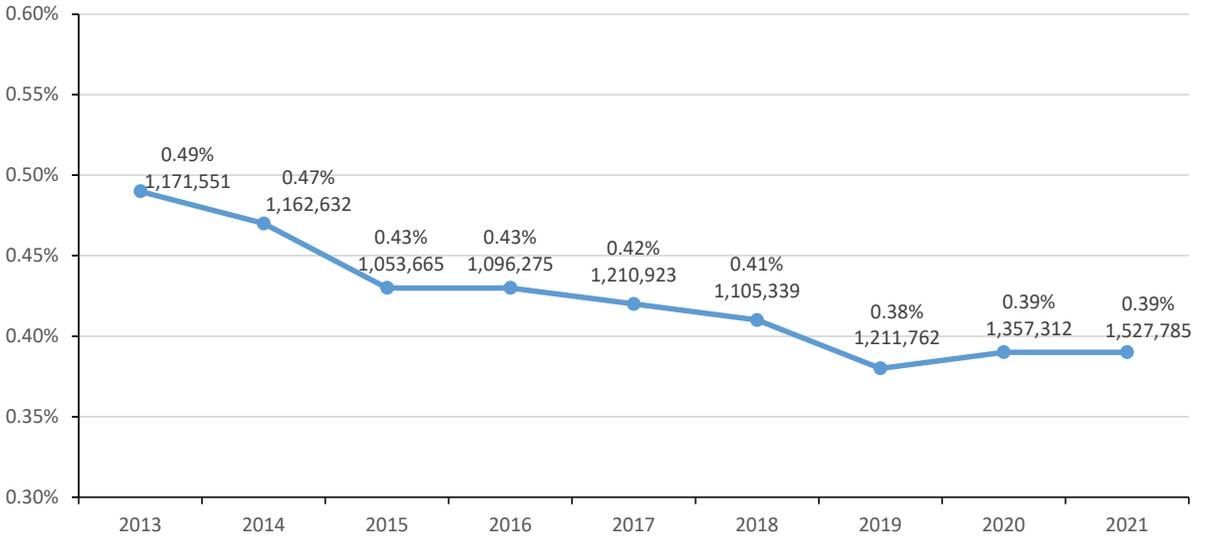
Percentage of Market Value 0.39%

**Schedule Of Lancaster County Contributions and Returns**

Year	Actuarially Determined Contribution*	County Contribution	Market Value Rate of Return
2021	\$5,142,723	\$5,142,723	14.79%
2020	4,918,872	4,918,872	12.30
2019	5,048,537	5,048,537	20.61
2018	4,399,055	4,399,055	(4.70)
2017	4,424,334	4,424,334	15.62
2016	4,580,199	4,580,199	7.95
2015	5,228,813	5,228,813	(0.12)
2014	5,962,997	5,962,997	6.22
2013	7,001,128	7,001,128	19.50
2012	7,142,834	7,142,834	11.68

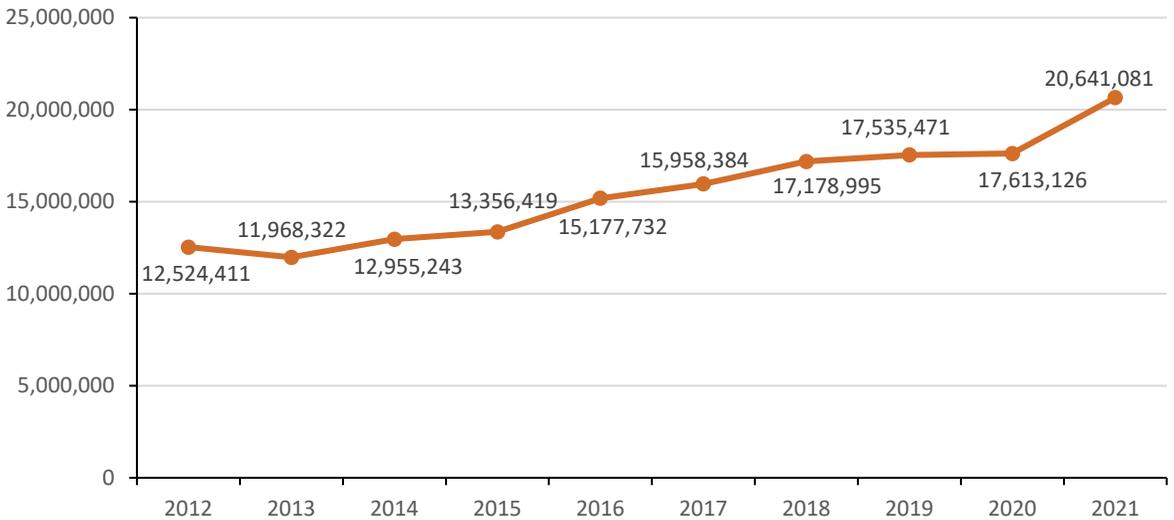
\*Prior to 2014, contribution was described as Annual Required Contribution (ARC).

