

CAMBRIA COUNTY

RETIREMENT FUND

FINANCIAL STATEMENT



December 31, 2017

March 2018

2017 was a great year for your Pension Fund. We saw the fund value break the \$200 million mark. We also saw the Fund move well into the 95% funded category. As in 2016, double digit returns were again maintained in 2017. The Board of Trustees is constantly looking into new avenues of investments to maintain and grow the Fund Assets.

Once again as it is our continued effort to be completely transparent to the members of the fund and those receiving benefits, we are supplying the specifics of the Fund in the next few pages. The Board of Trustees' due diligence is assuring that your Retirement Fund is safe, secure, and sound to provide your benefits well into the future.

Our commitment to you through keeping costs as low as possible and the overall performance at a high level with minimal risk to the Fund Assets, is always our goal. Thank you once again for the confidence you have placed in the Board of Trustees to maintain your Fund.

Sincerely,

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



March 2018

A Certificate of Transparency has been awarded to the
CAMBRIA COUNTY EMPLOYEES RETIREMENT SYSTEM

for its participation in the

2017 NCPERS Public Retirement Systems Study.

This study seeks to further open disclosure, data collection, and encourage the public's understanding of public retirement systems.



CAMBRIA COUNTY

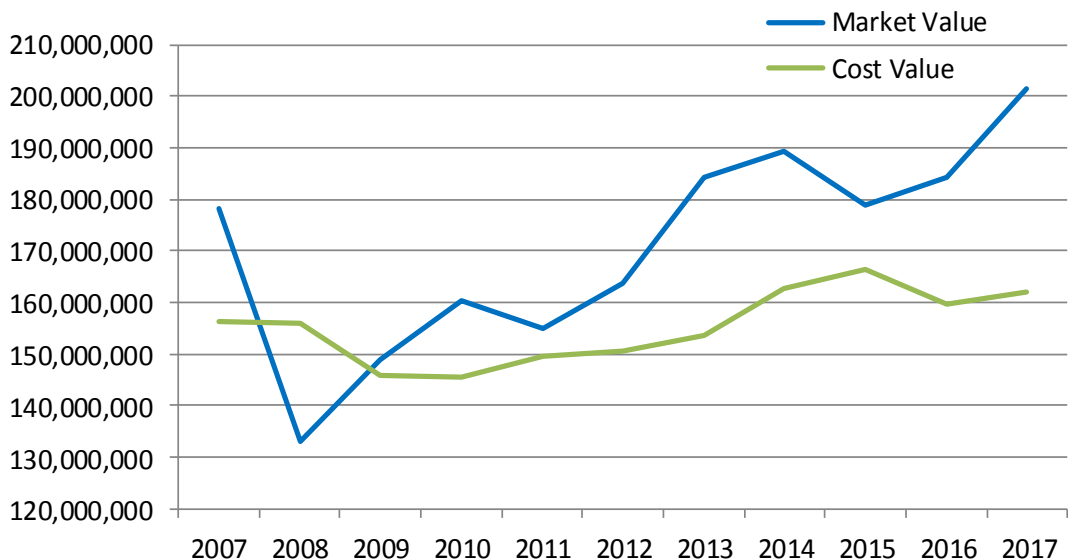
Statement of Plan Assets As Of December 31, 2017

<u>Assets</u>	Cost Value	Market Value
Cash and Short Term Investments	\$ 905,621.83	\$ 905,621.83
Receivables	274,978.35	274,978.35
Investments:		
U.S. Government Obligations	20,113,996.98	19,860,546.29
Domestic Corporate Bonds	18,971,197.60	18,863,304.44
Fixed Income Mutual Funds	3,888,466.07	4,008,350.14
High Yield Limited Partnership	9,203,619.71	12,603,885.00 ^a
Domestic Equities	33,234,345.13	42,647,819.73
International Equities	21,341,953.44	25,350,339.12
Domestic Mutual Funds	39,847,986.44	63,652,408.05
Master Limited Partnerships	8,596,946.80	7,571,368.58
High Yield Fixed Income	6,014,353.91	5,952,982.45

Total Assets December 31, 2017 \$ 162,393,466.26 \$ 201,691,603.98

^a - Market Value for Ironsides Fund III LP for 12/31/17 is an estimate provided by the Fund's Investment Advisor since the final 12/31 market value will not be available until 4/1/18

Asset Valuation - Market vs Cost Basis



Dear Cambria County Retirees,

It is hard for me to imagine that I have been with you for 14 years as the Secretary of the Retirement Board and Controller of the County. I have seen the Fund go from approximately \$120 million to over \$200 million in those years all while processing thousands of Retirees from Cambria County employment. We pay out over \$1.1 million each month in pension payments. If you put that into perspective that is like running a business that does over \$13 million per year. That would be a good size business in Cambria County.

