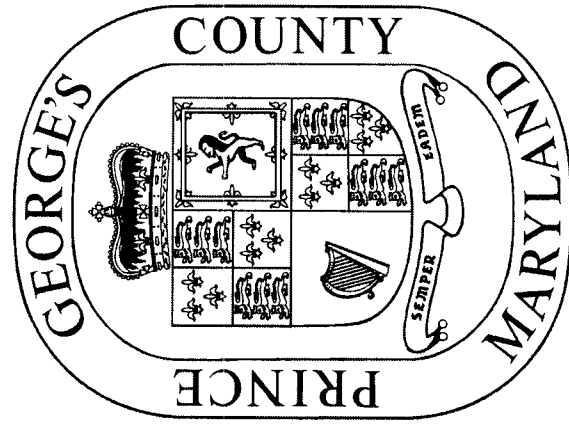


PRINCE GEORGE'S COUNTY, MARYLAND
PENSION TRUST FUNDS

Annual Financial Report

For the year ended June 30, 2014

(With Independent Auditors' Report Thereon)

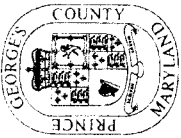


PRINCE GEORGE'S COUNTY, MARYLAND
PENSION TRUST FUNDS
ANNUAL FINANCIAL REPORT

For the year ended June 30, 2014

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INTRODUCTION

LETTER OF TRANSMITTAL

March 5, 2015

Honorable County Executive and
Members of the Prince George's County Council:

Members of the Boards of Trustees

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the Prince George's County Comprehensive and Supplemental Pension Plans (Plans) for the fiscal year that ended June 30, 2014. This annual report provides information on the structure and financial status of the Plans, as well as significant changes that have occurred during the past year.

The Fire Service, Police Pension, Deputy Sheriffs' Comprehensive, Correctional Officers Comprehensive and the Supplemental Pension Plans are responsible for administering retirement benefits for approximately 10,328 participants.

The Report contains four sections. They are: (1) the Independent Auditor's Report; (2) Management's Discussion and Analysis; (3) the Basic Financial Statements which include the Combined Statement of Plan Net Assets, Combined Statement of Changes in Plan Net Assets and Notes to the Financial Statements; and, (4) Supplementary Information which includes the Schedule of Funding Progress, Schedule of Employer Contributions and Summary of Significant Changes to the Comprehensive and Supplemental Plans.

HISTORY OF THE PLANS

Fire Service and Police Pension Plans

The Board of County Commissioners for Prince George's County adopted retirement plans for members of the Police Department effective May 1, 1962, and for members of the Fire Department effective July 1, 1966. New England Mutual Life Insurance Company was designated as the funding agency for the Plans. The Fire Service and Police Pension Plans were amended and the group annuity policies were terminated and assets from the insurance company were transferred to Mercantile Safe Deposit and Trust Company. A corporate trust agreement between the County and the Mercantile Safe Deposit and Trust was established on October 12, 1973. In April 1978, Boards of Trustees were established for the Fire Service and Police Pension Plans and replaced the corporate trustee. The Boards provided for the administration, investment, and member benefit service responsibilities for the Plans.

The Boards continued to implement portfolio enhancements to further diversify the investments and better manage the Plan's risk. Toward this effort, the Boards approved new investments in private equity and real assets funds. The Boards also continue to build risk budgeting capabilities to provide support for recommendations on asset allocation, portfolio structure and manager weightings.

As of June 30, 2014, the Plans had a total of eighty-one (81) investment funds (6 domestic equity, 4 international equity, 5 fixed income, 15 real assets, 43 private equity and 8 hedge funds). The Boards have a "Statement of Investment Objectives, Policy and Guidelines" to provide the Boards of Trustees, investment managers and investment consultant guidance in the course of managing the assets. It includes appropriate risk/return parameters, establishes investment guidelines regarding managers and specifies the criteria for evaluating the performance of the managers and of the fund.

Correctional Officers and Deputy Sheriffs' Comprehensive and Supplemental Pension Plans

The Deputy Sheriffs' Association and the County agreed to establish a Supplemental Pension Plan effective June 30, 1985. The Correctional Officers' Association and the County agreed to establish a Supplemental Pension Plan effective July 1, 1990. Comprehensive Pension Plans were established for Correctional Officers and Deputy Sheriffs effective July 1, 1996. They replaced the Maryland State Retirement and Pension Systems and the County sponsored Supplemental Pension Plans. All correctional officers and deputy sheriffs hired on or after July 1, 1996, became participants in their respective comprehensive plan as well as participants electing to transfer from the Supplemental Pension Plans. Boards of Trustees have been established for each plan and are responsible for the administrative, investment and benefit services for participants.

Prior to July 1, 2009, Correctional Officers had two stand-alone plans that were separately funded – the Comprehensive Plan and the Supplemental Plan. Based on the recommendation of the actuary, the Correctional Officers’ Plans were combined for funding and accounting purposes only. The combination of the Plans does not change eligibility conditions, benefits or employee contributions. The combination of the Plans only has an impact on the pattern of future County contributions and financial reporting. As a result, one total contribution rate is calculated for the combined Plan. The member contributions are fixed. They are based on the bargaining agreements and pension plan documents. The County contributes the remainder of the total contribution.

Prior to July 1, 2011, the Deputy Sheriffs had two stand-alone plans that were separately funded – The Comprehensive Plan and the Supplemental Plan. Based on the recommendation of the actuary, the Board approved a closed funding method for the Supplemental Plan. As a result, two contribution rates are calculated for each Plan. The member contributions are fixed. They are based on the bargaining agreements and pension plan documents. The County contributes the remainder of the total contribution for each Plan.

Supplemental Pension Plans

As a result of collective bargaining agreements between the County and respective unions, the following Supplemental Pension Plans were established:

Supplemental Pension Plans	Effective Date
AFSCME Local 241 (Crossing Guards)	July 1, 1990
AFSCME Locals 1170, 2462, 2735, 3389	July 1, 1990
General Schedule	December 30, 1990
Fire Civilians	July 1, 1991
Police Civilians	October 1, 1992

Boards of Trustees have been established for each plan and are responsible for the administrative, investment and benefit services for participants. On July 1, 2010, the Comprehensive and Supplemental Pension Plans adopted a resolution to establish a Master Trust Agreement for investment purposes. The combined assets of the Plans will provide a larger investment pool of funds to meet the minimum investment requirements for private equity, hedge funds and real assets.

As of June 30, 2014, the Plans had a total of forty-three (43) investment funds (4 domestic equity, 4 international equity, 4 fixed income, 10 real assets, 13 private equity and 8 hedge funds). A "Statement of Investment Objectives, Policy and Guidelines" provides guidance for fiduciaries, the Boards of Trustees, investment managers and investment consultant in the course of managing the assets of the retirement fund. It includes appropriate risk/return parameters, establishes investment guidelines regarding managers and specifies the criteria for evaluating the performance of the managers and of the fund.

MANAGEMENT OF THE FUNDS

Fire Service and Police Pension Plans

As part of an ongoing strategy to increase asset diversification, the Boards of Trustees, in conjunction with its staff and the Plans' investment consultant, Summit Strategies Group, continued making changes to the portfolios to achieve the target asset allocations. As of June 30, 2014, the asset allocations compared to the target allocations were as follows:

	Fire Service Pension Plan		Police Pension Plan			
	Market Value (\$)	Allocation (%)	Target (%)	Market Value (\$)	Allocation (%)	Target (%)
US Equity	92,444,070	23.90	22.50	228,899,759	26.81	22.50
Int'l Equity	90,587,075	23.42	22.50	194,647,125	22.80	22.50
Fixed Income	79,639,255	20.59	25.00	173,310,416	20.30	25.00
Hedge Fund	38,340,936	9.91	10.00	86,729,564	10.16	10.00
Real Assets	40,709,405	10.53	10.00	81,165,387	9.51	10.00
Private Equity	40,698,262	10.52	10.00	82,178,318	9.63	10.00
Cash	4,341,399	1.12	0.00	6,835,833	0.80	0.00
Total Fund	386,760,402			853,766,403		

As of June 30, 2014, the combined plan assets totaled \$1,240,526,805 and the portfolios returned approximately 17.5%, outperforming the policy index by 119 basis points.

Correctional Officers' and Deputy Sheriffs' Comprehensive Plans and Supplemental Pension Plans

As part of an ongoing strategy to increase asset diversification, the Boards of Trustees, in conjunction with its staff and the Plans' investment consultant, Summit Strategies Group, continued making changes to the portfolios to achieve the target asset allocations. As of June 30, 2014, the asset allocations compared to the target allocations were as follows:

	Comprehensive and Supplemental Pension Plans	
	Market Value (\$)	Allocation (%) Target (%)
US Equity	110,575,294	27.88 21.50
Int'l Equity	102,258,852	25.79 21.50
Fixed Income	93,596,011	23.60 27.00
Real Assets	42,963,769	10.83 10.00
Private Equity	9,856,733	2.49 10.00
Hedge Fund	36,692,125	9.25 10.00
Cash	610,963	0.15 0.00
Total Fund	396,553,745	

As of June 30, 2014, total assets were \$396,553,745 for the Comprehensive and Supplemental Pension Plans and the portfolio returned approximately 17.5% outperforming the policy index by 172 basis points.

PROFESSIONAL CONSULTANT SERVICES

The Plans contract for the services of various independent consultants, investment advisory and financial professionals to assist the Boards of Trustees in carrying out their fiduciary duty to prudently manage the funds. Actuarial services are provided by Gabriel Roeder Smith & Company. Consulting services are provided by Summit Strategies Group. State Street Bank & Trust Company provides asset custody and portfolio accounting services. Legal services for the Fire Service and Police Pension Plans are performed by Thomas J. Manning of Daneker, McIntire, Schumm, Prince, Goldstein, Manning & Widmann, PC. Legal services for the other Plans are performed by Cheryl Guth of McGuire Woods, LLP. Specialized legal services for alternative investments are performed by Thompson Coburn, LLP.

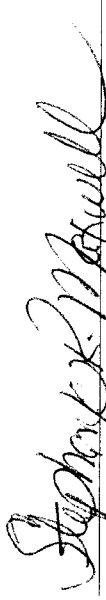
ACKNOWLEDGEMENTS

This annual report reflects the dedicated efforts of the Boards of Trustees. We extend our sincere gratitude to each member, Board advisors and the many people who worked so diligently to ensure the successful operation of the Plans.

Respectfully submitted,



Kathleen W. Colbert
Pension Plan Administrator



Stephanie R. Maxwell, Esq., CPM
Director, Office of Human Resources Management

PRINCE GEORGE'S COUNTY, MARYLAND
PENSION TRUST FUNDS
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Prince George's County Pension Trust Funds (the Plans), we offer readers of the annual financial report this narrative overview and analysis of the financial activities of the Plans as of and for the fiscal year ended June 30, 2014.

FINANCIAL HIGHLIGHTS

- The Plans' total assets exceeded total liabilities at June 30, 2014 by \$1.64 billion (net position). The net position are restricted and held in trust for pension benefits.
- Total net position of the Plans increased \$228.9 million from the previous year.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Plans' combined basic financial statements and notes to the financial statements.

Basic Financial Statements

The Plans are composed of four Comprehensive (Police, Fire Service, Correctional Officers' and Deputy Sheriffs) and seven Supplemental (Deputy Sheriffs', Correctional Officers', Crossing Guards, AFSCME, General Schedule, Fire Civilian, and Police Civilian) single-employer, defined benefit pension plans. The combined financial statements include individual columns for each pension plan.

The Plans' financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. They include a Combined Statement of Plan Net Position and a Combined Statement of Changes in Plan Net Position.

The Combined Statement of Plan Net Position shows the Plans' assets less related liabilities at June 30, 2014. The difference between assets and liabilities are reported as plan net position. Changes in net position over time may be helpful in indicating an improving or deteriorating financial position.

The Combined Statement of Changes in Plan Net Position presents additions and deductions to plan net position during the fiscal year. These financial statements present all underlying events, which give rise to the changes, regardless of the timing of the related cash flows. Items such as accrued interest receivable will produce changes in cash in a future fiscal period.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. Notes are presented on pages 13 to 31 of the report.

