

ADAMS COUNTY RETIREMENT PLAN
Brighton, Colorado

FINANCIAL STATEMENTS
As of and for the Years Ended
December 31, 2014 and 2013

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Adams County Retirement Plan

Report on the Financial Statements

We have audited the accompanying financial statements of the Adams County Retirement Plan (the Plan), which comprise the statements of fiduciary net position as of December 31, 2014 and 2013, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of December 31, 2014 and 2013, and the changes in fiduciary net position for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in net pension liability and related ratios, schedule of employer contributions, and schedule of investment returns listed in the table of contents be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Adams County Retirement Plan's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Greenwood Village, Colorado
June 3, 2015

**ADAMS COUNTY RETIREMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014 and 2013**

This discussion presents management's view of the Adams County Retirement Plan's financial activities and performance during the fiscal year ended December 31, 2014, and is to be read in conjunction with the Retirement Plan's financial statements.

FINANCIAL STATEMENT HIGHLIGHTS

The net position of the Adams County Retirement Plan (the Plan) at the close of year end 2014 was \$234,812,371 compared to \$224,301,114 for 2013 and \$199,741,510 for 2012 (net position held in trust for pension benefits).

Adams County Retirement Plan's total net position held in trust for pension benefits increased by \$10,511,257 in 2014 or an increase of 4.69% compared to an increase of \$24,559,604 or 12.30% in 2013, and compared to an increase \$18,117,488 or an increase of 9.98% in 2012 primarily as a result of the global stock markets fluctuations.

Adams County Retirement Plan's funding objective is to meet the long-term benefit obligations through contributions and investment income. As of January 1, 2014, the date of the Plan's last actuarial valuation, the funded ratio for the Adams County Retirement Plan based on the actuarial value was 56.4% compared to a funded status of 51.5% as of January 1, 2013 and 54.3% as of January 1, 2012. As of January 1, 2014, the date of the Plan's last actuarial valuation, the funded ratio for the Adams County Retirement Plan based on market value was 59.1% compared to a funded status of 51.6% as of January 1, 2013 and 48.9% as of January 1, 2012.

Revenue (Additions to Plan Net position) for 2014 was \$33,956,225 which included employee and employer contributions totaling \$18,212,122 and a net investment income gain of \$15,744,103, while respectively 2013 and 2012 showed revenue of \$44,779,839 and \$36,964,490 which included employee and employer contributions respectively for 2013 and 2012 of \$16,922,820 and \$15,200,037. The Plan had a net investment income gain respectively for 2013 and 2012 of \$27,857,019 and \$21,764,453.

Annual gross pension benefits paid to retirees and beneficiaries were \$19,385,185, \$17,392,107, and \$16,095,266 for 2014, 2013, and 2012, respectively.

Refund of Contributions paid to former members upon termination of employment increased in 2014 to \$3,253,473 compared to \$2,029,377 in 2013 and \$1,870,042 in 2012.

Administrative Expenses increased in 2014 to \$806,310 compared to \$798,751 in 2013 and \$881,694 in 2012, reflecting a spike in legal counsel expenses during 2012 due to plan changes.

Investment Manager Fees and Trustee Fees for 2014 were \$1,504,419 compared to \$1,102,916 and \$981,500 in 2013 and 2012 respectively. The Investment Manager Fees increased due to the addition of money managers, increased fee structures and an increase in assets under management.

**ADAMS COUNTY RETIREMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014 and 2013**

OVERVIEW OF THE FINANCIAL STATEMENT

Because of the long-term nature of a defined benefit plan, financial statements alone cannot provide sufficient information to properly reflect the Plan's future perspective. This discussion and analysis is intended to serve as an introduction to the Adams County Retirement Plan's Financial Statements, which are comprised of the following components:

Financial Statements

- Statement of Fiduciary Net position
- Statement of Changes in Fiduciary Net position
- Notes to the Financial Statements

Required Supplementary Information

- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of Net Pension Liability
- Schedule of Contributions
- Notes to Schedule of Contributions
- Schedule of Investment Returns

Supporting Schedules for Financial Section

- Schedules of Administrative and Investment Expenses
- Ten Year Historical Trend Information

Financial Statements

The Statement of Fiduciary Net position is a snapshot of account balances at year-end. It indicates the assets available for future payments to retirees and any current liabilities that are owed at this time.

The Statement of Changes in Fiduciary Net position on the other hand, provides a view of the current year additions to and deductions from the Plan.

The Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position report information about the Adams County Retirement Plan's financial position. These statements include all assets and liabilities, using the accrual basis of accounting in accordance with generally accepted accounting principles applicable to governmental accounting in accordance with Governmental Accounting Statements Board.

Increases and decreases in the Plan's net position, over time, are one indication of whether the financial stability of the Plan is improving or deteriorating. Market conditions and other factors should be considered when measuring Adams County Retirement Plan's overall financial structure.

Notes to the Financial Statements provide additional information that is essential to obtain a full understanding of the data provided in the financial statements.
(See Notes to the Financial Statements on pages 15 to 26 of this report).

**ADAMS COUNTY RETIREMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014 and 2013**

Required Supplementary Information

Schedules of Required Supplementary Information provide additional information. Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedules of Changes in Net Pension Liability, Net Pension Liability, Contributions and Investment Returns and Notes to the Schedule of Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Other Supplementary Information

Schedules of Administrative and Investment Expenses the schedule of administrative expenses which include investment fees, professional contracts, personnel services and other operating expenses are presented as a supporting schedule to the financial section and are found on page 33.

Ten Year Historical Trend Information is designed to provide information about Adams County Retirement Plan's progress made in accumulating sufficient assets to pay benefits when due.

CURRENT AND FUTURE CHANGES TO SIGNIFICANT ACCOUNTING POLICIES

**Adoption of Governmental Accounting Standards Board (GASB) Statement No. 67
Adoption of Accounting Pronouncement**

During the year ended December 31, 2014, the Plan adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67 - *Financial Reporting for Pension Plans*. This Statement replaces the requirements of Statements No. 25 - *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and Statement No. 50 - *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The objective of Statement No. 67 is to improve financial reporting by state and local governmental pension plans. The Statement builds upon the existing framework for financial reports of defined pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. The Statement also enhances note disclosures and Required Supplementary Information for both defined benefit and defined contribution pension plans. The Statement requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements.

Recent Accounting Pronouncement

In February 2015, GASB issued Statement No. 72, Fair Value Measurement and Application. The objective of Statement No. 72 is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value providing additional fair value application guidance, and enhancing disclosures about fair value measurements. The Plan will be required to adopt the provisions of Statement No. 72 for the year ending December 31, 2016.

Management of the Plan has not yet determined the impact that Statement No. 72 will have the Plan's financial statements.

