# NASSAU COUNTY DEFERRED COMPENSATION PLAN

Financial Statements

December 31, 2021 and 2020

(With Independent Auditors’ Report Thereon)

NASSAU COUNTY DEFERRED COMPENSATION PLAN

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EFPR GROUP, CPAs PLLC

6390 Main Street, Suite 200
Williamsville, NY 14221

P 716.634.0700
TF 800.546.7556
F 716.634.0764
W EFPRgroup.com

# INDEPENDENT AUDITORS' REPORT

The Deferred Compensation Board
Nassau County Deferred Compensation Plan:

## Report on the Financial Statements

### Opinion

We have audited the accompanying financial statements of Nassau County Deferred Compensation Plan (the Plan), an employee benefit plan, which comprise the statements of fiduciary net assets available for plan benefits as of December 31, 2021 and 2020, and the related statements of changes in fiduciary net assets available for plan benefits for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net assets available for plan benefits of Nassau County Deferred Compensation Plan as of December 31, 2021 and 2020, and the changes in its fiduciary net assets available for plan benefits for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the plan, and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

EFPR Group, CPAs, PLLC

Williamsville, New York
December 22, 2022

This section presents management's discussion and analysis (MD&A) of Nassau County Deferred Compensation Plan's (the Plan) financial position and performance for the years ended December 31, 2021 and 2020. This section is presented as a narrative overview and analysis. Please read the MD&A in conjunction with the financial statements and notes to financial statements to better understand the financial condition and performance of the Plan during the years ended December 31, 2021 and 2020.

**Financial Highlights**

- The Plan's net assets at December 31, 2021 and 2020 are $1,979,556,776 and $1,809,481,796, respectively. The net assets represent participant contributions and net investment income.
- The Plan's net assets for the year ended December 31, 2021 increased by $170,074,980 or approximately 9.4% from the prior year. The Plan's net assets for the year ended December 31, 2020 increased by $192,830,255 or approximately 11.9% from 2019.
- The Plan had investment income of $195,912,663 in 2021, compared to $209,214,041 in 2020.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Plan's financial statements, which comprise the following:

- Statements of Fiduciary Net Assets Available for Plan Benefits
- Statements of Changes in Fiduciary Net Assets Available for Plan Benefits
- Notes to Financial Statements

Statements of Fiduciary Net Assets Available for Plan Benefits - These statements present information regarding the Plan's assets, liabilities and resulting net assets held in trust for Plan benefits. These statements reflect the Plan's investments, receivables and liabilities at December 31, 2021 and 2020.

Statements of Changes in Fiduciary Net Assets Available for Plan Benefits - These statements present how the Plan's net assets held in trust changed during the years ended December 31, 2021 and 2020. These statements present contributions by participants along with net investment income during the period from individual participant-directed investing activities. Deductions for participant benefit payments and administrative expenses are also presented.

Notes to Financial Statements - The notes to financial statements are an integral part of the financial statements and provide additional detailed information and schedules that are essential to better understand the Plan's financial statements.

## Condensed Financial Information

**Net assets**

| Description | 2021 | 2020 | Increase (decrease) Amount | Increase (decrease) Percentage |
|---|---|---|---|---|
| Assets: | | | | |
| Investments, at fair value: | | | | |
| Mutual funds | $ 631,434,704 | 533,037,392 | 98,397,312 | 18.5% |
| Pooled separate accounts | 698,835,430 | 632,049,868 | 66,785,562 | 10.6% |
| Self-directed brokerage accounts | 6,187,710 | 4,726,681 | 1,461,029 | 30.9% |
| Total investments, at fair value | 1,336,457,844 | 1,169,813,941 | 166,643,903 | 14.2% |
| Investments, at contract value - stable value fund | 628,496,938 | 624,379,720 | 4,117,218 | 0.7% |
| Total investments | 1,964,954,782 | 1,794,193,661 | 170,761,121 | 9.5% |
| Receivables: | | | | |
| Revenue sharing receivable | 401,982 | 268,542 | 133,440 | 49.7% |
| Notes receivable from participants | 14,244,012 | 15,088,093 | (844,081) | (5.6%) |
| Total receivables | 14,645,994 | 15,356,635 | (710,641) | (4.6%) |
| Total assets | 1,979,600,776 | 1,809,550,296 | 170,050,480 | 9.4% |
| Liabilities - accrued expenses | 44,000 | 68,500 | (24,500) | (35.8%) |
| Total fiduciary net assets available for plan benefits | $ 1,979,556,776 | 1,809,481,796 | 170,074,980 | 9.4% |