**PRINCE GEORGE'S COUNTY, MARYLAND
PENSION TRUST FUNDS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FINANCIAL ANALYSIS

Summary of Assets, Liabilities, and Net Position (in thousands)

	All Trust Funds June 30,		Police June 30,		Fire Service June 30,	
	2014	2013	2014	2013	2014	2013
Investments and other assets	\$ 1,649,456	\$ 1,422,529	858,665	742,464	390,787	340,327
Current liabilities	5,305	7,357	2,084	2,410	1,476	2,783
Net position held in trust	<u>\$ 1,644,151</u>	<u>\$ 1,415,172</u>	<u>856,581</u>	<u>740,054</u>	<u>389,311</u>	<u>337,544</u>

The Net position increased \$116.5 million and \$51.8 million in fiscal year 2014 for the Police and Fire Service Plans, respectively. Key elements of these decreases are as follows:

- The Police and Fire Service Pension Plans had investment gains of \$120.5 million and \$56.1 million which were higher than the prior year's gains of \$77.6 million and \$35.7 million.
- Total employee and employer contributions increased by \$10.8 million (17%) for the Police Pension Fund and decreased by \$6.2 million (19%) for Fire Service Pension Plans in fiscal year 2014.
- Benefit payments for the Police and Fire Service Pension Plans increased by \$3.8 million (5.2%) and \$2.3 million (5.8%) in fiscal year 2014.
- Administrative expenses decreased approximately 5.4% for all plans.

The Trust Funds' net position increased by approximately \$133.5 million in fiscal year 2014. This increase is primarily attributable to investment performance during the fiscal year

**PRINCE GEORGE'S COUNTY, MARYLAND
PENSION TRUST FUNDS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Summary of Changes in Net Position (in thousands)

	All Plans		Police		Fire Service	
	Year ended June 30,	2013	Year ended June 30,	2013	Year ended June 30,	2013
Additions:						
Contributions	\$ 150,049	\$ 129,545	\$ 74,304	\$ 63,554	\$ 38,662	\$ 32,442
Investment gain (loss)	234,276	149,800	120,575	77,649	56,155	35,755
Total additions (other than transfers)	384,325	279,345	194,879	141,203	94,817	68,197
Deductions						
Pension benefits and refunds	153,494	143,840	77,834	73,980	42,636	40,364
Administrative expenses and net transfers	1,852	1,970	518	598	414	456
Total deductions	155,346	145,810	78,352	74,578	43,050	40,820
Increase (decrease) in net assets	228,979	133,535	116,527	66,625	51,767	27,377
Net position held in trust, beginning of year	1,415,172	1,281,637	740,054	673,429	337,544	310,167
Net position held in trust, end of year	\$ 1,644,151	\$ 1,415,172	\$ 856,581	\$ 740,054	\$ 389,311	\$ 337,544

REQUEST FOR INFORMATION

This discussion and analysis is designed to provide a general overview of the Prince George's County Pension Trust Funds' finances. Questions concerning any of the information provided in this annual financial report or requests for additional information should be addressed to the Prince George's County Office of Personnel, 1400 McCormick Drive, Room 110, Largo, Maryland 20774.

PRINCE GEORGE'S COUNTY, MARYLAND
Pension Trust Funds
Combined Statement of Plan Net Position
June 30, 2014

	Comprehensive Plans					Supplemental Plans					Total	
	Police	Fire Service	Deputy Sheriffs	Correctional Officers	Deputy Sheriffs	Corrections	Crossing Guard	AFSOME	General Schedule	Fire Civilian		Police Civilian
Assets:												
Equity in pooled cash and investments (note 2)	\$ 2,196,797	\$ 1,091,562	\$ 291,685	\$ 350,832	\$ 207,498	\$ 96,566	\$ 12,202	\$ 14,688	\$ 607,475	\$ 476	\$ 35,673	\$ 4,905,454
Investments (note 2):												
Collateral for loaned securities	1,536,284	1,222,278	210,385	384,981	13,100	27,026	5,627	283,087	440,657	25,784	71,755	4,220,964
Pooled separate accounts	39,090,100	19,286,305	57,107,131	104,499,527	3,565,996	7,335,857	1,487,255	76,841,426	119,612,386	6,996,901	19,477,354	455,292,238
U.S. Government & agency securities	25,687,865	12,680,964	-	-	-	-	-	-	-	-	-	38,368,929
Corporate bonds	48,968,645	23,210,707	-	-	-	-	-	-	-	-	-	72,179,352
Common stock	165,625,609	66,676,181	-	-	-	-	-	-	-	-	-	232,301,790
Real Estate Investment Trust	2,538,368	987,244	-	-	-	-	-	-	-	-	-	3,525,612
International government securities	1,096,599	654,108	-	-	-	-	-	-	-	-	-	1,750,707
Other International investments	50,127	25,063	-	-	-	-	-	-	-	-	-	75,190
Asset-backed securities	10,391,712	5,443,707	-	-	-	-	-	-	-	-	-	15,835,419
Money market funds	298,165,404	131,396,961	-	-	-	-	-	-	-	-	-	429,562,365
Short-term investments	12,994,685	6,939,531	-	-	-	-	-	-	-	-	-	19,934,216
Alternative Investments	249,210,230	120,647,222	-	-	-	-	-	-	-	-	-	369,857,452
Total Investments	855,355,728	389,170,271	57,317,516	104,894,508	3,569,096	7,362,883	1,492,882	77,124,513	120,053,043	7,024,685	19,549,109	1,642,904,234
Accounts Receivable	-	-	-	1,633	-	-	-	-	-	-	-	1,633
Accrued interest receivable	1,102,021	520,513	(165)	(276)	-	(71)	-	(134)	(286)	(13)	(26)	1,621,563
Prepaid expenses	11,187	5,009	1,128	2,022	-	-	29	1,327	2,258	133	342	23,435
Liabilities:												
Total assets	858,665,733	390,787,355	57,610,164	105,238,719	3,776,594	7,459,378	1,505,113	77,140,394	120,662,490	7,025,281	19,565,098	1,649,456,319
Collateral for loaned securities payable (note 2)	1,536,284	1,222,278	210,385	384,981	13,100	27,026	5,627	283,087	440,657	25,784	71,755	4,220,964
Accounts payable	19,020	18,709	19,538	17,108	-	-	-	-	306	-	-	74,682
Accrued expenses	528,572	234,634	28,261	72,354	-	-	992	49,785	75,812	4,533	12,653	1,007,596
Due to Prince George's County General Fund	-	-	-	-	-	-	-	-	-	2,500	-	2,500
Total liabilities	2,083,876	1,475,621	258,184	474,444	13,100	27,026	6,619	332,872	516,775	32,817	84,408	5,305,742
Net position held in trust for pension benefits	\$ 856,581,857	\$ 389,311,734	\$ 57,351,980	\$ 104,764,275	\$ 3,763,494	\$ 7,432,352	\$ 1,498,494	\$ 76,807,522	\$ 120,145,715	\$ 6,992,464	\$ 19,500,690	\$ 1,644,150,577

See accompanying notes to basic financial statements.

PRINCEGEORGES COUNTY, MARYLAND
Pension Trust Funds
Combined Statement of Changes in Plan Net Position
For the year ended June 30, 2014

Additions	Comprehensive Plans						Supplemental Plans						Total
	Police	Fire Service	Deputy Sheriff's	Correctional Officers	Deputy Sheriff's	Correctional Officers	Crossing Guards	AFSCME	General Schedule	Fire Civilian	Police Civilian		
Contributions (note 3):													
Employer	\$ 66,113,037	34,826,767	5,853,975	7,363,022	768,500	559,655	81,888	3,924,252	7,489,526	455,754	1,068,827		128,205,203
Employee	8,190,741	3,835,790	1,405,110	3,054,222	29,030	84,396	64,330	862,630	3,338,347	177,317	802,285		21,844,198
Total contributions	74,303,778	38,662,557	7,259,085	10,417,244	797,530	644,051	146,218	4,786,882	10,827,873	633,071	1,871,112		150,049,401
Investment income:													
Net depreciation in fair value of assets	104,674,598	48,808,494	7,215,529	13,161,951	444,146	890,296	193,385	9,664,953	15,071,943	881,399	2,461,738		203,468,432
Interest and dividends	19,000,638	8,844,785	1,334,515	2,434,839	82,417	166,273	35,758	1,789,322	2,789,034	163,133	455,339		37,096,053
Total investment gain	123,675,236	57,653,279	8,550,044	15,596,790	526,563	1,056,569	229,143	11,454,275	17,860,977	1,044,532	2,917,077		240,564,485
Less investment expense	3,100,097	1,497,836	244,484	468,053	5,339	10,733	6,588	329,339	511,720	30,029	83,869		6,288,087
Net investment income	120,575,139	56,155,443	8,305,560	15,128,737	521,224	1,045,836	222,555	11,124,936	17,349,257	1,014,503	2,833,208		234,276,398
Total additions	184,878,917	94,818,000	15,564,645	25,545,981	1,318,754	1,689,887	368,773	15,911,818	27,877,130	1,647,574	4,704,320		384,325,799
Deductions:													
Benefits	76,560,744	41,916,128	6,582,813	8,354,218	805,234	309,055	144,342	3,860,360	9,661,847	603,003	1,395,958		150,193,702
Refunds of contributions	1,272,420	719,912	68,733	742,136	-	-	9,611	92,288	135,253	-	260,381		3,300,734
General and administrative expenses	517,840	413,936	211,737	240,480	27,614	27,614	21,310	116,210	153,155	57,930	64,464		1,852,290
Total deductions	78,351,004	43,049,976	6,863,283	9,336,834	832,848	336,669	175,263	4,068,858	9,950,255	660,933	1,720,803		155,346,726
Net increase in plan net position before transfers	116,527,913	51,768,024	8,701,362	16,209,147	485,906	1,353,218	193,510	11,842,960	17,926,875	986,641	2,983,517		228,979,073
Net transfer to (from) other plans	-	-	-	-	-	-	(220)	(125,063)	162,316	(4,197)	(22,836)		-
Net increase in plan net position	116,527,913	51,768,024	8,701,362	16,209,147	485,906	1,353,218	193,290	11,717,897	18,079,191	982,444	2,960,681		228,979,073
Net position held in trust for pension benefits, beginning of year	740,053,944	337,543,710	48,650,618	86,555,128	3,277,588	6,079,134	1,305,204	65,089,625	102,066,524	6,010,020	16,540,009		1,415,171,504
Net position held in trust for pension benefits, end of year	\$ 856,581,857	\$ 369,311,734	\$ 57,351,980	\$ 104,764,275	\$ 3,765,494	\$ 7,432,352	\$ 1,498,494	\$ 76,807,522	\$ 120,145,715	\$ 6,992,464	\$ 19,500,690		1,644,150,577

See accompanying notes to basic financial statements.

Prince George's County, Maryland
Pension Trust Funds
Notes to Basic Financial Statements
June 30, 2014

1. Description of the Plans

a. General Information

Prince George's County, Maryland (the County) has adopted separate single-employer, defined benefit pension plans covering all County sworn police officers, firefighters (including paramedics), deputy sheriffs, and correctional officers. These Plans are included in the County's Basic Financial Statements as Fiduciary (Pension Trust) Funds. Each Plan is reported in a separate Pension Trust Fund and is referred throughout this report as "Pension Plans" or "Plans". The Deputy Sheriffs' and Correctional Officers' Comprehensive Pension Plans were established July 1, 1996 for all new hires and participants electing to transfer from the State Retirement and Pension System of Maryland (SRPS) and the Deputy Sheriffs' and Correctional Officers' Supplemental Pension Plans. The Police, Fire Service, Deputy Sheriffs', and Correctional Officers' Pension Plans "the Comprehensive Plans" provide retirement and disability benefits for all full-time persons covered by the Plans. All other qualified general service employees and officers of the County are covered by the SRPS. In addition, the County has established seven single-employer, defined benefit supplemental pension plans, which are hereafter collectively referred to in this report as "the Supplemental Plans." The Plans and the dates each Plan was established are as follows:

- Police Pension Plan (established May 1, 1962);
- Fire Service Pension Plan (established July 1, 1966);
- Deputy Sheriffs' Comprehensive Pension Plan (established July 1, 1996);
- Correctional Officers' Comprehensive Pension Plan (established July 1, 1996);
- Deputy Sheriffs' Supplemental Pension Plan (established June 30, 1985);
- Correctional Officers' Supplemental Pension Plan (established July 1, 1990);
- American Federation of State, County, and Municipal Employees (AFSCME) Local 241 (Crossing Guards) Supplemental Pension Plan (established July 1, 1990);
- American Federation of State, County, and Municipal Employees (AFSCME) Locals 2462 and 2735 Supplemental Pension Plan (established July 1, 1990);
- General Schedule Employees Supplemental Pension Plan (established December 30, 1990);
- Fire Civilians' Supplemental Pension Plan (established July 1, 1991); and
- Police Civilian Employees' Supplemental Pension Plan (established October 1, 1992).