**ADAMS COUNTY RETIREMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014 and 2013**

FINANCIAL ANALYSIS

The Adams County Retirement Plan provides retirement benefits to the employees of Adams County, Colorado, Rangeview Library District and their beneficiaries. Adams County Retirement Plan benefits are funded by employee and employer contributions and by earnings on plan investments. As noted earlier, net position may serve over time as an indication of Adams County Retirement Plan's financial position. Currently net position of \$234,812,371 are held in trust for 2014 as compared to \$224,301,144 and \$199,741,510 at year-end 2013 and 2012 respectively. For year ended December 31, 2014, December 31, 2013 and December 31, 2012 net position increased by 4.69%, increased by 12.30% and increased by 9.98% respectfully.

Statement of Fiduciary Net Position

	ASSETS		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Cash and Investments:			
Cash	<u>\$ 67,684</u>	<u>\$ 20,966</u>	<u>\$ 18,987</u>
Investments, at fair value:			
Total investments	<u>234,660,148</u>	<u>224,305,534</u>	<u>199,662,579</u>
Total cash and investments	234,727,832	224,326,500	199,681,566
Receivables:			
Accrued interest and dividends	<u>231,811</u>	<u>143,749</u>	<u>246,704</u>
Total receivables	231,811	143,749	246,704
Total assets	234,959,643	224,470,249	199,928,270
	LIABILITIES		
Liabilities:			
Accrued liabilities	<u>147,272</u>	<u>169,135</u>	<u>186,760</u>
Total liabilities	147,272	169,135	186,760
NET POSITION RESTRICTED FOR PENSION BENEFITS	<u>\$ 234,812,371</u>	<u>\$ 224,301,114</u>	<u>\$ 199,741,510</u>

**ADAMS COUNTY RETIREMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014 and 2013**

Statement of Changes in Fiduciary Net Position

ADDITIONS TO FIDUCIARY NET POSITION

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contributions:			
Employer	\$ 8,964,812	\$ 8,289,767	\$ 7,533,395
Plan member	8,964,812	8,289,767	7,533,416
Purchase of service	<u>282,498</u>	<u>343,286</u>	<u>133,226</u>
Total contributions	18,212,122	16,922,820	15,200,037
Investment income:			
Net appreciation in fair value of investments	13,829,930	25,761,023	18,923,817
Interest	967,680	929,676	922,589
Dividends	2,333,605	2,076,824	2,889,353
Other income	<u>117,307</u>	<u>192,412</u>	<u>10,194</u>
Total investment income	17,248,522	28,959,935	22,745,953
Less investment expenses	<u>(1,504,419)</u>	<u>(1,102,916)</u>	<u>(981,500)</u>
Net investment gain	<u>15,744,103</u>	<u>27,857,019</u>	<u>21,764,453</u>
Total additions to Plan net position	33,956,225	44,779,839	36,964,490

DEDUCTIONS FROM FIDUCIARY NET POSITION

Benefit payments	19,385,185	17,392,107	16,095,266
Refund of contributions	3,253,473	2,029,377	1,870,042
Other administrative costs	<u>806,310</u>	<u>798,751</u>	<u>881,694</u>
Total deductions from Plan net position	<u>23,444,968</u>	<u>20,220,235</u>	<u>18,847,002</u>
NET INCREASE IN PLAN NET POSITION	10,511,257	24,559,604	18,117,488
NET POSITION RESTRICTED FOR PENSION BENEFITS			
Beginning of year	<u>224,301,114</u>	<u>199,741,510</u>	<u>181,624,022</u>
End of year	<u>\$ 234,812,371</u>	<u>\$ 224,301,114</u>	<u>\$ 199,741,510</u>

**ADAMS COUNTY RETIREMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014 and 2013**

SECURITIES LENDING TRANSACTIONS

State Statutes and the Adams County Board of Retirement (the Board) policies permit the Adams County Retirement Plan to lend its securities to broker-dealers and other entities with a simultaneous agreement to return collateral for the same securities in the future. There were no securities lending arrangements for 2012, 2013 or 2014.

REVENUE – ADDITIONS TO PLAN NET POSITION

Additions to the Adams County Retirement Plan net position held in trust include employee and employer contributions, as well as investment income. Effective January 1, 2014, the total contribution rate increased from 17.00% to 17.50%, split equally between the employee and the employers. The contributions rate will continue to increase 0.25% per year up to combined employer and employee rate of 18.0% in 2015.

Contributions totaling \$17,929,624 (\$8,964,812 employers and \$8,964,812 employees), \$16,579,534 (\$8,289,767 employers and \$8,289,767 employees), and \$15,066,811 (\$7,533,395 employers and \$7,533,416 employees) were made during the years ended December 31, 2014, 2013 and 2012 respectively. These contribution amounts fell below the Annual Required Contribution (ARC) amount for the years ended December 31, 2014, 2013 and 2012. The ARC is the required annual contributions of the employers as required by the Plan. The ARC rate as of January 1, 2014 was \$24,338,999 and the actual contributions received from the employer in 2014 were \$8,964,812 resulting in a compensation shortfall of \$15,406,279. The ARC rate as of January 1, 2013 and January 1, 2012 respectfully were \$27,856,681 and \$26,530,718 while the actual contributions received from the employer in 2013 and 2012 were \$8,289,767 and \$7,533,395 resulting in compensation shortfalls for 2013 and 2012 of \$19,566,914 and \$18,997,323, respectfully.

Plan members who were hired before January 1, 2010, who have at least five years of continuous service, but less than seven years of continuous service, may purchase service credit under the regular purchase of service provisions. For the year ended December 31, 2014, 2013, and 2012, the purchase of service contributions, were \$282,498, \$343,286 and \$133,226 respectively.

For actuarial funding calculations, Adams County Retirement Plan's actuary uses a five-year smoothed market to determine the actuarial value of assets. The smoothing prevents extreme volatility in employer contribution requirements due to fluctuations in the markets.

**ADAMS COUNTY RETIREMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014 and 2013**

DESCRIPTION OF THE PLAN AND PLAN CHANGES

The Adams County Board of Retirement is the administrator of a cost-sharing multiple-employer public employee retirement system (PERS). The Adams County Retirement Plan is a qualified tax-exempt plan under Sections 401(a) and 501(a) of the Internal Revenue Code and is not subject to the provisions of the Employee's Retirement Income Security Act of 1974 (ERISA). The Plan is a Defined Benefit Pension Plan for eligible employees of Adams County, Colorado and Rangeview Library District.

The Adams County Board of County Commissioners approved a resolution that will allow the contribution rate to increase at a rate of 0.5% per year up to 18% (Employer 9%/Employee 9%) by 2015.

The Adams County Retirement Plan received a favorable determination letter from the Department of the Treasury for Adams County and Rangeview Library District Effective October 14, 2014.

The Adams County Board of Retirement submitted information to the Department of the Treasury for a determination letter of continued qualification on January 30, 2014 as provided for under Rev. Proc. 2012-50 Cycle C filing from February 1, 2013 through January 31, 2014.

