Howard County Retirement Plan

Financial Statements
(With Supplementary Information)
and Independent Auditor's Report

June 30, 2016 and 2015

CohnReznick
Accounting • Tax • Advisory

Howard County Retirement Plan

Index

Independent Auditor's Report

To the Retirement Plan Committee
Howard County Retirement Plan

Report on the Financial Statements

We have audited the accompanying financial statements of the Howard County Retirement Plan, which comprise the statements of fiduciary net position as of June 30, 2016 and 2015, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Howard County Retirement Plan as of June 30, 2016 and 2015, and the changes in its fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Plan adopted GASB Statement No. 72, "Fair Value Measurement and Application" and GASB Statement No. 82, "Pension Issues" as of the fiscal year ended June 30, 2016. The related financial reporting requirements have been applied to the accompanying financial statements and required supplementary information. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules as of June 30, 2016, listed in the foregoing index, together referred to as "required supplementary information," are presented for the purpose of additional analysis and are not a required part of the financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

CohnReznick LLP

Baltimore, Maryland
November 23, 2016

Howard County Retirement Plan

Statements of Fiduciary Net Position
June 30, 2016 and 2015

	2016	2015
Assets		
Receivables		
Employer contributions	$ 789,413	$ 675,743
Member contributions	210,612	178,533
Interest and dividends	460,408	479,936
Due from sale of investments	204,662	414,061
Other	5,666	2,189
Total receivables	1,670,761	1,750,462
Investments, at fair value		
Equities	151,573,301	163,740,944
Alternative investments	79,708,088	69,177,971
Money market funds	6,134,081	5,969,835
Fixed income	107,307,546	98,295,250
Real assets	17,530,175	16,055,410
Total investments	362,253,191	353,239,410
Prepaid insurance	19,750	18,475
Total assets	363,943,702	355,008,347
Liabilities		
Investments purchased	1,375,994	245,988
Accounts payable	268,175	349,529
Total liabilities	1,644,169	595,517
Net position held in trust for pension benefits	$ 362,299,533	$ 354,412,830

See Notes to Financial Statements.

Howard County Retirement Plan

Statements of Changes in Fiduciary Net Position
Years Ended June 30, 2016 and 2015

	2016	2015
Additions		
Contributions		
Employer	$ 13,428,152	$ 13,967,304
Member	3,757,264	3,573,323
Total contributions	17,185,416	17,540,627
Investment income		
Net (depreciation) appreciation in fair value of investments	(2,989,734)	1,693,646
Interest	2,045,244	2,207,988
Dividends	6,751,837	7,209,286
Other, net	50,549	31,140
Total investment income	5,857,896	11,142,060
Less investment expense	1,114,525	1,158,785
Net investment income	4,743,371	9,983,275
Total additions	21,928,787	27,523,902
Deductions		
Benefit payments		
Annuities	13,269,777	11,900,255
Death	83,348	223,103
Refunds of contributions	347,225	252,397
Total benefits	13,700,350	12,375,755
Administration expenses	341,734	311,597
Total deductions	14,042,084	12,687,352
Net change	7,886,703	14,836,550
Net position held in trust for pension benefits		
Beginning of year	354,412,830	339,576,280
End of year	$ 362,299,533	$ 354,412,830

See Notes to Financial Statements.

Note 1 - Plan description

Plan administration

The Howard County Retirement Plan (the "Plan") is a single-employer defined benefit public employee retirement system established and administered by Howard County, Maryland (the "County"), to provide defined pension benefits for those County employees who do not participate in other County and State plans. The Plan was established on July 1, 1995, at which time approximately 73% of the County's employees transferred from the State Retirement and Pension Systems of Maryland to the Plan. The Plan is considered part of the County's financial reporting entity and is included in the County's financial statements as a pension trust fund. The accompanying financial statements present only the operations of the Plan and are not intended to present the financial position and results of operations of the County.

Plan membership

At July 1, 2015 and 2014, the Plan's membership consisted of the following:

	2015	2014
Active	1,692	1,669
Retired and beneficiaries	619	556
Disabled	18	13
Terminated vested	195	191
	2,524	2,429

The Plan was established, is operated, and may be amended under the provisions of the Howard County Code, Sections 1.400 and 1.401 to 1.478. Essentially all of the County's full-time benefited and part-time benefited employees (excluding career firefighters and sworn police officers) are eligible to participate in the Plan, except for certain exceptions provided for in Howard County Code Section 1.406. The Retirement Plan Committee established by Howard County Code Section 1.455 has full power and authority to administer and operate the Plan in accordance with its terms and in particular the authority contained in subsection 1.454(a). The Pension Oversight Commission established by Howard County Section 1.482 provides ongoing assessment and evaluation of the Plan's operations.

