

County of Lancaster

PENNSYLVANIA



The Lancaster County Employees' Retirement System
Financial Statement
December 31, 2023
Prepared by the Office of the Controller
Lisa K. Colón, Controller



Controller's Office

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Controller
Lisa K. Colón

The following report presents a summarization of the Lancaster County Employees' Retirement System ("Fund") for the year of 2023. 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 is constantly working to keep the cost of the Fund manageable for the County's budget. During 2023, the County contributed the required Actuarially Determined Contribution of \$5,159,368 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 2023, and as a result the Fund posted a market value rate of return of 12.89%. This resulted in an increase in the value of the Fund during 2023. The Fund increased over \$26.6 million during 2023 from \$343,992,180 at December 31, 2022 to \$370,621,366 at December 31, 2023. During 2023, 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 44 during 2023 to 1,498. The total benefits paid increased \$1,410,087 from \$21,751,236 during 2022 to \$23,161,323 during 2023. This increase is higher due to an increased amount of death benefits and retirement allowances paid, and an increase in the amount of member contributions refunded.

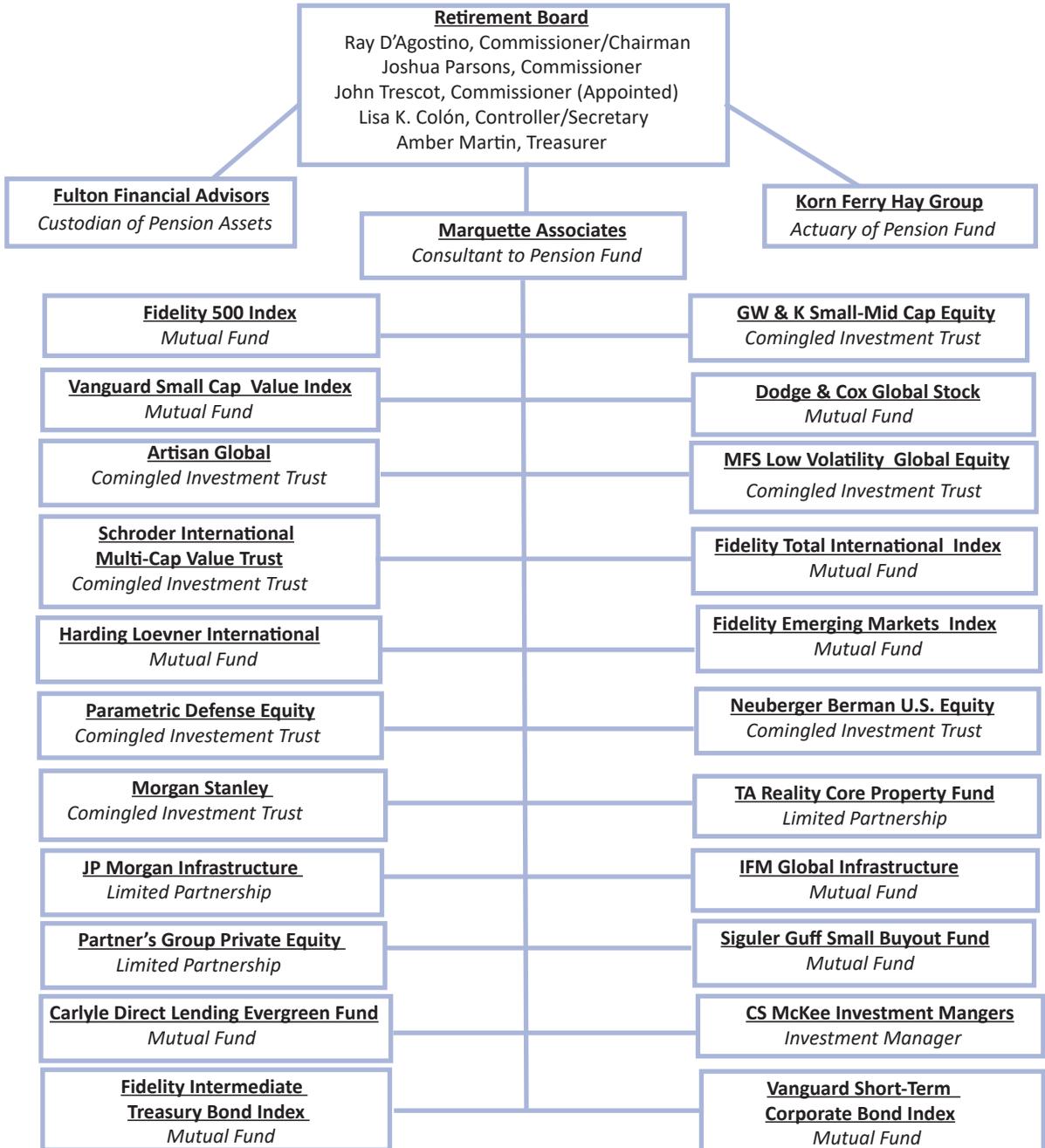
The Retirement Board, along with the Consultant, constantly reviews the asset allocation, performance, and expenses of the investments to ensure that we have a well-diversified Fund available for the benefit of Lancaster County retirees. During 2023 fees as a percent of the market value remained steady at a reasonable 0.47%. For 2023, 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 rebound over the last year, the overall funded ratio of the Fund increased from 93.0% at January 1, 2023 to 94.1% at January 1, 2024. The actuary for the Fund considers the Fund to be well funded and in good financial standing.

