

**ADAMS COUNTY RETIREMENT PLAN**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**ADAMS COUNTY RETIREMENT PLAN  
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## 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, 2019 and 2018, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of December 31, 2019 and 2018, 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 schedules of administrative and investment expenses are the responsibility of management and were derived from and relate 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 19, 2020

**ADAMS COUNTY RETIREMENT PLAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019 AND 2018**

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, 2019 and 2018, 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 2019 was \$281,913,703, compared to \$248,844,713 for 2018 and \$262,772,171 for 2017.

The Plan's total net position restricted for pension benefits increased by \$33,068,990 in 2019 or an increase of 13.29%, compared to a decrease of \$13,927,458, or 5.30%, in 2018 and an increase of \$25,314,511, or 10.13%, in 2017. The increases in 2019 and 2017 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, 2019, 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 52.6%, compared to a funded status of 53.6% as of January 1, 2018, and 56.0% as of January 1, 2017. As of January 1, 2019, the funded ratio for the Adams County Retirement Plan based on market value of assets was 49.2%, compared to a funded status of 54.3% as of January 1, 2018, and 54.0% as of January 1, 2017.

At the end of 2019, 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 53.95% represents the Plan's fiduciary net position as a percentage of the total pension liability as of December 31, 2019.

Revenue (additions to Plan fiduciary net position) for 2019 was \$65,760,927, which included employee and employer contributions totaling \$27,410,136 and net investment income of \$38,350,791. Revenue for 2018 and 2017, respectively, was \$17,360,616 and \$53,336,508, which included employee and employer contributions for 2018 and 2017, respectively, of \$25,497,150 and \$22,004,789. The Plan had net investment loss of \$8,136,534 during 2018 and an increase \$31,331,719 during 2017.

Annual gross pension benefits paid to retirees and beneficiaries were \$29,377,350, \$27,017,192, and \$25,057,619, for 2019, 2018, and 2017, respectively.

Refunds of contributions paid to former members upon termination of employment were \$2,666,844, \$3,357,700, and \$2,328,219, in 2019, 2018, and 2017, respectively.

Administrative expenses decreased in 2019 to \$647,743, compared to \$913,182 in 2018, and \$636,159 in 2017.

Investment manager, consultant, and trustee fees for 2019 were \$1,708,052, compared to \$1,638,856 and \$1,647,690 in 2018 and 2017, respectively. The investment manager fees increased in 2019 mainly due to the appreciation in the fair value of investments and corresponding fees associated with such gains, while they decreased from 2017 to 2018 due to the depreciation in the fair value of investments, as fees are generally assessed on the fair value of assets under management.

**ADAMS COUNTY RETIREMENT PLAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019 AND 2018**

**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 11-26 of this report).

**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.

**ADAMS COUNTY RETIREMENT PLAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019 AND 2018**

**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 34.

**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)**

<b>ASSETS</b>	2019	2018	2017
Cash	\$ 2,121,488	\$ 21,442	24,706
<b>Investments, at Fair Value:</b>			
<b>Total Investments</b>	279,759,674	248,973,283	262,767,163
<b>Total Cash and Investments</b>	281,881,162	248,994,725	262,791,869
<b>Receivables:</b>			
Accrued Income and Contributions Receivable	177,575	33,973	139,248
<b>Total Receivables</b>	177,575	33,973	139,248
<b>Total Assets</b>	282,058,737	249,028,698	262,931,117
<b>LIABILITIES</b>			
Accrued Liabilities	145,034	183,985	158,946
<b>FIDUCIARY NET POSITION RESTRICTED FOR PENSION BENEFITS</b>	\$ 281,913,703	\$ 248,844,713	\$ 262,772,171