Benefits provided

Under the Retirement Plan, participants become vested after five years of eligibility service and are entitled to a benefit beginning at age 62. If an employee leaves employment or dies before five years of eligibility service, accumulated employee contributions plus interest are refunded to the employee or designated beneficiary. A participant who becomes totally and permanently disabled may retire prior to normal retirement and receive a benefit. Both disability and death benefits vary if incurred in the line of duty.

Participating general employees with 30 years of eligibility service, regardless of age, or who attain the age of 62 and older, with 2 to 5 years of eligibility service (for a total of 67 years), are entitled to a normal retirement benefit. For creditable service earned prior to June 30, 2012, the benefit is 1.55% of the participant's average compensation times the participant's creditable service; for creditable service after July 1, 2012, the multiplier is 1.66%. The Plan permits early retirement for participants who attain the age of 55 with at least 15 years of Eligibility Service or have 25 years of eligibility service, regardless of age. For early retirement, the benefit is reduced by 0.5% for each month that the benefit begins prior to normal retirement date.

For participating AFSCME Local 3085 the benefit is 1.66% of the participants average compensation times all years of creditable service.

Participating Corrections employees are entitled to receive a normal retirement benefit of 2.5% of average compensation multiplied by years of creditable service (up to 20 years) plus 1.0% of average compensation multiplied by creditable service greater than 20 years but less than 30 years (excluding sick leave, which is always credited at 1.0% of average compensation). Normal retirement is the attainment of age of 62 and older, with 2 to 5 years of eligibility service (for a total of 67 years), or the completion of 20 years of eligibility service, regardless of age.

Annually, the benefits are adjusted for cost of living adjustment ("COLA"). The Plan uses the Consumer Price Index ("CPI-U") for the Washington/Baltimore area as published by the Bureau of Labor Statistics to calculate the change in retiree allowances each July. Maximum annual COLA is 3%.

Contributions

The Plan is authorized to establish or amend the obligation to make contributions under the provisions of Sections 1.423 and 1.465 of the Howard County Code. The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Participant contributions are 8.5% of base pay for participating Corrections employees with less than 20 years of creditable service, 0% of base pay for participating Correction employees with greater than 20 years of creditable service and effective January 1, 2014, 3% of base pay for other participants. The County funds the remainder of the cost of employees' participation in the Plan which was 12.4% and 13.5% of covered payroll in fiscal years 2016 and 2015, respectively. The County contribution is determined through an actuarial valuation performed by Bolton Partners, Inc. for each fiscal year. Expenses incurred in the administration and operation of the Plan are funded by the Plan.

Note 2 - Summary of significant accounting policies and plan asset matters

Method used to value investments

The Plan's investments are reported at fair market value. Short-term investments consisting of money market funds are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at either the last reported sales price, evaluated bid, broker quoted, or pool-specific pricing. The fair value of real estate investments is approximated by the net asset value of the Plan's share of ownership of the co-mingled real estate investment funds. Fair value of other securities is determined by the mean of the most recent bid and asked prices as obtained from dealers that make markets in such securities.

Basis of accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized as revenue in the period in which employee services are performed and expenses and refunds are recorded when the corresponding liabilities are incurred, regardless of when payment is made. Benefits are recorded when the payments are made.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Income taxes

The Internal Revenue Service issued a determination letter on June 27, 2012, which stated that the Plan and its underlying trust qualify under the applicable provisions of the Internal Revenue Code and therefore are exempt from Federal income taxes. Although the Plan has been amended since receiving the determination letter, in the opinion of the Plan administrator, the Plan and its underlying trust are designed and are being operated in compliance with the applicable provisions of the Internal Revenue Code; therefore, the Plan is qualified and the related trust is tax exempt.

Recently issued accounting pronouncements

In February 2015, the GASB issued Statement No. 72, "Fair Value Measurement and Application" ("GASB No. 72") to improve financial reporting issues related to fair value. This statement establishes general principles for measuring fair value and standards of accounting and reporting for asset and liabilities measured at fair value, requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. It also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent). The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. The Plan adopted GASB No. 72 as of fiscal year ended June 30, 2016 and has applied the related changes to the accompanying financial statements.