Prince George's County, Maryland
Pension Trust Funds
Notes to Basic Financial Statements
June 30, 2014

In accordance with the benefit provisions contained in the plan documents, administrative, investment, and participant benefit service responsibilities are provided for each plan by a separate board of trustees. The Boards of Trustees of the Police and Fire Service Plans are comprised of seven trustees designated in the plan document and one trustee selected by the respective employee association group. The Boards of Trustees of the Deputy Sheriffs' Comprehensive Pension Plan, the Correctional Officers' Comprehensive Pension Plan, and the Supplemental Plans (other than General Schedule) are composed of three trustees designated in the plan document and one trustee elected by the respective employee association group. The General Schedule Supplemental Pension Plan has four trustees designated in the plan document and one trustee elected by plan participants per CB-101-1994. These trustees have the authority to amend benefit provisions and contribution requirements. Currently, each pension plan has the same retirement administrator, who is also an employee of the County.

The number of participants in the plans as of June 30, 2014, was as follows:

Group	Comprehensive Plans				Supplemental Plans					Police			
	Police	Fire Service	Deputy Sheriffs'	Correctional Officers'	Deputy Sheriffs'	Correctional Officers'	Deputy Sheriffs'	Correctional Officers'	Guards	AFSCME	General Schedule	Fire	Civilian
Retirees and beneficiaries													
currently receiving benefits	1,500	811	124	194	60	20	70	409	840	42	120		4,190
Vested terminated employees	18	8	6	7	1	7	2	32	55	3	7		146
Active employees	1,680	807	213	439	5	20	110	984	1,122	49	366		5,795
Total active employees													
Total participants	3,198	1,626	343	640	66	47	182	1,425	2,017	94	493		10,131

Prince George's County, Maryland
Pension Trust Funds
Notes to Basic Financial Statements
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b. Employee and Employer Contributions

The contribution rates as a percentage of covered payroll during fiscal year 2014 were as follows:

	<u>Employee Rate</u>	<u>Employer Rate</u>
Comprehensive Plans:		
Police	5.50 %	56.67 %
Fire Service	4.00	65.39
Deputy Sheriffs'	10.00	44.03
Correctional Officers'	12.00	31.88
Supplemental Plans:		
Deputy Sheriffs'	5.20	83.47
Correctional Officers'	5.75	38.13
Crossing Guards	4.26	5.41
AFSCME	1.73	7.88
General Schedule	3.73	8.30
Fire Civilians'	4.98	12.80
Police Civilian Employees'	4.72	6.30

The employees' contribution rates for the Comprehensive Pension Plans, Deputy Sheriffs' Supplemental Plan, and Correctional Officers' Supplemental Plan are the result of collective bargaining. The Boards of Trustees determine the employees' contribution rates for the other five Plans. The County contributes the remaining amounts necessary to fund the actuarially determined contribution requirement for all Supplemental Plans. Participant contributions are included in the Plans' net position and are 100% vested with the employee. Upon termination of employment before normal retirement age, a participant may elect to receive a refund of contributions, including interest credited at the rate of 5% per annum. If there has been at least five years of credited service, the participant may instead elect a retirement annuity upon attaining retirement age.

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c. Benefits

Participants are vested after 5 years of credited service. Qualification for normal retirement is the earliest of the following:

	Comprehensive Plans				Supplemental Plans					
	Police	Fire Service	Deputy Sheriffs'	Correctional Officers'	Deputy Sheriffs'	Correctional Officers'	Crossing Guards	General Schedule	Fire	Police
Age and five years of service	55	55	55	55	62	60	62	62	62	62
Service (regardless of age)	20 years	20 years	20 years	20 years	25 years	25 years	30 years	30 years	30 years	30 years
Combination	-	-	-	-	Age 55 with 15 years of service	-	Age 55 with 15 years of service	Age 55 with 15 years of service	Age 55 with 15 years of service	Age 55 with 15 years of service

The Comprehensive Plans calculate retirement benefits as a percentage of average compensation with such percentage determined by length of credited service up to a maximum of 85% for 30 years of service for police officers, firefighters and paramedics, deputy sheriffs, and correctional officers. Future retirees are guaranteed a minimum monthly pension benefit of \$100. The Supplemental Plans calculate retirement benefits as a percentage of average compensation, with such percentage determined by the length of credited service up to a maximum of 36% for 30 years of service for deputy sheriffs, 38.75% for 30 years of service for correctional officers, 30% for 30 years of service for general schedule employees, fire civilian, AFSCME, and police civilian, and 22.5% for 30 years for crossing guards.

The cost-of-living increase for the Police, Deputy Sheriffs', and Correctional Officers' Comprehensive plans is based on total investment returns in excess of 8%, not to exceed \$135 per month for Police retirees or \$100 per month for Correctional Officers' retirees. Police retirees receive a minimum \$35 increase annually, regardless of plan earnings. Deputy Sheriffs' and Correctional Officers' retirees receive no cost-of-living increase unless the total investment returns in excess of 8% are sufficient to provide at least a \$10 per month increase. On February 1, 2007, Fire Service retirees received a one-time cost of living adjustment of \$70 per month. Thereafter, a permanent increase equal to the minimum of \$35 per month or 4.9% of the monthly benefit is granted.

d. Plan Termination Provisions

Upon termination of the Plans, or upon complete discontinuance of County contributions, the rights of all participants to benefits accrued to the date of said termination or discontinuance shall be nonforfeitable. The assets of the trust funds shall be allocated to provide the following benefits in the order indicated:

- (i) Benefits called for by the Plan for each participant or beneficiary, to whom payments are being made at the termination date.
- (ii) Benefits called for by the Plan for each participant who has reached normal retirement date on the termination date.
- (iii) Benefits called for by the Plan for each participant who has a vested right to receive benefits as of the termination date.
- (iv) Benefits for each of the remaining participants.

2. Summary of Significant Accounting Policies

a. Basis of Accounting

The Plans' financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Employee and employer contributions are recognized as revenue in the period in which employee services are performed. Expenses, benefits, and refunds are recognized when corresponding liabilities are incurred, regardless of when payment is made.

b. Investments

All investments are valued at fair value. Fair value for investments in pooled separate accounts is determined using quoted market value or fair value as determined by valuation committees when quoted market value is not available. Fair value for private investment funds, including private equity, private real estate and private assets is determined using unit values supplied by the fund managers, which are based upon the fund managers' appraisal of funds' underlying holdings. Such values involve subjective judgment and may differ from amounts which would be realized if such holdings were actually sold. The fair value of limited partnership investments are based on valuations of the underlying assets of the limited partnerships as reported by the general partner. Assets of each Plan are held in separate trust funds. Within each trust, assets are held in custodial accounts for which the custodian makes no investment decisions. The Boards of Trustees establish general investment policies for the Plans, but have delegated to investment managers the selection of specific investments. The investment managers adhere to the standards of prudence and diversification of investments required by applicable laws and regulations. The investment policies allow the Plans' to invest in Alternative Investments which the Plans enter into under limited partnership agreements. The majority of the alternative investments are hedge funds and private equity funds. The limited partnership determines the fair value of alternative investments when quoted market value is not available. The plans use a third party administrator to aid in the evaluation of the Alternative Investments.

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The following table presents the fair value of the Plan's investments at June 30, 2014:

	Comprehensive Plans				Supplemental Plans				Total			
	Police	Fire Service	Deputy Sheriffs	Correctional Officers	Deputy Sheriffs	Correctional Officers	Crossing Guard	AFSCME		General Schedule	Fire Civilians	Police Civilian
Investments at fair values as determined by quoted market value:												
Collateral for loaned securities	\$ 1,536,284	\$ 1,222,278	\$ 210,385	\$ 384,981	\$ 13,100	\$ 27,026	\$ 5,627	\$ 283,087	\$ 440,657	\$ 25,784	\$ 71,755	\$ 4,220,964
Pooled separate accounts	39,090,100	19,286,305	57,107,131	104,499,527	3,555,996	7,334,857	1,487,255	76,841,426	119,612,386	6,988,901	19,477,354	455,292,238
U.S. Government and agency securities	25,687,965	12,680,964	-	-	-	-	-	-	-	-	-	38,368,929
Corporate bonds	48,968,645	23,210,707	-	-	-	-	-	-	-	-	-	72,179,352
Common stock	165,625,609	66,676,481	-	-	-	-	-	-	-	-	-	232,301,790
Preferred stock	2,538,388	987,244	-	-	-	-	-	-	-	-	-	3,525,612
International government securities	1,096,599	654,108	-	-	-	-	-	-	-	-	-	1,750,707
Other international investments	50,127	25,063	-	-	-	-	-	-	-	-	-	75,190
Asset-backed securities	10,391,712	5,443,707	-	-	-	-	-	-	-	-	-	15,835,419
Money market funds	298,465,404	131,396,961	-	-	-	-	-	-	-	-	-	429,862,365
Short-term investments	12,994,685	6,939,531	-	-	-	-	-	-	-	-	-	19,934,216
Investments at estimated fair value:												
Alternative investments	606,745,498	268,523,049	57,317,516	104,884,508	3,569,096	7,362,883	1,492,882	77,124,513	120,053,043	7,024,685	19,549,109	1,273,046,782
Total	\$ 855,355,728	\$ 389,170,271	\$ 57,317,516	\$ 104,884,508	\$ 3,569,096	\$ 7,362,883	\$ 1,492,882	\$ 77,124,513	\$ 120,053,043	\$ 7,024,685	\$ 19,549,109	\$ 1,642,904,234

(Continued)

The Investment Policy of the Pension Plans allows the plans to invest in certain derivatives in order to increase potential earnings and hedge against potential losses. In fiscal year 2014 the Plans invested directly in various derivatives including futures contracts, forward currency contracts, and rights. During the fiscal year the plans had the following derivative instrument activity:

Police Pension Fund Derivatives				
Investment Type	Notional Amount	Changes in Fair Value	Classification	Fair Value at June 30, 2014
Foreign Currency Forward Contracts	\$ 1,225,675	\$ (13,317)	Long-Term Instruments	\$ (7,456)
Warrants	9,826	(441)	Common Stock	6
	\$ 1,235,501	\$ (13,758)		\$ (7,450)
Fire Pension Fund Derivatives				
Investment Type	Notional Amount	Changes in Fair Value	Classification	Fair Value at June 30, 2014
Foreign Currency Forward Contracts	\$ 698,573	\$ (8,500)	Long-Term Instruments	\$ (4,810)
Warrants	3,182	(215)	Common Stock	-
	\$ 701,755	\$ (8,716)		\$ (4,810)
Other Pension Fund Derivatives				
Investment Type	Notional Amount	Changes in Fair Value	Classification	Fair Value at June 30, 2014
Rights	\$ -	\$ 35,396	Common Stock	\$ -
	\$ -	\$ 35,396		\$ -

c. Categories of Asset Risk

Investment Policy – The Plans’ investment policy (the Policy) seeks to achieve a long-term rate of return on investments, net of expenses that exceeds benchmarks established by the investment committee and maintains sufficient income and liquidity to pay monthly retirement benefits. For the Police and Fire Pension Plans, the policy establishes a strategic target for asset allocation among equity securities (45%), fixed income (25%), real assets (10%), hedge funds (10%), and private equity (10%). For other Comprehensive and Supplemental Plans, the policy establishes a strategic target for asset allocation among equity securities (58%), fixed income (32%) and real estate (10%). The Plans are authorized to invest in U.S. Government securities, common and international stock, money market mutual funds, corporate bonds, repurchase agreements, and real estate. State statutes do not prohibit the Plans from participating in securities lending activities.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The policy limits the average maturity and duration of certain investments. The table below includes the Plans' debt holdings by investment type, fair value, and maturity:

Police Pension Fund Investments					
Investment Type	Base Market Value	Less than 1 year	1 to 5	6 to 10	over 10
U.S. Government Securities	\$ 11,824,954	\$ -	\$ 3,795,099	\$ 3,446,614	\$ 4,583,241
U.S. Agency Securities	13,863,011	81,295	8,697,531	2,574,002	2,510,183
Corporate Bonds	48,968,645	41,399	12,652,849	35,238,594	1,035,803
Asset Backed Securities	10,391,717	-	604,853	7,011,415	2,775,449
Short-Term Investments	12,994,685	12,994,685	-	-	-
	\$ 98,043,012	\$ 13,117,379	\$ 25,750,332	\$ 48,270,625	\$ 10,904,676

Fire Service Pension Fund Investments					
Investment Type Name	Base Market Value	Less than 1 year	1 to 5	6 to 10	over 10
U.S. Government Securities	\$ 5,808,517	\$ -	\$ 1,641,080	\$ 1,942,772	\$ 2,224,665
U.S. Agency Securities	6,872,447	-	4,329,040	1,451,501	1,091,906
Corporate Bonds	23,210,707	25,874	10,817,558	11,716,782	650,493
Asset Backed Securities	5,443,707	-	359,451	4,466,077	618,179
Short-Term Investments	6,939,531	6,939,531	-	-	-
	\$ 48,274,909	\$ 6,965,405	\$ 17,147,129	\$ 19,577,132	\$ 4,585,243

Other Pension Fund Investments					
Investment Type Name	Base Market Value	Less than 1 year	1 to 5	6 to 10	over 10
U.S. Government Securities	1,501,852	-	-	-	1,501,852
U.S. Agency Securities	2,780,736	-	-	-	2,780,736
Corporate Bonds	25,343,573	-	5,954,222	14,414,826	4,974,525
Asset-Backed Securities	21,549,847	42,737	1,008,557	4,082,729	16,415,824
Short-Term Investments	3,384,076	3,384,076	-	-	-
	\$ 54,560,084	\$ 3,426,813	\$ 6,962,779	\$ 18,497,555	\$ 25,672,937

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution the Plans will not be able to recover deposits or collateral securities that are in the possession of an outside party. The plan has deposits that are included in County Bank accounts. Deposits at these financial institutions were fully insured or collateralized at year-end.

