

ADAMS COUNTY RETIREMENT PLAN

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2018 AND 2017

**ADAMS COUNTY RETIREMENT PLAN
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
FINANCIAL STATEMENTS	
STATEMENTS OF FIDUCIARY NET POSITION	10
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION	11
NOTES TO FINANCIAL STATEMENTS	12
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS	29
SCHEDULE OF NET PENSION LIABILITY	30
SCHEDULE OF EMPLOYER CONTRIBUTIONS	31
NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS	32
SCHEDULE OF INVESTMENT RETURNS	33
OTHER SUPPLEMENTARY INFORMATION	
SCHEDULES OF ADMINISTRATIVE AND INVESTMENT EXPENSES	35
TEN-YEAR HISTORICAL TREND INFORMATION	36



INDEPENDENT AUDITORS' REPORT

Retirement Board
Adams County Retirement Plan
Brighton, Colorado

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, 2018 and 2017, 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 audit. We conducted our audit 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, 2018 and 2017, 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 and required supplementary information 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 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. The schedules of administrative and investment expenses listed in the table of contents have 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 schedules of administrative and investment expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The ten-year historical trend information listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on the schedule.



CliftonLarsonAllen LLP

Denver, Colorado
May 17, 2019

**ADAMS COUNTY RETIREMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018 AND 2017**

This discussion presents management's view of the Adams County Retirement Plan's (the Plan) financial activities and performance during the fiscal years ended December 31, 2018 and 2017, and is to be read in conjunction with the Plan's financial statements.

FINANCIAL STATEMENT HIGHLIGHTS

The fiduciary net position of the Plan at the close of 2018 was \$248,844,713, compared to \$262,772,171 for 2017 and \$237,457,660 for 2016.

The Plan's total net position restricted for pension benefits decreased by \$13,927,458 in 2018 or a decrease of 5.30% compared to an increase of \$25,314,511 in 2017, or 10.13%, and an increase of \$12,474,496, or 5.55%, in 2016. The increases in 2017 and 2016 were primarily a result of global stock market gains as well as the increased contribution rates implemented at the beginning of 2016. The decrease in 2018 was due mainly to investment losses.

The Plan's funding objective is to meet the long-term benefit obligations through contributions and investment income. As of January 1, 2018, the date of the Plan's last actuarial valuation, the funded ratio for the Adams County Retirement Plan based on the actuarial value of assets was 53.6%, compared to a funded status of 56.0% as of January 1, 2017, and 56.2% as of January 1, 2016. As of January 1, 2018, the funded ratio for the Adams County Retirement Plan based on market value of assets was 54.3%, compared to a funded status of 54.0% as of January 1, 2017, and 53.6% as of January 1, 2016.

At the end of 2018, the Plan's actuary rolled forward the total pension liability and compared it to the Plan fiduciary net position, as required under Government Accounting Standards Board Statement No. 67. The resulting ratio of 49.7% represents the Plan's fiduciary net position as a percentage of the total pension liability as of December 31, 2018.

Revenue (additions to Plan net position) for 2018 was \$17,360,616 which included employee and employer contributions totaling \$25,497,150 and net investment loss of \$8,136,534. Revenue for 2017 and 2016, respectively, was \$53,336,508 and \$39,399,607, which included employee and employer contributions for 2017 and 2016, respectively, of \$22,004,789 and \$20,783,155. The Plan had net investment income of \$31,331,719 during 2017 and \$18,616,452 during 2016.

Annual gross pension benefits paid to retirees and beneficiaries were \$27,017,192, \$25,057,619, and \$23,098,280, for 2018, 2017, and 2016, respectively.

Refunds of contributions paid to former members upon termination of employment were \$3,357,700, \$2,328,219, and \$2,989,507 for 2018, 2017, and 2016, respectively.

Administrative expenses increased in 2018 to \$913,182 compared to \$636,159 in 2017, and \$837,324 in 2016.

Investment manager and trustee fees for 2018 were \$1,638,856, compared to \$1,647,690 and \$1,587,699 in 2017 and 2016, respectively. The investment manager fees increased mainly due to the appreciation in the fair value of investments and corresponding fees associated with such gains.

**ADAMS COUNTY RETIREMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018 AND 2017**

OVERVIEW OF THE FINANCIAL STATEMENTS

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 Plan's financial statements, which comprise the following components:

Financial Statements

- Statements of Fiduciary Net Position
- Statements of Changes in Fiduciary Net Position
- Notes to the Financial Statements

Required Supplementary Information

- Management's Discussion and Analysis
- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of Net Pension Liability
- Schedule of Employer Contributions
- Notes to Schedule of Employer Contributions
- Schedule of Investment Returns

Other Supplementary Information

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

Financial Statements

The Statements of Fiduciary Net Position provide a snapshot of asset and liability balances at year-end and are presented comparatively. The statements indicate the assets available for future payments to retirees and any current liabilities that are owed as of the financial statement dates.

The Statements of Changes in Fiduciary Net Position, on the other hand, provide a view of the additions to and deductions from the Plan for the years presented.

The above noted 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 (GASB).

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 the 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 12-27 of this report).

**ADAMS COUNTY RETIREMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018 AND 2017**

Required Supplementary Information

Required Supplementary Information provides additional information. Such information, although not a part of the basic financial statements, is required by GASB, who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Required Supplementary Information includes the Management's Discussion and Analysis and the Schedules of Changes in Net Pension Liability, Net Pension Liability, Employer Contributions (and Notes to the Schedule of Contributions), and Investment Returns, which are presented to supplement the basic financial statements.

Other Supplementary Information

Schedules of Administrative and Investment Expenses include investment fees, professional contracts, personnel services and other operating expenses, which are presented as a supporting schedule to the financial section and are found on page 35.

