

**Courthouse - 1916**



**CAMBRIA COUNTY  
PENSION FUND  
FINANCIAL  
STATEMENT  
DECEMBER 31, 2012**

**Courthouse—Today**



February 2013

Enclosed in the next few pages is a breakdown of the activities for 2012 for the Cambria County Retirement Fund ending December 31, 2012.

2012 saw an increase in the number of retirees to the fund again. The Cambria County Government workforce is now at 718 active employees participating in the Retirement Fund, and our number of Retirees is at 962, so you can see we continue to have more retirees than active employees. These numbers are indicative of the situation that Cambria and many other Counties are in where we rely less on employee contributions and more on Fund Manager performance. We started 2012 with 11 Fund Managers, and by year end we had 9 Fund Managers. At the beginning of 2012, the Total Fund value was \$149,528,587, and throughout the year we were able to watch the Fund increase to \$163,704,052 despite the payouts from the Fund at over \$11,760,000.

As you review the information contained in the following pages, you will note how the investments and the Board's constant watch and review of all investments not only benefits the Fund, but the taxpayers of Cambria County by being able to hold the County Contribution to the Fund at similar levels as the previous year. In 2012 the County Contribution to the Fund was \$2,251,888. The General fund of the County also paid \$2,990,680 for Retiree Health Care for those individuals who qualified.

If you have any questions regarding this report or any part of the Cambria County Retirement Fund, please contact the Controller's Office at (814) 472-1620 and we will be glad to assist you.

