

# CAMBRIA COUNTY

## RETIREMENT FUND

### FINANCIAL STATEMENT



December 31, 2018  
20th Annual Edition

May 2019

It is our pleasure to present to you the annual Cambria County Retirement Fund Financial Statement report. After a somewhat turbulent market late in 2018, our Fund settled at approximately \$183 million in assets with 1,117 retirees on payroll at the end of the year. Your Trustees, as fiduciaries of the Fund, made some investment and consultant changes in 2018 to better manage the Fund. As part of our policy, the Board made a Request For Proposal (RFP) for an updated Fund Consultant. As a result, we selected Marquette & Associates as our new Consultant effective July 2018. We want to make sure the Fund is in the proper position as we move forward with all the market changes. The Board is confident that we are in a strong funding position for our Retirees.

We recognize that the Cambria County Retirement Fund is one of the top funded County Retirement plans in Pennsylvania and we are committed to continuing our diligence in maintaining that status. The County Commissioners, as trustees on the Retirement Board, have been consistent in pledging that proper funding from the General Fund is budgeted so that the Fund maintains this status.

So again this year, I report that the Board is continuing with our commitment to keep operation costs low while demanding that our managers achieve respectable performance results with the minimal amount of risk to the Fund.

Thank you for your confidence and support of our efforts in providing you Retirement security from Cambria County.

Sincerely,

***Cambria County Retirement Board of Trustees***



Certified PA Public Retirement Plan Professional

Certificate of Completion

This is to acknowledge that

**ED CERNIC**

**DANA DESCAVISH**

has successfully completed training from fi360, Inc., Parts 1 & 2

Fiduciary Essentials ® for Papers

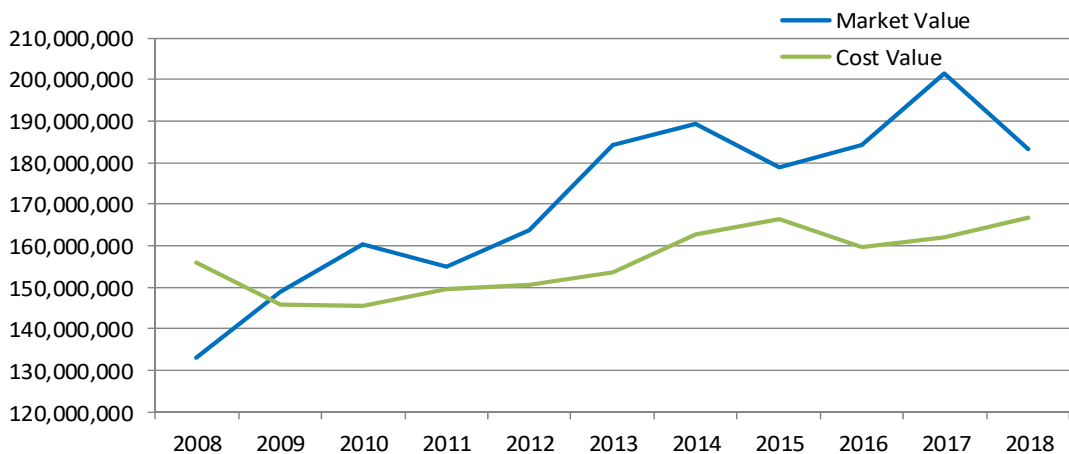
2018

**CAMBRIA COUNTY**

**Statement of Plan Assets As Of December 31, 2018**

<u>Assets</u>	<u>Cost Value</u>	<u>Market Value</u>
Cash and Short Term Investments	\$ 1,858,817	\$ 1,858,817
Receivables	373,413	373,413
Investments:		
U.S. Government Obligations	27,057,412	27,124,604
Domestic Corporate Bonds	23,705,147	23,429,541
Fixed Income Mutual Funds	2,110,786	2,112,473
High Yield Fixed Income	6,205,156	5,974,578
Domestic Equities	30,106,635	30,534,869
International Equities	20,417,823	18,990,189
Domestic Mutual Funds	38,087,400	55,920,907
Emerging Markets	2,647,354	2,060,653
Master Limited Partnerships	4,984,700	4,174,410
High Yield Limited Partnership	6,836,534	8,412,721
Limited Partnership Debt Fund	2,352,941	2,330,130
 Total Assets December 31, 2018	 \$ <u>166,744,118</u>	 \$ <u>183,297,305</u>

**Asset Valuation - Market vs Cost Basis**



Dear Cambria County Retirees,

Once again the Cambria County Retirement Board has maintained the Fund at an adequate balance while serving over 1,100 Retirees receiving benefits each month. We strive to make sure that we are achieving maximum performance from our Fund for you while not assuming any undue risk. With almost \$200,000,000 invested in our fund, the Board continues to be diligent in all our decisions we make on your behalf.