In March 2016, the GASB issued Statement No. 82, "Pension Issues" ("GASB No. 82"). This statement amends Statements 67 and 68 to require the presentation of covered payroll (the payroll or compensation paid to all employees on which contributions to the pension plan are based), and the related ratios, in the required supplementary information. Previously, Statements 67 and 68 required presentation of covered-employee payroll (the payroll of employees that are provided with pensions through the pension plan), and the related ratios, in the required supplementary information. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016, with early adoption permitted. The Plan elected to early adopt GASB No. 82 during fiscal year ended June 30, 2016 and has retroactively applied the related changes to the accompanying required supplementary information by restating the required supplementary information to reflect covered payroll instead of covered-employee payroll for all periods presented.

Subsequent events

Material subsequent events have been considered for disclosure and recognition in these financial statements through November 23, 2016 (the date the financial statements were available to be issued).

Note 3 - Investments

Investment policy

The Plan's policy in regard to the allocation of invested assets is established and administered by the Retirement Plan Committee. Specific investment goals stated in the policy shall be reviewed at least annually and, when appropriate, new goals and standards shall be adopted by the Retirement Plan Committee. The policy is expected to provide diversification of assets in an effort to maximize investment return to the Plan consistent with prudent market and economic risk. All of the Plan's assets are to remain invested at all times in the asset classes as designated by the policy. The following strategic asset allocation policy was adopted by the Plan on March 21, 2002, last amended on February 26, 2015 and remained in effect as of June 30, 2016:

Asset class	Target allocation
Equities	40.0%
Alternative investments	22.5%
Fixed income	30.0%
Real assets	7.5%
Total	100.0%

Concentrations

The Plan held investments in the following organizations that represent 5% or more of the pension plan's fiduciary net position: Blackstone (6%), Colchester (5%), Dimensional (6%), Dodge and Cox (14%), Invesco (6%), LSV (6%), Magnitude (6%), PIMCO (9%), Fidelity (7%) and Westfield (6%).

Concentration of credit risk

The Plan's investment policy does not establish any limitation on the percentage that the Plan may have with any one issuer, other than to state that the Plan's assets are to be diversified in accordance with Modern Portfolio Theory. At June 30, 2016, the Plan had 7% of its investments in corporate bonds.

Rate of return

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.38%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amount actually invested.

Investments purchased and due from sales of investments

Investment transactions are recorded on a trade plus three days or less timetable resulting in an amount due to and due from State Street Bank (the "Plan's Trustee") at year end.

Risks and uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, 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 that such changes could materially affect participants' account balances and the amounts reported in the statements of fiduciary net position.

Note 4 - Fair value measurement

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. It has the following recurring fair value measurements as of June 30, 2016:

		Fair value measurement using:		
	June 30, 2016	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:				
Debt securities				
Collaterized Mortgage Obligations (Fannie Mae and Freddie Mac)	$ 2,131,072	$ -	$ 2,131,072	$ -
Corporate bonds	23,948,702	-	23,948,702	-
Credit card receivables	261,690	-	261,690	-
Commingled funds (fixed income)	31,682,215	-	31,682,215	-
FHLMC and FNMA bonds	14,209,702	-	14,209,702	-
U.S. Treasury securities	5,340,404	5,340,404	-	-
Municipal bonds	1,383,468	-	1,383,468	-
Preferred stock	552,999	552,999	-	-
Treasury Inflation Protected securities	9,478,998	-	9,478,998	-
Total debt securities	88,989,250	5,893,403	83,095,847	-
Equity securities				
Common stocks	76,155,012	76,155,012	-	-
Depository receipts	557,753	557,753	-	-
Small Company portfolio	9,065,706	9,065,706	-	-
Emerging Markets Value portfolio	21,307,604	21,307,604	-	-
Real Estate Investment Trusts ("REITS")	1,676,406	1,676,406	-	-
Total equity securities	108,762,481	108,762,481	-	-
Total investment by fair value level	**197,751,731**	**114,655,884**	**83,095,847**	**-**
Investments measured at the net asset value ("NAV"):				
Private equity funds	54,556,458			
Equity hedge funds	43,469,925			
Real assets funds	17,530,175			
International equity funds	16,411,848			
Commingled funds	26,398,973			
Total investments measured at the NAV	**158,367,379**			
Total investments measured at fair value*	**$ 356,119,110**			

* Does not include money market funds totaling $6,134,081, which represents securities that have remaining maturities of less than 1 year and may be measured at amortized cost.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy refers to securities not traded on an active market but for which observable market inputs are readily available. Fixed income securities are priced on a daily basis, market to market, using third party pricing sources.