Best Wishes,

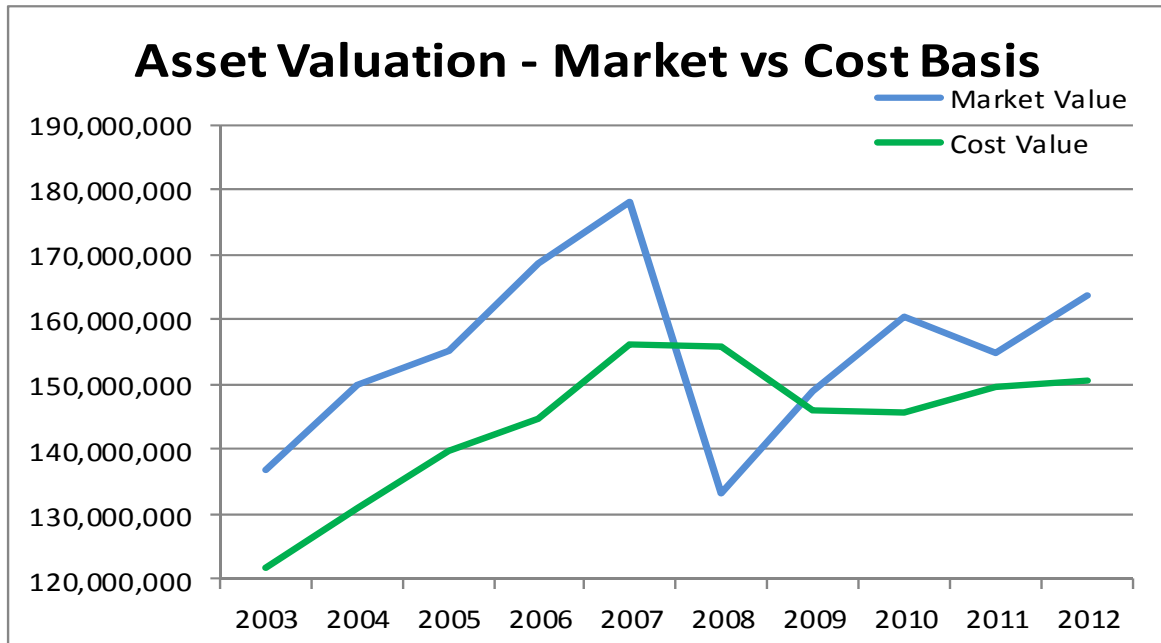
Cambria County Retirement Board



**CAMBRIA COUNTY**

**Statement of Plan Assets As Of December 31, 2012**

<u>Assets</u>	Cost Value	Market Value
Cash and Short Term Investments	\$ 5,322,266.31	\$ 5,322,266.31
Receivables	350,532.18	350,532.18
Investments:		
U.S. Government Obligations	20,548,643.62	20,875,183.09
Domestic Corporate Bonds	18,455,615.48	18,981,506.01
Fixed Income Mutual Funds	10,652,945.27	11,387,907.62
Domestic Equities	39,473,886.76	42,289,213.32
International Equities	17,678,100.84	21,438,852.72
Domestic Mutual Funds	31,077,463.54	35,221,803.78
Real Estate	6,867,726.59	7,836,787.91
 Total Assets December 31, 2012	 \$ <u>150,427,180.59</u>	 \$ <u>163,704,052.94</u>



Dear Retiree:

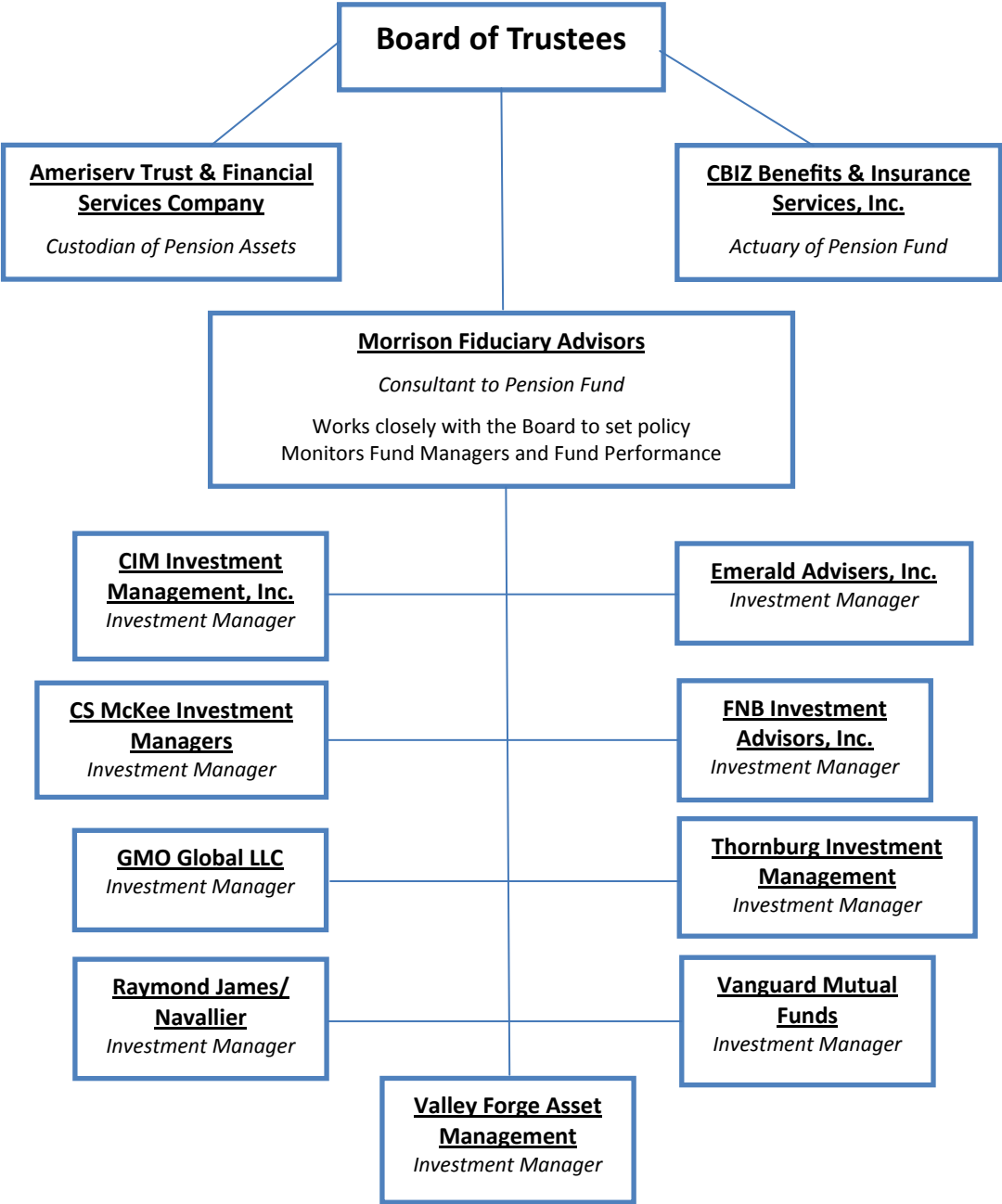
2012 presented us with many new challenges. With a new Retirement Board seated, our Consultant, Morrison Fiduciary Advisors, has spent time educating the Board throughout the year about our fiduciary responsibility. We continue to process former employees from Laurel Crest Manor to the retirement rolls as well as other County department employees. At year's end, we had 962 retirees, we processed 71 new retirees, and there were still 74 former Laurel Crest employees that await processing. The total payroll of the Cambria County Retirement fund in 2012, including refunded member contributions and death benefits paid out, was \$ 11,217,241. We have had a slight increase of \$4,278 in administrative fees associated with the processing of the Fund to total \$91,459. The fees paid to the various managers and consultants were reduced by \$51,320 through our use of fee reductions, and our ability to utilize funds with smaller management fees associated with them. With all our cost saving actions and the fact that we paid out over an additional \$1 MILLION DOLLARS more than last year in pension benefits to our retirees and their beneficiaries , the ending value of the fund on 12/31/2012 increased by over \$8.8 million.