## The Lancaster County Employees' Retirement System Estimated Management and Investment Fees



Note: The percentage shown is the estimated annual fees compared to that year's ending market value.

## Member Benefit Payments & Refunds



**The Lancaster County Employees' Retirement System  
Statement Of Change In Plan Net Assets For The Year Ended December 31, 2021**

**Total Assets (Cost Value) – January 1, 2021** \$279,573,576

**Additions**

Member Contributions	\$6,231,470	
Member Contributions Receivable	23,260	
Member Purchase Of County Share	16,034	
County Contribution	5,142,723	
Net Investment Income:		
Interest/Dividends	8,159,349	
Realized Capital Gain/(Loss)	61,386,239	
Accrued Investment Income	<u>4,538</u>	
<b>Total Additions</b>		<b>\$80,963,613</b>

**Deductions**

Member Contributions Refunded	\$1,470,929	
Retirement Allowances Paid	18,717,848	
Death Benefits	452,304	
Administrative Expenses	43,928	
Investment Expenses	367,348	
Miscellaneous	<u>53,077</u>	
<b>Total Deductions</b>		<b><u>\$21,105,434</u></b>

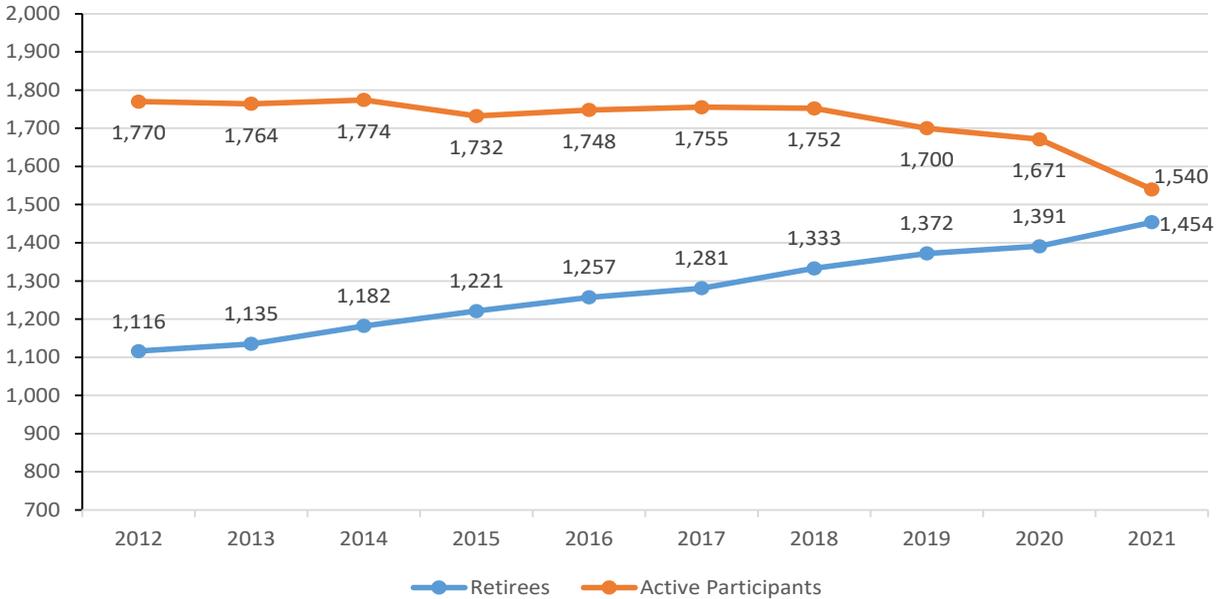
**Total Increase/(Decrease)** **59,858,179**

**Total Assets (Cost Value) December 31, 2021** **339,431,755**

**Unrealized Appreciation/(Depreciation)** **50,536,917**

**Total Assets (Market Value) December 31, 2021** **\$389,968,672**

## The Lancaster County Employees' Retirement System Number of Retirees vs Active Participants at Year End



### Schedule Of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2013	194,240,337	241,101,765	46,861,428	80.6%	76,305,642	61.4%
1/1/2014	216,918,969	253,533,460	36,614,491	85.6	77,867,605	47.0
1/1/2015	236,547,831	265,716,928	29,169,097	89.0	79,478,159	36.7
1/1/2016	250,584,482	278,638,967	28,054,485	89.9	81,355,686	34.5
1/1/2017	264,742,298	292,274,553	27,532,264	90.6	80,039,687	34.4
1/1/2018	281,656,365	308,081,325	26,424,960	91.4	82,059,110	32.2
1/1/2019	287,876,891	320,067,540	32,190,649	89.9	83,892,412	38.4
1/1/2020	300,818,281	341,362,445	40,544,164	88.1	83,386,323	48.6
1/1/2021	323,666,104	355,614,396	31,948,292	91.0	84,337,086	37.9
1/1/2022	351,193,373	371,171,231	19,977,858	94.6	81,800,905	24.4