The Adams County Retirement Plan was Amended and Restated Effective January 1, 2014 with the following Plan changes:

- Effective January 1, 2014, two-component retirement benefits for Members in Tiers 1 and 2, referred to herein as Component A and Component B, shall be created;
- Component A shall be the Member's retirement benefit that has accrued through December 31, 2013, as calculated pursuant to Section 6.1(b) of the Plan prior to the Amendment, except that the average monthly compensation for Component A shall include compensation earned on or after January 1, 2014 and shall be calculated based on Section 2.1(c) of the Plan prior to the Amendment;
- Component B shall be equal to the Member's career compensation earned on or after January 1, 2014 multiplied by 1.75% and divided by 12, and the sum of Components A and B shall be subject to the minimum benefit provisions of Section 6.4 of the Plan prior to the Amendment;
- The Member's normal pension calculated under Component A and Component B shall not exceed the 80% Cap;
- In the event the Member's normal pension calculated under Component A and Component B combined exceeds the Member's normal pension calculated under the terms of the Plan prior to the Amendment, the Member's normal pension shall be calculated pursuant to the terms of the Plan prior to the Amendment;

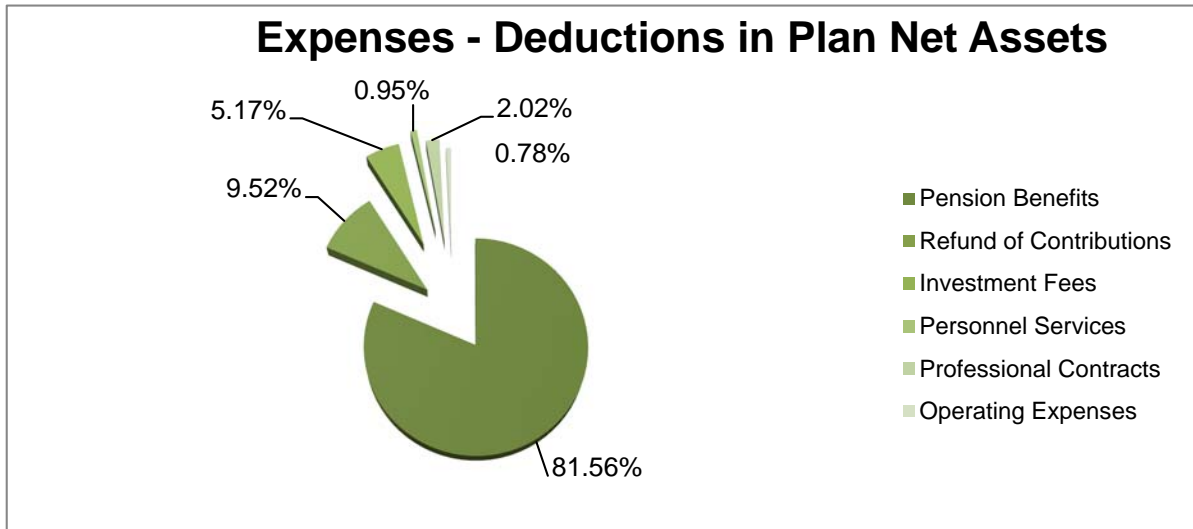
**ADAMS COUNTY RETIREMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014 and 2013**

- A Member in Tier 1 or Tier 2 who requests a refund of his or her contribution accumulation on or after January 1, 2014 shall receive the sum of: (a) a refund of the Member's contribution accumulation determined based on (i) the Member's contributions made through December 31, 2013 with interest accumulating through the date of such refund, (ii) the percent of the contribution accumulation determined in the applicable table under Section 6.3(b) of the Plan prior to the Amendment, and (iii) the Member's completed years of continuous service at his or her termination of employment, adjusted as provided in Section 6.3 of the Plan prior to the Amendment, and (b) a 100% refund of the Member's contributions made on or after January 1, 2014 including interest thereon and excluding a refund of the Employer's contributions with respect to the Member made on or after January 1, 2014 and any interest thereon;
- A Member who elects and actually purchases service credit pursuant to the Subsidized Purchase of Service Provisions shall be entitled to have such service credit attributed to the normal pension calculated under Component A;
- The extended purchase of service provisions shall be revised for a Member in Tier 1 or Tier 2 to reflect the addition of Component B;
- The extended purchase of service provisions shall be eliminated for Members hired on or after January 1, 2014;
- A Member in Tier 1 or Tier 2 who is or becomes disabled under the terms of the Plan on or after January 1, 2014, shall have his Component B benefit for the period of disability on or after January 1, 2014 determined based on the greater of:
 - (i) the Member's career compensation earned on or after January 1, 2014 multiplied by 1.75% and divided by 12, or
 - (ii) 1.75% of the Member's career monthly compensation earned on or after January 1, 2014 multiplied by the total number of his years of credited service earned on or after January 1, 2014, provided that the sum of the Component A and B disability benefits shall be subject to the minimum benefit provisions of Section 6.4 prior to the Amendment and shall not exceed the lesser of the 80% Cap or the disability benefit determined under the terms of the Plan prior to the Amendment;
- Special computations are performed for a Member in Tier 3 who has a leave of absence for qualified military service, and similar computations shall be incorporated into the Plan for Component B for a Member in Tier 1 or Tier 2 who has a leave of absence for qualified military service that begins or continues on or after January 1, 2014; and
- The Retirement Board hereby delegates to the Plan's Executive Director the authority to construe and interpret the Plan to resolve any and all issues that may arise in connection with or as a result of the Amendment.

**ADAMS COUNTY RETIREMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014 and 2013**

EXPENSES – DEDUCTIONS FROM PLAN NET POSITION

The Adams County Retirement Plan was created to provide lifetime retirement annuities, survivor benefits and disability benefits to qualified members and their beneficiaries. The cost of these programs includes recurring benefit payments, as designated by the Plan, refund of contributions to terminated members, and the cost of administering the system. The Plan had an increase in pension annuities due to the retirement of several highly compensated and long term participants who had reached maximum benefits. The Plan noted an increase in participant refunds and a decrease in administrative expenditures. The Investment Manager Fees increased due to the addition of money managers and increased fee structures.



**ADAMS COUNTY RETIREMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014 and 2013**

ADAMS COUNTY RETIREMENT PLAN - FIDUCIARY RESPONSIBILITY

The Adams County Board of Retirement are fiduciaries of the pension trust fund. Under Colorado State Statutes the assets can only be used for the exclusive benefit of such employees or beneficiaries and the payment of the Plan expenses.