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Custodial credit risk for investments is the risk that securities are uninsured, unregistered, and held by the counterparty, or by its trust department or agent, but not in the Plans' name. As of June 30, 2014, there were no investments exposed to custodial credit risk. The Plans do not have a policy for custodial credit risk.

Concentration risk is the risk of loss attributed to the magnitude of the Plans' investment in a single issuer. The Policy limits certain investments to less than 5% of total investments. The following investments represent over 5% of total investments with a single investor.

	Pension Plans		
	<u>Police</u>	<u>Fire Service</u>	<u>Other</u>
State Street /PIMCO			
Bond Fund	\$ 77,374,788	\$ 27,993,796	\$ 37,095,905
Percentage	9.06%	7.22%	9.35%
State Street /Causway International			
Equity Fund	59,731,740	29,335,721	25,504,609
Percentage	7.00%	7.56%	6.43%
State Street /Pointer LP			
Alternative Investments	48,747,741	21,844,390	20,000,000
Percentage	5.71%	5.63%	5.04%
State Street / SSGA S&P 500			
Equity Fund	54,446,522	22,197,798	-
Percentage	6.38%	5.72%	-
State Street / Ballie Gifford Funds			
Equity Fund	55,628,500	29,335,721	-
Percentage	6.52%	7.56%	-
State Street / Winton Futures Fund LTD			
Alternative Investment	106,754,073	48,441,262	40,832,639
Percentage	12.50%	12.49%	10.29%
State Street / Mondrian International Small			
Real Estate Investment Trust	-	-	20,077,042
Percentage	-	-	5.06%

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Credit risk involves disclosing the credit quality of investments in debt securities as described by nationally recognized rating agencies. The Investment Policy does not address credit quality, except a requirement that no more than 5% of investments can be committed to government sponsored entities unless they are AAA rated.

Police Pension Fund Investments							
Investment Type	Amount	Moody's	Credit Risk		Amount	S&P	%
			%	Investment Type			
U.S. Agency Securities	4,456,044	Aaa	5.17%	U.S. Agency Securities	953,782	AAA	1.11%
U.S. Agency Securities	3,792,984	Aa	4.40%	U.S. Agency Securities	5,340,901	AA	6.19%
U.S. Agency Securities	2,693,869	A	3.12%	U.S. Agency Securities	3,141,924	A	0.37%
U.S. Agency Securities	995,261	Baa	1.15%	U.S. Agency Securities	463,505	BBB	0.54%
U.S. Agency Securities	1925,853	NR	2.23%	U.S. Agency Securities	6,789,899	NR	7.88%
Short-Term Investments	12,994,685	NR	15.07%	Short-Term Investments	12,994,685	NR	15.07%
Corporate Bonds	32,271	Aaa	0.04%	Corporate Bonds	174,849	AAA	0.20%
Corporate Bonds	926,479	Aa	1.07%	Corporate Bonds	14,131,685	AA	16.4%
Corporate Bonds	5,966,489	A	6.22%	Corporate Bonds	6,962,985	A	8.08%
Corporate Bonds	4,623,728	Baa	5.36%	Corporate Bonds	2,351,833	BBB	2.73%
Corporate Bonds	6,643,853	Ba	7.71%	Corporate Bonds	12,734,031	BB	14.77%
Corporate Bonds	27,318,782	B	31.69%	Corporate Bonds	23,289,606	B	27.01%
Corporate Bonds	3,562,763	CAA	4.13%	Corporate Bonds	1,725,700	CCC	2.00%
Corporate Bonds	494,280	NR	0.57%	Corporate Bonds	3,151,956	NR	0.37%
Asset-Backed Securities	157,768	Aaa	0.18%	Asset-Backed Securities	49,537	AAA	0.06%
Asset-Backed Securities	86,647	Aa	0.10%	Asset-Backed Securities	2,061,555	AA	0.24%
Asset-Backed Securities	32,318	A	0.04%	Asset-Backed Securities	188,450	A	0.22%
Asset-Backed Securities	60,115	BAA		Asset-Backed Securities	183,963	NR	0.21%
Asset-Backed Securities	351,773	NR	0.41%	Asset-Backed Securities	60,115	BBB	0.07%
Mortgage-Backed Securities	315,261	A	0.37%	Mortgage-Backed Securities	-	AAA	0.00%
Mortgage-Backed Securities	27,459	AA		Mortgage-Backed Securities	83,378	AA	0.10%
Mortgage-Backed Securities	-	Aa	0.00%	Mortgage-Backed Securities	99,242	A	0.12%
Mortgage-Backed Securities	-			Mortgage-Backed Securities	260,707	BBB	0.30%
Mortgage-Backed Securities	9,360,377	NR	10.86%	Mortgage-Backed Securities	9,259,770	NR	10.74%
	<u>86,218,058</u>				<u>86,218,058</u>		

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Fire Service Pension Fund Investments

Investment Type	Credit Risk			Investment Type	Amount	S&P	%
	Amount	Moody's	%				
U.S. Agency Securities	\$ 2,041,536	Aaa	4.81%	U.S. Agency Securities	\$ 500,909	AAA	1.18%
U.S. Agency Securities	\$ 1,988,970	Aa	4.68%	U.S. Agency Securities	2,943,059	AA	6.93%
U.S. Agency Securities	1,719,202	A	4.05%	U.S. Agency Securities	186,349	A	0.44%
U.S. Agency Securities	564,654	Baa	133%	U.S. Agency Securities	244,675	BBB	0.58%
U.S. Agency Securities	588,084	NR		U.S. Agency Securities	2,997,454	NR	7.06%
Short-Term Investments	6,939,531	NR	16.34%	Short-Term Investments	6,939,531	NR	16.34%
Corporate Bonds	198,376	Aaa	0.47%	Corporate Bonds	248,132	AAA	0.58%
Corporate Bonds	501,800	Aa	1.18%	Corporate Bonds	740,778	AA	1.74%
Corporate Bonds	2,316,481	A	5.45%	Corporate Bonds	3,361,648	A	7.92%
Corporate Bonds	2,596,671	Baa	6.11%	Corporate Bonds	1248,912	BBB	2.94%
Corporate Bonds	3,122,742	Ba	7.35%	Corporate Bonds	5,799,149	BB	13.66%
Corporate Bonds	12,464,285	B	29.35%	Corporate Bonds	10,917,088	B	25.71%
Corporate Bonds	1,726,019	CAA	4.06%	Corporate Bonds	767,338	CCC	1.81%
Corporate Bonds	284,333	NR	0.67%	Corporate Bonds	127,663	NR	0.30%
Asset-Backed Securities	75,217	Aaa	0.18%	Asset-Backed Securities	34,909	AAA	0.08%
Asset-Backed Securities	45,872	Aa	0.11%	Asset-Backed Securities	126,240	AA	0.30%
Asset-Backed Securities	50,039	A	0.12%	Asset-Backed Securities	71,845	A	0.17%
Asset-Backed Securities	35,067	Baa	0.08%	Asset-Backed Securities	35,067	BBB	0.08%
Asset-Backed Securities	173,302	NR	0.41%	Asset-Backed Securities	111,436	NR	0.26%
Mortgage-Backed Securities	-	AA	0.00%	Mortgage-Backed Securities	50,027	AA	0.12%
Mortgage-Backed Securities	181,933	A	0.43%	Mortgage-Backed Securities	60,648	A	0.14%
Mortgage-Backed Securities	4,882,277	NR	11.50%	Mortgage-Backed Securities	149,214	BBB	0.35%
				Mortgage-Backed Securities	4,804,321	NR	11.31%
					\$ 42,466,391		
					\$ 42,466,391		

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Other Pension Fund Investments

Investment Type	Credit Risk			Investment Type	Amount	S&P	%
	Amount	Moody's	%				
U.S. Agency Securities	\$ 700,092	Aaa	1.32%	U.S. Agency Securities	\$ 344,363	AA	0.65%
U.S. Agency Securities	2,080,643	NR	3.92%	U.S. Agency Securities	2,436,372	NR	4.59%
Short-Term Investments	3,384,076	NR	6.38%	Short-Term Investments	3,384,076	NR	6.38%
Corporate Bonds		Aaa	0.00%	Corporate Bonds		AAA	0.00%
Corporate Bonds	1,309,636	Aa	2.47%	Corporate Bonds	1,581,878	AA	2.98%
Corporate Bonds	2,362,398	A	4.45%	Corporate Bonds	3,123,791	A	5.89%
Corporate Bonds	2,377,245	Baa	4.48%	Corporate Bonds	2,260,509	BBB	4.26%
Corporate Bonds	2,881,924	Ba	5.43%	Corporate Bonds	5,288,862	BB	9.99%
Corporate Bonds	11,535,041	B	21.74%	Corporate Bonds	10,029,380	B	18.90%
Corporate Bonds	1,587,931	CAA	2.99%	Corporate Bonds	769,906	CCC	1.45%
Corporate Bonds	351,976	NA	0.66%				
Corporate Bonds	2,937,422	NR	5.54%	Corporate Bonds	2,279,247	NR	4.30%
Asset-Backed Securities	145,993	Aaa	0.28%	Asset-Backed Securities	145,993	AAA	0.28%
Asset-Backed Securities	299,962	A	0.57%	Asset-Backed Securities	299,962	A	0.57%
Asset-Backed Securities	7,488,827	NR	14.11%	Asset-Backed Securities	7,488,827	NR	14.11%
Mortgage-Backed Securities	359,020	Aaa	0.68%	Mortgage-Backed Securities	336,702	AAA	0.63%
Mortgage-Backed Securities	967,089	Aa	1.82%	Mortgage-Backed Securities	251,322	AA	0.47%
Mortgage-Backed Securities	276,524	A	0.52%	Mortgage-Backed Securities	359,020	A	0.68%
				Mortgage-Backed Securities	276,524	BBB	0.52%
Mortgage-Backed Securities	12,012,431	NR	22.64%	Mortgage-Backed Securities	12,391,496	NR	23.35%
	\$ 53,058,230				\$ 53,058,230		

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Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Investment Policy does allow the plans to invest in foreign currency denominations, but does not address foreign currency exposure. The table below lists the Plans' foreign currency exposure for fixed income and equity securities:

Local Currency	Police						Foreign Currency Exposure						
	Fixed Income		Other		%		Fire Service			Other			
	Amount	%	Amount	%	Fixed Income	Other	Amount	%	Equity	Fixed Income	Other	Amount	%
Australian Dollar	\$ 123,568	0.01%	\$ 123,568	0.01%	\$ 70,758	-	\$ 70,758	0.02%	\$ 1,803,039	\$ 9,964	\$ 13,085,515	\$ 3,121,518	0.79%
Canadian Dollar	52,1470	2.274,192	2,795,662	0.33%	3,15,082	1,308,945	1,624,027	0.42%	2,967,431	124,524	-	3,091,955	0.78%
Danish Krone	-	-	-	0.00%	-	-	-	0.00%	1,528,957	1,562	-	1,530,519	0.39%
Euro Currency	2,690,123	-	2,690,123	0.32%	1,517,223	-	1,517,223	0.39%	8,799,637	21,780	325,379	9,146,796	2.30%
Hong Kong Dollar	-	-	-	0.00%	-	-	-	0.00%	1,890,516	44,457	-	1,934,973	0.49%
Israeli Shekel	-	-	-	0.00%	-	-	-	0.00%	373,559	2,933	-	376,492	0.09%
Japanese Yen	2,464,110	-	2,464,110	0.29%	1,420,150	-	1,420,150	0.37%	7,537,801	94,550	-	7,632,351	1.92%
Malaysian Ringgit	138,171	-	138,171	0.02%	79,274	-	79,274	0.02%	-	-	-	-	0.00%
Mexican Peso	338,124	-	338,124	0.04%	204,104	-	204,104	0.05%	-	-	-	-	0.00%
New Zealand Dollar	24,1555	-	24,1555	0.03%	136,615	-	136,615	0.04%	686,407	43,144	-	729,551	0.18%
Norwegian Krone	235,394	-	235,394	0.03%	137,936	-	137,936	0.04%	5,267,327	13,370	258,837	5,539,534	1.40%
Polish Zloty	8,027	-	8,027	0.00%	5,886	-	5,886	0.00%	-	-	-	-	0.00%
Pound Sterling	1,033,224	-	1,033,224	0.12%	597,279	-	597,279	0.15%	184,773	17,447	-	202,220	0.05%
Singapore Dollar	176,538	-	176,538	0.02%	97,837	-	97,837	0.03%	2,246,795	-	-	2,246,795	0.57%
South African rand	1,939	-	1,939	0.00%	1,202	-	1,202	0.00%	-	-	-	-	0.00%
South Korean Won	-	-	-	0.00%	-	-	-	0.00%	2,246,795	-	-	2,246,795	0.57%
Swedish Krona	120,671	-	120,671	0.01%	68,680	-	68,680	0.02%	794,428	79,289	-	873,717	0.22%
Swiss Franc	-	-	-	0.00%	-	-	-	0.00%	1,656,657	-	-	1,656,657	0.42%
Thailand Baht	2,706	-	2,706	0.00%	1,541	-	1,541	0.00%	-	-	-	-	0.00%
Total Foreign Holdings			\$ 10,369,812	1.21%			\$ 5,962,511	1.54%				\$ 40,329,873	10.16%