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

FINANCIAL ANALYSIS

The Plan provides retirement benefits to the employees of Adams County, Colorado (the County), Rangeview Library District (the Library District), and their beneficiaries. 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 the Plan's financial position. On the following pages are condensed snapshots of the Plan's fiduciary net position and changes in fiduciary net position over the previous three years.

Statements of Fiduciary Net Position (Condensed)

ASSETS	2018	2017	2016
Cash	\$ 198,245	\$ 24,706	\$ 19,855
Investments, at Fair Value:			
Total Investments	248,796,480	262,767,163	237,482,623
Total Cash and Investments	248,994,725	262,791,869	237,502,478
Receivables:			
Accrued Income and Contributions Receivable	33,973	139,248	145,504
Total Receivables	33,973	139,248	145,504
Total Assets	249,028,698	262,931,117	237,647,982
LIABILITIES			
Accrued Liabilities	183,985	158,946	190,322
FIDUCIARY NET POSITION RESTRICTED FOR PENSION BENEFITS	\$ 248,844,713	\$ 262,772,171	\$ 237,457,660

**ADAMS COUNTY RETIREMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018 AND 2017**

Statements of Changes in Fiduciary Net Position (Condensed)

ADDITIONS TO FIDUCIARY NET POSITION

	2018	2017	2016
Contributions:			
Employer	\$ 13,634,301	\$ 10,954,633	\$ 10,316,491
Plan Members	11,634,301	10,954,633	10,316,491
Purchase of Service	228,548	95,523	150,173
Total Contributions	25,497,150	22,004,789	20,783,155
Investment Income (Loss):			
Net Appreciation (Depreciation) in Fair Value of Investments	(11,060,695)	28,899,633	16,305,478
Interest	1,284,039	1,179,403	1,125,745
Dividends	3,278,662	2,900,208	2,743,886
Other Income	316	165	29,042
Total Investment Income (Loss)	(6,497,678)	32,979,409	20,204,151
Less: Investment Expenses	(1,638,856)	(1,647,690)	(1,587,699)
Net Investment Income (Loss)	(8,136,534)	31,331,719	18,616,452
Total Additions to Fiduciary Net Position	17,360,616	53,336,508	39,399,607
DEDUCTIONS FROM FIDUCIARY NET POSITION			
Benefit Payments	27,017,192	25,057,619	23,098,280
Refunds of Contributions	3,357,700	2,328,219	2,989,507
Other Administrative Costs	913,182	636,159	837,324
Total Deductions from Plan Net Position	31,288,074	28,021,997	26,925,111
NET INCREASE (DECREASE) IN PLAN NET POSITION	(13,927,458)	25,314,511	12,474,496
FIDUCIARY NET POSITION RESTRICTED FOR PENSION BENEFITS			
Beginning of Year	262,772,171	237,457,660	224,983,164
End of Year	\$ 248,844,713	\$ 262,772,171	\$ 237,457,660

SECURITIES LENDING TRANSACTIONS

State statutes and Adams County Board of Retirement (the Board) policies permit the 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 2018, 2017 or 2016.

**ADAMS COUNTY RETIREMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018 AND 2017**

REVENUE – ADDITIONS TO PLAN NET POSITION

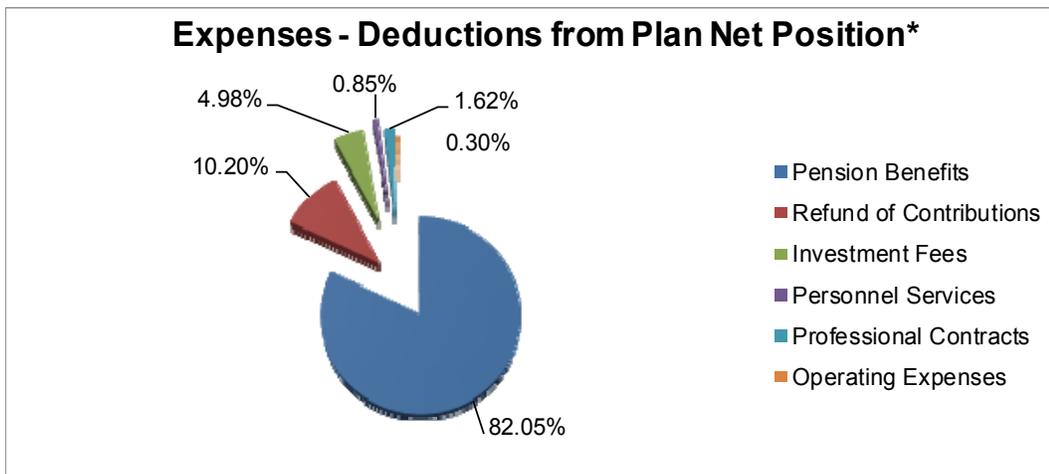
Additions to the Plan net position held in trust include employee and employer contributions, as well as investment income or loss. The total contribution rate remained at 18% for 2018, 2017 and 2016, split equally between the employee and the employers.

Contributions totaling \$25,497,150 (\$13,634,301 employers, \$11,634,301 employees, \$228,548 purchase of service), \$22,004,789 (\$10,954,633 employers, \$10,954,633 employees, \$95,523 purchase of service), and \$20,783,155 (\$10,316,491 employers, \$10,316,491 employees, \$150,173 purchase of service), were made during the years ended December 31, 2018, 2017 and 2016, respectively. Employer contributions in 2018 also included \$2 million contributed by the County, on behalf of both employers, based on an agreement to provide such additional funding no less than \$2 million each fiscal year until the Plan reaches an 80 percent funded rate on both a market and actuarial basis. The contributions is based on a reallocation of at least 0.314 mills of the County's total mill levy.

For actuarial funding calculations, the 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.

