ADAMS COUNTY RETIREMENT PLAN
Brighton, Colorado

FINANCIAL STATEMENTS
As of and for the Years Ended
December 31, 2011 and 2010

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CliftonLarsonAllen LLP
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Independent Auditor's Report

Board of Directors
Adams County Retirement Plan
Brighton, Colorado

We have audited the accompanying statements of Plan net assets of the Adams County Retirement Plan (the Plan) as of December 31, 2011 and 2010 and the related statements of changes in Plan net assets for the years then ended. These financial statements are the responsibility of the Plan's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the Adams County Retirement Plan as of December 31, 2011 and 2010 and the changes in its net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of funding progress and employer contributions on pages 3 through 10 and 25 through 26 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. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of administrative and investment expenses and the ten-year historical trend information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

CliftonLarsonAllen LLP

Denver, Colorado
April 3, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion presents management's view of the Adams County Retirement Plan's financial activities and performance during the fiscal year ended December 31, 2011, and is to be read in conjunction with the Retirement Plan's financial statements.

FINANCIAL STATEMENT HIGHLIGHTS

The net assets of the Adams County Retirement Plan at the close year-end 2011 were $181,624,022 compared to $185,034,993 for 2010 and $169,001,538.00 for 2009 (net assets held in trust for pension benefits).

Adams County Retirement Plan's total net assets held in trust for pension benefits decreased by $3,410,971 in 2011 or a decrease of 1.88% compared to a gain of $16,033,455 or 9.49% in 2010, and a gain of 19,654,541 or 13.6% in 2009 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, 2011, the date of the Plan's last actuarial valuation, the funded ratio for the Adams County Retirement Plan based on the actuarial value was 57.4% compared to a funded status of 58.9% as of January 1, 2010 and 56.7% as of January 1, 2009. As of January 1, 2011, the date of the Plan's last actuarial valuation, the funded ratio for the Adams County Retirement Plan based on the market value was 51.9% compared to a funded status of 49.6% as of January 1, 2010 and 47.2% as of January 1, 2009.

Revenue (Additions to Plan Net Assets) for 2011 was $13,697,550 which included member and employer contributions totaling $14,635,268, and a net investment income gain of $45,494, while respectively 2010 and 2009 showed an increase in revenue of $30,518,021 and 33,052.197 which included member and employer contributions respectively for 2010 and 2009 of $14,436,503 and $14,258.571. The net investment income gains for 2010 and 2009 of $16,978,240 and $19,649,223, respectively.

Annual gross pension benefits paid to retirees and beneficiaries were $14,669,214, $12,925,593 and $11,703,164 for 2011, 2010 and 2009, respectively.

Refund of Contributions paid to former members upon termination of employment increased in 2011 to $1,761,213 compared to $910,161 in 2010 and $1,043,307 in 2009.

Administrative Expenses increased in 2011 to $678,094 compared to $648,812 in 2010 and $651,185 in 2009, reflecting an increase in legal and actuary expenses over the three year period.

Investment Manager Fees and Trustee Fees for 2011 were $983,212 compared to $896,722 and $855,600 in 2010 and 2009, respectively. The Investment Manager Fees increased due to the addition of money managers and increased fee structures.

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 Plan Net Assets**
- **Statement of Changes in Plan Net Assets**
- **Notes to the Financial Statements**

Required Supplementary Information
- **Schedules of Funding Progress and Employer Contributions**
- **Notes to Required Supplementary Information**

Supporting Schedules for Financial Section
- **Schedules of Administrative and Investment Expenses**
- **Ten Year Historical Trend Information**

In addition to the basic financial statements, this report contains other required supplementary information, including schedule of funding progress, schedule of employer contributions, Plan information and significant factors affecting trends in actuarial information and ten-year historical trend information.

Financial Statements

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

The Statement of Plan Net Assets and the Statement of Changes in Plan Net Assets report contains 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 assets, 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 14 to 24 of this report).

Required Supplementary Information

Schedules of Funding Progress and Employer Contribution and Notes to Required Supplementary Information are provided in addition to the basic financial statements and accompanying notes to provide information regarding the progress of the Plan and the required annual contributions of the employers as required by the Plan and as actuarially determined and provided in the actuarial valuation report. (See Required Supplemental Information on pages 25 to 27 of this report).