The valuation method for investments measured at the net asset value ("NAV") per share (or its equivalent) is presented on the following table:

	Fair value	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
Private equity funds	$ 54,556,458	$ 30,930,081		
Equity hedge fund 1	21,770,297		Quarterly	65 days
Equity hedge fund 2	21,699,628		Semi Annually	95 days
Real assets funds	17,530,175	12,268,592		
International equity funds	16,411,848		Monthly	15 days
Commingled funds	26,398,973		Daily	5 days
	$ 158,367,379			

1. Private Equity Funds: This represents investments that are entirely through FOF vehicles and will invest in both debt and equity strategies. Exposures are diversified by manager, region, strategy and vintage year. Managers retained will pursue distressed debt, venture, or buyout strategies. This type will also include investment in the private equity secondary market. The FOF investments will have 10 - 40 underlying managers/funds building broad exposures for diversified performance. These funds have liquidity restrictions for the life of the investment, 7 - 10 years. Options for exit are limited to sale on the secondary market. Capital commitments are made to these types of investments and funds are invested through a call down structure.

2. Equity Hedge Funds: This represents investments in two Hedge Fund of Funds ("FOF") managers. Each FOF manager invests in underlying hedge funds to provide a broadly diversified portfolio. One invests with 90 - 100 underlying managers/funds to execute its global market strategy. The other invests in 20 - 40 underlying managers/funds in a relative value mandate. The hedge fund strategy is designed to diversify by manager/fund to reduce single manager/fund risk while offering portfolio diversification and provide a return profile that is uncorrelated to the rest of the assets in the portfolio. The fair values of the investments are determined using the NAV per share (or its equivalent) of the investments. These funds have liquidity restrictions of 3 to 6 months.

3. Real Assets Funds: This represents funds that invest in institutional real estate (office, multi-family, industrial, and retail) and natural resources strategies. The fair values of the investments in these strategies are determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partnership's capital. The real estate strategies deployed include a US focused property strategy (core to core plus) and a global FOF strategy. The global FOF manager will invest in 20 - 30 underlying managers/ funds. The natural resources investments are through FOF strategies. The natural resource managers will invest in 10 - 25 underlying relationships as they build a diversified portfolio with exposure to oil, natural gas, agriculture, timber and other natural resources. Capital commitments are made to these types of investments and funds are invested through a call down structure. These funds have liquidity restrictions for the life of the investment, 7 - 10 years. Options for exit are limited to sale on the secondary market.

4. International Equity Funds: This represents investments primarily in value oriented equity securities of international developed markets (non-U.S. issuers; e.g., MSCI EAFE) with the objective of achieving a long-term return above a passive benchmark (EAFE). This manager focuses on a dividend discount model value based philosophy for publicly traded equity. All securities are recorded at fair value. Foreign securities are valued on the basis of quotations from the primary market in which they are traded and translated at each valuation date from the local currency into U.S. dollars using current exchange rates. The Fund may enter into forward foreign currency exchange contracts primarily to hedge against foreign currency exchange rate risks on its non-U.S. dollar-denominated investment securities.

5. Commingled Funds: This represents investments primarily in growth oriented equity securities of international developed markets (non-U.S. issuers; e.g., MSCI EAFE). The objective of this fund is to achieve long-term growth of capital and a return above a passive benchmark (EAFE) by identifying publically traded equities with strong growth prospects. NAVs are normally calculated as of 4:00pm Eastern Time for each business day the relevant exchange (usually the NYSE) is open. Securities for which market quotations are readily available and reliable are to be valued using the applicable market quotations.

Note 5 - Net pension liability of the County

The components of the net pension liability of the County at June 30, 2016, were as follows:

Total pension liability	$ 420,480,853
Plan fiduciary net position	362,299,533
County's net pension liability	$ 58,181,320
Plan fiduciary net position as a percentage of the total pension liability	86.16%

Actuarial assumptions

The total pension liability in the July 1, 2015 actuarial valuation rolled forward to June 30, 2016 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	Varies by service, 4.00% to 6.75%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Mortality	RP-2000 Combined Healthy tables with generational projection by Scale AA

The actuarial assumptions used in this valuation, for GASB 67 purposes, were generally based on the 2014 Experience Study covering the period from July 1, 2009 through June 30, 2013. Economic assumptions and the demographic assumptions were updated to reflect the 2009-2013 experience study.