As a result of the devoted work of the Retirement Board, Consultants, Investment Managers, Actuary, and Custodian, the Lancaster County Employees' Retirement System continues to be a consistent source of income for the retirees of Lancaster County. I would like to acknowledge the dedicated efforts of my staff who process all the payments, handle your daily inquiries, and review all transactions of the Fund. Should 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



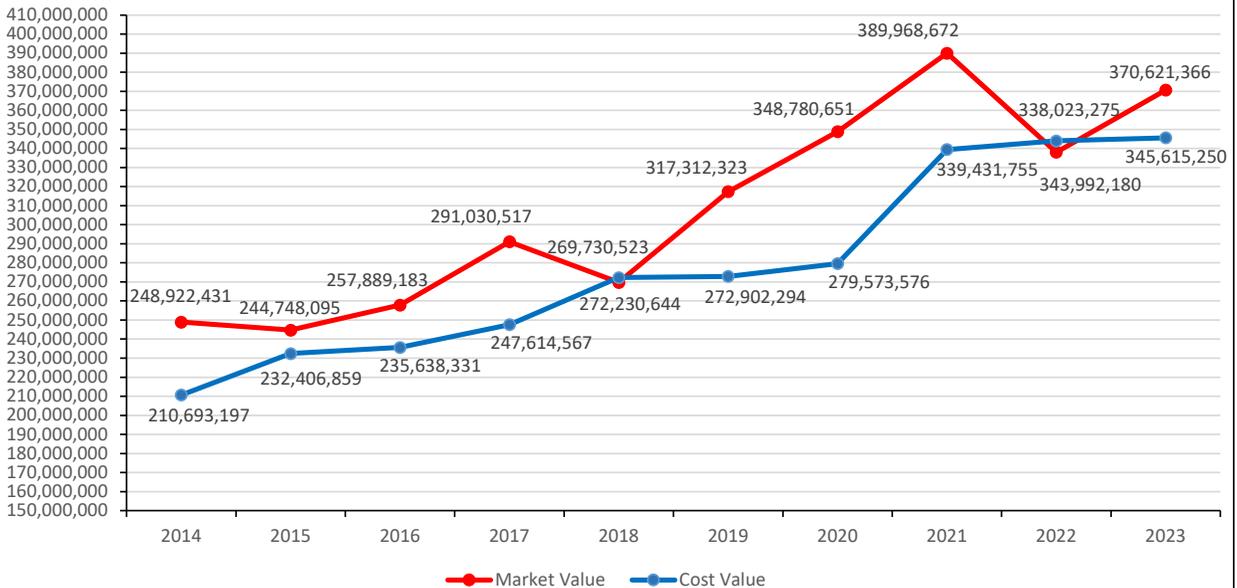
The Lancaster County Employees' Retirement System Structure of the Plan Management