For the year ended June 30, 2014 the money-weighted weight of return on pension plan investments, net of pension plan investment expense, for the Police, Fire Service, and Other Comprehensive and Supplemental Plans was 17.27%, 17.38%, and 17.27%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

(Continued)

The Board of Trustees for the Plans authorizes the lending of securities to broker-dealers for collateral that will be returned for the same securities in the future. The collateral securities, letters of credit and cash are initially pledged at 100% of the market value of the securities lent and revalued daily to ensure that the collateral does not fall below 100%. The Plans are indemnified of credit risk as it relates to counterparty loan activity. The collateral securities and letters of credit cannot be sold or pledged unless the borrower defaults. As a result, such amounts have not been reported as assets and liabilities in the combined statement of plan net position of the Pension Trust Funds. Cash collateral is invested in the Plans' custodian's short-term investment pool, which at year-end has an average duration of 32 days and an average weighted maturity of 62 days. The relationship between the maturities of the investment pool and the Plans' loans is affected by the maturities of the securities loans made by other entities that use the pool, which the Plans cannot determine. Securities lent for cash collateral are unclassified in the foregoing schedule. Securities lent for securities or letters of credit collateral are classified according to the category of custodial risk for the collateral. The collateral held and the fair value of securities on loan as of June 30, 2014 totaled \$5,331,286 and \$5,153,115, respectively. Cash collateral held, amounting to \$5,331,286 is included as an asset and liability in the accompanying financial statements at year-end.

d. Equity in County's Pooled Cash

The County maintains a cash and investment pool that is available for use by all funds, including the Pension Plans. The Plans' equity in the County's pooled cash represent funds held in insured or collateralized bank accounts that have not yet been transferred to the investment managers. Investment income is allocated based on the percentage of each Plan's cash at month-end to the total pool.

e. 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 and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

f. New Accounting Pronouncements

The County implemented GASB Statement No. 67, "Financial Reporting for Pension Plans, an amendment of GASB Statement 25. This Statement establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability for the Plans. The Statement also identifies the required note disclosures for the Plans. These changes are reflected in the County's financial statements presentation.

Prince George's County, Maryland
Pension Trust Funds
Notes to Basic Financial Statements
June 30, 2014

3. Net Pension Liability

The components of the net pension liability of the Plans at June 30, 2014 were as follows:

	Total	Plan Net Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability
Comprehensive Pension Plans:					
Police	\$ 14,639,118	\$ 856,581,857		556,057,261	60.64%
Fire Service	728,531,001	389,311,734		339,249,267	53.44%
Deputy Sheriffs'	12,490,085	57,351,980		55,138,105	50.98%
Correctional Officers'	85,020,213	104,764,275		90,255,938	53.72%
Supplemental Pension Plans:					
Deputy Sheriffs'	9,665,290	3,763,494		5,901,796	38.94%
Correctional Officers'	8,810,750	7,432,352		1,378,398	84.36%
Crossing Guards	2,049,235	1498,494		550,741	73.12%
AFSCME	92,474,867	76,807,522		15,667,345	83.06%
General Schedule	18,929,808	12,145,715		48,784,093	71.12%
Fire Civilian	11,373,005	6,992,464		4,380,541	61.48%
Police Civilian	26,248,557	19,500,690		6,747,867	74.29%

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75% general, 3.25% Payroll growth rate
Salary Increases	100% - 7.00%
Investment Rate of Return	7.50%

Experience-based table of rates that are specific to the type of eligibility condition. Updated for the 2014 valuation pursuant to an experience study of the period 2008-2013

RP 2014 Health Annuity Mortality Table with rates multiplied by 0.75 for males and 1.1 for females for non-disabled annuitants and 1.00 and 1.35 for disabled annuitants

There were no benefit changes during the year. Adjustments to the roll-forward liabilities were made to reflect the assumption changes adopted from the experience study that are first implemented in actuarial valuations as of July 1, 2014

Prince George's County, Maryland
Pension Trust Funds
Notes to Basic Financial Statements
June 30, 2014

4. Long-Term Expected Return of Plan Assets

The long-term expected rate of return on pension plan investment are 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 arithmetic real rates of return for each major class included in the pension plan's target asset allocation of June 30, 2014 are presented in the table below:

Asset Class	Police and Fire Service Plans		Other Comprehensive and Supplemental Plans	
	Target Allocation	Long-Term Expected Real Rat of Return	Target Allocation	Long-Term Expected Real Rat of Return
Hedge Funds	10.00%	4.50%	10.00%	4.50%
Private Equirtry	10.00%	7.75%	10.00%	7.75%
Real Assets	10.00%	7.39%	10.00%	7.39%
TIPS	5.00%	1.50%	4.00%	1.50%
High Yeild	5.00%	4.75%	4.00%	4.75%
Core/Core Fixed Income	15.00%	2.00%	19.00%	2.00%
Enmerging Market	4.50%	8.00%	4.50%	8.00%
International Developed	15.00%	6.13%	17.00%	6.13%
Domestic Small Cap	4.50%	4.75%	4.50%	4.75%
Domestic Large Cap	18.00%	4.75%	17.00%	4.75%

5. Single Discount Rate

A single discount rate of 7.5% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.5%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Prince George's County, Maryland
Pension Trust Funds
Notes to Basic Financial Statements
June 30, 2014

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using single discount rate that is 1-percent-point lower or 1-percent-point higher:

Sensitivity of Net Pension Liability to the Single Discount Rate Assumption

Plan	Current Single Discount Rate (SDR) Assumption	SDR		
		1% Decrease	SDR	1% Increase
Police	7.50%	\$ 727,993,110	\$ 556,554,014	\$ 414,236,516
Fire Service	7.50%	426,701,737	339,251,523	266,619,202
Deputy Sheriffs' Comprehensive	7.50%	69,825,318	55,353,990	43,351,900
Correctional Officers' Comprehensive	7.50%	112,057,253	90,651,373	72,521,500
Deputy Sheriffs' Supplemental	7.50%	7,068,987	5,916,102	4,952,873
Correctional Officers' Supplemental	7.50%	2,264,728	1,406,322	676,649
Crossing Guards	7.50%	787,573	556,414	359,955
AFSCME	7.50%	27,645,188	15,958,210	6,192,706
General Schedule	7.50%	69,531,926	49,236,694	32,064,813
Fire Civilian	7.50%	5,379,764	4,406,934	3,553,006
Police Civilian	7.50%	9,705,678	6,821,431	4,368,394
		\$ 1,458,961,262	\$ 1,126,113,007	\$ 848,897,514

(Continued)

Prince George's County, Maryland
Pension Trust Funds
Notes to Basic Financial Statements
June 30, 2014

6. Federal Income Taxes

The Internal Revenue Service has determined that the Plans are qualified trusts under Section 401 of the Internal Revenue Code and that employees' payroll contributions to the Plans are exempt from federal income taxes.

7. Ten-Year Historical Trend Information

Historical trend information which provides an indication of the progress made in accumulating sufficient assets to pay benefits when due is presented as required supplementary information following the notes to the basic financial statements. The latest actuarial valuation was performed as of July 1, 2013 for the Plans.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Ten-year historical trend information (when available) about the Plans is presented herewith as required supplementary information. This information is intended to help users assess the Plans' funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

Prince Georges County Maryland
Police Pension Plan

Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Fiscal Year 2014⁽¹⁾

	2014
Fiscal year ending June 30	
Total Pension Liability	
Service cost	38,339,800
Interest	97,116,878
Assumption changes	40,734,204
Benefit payments	(76,560,744)
Refunds	(1272,420)
Net change in total pension liability	98,357,718
Total pension liability - beginning	131,281,400
Total pension liability - ending (a)	<u>141,263,118</u>
Plan fiduciary net position	
Employer contributions	66,118,037
Employee contributions	8,190,741
Net investment income	120,575,139
Benefit payments	(76,560,744)
Refunds	(1272,420)
Administrative expense	(517,840)
Net transfers	-
Net change in plan fiduciary net position	116,527,913
Plan fiduciary net position - beginning	740,053,944
Plan fiduciary net position - end (b)	<u>856,581,857</u>
Net pension liability - (a) - (b)	556,057,261
Plan fiduciary net position as a percentage of total pension liability	60.64%
Covered employee payroll⁽²⁾	121,886,100
Net pension liability as a percentage of covered employee payroll	456.21%

⁽¹⁾ GASB 67 implemented in Fiscal Year 2014. Ultimately 10 years will be displayed.

⁽²⁾ Payroll from actuarial valuation performed at fiscal year end.

Prince Georges County Maryland
Fire Service Pension Plan

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios

Fiscal Year 2014 ⁽¹⁾

	2014
Fiscal year ending June 30	
Total Pension Liability	
Service cost	7,384,400
Interest	49,506,707
Assumption changes	31,788,934
Benefit payments	(4,191,128)
Refunds	(719,912)
Net change in total pension liability	<u>56,044,001</u>
Total pension liability - beginning	<u>672,487,000</u>
Total pension liability - ending (a)	<u><u>728,531,001</u></u>
Plan fiduciary net position	
Employer contributions	34,826,767
Employee contributions	3,835,790
Net investment income	56,155,443
Benefit payments	(4,191,128)
Refunds	(719,912)
Administrative expense	(413,936)
Net transfers	-
Net change in plan fiduciary net position	<u>51,768,024</u>
Plan fiduciary net position - beginning	337,543,710
Plan fiduciary net position - end (b)	<u><u>389,311,734</u></u>
Net pension liability - (a) - (b)	<u>339,219,267</u>
Plan fiduciary net position as a percentage of total pension liability	53.44%
Covered employee payroll ⁽²⁾	58,003,300
Net pension liability as a percentage of covered employee payroll	584.83%

⁽¹⁾ GASB 67 implemented in Fiscal Year 2014. Ultimately 10 years will be displayed.

⁽²⁾ Payroll from actuarial valuation performed at fiscal year end.

Prince Georges County Maryland
Deputy Sheriff's Comprehensive Pension Plan
Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios
Fiscal Year 20~~14~~⁽¹⁾

Fiscal year ending June 30	20 14
Total Pension Liability	
Service cost	3,871,100
Interest	7,628,903
Assumption changes	4,557,828
Benefit payments	(6,582,818)
Refunds	(68,733)
Net change in total pension liability	<u>9,406,285</u>
Total pension liability - beginning	<u>103,083,800</u>
Total pension liability - ending (a)	<u><u>112,490,085</u></u>
Plan fiduciary net position	
Employer contributions	5,853,975
Employee contributions	1,405,110
Net investment income	8,305,560
Benefit payments	(6,582,818)
Refunds	(68,733)
Administrative expense	(211,737)
Net transfers	-
Net change in plan fiduciary net position	<u>8,701,362</u>
Plan fiduciary net position - beginning	<u>48,650,618</u>
Plan fiduciary net position - end (b)	<u><u>57,351,980</u></u>
Net pension liability - (a) - (b)	<u>55,138,105</u>
Plan fiduciary net position as a percentage of total pension liability	50.98%
Covered employee payroll (2)	14,251,600
Net pension liability as a percentage of covered employee payroll	386.89%

(1) GASB67 implemented in Fiscal Year 2014. Ultimately 10 years will be displayed.

(2) Payroll from actuarial valuation performed at fiscal year end.