It is refreshing when we talk with you and are able to express the success we have all had together with the security of the Fund. I can remember a time when we had a quarterly meeting and the meeting room would be packed with interested participants. Due to the transparency and openness of the Fund, we now have very little public participation during our regular meetings. Our Mission is to continue what we have been doing so that the future of your retirement from Cambria County remains safe and secure.

We thank you for your continued support of our efforts. Our door is always open for any questions or inquiries you may have.

Yours Truly,

Ed Cernic Jr.

Controller / Retirement Board Secretary

Kristine Segear, CPA

1st Deputy Controller/Senior Accounting Manager

Dana Descavish

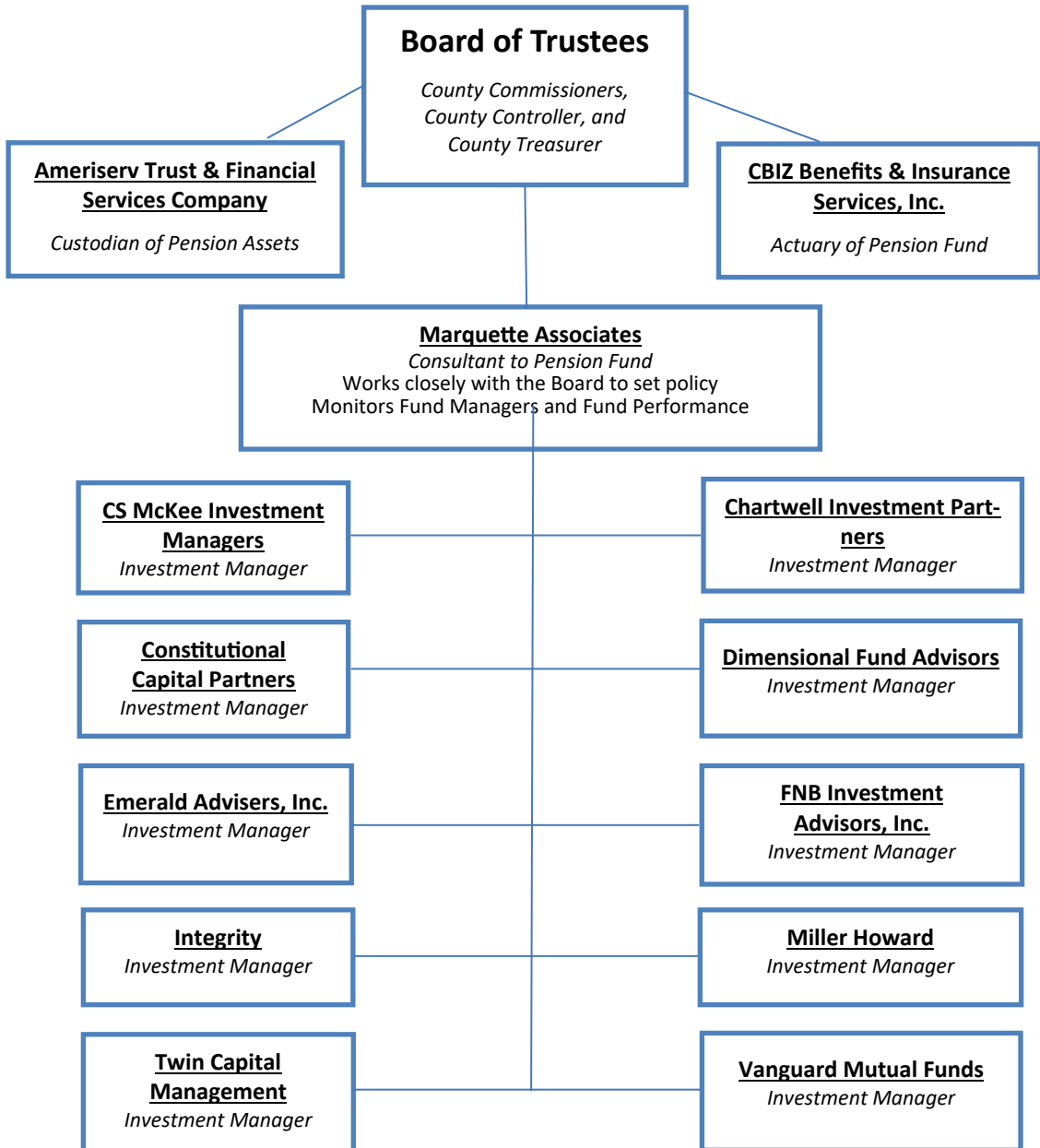