I have watched as our Fund has moved forward. In 2008 the fund had an adjustment with the fall of the stock market; however the Board remained steadfast in our objective without being overly reactive to that adjustment. The result is that while we continue to add Retirees to the Fund's monthly payout, the value also continues to grow ensuring your Retirement security.

In the following pages you will find again the detail of the Fund assets and costs associated with operating the Fund. Should you have any questions, please don't hesitate to contact me at 814-472-1630 or email me at ecernic@co.cambria.pa.us and I will respond to you.

I would like to recognize Dana Descavish as the person that ensures you not only get signed up for your benefits, but also facilitates everything that needs to take place each and every month so that your retirement arrives to you on time. Her work load has gone from about 868 Retirees when I appointed her as the 2nd Deputy Controller/Pension Benefits Health Care Administrator to over 1100 retirees today. Also, 1st Deputy Controller/Senior Accounting Manager, Kristine Segear, CPA, assures that the managers values reported are correct and the accuracy of the numbers we report are correct. These two individuals are leaders in their respective roles throughout the State and Counties and we are fortunate to have them working for us.

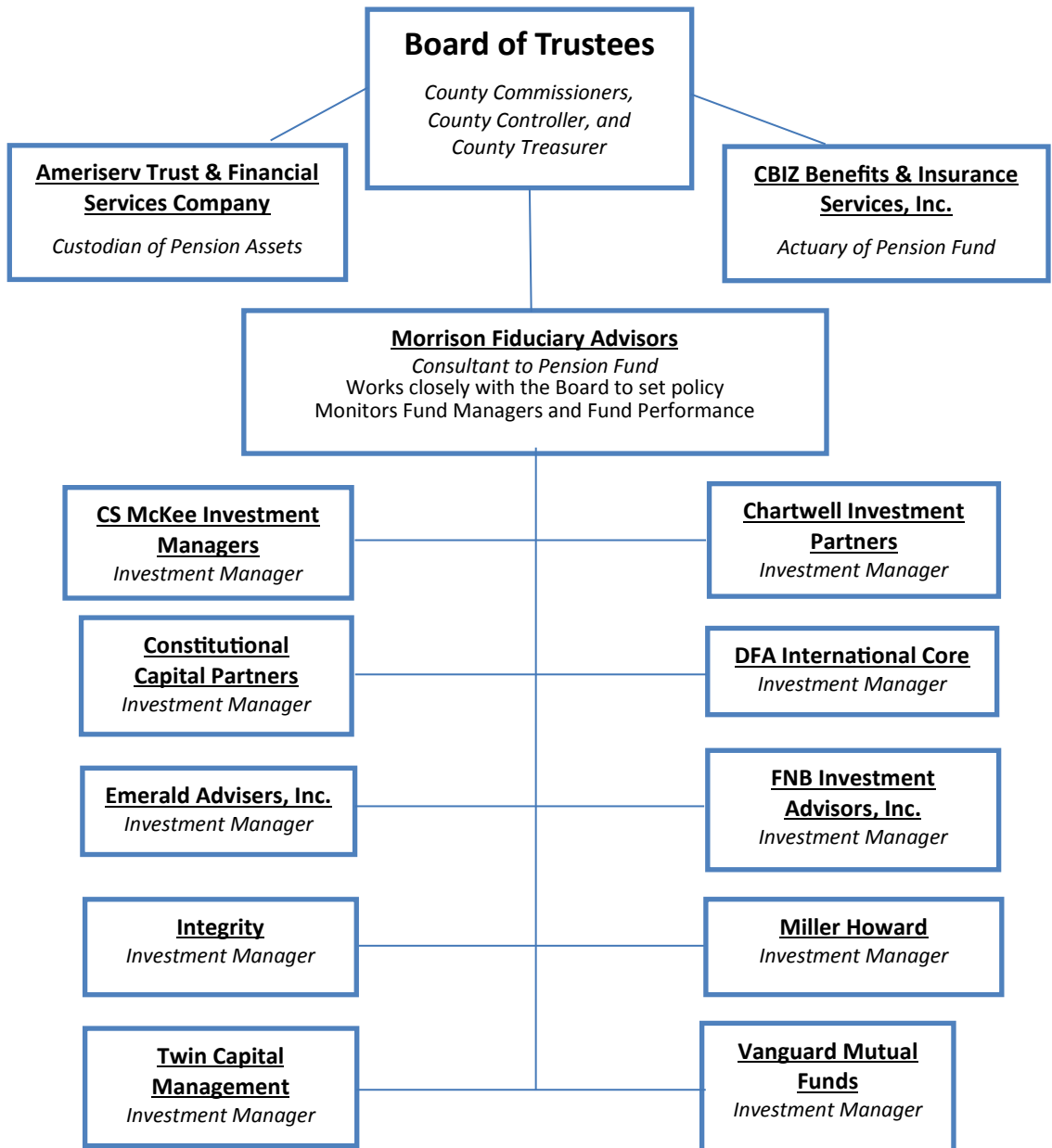
Thank you for the support and cooperation you have given to our team as we work hard every day to provide the benefits you earned.