**Changes in net assets**

| Description | 2021 | 2020 | Increase (decrease) Amount | Increase (decrease) Percentage |
|---|---|---|---|---|
| Fiduciary net assets available for plan benefits at beginning of year | $ 1,809,481,796 | 1,616,651,541 | 192,830,255 | 11.9% |
| Additions: | | | | |
| Contributions | 65,165,625 | 68,312,529 | (3,146,904) | (4.6%) |
| Net investment income | 195,912,663 | 209,214,041 | (13,301,378) | (6.4%) |
| Total additions | 261,078,288 | 277,526,570 | (16,448,282) | (5.9%) |
| Deductions: | | | | |
| Benefits paid to participants | 90,220,698 | 84,005,766 | 6,214,932 | 7.4% |
| Deemed distributions | 677,919 | 588,911 | 89,008 | 15.1% |
| Administrative expenses | 104,691 | 101,638 | 3,053 | 3.0% |
| Total deductions | 91,003,308 | 84,696,315 | 6,306,993 | 7.4% |
| Change | 170,074,980 | 192,830,255 | (22,755,275) | (11.8%) |
| Fiduciary net assets available for plan benefits at end of year | $ 1,979,556,776 | 1,809,481,796 | 170,074,980 | 9.4% |

**Net assets**

| Description | 2020 | 2019 | Increase (decrease) Amount | Percentage |
|---|---|---|---|---|
| Assets: | | | | |
| Investments, at fair value: | | | | |
| Mutual funds | $ 533,037,392 | 635,901,361 | (102,863,969) | (16.2%) |
| Pooled separate accounts | 632,049,868 | 428,855,180 | 203,194,688 | 47.4% |
| Self-directed brokerage accounts | 4,726,681 | 1,684,675 | 3,042,006 | 180.6% |
| Total investments, at fair value | 1,169,813,941 | 1,066,441,216 | 103,372,725 | 9.7% |
| Investments, at contract value - stable value fund | 624,379,720 | 533,637,172 | 90,742,548 | 17.0% |
| Total investments | 1,794,193,661 | 1,600,078,388 | 194,115,273 | 12.1% |
| Receivables: | | | | |
| Revenue sharing receivable | 268,542 | 509,558 | (241,016) | (47.3%) |
| Notes receivable from participants | 15,088,093 | 16,102,595 | (1,014,502) | (6.3%) |
| Total receivables | 15,356,635 | 16,612,153 | (1,255,518) | (7.6%) |
| Total assets | 1,809,550,296 | 1,616,690,541 | 192,859,755 | 11.9% |
| Liabilities - accrued expenses | 68,500 | 39,000 | 29,500 | 75.6% |
| Total fiduciary net assets available for plan benefits | $ 1,809,481,796 | 1,616,651,541 | 192,830,255 | 11.9% |

**Changes in net assets**

| Description | 2020 | 2019 | Increase (decrease) Amount | Percentage |
|---|---|---|---|---|
| Fiduciary net assets available for plan benefits at beginning of year | $ 1,616,651,541 | 1,386,185,752 | 230,465,789 | 16.6% |
| Additions: | | | | |
| Contributions | 68,312,529 | 65,606,641 | 2,705,888 | 4.1% |
| Net investment income | 209,214,041 | 237,659,312 | (28,445,271) | (12.0%) |
| Total additions | 277,526,570 | 303,265,953 | (25,739,383) | (8.5%) |
| Deductions: | | | | |
| Benefits paid to participants | 84,005,766 | 71,224,165 | 12,781,601 | 17.9% |
| Deemed distributions | 588,911 | 477,771 | 111,140 | 23.3% |
| Administrative expenses | 101,638 | 98,228 | 3,410 | 3.5% |
| Revenue sharing allocated to participants | - | 1,000,000 | (1,000,000) | (100.0%) |
| Total deductions | 84,696,315 | 72,800,164 | 11,896,151 | 16.3% |
| Change | 192,830,255 | 230,465,789 | (37,635,534) | (16.3%) |
| Fiduciary net assets available for plan benefits at end of year | $ 1,809,481,796 | 1,616,651,541 | 192,830,255 | 11.9% |