2nd Deputy Controller/

Pension Benefits Health Care

Administrator



# Structure of the Plan Management

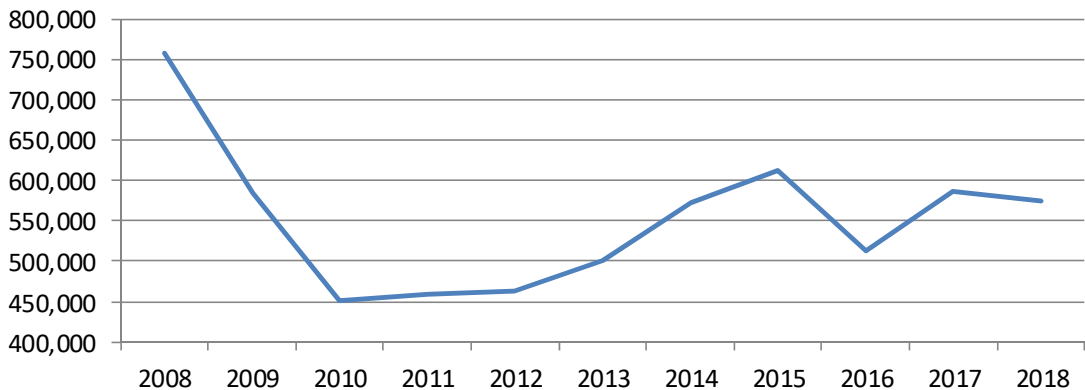


## CAMBRIA COUNTY RETIREMENT FUND

### COMPARISON OF MARKET VALUE BY FUND TO MANAGEMENT FEES

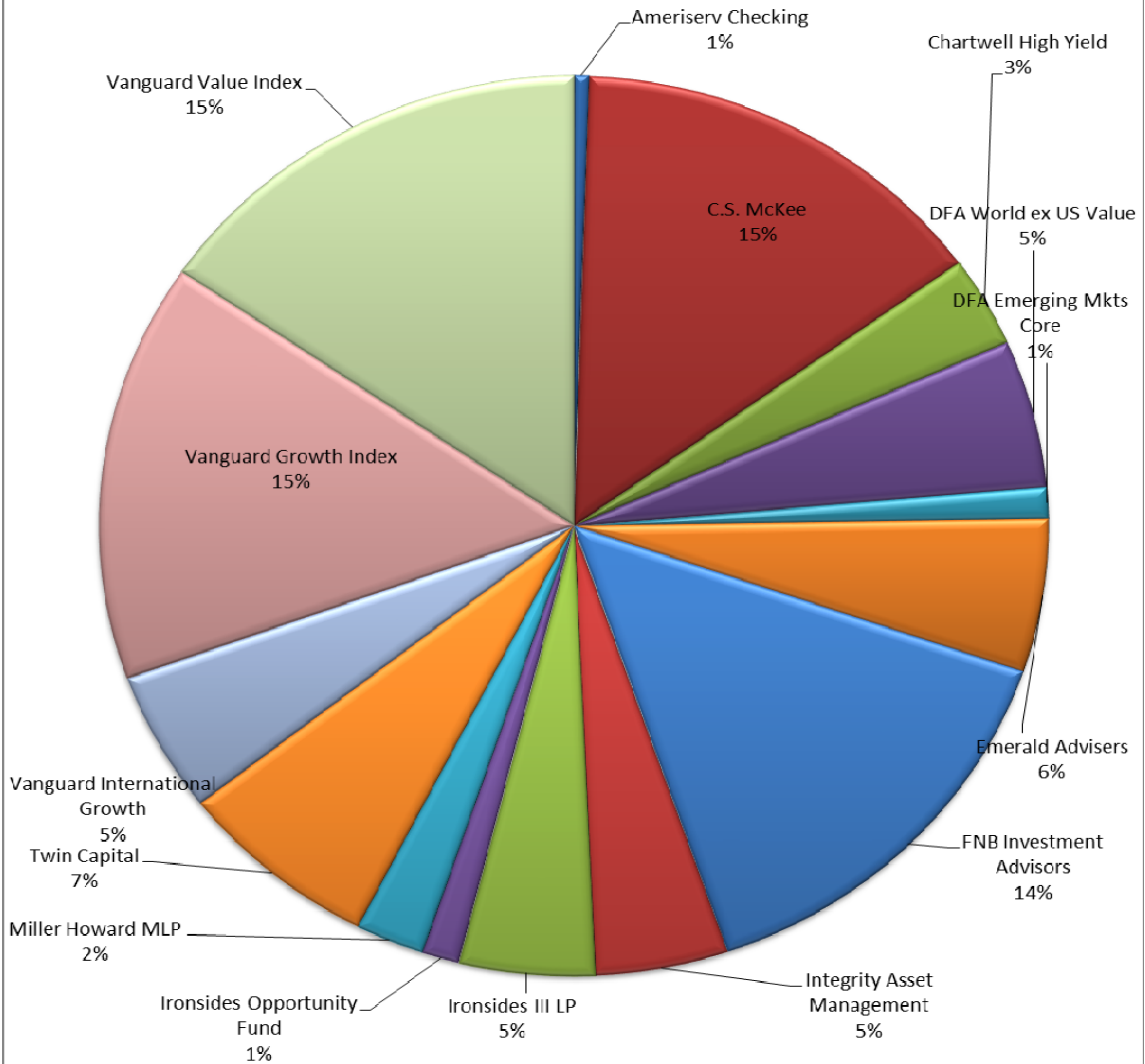
	12/31/18 Market Value	Annual Fees	Approx. Fees on Mutual Funds	Total Fees
Ameriserv Checking	946,460			0
C.S. McKee	26,679,783	62,157		62,157
Chartwell High Yield	5,974,578		29,873	29,873
DFA World ex US Value	9,699,887		50,439	50,439
DFA Emerging Mkts Core	2,060,653		10,921	10,921
Emerald Advisers	10,087,620	82,067		82,067
FNB Investment Advisers	26,568,110	33,504	422	33,926
Integrity Asset Management	8,333,231	123,475		123,475
Ironsides III (Constitutional Capital)	8,412,721		81,375	81,375
Ironsides Opportunity Fund	2,330,130		4,369	4,369
Miller Howard MLP	4,332,205	32,995		32,995
Twin Capital	12,660,719	48,655		48,655
Vanguard International Growth	9,290,301		29,729	29,729
Vanguard Growth Index	27,598,134		11,039	11,039
Vanguard Value Index	28,322,773		11,329	11,329
Ameriserv Trust (Custodian)		88,120		88,120
CBIZ (Actuary)		23,040		23,040
Marquette Associates		40,000		40,000
Morrison Fiduciary Advisors		39,953		39,953
	<b>183,297,305</b>	<b>573,966</b>	<b>229,496</b>	<b>803,462</b>

### Investment Management Fees Paid by Year \*



\* Chart does not include approximate Mutual Fund Fees

**CAMBRIA COUNTY RETIREMENT PLAN PORTFOLIO  
AS OF 12/31/18  
(% OF PORTFOLIO BY MANAGER)**



**CAMBRIA COUNTY**  
**Employees' Retirement Fund 2018 Financial Report**  
**Statement of Changes in Plan Net Assets For The Year Ended December 31, 2018**