As a result of all the efforts of our Board of Trustees, Investment Managers, Consultant, Custodian, and Actuary, the Cambria County Retirement Fund continues to be a sound reliable source of retirement income for former employees of Cambria County. I would like to acknowledge the efforts of Second Deputy Dana Descavish, who processes all of the payments and handles your daily inquiries, and Deputy Controller, Kristine Segear, who reviews all transactions of the fund and is my backup to the overall operations of the Fund. They are great assets to me and the County as we provide this service to you.

Ed Cernic Jr.  
Retirement Fund Secretary



# Structure of the Plan Management



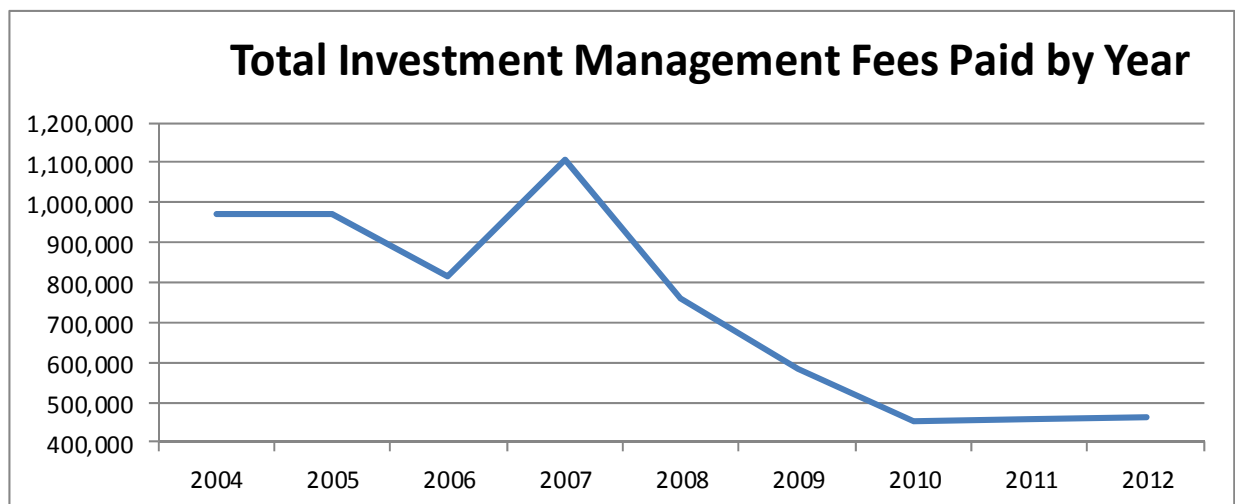
**CAMBRIA COUNTY RETIREMENT FUND  
COMPARISON OF MARKET VALUE BY FUND TO MANAGEMENT FEES**