**Investments**

Investments consisted of the following at December 31, 2021 and 2020:

| | Market value 2021 | Market value 2020 |
|---|---|---|
| Prudential Stable Value Fund | $ 628,496,938 | 624,379,720 |
| SA/T. Rowe Price Growth Stock Strategy Fund | 310,344,333 | 276,581,215 |
| ClearBridge International Growth | 156,772,129 | 146,514,498 |
| Vanguard Institutional Index Fund | 150,339,294 | 113,847,881 |
| Columbia Dividend Value Fund | 116,112,548 | 96,816,386 |
| Core Plus Bond/PGIM Fund | 115,606,420 | 112,137,769 |
| Vanguard Mid-Cap Index Fund | 59,393,206 | 47,680,970 |
| AB Small Cap Growth Portfolio Advisor Class | 57,618,156 | - |
| BlackRock Mid-Cap Growth Equity | 48,388,187 | 42,295,417 |
| Vanguard Small Cap Index Fund | 40,761,629 | 30,933,902 |
| American Funds American Balanced Fund Class 5 | 38,740,855 | 35,806,977 |
| T. Rowe Price Retirement 2025 Fund | 38,410,191 | 34,817,169 |
| ClearBridge Appreciation Fund | 34,980,187 | 30,829,705 |
| Delaware Small Cap Value | 33,185,308 | 25,079,576 |
| American Century Mid Cap R6 | 31,610,111 | 26,118,215 |
| Vanguard Total Bond Market Index Fund | 14,854,431 | 16,720,113 |
| T. Rowe Price Retirement 2030 Fund | 14,602,197 | 10,488,287 |
| T. Rowe Price Retirement 2055 Fund | 12,863,931 | 12,224,090 |
| Vanguard Real Estate Index Fund Admiral | 10,290,698 | 6,439,372 |
| T. Rowe Price Retirement 2010 Fund | 7,926,834 | 7,364,832 |
| T. Rowe Price Retirement 2020 Fund | 7,588,528 | 7,412,340 |
| T. Rowe Price Retirement 2035 Fund | 7,436,375 | 7,137,407 |
| Self Directed Brokerage Accounts | 6,187,710 | 4,726,681 |
| T. Rowe Price Retirement 2040 Fund | 5,779,832 | 4,717,355 |
| Invesco Developing Markets Fund Class Y | 5,702,031 | 6,061,808 |
| T. Rowe Price Retirement 2015 Fund | 3,853,602 | 3,847,340 |
| T. Rowe Price Retirement Balanced Fund | 2,669,398 | 2,489,566 |
| T. Rowe Price Retirement 2045 Fund | 2,354,809 | 1,710,128 |
| T. Rowe Price Retirement 2050 Fund | 2,084,801 | 1,025,782 |
| LN AP Fund | 113 | 121 |
| Janus Henderson Triton I | - | 57,989,039 |
| | $ 1,964,954,782 | 1,794,193,661 |

## Contributions and Distributions

The Plan had contributions of $65,165,625 during the year ended December 31, 2021 compared to $68,312,529 during the year ended December 31, 2020 and $65,606,641 during the year ended December 31, 2019.

The Plan had benefits paid to participants of $90,220,698 during the year ended December 31, 2021 compared to $84,005,766 during the year ended December 31, 2020 and $71,224,165 during the year ended December 31, 2019. These distributions are circumstantial and based on participants' request, as well as their account balances.

## Request for Information

This financial report is designed to provide a general overview of Nassau County Deferred Compensation Plan. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Nassau County Deferred Compensation Board, One West Street, Mineola, New York 11501.