The members of the Adams County Board of Retirement have each acknowledged and signed a Conflict of Interest and Adherence to Colorado Code of Ethics Acknowledgement Form, which states that as members of the Adams County Board of Retirement for the Plan, their behavior was in accordance with the requirements of Section 24-18-108.5 of the Colorado Revised Statutes.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview for the Retirement Board, Plan participants, taxpayers, and investment managers. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Adams County Retirement Plan
4430 South Adams County Parkway
Suite C3406
Brighton, Colorado 80601-8202

Prepared and Submitted By:
Pamela R. Mathisen, CEBS
Executive Director
Adams County Retirement Plan
May 5, 2015

ADAMS COUNTY RETIREMENT PLAN
STATEMENTS OF FIDUCIARY NET POSITION
December 31, 2014 and 2013

	2014	2013
ASSETS		
Cash and investments:		
Cash	\$ 67,684	\$ 20,966
Investments, at fair value:		
Money markets	5,424,082	3,983,373
US government agency obligations	9,705,959	3,937,065
Corporate bonds	12,906,266	8,314,515
Municipal bonds	1,377,335	431,630
Foreign bonds	1,393,553	890,935
Equity securities	29,973,837	20,863,820
Real estate	25,787,116	22,871,790
Hedge funds	31,766,757	30,589,860
Partnerships/joint ventures	24,469,393	17,566,276
Mutual funds	91,855,850	114,856,270
Total investments	234,660,148	224,305,534
Total cash and investments	234,727,832	224,326,500
Receivables:		
Accrued interest and dividends	231,811	143,749
Total assets	234,959,643	224,470,249
LIABILITIES		
Accrued liabilities	147,272	169,135
NET POSITION RESTRICTED FOR PENSION BENEFITS	\$ 234,812,371	\$ 224,301,114

The accompanying notes are an integral part of these financial statements.

ADAMS COUNTY RETIREMENT PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
Years Ended December 31, 2014 and 2013

	2014	2013
ADDITIONS		
Contributions		
Employer	\$ 8,964,812	\$ 8,289,767
Plan members	8,964,812	8,289,767
Purchase of service	<u>282,498</u>	<u>343,286</u>
Total contributions	<u>18,212,122</u>	<u>16,922,820</u>
Investment income		
Net appreciation in fair value of investments	13,829,930	25,761,023
Interest	967,680	929,676
Dividends	2,333,605	2,076,824
Other income	<u>117,307</u>	<u>192,412</u>
Total investment income	17,248,522	28,959,935
Less investment expense	<u>(1,504,419)</u>	<u>(1,102,916)</u>
Net investment income	<u>15,744,103</u>	<u>27,857,019</u>
Total additions	<u>33,956,225</u>	<u>44,779,839</u>
DEDUCTIONS		
Benefit payments	19,385,185	17,392,107
Refunds of contributions	3,253,473	2,029,377
Other administrative costs	<u>806,310</u>	<u>798,751</u>
Total deductions	<u>23,444,968</u>	<u>20,220,235</u>
NET INCREASE IN NET POSITION	10,511,257	24,559,604
NET POSITION RESTRICTED FOR PENSION BENEFITS, BEGINNING OF YEAR	<u>224,301,114</u>	<u>199,741,510</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS, END OF YEAR	<u>\$ 234,812,371</u>	<u>\$ 224,301,114</u>

The accompanying notes are an integral part of these financial statements.

**ADAMS COUNTY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013**

NOTE 1 – DESCRIPTION OF PLAN

The Adams County Retirement Board (the Board) is the administrator of Adams County Retirement Plan (the Plan). The Plan is a multiple-employer defined benefit pension plan covering substantially all full-time employees of Adams County (the County) and Rangeview Library District (Library District). The authority under which obligations to contribute to the Plan by Plan members and employers are established and may be amended by the Board. The Plan was amended and restated effective January 1, 2014.

The Plan is not subject to the provisions of the Employee's Retirement Income Security Act of 1974 (ERISA). It is qualified as a tax-exempt plan under Sections 401(a) and 501(a) of the Internal Revenue Code. Employee contributions are required as a condition of employment and are matched, dollar for dollar, by the employer. Contribution provisions are established by the Adams County Board of County Commissioners and ratified by the Adams County Retirement Board for the members and the employers' contributions.

Membership

The Plan includes any person who is an elected or appointed County official or Deputy, and staff of such person, and any person who is employed by the employer in a position budgeted for thirty (30) hours or more per week. Any employee of the Retirement Board who meets these requirements shall be considered an employee of the employer for purposes of the Plan. The Plan excludes temporary employees and employees who are in a position budgeted for less than thirty (30) hours per week.

Effective December 27, 2004, the Rangeview Library District joined the Adams County Retirement Plan as a participating employer. Eligible employees of the Library District participate in the Plan on the same terms as eligible County employees, so long as the Library District remains a participating employer. Before December 27, 2004, Library District employees were County employees and participated in the Plan as County employees. The County and the Library District are currently the only participating employers in the Plan.

Employee membership data follows:

	<u>January 1,</u>	
	<u>2014</u>	<u>2013</u>
Retirees and beneficiaries currently receiving benefits	867	823
Members with deferred benefits	178	156
Active members	1,830	1,753
Members due a refund of contribution	<u>128</u>	<u>114</u>
Total members	<u><u>3,003</u></u>	<u><u>2,846</u></u>

ADAMS COUNTY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 1 – DESCRIPTION OF PLAN (CONTINUED)

Purchase of Credited Service

Effective November 1, 1994, Plan members with 5 years credited service may purchase up to five years of credited service for any period of full-time, non-vested previous employment with any private or public employer in the United States subject to certain conditions. Members who were eligible on this date could make a one time election to purchase service credits by December 31, 1996. After November 1, 1994, members hired prior to January 1, 2010 could make an election to purchase service credits within two years after the completion of five years of continuous service.

Benefits

The Plan provides retirement benefits, as well as death and disability benefits. Employees hired before January 1, 2010 with less than five years of continuous service at the date of termination receive a refund of their contributions. Employees hired on or after January 1, 2010 with less than 10 years of continuous service at the date of termination will receive refund of their contributions. The refunds include interest at the current rate of 3% for both 2011 and 2010. Depending on their hire date, employees with at least five or ten years of continuous service at the time of termination may choose a refund of their contributions, including interest and the accumulated value of the amounts paid for purchases service credit, if any, or a deferred vested benefit when eligibility is reached.

Normal retirement begins at age 65 with full benefit, regardless of credited service. However, the Plan has provisions for early and delayed retirement. Early retirement begins if the employee has reached age 55 and completed at least five years of service, and the employee was hired in covered employment before January 1, 2005, or met the reemployment rule. Employees hired in covered employment on or after January 1, 2005 and before January 1, 2010, can take early retirement on reaching the age of 55 with at least 10 years of service. Employees hired on or after January 1, 2010 will be eligible for early retirement once their age plus service, including purchase of service equals 80 or more and they have attained the age of 55 prior to termination of employment. Elected officials are eligible for immediate vesting.

For employees hired in covered employment before January 1, 2005, the average monthly compensation is calculated using a 36 month average, multiplied by 2.5% and then multiplied by the total years of credited service through December 31, 2013 to determine Component A of the employee's retirement benefit. Career compensation earned on or after January 1, 2014 is multiplied by 1.75% and divided by 12 to determine Component B of the employee's retirement benefit. The sum of components A and B will equal the employee's monthly benefit under the Plan, subject to minimum benefit provisions and an 80% Cap described by the Plan.