EXPENSES – DEDUCTIONS FROM PLAN NET POSITION

The 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, refunds of contributions to terminated members, and the cost of administering the system. The Plan had an increase in pension annuities due to an increase in the number of retirees in 2018. The Plan also noted an increase in participant refunds and administrative expenditures in 2018. Investment manager and trustee fees decreased due to changes in money managers and decreases in the fair value of investments for which fees were charged.



ADAMS COUNTY RETIREMENT PLAN - FIDUCIARY RESPONSIBILITY

The Board is the fiduciary 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 Board 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 Board for the Plan, their behavior was in accordance with the requirements of Section 24-18-108.5 of the Colorado Revised Statutes.

**ADAMS COUNTY RETIREMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018 AND 2017**

DESCRIPTION OF THE PLAN AND PLAN CHANGES

The Board is the administrator of the Plan, which is a cost-sharing multiple-employer plan. The 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 the County and the Library District.

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

The following changes were made to the Plan, effective January 1, 2018:

- A Vested Member for Tier 3 is a member hired in Covered Employment on or after January 1, 2010, who has completed five or more years of Continuous Service and performed this Service on or after January 1, 2018.
- In addition to employer contributions made by the County and the Library District pursuant to Section 4.1 of the Plan, the County agrees to reallocate at least 0.314 mills from the total County mill levy to fund Plan costs and expenses and to contribute such reallocated mill levy amounts to the Plan as they are collected but in no event shall the County contribute less than two million dollars (\$2,000,000) from any source, including the General Fund, each calendar year (such amount, the "Annual Additional Contribution") until the first calendar year following the first year that the Plan is at least eighty percent (80%) funded on both a market and actuarial basis as determined by the Plan's actuary and presented in the annual actuarial valuation report. The Library District shall have no obligation to make an additional contribution to the Plan under this agreement.
- The Board of Retirement approved the reduction of the assumed rate of return on Plan assets from 7.50% to 7.25%.
- Section 4.1(e) of the Plan document was amended to clarify the Plan's investments in common trusts, collective investment funds, and group trusts.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview for the 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:
Debbie Haines, CEBS
Executive Director
Adams County Retirement Plan
May 17, 2019

**ADAMS COUNTY RETIREMENT PLAN
STATEMENTS OF FIDUCIARY NET POSITION
DECEMBER 31, 2018 AND 2017**

	2018	2017
ASSETS		
CASH	\$ 198,245	\$ 24,706
INVESTMENTS (at Fair Value)		
Money Market Funds	5,257,754	6,604,433
Public Equity	93,502,437	107,150,049
Private Equity	12,189,028	11,525,402
Floating Rate Debt	28,654,649	24,117,437
Fixed Rate Debt	29,677,270	34,610,904
Low Volatility	24,739,850	25,293,673
Real Estate Funds	43,957,475	41,244,936
Liquid Real Assets	10,818,017	12,220,329
Total Investments	248,796,480	262,767,163
Total Cash and Investments	248,994,725	262,791,869
RECEIVABLES		
Accrued Income and Contributions Receivable	33,973	139,248
Total Assets	249,028,698	262,931,117
LIABILITIES		
ACCRUED LIABILITIES	183,985	158,946
FIDUCIARY NET POSITION RESTRICTED FOR PENSION BENEFITS	\$ 248,844,713	\$ 262,772,171

See accompanying Notes to Financial Statements.

**ADAMS COUNTY RETIREMENT PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
ADDITIONS:		
CONTRIBUTIONS		
Employer	\$ 13,634,301	\$ 10,954,633
Plan Members	11,634,301	10,954,633
Purchase of Service	228,548	95,523
Total Contributions	25,497,150	22,004,789
INVESTMENT INCOME		
Net Appreciation (Depreciation) in Fair Value of Investments	(11,060,695)	28,899,633
Interest	1,284,039	1,179,403
Dividends	3,278,662	2,900,208
Other Income	316	165
Total Investment Income (Loss)	(6,497,678)	32,979,409
Less: Investment Expense	(1,638,856)	(1,647,690)
Net Investment Income (Loss)	(8,136,534)	31,331,719
Total Additions	17,360,616	53,336,508
DEDUCTIONS:		
BENEFIT PAYMENTS	27,017,192	25,057,619
REFUNDS OF CONTRIBUTIONS	3,357,700	2,328,219
OTHER ADMINISTRATIVE COSTS	913,182	636,159
Total Deductions	31,288,074	28,021,997
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	(13,927,458)	25,314,511
FIDUCIARY NET POSITION RESTRICTED FOR PENSION BENEFITS:		
Beginning of Year	262,772,171	237,457,660
End of Year	\$ 248,844,713	\$ 262,772,171

See accompanying Notes to Financial Statements.

**ADAMS COUNTY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

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 (the Library District). The authority under which obligations to contribute to the Plan by Plan members and employers is established and may be amended by the Board. The Plan was amended and restated effective January 1, 2018.

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 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.

Employee membership data as of January 1, 2018 and 2017 was:

	January 1,	
	2018	2017
Retirees and Beneficiaries Currently		
Receiving Benefits	1,107	1,052
Members with Deferred Benefits	187	189
Active Members	2,057	2,030
Members Due a Refund of Contribution	132	101
Total Members	3,483	3,372

Purchase of Credited Service

Members hired before January 1, 2010, with seven or more years of Continuous Service who have not previously purchased a total of five years of service credit are eligible to purchase additional service so that their total purchased service credit equals five years. For members hired after January 1, 2010, and prior to January 1, 2014, with at least 10 years of Continuous Service, service may be purchased for up to five years of service credit related to the member's previous employment with a public or private employer.

**ADAMS COUNTY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1 DESCRIPTION OF PLAN (CONTINUED)

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 may elect to receive a refund of their contributions. Employees hired on or after January 1, 2010 with less than five years of continuous service at the date of termination may elect to receive a refund of their contributions. The refunds include interest at the current rate of three percent. Employees with at least five 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 purchase of service credit, if any, or a deferred vested benefit when retirement eligibility is reached.