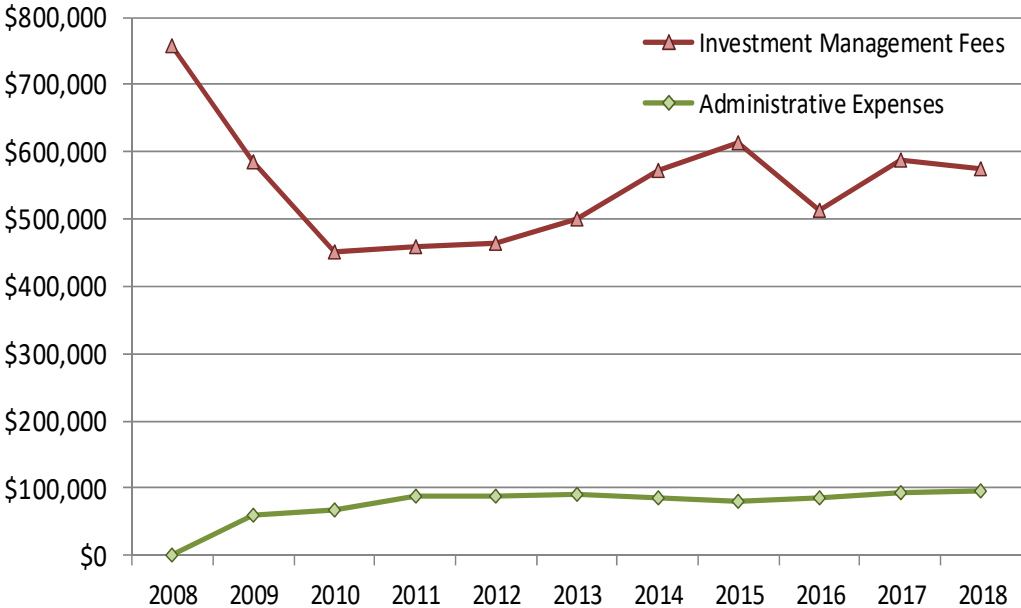
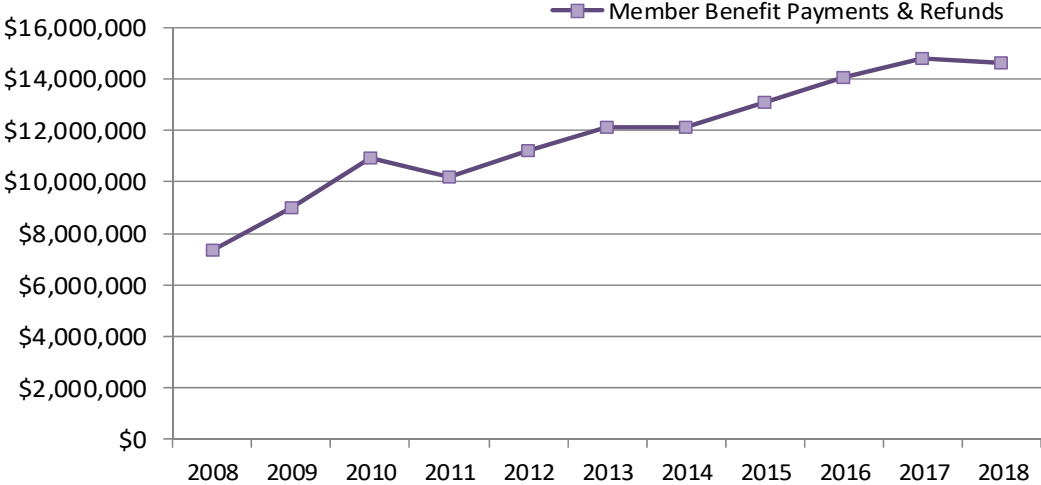
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Total Assets (cost value) January 1, 2018		\$ <u>162,393,466</u>
<b>Additions/Income</b>		
Member Contributions (including member share of military or leave of absence buyback)		2,926,918
Member purchase of County share of military or leave of absence		0
County Contributions		2,753,574
Investment Income:		
Interest		783,704
Dividends		2,952,428
Realized Capital Gains		9,886,320
Net Accrued Interest/other		373,413
Miscellaneous		<u>0</u>
<b>Total Additions</b>	<b>+\$</b>	<b><u>19,676,357</u></b>
<b><u>Deductions / Expenses</u></b>		
Member Contributions Refunded		463,812
Retirement allowances paid (includes C-O-L and accumulated deductions withdrawn under Option 4)		14,165,271
Death Benefits		0
Administrative Expenses		123,615
Investment Expenses		573,966 **
Miscellaneous		0
Change in Accounts Payable		<u>(959)</u>
<b>Total Deductions</b>	<b>-\$</b>	<b><u>15,325,705</u></b>
<b><u>Net Increase</u></b>		<b><u>\$ 4,350,652</u></b>
Total Assets (cost value) December 31, 2018		\$ <u>166,744,118</u>
Unrealized appreciation/depreciation		<u>16,553,187</u>
Total Assets (market value) December 31, 2018		\$ <u>183,297,305</u>