For employees hired in covered employment after January 1, 2005, the average monthly compensation is calculated using a 60 month average, multiplied by 2.5% and then multiplied by the total years of credited service through December 31, 2013 to determine Component A of the employee's retirement benefit. Career compensation earned on or after January 1, 2014 is multiplied by 1.75% and divided by 12 to determine Component B of the employee's retirement benefit. The sum of components A and B will equal the employee's monthly benefit under the Plan, subject to minimum benefit provisions and an 80% Cap described by the Plan.

**ADAMS COUNTY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013**

NOTE 1 – DESCRIPTION OF PLAN (CONTINUED)

For employees hired in covered employment after January 1, 2010, the retirement benefit is based on the employees career compensation, multiplied by 1.75% and divided by 12.

Employees hired prior to January 1, 2010 receive a benefit payable for life with a guarantee of 120 payments. Employees hired on or after January 1, 2010 receive a benefit of a single life annuity. Optional benefits are available which provide alternative survivorship benefits.

Disability benefits are calculated in the same manner as a normal retirement benefit, using the participant's date of hire to verify compensation. Death benefits, which an employee's beneficiary may receive from the Plan, are dependent upon when the employee's death occurs. All benefits are determined by the requirements established by the Plan.

Members in the Plan are always 100% vested in their contributions. Members may receive a refund of up to 200% of their contribution accumulation made through December 31, 2013 with interest accumulating through the date of the refund based on completed years of continuous service and date of participation. Members may receive a refund of up to 100% of their contribution accumulation made after December 31, 2014 with interest accumulating through the date of the refund based on completed years of continuous service and date of participation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Plan's financial statements were prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental accounting in accordance with Governmental Accounting Standards Board (the GASB). Both Plan member and employer contributions are recognized as revenues in the period in which employee services are performed. Benefit and refund payments are recognized when due and payable in accordance with the terms of the Plan.

Investments

Investments are reported at fair value. Short term investments are reported at cost, which approximates fair value. Securities and funds traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Investments that do not have an established market value are reported at estimated fair value. The fair value of real estate investments is based on independent appraisals. Fair value of other securities is determined by the mean of the most recent bid and asked prices as obtained from dealers that make markets in such securities. Fair value for investments in private equity and hedge funds are estimated by adjusting the most recent market values reported by the funds. These adjustments are made by estimates from investment managers as to market values at year-end, including known cash activity such as capital calls, distributions and management fees, as well as, adjustments to audited financial statements of the funds.

**ADAMS COUNTY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Plan presents, in the statement of changes in fiduciary net position, the net appreciation (depreciation) in the fair value of its investments, which consists of the realized gains and losses and the unrealized appreciation and depreciation on those investments. Purchases and sales are recorded on the trade date. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

There are certain market risks, credit risks, foreign currency exchange risks, and event risks which may subject the Plan to economic changes occurring in certain industries, sectors or geographies.

Reporting Entity

The GASB has specified the criteria to be used in defining a governmental entity for financial reporting purposes. In accordance with governmental Accounting Standards, the Plan has considered the possibility of inclusion of additional entities in its annual financial report. The definition of the reporting entity is based primarily on financial accountability. The Plan is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if the Plan appoints a voting majority of the organization's governing body and is either able to impose its will on that organization or here is a potential for benefits to, or to impose specific financial burdens on, the Plan. The Plan may also be financially accountable for governmental organizations that are fiscally dependent upon it. Based upon the application of the above criteria, the Plan has no includable entities and is not considered a component unit of another entity.

Governmental Accounting Standards Board (GASB) Pronouncements

The Plan adopted GASB Statement No. 67, *Financial Reporting for Pension Plans; an Amendment of GASB Statement No. 25*, replaces the requirements of Statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trust or equivalent arrangements. This statement is to improve financial reporting of pension plans through enhanced financial note disclosures included in note six of the financial statements, and expanded Required Supplementary Information of net pension liability information and ratios included in the attached schedules.

Fixed Assets

As of December 31, 2014 and 2013, all real property and workstations used by the Plan are owned by the County, and as a result, are not reported in the financial statements.

Administrative Expenses

The cost of administering the Plan is financed through the contributions and investment earnings that it receives.

**ADAMS COUNTY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from these estimates. Actuarially determined future benefit payments require the use of significant estimates. The Plan believes that the techniques and assumptions used in establishing these estimates are appropriate.

Actuarial Valuation

The information included in the required supplementary schedules is based on the actuarial valuation performed as of January 1, 2014, which is the date of the latest available information. Significant actuarial assumptions used in the valuation are included in the notes to the required supplementary schedules.

NOTE 3 – CASH DEPOSITS

Cash Deposits

At December 31 2014 and 2013, the Plan has deposits in financial institutions with bank balances of \$67,684 and \$20,966, respectively, and carrying values of \$67,684 and \$20,966, respectively, all of which was covered by the Federal Depository Insurance Corporation. There was \$48,536 and \$0 cash deposits held in trust as of December 31, 2014 or 2013.

NOTE 4 – INVESTMENTS

Investment Risk Factors

There are many factors that can affect the value of investments. Some, such as custodial risk, concentration of credit risk, and foreign currency risk, may affect both equity and fixed income securities. Equity securities respond to such factors as economic conditions, individual company earnings, performance, and market liquidity, while fixed income securities are particularly sensitive to credit risks and changes in interest rates. The Plan has established investment policies to provide the basis for the management of a prudent investment program appropriate to the particular fund types.

Credit Risk

Fixed income securities are subject to credit risk, which is the risk that a bond issuer will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer's ability to make these payments will cause prices to decline. A bond's credit quality is an assessment of the issuer's ability to pay interest on the bond and, ultimately, to pay the principal. Credit quality is evaluated by one of the independent bond-rating agencies such as Moody's Investors Service or Standard and Poor's. The lower the rating, the greater the chance that the bond issuer will default or fail to meet its payment obligations.

**ADAMS COUNTY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013**

NOTE 4 – INVESTMENTS (CONTINUED)

Generally, the lower a bond's credit rating, the higher its yield should be to compensate for the additional risk.

Certain fixed income securities, including obligations of the U.S. Government or those explicitly backed by the U.S. Government, are not considered to have credit risk.

The Plan has policies and guidelines for each fixed income portfolio, prohibiting direct investment in derivative securities and non-dollar denominated investments, and requiring securities to be 'BB' rated or higher and no more than 10% of the portfolio may be invested in 'BB' rated securities.