Supporting Schedules for Financial Section

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 29.

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.

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 assets may serve over time as an indication of Adams County Retirement Plan's financial position. Currently net assets of $181,624,022 are held in trust for 2011 as compared to $185,034,993 and $169,001,538 at year-end 2010 and 2009 respectively. For year ended December 31, 2011, December 31, 2010 and December 31, 2009 net assets decreased by 1.88%, and increased by 9.49% and 13.6%, respectively.

Statement of Plan Net Assets

	2011	2010	2009
ASSETS			
Cash and Investments:			
Cash	**$ 3,583**	**$ 20,546**	**$ 1,188,577**
Investments, at fair value:			
Total investments	**181,352,367**	**184,906,258**	**167,730,402**
Total cash and investments	**181,355,950**	**184,926,804**	**168,918,979**
Receivables:			
Accrued interest and dividends	327,114	239,155	202,330
Total receivables	**327,114**	**239,155**	**202,330**
Other assets:			
Prepaid insurance for retirees	122,909	-	-
Total other assets	122,909	-	-
Total assets	**181,805,973**	**185,165,959**	**169,121,309**
LIABILITIES			
Liabilities:			
Accrued liabilities	181,951	130,966	119,771
Total liabilities	**181,951**	**130,966**	**119,771**
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	**$ 181,624,022**	**$ 185,034,993**	**$ 169,001,538**

ADAMS COUNTY RETIREMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011 and 2010

Statement of Changes in Plan Net Assets Available for Pension Benefits

ADDITIONS TO PLAN ASSETS

	2011	2010	2009
Contributions:			
Statement of changes in Plan net assets			
Employer	$ 7,235,764	$ 7,153,366	$ 7,048,276
Plan member	7,235,773	7,153,366	7,048,276
Purchase of service	163,731	129,771	162,022
Total contributions	**14,635,268**	**14,436,503**	**14,258,574**
Investment income (loss):			
Net appreciation (depreciation) in fair value of investments	(2,863,733)	14,121,284	16,397,316
Interest	1,078,803	1,024,782	821,620
Dividends	1,790,102	1,832,007	2,415,031
Other income	40,322	167	15,256
Total investment income	**45,494**	**16,978,240**	**19,649,223**
Less investment expenses	(983,212)	(896,722)	(855,600)
Net investment gain (loss)	**(937,718)**	**16,081,518**	**18,793,623**
Total additions (deductions) from Plan net assets	**13,697,550**	**30,518,021**	**33,052,197**
DEDUCTIONS FROM PLAN ASSETS			
Benefit payments	14,669,214	12,925,593	11,703,164
Refund of contributions	1,761,213	910,161	1,043,307
Other administrative costs	678,094	648,812	651,185
Total deductions from Plan net assets	**17,108,521**	**14,484,566**	**13,397,656**
NET INCREASE/DECREASE IN PLAN NET ASSETS	**(3,410,971)**	**16,033,455**	**19,654,541**
NET ASSETS AVAILABLE			
Beginning of year	**185,034,993**	**169,001,538**	**149,346,997**
End of year	**$ 181,624,022**	**$ 185,034,993**	**$ 169,001,538**

SECURITIES LENDING TRANSACTIONS

State Statutes and the Board of Retirement 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 2009, 2010 or 2011.

REVENUE – ADDITIONS TO PLAN NET ASSETS

Additions to the Adams County Retirement Plan net assets held in trust include employee and employer contributions, as well as investment income. Effective January 1, 2011, the total contribution rate increased from 15.50% to 16.00%, 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 $14,371,537 ($7,235,764 employers and $7,235,773 employees), $14,306,732 ($7,153,366 employers and $7,153,366 employees) and $14,096,552 ($7,048,276 employers and $7,048,276 employees), were made during the years ended December 31, 2011, 2010 and 2009, respectively. These contribution amounts fell below the Actuarial Required Contribution (ARC) amount for the years ended December 31, 2011, 2010 and 2009. The ARC is the required annual contributions of the employers as required by the Plan. The Actuarial Required Contribution (ARC) as of January 1, 2011 was $17,559,138 and the actual contributions received from the employer in 2011 were $7,235,764, resulting in a compensation shortfall of $10,323,374. The ARC as of January 1, 2010 and January 1, 2009, respectfully, were $16,856,144 and $16,237,097 while the actual contributions received from the employer in 2010 and 2009 were $7,153,366 and $7,048,276 resulting in compensation shortfalls for 2010 and 2009 of 9,702,778 and $9,188,821, respectively.