**The Lancaster County Employees' Retirement System
Statement of Plan Assets as of December 31, 2023**

<u>Assets</u>	<u>Market Value</u>	<u>Cost Value</u>
Investments:		
Equity Mutual Funds	\$ 93,182,350	\$ 85,496,997
Global Mutual Funds	54,121,777	43,049,751
International Equities	31,825,125	31,518,715
Real Estate Funds	23,351,944	24,311,954
Fixed Income Mutual Funds	40,776,703	42,018,813
Corporate Bonds	13,211,355	13,275,786
Government Securities	21,294,462	21,118,421
Mortgage Obligations	3,516,407	3,607,166
Certificates of Deposit	236,885	235,435
Defensive Equity	17,958,573	16,978,183
Private Equity	16,994,019	15,037,398
Private Credit	23,585,854	19,635,030
Infrastructure	27,902,912	26,668,601
Money Market & Cash Equivalents	1,935,592	1,935,592
Receivables	<u>727,408</u>	<u>727,408</u>
Net Assets Held for Pension Benefits at December 31, 2023	<u>\$370,621,366</u>	<u>\$345,615,250</u>

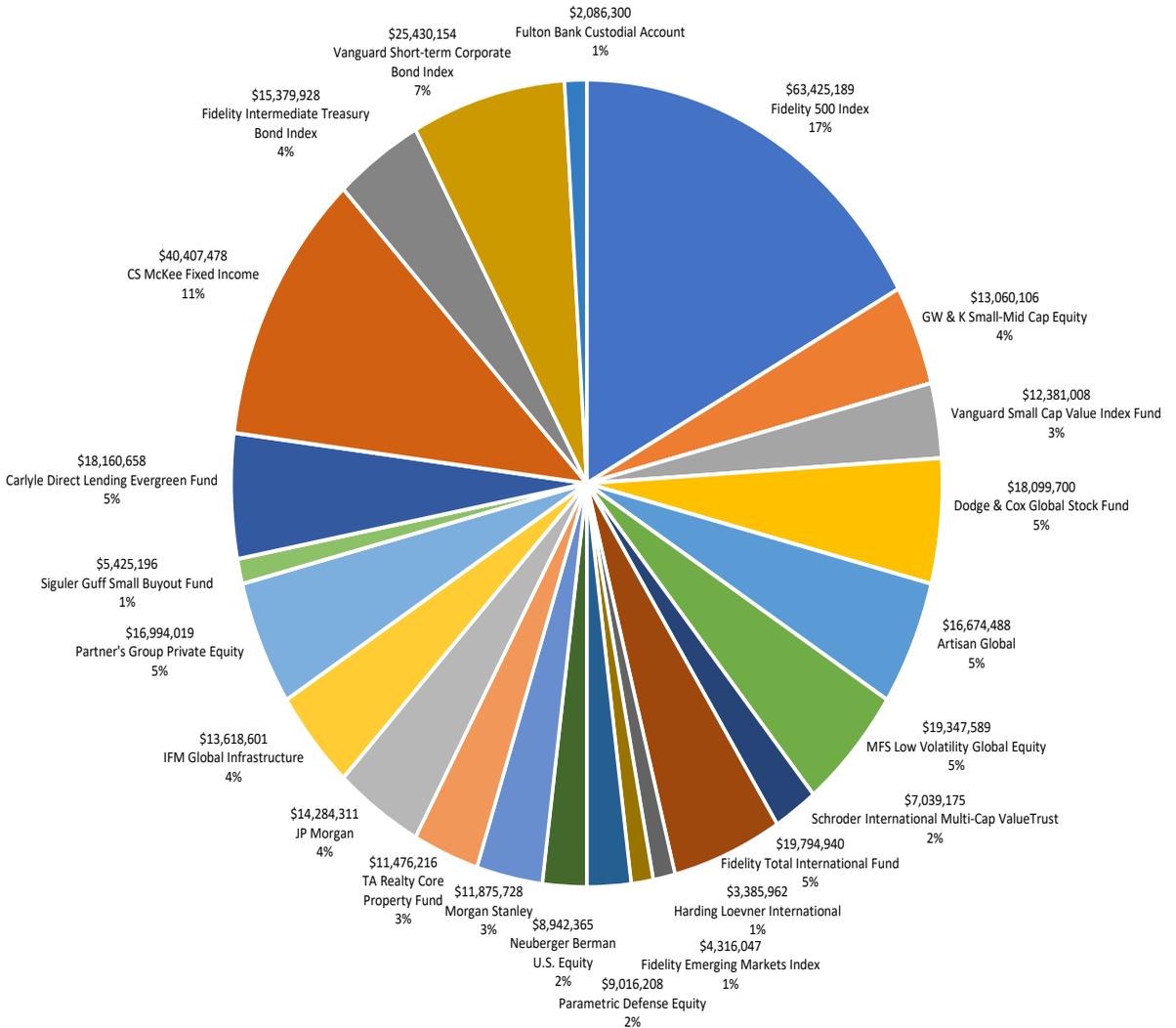
Asset Valuation - Market vs Cost Basis



The Lancaster County Employees' Retirement System

% of Portfolio by Manager

As of 12/31/23



- | | | |
|--|-------------------------------------|---|
| ■ Fidelity 500 Index | ■ GW & K Small-Mid Cap Equity | ■ Vanguard Small Cap Value Index Fund |
| ■ Dodge & Cox Global Stock Fund | ■ Artisan Global | ■ MFS Low Volatility Global Equity |
| ■ Schroder International Multi-Cap Value Trust | ■ Fidelity Total International Fund | ■ Harding Loevner International |
| ■ Fidelity Emerging Markets Index | ■ Parametric Defense Equity | ■ Neuberger Berman U.S. Equity |
| ■ Morgan Stanley | ■ TA Realty Core Property Fund | ■ JP Morgan |