**ADAMS COUNTY RETIREMENT PLAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019 AND 2018**

**Statements of Changes in Fiduciary Net Position (Condensed)**

**ADDITIONS TO FIDUCIARY NET POSITION**

	2019	2018	2017
<b>Contributions:</b>			
Employer	\$ 14,698,525	\$ 13,634,301	10,954,633
Plan Members	12,685,915	11,634,301	10,954,633
Purchase of Service	25,696	228,548	95,523
<b>Total Contributions</b>	<b>27,410,136</b>	<b>25,497,150</b>	<b>22,004,789</b>
<b>Investment Income (Loss):</b>			
Net Appreciation (Depreciation) in Fair Value of Investments	35,244,424	(11,060,695)	28,899,633
Interest	725,729	1,284,039	1,179,403
Dividends	4,074,021	3,278,662	2,900,208
Other Income	14,669	316	165
<b>Total Investment Income (Loss)</b>	<b>40,058,843</b>	<b>(6,497,678)</b>	<b>32,979,409</b>
Less: Investment Expenses	(1,708,052)	(1,638,856)	(1,647,690)
<b>Net Investment Income (Loss)</b>	<b>38,350,791</b>	<b>(8,136,534)</b>	<b>31,331,719</b>
<b>Total Additions to Fiduciary Net Position</b>	<b>65,760,927</b>	<b>17,360,616</b>	<b>53,336,508</b>
<b>DEDUCTIONS FROM FIDUCIARY NET POSITION</b>			
Benefit Payments	29,377,350	27,017,192	25,057,619
Refunds of Contributions	2,666,844	3,357,700	2,328,219
Other Administrative Costs	647,743	913,182	636,159
<b>Total Deductions from Plan Net Position</b>	<b>32,691,937</b>	<b>31,288,074</b>	<b>28,021,997</b>
<b>NET INCREASE (DECREASE) IN PLAN NET POSITION</b>	<b>33,068,990</b>	<b>(13,927,458)</b>	<b>25,314,511</b>
<b>FIDUCIARY NET POSITION RESTRICTED FOR PENSION BENEFITS</b>			
<b>Beginning of Year</b>	<b>248,844,713</b>	<b>262,772,171</b>	<b>237,457,660</b>
<b>End of Year</b>	<b>\$ 281,913,703</b>	<b>\$ 248,844,713</b>	<b>\$ 262,772,171</b>

**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 2019, 2018, or 2017.



**ADAMS COUNTY RETIREMENT PLAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019 AND 2018**

**REVENUE – ADDITIONS TO PLAN NET POSITION**

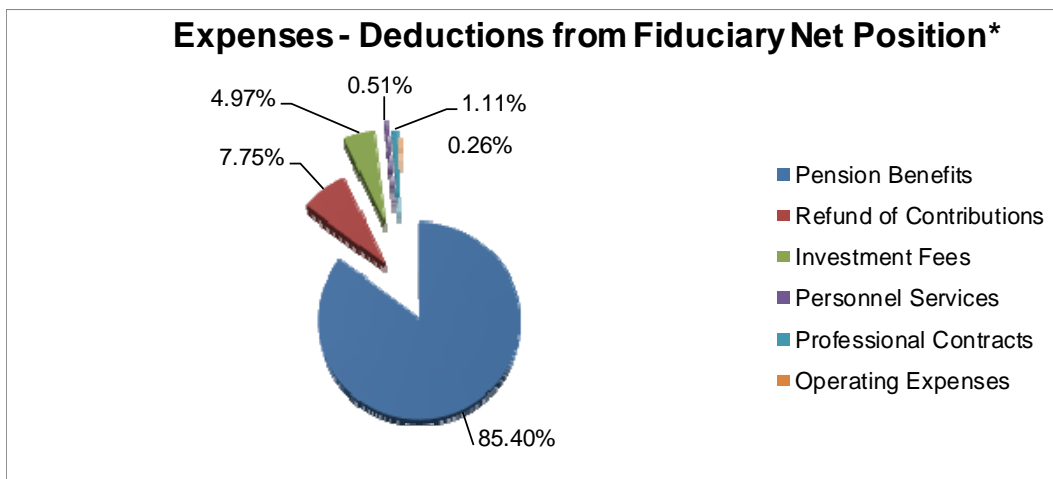
Additions to the Plan net position held in trust include employee and employer contributions, as well as investment income or loss. The total contribution rate remained at 18% for 2019, 2018 and 2017, split equally between the employee and the employers.