2014					
<u>Rating</u>	<u>Corporate Bonds</u>	<u>Municipal Bonds</u>	<u>Foreign Bonds</u>	<u>Total</u>	<u>% of Total</u>
AAA	\$ 263,233	\$ 455,855	\$ -	\$ 719,088	2.8%
AA	1,020,079	724,613	248,435	1,993,127	7.9%
A	5,920,816	94,191	284,909	6,299,916	24.8%
BBB/BAA	4,718,663	102,676	723,334	5,544,673	21.8%
BB/BA	983,475	-	136,875	1,120,350	4.4%
Total exposed to credit risk	<u>\$ 12,906,266</u>	<u>\$ 1,377,335</u>	<u>\$ 1,393,553</u>	15,677,157	61.8%
U.S. Government agency obligations				<u>9,705,959</u>	<u>38.2%</u>
Total fixed income portfolio				<u>\$ 25,383,113</u>	<u>100.0%</u>

2013					
<u>Rating</u>	<u>Corporate Bonds</u>	<u>Municipal Bonds</u>	<u>Foreign Bonds</u>	<u>Total</u>	<u>% of Total</u>
AAA	\$ 407,648	\$ 431,630	\$ -	\$ 839,278	6.2%
AA	601,563	-	145,946	747,509	5.6%
A	3,509,204	-	307,174	3,816,378	28.1%
BBB/BAA	2,961,043	-	260,790	3,221,833	23.7%
BB/BA	835,057	-	177,025	1,012,082	7.5%
Total exposed to credit risk	<u>\$ 8,314,515</u>	<u>\$ 431,630</u>	<u>\$ 890,935</u>	9,637,080	71.0%
U.S. Government agency obligations				<u>3,937,065</u>	<u>29.0%</u>
Total fixed income portfolio				<u>\$ 13,574,145</u>	<u>100.0%</u>

At December 31, 2014 and 2013, respectively the Plan had a \$11,755,428 and \$22,157,754 investment in two mutual funds that are comprised of primarily bonds with varying investment quality ratings; the average rating for the underlying investments for the mutual funds are AA- and A- for 2014 and AA- and A for 2013.

**ADAMS COUNTY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013**

NOTE 4 – INVESTMENTS (CONTINUED)

At December 31, 2014 and 2013 the Plan had a \$9,790,250 and \$10,154,249, respectively investment in a limited partnership comprised of corporate loan obligations; there is no rating available for this investment in 2014 or 2013.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Through the specific identification method, the Plan manages its exposure to fair value losses arising from changes in interest rates by requiring the average maturity of the portfolio be maintained in the range of plus or minus 25% of the benchmark index.

Using the specific identification method, the Plan had the following investments and maturities at December 31, 2014:

<u>Descriptions</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>>10</u>
Corporate Bonds	\$ 12,906,266	\$ 253,495	\$ 7,074,306	\$4,507,743	\$1,070,722
Municipal Bonds	1,377,335	-	-	-	1,377,335
Foreign Bonds	1,393,553	-	533,344	148,083	712,126
U.S. Government agency obligations	<u>9,705,959</u>	<u>126,006</u>	<u>5,531,946</u>	<u>858,289</u>	<u>3,189,718</u>
Total	<u>\$ 25,383,113</u>	<u>\$ 379,501</u>	<u>\$13,139,596</u>	<u>\$5,514,115</u>	<u>\$6,349,901</u>

Using the specific identification method, the Plan had the following investments and maturities at December 31, 2013:

<u>Descriptions</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>>10</u>
Corporate Bonds	\$ 8,314,515	\$ 133,247	\$ 3,890,693	\$3,482,004	\$ 808,571
Municipal Bonds	431,630	-	-	-	431,630
Foreign Bonds	890,935	128,750	453,120	177,025	132,040
U.S. Government agency obligations	<u>3,937,065</u>	<u>-</u>	<u>2,234,627</u>	<u>334,058</u>	<u>1,368,380</u>
Total	<u>\$ 13,574,145</u>	<u>\$ 261,997</u>	<u>\$ 6,578,440</u>	<u>\$3,993,087</u>	<u>\$2,740,621</u>

At December 31, 2014 and 2013, respectively the Plan had a \$11,755,428 and \$22,157,754 investment in two mutual funds that are comprised of primarily bonds with varying investment maturities; the effective duration for the mutual funds are 4.87 and -0.10 years for 2014 and 5.37 and 4.10 years for 2013.

At December 31, 2014 and 2013 the Plan had a \$9,790,250 and \$10,154,249, respectively investment in a limited partnership comprised of corporate loan obligations with varying maturities; the average maturity for the limited partnership is 5.46 years in 2014 and 5.37 years 2013.

**ADAMS COUNTY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013**

NOTE 4 – INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for deposits and investments is the risk that in the event of the failure of the custodian, the Plan may not be able to recover the value of the investment securities that are in the possession of an outside party.

The Retirement Board is responsible for oversight of the Plan's investments. Investments in U.S. Government agency obligations, corporate and foreign bonds, equity and foreign securities and real estate investments are insured or registered and are held by the Plan or by U.S. Bank, the custodian, in the Plan's name. Investments in open-ended mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book-entry form.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss associated with a lack of diversification of having too much invested in a few individual users, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments. For its corporate bond portfolio, no more than 2% of the portfolio may be invested in the securities of any one issuer, except debt obligations issued or guaranteed by the U.S. Government or its agencies and instrumentalities. For its U.S. Small Capitalization Stock portfolio, no more than 5% of the market value of the portfolio may be invested in the stock of any one issuer, and no more than 7% of the market value of the Mid-Capitalization Stocks portfolio may be invested in the stock of any one issuer.

The following information presents investments that represent 5% or more of the Plan's net position as of December 31, 2014 and 2013:

<u>Investment</u>	2014	
	<u>Value</u>	<u>% of Investments</u>
State Street S&P 500 Index Fund	\$ 25,743,456	11%
Principal Real Estate Fund	25,787,116	11%
Vanguard Dividend Fund	22,770,477	10%
Master Series of Grosvenor Institutional Partners, L.P	17,361,786	7%
GAM U.S. Institutional Trading II, L.P.	14,404,971	6%
	2013	
<u>Investment</u>	<u>Value</u>	<u>% of Investments</u>
State Street S&P 500 Index Fund	\$ 24,491,226	11%
Principal Real Estate Fund	22,871,790	10%
T. Rowe Price Inst Struc Research Fund	18,523,015	8%
Vanguard Dividend Fund	16,847,030	8%
Master Series of Grosvenor Institutional Partners, L.P	16,828,510	7%
GAM U.S. Institutional Trading II, L.P.	13,761,350	6%
American Euro Pacific Growth	11,794,769	5%
PIMCO Total Return Fund	11,770,791	5%
Dimensional World Ex Value	11,564,969	5%

**ADAMS COUNTY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013**

NOTE 4 – INVESTMENTS (CONTINUED)

Foreign Currency Risk

Foreign currency risk is the possibility that changes in exchange rates between the U.S. dollar and foreign currencies could adversely affect a deposit or investment's fair value. The Plan's investment policy allows 20% - 30% of total investments to be in foreign equities, and no more than 15% of the market value of the Mid-Capitalization Stocks portfolio may be invested in foreign securities. The Plan has no policy for investment in foreign bond issues. Plan investments in international equity mutual funds, foreign equity securities and foreign bond issues have exposure to foreign currency risk. Exposure to foreign currency risk as of December 31, 2014 and 2013 is as follows:

	2014	2013
Foreign portfolio (all are U.S. dollar denominations)	\$ 1,393,553	\$ 890,935

NOTE 5 – CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

The total contribution rates were 17.5% and 17%, for December 31, 2014 and 2013, respectively, split equally between the employee and the employers. The contribution rate will continue to increase 0.5% per year up to 18.0% in 2015.