**Actuarial Assumptions:**

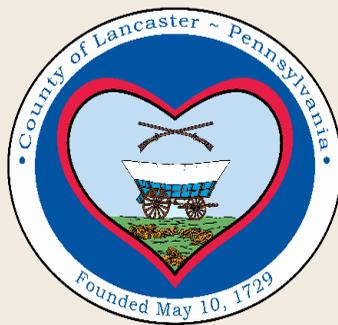
Investment Rate of Return - 7% for 2020-2022, 7.25% for 2018-2019, 7.35% for 2016-2017, 7.5% from 2013-2015  
 Projected Salary Increases - 4% for 2018-2022, 3.75% from 2013-2017, 4.5% for 2012  
 Inflation Assumption - 3% from 2013-2022

## The Lancaster County Employees' Retirement System Portfolio As Of 12/31/21 At Market Value

	Cash Equivalents	Government Securities	Corporate Bonds & CDs	Mutual Funds & Equities	Real Estate	Int'l Bonds	Total
Fulton Bank Custodial Account	\$1,634,423						\$1,634,423
Vanguard S&P 500 ETF			16,885,654				16,885,654
Fidelity 500 Index			84,675,031				84,675,031
GW & K Small-Mid Cap Equity			16,654,308				16,654,308
Vanguard Small Cap Value Index			16,570,293				16,570,293
Dodge & Cox Global Stock Fund			21,139,865				21,139,865
AB Global Core Equity			20,169,384				20,169,384
Artisan Global			19,539,357				19,539,357
MFS Low Volatility Global Equity			20,458,279				20,458,279
Schroder International Multi-Cap Value Trust			14,153,846				14,153,846
Fidelity Total International Index Fund			24,331,746				24,331,746
Fidelity Emerging Markets Index			10,247,568				10,247,568
JP Morgan Strategic Property Fund				12,729,585			12,729,585
Morgan Stanley Prime Property Fund				12,399,738			12,399,738
Cohen & Steers Global Infrastructure			20,280,445				20,280,445
CS McKee Fixed Income	613,257	15,834,229	15,611,186		4,166,656	3,005,491	39,230,819
Fidelity Intermediate Treasury							
Bond Index			15,799,343				15,799,343
Vanguard Short-Term Corp Bond Index			23,068,988				23,068,988
<b>Total</b>	\$2,247,680	\$15,834,229	\$15,611,186	\$323,974,107	\$29,295,979	\$3,005,491	\$389,968,672

**The Lancaster County Employees' Retirement System  
Portfolio As Of 12/31/21 At Cost Value**

	Cash Equivalents	Government Securities	Corporate Bonds & CDs	Mutual Funds & Equities	Real Estate	Int'l Bonds	Total
Fulton Bank Custodial Account	\$1,634,423						\$1,634,423
Vanguard S&P 500 ETF				10,458,095			10,458,095
Fidelity 500 Index				61,711,087			61,711,087
GW & K Small-Mid Cap Equity				17,000,000			17,000,000
Vanguard Small Cap Value Index				17,109,244			17,109,244
Dodge & Cox Global Stock Fund				14,892,487			14,892,487
AB Global Core Equity				20,922,097			20,922,097
Artisan Global				10,582,460			10,582,460
MFS Low Volatility Global Equity				16,500,000			16,500,000
Schroder International Multi-Cap Value Trust				14,000,000			14,000,000
Fidelity Total International Index Fund				22,749,119			22,749,119
Fidelity Emerging Markets Index				11,214,858			11,214,858
JP Morgan Strategic Property Fund					10,810,089		10,810,089
Morgan Stanley Prime Property Fund					11,134,578		11,134,578
Cohen & Steers Global Infrastructure				19,996,668			19,996,668
CS McKee Fixed Income	613,257	15,979,562	15,711,889		4,196,902	3,038,787	39,540,397
Fidelity Intermediate Treasury Bond Index				15,861,958			15,861,958
Vanguard Short-Term Corp Bond Index				23,314,195			23,314,195
<b>Total</b>	<b>\$2,247,680</b>	<b>\$15,979,562</b>	<b>\$15,711,889</b>	<b>\$276,312,268</b>	<b>\$26,141,569</b>	<b>\$3,038,787</b>	<b>\$339,431,755</b>



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