Contributions totaling \$27,410,136 (\$14,698,525 employers, \$12,685,915 employees, \$25,696 purchase of service), \$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), were made during the years ended December 31, 2019, 2018, and 2017, respectively. Employer contributions in 2019 and 2018 also included \$2,012,610 and \$2,000,000, respectively, contributed by the County, on behalf of both employers, based on an agreement to provide such additional funding of 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 2019. The Plan also noted a decrease in participant refunds and administrative expenditures in 2019. 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

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Plan, their behavior was in accordance with the requirements of Section 24-18-108.5 of the Colorado Revised Statutes.

**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.

**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 19, 2020

**ADAMS COUNTY RETIREMENT PLAN  
STATEMENTS OF FIDUCIARY NET POSITION  
DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>ASSETS</b>		
<b>CASH</b>	2,121,488	\$ 21,442
<b>INVESTMENTS (at Fair Value)</b>		
Money Market Funds	4,718,556	5,434,557
Public Equity	130,901,825	93,502,437
Private Equity	14,371,698	12,189,028
Floating Rate Debt	14,874,689	28,654,649
Fixed Rate Debt	41,124,806	29,677,270
Low Volatility	27,480,804	24,739,850
Real Estate Funds	46,287,296	43,957,475
Liquid Real Assets	-	10,818,017
Total Investments	279,759,674	248,973,283
Total Cash and Investments	281,881,162	248,994,725
<b>RECEIVABLES</b>		
Accrued Income and Contributions Receivable	177,575	33,973
Total Assets	282,058,737	249,028,698
<b>LIABILITIES</b>		
<b>ACCRUED LIABILITIES</b>	145,034	183,985
<b>FIDUCIARY NET POSITION RESTRICTED FOR PENSION BENEFITS</b>	<b>\$ 281,913,703</b>	<b>\$ 248,844,713</b>

See accompanying Notes to Financial Statements.

**ADAMS COUNTY RETIREMENT PLAN  
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>ADDITIONS:</b>		
<b>CONTRIBUTIONS</b>		
Employer	\$ 14,698,525	\$ 13,634,301
Plan Members	12,685,915	11,634,301
Purchase of Service	25,696	228,548
Total Contributions	27,410,136	25,497,150
<b>INVESTMENT INCOME</b>		
Net Appreciation (Depreciation) in Fair Value of Investments	35,244,424	(11,060,695)
Interest	725,729	1,284,039
Dividends	4,074,021	3,278,662
Other Income	14,669	316
Total Investment Income (Loss)	40,058,843	(6,497,678)
Less: Investment Expense	(1,708,052)	(1,638,856)
Net Investment Income (Loss)	38,350,791	(8,136,534)
Total Additions	65,760,927	17,360,616
<b>DEDUCTIONS:</b>		
<b>BENEFIT PAYMENTS</b>	29,377,350	27,017,192
<b>REFUNDS OF CONTRIBUTIONS</b>	2,666,844	3,357,700
<b>OTHER ADMINISTRATIVE COSTS</b>	647,743	913,182
Total Deductions	32,691,937	31,288,074
<b>NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>	33,068,990	(13,927,458)
<b>FIDUCIARY NET POSITION RESTRICTED FOR PENSION BENEFITS:</b>		
Beginning of Year	248,844,713	262,772,171
End of Year	\$ 281,913,703	\$ 248,844,713

See accompanying Notes to Financial Statements.

**ADAMS COUNTY RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**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, 2019 and 2018 was:

	January 1,	
	2019	2018
Retirees and Beneficiaries Currently		
Receiving Benefits	1,177	1,107
Members with Deferred Benefits	200	187
Active Members	2,127	2,057
Members Due a Refund of Contribution	141	132
Total Members	3,645	3,483

**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  
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**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 their 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  
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**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.

**ADAMS COUNTY RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
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**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, 2019 and 2018, 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, 2019, 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  
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**NOTE 3 CASH DEPOSITS**

**Cash Deposits**

At December 31 2019 and 2018, the Plan has deposits in financial institutions with bank balances of \$43,787 and \$57,178, respectively, and carrying values of \$25,856 and \$21,442, respectively, all of which was covered by the Federal Depository Insurance Corporation. Additionally, \$2,095,632 in cash was held with the custodial bank as of December 31, 2019 and subject to custodial credit risk.