NASSAU COUNTY DEFERRED COMPENSATION PLAN

Statements of Fiduciary Net Assets Available for Plan Benefits

December 31, 2021 and 2020

| | 2021 | 2020 |
|---|---|---|
| Assets: | | |
| Investments, at fair value: | | |
| Mutual funds | $ 631,434,704 | 533,037,392 |
| Pooled separate accounts | 698,835,430 | 632,049,868 |
| Self-directed brokerage accounts | 6,187,710 | 4,726,681 |
| Total investments, at fair value | 1,336,457,844 | 1,169,813,941 |
| Investments, at contract value - stable value fund | 628,496,938 | 624,379,720 |
| Total investments | 1,964,954,782 | 1,794,193,661 |
| Receivables: | | |
| Revenue sharing receivable | 401,982 | 268,542 |
| Notes receivable from participants | 14,244,012 | 15,088,093 |
| Total receivables | 14,645,994 | 15,356,635 |
| Total assets | 1,979,600,776 | 1,809,550,296 |
| Liabilities - accrued expenses | 44,000 | 68,500 |
| Fiduciary net assets available for plan benefits | $ 1,979,556,776 | 1,809,481,796 |

See accompanying notes to financial statements.

NASSAU COUNTY DEFERRED COMPENSATION PLAN

Statements of Changes in Fiduciary Net Assets Available for Plan Benefits

Years ended December 31, 2021 and 2020

| | 2021 | 2020 |
|---|---|---|
| Additions to fiduciary net assets attributed to: | | |
| Contributions: | | |
| Plan participants - deferrals of compensation | $ 60,859,384 | 62,748,333 |
| Rollovers, transfers, revenue sharing and other adjustments, net | 4,306,241 | 5,564,196 |
| Total contributions | 65,165,625 | 68,312,529 |
| Investment income: | | |
| Interest and dividends | 6,979,810 | 7,051,656 |
| Capital gains | 28,551,972 | 10,352,312 |
| Net appreciation in fair value of investments | 160,380,881 | 191,810,073 |
| Total investment income | 195,912,663 | 209,214,041 |
| Total additions to fiduciary net assets | 261,078,288 | 277,526,570 |
| Deductions from fiduciary net assets attributed to: | | |
| Benefits paid to participants and beneficiaries | 90,220,698 | 84,005,766 |
| Deemed distributions | 677,919 | 588,911 |
| Administrative expenses | 104,691 | 101,638 |
| Total deductions from fiduciary net assets | 91,003,308 | 84,696,315 |
| Change in fiduciary net assets available for benefits | 170,074,980 | 192,830,255 |
| Fiduciary net assets available for plan benefits: | | |
| Beginning of year | 1,809,481,796 | 1,616,651,541 |
| End of year | $ 1,979,556,776 | 1,809,481,796 |

See accompanying notes to financial statements.

## (1) Description of Plan

The following description of Nassau County Deferred Compensation Plan (the Plan) is provided for general informational purposes. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

### (a) General

The Plan is a defined contribution plan which permits employees and elected officials of Nassau County (the County) who participate in the Plan to defer a portion of their current salary until future years. The County does not make any contributions to the Plan. Participants do not pay income taxes on their contributions or investment returns while these funds remain in the Plan. The active Plan membership was approximately 6,528 and 6,463 at December 31, 2021 and 2020, respectively. Inactive Plan membership was approximately 4,109 and 4,018 at December 31, 2021 and 2020, respectively.

The assets of the Plan are being held in trust for the exclusive benefit of Plan members and their beneficiaries as required by Internal Revenue Code (IRC) Section 457.

The Plan, created in accordance with IRC Section 457, is available to all County employees.

The Plan has entered into an agreement with Prudential Retirement and Insurance and Annuity Company (Prudential) to administer the Plan (see note 2 (e) ).

### (b) Contributions

Participants can elect to defer a minimum of $10 per pay period up to the lesser of $19,500 annually or 100% of includable compensation in 2021 and 2020. If an employee is age 50 or older, the employee is permitted to contribute up to $26,000 in 2021 and 2020. A participant may rollover an existing 457 deferred compensation plan, retirement plan, or a traditional IRA into the Plan at any time.

### (c) Investment Options

Upon enrollment in the Plan, a participant may direct his or her contributions into a variety of investment options offered by Prudential. Participants may change their investment options throughout the Plan year.

### (d) Notes Receivable from Participants

Participants may borrow from their accrued benefit balance in accordance with applicable Internal Revenue Service (IRS) regulations. The maximum amount a participant may borrow is equal to the lesser of (a) 50% of their account balance or (b) $50,000. Interest rates on outstanding loans were 4.25% to 6.50% at December 31, 2021 and 2020. For the year ended December 31, 2020, enhanced loans (Coronavirus-Related Loan Increases) were permitted under the provisions of the CARES Act as well as Coronavirus-Related Loan Delay Repayments, as adopted by the plan.