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

Best estimates of geometric real rates of return for each major asset class, included in the Plan's target allocation as of June 30, 2016 (see Note 3), are summarized in the following table:

Asset class	Long-term expected real rate of return
Equities	4.99%
Alternative investments	5.17%
Fixed income	2.04%
Real assets	5.17%

Discount rate

The discount rate used to measure the total pension liability was 7.50%. 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 the County contributions will be made at rates equal to the difference between total actuarially determined contribution rates and the employee rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate was reduced from 7.75% to 7.50% for fiscal year ended June 30, 2015.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the County, calculated using the discount rate of 7.50%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% decrease (6.50%)	Current discount rate (7.50%)	1% increase (8.50%)
County's net pension liability	$ 113,204,006	$ 58,181,320	$ 12,127,063

Required Supplementary Information

Howard County Retirement Plan

Required Supplementary Information

Schedule of Changes in the County's Net Pension Liability and Related Ratios
(Dollar Amounts in Thousands)
Last 10 Fiscal Years

	FY 2016	FY 2015	FY 2014*
Total pension liability			
Service cost	$ 15,093	$ 14,073	$ 12,727
Interest	29,046	27,198	24,974
Change of benefit terms	-	-	3,534
Difference between expected and actual experience	(4,093)	(2,741)	-
Changes of assumptions	-	(851)	10,918
Benefit payments - including refunds of member contributions	(13,700)	(12,375)	(11,139)
Net change in total pension liability	26,346	25,304	41,014
Total pension liability - beginning	394,135	368,831	327,817
Total pension liability - ending	$ 420,481	$ 394,135	$ 368,831
Plan fiduciary net position			
Contributions - employer	$ 13,428	$ 13,967	$ 12,778
Contributions - member	3,757	3,573	2,979
Net investment income	4,743	9,983	45,956
Benefit payments - including refunds of member contributions	(13,700)	(12,375)	(11,139)
Administrative expenses	(341)	(311)	(283)
Other	-	-	-
Net change in plan fiduciary net position	7,887	14,837	50,291
Plan fiduciary net position - beginning	354,413	339,576	289,285
Plan fiduciary net position - ending	$ 362,300	$ 354,413	$ 339,576
County's net pension liability - ending	$ 58,181	$ 39,722	$ 29,255
Plan fiduciary net position as a percentage of the total pension liability	86.16%	89.92%	92.07%
Total covered payroll[1]	$ 108,292	$ 103,462	$ 97,542
County's net pension liability as a percentage of covered payroll	53.73%	38.39%	29.99%
Expected average remaining service years of all participants	7	7	7

* Information for FY 2013 and earlier is not available
[1] In accordance with GASB No. 82, amounts shown reflect pensionable earnings only

Notes to Schedule:
Benefit Changes: None

See Independent Auditor's Report.

Howard County Retirement Plan

Required Supplementary Information

Schedule of County Contributions
(Dollar Amounts in Thousands)
Last 10 Fiscal Years

	FY 2016	FY 2015	FY 2014*
Actuarially determined contribution	$ 13,428	$ 13,967	$ 12,778
Contributions in relation to the actuarially determined contribution	13,428	13,967	12,778
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll[1]	$ 108,292	$ 103,462	$ 97,542
Contributions as a percentage of covered payroll[1]	12.40%	13.50%	13.10%

* Information for FY 2013 and earlier is not available
[1]In accordance with GASB No. 82, amounts shown reflect pensionable earnings only.

Notes to Schedule

Valuation Date:

The actuarial valuation date is the beginning of the fiscal year (July 1, 2015).

Methods and assumptions used to determine contribution rates for fiscal year 2016:

Actuarial cost method	Projected Unit Credit (Entry Age used for GASB 67 purposes)
Amortization method	Level percent of pay increasing 2.75% per year
Remaining amortization period	From 7 to 24 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by service. 4.00% to 6.75%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant age and service
Mortality	RP-2000 Combined Healthy tables with generational projection by Scale AA
Cost of Living Adjustment	2.75%

See Independent Auditor's Report.

Howard County Retirement Plan

Required Supplementary Information

Schedule of Investment Returns
Last 10 Fiscal Years

Fiscal Year Ended	Annual money-weighted rate of return, net of investment expenses
June 30, 2016	1.38%
June 30, 2015	2.95%
June 30, 2014	15.62%
June 30, 2013	11.33%
June 30, 2012	-1.21%
June 30, 2011	20.56%
June 30, 2010	15.42%
June 30, 2009	-16.21%
June 30, 2008	-14.44%
June 30, 2007	17.62%

See Independent Auditor's Report.

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