**NOTE 3 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  
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**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	2019			Total	% of Total
	Corporate Bonds	Municipal Bonds	Foreign Bonds		
AAA	\$ 570,059	\$ 306,062	\$ -	\$ 876,121	4.3%
AA	1,036,777	1,008,807	-	2,045,584	10.0%
A	2,458,847	327,709	329,318	3,115,874	15.3%
BBB/BAA	4,645,940	-	815,709	5,461,649	26.8%
BB/BA	556,561	-	51,625	608,186	3.0%
Total Exposed to Credit Risk	<u>\$ 9,268,184</u>	<u>\$ 1,642,578</u>	<u>\$ 1,196,652</u>	12,107,414	59.3%
U.S. Government Agency Obligations				<u>6,861,092</u>	33.6%
Non-rated Bonds				<u>1,447,151</u>	7.1%
Total Fixed Income Portfolio				<u>\$ 20,415,657</u>	100.0%

Rating	2018			Total	% of Total
	Corporate Bonds	Municipal Bonds	Foreign Bonds		
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%

At December 31, 2019 and 2018, respectively, the Plan held \$35,583,838 and \$42,565,897 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  
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**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, 2019:

Descriptions	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	>10
Corporate Bonds	\$ 10,372,919	\$ 301,452	\$ 4,901,156	\$ 2,340,860	\$ 2,829,451
Municipal Bonds	1,984,994	-	174,235	336,326	1,474,433
Foreign Bonds	1,196,652	-	849,823	230,109	116,720
U.S. Government					
Agency Obligations	6,861,092	-	1,312,672	1,627,074	3,921,346
Total	<u>\$ 20,415,657</u>	<u>\$ 301,452</u>	<u>\$ 7,237,886</u>	<u>\$ 4,534,369</u>	<u>\$ 8,341,950</u>

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>

At December 31, 2019 and 2018, respectively, the Plan held \$35,583,838 and \$42,565,897 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  
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**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, 2019 and 2018, 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 in partnerships or mutual funds 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:

	2019	2018
Foreign Portfolio (All Are U.S. Dollar Denominations)	<u>\$ 1,196,652</u>	<u>\$ 1,200,795</u>

**ADAMS COUNTY RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 4 INVESTMENTS (CONTINUED)**

**Fair Value of Investments**

The Plan has the following recurring fair value measurements as of December 31, 2019 and 2018:

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

	December 31, 2019	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)
<b>Investments by Fair Value Level</b>				
Public Equity	\$ 114,505,453	\$ 114,505,453	\$ -	\$ -
Fixed Rate Debt	41,124,806	25,227,390	15,897,416	-
Total Investments by Fair Value Level	<u>155,630,259</u>	<u>\$ 139,732,843</u>	<u>\$ 15,897,416</u>	<u>\$ -</u>
<b>Investments Measured at the Net Asset Value (NAV)</b>				
Public Equity	16,396,372			
Private Equity	14,371,698			
Floating Rate Debt	14,874,689			
Low Volatility	27,480,804			
Real Estate Funds	46,287,296			
Total Investments Measured at the NAV	<u>119,410,859</u>			
<b>Investments Measured at Amortized Cost</b>				
Money Market Funds	4,718,556			
Total Investments Measured at Fair Value	<u>\$ 279,759,674</u>			

**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)
<b>Investments by Fair Value Level</b>				
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>
<b>Investments Measured at the Net Asset Value (NAV)</b>				
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>			
<b>Investments Measured at Amortized Cost</b>				
Money Market Funds	5,434,557			
Total Investments Measured at Fair Value	<u>\$ 248,973,283</u>			