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, 2011, 2010 and 2019, the purchase of service contributions, were $163,731, $129,771 and $162,022, respectively.

The Adams County Retirement Plan portfolio saw a dramatic fluctuation in the global stock market performance in 2011. The Adams County Board of Retirement and their financial consultant are confident in the Plan's diversification and reevaluate the portfolio assets monthly to ensure the financial obligations of the Plan are being met for future long-term obligations due to Plan members and beneficiaries.

For actuarial 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.

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 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 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 submitted information to the Internal Revenue Service for a determination letter of continued qualification on December 4, 2009. The Department of the Treasury returned a favorable determination letter to Adams County and Rangeview Library District Effective August 8, 2011.

The Adams County Retirement Plan was Amended and Restated Effective January 1, 2011.

The Plan document was amended and restated to incorporate the following changes made to the Plan effective January 1, 2011:

- Amended to reflect Internal Revenue Service Notice 2009-98 and Notice 2010-90 and provided for the incorporation of the Trust and Trust Agreement as part of the Plan.

- Amended to reflect changes made to the applicable mortality table by the Pension Protection Act of 2006 (PPA) and the Worker, Retiree and Employer Recovery Act of 2008 (WERA).

- Amended to reflect regulatory guidance regarding the use of electronic media to provide applicable notices to recipients or to make member elections.

- Amended to clarify "Direct Rollover" transfer restrictions applicable to a non-spouse designated beneficiary and to clarify the meaning of non-spouse designated beneficiary. Revised definition of "Eligible Rollover Distribution" to clarify language regarding direct rollover of after-tax amounts to a Roth IRA effective with distributions after December 31, 2007.

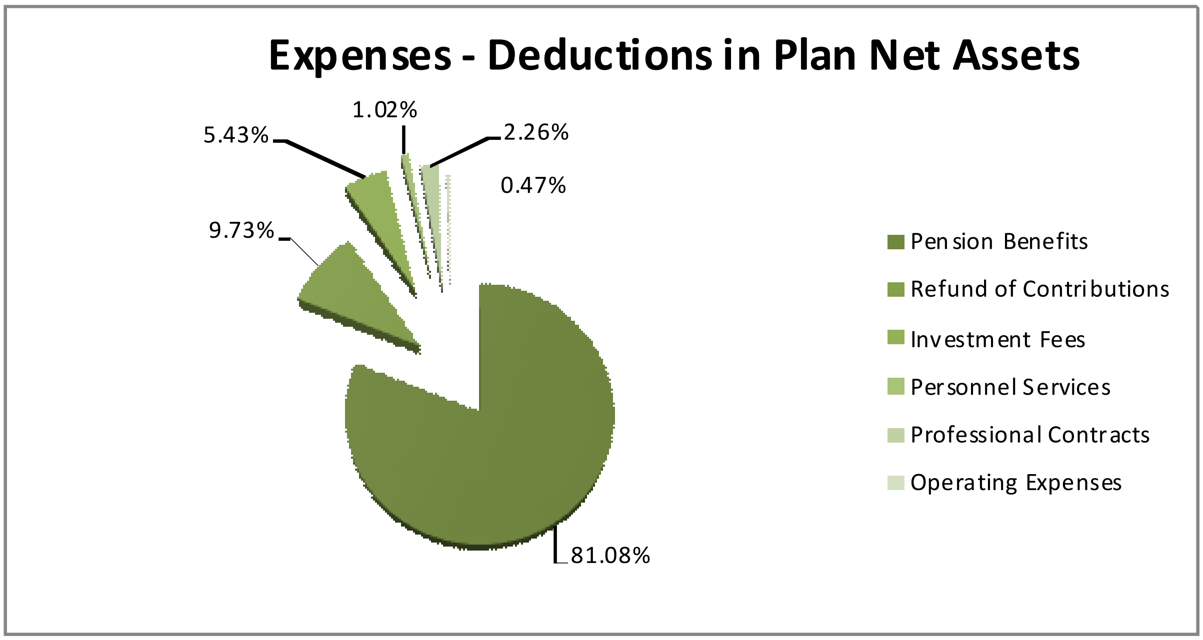
The Adams County Retirement Plan Fund Trust Agreement was amended Effective January 1, 2011.