	<b>12/31/12 MARKET VALUE</b>	<b>ANNUAL FEES</b>	<b>APPROX. FEES ON MUTUAL FDS</b>	<b>TOTAL MGMT FEES</b>
CIM	5,201,843.34	25,621.50		25,621.50
CS MCKEE	36,903,529.78	142,101.15		142,101.15
EMERALD ADVISERS	6,254,083.71	1,085.01		1,085.01*
FNB INVESTMENT ADVISORS	25,912,118.18	39,239.62		39,239.62
GMO INTERNATIONAL EQUITY	10,993,283.04		79,151.64	79,151.64
HIGHLAND FINANCIAL	SOLD 7/2012	5,369.57		5,369.57
RAYMOND JAMES/NAVELLIER	10,418,592.31	11,135.12	37,384.99	48,520.11
THORNBURG INTERNATIONAL	10,445,569.68		67,896.20	67,896.20
VALLEY FORGE	11,473,964.17	51,512.59		51,512.59
VANGUARD - GROWTH	17,620,126.20		13,743.70	13,743.70
VANGUARD - VALUE	17,601,677.58		15,841.51	15,841.51
VANGUARD REAL ESTATE	7,836,787.91		6,269.43	6,269.43
	<b>160,661,575.90 ❖</b>	<b>276,064.56</b>	<b>220,287.47</b>	<b>496,352.03</b>

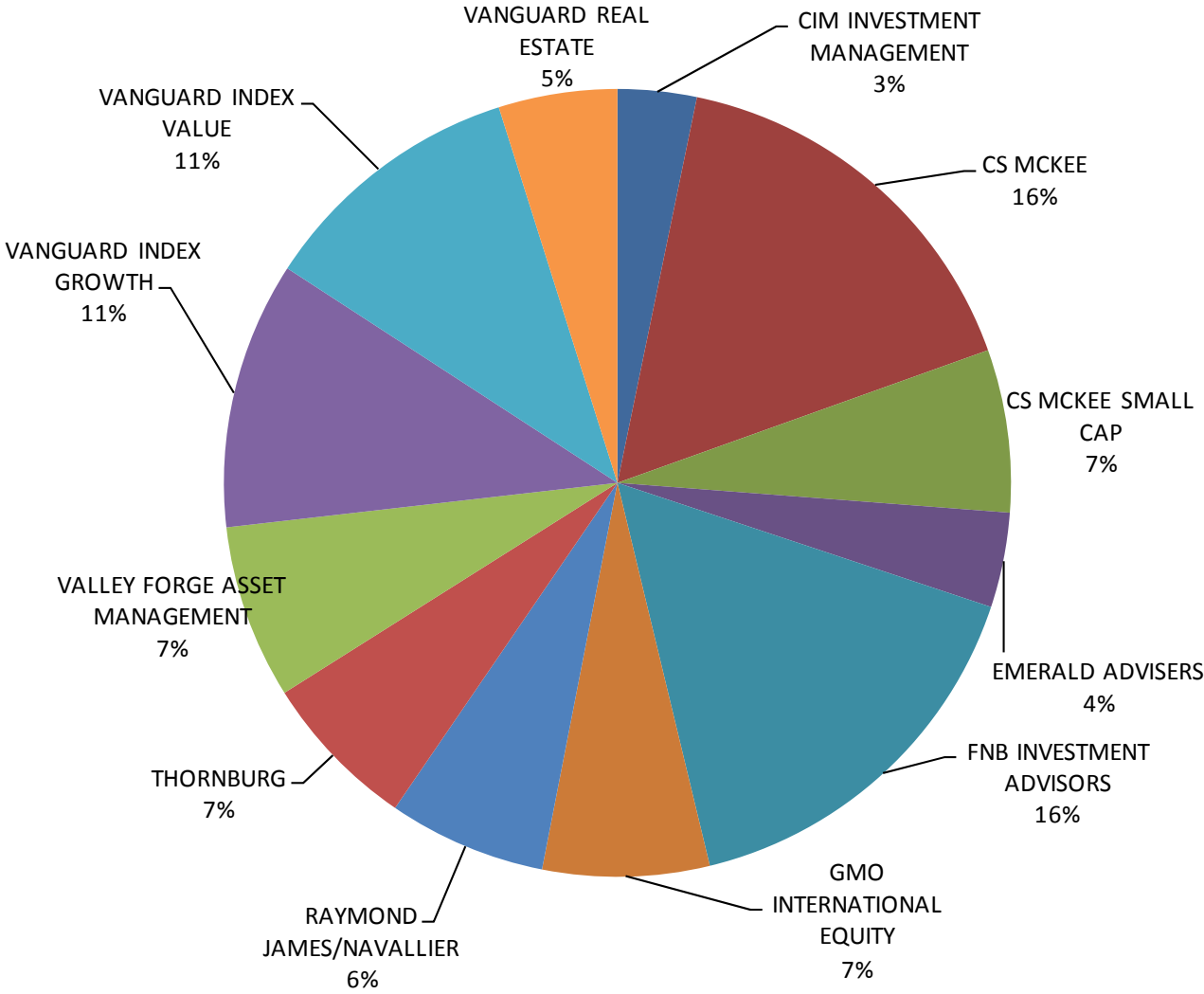
AMERISERV TRUST (CUSTODIAN)	63,592.76
CBIZ (ACTUARY)	23,040.00
MORRISON FIDUCIARY ADVISORS	63,770.15
	<b>646,754.94</b>