**ADAMS COUNTY RETIREMENT PLAN  
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**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 12/31/2019	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Public Equity	\$ 16,396,372	\$ -	Daily	1-2 Days
Private Equity	14,371,698	11,896,195	None	N/A
Floating Rate Debt	14,874,689	15,191,332	Daily/Monthly	1-30 Days
Low Volatility	27,480,804	-	Quarterly	70 Days
Real Estate Funds	46,287,296	10,503,116	Daily/None	1 day/N/A
Total Investments				
Measured at the NAV	<u>\$ 119,410,859</u>	<u>\$ 37,590,643</u>		

	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>		

**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  
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**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  
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**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 4 CONTRIBUTIONS**

The total contribution rate was 18% for both December 31, 2019 and 2018, 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 has agreed 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 made pursuant to this agreement are included in employer contributions on the statement of changes in fiduciary net position and totaled \$2,012,610 and \$2,000,000 in 2019 and 2018, respectively.

Contributions totaling \$25,371,830 (\$12,685,915 employers and \$12,685,915 employees) and \$25,371,830 (\$11,634,301 employers and \$11,634,301 employees) were made during the years ended December 31, 2019 and 2018, respectively. Total employer contributions fell below the actuarially determined contribution amounts for the years ended December 31, 2019 and 2018, by \$6,316,353 and \$5,726,669, respectively. Purchases of service for the years ended December 31, 2019 and 2018, were \$25,696 and \$228,548, respectively.



**ADAMS COUNTY RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 5 NET PENSION LIABILITY**

The components of the net pension liability of the Plan at December 31, 2019 and December 31, 2018, which were determined using valuations as of January 1, 2019 and 2018, respectively, and rolled forward to the measurement dates of December 31, 2019 and 2018, respectively, are as follows:

<b>Net Pension Liability Measurement Date</b>	12/31/2019
Total Pension Liability	\$ 522,566,568
Fiduciary Net Position	281,913,703
Net Pension Liability	<u>\$ 240,652,865</u>
Fiduciary Net Position as a % of Total Pension Liability	53.95%
Covered Payroll	\$ 140,925,363
Net Pension Liability as a % of Covered Payroll	170.77%

<b>Net Pension Liability Measurement Date</b>	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%

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

Valuation Date	January 1, 2019	January 1, 2018
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate of Return	7.25%	7.25%
Projected Salary Increases	3.5%-6.1%	3.5%-6.1%
Inflation	2.5%	2.5%

**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  
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**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, 2019 and 2018, the best estimates of arithmetic rates of return are summarized in the following tables:

Asset Allocation - December 31, 2019

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Developed Markets Equity	40.00%	5.15%
Public Emerging Markets Equity	5.00%	7.60%
Private Equity	5.00%	9.10%
Hedge Fund-of-Funds/Low Volatility	10.00%	2.10%
Fixed Rate Debt	15.00%	0.10%
Private Credit	10.00%	6.60%
Private Equity Real Estate	15.00%	3.50%
Total	100.00%	

Asset Allocation - December 31, 2018

Asset Class	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, 2019 and 2018, respectively, the annual money-weighted rates of return on pension plan investments, net of pension plan investment expense, were 15.63% and -3.28%. 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 7.25% was used to measure the total pension liability as of December 31, 2019 and 2018, respectively. This single discount rate was based on the expected rates of return on pension plan investments of 7.25% and 7.25%, 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 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.

**ADAMS COUNTY RETIREMENT PLAN  
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**NOTE 6 NET PENSION LIABILITY (CONTINUED)**

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 7.25%, at December 31, 2019 and 2018, 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.

**Sensitivity of Results (Continued)**

As of December 31, 2019:

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%
\$ 300,849,704	\$ 240,652,865	\$ 190,376,019

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

**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, 2019 and 2018, 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.

**ADAMS COUNTY RETIREMENT PLAN  
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**NOTE 7 FINANCIAL OBLIGATIONS WITH OFF BALANCE SHEET RISK (CONTINUED)**

Investments in securities of non-U.S. issuers may be subject to greater illiquidity and price volatility than securities of U.S. issuers.

Investments denominated in currencies other than the portfolio fund's reporting currency expose the portfolio fund to risks that the exchange rate of the portfolio fund's currency relative to other currencies may change in a manner which has an adverse effect on the value of the portfolio fund's foreign currency denominated assets.