## (1) Description of Plan, Continued

### (e) Participant Accounts and Vesting

Each participant's account is credited with the participant's contribution and investment earnings. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. Each participant's account balance is invested in accordance with the investment option(s) selected by the participant. Participants are 100% vested in their account balance at all times.

### (f) Payment of Benefits

A participant of the Plan or beneficiary may receive a distribution of assets under the Plan upon a participant's retirement, termination of service, disability, death or the attainment of age 72. A participant may elect to receive a lump sum amount equal to the value of his or her account, or periodic payments in monthly, quarterly, semiannual or annual installments. In addition to these regular periodic payments, a participant may also request a nonscheduled distribution of at least $500 no more than twelve times a year.

Participants also have the right to redirect the timing, the amount, and the method of payment of the distribution. In connection with a participant's severance from employment, the participant may elect to have all or a portion of his/her account rolled over into another qualified retirement account.

A distribution is also permitted in the case of an unforeseen emergency, as defined by IRC 457(b) regulations. Participants, after approval from the third party administrator or the Plan's Board, may receive an unforeseen emergency withdrawal which may not exceed the lesser of the amount reasonably needed to meet the financial need created by such unforeseeable emergency or the value of the participant's plan balance as of the most recent valuation date. All payments shall be made in one lump cash sum within sixty days after approval of the request.

A participant may also elect to receive a in-service distribution if the participant has not made deferrals into the Plan for 24 consecutive months and the total value of the participant's account does not exceed $5,000 and there can be no prior distribution in this manner.

For the year ended December 31, 2020, participants who had been impacted by the COVID-19 virus, and otherwise may not have been eligible for a distribution under the terms of the Plan, were able to request a Coronavirus-Related Distribution under the provisions of the CARES Act, as adopted by the Plan.

## (2) Summary of Significant Accounting Policies

### (a) Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis and present fiduciary net assets available for plan benefits and changes therein.

## (2) Summary of Significant Accounting Policies, Continued

### (b) Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

### (c) Investment Valuation and Income Recognition

Investments are presented at fair value, except for investments in the stable value fund which are presented at contract value. See note 3 for discussion of fair value measurements.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Investment income includes both the Plan's realized and unrealized gains and losses on investments bought and sold as well as held during the year.

### (d) Notes Receivable From Participants

Notes receivable from participants are measured at their unpaid balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the Plan agreement. The loans bear interest rates charged by local financial institutions for similar loans. Principal and interest is paid ratably through payroll deductions.

### (e) Subsequent Events

Plan management has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

Subsequent to December 31, 2021, on April 1, 2022, Empower Retirement, LLC acquired Prudential.

## (3) Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

(3) Fair Value Measurements, Continued

- Level 2 - Inputs to the valuation methodology include:
    - Quoted prices for similar assets or liabilities in active markets;
    - Quoted prices for identical or similar assets or liabilities in inactive markets;
    - Inputs other than quoted prices that are observable for the asset or liability; and
    - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

  If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

- Mutual funds - Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.
- Pooled separate accounts - Valued at the NAV of units held by the Plan at year-end. The pooled separate accounts invest in various mutual funds or other marketable securities. The mutual funds or other marketable securities are open-ended mutual funds or other marketable securities that are registered with the Securities and Exchange Commission. These funds and other marketable securities are required to publish their daily NAV and to transact at that price.
- Self-directed brokerage accounts - Invested in equity securities and money market accounts. Equity securities are valued at the closing prices reported in the active markets in which the individual securities are traded.