The Adams County Retirement Board worked diligently over the past year to propose legislation to the Colorado Revised Statues, 24-54-101.

> The bill allows the Board of a defined benefit plan or system created by a local government to modify the benefits and the age and service requirements for any such plan or system when the Board determines the modification is required to ensure the sustainability of the plan or system.
>
> Any modifications to the benefits and age and service requirements shall not adversely affect vested benefits already accrued by members of such defined benefit plans or systems, including, but not limited to, members who are retired or eligible to retire as of the effective date of the modifications, unless otherwise permitted under or required by Colorado or Federal Law.
>
> Boards of defined benefit plans or systems may provide written notice to each member, inactive member, and beneficiary that the possibility of a reduction of benefits to ensure the sustainability of the Plan or system could occur in the future.

EXPENSES – DEDUCTIONS FROM PLAN NET ASSETS

The Adams County Retirement Plan was created to provide lifetime retirement annuities, survivor benefits and permanent 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 increase in administrative expenditures. The Investment Manager Fees increased due to the addition of money managers and increased fee structures.



ADAMS COUNTY RETIREMENT PLAN - FIDUCIARY RESPONSIBILITY

The Adams County Board of Retirement and administrative staff are fiduciaries of the pension trust fund. Under Colorado State Statutes, the assets can only be used for the exclusive benefit of Plan members and their beneficiaries.

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 stated that as members of the 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, RPA
Adams County Retirement Plan Administrator
March 22, 2012

ADAMS COUNTY RETIREMENT PLAN
STATEMENTS OF PLAN NET ASSETS
December 31, 2011 and 2010

	2011	2010
ASSETS		
Cash and investments:		
Cash	$ 3,583	$ 20,546
Investments, at fair value:		
Money markets	2,296,988	3,609,260
US government agency obligations	6,126,515	5,413,007
Corporate bonds	14,630,201	13,136,107
Municipal bonds	681,398	587,370
Foreign bonds	1,326,922	1,176,325
Equity securities	12,408,119	12,652,315
Foreign equity securities	1,459,207	1,461,008
Real estate	18,998,452	19,783,026
Hedge funds	25,484,535	26,435,603
Partnerships/joint ventures	6,359,077	4,739,676
Mutual funds	91,580,953	95,912,561
Total investments	181,352,367	184,906,258
Total cash and investments	181,355,950	184,926,804
Receivables:		
Accrued interest and dividends	327,114	239,155
Other assets:		
Prepaid insurance for retirees	122,909	-
Total assets	181,805,973	185,165,959
LIABILITIES		
Accrued liabilities	181,951	130,966
NET ASSETS AVAILABLE FOR BENEFITS	$ 181,624,022	$ 185,034,993

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

ADAMS COUNTY RETIREMENT PLAN
STATEMENTS OF CHANGES IN PLAN NET ASSETS
Years Ended December 31, 2011 and 2010

	2011	2010
ADDITIONS		
Contributions		
Employer	$ 7,235,764	$ 7,153,366
Plan members	7,235,773	7,153,366
Purchase of service	163,731	129,771
Total contributions	14,635,268	14,436,503
Investment income		
Net appreciation (depreciation) in fair value of investments	(2,863,733)	14,121,284
Interest	1,078,803	1,024,782
Dividends	1,790,102	1,832,007
Other income	40,322	167
Total investment income	45,494	16,978,240
Less investment expense	(983,212)	(896,722)
Net investment income (loss)	(937,718)	16,081,518
Total additions	13,697,550	30,518,021
DEDUCTIONS		
Benefit payments	14,669,214	12,925,593
Refunds of contributions	1,761,213	910,161
Other administrative costs	678,094	648,812
Total deductions	17,108,521	14,484,566
NET INCREASE (DECREASE) IN NET ASSETS	(3,410,971)	16,033,455
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	185,034,993	169,001,538
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	$ 181,624,022	$ 185,034,993

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

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, 2011.