**NOTE 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.

**ADAMS COUNTY RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**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.

**NOTE 12 SUBSEQUENT EVENTS**

Between December 31, 2019 and May 19, 2020, domestic and international equities suffered significant declines in fair value due to the global COVID-19 pandemic. These changes in fair value of investments are not reflected in the financial statements as of December 31, 2019.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

	2019	2018	2017	2016
<b>TOTAL PENSION LIABILITY</b>				
Service Cost	\$ 13,309,824	\$ 12,771,072	\$ 11,102,693	\$ 10,890,125
Interest on the Total Pension Liability	35,958,226	34,465,925	32,392,035	30,882,010
Benefit Changes	-	86,597	-	-
Difference Between Expected and Actual Experience	4,286,627	2,477,217	4,992,048	5,993,817
Assumption Changes	-	25,485,910	-	-
Benefit Payments	(29,377,350)	(27,017,192)	(25,057,619)	(23,098,280)
Refunds	(2,666,844)	(3,357,700)	(2,328,219)	(2,989,507)
Net Change in Total Pension Liability	<u>21,510,483</u>	<u>44,911,829</u>	<u>21,100,938</u>	<u>21,678,165</u>
Total Pension Liability - Beginning of Year	<u>501,056,085</u>	<u>456,144,256</u>	<u>435,043,318</u>	<u>413,365,153</u>
<b>TOTAL PENSION LIABILITY - END OF YEAR</b>	<u><u>\$ 522,566,568</u></u>	<u><u>\$ 501,056,085</u></u>	<u><u>\$ 456,144,256</u></u>	<u><u>\$ 435,043,318</u></u>
<b>PLAN FIDUCIARY NET POSITION</b>				
Employer Contributions	\$ 14,698,525	\$ 13,634,301	\$ 10,954,633	\$ 10,316,491
Employee Contributions	12,711,611	11,862,849	10,954,633	10,316,491
Pension Plan Net Investment Gain (Loss)	38,350,791	(8,136,534)	31,331,719	18,616,452
Benefit Payments	(29,377,350)	(27,017,192)	(25,057,619)	(23,098,280)
Refunds	(2,666,844)	(3,357,700)	(2,328,219)	(2,989,507)
Pension Plan Administrative Expense	(647,743)	(913,182)	(636,159)	(837,324)
Other	-	-	95,523	150,173
Net Change in Plan Fiduciary Net Position	<u>33,068,990</u>	<u>(13,927,458)</u>	<u>25,314,511</u>	<u>12,474,496</u>
Plan Fiduciary Net Position - Beginning of Year	<u>248,844,713</u>	<u>262,772,171</u>	<u>237,457,660</u>	<u>224,983,164</u>
<b>PLAN FIDUCIARY NET POSITION - END OF YEAR</b>	<u><u>\$ 281,913,703</u></u>	<u><u>\$ 248,844,713</u></u>	<u><u>\$ 262,772,171</u></u>	<u><u>\$ 237,457,660</u></u>
<b>NET PENSION LIABILITY - END OF YEAR</b>	<u><u>\$ 240,652,865</u></u>	<u><u>\$ 252,211,372</u></u>	<u><u>\$ 193,372,085</u></u>	<u><u>\$ 197,585,658</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	53.95%	49.66%	57.61%	54.58%
Covered Payroll	\$ 140,925,363	\$ 129,305,972	\$ 121,711,439	\$ 114,718,224
Net Pension Liability as a Percentage of Covered Payroll	170.77%	195.05%	158.88%	172.24%

**NOTES TO SCHEDULE**

N/A

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

	2015		2014
\$	10,685,864	\$	10,504,796
	29,329,180		28,030,202
	-		-
	2,376,203		-
	-		-
	(21,639,193)		(19,385,185)
	(3,086,203)		(3,253,473)
	17,665,851		15,896,340
	395,699,302		379,802,962
	\$ 413,365,153		\$ 395,699,302
\$	9,709,230	\$	8,964,812
	9,709,230		8,964,812
	(3,946,416)		15,626,796
	(21,639,193)		(19,385,185)
	(3,086,203)		(3,253,473)
	(687,810)		(806,310)
	111,955		399,805
	(9,829,207)		10,511,257
	234,812,371		224,301,114
	\$ 224,983,164		\$ 234,812,371
	\$ 188,381,989		\$ 160,886,931
	54.43%		59.34%
\$	107,883,710	\$	102,462,200
	174.62%		157.02%