| ■ IFM Global Infrastructure | ■ Partner's Group Private Equity | ■ Siguler Guff Small Buyout Fund |
| ■ Carlyle Direct Lending Evergreen Fund | ■ CS McKee Fixed Income | ■ Fidelity Intermediate Treasury Bond Index |
| ■ Vanguard Short-term Corporate Bond Index | ■ Fulton Bank Custodial Account | |

Lancaster County Employees' Retirement System
Estimated Management And Administrative Fees for 2023

	12/31/23 Market Value	Estimated Annual Fees
Fulton Bank Custodial Account	\$2,086,300	\$ -
Fidelity 500 Index	63,425,189	9,514
GW & K Small-Mid Cap Equity	13,060,106	84,891
Vanguard Small Cap Value Index	12,381,008	7,359
Dodge & Cox Global Stock Fund	18,099,700	112,218
Artisan Global	16,674,488	151,456
MFS Low Volatility Global Equity	19,347,589	63,847
Schroder Int'l Multi-Cap Value Trust	7,039,175	40,462
Fidelity Total International	19,794,940	11,877
Harding Loevner International	3,385,962	37,923
Fidelity Emerging Markets Index	4,316,047	3,237
Parametric Defense Equity	9,016,208	24,795
Neuberger Berman U.S. Equity	8,942,365	26,827
Morgan Stanley	11,875,728	99,756
TA Reality Core Property Fund	11,476,216	81,145
JP Morgan	14,284,311	111,418
IFM Gobal Infrastructure	13,618,601	104,863
Partner's Group Private Equity	16,994,019	226,794
Siguler Guff Small Buyout Fund	5,425,196	32,551
Carlyle Direct Lending Evergreen Fund	18,160,658	140,856
CS McKee Investment Managers	40,407,478	80,815
Fidelity Intermediate Treasury Bond Index	15,379,928	4,614
Vanguard Short-Term Corporate Bond Index	25,430,154	17,808
Money Market Fund	-	3,567
Fulton Financial Advisors (Custodian)	-	34,910
Korn Ferry Haygroup (Actuary)	-	35,051
Marquette Associates (Consultant)	-	211,559
	<u>\$370,621,366</u>	<u>\$1,760,113</u>