Normal retirement begins at age 65 with full benefits, regardless of credited service. However, the Plan has provisions for early and delayed retirement. A reduced early retirement may be elected 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 has met the reemployment rule. Employees hired in covered employment on or after January 1, 2005, can take a reduced early retirement after reaching the age of 55 with at least 10 years of service. Employees hired prior to January 1, 2010, will be eligible for an unreduced retirement ("Special Early Retirement") once their age plus service (including purchase of service) equals 70 or more, and for an employee hired on or after January 1, 2005, and prior to January 1, 2010, if they have attained the age of 50 prior to termination of employment. Employees hired on or after January 1, 2010, will be eligible for Special Early Retirement once their age plus service (including purchase of service) equals 80 or more and they have reached the age of 55 prior to termination of employment. Elected officials are eligible for immediate vesting if not re-elected or re-employed by an Employer within 30 days after their term expires.

Effective January 1, 2017, any employee who terminates employment and is re-employed and was otherwise entitled to the Rule of 70 (with or without a minimum age of 50), and who is re-employed on or after January 1, 2017 (Post-December 31, 2016 Rehire), shall be eligible for a Special Early Retirement (a) with respect to the portion of such employee's accrued benefit attributable to Credited Service earned prior to the period of reemployment when the sum of their age plus service (including purchase of service) equals 70 or more and they are not employed by any Employer as an employee, and (b) with respect to the portion of such employee's accrued benefit attributable to Credited Service earned after the period of reemployment when the sum of his age plus service (including purchase of service) equals 80 or more and they are not employed by any Employer as an employee, if the Rule of 80 date is not earlier than the date the employee would have been eligible for a Special Early Retirement if the employee had remained in service since December 31, 2016.

Effective January 1, 2018, a Vested Member for Tier 3 is a member hired in Covered Employment on or after January 1, 2010, who has completed five or more years of Continuous Service and performed this Service on or after January 1, 2018.

**ADAMS COUNTY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1 DESCRIPTION OF PLAN (CONTINUED)

Benefits (Continued)

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, and prior to January 1, 2010, 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.

For employees hired in covered employment after January 1, 2010, the retirement benefit is based on the employee's Career Compensation, multiplied by 1.75% and divided by 12, subject to minimum benefit provisions and an 80% Cap described by the Plan.

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. Certain prior period information has been reclassified in accordance with current period presentation.

**ADAMS COUNTY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are reported at 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 upon the net asset value (NAV) of the funds in which the Plan is invested. Fair value of other securities is determined by the mean of the most recent bid and ask prices as obtained from dealers that make markets in such securities. Fair value for investments in private equity, partnerships/joint ventures 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 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.

Fixed Assets

As of December 31, 2018 and 2017, 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 it receives and earnings on Plan investments.

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, 2018, 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.

**ADAMS COUNTY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 3 CASH DEPOSITS

Cash Deposits

At December 31 2018 and 2017, the Plan has deposits in financial institutions with bank balances of \$198,245 and \$24,706, respectively, and carrying values of \$198,245 and \$24,706, respectively, all of which was covered by the Federal Depository Insurance Corporation.

NOTE 4 INVESTMENTS

Investment Risk Factors

There are many factors that can affect the value of investments. Some, such as custodial risk, credit risk, interest rate 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 the Plan by using one of the independent bond-rating agencies, either 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 U.S. Government or those explicitly backed by the U.S. Government, are not considered to have credit risk.

**ADAMS COUNTY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 4 INVESTMENTS (CONTINUED)

Credit Risk (Continued)

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.

Rating	2018				% of Total
	Corporate Bonds	Municipal Bonds	Foreign Bonds	Total	
AAA	\$ 872,681	\$ 296,628	\$ -	\$ 1,169,309	7.4%
AA	774,796	683,567	149,240	1,607,603	10.2%
A	2,881,525	162,936	345,056	3,389,517	21.5%
BBB/BAA	2,872,278	-	468,421	3,340,699	26.1%
BB/BA	496,080	-	238,078	734,158	4.7%
Total Exposed to Credit Risk	<u>\$ 7,897,360</u>	<u>\$ 1,143,131</u>	<u>\$ 1,200,795</u>	10,241,286	65.0%
U.S. Government Agency Obligations				<u>4,571,044</u>	29.0%
Non-rated Bonds				<u>953,692</u>	6.0%
Total Fixed Income Portfolio				<u>\$ 15,766,022</u>	100.0%

Rating	2017				% of Total
	Corporate Bonds	Municipal Bonds	Foreign Bonds	Total	
AAA	\$ 659,127	\$ 304,526	\$ -	\$ 963,653	6.0%
AA	1,181,325	671,658	-	1,852,983	11.5%
A	2,152,138	248,969	205,591	2,606,698	16.2%
BBB/BAA	2,274,043	115,072	600,734	2,989,849	26.1%
BB/BA	847,973	-	215,091	1,063,064	6.6%
Total Exposed to Credit Risk	<u>\$ 7,114,606</u>	<u>\$ 1,340,225</u>	<u>\$ 1,021,416</u>	9,476,247	59.0%
U.S. Government Agency Obligations				<u>4,919,039</u>	30.6%
Non-rated Bonds				<u>1,667,187</u>	10.4%
Total Fixed Income Portfolio				<u>\$ 16,062,473</u>	100.0%

At December 31, 2018 and 2017, respectively, the Plan held \$42,565,897 and \$42,665,868 in fixed income investment partnerships and mutual funds for which information related to credit risk was not available.