Contributions totaling \$17,929,624 (\$8,964,812 employers and \$8,964,812 employees) and \$16,579,534 (\$8,289,767 employers and \$8,289,767 employees) were made during the years ended December 31, 2014 and 2013, respectively. These contribution amounts fall below the actuarial required contribution amount for the years ended December 31, 2014 and 2013.

NOTE 6 – NET PENSION LIABILITY

The components of the net pension liability of the Plan at December 31, 2014 is as follows:

Net Pension Liability	
Total pension liability	\$ 395,699,302
Fiduciary net position	<u>234,812,371</u>
Net pension liability	<u>\$ 160,886,931</u>
Fiduciary net position as a % of total pension liability	59.34%
Covered payroll	\$ 97,274,662
Net pension liability as a % of covered payroll	165.39%

**ADAMS COUNTY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013**

NOTE 6 – NET PENSION LIABILITY (CONTINUED)

The assumptions and methods presented below were determined based upon the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	<u>January 1, 2014</u>
Actuarial cost method	Entry age normal
Amortization method	Level dollar – open
Actuarial assumptions:	
Investment rate of return*	7.5%
Projected salary increases*	3.8% - 9.5%
 *Included inflation at	 2.80%

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the Plan's trustees after considering input from the Plan's investment consultant(s) and actuary(s). For each major asset class that is included in the pension plan's target asset allocation as of January 1, 2014, these best estimates are summarized in the following table:

Asset Allocation

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Fixed Income	15.00%	0.90%
Domestic Equity	50.00%	5.68%
Private Equity	5.00%	8.88%
Real Estate	20.00%	2.02%
Alternative Investments	10.00%	3.22%
Cash	0.00%	0.00%
Total	<u>100.00%</u>	

**ADAMS COUNTY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013**

NOTE 6 – NET PENSION LIABILITY (CONTINUED)

Single Discount Rate

A Single discount rate of 7.50% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.50%. 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, by ordinance will equal to the member contributions. Based on these assumptions, 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.

Sensitivity of Results

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the Plan's net liability, calculated using a single discount rate of 7.50%, as well as what the Plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

Sensitivity of Net Position Liability to the Single Discount Rate Assumption

1% Decrease	Current Single Discount Rate Assumption	1% Increase
6.50%	7.50%	8.50%
<u>\$205,698,112</u>	<u>\$160,886,931</u>	<u>\$120,120,892</u>

NOTE 7 – COMMITMENTS

Partnership Capital Commitments

The Plan is a party to multiple private equity limited partnership agreements. Under the terms of the partnership agreements, the Plan has pledged to invest \$27,800,000 and \$12,500,000 in portfolios of limited partnerships as of December 31, 2014 and 2013, respectively. Failure by the Plan to fund a capital call is considered a default under the agreements and various penalties, as defined, may be imposed upon the Plan for such failure. The commitment period for all partnerships extends until the Plan's capital commitment is fulfilled, or the partnership's term is reached. At December 31, 2014 and 2013, the Plan had remaining unfunded capital commitments of \$14,713,243 and \$4,915,000, respectively.

**ADAMS COUNTY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013**

NOTE 8 – FINANCIAL OBLIGATIONS WITH OFF BALANCE SHEET RISK

Derivatives

Mutual Fund Investment

The Plan is permitted to own derivative investments. During the years ended December 31, 2014 and 2013, the Plan's owned indirect derivative investments in connection with managed (mutual) funds. Because the Plan does not own any specific identifiable investment securities held by managed funds, the market risk associated with any derivative investments held in these funds is not apparent. The degree of market risk depends on the underlying portfolios of the funds, which were selected by the Plan in accordance with its investment policy guidelines including risk assessment.

Hedge Fund of Funds Investment

The hedge fund's investments in portfolio funds are subject to various risk factors arising from the investment activities of the portfolio funds including market, credit, and currency risk. The portfolio funds owned by the hedge fund transact in short sales and various domestic and international derivative investments, including forward foreign currency contracts, futures, written and purchased options and swaps. Investments in securities of non-U.S. issuers may be subject to greater illiquidity and price volatility than securities of U.S. issuers. Investments denominated in currencies other than the portfolio fund's reporting currency expose the portfolio fund to risks that the exchange rate of the portfolio fund's currency relative to other currencies may change in a manner which has an adverse effect on the value of the portfolio fund's foreign currency denominated assets.

NOTE 9 – RISK MANAGEMENT

The Plan is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees and natural disasters. Some losses, particularly regarding the occupancy of office space in the County building, are covered by the County's risk management policies and agreements. For other losses, commercial insurance has been purchased by the Plan. The Plan has not had claims on losses in the past three years.

NOTE 10 – TAX STATUS

The Plan received two favorable determination letters (one for Adams County, and one for Rangeview Library District) from the Internal Revenue Service dated October 14, 2014, that the Plan is designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended and restated since receiving the determination letters, the Plan Administrator and the Plan's legal counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC and remains in tax exempt status. The letters relate only to the status of the Plan under the Internal Revenue Code and are not a determination regarding the effect of other federal or local statutes.

ADAMS COUNTY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 11 – PLAN TERMINATION

The Retirement Board intends to continue the Plan indefinitely but reserves the right to change the Plan or discontinue it. Any changes to the Plan must be for the exclusive benefit of the eligible employees of the employers and their beneficiaries.

Upon termination or partial termination of the Plan, or a permanent discontinuance of contributions, the benefits accrued up to the date of termination by the affected employees and their beneficiaries, respectively, shall be nonforfeitable; however, actual payment of such benefits shall only be to the extent permitted from Plan assets. No funds may be returned to the employers unless all liabilities to members or their beneficiaries have been satisfied. The Retirement Board will determine when benefits are to be paid.

NOTE 12 – RELATED PARTY

The Plan is administered by a Retirement Board consisting of five members, one of whom is the incumbent County Treasurer, two of whom are non-elected County employees elected by said employees, and two of whom are registered electors of the County appointed by the Board of County Commissioners. Adams County provides office space, use of equipment and information systems as well as payroll and human resources support for the Plan. The Plan employs U.S. Bank to act as custodian over plan assets.