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:

	January 1,	
	2011	2010
Retirees and beneficiaries currently receiving benefits	722	687
Members with deferred benefits	141	130
Vested active members	1,131	1,077
Non-vested active members	625	740
Members due a refund of contribution	121	198
Total members	2,740	2,832

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

NOTE 1 – DESCRIPTION OF PLAN (CONTINUED)

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.

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.

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 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.

The Plan presents, in the statement of changes in Plan net assets, 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Pronouncement

The GASB has approved Statement No. 63, Financial Reporting of Deferred Outflows of Resources, deferred Inflows of Resources and Net position. This statement establishes guidance for reporting deferred outflows of resources and deferred inflows of resources. The Statement also discusses how net position – no longer net assets – should be displayed. The provisions for this statement will become effective for financial statement reporting period beginning January 1, 2012.

Fixed Assets

As of December 31, 2011 and 2010, 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.

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, 2011, 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 2011 and 2010, the Plan has deposits in financial institutions with bank balances of $3,583 and $21,664, respectively, and carrying values of $3,583 and $20,546, respectively, all of which was covered by the Federal Depository Insurance Corporation. There were no cash deposits held in trust as of December 31, 2011 or 2010.

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.

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 US. Government or those explicitly backed by the US. 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.

		2011			
Rating	Corporate Bonds	Municipal Bonds	Foreign Bonds	Total	% of Total
AAA	$ 439,307	$ 238,586	$ -	$ 677,893	3.0%
AA	906,252	442,812	-	1,349,064	5.9%
A	5,325,800	-	985,146	6,310,946	27.7%
BBB	5,249,778	-	216,620	5,466,398	24.0%
BB	1,669,305	-	125,156	1,794,461	7.9%
No rating available	1,039,759	-	-	1,039,759	4.6%
Total exposed to credit risk	$ 14,630,201	$ 681,398	$ 1,326,922	16,638,521	73.1%
US Government agency obligations				6,126,515	26.9%
Total fixed income portfolio				$ 22,765,036	100.0%

NOTE 4 – INVESTMENTS (CONTINUED)

	2010				
Rating	**Corporate Bonds**	**Municipal Bonds**	**Foreign Bonds**	**Total**	**% of Total**
AAA	$ 748,616	$ 207,363	$ -	$ 955,979	4.7%
AA	1,154,465	380,007	-	1,534,472	7.6%
A	4,122,472	-	820,643	4,943,115	24.3%
BBB	5,037,249	-	230,682	5,267,931	25.9%
BB	1,443,947	-	125,000	1,568,947	7.7%
No rating available	629,358	-	-	629,358	3.2%
Total exposed to credit risk	$13,136,107	$ 587,370	$ 1,176,325	14,899,802	73.4%
US Government agency obligations				5,413,007	26.6%
Total fixed income portfolio				$ 20,312,809	100.0%

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.

The Plan had the following investments and maturities at December 31, 2011:

		Investment Maturities (in years)			
Descriptions	**Fair Value**	**Less than 1**	**1-5**	**6-10**	**>10**
Corporate Bonds	$ 14,630,201	$ 537,150	$ 5,601,724	$7,107,495	$1,383,832
Municipal Bonds	681,398	-	-	-	681,398
Foreign Bonds	1,326,922	-	774,110	552,812	-
US Government agency obligations	6,126,515	-	3,071,021	-	3,055,494
Total	$ 22,765,036	$ 537,150	$ 9,446,855	$7,660,307	$5,120,724

The Plan has a $22,501,369 investment in a mutual fund that is comprised of primarily bonds with varying investment maturities, the average maturity for the mutual fund is 8.93 years.

NOTE 4 – INVESTMENTS (CONTINUED)

The Plan had the following investments and maturities at December 31, 2010:

Descriptions	Fair Value	Less than 1	1-5	6-10	>10
Corporate Bonds	$ 13,136,107	$ 178,936	$ 6,359,202	$5,706,085	$ 891,884
Municipal Bonds	587,370	-	-	-	587,370
Foreign Bonds	1,176,325	-	766,001	410,324	-
US Government agency obligations	5,413,007	-	2,109,452	749,141	2,554,414
Total	$ 20,312,809	$ 178,936	$ 9,234,655	$6,865,550	$4,033,668

The Plan has a $21,980,671 investment in a mutual fund that is comprised of primarily bonds with varying investment maturities, the average maturity for the mutual fund is 7.12 years.