Prince Georges County Maryland
 Correctional Officers' Comprehensive Pension Plan
 Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios
 Fiscal Year 2014 ⁽¹⁾

Fiscal year ending June 30	2014
Total Pension Liability	
Service cost	6,838,600
Interest	12,993,205
Assumption changes	9,933,562
Benefit payments	(8,354,218)
Refunds	(742,136)
Net change in total pension liability	20,669,013
Total pension liability - beginning	174,351,200
Total pension liability - ending (a)	195,020,213
Plan fiduciary net position	
Employer contributions	7,363,022
Employee contributions	3,054,222
Net investment income	15,128,737
Benefit payments	(8,354,218)
Refunds	(742,136)
Administrative expense	(240,480)
Net transfers	-
Net change in plan fiduciary net position	16,209,147
Plan fiduciary net position - beginning	88,555,128
Plan fiduciary net position - end (b)	104,764,275
Net pension liability - (a) - (b)	90,255,938
Plan fiduciary net position as a percentage of total pension liability	53.72%
Covered employee payroll ⁽²⁾	25,445,200
Net pension liability as a percentage of covered employee payroll	354.71%

⁽¹⁾ GASB 67 implemented in Fiscal Year 2014. Ultimately 10 years will be displayed.

⁽²⁾ Payroll from actuarial valuation performed at fiscal year end.

Prince Georges County Maryland
Deputy Sheriff's Supplemental Pension Plan
Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios
Fiscal Year 2014 ⁽¹⁾

Fiscal year ending June 30	2014
Total Pension Liability	
Service cost	45,400
Interest	658,384
Assumption changes	616,240
Benefit payments	(805,234)
Refunds	-
Net change in total pension liability	<u>513,790</u>
Total pension liability - beginning	<u>9,151,500</u>
Total pension liability - ending (a)	<u>9,665,290</u>
Plan fiduciary net position	
Employer contributions	768,500
Employee contributions	29,030
Net investment income	521,224
Benefit payments	(805,234)
Refunds	-
Administrative expense	(27,614)
Net transfers	-
Net change in plan fiduciary net position	<u>485,906</u>
Plan fiduciary net position - beginning	3,277,588
Plan fiduciary net position - end (b)	<u>3,763,494</u>
Net pension liability - (a) - (b)	<u>5,901,796</u>
Plan fiduciary net position as a percentage of total pension liability	38.94%
Covered employee payroll ⁽²⁾	574,600
Net pension liability as a percentage of covered employee payroll	1027.11%

⁽¹⁾ GASB 67 implemented in Fiscal Year 2014. Ultimately 10 years will be displayed.

⁽²⁾ Payroll from actuarial valuation performed at fiscal year end.

Prince Georges County Maryland
 Correctional Officers' Supplemental Pension Plan
 Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios

Fiscal Year 2014⁽¹⁾

Fiscal year ending June 30	2014
Total Pension Liability	
Service cost	140,000
Interest	581,835
Assumption changes	557,170
Benefit payments	(309,055)
Refunds	-
Net change in total pension liability	<u>969,950</u>
Total pension liability - beginning	<u>7,840,800</u>
Total pension liability - ending (a)	<u><u>8,810,750</u></u>
Plan fiduciary net position	
Employer contributions	559,655
Employee contributions	84,396
Net investment income	1,045,836
Benefit payments	(309,055)
Refunds	-
Administrative expense	(27,614)
Net transfers	-
Net change in plan fiduciary net position	<u>1,353,218</u>
Plan fiduciary net position - beginning	6,079,134
Plan fiduciary net position - end (b)	<u><u>7,432,352</u></u>
Net pension liability - (a) - (b)	<u>1,378,398</u>
Plan fiduciary net position as a percentage of total pension liability	84.36%
Covered employee payroll⁽²⁾	159,300
Net pension liability as a percentage of covered employee payroll	90.73%

(1) GASB67 implemented in Fiscal Year 2014. Ultimately 10 years will be displayed.

(2) Payroll from actuarial valuation performed at fiscal year end.

Prince Georges County Maryland
 Crossing Guards Pension Plan
 Required Supplementary Information
 Schedule of Changes in Net Pension Liability and Related Ratios
 Fiscal Year 2014 ⁽¹⁾

	2014
Fiscal year ending June 30	
Total Pension Liability	
Service cost	66,300
Interest	140,397
Assumption changes	81,491
Benefit payments	(144,342)
Refunds	(9,611)
Net change in total pension liability	<u>134,235</u>
Total pension liability - beginning	<u>1,915,000</u>
Total pension liability - ending (a)	<u><u>2,049,235</u></u>
Plan fiduciary net position	
Employer contributions	8,188
Employee contributions	64,330
Net investment income	222,555
Benefit payments	(144,342)
Refunds	(9,611)
Administrative expense	(213) 0
Net transfers	(220)
Net change in plan fiduciary net position	<u>193,290</u>
Plan fiduciary net position - beginning	1,305,204
Plan fiduciary net position - end (b)	<u><u>1,498,494</u></u>
Net pension liability - (a) - (b)	<u>550,741</u>
Plan fiduciary net position as a percentage of total pension liability	73.12%
Covered employee payroll ⁽²⁾	1,402,400
Net pension liability as a percentage of covered employee payroll	39.27%

⁽¹⁾ GASB 67 implemented in Fiscal Year 2014. Ultimately 10 years will be displayed.

⁽²⁾ Payroll from actuarial valuation performed at fiscal year end.

Prince Georges County Maryland
AFSCME Pension Plan

Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Fiscal Year 2014⁽¹⁾

Fiscal year ending June 30	2014
Total Pension Liability	
Service cost	2,949,000
Interest	6,434,666
Assumption changes	755,549
Benefit payments	(3,860,360)
Refunds	(92,288)
Net change in total pension liability	6,186,567
Total pension liability - beginning	86,288,300
Total pension liability - ending (a)	92,474,867
Plan fiduciary net position	
Employer contributions	3,924,252
Employee contributions	862,630
Net investment income	11,124,936
Benefit payments	(3,860,360)
Refunds	(92,288)
Administrative expense	(16,210)
Net transfers	(125,063)
Net change in plan fiduciary net position	11,717,897
Plan fiduciary net position - beginning	65,089,625
Plan fiduciary net position - end (b)	76,807,522
Net pension liability - (a) - (b)	15,667,345
Plan fiduciary net position as a percentage of total pension liability	83.06%
Covered employee payroll⁽²⁾	51,114,200
Net pension liability as a percentage of covered employee payroll	30.65%

⁽¹⁾ GASB 67 implemented in Fiscal Year 2014. Ultimately 10 years will be displayed.

⁽²⁾ Payroll from actuarial valuation performed at fiscal year end.

Prince Georges County Maryland
 General Schedule Pension Plan
 Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios
 Fiscal Year 2014 ⁽¹⁾

Fiscal year ending June 30	2014
Total Pension Liability	
Service cost	5,213,600
Interest	11,683,071
Assumption changes	3,805,637
Benefit payments	(9,661,847)
Refunds	(135,253)
Net change in total pension liability	<u>10,905,208</u>
Total pension liability - beginning	<u>58,024,600</u>
Total pension liability - ending (a)	<u><u>68,929,808</u></u>
Plan fiduciary net position	
Employer contributions	7,189,526
Employee contributions	3,338,347
Net investment income	17,349,257
Benefit payments	(9,661,847)
Refunds	(135,253)
Administrative expense	(63,165)
Net transfers	62,316
Net change in plan fiduciary net position	<u>18,079,191</u>
Plan fiduciary net position - beginning	102,066,524
Plan fiduciary net position - end (b)	<u><u>120,145,715</u></u>
Net pension liability - (a) - (b)	48,784,093
Plan fiduciary net position as a percentage of total pension liability	71.12%
Covered employee payroll ⁽²⁾	90,154,600
Net pension liability as a percentage of covered employee payroll	54.11%

⁽¹⁾ GASB 67 implemented in Fiscal Year 2014. Ultimately 10 years will be displayed.

⁽²⁾ Payroll from actuarial valuation performed at fiscal year end.

Prince Georges County Maryland
Fire Civilian Pension Plan

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios

Fiscal Year 2014⁽¹⁾

Fiscal year ending June 30 2014

Total Pension Liability	
Service cost	218,900
Interest	789,219
Assumption changes	256,389
Benefit payments	(603,003)
Refunds	-
Net change in total pension liability	<u>661,505</u>
Total pension liability - beginning	<u>10,711,500</u>
Total pension liability - ending (a)	<u><u>11,373,005</u></u>
Plan fiduciary net position	
Employer contributions	455,754
Employee contributions	177,317
Net investment income	1,014,503
Benefit payments	(603,003)
Refunds	-
Administrative expense	(57,930)
Net transfers	(4,197)
Net change in plan fiduciary net position	<u>982,444</u>
Plan fiduciary net position - beginning	6,010,020
Plan fiduciary net position - end (b)	<u><u>6,992,464</u></u>
Net pension liability - (a) - (b)	<u>4,380,541</u>
Plan fiduciary net position as a percentage of total pension liability	61.48%
Covered employee payroll (2)	3,638,800
Net pension liability as a percentage of covered employee payroll	120.38%

(1) GASB67 implemented in Fiscal Year 2014. Ultimately 10 years will be displayed.

(2) Payroll from actuarial valuation performed at fiscal year end.

Prince Georges County Maryland
Police Civilian Pension Plan

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios

Fiscal Year 2014⁽¹⁾

Fiscal year ending June 30

2014

Total Pension Liability	
Service cost	1,023,800
Interest	1,908,551
Assumption changes	(785,355)
Benefit payments	(1,395,958)
Refunds	(260,381)
Net change in total pension liability	490,657
Total pension liability - beginning	25,757,900
Total pension liability - ending (a)	26,248,557
Plan fiduciary net position	
Employer contributions	1,068,827
Employee contributions	802,285
Net investment income	2,833,208
Benefit payments	(1,395,958)
Refunds	(260,381)
Administrative expense	(64,464)
Net transfers	(22,836)
Net change in plan fiduciary net position	2,960,681
Plan fiduciary net position - beginning	16,540,009
Plan fiduciary net position - end (b)	19,500,690
Net pension liability - (a) - (b)	6,747,867
Plan fiduciary net position as a percentage of total pension liability	74.29%
Covered employee payroll⁽²⁾	17,183,600
Net pension liability as a percentage of covered employee payroll	39.27%

⁽¹⁾ GASB67 implemented in Fiscal Year 2014. Ultimately 10 years will be displayed.

⁽²⁾ Payroll from actuarial valuation performed at fiscal year end.

Prince George's County, Maryland
Pension Trust Funds
Required Supplementary Information
Schedule of Employer Contributions
(UNAUDITED)

Comprehensive Pension Plans:

	Year Ended <u>June 30</u>	Actuarially	Actual	Contribution	Covered Payroll <u>July 1</u>	Contribution as a % of <u>Covered Payroll</u>
		Determined <u>Contribution</u>	Contribution <u>Made</u>	Deficiency		
<u>Police</u>	2014	\$ 66,113,037	\$ 66,113,037	\$ -	\$ 12,188,610	54.24%
	2013	56,265,491	56,265,491	-	117,917,900	47.72%
	2012	52,792,772	52,792,772	-	107,624,300	49.05%
	2011	47,358,991	47,358,991	-	105,970,000	44.69%
	2010	40,746,884	40,746,884	-	106,868,400	38.13%
	2009	41,312,456	41,312,456	-	108,335,400	38.13%
	2008	40,899,662	40,899,662	-	108,498,400	37.70%
	2007	37,460,992	37,460,992	-	101,048,300	37.07%
	2006	30,145,860	30,145,860	-	95,891,400	31.44%
	2005	21,052,731	21,052,731	-	80,997,400	25.99%
<u>Fire Service</u>	2014	34,826,767	34,826,767	-	58,003,300	60.04%
	2013	29,993,835	29,993,835	-	52,320,000	57.33%
	2012	31,141,432	31,141,432	-	52,054,300	59.82%
	2011	25,956,943	25,956,943	-	51,753,900	50.15%
	2010	23,247,348	23,247,348	-	49,060,800	47.38%
	2009	25,628,801	25,628,801	-	52,036,500	49.25%
	2008	25,411,809	25,411,809	-	50,846,300	49.98%
	2007	20,371,224	20,371,224	-	49,859,800	40.86%
	2006	15,970,509	15,970,509	-	44,657,700	35.76%
	2005	12,800,966	12,800,966	-	42,699,600	29.98%

Prince George's County, Maryland
Pension Trust Funds
Required Supplementary Information
Schedule of Employer Contributions (continued)
(UNAUDITED)

Comprehensive Pension Plans (cont.):