**\*\* See page 6 for the Investment Expense Detail for a Breakdown of Investment Expense**



# Comparison of Annual Expenses

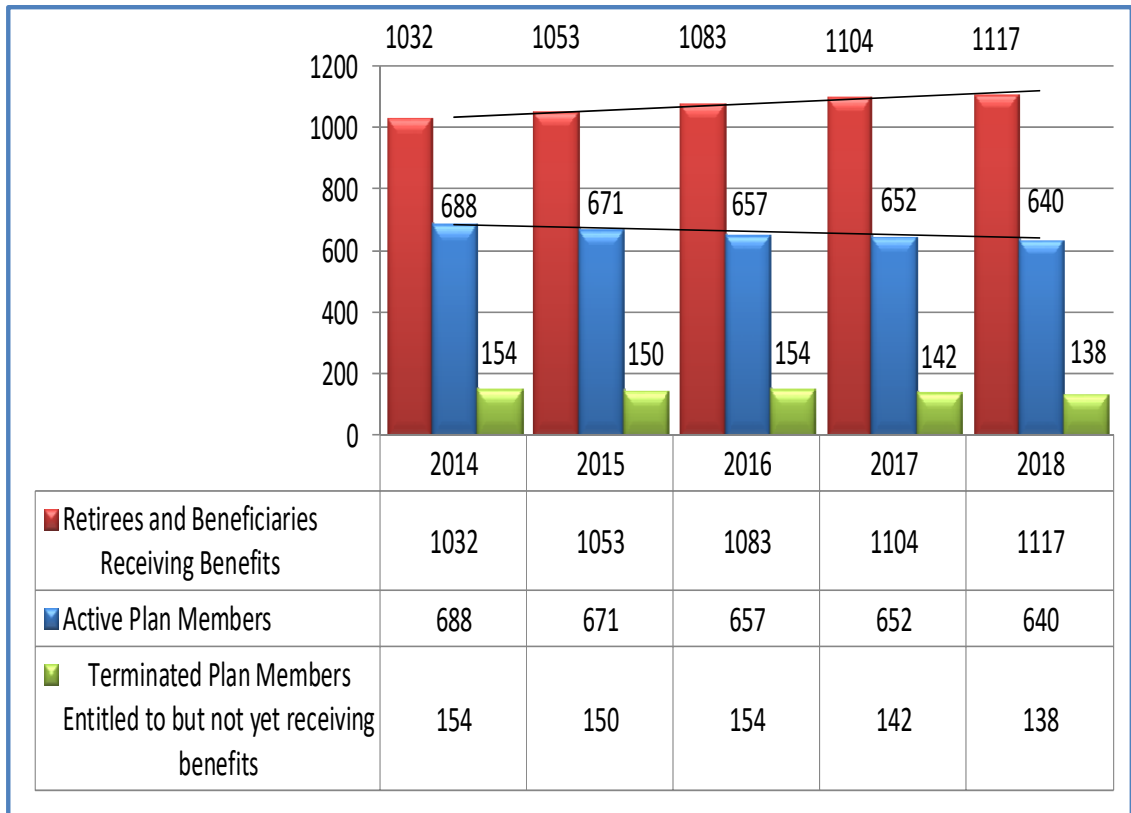


## ACTIVE PLAN MEMBERS vs. ACTIVE RETIREES & VESTED MEMBERS

This graph represents the Active Plan members vs. the Active Retirees. Over the past five years, the number of retirees receiving benefits from the retirement plan has grown and is larger than the number of active plan members contributing to the retirement plan.

As of December 31, 2018, there were 1,895 plan members: 1,117 Retirees and Beneficiaries receiving benefits; 138 Terminated Plan Members entitled to but not yet receiving benefits; and 640 Active Plan Members.

This graph also represents the number of terminated plan members who are entitled to receive benefits in the future. These terminated plan members represent employees who were terminated and are entitled to an involuntary pension or members who were entitled to vest upon leaving County employment.



# 2018

## CAMBRIA COUNTY RETIREES

### Congratulations and Thank You for your service!

Christina Abrams

Janet Kelly

Susan Roberts

Lisa Biller

Allen Kline

Michael Santichen

James P. Bracken Jr.

Julie Korenoski

Susan Sklar-Graham

Nancy Denbleyker

Robert Layton

Eric Sossong

Christine Dumm

Deborah Markum

Sandra Spaid

Debra Enos

Sharon Morrison

Trudy Thomas

Joseph Felix

Kimberly Murray

James Townsend

Rose Goch

Daniel Murtha

Barry Tresnicky

Linda Gongloff

John Natcher

Janet Weakland

Dianne Gray

Jeffrey Nigborowicz

Calvin Webb II

Christine Kawchak

Sharon Ostheim

Joyce Weber

Robert Keilman

Joseph Pennock

Ellen Wolf

Darlene Rankin

Robert Ritter



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



**Thomas C. Chernisky, Chairman**  
President Commissioner



**William "B.J." Smith, Vice-Chairman**  
County Commissioner



**Mark J. Wissinger, 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 South 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)