\* New Manager starting 12/20/2012

❖ This market value amount does not include Cash and Short Term Investments of \$3,042,477.04



**CAMBRIA COUNTY RETIREMENT PLAN  
 PORTFOLIO AS OF 12/31/12  
 (% OF PORTFOLIO BY MANAGER)**



■ CIM INVESTMENT MANAGEMENT	■ CS MCKEE
■ CS MCKEE SMALL CAP	■ EMERALD ADVISERS
■ FNB INVESTMENT ADVISORS	■ GMO INTERNATIONAL EQUITY
■ RAYMOND JAMES/NAVALLIER	■ THORNBURG
■ VALLEY FORGE ASSET MANAGEMENT	■ VANGUARD INDEX GROWTH
■ VANGUARD INDEX VALUE	■ VANGUARD REAL ESTATE

**CAMBRIA COUNTY**  
**Employees' Retirement Fund 2012 Financial Report**

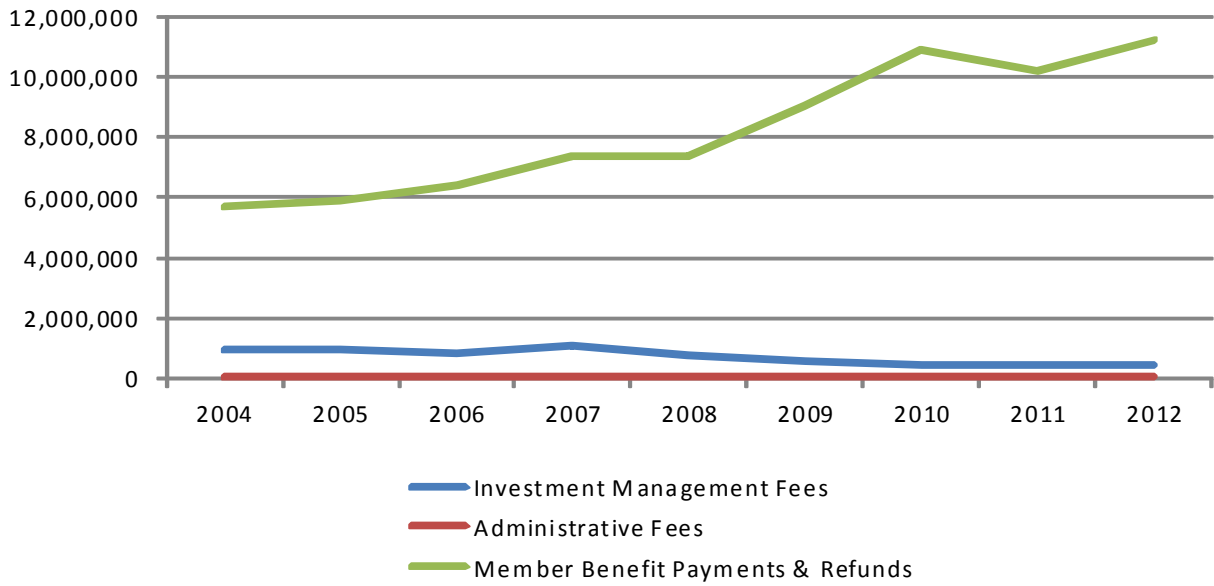
**Statement of Changes in Plan Net Assets For The Year Ended December 31, 2012**