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

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%
2019	522,566,568	281,913,703	240,652,865	53.95%	140,925,363	170.77%

**ADAMS COUNTY RETIREMENT PLAN  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
TEN YEARS ENDED DECEMBER 31, 2019  
(UNAUDITED)**

Year	Actuarially Determined Contributions	Actual Employer Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2010	\$ 16,856,144	\$ 7,153,366	\$ 9,702,778	\$ 92,301,486	7.75%
2011	17,559,138	7,235,764	10,323,374	90,447,480	8.00%
2012	18,762,499	7,533,395	11,229,104	91,323,478	8.25%
2013	19,659,013	8,289,767	11,369,246	97,526,649	8.50%
2014	15,406,279	8,964,812	6,441,467	102,462,200	8.75%
2015	15,254,244	9,709,230	5,545,014	107,883,710	9.00%
2016	15,858,211	10,316,491	5,541,720	114,718,224	9.00%
2017	16,276,851	10,954,633	5,322,218	121,711,439	9.00%
2018	19,360,970	13,634,301 *	5,726,669	129,305,972	10.54%
2019	21,014,878	14,698,525 **	6,316,353	140,925,363	10.43%

\* Includes \$2.00 million in contributions made by the County pursuant to a separate agreement to reallocate 0.314 mills of the County's total mill levy. The employer contribution rate was 9.00% in 2018.

\*\* Includes \$2.01 million in contributions made by the County pursuant to a separate agreement to reallocate 0.314 mills of the County's total mill levy. The employer contribution rate was 9.00% in 2019.

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

**Valuation Date:** January 1, 2019

**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 2019.

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 as of January 1, 2018.

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  
(UNAUDITED)**

<u>Fiscal Year Ending December 31,</u>	<u>Annual Return*</u>
2015	(1.93)%
2016	7.93
2017	13.00
2018	(3.28)
2019	15.63

\*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, 2019 AND 2018**

	2019	2018
<b>INVESTMENT EXPENSE</b>		
Investment Manager Fees	\$ 1,664,390	\$ 1,598,151
Trustee Fees	43,662	40,705
Total Investment Expense	1,708,052	1,638,856
 <b>PROFESSIONAL CONTRACTS</b>		
Audit and Consulting Fees	32,000	31,000
Legal Counsel	79,020	116,801
Investment Consultant Fees	90,462	88,767
Insurance and Bonding	130,768	227,337
Actuarial Fees	48,157	70,242
Total Professional Contracts	380,407	534,147
 <b>PERSONNEL SERVICES</b>		
Salaries	129,793	178,764
Employee Benefits	46,418	99,953
Total Personnel Services	176,211	278,717
 <b>OTHER OPERATING EXPENSES</b>		
Bank Fees	7,015	6,755
Computer Expense	58,347	57,522
Other	5,825	8,698
Subscriptions, Education, and Dues	1,658	2,202
Postage	4,547	4,171
Printing and Mailing	3,835	7,505
Retirement Services	4,331	9,172
Supplies	4,882	3,574
Research Expense	685	719
Total Other Operating Expenses	91,125	100,318
 Total Administrative and Investment Expenses	\$ 2,355,795	\$ 2,552,038

**ADAMS COUNTY RETIREMENT PLAN  
TEN-YEAR HISTORICAL TREND INFORMATION  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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
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	-	32,979,409	54,984,198
2018	11,862,849	13,634,301 **	25,497,150	-	(6,497,678)	18,999,472
2019	12,711,611	14,698,525 **	27,410,136	-	40,058,843	67,468,979

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

\* Income includes unrealized gains and losses on investments.

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

Expenses by Type

Fiscal Year	Benefits	Administrative*	Refunds	Total
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
2019	29,377,350	2,355,795	2,666,844	34,399,989

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