**ADAMS COUNTY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 4 INVESTMENTS (CONTINUED)

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, 2018:

Descriptions	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	>10
Corporate Bonds	\$ 8,531,367	\$ 672,847	\$ 4,535,577	\$ 2,008,649	\$ 1,314,294
Municipal Bonds	1,462,816	-	-	-	1,462,816
Foreign Bonds	1,200,795	277,179	602,694	71,172	249,750
U.S. Government					
Agency Obligations	4,571,044	-	491,999	891,386	3,187,659
Total	<u>\$ 15,766,022</u>	<u>\$ 950,026</u>	<u>\$ 5,630,270</u>	<u>\$ 2,971,207</u>	<u>\$ 6,214,519</u>

Using the specific identification method, the Plan had the following investments and maturities at December 31, 2017:

Descriptions	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	>10
Corporate Bonds	\$ 8,603,806	\$ 404,432	\$ 4,746,897	\$ 1,769,146	\$ 1,683,331
Municipal Bonds	1,518,212	-	-	-	1,518,212
Foreign Bonds	1,021,416	-	447,281	272,754	301,381
U.S. Government					
Agency Obligations	4,919,039	749,588	798,682	974,070	2,396,699
Total	<u>\$ 16,062,473</u>	<u>\$ 1,154,020</u>	<u>\$ 5,992,860</u>	<u>\$ 3,015,970</u>	<u>\$ 5,899,623</u>

At December 31, 2018 and 2017, respectively, the Plan held \$42,565,897 and \$42,665,868 in fixed income investment partnerships and mutual funds for which information relating to interest rate risk was not available.

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 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.

**ADAMS COUNTY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 4 INVESTMENTS (CONTINUED)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss associated with a lack of diversification 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 two percent 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 five percent of the market value of the portfolio may be invested in the stock of any one issuer, and no more than seven percent of the market value of the Mid-Capitalization Stocks portfolio may be invested in the stock of any one issuer.

As of December 31, 2018 and 2017, respectively, the Plan held investments in partnerships and mutual funds that represented more than five percent of its fiduciary net position, however, none of these investments was with a single issuer.

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 is as follows:

	2018	2017
Foreign Portfolio (All Are U.S. Dollar Denominations)	<u>\$ 1,200,795</u>	<u>\$ 1,021,416</u>

**ADAMS COUNTY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 4 INVESTMENTS (CONTINUED)

Fair Value of Investments

The Plan has the following recurring fair value measurements as of December 31, 2018 and 2017:

**Investments and Derivative Instruments Measured at Fair Value
(\$ in thousands)**

	December 31, 2018	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Public Equity	\$ 81,206,316	\$ 81,206,316	\$ -	\$ -
Fixed Rate Debt	29,677,270	2,783,105	26,894,165	-
Floating Rate Debt	18,267,340	-	18,267,340	-
Liquid Real Assets	10,818,017	10,818,017	-	-
Total Investments by Fair Value Level	<u>139,968,943</u>	<u>\$ 94,807,438</u>	<u>\$ 45,161,505</u>	<u>\$ -</u>
Investments Measured at the Net Asset Value (NAV)				
Public Equity	12,296,121			
Private Equity	12,189,028			
Floating Rate Debt	10,387,309			
Low Volatility	24,739,850			
Real Estate Funds	43,957,475			
Total Investments Measured at the NAV	<u>103,569,783</u>			
Investments Measured at Amortized Cost				
Money Market Funds	5,257,754			
Total Investments Measured at Fair Value	<u>\$ 248,796,480</u>			

**Investments and Derivative Instruments Measured at Fair Value
(\$ in thousands)**

	December 31, 2017	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Public Equity	\$ 93,036,482	\$ 93,036,482	\$ -	\$ -
Fixed Rate Debt	34,610,904	3,718,826	30,892,078	-
Liquid Real Assets	12,220,329	12,220,329	-	-
Total Investments by Fair Value Level	<u>139,867,715</u>	<u>\$ 108,975,637</u>	<u>\$ 30,892,078</u>	<u>\$ -</u>
Investments Measured at the Net Asset Value (NAV)				
Public Equity	14,113,567			
Private Equity	11,525,402			
Floating Rate Debt	24,117,437			
Low Volatility	25,293,673			
Real Estate Funds	41,244,936			
Total Investments Measured at the NAV	<u>116,295,015</u>			
Investments Measured at Amortized Cost				
Money Market Funds	6,604,433			
Total Investments Measured at Fair Value	<u>\$ 262,767,163</u>			

**ADAMS COUNTY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 4 INVESTMENTS (CONTINUED)

Fair Value of Investments (Continued)

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued based on evaluated prices using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 inputs are significant unobservable inputs. Pricing for all securities was provided by a third party pricing vendor and developed in accordance with the provisions of GASB Statement No. 72.

The valuation methods for investments measured at the net asset value (NAV) per share (or its equivalent) are presented below:

**Investments Measured at the NAV
(\$ in thousands)**

	Fair Value as of 12/31/2018	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Public Equity	\$ 12,296,121	\$ -	Daily	1-2 Days
Private Equity	12,189,028	5,927,731	None	N/A
Floating Rate Debt	10,387,309	12,139,078	Daily/Monthly	1-30 Days
Low Volatility	24,739,850	-	Quarterly	70 Days
Real Estate Funds	43,957,475	4,517,259	Daily/None	1 day/N/A
Total Investments Measured at the NAV	<u>\$ 103,569,783</u>	<u>\$ 22,584,068</u>		

	Fair Value as of 12/31/2017	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Public Equity	\$ 14,113,567	\$ -	Daily	1-2 Days
Private Equity	11,525,402	7,684,779	None	N/A
Floating Rate Debt	24,117,437	17,989,041	Daily/Monthly	1-30 Days
Low Volatility	25,293,673	-	Quarterly	70 Days
Real Estate Funds	41,244,936	4,652,658	Daily/None	1 day/N/A
Total Investments Measured at the NAV	<u>\$ 116,295,015</u>	<u>\$ 30,326,478</u>		

Public Equity

This fund category includes an investment in an external investment pool that invests in publicly listed U.S. and international equities. Unitized external investment pools are reported at fair value based upon the NAV of shares/units held at year end provided by fund administrators. Based on the valuation policies and procedures provided by investment managers, all investments contained in the pooled funds are valued in accordance with the authoritative guidance on fair value measurements and disclosures. Funds are available for withdrawal daily.