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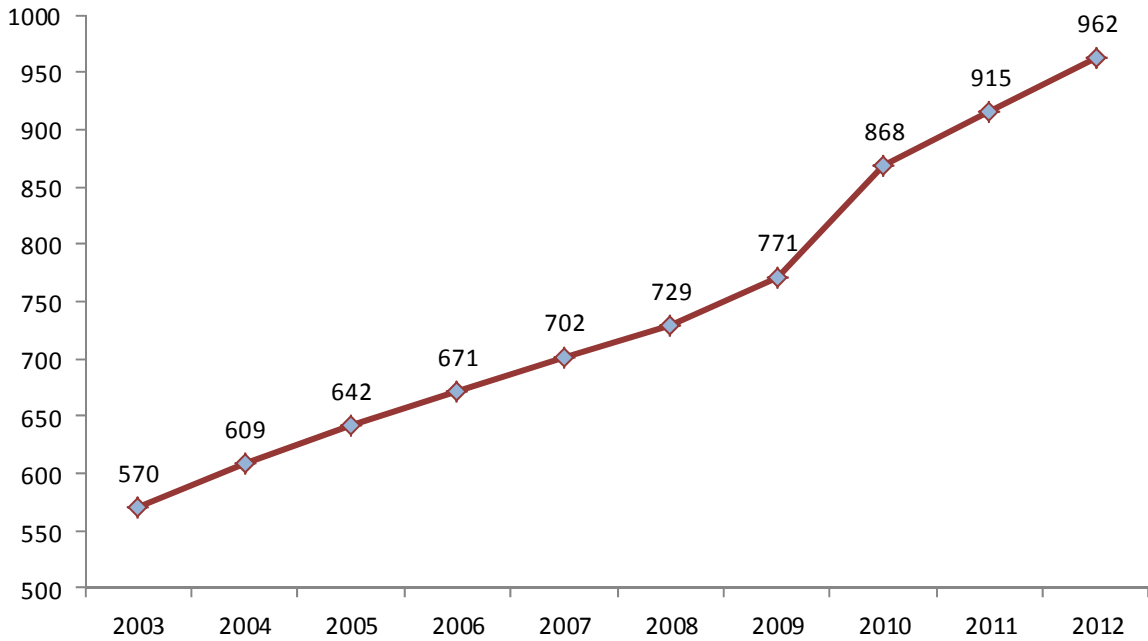
Total Assets (cost value) January 1, 2012	\$ <u>149,528,587.07</u>
<b>Additions/Income</b>	
Member Contributions (including member share of military or leave of absence buyback)	2,574,132.32
Member purchase of County share of military or leave of absence	31,469.97
County Contributions	2,251,888.00
Investment Income:	
Interest	1,047,463.86
Dividends	2,397,011.55
Realized Capital Gains	4,007,038.31
Net Accrued Interest/other	350,532.18
Miscellaneous	<u>0.00</u>
<b>Total Additions</b>	<b>+\$ <u>12,659,536.19</u></b>
<b><u>Deductions / Expenses</u></b>	
Member Contributions Refunded	487,148.26
Retirement allowances paid (includes C-O-L and accumulated deductions withdrawn under Option 4)	10,654,187.02
Death Benefits	75,906.46
Administrative Expenses	91,459.24
Investment expenses	463,852.46
Miscellaneous	0.00
Change in Accounts Payable	<u>(11,610.77)</u>
<b>Total Deductions</b>	<b>-\$ <u>11,760,942.67</u></b>
<b><u>Net Increase</u></b>	<b>\$ <u>898,593.52</u></b>
Total Assets (cost value) December 31, 2012	\$ <u>150,427,180.59</u>
Unrealized appreciation/depreciation	<u>13,276,872.35</u>
Total Assets (market value) December 31, 2012	\$ <u>163,704,052.94</u>