This information is an integral part of the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**ADAMS COUNTY RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Year Ended December 31, 2014**

TOTAL PENSION LIABILITY	
Service cost	\$ 10,504,796
Interest on the total pension liability	28,030,202
Benefit changes	-
Difference between expected and actual experience	-
Assumption changes	-
Benefit payments	(19,385,185)
Refund	<u>(3,253,473)</u>
Net change in total pension liability	15,896,340
TOTAL PENSION LIABILITY - BEGINNING OF YEAR	<u>379,802,962</u>
TOTAL PENSION LIABILITY - END OF YEAR	<u>\$ 395,699,302</u>
PLAN FIDUCIARY NET POSITION	
Employer contributions	\$ 8,964,812
Employee contributions	8,964,812
Pension plan net investment income	15,626,796
Benefit payments	(19,385,185)
Refunds	(3,253,473)
Pension plan administrative expense	(806,310)
Other	<u>399,805</u>
Net change in Plan fiduciary net position	10,511,257
PLAN FIDUCIARY NET POSITION - BEGINNING OF YEAR	<u>224,301,114</u>
PLAN FIDUCIARY NET POSITION - END OF YEAR	<u>\$ 234,812,371</u>
NET PENSION LIABILITY - END OF YEAR	<u>\$ 160,886,931</u>
Plan fiduciary net position as a percentage of total pension liability	59.34%
Covered employee payroll	\$ 97,274,662
Net pension liability as a percentage of covered employee payroll	165.39%
Notes to schedule:	
N/A	

**ADAMS COUNTY RETIREMENT PLAN
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE NET PENSION LIABILITY
 Year Ended December 31, 2014**

Year	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Pension as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2014	\$ 395,699,302	\$ 234,812,371	\$ 160,886,931	59.34%	\$ 97,274,662	165.39%

**ADAMS COUNTY RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
For the Ten Years Ended December 31, 2014**

Employer Contributions			
Year	Annual Required Contributions	Actual Employer Contributions	Percentage Contributed
2014	\$ 15,406,279	\$ 8,964,812	58.19%
2013	\$ 19,659,013	\$ 8,289,767	42.17%
2012	\$ 18,762,499	\$ 7,533,395	40.15%
2011	\$ 17,559,138	\$ 7,235,764	41.21%
2010	\$ 16,856,144	\$ 7,153,366	42.44%
2009	\$ 16,237,097	\$ 7,048,276	43.41%
2008	\$ 11,542,116	\$ 6,445,284	55.84%
2007	\$ 11,320,501	\$ 5,740,166	50.71%
2006	\$ 10,110,243	\$ 5,175,320	51.19%
2005	\$ 9,359,536	\$ 4,597,297	49.12%

**ADAMS COUNTY RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Valuation Date: January 1, 2014

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age normal
Amortization Method	Level dollar, open
Remaining Amortization Period	30 years
Asset Valuation Method	5 year smoothed market; 20% corridor
Inflation	2.80%
Salary Increases	3.80% to 9.30% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2009 – 2013.
Mortality	RP-2000 Blue Collar Healthy Annuitant Generational Mortality Table set back one year for females

Other Information:

Notes

Effective January 1, 2014, the benefit provisions were changed affecting prospective service for Tier 1 and Tier 2 members:

- Benefit accruals of 1.75% of career compensation earned on or after January 1, 2014.
- For members taking refund of contributions, the employer match percentage will not apply to any contributions made on or after January 1, 2014.
- Employee and employer contribution rates were increased from 8.50% to 8.75%.

**ADAMS COUNTY RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS**

<u>FY Ending December 31,</u>	<u>Annual Return¹</u>
2014	6.67%

¹Annual money-weighted rate of return, net of investment expenses.

OTHER SUPPLEMENTARY INFORMATION

ADAMS COUNTY RETIREMENT PLAN
SCHEDULES OF ADMINISTRATIVE AND INVESTMENT EXPENSES
Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
INVESTMENT EXPENSE		
Investment manager fees	\$ 1,467,049	\$ 1,065,845
Trustee fees	<u>37,370</u>	<u>37,071</u>
Total investment expense	<u>1,504,419</u>	<u>1,102,916</u>
PROFESSIONAL CONTRACTS		
Audit and consulting fees	31,675	30,750
Legal counsel	200,495	227,121
Insurance and bonding	118,173	8,220
Actuarial fees	42,657	82,215
Investment consulting	<u>84,395</u>	<u>81,360</u>
Total professional contracts	<u>477,395</u>	<u>429,666</u>
PERSONNEL SERVICES		
Salaries	157,022	156,483
Employee benefits	<u>54,299</u>	<u>46,898</u>
Total personnel services	<u>211,321</u>	<u>203,381</u>
OTHER OPERATING EXPENSES		
Bank fees	4,063	4,147
Computer expense	70,758	132,174
Other	8,071	7,001
Subscriptions, education and dues	1,384	1,027
Postage	3,693	3,627
Printing and mailing	13,254	6,734
Retirement services	10,177	6,772
Supplies	4,802	3,632
Research expense	<u>1,392</u>	<u>590</u>
Total other operating expenses	<u>117,594</u>	<u>165,704</u>
TOTAL ADMINISTRATIVE AND INVESTMENT EXPENSES	<u>\$ 2,310,729</u>	<u>\$ 1,901,667</u>

**ADAMS COUNTY RETIREMENT PLAN
TEN-YEAR HISTORICAL TREND INFORMATION
Years Ended December 31, 2014 and 2013**

Ten-year historical trend information, designed to provide information about Adams County Retirement Plan's progress made in accumulating sufficient assets to pay benefits when due, is presented below:

Revenues by Source					
Fiscal Year	Employee Contributions	Employer Contributions	Total Contributions	Investment Income (Loss)*	Total
2005	4,597,297	4,597,297	9,194,594	10,176,145	19,370,739
2006	5,175,320	5,175,320	10,350,640	23,577,502	33,928,142
2007	5,740,166	5,740,166	11,480,332	16,059,633	27,539,965
2008	6,445,284	6,445,284	12,890,568	(51,768,066)	(38,877,498)
2009	7,048,276	7,048,276	14,096,552	19,649,223	33,745,775
2010	7,153,366	7,153,366	14,306,732	16,978,240	31,284,972
2011	7,235,773	7,235,764	14,471,537	45,494	14,517,031
2012	7,533,416	7,533,395	15,066,811	22,745,953	37,812,764
2013	8,289,767	8,289,767	16,579,534	28,959,935	45,539,469
2014	8,964,812	8,964,812	17,929,624	17,248,522	35,178,146

Contributions were made in accordance with the Plan's funding policy and are not actuarially determined.

* Income includes unrealized gains and losses on investments.

Expenses by Type				
Fiscal Year	Benefits	Administrative*	Refunds	Total
2005	\$ 8,103,938	\$ 912,819	\$ 1,231,836	\$ 9,054,408
2006	8,913,387	770,507	1,225,048	10,248,593
2007 **	9,793,923	1,554,075	1,187,708	10,908,942
2008	10,626,452	1,661,702	1,220,911	12,535,706
2009	11,703,164	1,506,785	1,043,307	13,509,065
2010	12,925,593	1,545,534	910,161	14,253,256
2011	14,669,214	1,661,305	1,761,213	18,091,732
2012	16,095,266	1,863,194	1,870,042	19,828,502
2013	17,392,107	1,901,667	2,029,377	21,323,151
2014	19,385,185	2,310,729	3,253,473	24,949,387

* Administrative expenses include both investment expenses and other administrative costs.

**The increase in administrative fees in 2007 includes management's estimates for money managers that were previously included in investment gains/losses.