**ADAMS COUNTY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 4 INVESTMENTS (CONTINUED)

Private Equity

This fund category includes investments in private equity funds and private equity fund-of-funds, which invest in private investment funds. Private equity funds are reported at fair value based upon the net value of the Plan's ownership interest in partners' capital, as provided by the investment administrators. Based on the valuation policies and procedures provided by investment managers, all investments contained in private equity funds of funds are valued in accordance with the authoritative guidance on fair value measurements and disclosures.

Fund-of-fund managers rely on the values reported by the underlying private equity managers to prepare the funds' financial reports. If audited capital values are not available, a combination of the roll forward method of valuation, independent auditor confirmation of valuation, and review of the unaudited values is used as an alternative valuation method.

Floating Rate Debt

This fund category includes investments in external investment pools that primarily invest in U.S. fixed income securities, including bonds and leveraged loans. Unitized external investment pools are reported at fair value based upon the NAV of shares/units held at year end, provided by fund administrators. Closed-end funds, Principal Real Estate Debt Fund and Principal Real Estate Debt Fund II, are reported at fair value based upon the net value of the Plan's ownership interest in partners' capital, as provided by the investment administrator. Based on the valuation policies and procedures provided by investment managers, all investments contained in the floating rate debt funds are valued in accordance with the authoritative guidance on fair value measurements and disclosures.

Low Volatility

This fund category includes investments in a hedge fund-of-funds that is a multi-strategy fund pursuing a variety of absolute return strategies, investing in a wide range of financial instruments, including, but not limited to, long or short positions in U.S. or non-U.S. publicly traded or privately issued or negotiated common stocks, preferred stocks, stock warrants and rights, corporate or sovereign debt, bonds, notes or other debentures or debt participations, commodities, partnership interests, interests in investment companies, convertible securities, swaps, options (purchased or written), futures contracts and other derivative instruments markets and relative value, as well as private investment funds (hedge fund of funds). The fair values of the investments in this category have been determined using the NAV per share of the investments, as provided by the investment administrator. Based on the valuation policies and procedures provided by investment managers, all investments contained in hedge funds are valued in accordance with the authoritative guidance on fair value measurements and disclosures.

**ADAMS COUNTY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 4 INVESTMENTS (CONTINUED)

Real Estate Funds

This fund category includes open-end and closed-end real estate funds. Principal U.S. Property invests primarily in U.S. commercial real estate. Open-end funds are reported at fair value based upon the NAV of shares/units held at year end, provided by fund administrators. Closed-end funds, Harbert United States Real Estate Fund V & Fund VI, L.P., are reported at fair value based upon the net value of the Plan's ownership interest in partners' capital, as provided by the investment administrator. Generally, individual holdings contained in the real estate funds are recorded at their estimated fair value using a combination of the income, cost and sales comparison methods. Managers use independent appraisers to determine the value of the holdings at least on an annual basis. Amounts ultimately realized from each investment may vary materially from the fair values reflected in the manager statements.

Investments in the open-end real estate funds can be redeemed with the fund managers at any time. Redemption requests are subject to certain restrictions and the availability of cash. Should redemption requests exceed such available cash, the funds prorate available cash among withdrawing investors according to the ratio of the requesting investor's units to the total units of all investors then requesting redemptions. The funds are not obligated to sell assets, borrow funds, alter investment or capital improvement plans or reduce reserves in order to honor redemption requests. The investment in the closed-end funds cannot be redeemed. Distributions from the fund are received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next seven to 10 years.

NOTE 5 CONTRIBUTIONS

The total contribution rate was 18% for both December 31, 2018 and 2017, split equally between the employee and the employers. Effective January 1, 2018, in addition to the Employer contributions made by the County and Rangeview pursuant to Section 4.1 of the Plan, the County agrees to reallocate at least 0.314 mills from the total County mill levy to fund Plan costs and expenses and to contribute such reallocated mill levy amounts to the Plan as they are collected but in no event shall the County contribute less than two million dollars (\$2,000,000) from any source, including the General Fund, each calendar year (such amount, the "Annual Additional Contribution") until the first calendar year following the first year that the Plan is at least eighty percent (80%) funded on both a market and actuarial basis as determined by the Plan's actuary and presented in the annual actuarial valuation report. The Library District shall have no obligation to make an additional contribution to the Plan under this agreement.

Contributions totaling \$23,268,602 (\$11,634,301 employers and \$11,634,301 employees) and \$21,909,266 (\$10,954,633 employers and \$10,954,633 employees) were made during the years ended December 31, 2018 and 2017, respectively. These contribution amounts fell below the actuarially determined contribution amount for the years ended December 31, 2018 and 2017, by \$5,726,669 and \$5,322,218, respectively. Purchases of service for the years ended December 31, 2018 and 2017, were \$228,548 and \$95,523, respectively.

**ADAMS COUNTY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 6 NET PENSION LIABILITY

The components of the net pension liability of the Plan at December 31, 2018 and December 31, 2017, are as follows:

Net Pension Liability Measurement Date	12/31/2018
Total Pension Liability	\$ 501,056,085
Fiduciary Net Position	248,844,713
Net Pension Liability	<u>\$ 252,211,372</u>
Fiduciary Net Position as a % of Total Pension Liability	49.66%
Covered Payroll	\$ 129,305,972
Net Pension Liability as a % of Covered Payroll	195.05%

Net Pension Liability Measurement Date	12/31/2017
Total Pension Liability	\$ 456,144,256
Fiduciary Net Position	262,772,171
Net Pension Liability	<u>\$ 193,372,085</u>
Fiduciary Net Position as a % of Total Pension Liability	57.61%
Covered Payroll	\$ 121,711,439
Net Pension Liability as a % of Covered Payroll	158.88%

The assumptions and methods presented below were determined based upon the actuarial valuations at the dates indicated below.