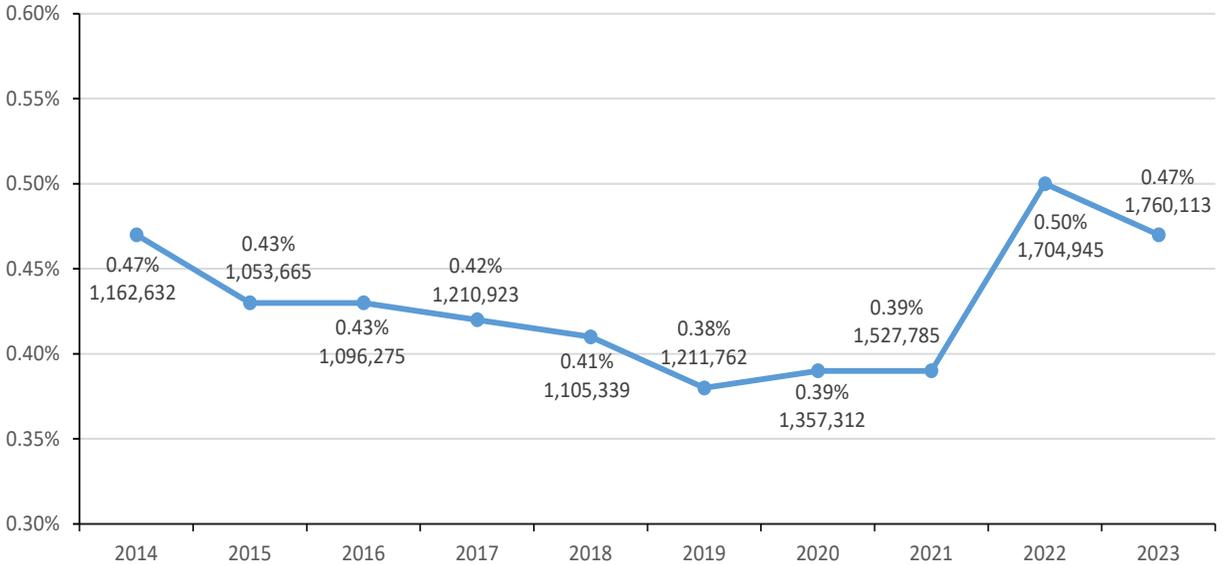
Percentage of Market Value 0.47%

Schedule Of Lancaster County Contributions and Returns

Year	Actuarially Determined Contribution*	County Contribution	Market Value Rate of Return
2023	\$5,159,368	\$5,159,368	12.89%
2022	3,903,385	3,903,385	(10.58)
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

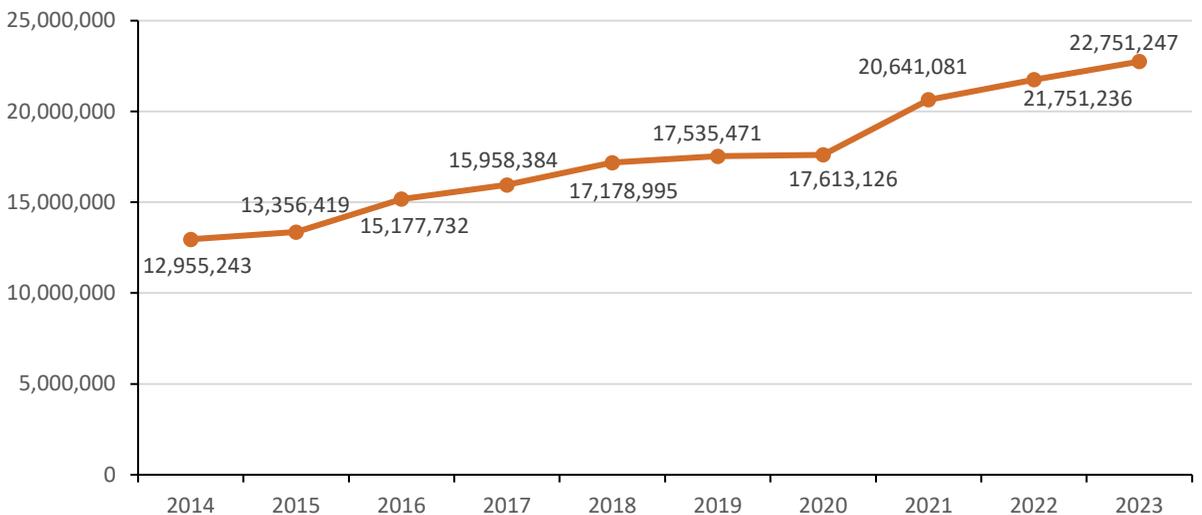
*Prior to 2014, contribution was described as Annual Required Contribution (ARC).