## Comparison of Expenses Year to Year



## Number of Retirees at Year End



## CAMBRIA COUNTY RETIREMENT PLAN PORTFOLIO AS OF 12/31/12

COST	CASH EQUIVALENTS		GOVERNMENT & AGENCIES		CORPORATE		MUTUAL FUNDS		EQUITIES		TOTAL
CIM	55,250.90									4,402,224.73	4,457,475.63
CS MCKEE	461,063.39		8,895,630.62		16,021,155.38						25,377,849.39
CS MCKEE SMALL CAP	332,515.38									9,629,449.73	9,961,965.11
EMERALD ADVISERS	526,701.17									5,685,564.36	6,212,265.53
FNB INVESTMENT ADVISORS INC	74,574.19		11,653,013.00		2,434,460.10		10,652,945.27				24,814,992.56
GMO INTERNATIONAL EQUITY							9,300,598.74				9,300,598.74
RAYMOND JAMES/NAVILLIER	231,348.05									9,455,772.19	9,687,120.24
THORNBURG INTERNATIONAL EQUITY							8,377,502.10				8,377,502.10
VALLEY FORGE ASSET MANAGEMENT	587,894.64								10,300,875.75		10,888,770.39
VANGUARD INDEX - GROWTH							15,351,197.40				15,351,197.40
VANGUARD INDEX - VALUE							15,726,266.14				15,726,266.14
VANGUARD REAL ESTATE							6,867,726.59				6,867,726.59

**2,269,347.72    20,548,643.62    18,455,615.48    66,276,236.24    39,473,886.76    147,023,729.82**

MARKET	CASH EQUIVALENTS	GOVERNMENT & AGENCIES	CORPORATE	MUTUAL FUNDS	EQUITIES	TOTAL
CIM	55,250.90				5,140,911.89	5,19,162.79
CS MCKEE	461,063.39	9,047,867.84	16,511,689.76			26,020,620.99
CS MCKEE SMALL CAP	332,515.38				10,388,083.65	10,720,599.03
EMERALD ADVISERS	526,701.17				5,726,439.23	6,253,140.40
FNB INVESTMENT ADVISORS INC	74,574.19	11,827,315.25	2,469,816.25	11,387,907.62		25,759,613.31
GMO INTERNATIONAL EQUITY				10,993,283.04		10,993,283.04
RAYMOND JAMES/ NAVILLIER	231,348.05				10,170,352.67	10,401,700.72
THORNBURG INTER- NATIONAL EQUITY				10,445,569.68		10,445,569.68
VALLEY FORGE ASSET MANAGEMENT	587,894.64				10,863,425.88	11,451,320.52
VANGUARD INDEX - GROWTH				17,620,126.20		17,620,126.20
VANGUARD INDEX - VALUE				17,601,677.58		17,601,677.58
VANGUARD REAL ESTATE				7,836,787.91		7,836,787.91
	<b>2,269,347.72</b>	<b>20,875,183.09</b>	<b>18,981,506.01</b>	<b>75,885,352.03</b>	<b>42,289,213.32</b>	<b>160,300,602.17</b>

ACCRUALS	INTEREST	DIVIDENDS	CASH	TOTAL MARKET VALUE
	<b>277,968.24</b>	<b>72,563.94</b>	<b>10,441.55</b>	<b>160,661,575.90</b>

\* This market value amount does not include Cash and Short Term Investments of \$3,042,477.04

## ***CAMBRIA COUNTY RETIREMENT BOARD MEMBERS***



Douglas R. Lengenfelder, Chairman  
President Commissioner



Mark J. Wissinger, Vice-Chairman  
County Commissioner



Thomas C. Chernisky, Trustee  
County Commissioner



Lisa M. Kozorosky, Trustee  
County Treasurer



Ed Cernic Jr., Secretary  
County Controller

Report prepared by the staff of the Cambria County Controller's Office and printed in-house. Please forward any suggestions or comments to Ed Cernic, Jr, Cambria County Controller, 200 S Center St, Ebensburg, PA 15931, by phone at (814) 472-1620, or by e-mail to [d-descavish@co.cambria.pa.us](mailto:d-descavish@co.cambria.pa.us)