Valuation Date	<u>January 1, 2018</u>	<u>January 1, 2017</u>
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate of Return	7.25%	7.5%
Projected Salary Increases	3.5%-6.1%	3.8% - 9.3%
Inflation	2.5%	2.8%

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 and actuary.

**ADAMS COUNTY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 6 NET PENSION LIABILITY (CONTINUED)

Long-Term Expected Return on Plan Assets (Continued)

For each major asset class that is included in the Plan's target asset allocation as of December 31, 2018, these best estimates of are summarized in the following table:

Asset Class	Asset Allocation	
	Target Allocation	Long-Term Expected Real Rate of Return
Public Developed Markets Equity	30.00%	6.01%
Public Emerging Markets Equity	10.00%	8.58%
Private Equity	5.00%	10.12%
Hedge Fund-of-Funds/Low Volatility	10.00%	2.58%
Fixed Rate Debt	10.00%	1.00%
Floating Rate Debt	5.00%	2.96%
Private Credit	10.00%	4.20%
Master Limited Partnerships	5.00%	3.00%
Private Equity Real Estate	15.00%	5.32%
Total	100.00%	

Rate of Return

For the years ended December 31, 2018 and 2017, respectively, the annual money-weighted rates of return on pension plan investments, net of pension plan investment expense, were -3.28% and 13.00%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Single Discount Rate

A Single discount rate of 7.25% and 7.50% was used to measure the total pension liability as of December 31, 2018 and 2017, respectively. This single discount rate was based on the expected rates of return on pension plan investments of 7.25% and 7.50%, respectively. 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 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 pension liability, calculated using the single discount rate of 7.25% and 7.50%, at December 31, 2018 and 2017, respectively, 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.

**ADAMS COUNTY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 6 NET PENSION LIABILITY (CONTINUED)

Sensitivity of Results (Continued)

As of December 31, 2018:

Sensitivity of Net Position Liability to the Single Discount Rate Assumption		
1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
\$ 310,170,663	\$ 252,211,372	\$ 203,780,141

As of December 31, 2017:

Sensitivity of Net Position Liability to the Single Discount Rate Assumption		
1% Decrease 6.50%	Current Single Discount Rate Assumption 7.50%	1% Increase 8.50%
\$ 246,430,886	\$ 193,372,085	\$ 149,102,933

NOTE 7 FINANCIAL OBLIGATIONS WITH OFF BALANCE SHEET RISK

Derivatives

Mutual Funds

The Plan is permitted to own derivative investments. During the years ended December 31, 2018 and 2017, the Plan 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 Funds of Funds

The hedge funds of funds 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.

**ADAMS COUNTY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 8 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 9 TAX STATUS

The Plan received two favorable determination letters (one for the County, and one for the 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.

NOTE 10 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 11 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 office furniture 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.

REQUIRED SUPPLEMENTARY INFORMATION

**ADAMS COUNTY RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
(ULTIMATELY 10 FISCAL YEARS WILL BE DISPLAYED)**

	2018	2017	2016	2015
TOTAL PENSION LIABILITY				
Service Cost	\$ 12,771,072	\$ 11,102,693	\$ 10,890,125	\$ 10,685,864
Interest on the Total Pension Liability	34,465,925	32,392,035	30,882,010	29,329,180
Benefit Changes	86,597	-	-	-
Difference Between Expected and Actual Experience	2,477,217	4,992,048	5,993,817	2,376,203
Assumption Changes	25,485,910	-	-	-
Benefit Payments	(27,017,192)	(25,057,619)	(23,098,280)	(21,639,193)
Refunds	(3,357,700)	(2,328,219)	(2,989,507)	(3,086,203)
Net Change in Total Pension Liability	44,911,829	21,100,938	21,678,165	17,665,851
Total Pension Liability - Beginning of Year	456,144,256	435,043,318	413,365,153	395,699,302
TOTAL PENSION LIABILITY - END OF YEAR	\$ 501,056,085	\$ 456,144,256	\$ 435,043,318	\$ 413,365,153
PLAN FIDUCIARY NET POSITION				
Employer Contributions	\$ 13,634,301	\$ 10,954,633	\$ 10,316,491	\$ 9,709,230
Employee Contributions	11,862,849	10,954,633	10,316,491	9,709,230
Pension Plan Net Investment Gain (Loss)	(8,136,534)	31,331,719	18,616,452	(3,946,416)
Benefit Payments	(27,017,192)	(25,057,619)	(23,098,280)	(21,639,193)
Refunds	(3,357,700)	(2,328,219)	(2,989,507)	(3,086,203)
Pension Plan Administrative Expense	(913,182)	(636,159)	(837,324)	(687,810)
Other	-	95,523	150,173	111,955
Net Change in Plan Fiduciary Net Position	(13,927,458)	25,314,511	12,474,496	(9,829,207)
Plan Fiduciary Net Position - Beginning of Year	262,772,171	237,457,660	224,983,164	234,812,371
PLAN FIDUCIARY NET POSITION - END OF YEAR	\$ 248,844,713	\$ 262,772,171	\$ 237,457,660	\$ 224,983,164
NET PENSION LIABILITY - END OF YEAR	\$ 252,211,372	\$ 193,372,085	\$ 197,585,658	\$ 188,381,989
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	49.66%	57.61%	54.58%	54.43%
Covered Payroll	\$ 129,305,972	\$ 121,711,439	\$ 114,718,224	\$ 107,883,710
Net Pension Liability as a Percentage of Covered Payroll	195.05%	158.88%	172.24%	174.62%