	Year Ended <u>June 30</u>	Actuarially Determined <u>Contribution</u>	Actual Contribution <u>Made</u>	Contribution <u>Deficiency</u>	Covered Payroll <u>July 1</u>	Contribution as a % of <u>Covered Payroll</u>
<u>Deputy Sheriffs:</u>	2014	5,853,975	5,853,975	-	14,251,600	41.08%
	2013	5,171,709	5,171,709	-	13,005,400	39.77%
	2012	5,243,696	5,243,696	-	13,064,600	40.14%
	2011	4,627,135	4,627,135	-	13,420,100	34.48%
	2010	3,898,491	3,898,491	-	12,931,600	30.15%
	2009	4,110,295	4,110,295	-	13,597,000	30.23%
	2008	4,138,909	4,138,909	-	12,394,700	33.39%
	2007	4,172,392	4,172,392	-	11,648,200	35.82%
	2006	3,207,739	3,207,739	-	10,514,300	30.51%
	2005	1,803,295	1,803,295	-	7,836,000	23.01%
<u>Correctional Officers:</u>	2014	7,363,022	7,363,022	-	25,445,200	28.94%
	2013	7,424,683	7,424,683	-	25,158,200	29.51%
	2012	6,655,547	6,655,547	-	25,158,200	26.45%
	2011	6,196,486	6,196,486	-	25,098,900	24.69%
	2010	5,082,212	5,082,212	-	25,181,100	20.16%
	2009	5,001,190	5,001,190	-	24,397,700	20.50%
	2008	4,932,268	4,932,268	-	23,274,200	21.16%
	2007	4,636,499	4,636,499	-	22,883,300	20.26%
	2006	3,901,798	3,901,798	-	22,123,900	17.64%
	2005	3,100,390	3,100,390	-	17,979,700	17.24%

Prince George's County, Maryland
Pension Trust Funds
Required Supplementary Information
Schedule of Employer Contributions (continued)
(UNAUDITED)

Supplemental Pension Plans:		Year Ended	Actuarially	Actual	Contribution	Contribution	Covered	Contribution
		<u>June 30</u>	Determined	Contribution	Made	Deficiency	Payroll	as a % of
			<u>Contribution</u>				<u>July 1</u>	<u>Covered Payroll</u>
Deputy Sheriffs'	2014	\$	768,500	768,500	-	-	574,600	133.75%
	2013		652,200	652,200	-	-	528,100	123.50%
	2012		274,717	274,717	-	-	920,700	29.84%
	2011		257,053	257,053	-	-	1,025,000	25.08%
	2010		255,608	255,608	-	-	1,208,100	21.16%
	2009		214,001	214,001	-	-	1,285,400	16.65%
	2008		224,419	224,419	-	-	1,235,200	18.17%
	2007		204,941	204,941	-	-	1,381,900	14.83%
	2006		120,830	120,830	-	-	1,321,400	9.14%
	2005		68,784	68,784	-	-	1,245,200	5.52%
Correctional Officers'	2014		559,655	559,655	-	-	1,519,300	36.84%
	2013		528,851	528,851	-	-	1,525,800	34.66%
	2012		568,320	568,320	-	-	1,600,000	35.52%
	2011		546,421	546,421	-	-	1,674,200	32.64%
	2010		142,397	142,397	-	-	1,816,300	7.84%
	2009		149,743	149,743	-	-	1,808,200	8.28%
	2008		167,390	167,390	-	-	1,911,500	8.76%
	2007		154,982	154,982	-	-	2,071,200	7.48%
	2006		139,315	139,315	-	-	2,079,600	6.70%
	2005		92,770	92,770	-	-	2,091,700	4.44%

Prince George's County, Maryland
Pension Trust Funds
Required Supplementary Information
Schedule of Employer Contributions (continued)
(UNAUDITED)

Supplemental Pension Plans:

	Year Ended <u>June 30</u>	Actuarially		Actual		Contribution <u>Deficiency</u>	Covered Payroll <u>July 1</u>	Contribution as a % of <u>Covered Payroll</u>
		<u>Contribution</u>	<u>Determined</u>	<u>Contribution</u>	<u>Made</u>			
Crossing Guards	2014	81,888	81,888	81,888	-	1,402,400	5.84%	
	2013	86,674	86,674	86,674	-	1,370,400	6.32%	
	2012	85,002	85,002	85,002	-	1,549,600	5.49%	
	2011	79,090	79,090	79,090	-	1,482,200	5.34%	
	2010	74,880	74,880	74,880	-	1,539,300	4.86%	
	2009	85,965	85,965	85,965	-	1,685,200	5.10%	
	2008	78,794	78,794	78,794	-	1,655,300	4.76%	
	2007	74,160	74,160	74,160	-	1,690,900	4.39%	
	2006	70,517	70,517	70,517	-	2,123,800	3.32%	
	2005	67,110	67,110	67,110	-	1,604,700	4.18%	
	2014	3,924,252	3,924,252	3,924,252	-	51,111,200	7.68%	
AFSCME	2013	3,876,642	3,876,642	3,876,642	-	49,182,900	7.88%	
	2012	4,063,116	4,063,116	4,063,116	-	54,010,000	7.52%	
	2011	3,907,035	3,907,035	3,907,035	-	54,335,400	7.22%	
	2010	3,761,772	3,761,772	3,761,772	-	55,451,600	6.78%	
	2009	4,100,704	4,100,704	4,100,704	-	58,701,800	6.99%	
	2008	3,978,481	3,978,481	3,978,481	-	57,555,100	6.91%	
	2007	1,704,492	1,704,492	1,704,492	-	53,891,200	3.16%	
	2006	1,074,642	1,074,642	1,074,642	-	24,186,700	4.44%	
	2005	1,082,517	1,082,517	1,082,517	-	23,647,200	4.58%	

Prince George's County, Maryland
Pension Trust Funds
Required Supplementary Information
Schedule of Employer Contributions (continued)
(UNAUDITED)

Supplemental Pension Plans (cont.):

	Year Ended June 30	Actuarially Determined Contribution	Actual Contribution Made	Contribution Deficiency	Covered Payroll July 1	Contribution as a % of Covered Payroll
General Schedule	2014	7,889,526	7,889,526	-	90,164,600	7.97%
	2013	6,269,930	6,269,930	-	81,645,700	7.68%
	2012	6,225,415	6,225,415	-	81,051,300	7.68%
	2011	5,687,109	5,687,109	-	79,578,600	7.15%
	2010	5,355,284	5,355,284	-	78,996,700	6.78%
	2009	5,477,978	5,477,978	-	82,751,800	6.62%
	2008	5,104,563	5,104,563	-	79,038,500	6.46%
	2007	5,643,606	5,643,606	-	74,444,200	7.58%
	2006	6,151,208	6,151,208	-	93,906,400	6.55%
	2005	5,699,251	5,699,251	-	83,998,800	6.78%
Fire Civilian	2014	455,754	455,754	-	3,638,800	12.52%
	2013	412,724	412,724	-	3,461,600	11.92%
	2012	425,660	425,660	-	3,656,800	11.64%
	2011	374,931	374,931	-	3,887,600	9.64%
	2010	339,173	339,173	-	3,972,100	8.54%
	2009	346,042	346,042	-	4,337,100	7.98%
	2008	350,325	350,325	-	4,089,200	8.57%
	2007	328,707	328,707	-	4,089,800	8.04%
	2006	303,807	303,807	-	3,564,400	8.52%
	2005	286,411	286,411	-	3,670,000	7.80%

Prince George's County, Maryland
Pension Trust Funds
Required Supplementary Information
Schedule of Employer Contributions (continued)
(UNAUDITED)

Supplemental Pension Plans (cont.)		Year Ended	Actuarially	Actual	Contribution	Contribution	Covered	Contribution
		<u>June 30</u>	Determined	Contribution	Made	Deficiency	Payroll	as a % of
			Contribution				<u>July 1</u>	<u>Covered Payroll</u>
Police Civilian	2014	1,068,827	1,068,827	-	-	-	17,183,600	6.22%
	2013	998,499	998,499	-	-	-	16,771,600	5.95%
	2012	1,050,281	1,050,281	-	-	-	17,374,100	6.05%
	2011	968,151	968,151	-	-	-	17,248,700	5.61%
	2010	882,784	882,784	-	-	-	17,187,700	5.13%
	2009	956,128	956,128	-	-	-	17,718,800	5.40%
	2008	892,370	892,370	-	-	-	17,187,800	5.19%
	2007	889,899	889,899	-	-	-	15,274,100	5.83%
	2006	739,871	739,871	-	-	-	14,189,300	5.21%
	2005	609,593	609,593	-	-	-	11,350,200	5.37%

Prince George's County, Maryland
Pension Trust Funds
Required Supplementary Information
Schedule of Investment Returns ⁽¹⁾
Last Ten Fiscal Years
(UNAUDITED)

Fiscal Year	<u>Police</u>	<u>Fire Service</u>	<u>Other Comprehensive & Supplemental</u>
2005	9.49%	9.48%	9.02%
2006	9.37%	9.43%	8.35%
2007	15.14%	15.19%	16.96%
2008	-5.66%	-5.89%	-5.59%
2009	-20.34%	-19.71%	-15.81%
2010	15.33%	15.71%	11.50%
2011	23.09%	23.03%	25.81%
2012	0.77%	0.73%	0.85%
2013	11.91%	11.78%	12.39%
2014	17.27%	17.38%	17.27%

(1) Money weighted rate of return, net of investment expenses.

Prince George's County, Maryland
Pension Trust Funds
Required Supplementary Information
Summary of Significant Changes to Plans
(UNAUDITED)

SUMMARY OF SIGNIFICANT CHANGES TO THE COMPREHENSIVE PENSION PLANS DURING FISCAL YEARS 1988 TO 2014 (Unaudited):

1. Eligibility and Contribution Requirements and Benefits Due
 - a. Normal retirement benefits for the Comprehensive Plans were amended several times as noted below:
 - (i) Effective July 1, 1989, the Fire Service Plans' annual retirement benefit is calculated using average annual compensation based on high 24 months base pay rather than 36 months.
 - (ii) "Plan B" for the Police Pension Plan became effective for all future police officers hired after December 31, 1989. Current employees have made a one-time election between "Plan A" (the old plan) and "Plan B." Annual retirement benefit calculation under "Plan A" is 2.5% of the first 20 years (per year), plus 2% for each year of credited service over 20 years (maximum 70%). The annual retirement benefit calculation under "Plan B" is 2.75% of the first 20 years (per year), plus 2% for each year of credited service over 20 years (maximum 75%).
 - (iii) The Retirement Incentive Program, under CB-113-1991, provided that on or before January 17, 1992, eligible persons participating in the Police and Fire Service Pension Plans could elect to retire between February 1, 1992 and December 31, 1992. Participants who have twenty years of service by June 30, 1992, are qualified to take advantage of the Retirement Incentive Program, which offers the following:
 - Credited service for retirement pension purposes for all or a portion of accumulated annual and sick leave at an exchange rate of one week of leave for one month of credited service;
 - Full credit for sick leave exchanged for pension benefit credit;
 - A pension benefit ceiling of 94% of average annual compensation, rather than the 80% ceiling effective beginning July 1, 1992;
 - Average annual compensation computed and based on a participant's prior twelve (12) months of active service; and
 - An automatic spousal survivor annuity benefit of 50% of the full retirement benefit should the participant die during the period of credited time exchanged for sick or annual leave.
 - (iv) Effective July 1, 1992, annual retirement benefit calculations for participants of the Police Pension Plan "Plan B" and the Fire Service Plan are 3% of the first 20 years plus 2.5% for each year of credited service over 20 years (maximum 85%).
 - (v) Effective July 1, 1992, annual retirement benefit calculations for participants of the Police Pension Plan "Plan A" are 2.5% of the first 20 years plus 2.5% for each year of credited service over 20 years (maximum 75%).