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 US. 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 US 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.

NOTE 4 – INVESTMENTS (CONTINUED)

The following information presents investments that represent 5% or more of the Plan's net assets as of December 31, 2011:

	2011	
Investment	Value	% of Investments
State Street S&P 500 Index Fund	$ 12,944,861	7%
Master Series of Grosvenor Institutional Partners, L.P.	17,600,324	10%
PIMCO Total Return Fund	22,501,369	12%
Principal Real Estate Fund	18,998,452	10%
T. Rowe Price Inst Struc Research Fund	13,797,909	8%
American Euro Pacific Growth Fund	12,801,894	7%
World Ex US Value Portfolio	12,969,660	7%

	2010	
Investment	Value	% of Investments
State Street S&P 500 Index Fund	$ 14,634,804	8%
Master Series of Grosvenor Institutional Partners, L.P.	18,257,722	10%
PIMCO Total Return Fund	21,980,670	12%
Principal Real Estate Fund	19,783,026	11%
T. Rowe Price Inst Struc Research Fund	14,548,537	8%
Vanguard Ftse All Worl Instl	23,043,283	12%
Artio International Equity Fund II	21,705,266	12%

Foreign Currency Risk

Foreign currency risk is the possibility that changes in exchange rates between the US. 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, 2011 and 2010 is as follows:

	2011	2010
Foreign portfolio (all are U.S. dollar denominations)	$ 2,786,129	$ 2,637,333

NOTE 5 – CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

The total contribution rates were 16.0% and 15.5%, for December 31, 2011 and 2010, 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.

NOTE 5 – CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE (CONTINUED)

Contributions totaling $14,471,537 ($7,235,764 employers and $7,235,773 employees) and $14,306,732 ($7,153,366 employers and $7,153,366 employees) were made during the years ended December 31, 2011 and 2010, respectively. These contribution amounts fall below the actuarial required contribution amount for the years ended December 31, 2011 and 2010.

NOTE 6 – ACTUARIAL FUNDING PROGRESS, ASSUMPTIONS AND METHODS

The funded status of the Plan as of January 1, 2011, the most recent actuarial valuation date, is as follows:

Year	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	(Funding Excess) Unfunded Actuarial Liability	Funded Ratio	Annual Covered Payroll	(Funding Excess) Unfunded Actuarial Liability as a Percentage of Covered Payroll
2011	01/01/11	$204,666,912	$356,275,436	$151,608,524	57.4%	$95,737,553	158.4%

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether actuarial values of Plan assets are increasing or decreasing over time relative to the Actuarial Accrued Liability for benefits.

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	January 1, 2011	January 1, 2010
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar – open	Level dollar – open
Remaining amortization period	30 years	30 years
Asset valuation method	5-year smoothed market	5-year smoothed market
Actuarial assumptions:		
Investment rate of return*	7.5%	7.5%
Projected salary increases*	4.5% - 7.5%	4.5% - 7.5%
*Included inflation at	2.80%	2.80%

NOTE 7 – COMMITMENTS

Partnership Capital Commitments

The Plan is a party to 2 private equity limited partnership agreements. Under the terms of the partnership agreements, the Plan has pledged to invest $8,500,000 in portfolios of limited partnerships as of December 31, 2011 and 2010. 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, 2011 and 2010, the Plan had remaining unfunded capital commitments of $2,690,000 and $3,490,000, respectively.

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, 2011 and 2010, 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-US. issuers may be subject to greater illiquidity and price volatility than securities of US. 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 August 8, 2011, 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.

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.