NOTES TO SCHEDULE

N/A

**ADAMS COUNTY RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF NET PENSION LIABILITY
(ULTIMATELY 10 FISCAL YEARS WILL BE DISPLAYED)**

Year	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position 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%	\$ 102,462,200	157.02%
2015	413,365,153	224,983,164	188,381,989	54.43%	107,883,710	174.62%
2016	435,043,318	237,457,660	197,585,658	54.58%	114,718,224	172.24%
2017	456,144,256	262,772,171	193,372,085	57.61%	121,711,439	158.88%
2018	501,056,085	248,844,713	252,211,372	49.66%	129,305,972	195.05%

**ADAMS COUNTY RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEN YEARS ENDED DECEMBER 31, 2018**

Year	Actuarially Determined Contributions	Actual Employer Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2018	\$ 19,360,970	\$ 13,634,301 *	\$ 5,726,669	\$ 129,305,972	10.54%
2017	16,276,851	10,954,633	5,322,218	121,711,439	9.00%
2016	15,858,211	10,316,491	5,541,720	114,718,224	8.99%
2015	15,254,244	9,709,230	5,545,014	107,883,710	9.00%
2014	15,406,279	8,964,812	6,441,467	102,462,200	8.75%
2013	19,659,013	8,289,767	11,369,246	97,526,649	8.50%
2012	18,762,499	7,533,395	11,229,104	91,323,478	8.25%
2011	17,559,138	7,235,764	10,323,374	90,447,480	8.00%
2010	16,856,144	7,153,366	9,702,778	92,301,486	7.75%
2009	16,237,097	7,048,276	9,188,821	94,065,341	7.49%

* Includes \$2 million in contributions made by the County pursuant to a separate agreement to reallocate 0.314 mills of the County's total mill levy.

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

Valuation Date: January 1, 2018

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	2.50%
Salary Increases	3.50% to 6.10% including inflation
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2013-2018.
Mortality	RP-2014 Blue Collar Healthy Annuitant Generational Mortality Table.

Other Information:

Notes

Employee and employer are contributing at the rate of 9.00% of members' monthly compensation for 2018.

Additional revenue (employer contributions) related to mill levy agreement with Adams County included in the assets of the Plan.

Tier 3 vesting was changed from 10 years to five years.

Assumptions were updated since the last valuation and were approved by the Board in 2018.

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

<u>Fiscal Year Ending December 31,</u>	<u>Annual Return*</u>
2015	(1.93)%
2016	7.93
2017	13.00
2018	(3.28)

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

This schedule is intended to show 10 years of information. Additional years will be displayed as they become available.

OTHER SUPPLEMENTARY INFORMATION

**ADAMS COUNTY RETIREMENT PLAN
SCHEDULES OF ADMINISTRATIVE AND INVESTMENT EXPENSES
YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
INVESTMENT EXPENSE		
Investment Manager Fees	\$ 1,598,151	\$ 1,608,886
Trustee Fees	40,705	38,804
Total Investment Expense	<u>1,638,856</u>	<u>1,647,690</u>
PROFESSIONAL CONTRACTS		
Audit and Consulting Fees	31,000	34,612
Legal Counsel	116,801	126,209
Insurance and Bonding	227,337	11,496
Actuarial Fees	70,242	52,791
Investment Consulting	88,767	86,933
Total Professional Contracts	<u>534,147</u>	<u>312,041</u>
PERSONNEL SERVICES		
Salaries	178,764	174,925
Employee Benefits	99,953	61,036
Total Personnel Services	<u>278,717</u>	<u>235,961</u>
OTHER OPERATING EXPENSES		
Bank Fees	6,755	6,503
Computer Expense	57,522	53,200
Other	8,698	3,736
Subscriptions, Education, and Dues	2,202	2,035
Postage	4,171	3,915
Printing and Mailing	7,505	4,820
Retirement Services	9,172	8,784
Supplies	3,574	4,474
Research Expense	719	690
Total Other Operating Expenses	<u>100,318</u>	<u>88,157</u>
Total Administrative and Investment Expenses	<u>\$ 2,552,038</u>	<u>\$ 2,283,849</u>

**ADAMS COUNTY RETIREMENT PLAN
TEN-YEAR HISTORICAL TREND INFORMATION
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Ten-year historic trend information, designed to provide information about the 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	Other Income	Investment Income (Loss)*	Total
2009	\$ 6,445,284	\$ 6,445,284	\$ 12,890,568	\$ -	\$ (51,768,066)	\$ (38,877,498)
2010	7,048,276	7,048,276	14,096,552	-	19,649,223	33,745,775
2011	7,153,366	7,153,366	14,306,732	-	16,978,240	31,284,972
2012	7,235,773	7,235,764	14,471,537	-	45,494	14,517,031
2013	7,533,416	7,533,395	15,066,811	-	22,745,953	37,812,764
2014	8,289,767	8,289,767	16,579,534	-	28,959,935	45,539,469
2015	8,964,812	8,964,812	17,929,624	-	17,248,522	35,178,146
2016	9,709,230	9,709,230	19,418,460	-	(2,258,139)	17,160,321
2017	11,050,156	10,954,633	22,004,789	-	32,979,399	54,984,188
2018	11,862,849	13,634,301	25,497,150	-	(6,497,678)	18,999,472

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
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
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
2015	21,639,193	2,376,087	3,086,203	27,101,483
2016	23,098,280	2,425,023	2,989,507	28,512,810
2017	25,057,619	2,283,849	2,328,219	29,669,687
2018	27,017,192	2,552,038	3,357,700	32,926,930

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