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, 2023**

Total Assets (Cost Value) – January 1, 2023 \$343,992,180

Additions

Member Contributions	\$7,668,333	
Member Contributions Receivable	35,064	
Member Purchase Of County Share	0	
County Contribution	5,159,368	
Net Investment Income:		
Interest/Dividends	9,285,575	
Realized Capital Gain/(Loss)	2,504,599	
Accrued Investment Income	<u>130,298</u>	
Total Additions		\$24,783,237

Deductions

Member Contributions Refunded	\$1,302,070	
Retirement Allowances Paid	21,249,303	
Death Benefits	199,874	
Administrative Expenses	80,520	
Investment Expenses	298,489	
Miscellaneous	<u>29,911</u>	
Total Deductions		\$ <u>23,160,167</u>

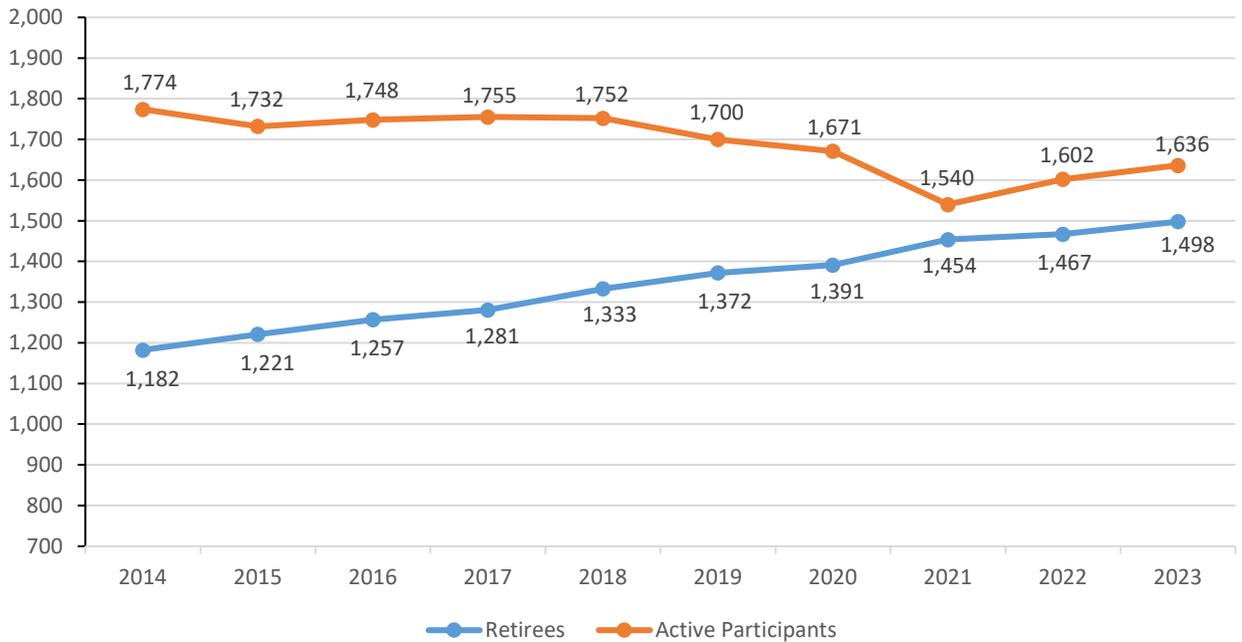
Total Increase/(Decrease) 1,623,070

Total Assets (Cost Value) December 31, 2023 345,615,250

Unrealized Appreciation/(Depreciation) 25,006,116

Total Assets (Market Value) December 31, 2023 \$370,621,366

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
1/1/2015	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
1/1/2023	362,242,486	389,702,640	27,460,154	93.0	92,217,959	29.8
1/1/2024	381,445,220	405,537,405	24,092,185	94.1	99,808,810	24.1

Actuarial Assumptions:

Investment Rate of Return - 7% for 2020-2024, 7.25% for 2018-2019, 7.35% for 2016-2017, 7.5% from 2014-2015

Projected Salary Increases - 4% for 2018-2024, 3.75% from 2014-2017

Inflation Assumption - 3% from 2013-2023

The Lancaster County Employees' Retirement System
Portfolio As Of 12/31/23 At Market Value

	Cash Equivalents	Government Securities	Corporate Bonds & CDs	Mutual Funds & Equities	Real Estate	Int'l Bonds	Total
Fulton Bank Custodial Account	\$2,086,300						\$2,086,300
Fidelity 500 Index				63,425,189			63,425,189
GW & K Small-Mid Cap Equity				13,060,106			13,060,106
Vanguard Small Cap Value Index				12,381,008			12,381,008
Dodge & Cox Global Stock Fund				18,099,700			18,099,700
Artisan Global				16,674,488			16,674,488
MFS Low Volatility Global Equity				19,347,589			19,347,589
Schroder International Multi-Cap Value Trust				7,039,175			7,039,175
Fidelity Total International Index Fund				19,794,940			19,794,940
Harding Loewner International				3,385,962			3,385,962
Fidelity Emerging Markets Index				4,316,047			4,316,047
Parametric Defense Equity				9,016,208			9,016,208
Neuberger-Berman U.S. Equity				8,942,365			8,942,365
Morgan Stanley Prime Property Fund					11,875,728		11,875,728
TA Reality Core Property Fund					11,476,216		11,476,216
JP Morgan				14,284,311			14,284,311
IFM Global Infrastructure				13,618,601			13,618,601
Partner's Group Private Equity				16,994,019			16,994,019
Siguler Guff Small Buyout Fund				5,425,196			5,425,196
Carlyle Direct Lending Evergreen Fund				18,160,658			18,160,658
CS McKee Fixed Income	213,693	21,448,665	13,607,486		3,522,589	1,615,045	40,407,478
Fidelity Intermediate Treasury Bond Index						15,379,928	15,379,928
Vanguard Short-Term Corp Bond Index						25,430,154	25,430,154
Total	\$2,299,993	\$21,448,665	\$13,607,486	\$304,775,644	\$26,874,533	\$1,615,045	\$370,621,366

The Lancaster County Employees' Retirement System
Portfolio As Of 12/31/23 At Cost Value

	Cash Equivalents	Government Securities	Corporate Bonds & CDs	Mutual Funds & Equities	Real Estate	Int'l Bonds	Total
Fulton Bank Custodial Account	\$2,086,300						\$2,086,300
Fidelity 500 Index				54,518,766			54,518,766
GW & K Small-Mid Cap Equity				14,141,708			14,141,708
Vanguard Small Cap Value Index				12,494,084			12,494,084
Dodge & Cox Global Stock Fund				13,535,760			13,535,760
Artisan Global				11,711,649			11,711,649
MFS Low Volatility Global Equity				17,802,342			17,802,342
Schroder International Multi-Cap Value Trust				7,222,720			7,222,720
Fidelity Total International Index Fund				18,944,708			18,944,708
Harding Loevner International				3,668,291			3,668,291
Fidelity Emerging Markets Index				4,342,438			4,342,438
Parametric Defense Equity				8,500,134			8,500,134
Neuberger Berman U.S. Equity				8,478,049			8,478,049
Morgan Stanley Prime Property Fund					10,895,711		10,895,711
TA Reality Core Property Fund					13,416,243		13,416,243
JP Morgan				13,533,448			13,533,448
IFM Global Infrastructure				13,135,153			13,135,153
Partner's Group Private Equity				15,037,399			15,037,399
Siguler Guff Small Buyout Fund				4,757,259			4,757,259
Carlyle Direct Lending Evergreen Fund				14,877,771			14,877,771
CS McKee Fixed Income	213,693	21,272,625	13,670,466		3,613,348	1,692,993	40,463,125
Fidelity Intermediate Treasury Bond Index				16,334,431			16,334,431
Vanguard Short-Term Corp Bond Index				25,717,761			25,717,761
Total	\$2,299,993	\$21,272,625	\$13,670,466	\$278,753,871	\$27,925,302	\$1,692,993	\$345,615,250



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