Prince George's County, Maryland
Pension Trust Funds
Required Supplementary Information
Summary of Significant Changes to Plans
(UNAUDITED)

SUMMARY OF SIGNIFICANT CHANGES TO THE COMPREHENSIVE PENSION PLANS DURING FISCAL YEARS 1988 TO 2014 (continued):

- b. Paramedics, as a class of employees, were allowed to participate in the Fire Service Plan beginning September 5, 1984, with a normal retirement date after 25 years of continuous service and an employee contribution rate of 8% of base compensation. Benefits are calculated at 2% for each year of actual service and credited service (maximum 80%). The contribution rate for paramedics was reduced from 8% to 4%, 3%, 2%, and 1% effective July 1, 1988, 1990, 1991, and 1992, respectively. The normal retirement date for paramedics was reduced to 20 years effective July 1, 1989.
 - c. A cost-of-living increase to retirees was added to the Plans effective February 1, 1988, 1990, and every year thereafter. Retirees will receive an increase in their benefit based on total investment returns in excess of 8% annually since the last increase. All retirees will receive an identical dollar monthly increase not to exceed \$135 for Police, \$125 for Fire Service and Deputy Sheriffs, and \$100 for Correctional Officers' per month. Effective February 1, 1990 and 1991, the cost-of-living increase for Police retirees will be at least \$30 per month and \$35 per month thereafter, and the benefit increase is not based on any investment returns. Effective February 1, 1991, no cost-of-living increase for Fire retirees will be provided if the total investment returns in excess of 8% is not sufficient to provide at least a \$10 per month increase. Effective February 1, 1998, no cost-of-living increase for deputy sheriff and correctional officer retirees will be provided if the total investment returns in excess of 8% are not sufficient to provide at least a \$10 per month increase.
 - d. Effective July 1, 1996, the County established two new comprehensive pension plans - Deputy Sheriffs' Pension Plan and the Correctional Officers' Pension Plan. Eligible participants could transfer from the State Pension and Retirement System of Maryland and the County Supplemental Plans to the new Comprehensive Pension Plans. 126 deputy sheriffs and 208 correctional officers elected to transfer from the Supplemental Plans.
 - e. Effective July 1, 1999, eligible participants could transfer from the State Pension and Retirement System of Maryland and the County Supplemental Plans to the Comprehensive Pension Plans. Subsequent to June 30, 1999, 15 deputy sheriffs and 54 correctional officers elected to transfer from the Supplemental Plans to the Comprehensive Plans.
2. Actuarial Assumptions
- The unfunded actuarial liability is based on the assumption of full funding for all benefits and on certain economic assumptions. Changes in assumptions were made as follows:
- a. A provision was added to the Fire Service Plan effective July 1, 1988, which added Education Incentive Pay (EIP) to the base compensation for calculation of retirement pension benefits.
 - b. Effective January 1, 1992, the assumed annual rate of salary increases was reduced from 6 1/2% to 5% for both Police and Fire Service Plans.
 - c. Effective July 1, 1996, projected salary increases were reduced from 5% to 2% for 1996 and 1997 and 5% thereafter.

Prince George's County, Maryland
Pension Trust Funds
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Summary of Significant Changes to Plans
(UNAUDITED)

SUMMARY OF SIGNIFICANT CHANGES TO THE COMPREHENSIVE PENSION PLANS DURING FISCAL YEARS 1988 TO 2014 (continued):

- d. Plan changes from post-retirement increases are now amortized over 30 years with the other plan changes instead of over six years with the actuarial gains and losses.
- e. Effective January 1, 2002, all the Comprehensive Plans made the following changes to the actuarial assumptions:
 - Asset valuation method changed to a five-year smoothed market method.
 - The amortization policy changed to a 30-year open period level percentage of pay amortization.

f. Effective July 1, 2003, the following changes occurred in the retirement benefit allowance for the comprehensive pension plans:

	% of Annual Compensation		Service Years	Additional benefit	Maximum Annual Retirement Benefit
Actuarial valuation date:	01/01/02	07/01/03	01/01/02	07/01/03	01/01/02 07/01/03
Comprehensive Plans:					
Deputy Sheriff's'	2.5%	3.0%	30	-	25% ^b 75%
Correctional Officers'	2.6%	3.0%	20	19% ^a	25% ^b 71%

(a) Additional 2.8% times years of service in excess of 20 (not to exceed 5) plus 1% times years of service in excess of 25 (not to exceed 5).

(b) Additional 2.5% times years of service in excess of 20 (not to exceed 10) plus 1% times additional years of service converted from leave in excess of 30 years (sick leave not included in calculation above).

- g. Effective July 1, 2009, the following changes occurred in the retirement benefit allowance for the comprehensive pension plans:
 - Wage inflation is now assumed to be 3.5 percent, up from 3.0 percent.
 - Change the service-based retirement rates to reflect higher rates of retirement for members with at least 15 and less than 20 years of service and modified rates of retirement for all other years of service to reflect an overall decrease in rates. Also the 100 percent retirement is assumed at the earlier of 35 years of service and age 65. Previously, 100 percent retirement was assumed to occur at the earlier of 31 years of service and age 65.
 - Change the service-based turnover rates to reflect higher turnover for members with less than five years of service.
 - Change the age-based disability to reflect a higher incidence of disability.
 - Change the mortality table for the 1983 Group Annuity Mortality Table, sex distinct with a three-year set forward for females to the RP2000 Mortality Table, sex distinct with a one-year set-forward for females.

Prince George's County, Maryland
Pension Trust Funds
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Summary of Significant Changes to Plans
(UNAUDITED)

SUMMARY OF SIGNIFICANT CHANGES TO THE COMPREHENSIVE PENSION PLANS DURING FISCAL YEARS 1988 TO 2014 (continued):

- Change the assumption for expenses for use in the Normal Cost from a flat dollar assumption to the amount of the actual non-investment administrative expense incurred in the latest fiscal year that are supplied by the County
- Change the percent of member assumed to be married for purposes of valuing the death-in-service benefits from 100 to 85 percent.

Prince George's County, Maryland
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Summary of Significant Changes to Plans
(UNAUDITED)

SUMMARY OF SIGNIFICANT CHANGES TO THE SUPPLEMENTAL PENSION PLANS DURING FISCAL YEARS 1988 TO 2014 (Unaudited):

1. Deputy Sheriffs' Plans' annual retirement benefit changed from 0.4% to 0.6% of average annual compensation (high 36 months base) times years of service (not to exceed 25) effective July 1, 1989.
2. On June 26, 1990, the County and the employees represented by the American Federation of State, County and Municipal Employees, Locals 2462 and 2735 (AFSCME Council 67) entered into a collective bargaining agreement for the establishment of a supplemental pension plan. Effective date of the plan was July 1, 1990. Each participant of the plan accrues benefits at the rate of 0.4% of average annual compensation for each year of continuous service to a maximum of 25 years.
3. Effective July 1, 1990, a supplemental pension plan was established for persons employed as crossing guards and represented by the American Federation of State, County and Municipal Employees Local 241 (AFSCME 241). Benefit accrual is 0.4% of average annual compensation for each year of actual and continuous service to a maximum of 25 years.
4. Employees represented by the Prince George's Correctional Officers' Association, Inc. entered into a collective bargaining agreement with the County for the establishment of a supplemental pension plan for its members on June 26, 1990. Effective date of this plan was July 1, 1990. Each participant accrues benefits at the rate of 0.6% of average annual compensation for each year of actual and continuous service to a maximum of 25 years.
5. On July 1, 1990, a supplemental pension plan was established for all employees under the General Schedule salary class. Effective date of the plan was December 30, 1990. Each participant accrues benefits at the rate of 0.4% of average annual compensation for each year of actual and continuous service to a maximum of 25 years.
6. Effective July 1, 1991, the Fire Civilian Supplemental Pension Plan was established for the fire dispatcher class of work assigned to the Fire Department. Each participant accrues benefits at the rate of 0.4% of average annual compensation for each year of actual and continuous service to a maximum of 25 years.
7. Effective January 1, 1992, annual retirement benefits for participants of the Deputy Sheriffs' Plan increased from .6% to .8% of their average annual compensation multiplied by the number of years of service, for the first 25 years plus 1% of average annual compensation in excess of 25 years (not to exceed 5 years).

Prince George's County, Maryland
Pension Trust Funds
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(UNAUDITED)

SUMMARY OF SIGNIFICANT CHANGES TO THE SUPPLEMENTAL PENSION PLANS DURING FISCAL YEARS 1988 TO 2014 (continued):

8. From February 1, 1992 to August 14, 1995, all Supplemental Plan participants (except Police Civilian) with 15 years of continuous service who are involuntarily separated from County employment for any reason unrelated to disciplinary action or disability are eligible to receive a discontinued service benefit. In addition, a lump sum benefit equal to 100% of all or any portion of the unused annual and sick leave balance multiplied by the employee's final base hourly rate of pay shall be payable upon retirement.
9. Effective July 1, 1993, the maximum retirement benefit for participants of the Correctional Officers Plan is 20% for 25 years of service, plus 1% of average annual compensation multiplied by the years of service in excess of 25 (not to exceed 5).
10. On May 1, 1994, all Supplemental Plan participants (except Police Civilians) who retire on a discontinued service benefit are entitled to receive 150% of their basic benefit (deleted effective August 14, 1995).
11. Effective June 26, 1994, the percentage of average compensation used in the retirement benefit allowance for General Schedule participants increased from .6% to .8%. The benefit accrual is .8% of average annual compensation (high 36 months) times years of actual and continuous service to a maximum of 20%.
12. Effective December 1, 1994, General Schedule retirees who receive a discontinued service benefit may elect to receive their first year's benefit in an actuarially reduced lump sum (deleted effective August 14, 1995).
13. Effective July 1, 1999, eligible participants could transfer from the State Pension and Retirement System of Maryland and the County Supplemental Plans to the new Comprehensive Pension Plans. Subsequent to June 30, 1999, 15 deputy sheriffs and 54 correctional officers elected to transfer from the Supplemental Plans to the Comprehensive Plans.
14. Effective January 1, 2002, the Deputy Sheriffs' and Correctional Officers' Plans made the following changes to the actuarial assumptions:
 - Asset valuation method changed to a five-year smoothed market method.
 - The amortization policy changed to a 30-year open period level percentage of pay amortization.
15. Effective January 1, 2003, the Supplemental Pension Plans, with the exception of the Deputy Sheriffs' and Correctional Officers', made the following changes to the actuarial assumptions:
 - Asset valuation method changed to a five-year smoothed market method.
 - The amortization policy changed to an 18-year open period level percentage of pay amortization.

Prince George's County, Maryland
Pension Trust Funds
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SUMMARY OF SIGNIFICANT CHANGES TO THE SUPPLEMENTAL PENSION PLANS DURING FISCAL YEARS 1988 TO 2014 (continued):

16. Effective January 1, 2003 or July 1, 2003, the following changes occurred in the retirement benefit allowance for the supplemental pension plans:

	% of Annual Compensation		Service Years		Additional benefit		Maximum Annual Retirement Benefit	
	01/01/02	07/01/03	01/01/02	07/01/03	01/01/02	07/01/03	01/01/02	07/01/03
Supplemental Plan	1.2%	1.3%	25	25	5%a	6.25%b	35%	38.75%
Correctional Officers'								
Actuarial valuation date: 01/01/01 01/01/03 01/01/01 01/01/03 01/01/01 01/01/03 01/01/01 01/01/03								
Crossing Guards	0.4%	0.6%	25	25	-	-	10%	15%
AFSCME	0.6%	0.8%	25	25	-	-	15%	20%
General Schedule	0.8%	1.0%	25	30	-	-	20%	30%
Fire Civilian	0.6%	1.0%	25	30	-	-	15%	30%
Police Civilian	0.6%	0.8%	25	30	-	-	15%	24%

(a) Additional 1% times years of service in excess of 25 (not to exceed 5).

(b) Additional 1.25% times years of service in excess of 25 (not to exceed 5).

17. Effective July 1, 2003, the benefit accrual rate for the Crossing Guards was increased from 0.6% to 0.7% of average annual compensation per year up to thirty (30) years of service a maximum retirement benefit of 21%.

18. Effective July 1, 2005, the benefit accrual rate for the Crossing Guards was increased from 0.7% to 0.75% of average annual compensation per year up to thirty (30) years of service a retirement benefit of 22.5%.

19. Effective July 1, 2006, the benefit accrual rate for the AFSCME Locals 2462 and 2735 was increased from 0.8% to 1.0% of average annual compensation per year up to thirty (30) years of service a retirement benefit of 30.0%.

20. Effective July 1, 2006, 495 employees transferred from the General Schedule to the AFSCME Locals 2462 and 2735 (AFSCME) pension plan.

Prince George's County, Maryland
Pension Trust Funds
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Summary of Significant Changes to Plans
(UNAUDITED)

SUMMARY OF SIGNIFICANT CHANGES TO THE SUPPLEMENTAL PENSION PLANS DURING FISCAL YEARS 1988 TO 2014 (continued):

21. Effective July 1, 2009, the following changes occurred in the retirement benefit allowance for the comprehensive pension plans:

- Wage inflation is now assumed to be 3.5 percent, up from 3.0 percent.
- Change the age-based retirement rates to reflect higher rates of retirement at 30 and 31 years of service for given ages and lower rates less than 30 and for 32 or more years of service. Increase the age at which 100 percent retirement is assumed from 65 to 70.
- Change the service-based turnover rates to reflect higher turnover for members with less than ten years of service and lower turnover for members with 10 or more years of service.
- Change the mortality table for the 1983 Group Annuity Mortality Table, sex distinct with a three-year set forward for females to the RP2000 Mortality Table, sex distinct with a one-year set-forward for females.
- Change the assumption for use in the Normal Cost from a flat dollar assumption to the amount of the actual non-investment administrative expense incurred in the latest fiscal year that are supplied by the County.