REQUIRED SUPPLEMENTARY INFORMATION

ADAMS COUNTY RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
December 31, 2011 and 2010

A. SCHEDULE OF FUNDING PROGRESS

The following information presents the funding progress of the Plan as actuarially determined, as provided in the actuarial report:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	(Surplus) Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	(Surplus) Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
1/1/02	$142,832,701	$162,191,399	$ 19,358,698	88.1%	$61,887,441	31.3%
1/1/03	136,659,066	173,916,892	37,257,826	78.6%	65,863,777	56.6%
1/1/04	149,507,883	191,717,046	42,209,163	78.0%	68,555,595	61.6%
1/1/05	155,489,741	222,293,412	66,803,671	69.9%	71,669,524	93.2%
1/1/06	162,006,855	239,818,699	77,811,844	67.6%	74,694,189	104.2%
1/1/07	174,254,209	264,910,496	90,656,287	65.8%	81,386,811	111.4%
1/1/08	194,027,237	287,832,266	93,805,029	67.4%	87,215,518	107.6%
1/1/09	179,216,396	316,117,270	136,900,874	56.7%	94,396,658	145.0%
1/1/10	200,975,215	340,984,767	140,009,552	58.9%	98,982,060	141.4%
1/1/11	204,666,912	356,275,436	151,608,524	57.4%	95,737,553	158.4%

B. SCHEDULE OF EMPLOYER CONTRIBUTIONS

The following information presents the required annual contributions of the employers as required by the Plan:

Year Ended	Required Annual Contribution	Percentage Actually Contributed
2002	$ 4,734,705	78.7%
2003	6,405,211	60.4%
2004	6,858,772	59.1%
2005	9,359,536	49.1%
2006	10,110,243	51.2%
2007	11,320,501	50.7%
2008	11,542,116	55.8%
2009	16,237,097	43.4%
2010	16,856,144	42.9%
2011	17,559,138	41.2%

1. Description

The historical trend information about the Plan is presented as required supplementary information. This information is intended to help users assess the funding status on a going-concern basis and to assess progress made in accumulating assets to pay benefits when due.

Information for the required supplementary schedules of funding progress and employer contributions is provided for ten years for the Plan.

OTHER SUPPLEMENTARY INFORMATION

ADAMS COUNTY RETIREMENT PLAN
SCHEDULES OF ADMINISTRATIVE AND INVESTMENT EXPENSES
Years Ended December 31, 2011 and 2010

	2011	2010
INVESTMENT EXPENSE		
Investment manager fees	$ 933,360	$ 845,672
Trustee fees	49,852	51,050
Total investment expense	983,212	896,722
PROFESSIONAL CONTRACTS		
Audit and consulting fees	29,000	29,000
Legal counsel	184,742	124,859
Insurance and bonding	30,609	30,220
Actuarial fees	93,801	87,417
Investment consulting	70,000	60,000
Total professional contracts	408,152	331,496
PERSONNEL SERVICES		
Salaries	138,490	135,912
Employee benefits	46,052	45,523
Total personnel services	184,542	181,435
OTHER OPERATING EXPENSES		
Bank fees	5,203	5,069
Computer expense	55,518	104,705
Other	6,727	8,727
Subscriptions, education and dues	2,560	1,384
Postage	3,675	2,945
Printing and mailing	1,973	5,636
Retirement services	5,675	5,924
Supplies	3,729	1,241
Research expense	340	250
Total other operating expenses	85,400	135,881
TOTAL ADMINISTRATIVE AND INVESTMENT EXPENSES	$ 1,661,306	$ 1,545,534

ADAMS COUNTY RETIREMENT PLAN
TEN-YEAR HISTORICAL TREND INFORMATION
Years Ended December 31, 2011 and 2010

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
2002	$ 3,727,123	$ 3,727,123	$ 7,454,246	$ (13,122,001)	$ (5,667,755)
2003	3,866,302	3,866,302	7,732,604	25,957,494	33,690,098
2004	4,054,317	4,054,317	8,108,634	15,726,088	23,834,722
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

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
2002		$ 5,654,474	$ 773,936	$ 1,454,715	$ 7,883,125
2003		6,325,137	834,184	1,476,978	8,636,299
2004		7,058,645	909,215	1,086,548	9,054,408
2005		8,103,938	912,819	1,231,836	10,248,593
2006		8,913,387	770,507	1,225,048	10,908,942
2007	**	9,793,923	1,554,075	1,187,708	12,535,706
2008		10,626,452	1,661,702	1,220,911	13,509,065
2009		11,703,164	1,506,785	1,043,307	14,253,256
2010		12,925,593	1,545,534	910,161	15,381,288
2011		14,669,214	1,661,305	1,761,213	18,091,732

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