(3) Fair Value Measurements, Continued

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2021 and 2020:

| | 2021 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual funds | $ 631,434,704 | - | - | 631,434,704 |
| Pooled separate accounts | - | 698,835,430 | - | 698,835,430 |
| Self-directed brokerage accounts | 6,187,710 | - | - | 6,187,710 |
| Total investments at fair value | $ 637,622,414 | 698,835,430 | - | 1,336,457,844 |

| | 2020 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual funds | $ 533,037,392 | - | - | 533,037,392 |
| Pooled separate accounts | - | 632,049,868 | - | 632,049,868 |
| Self-directed brokerage accounts | 4,726,681 | - | - | 4,726,681 |
| Total investments at fair value | $ 537,764,073 | 632,049,868 | - | 1,169,813,941 |

(4) Guaranteed Interest Account

The Plan maintains a guaranteed interest account (stable value fund) with Prudential. The guaranteed interest account provides a stable rate of return by investing in a combination of a group annuity contract issued by Prudential and an investment in the Prudential Core Intermediate Bond Fund of Prudential's Collective Trust. Prudential is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan. In advance of each calendar quarter, Prudential establishes a rate of return for that quarter for the investment. The rate in effect at December 31, 2021 and 2020 was 1.87% and 2.08%, respectively.

Because the guaranteed interest account is fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the fiduciary net assets available for benefits attributable to the guaranteed interest account. Contract value, as reported to the Plan by Prudential, represents contributions made under the contract, plus earnings, less participant withdrawals. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. The investments in the stable value fund amounted to $628,496,938 and $624,379,720 at December 31, 2021 and 2020, respectively.

(4) Guaranteed Interest Account, Continued

The Plan's ability to receive amounts due is dependent on the issuer's ability to meet its financial obligations. The issuer's ability to meet its contractual obligations may be affected by future economic and regulatory developments.

Certain events might limit the ability of the Plan to transact at contract value with the issuer. Such events include (1) amendments to the Plan documents (including complete or partial Plan termination or merger with another plan), (2) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the Plan sponsor or other Plan sponsor events that cause a significant withdrawal from the Plan, (4) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA, or (5) premature termination of the contract. No events are probable of occurring that might limit the ability of the Plan to transact at contract value with the contract issuers and that also would limit the ability of the Plan to transact at contract value with the participants.

In addition, certain events allow the issuer to terminate the contract with the Plan and settle at an amount different from contract value. Such events include (1) an uncured violation of the Plan's investment guidelines, (2) a breach of material obligation under the contract (3) a material misrepresentation, or (4) a material amendment to the agreement without the consent of the issuer.

(5) Recordkeeping and Administrative Expenses

The Board represents the County in all matters concerning administration of the Plan.

Expenditures for recordkeeping and administrative expenses rendered in connection with the administration of the Plan are paid with funds received by the Plan from the service provider pursuant to the revenue sharing agreement.

Effective January 1, 2017 the Board has renewed the service provider agreement with Prudential (the Provider) for an additional five years and has exercised the first 1-year option expiring December 31, 2022 and the second and final 1-year option expiring December 31, 2023. Under the arrangement, the Provider is to pay the Plan a portion of revenues earned from the assets held by the Plan. The arrangement calls for the Plan to receive a guaranteed payment of $200,000 annually, payable in equal quarterly payments within thirty days of the end of each quarter. However, when the Provider's revenue from administering the Plan exceeds 0.04% of Plan assets, the excess amount will be payable to the Plan in the form of an Allowance.

Additional amounts may be payable to the Plan as a result of the Provider's failure to meet the performance standards set forth in Appendix A of the Agreement.

For the years ended December 31, 2021 and 2020, the Plan earned $551,972 and $428,606, respectively, in revenue sharing payments from the Provider. At December 31, 2021 and 2020, the shared revenue account balance was $1,612,413 and $1,284,871, respectively.

(6) Related Party Transactions

Prudential Bank & Trust Company (PB&T) is the Plan's trustee. The Plan's investments in the stable value fund and a mutual fund are with this related party.

(7) Plan Termination

The County reserves the right to amend, suspend, or terminate the Plan and any deferrals thereunder, the trust agreement and any investment fund, in whole or in part and for any reason and without the consent of any employee, participant, beneficiary, or other person. Upon termination of the Plan, all amounts deferred shall be payable as provided in the Plan agreement.

(8) Risks and Uncertainties

The Plan invests in various investments. Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near-term and that such changes could materially affect participants' account balances and the amounts reported in the statements of fiduciary net assets available for plan benefits.

(9) Tax Status

The IRS has determined and informed the Plan that the Plan and related trust are designed in accordance with Section 457(b) of the IRC and, as such, are not subject to tax under present income tax law. The Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.