Yours Truly,

Ed Cernic Jr.
Retirement Board Secretary



Structure of the Plan Management

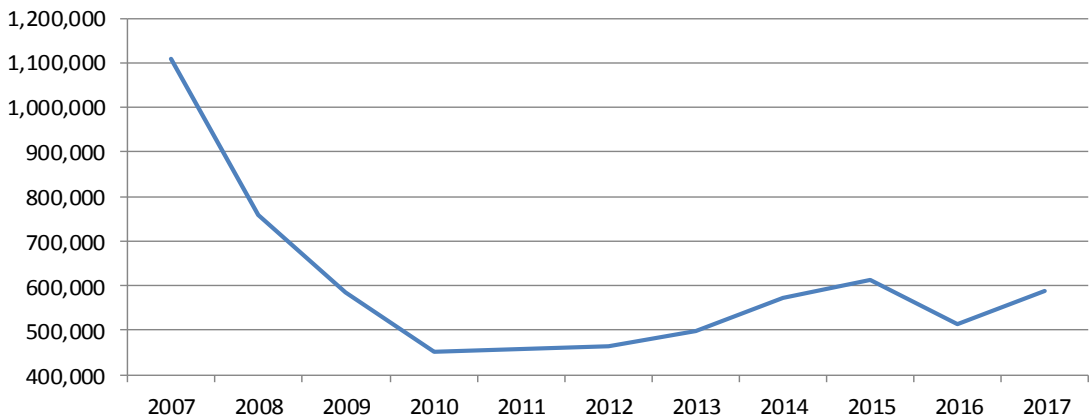


CAMBRIA COUNTY RETIREMENT FUND

COMPARISON OF MARKET VALUE BY FUND TO MANAGEMENT FEES

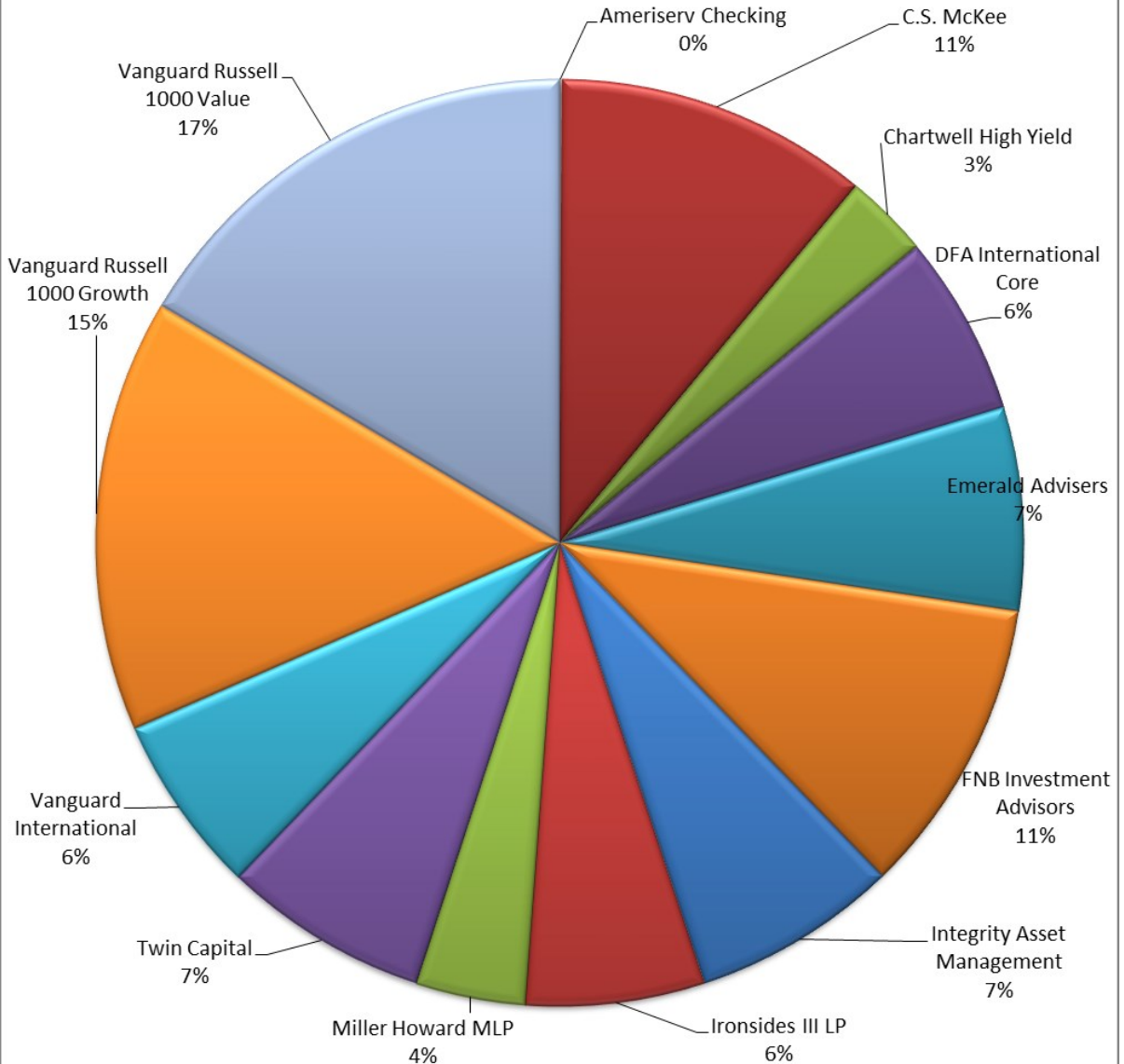
	12/31/17 Market Value	Annual Fees	Approx. Fees on Mutual Funds	Total Fees
Ameriserv Checking	161,136.09			0.00
C.S. McKee	22,055,861.51	57,619.64		57,619.64
Chartwell High Yield	5,952,982.45		9,932.90	
DFA International Core	12,717,187.39		29,633.26	29,633.26
Emerald Advisers	14,309,428.53	85,958.63		85,958.63
FNB Investment Advisors	20,968,973.73	30,768.75	6,814.20	37,582.95
Integrity Asset Management	14,468,220.84	138,704.00		138,704.00
Ironsides III LP	12,603,885.00		99,794.52	99,794.52
Miller Howard MLP	7,688,390.96	37,932.65		37,932.65
Twin Capital	14,479,977.70	47,988.20		47,988.20
Vanguard International	12,633,151.73		28,857.01	28,857.01
Vanguard Russell 1000 Growth	30,478,181.60		24,908.76	24,908.76
Vanguard Russell 1000 Value	33,174,226.45		25,740.87	25,740.87
Vanguard REIT	closed 9/2017		3,939.77	3,939.77
Ameriserv Trust (Custodian)		89,407.62		89,407.62
CBIZ (Actuary)		23,040.00		23,040.00
Morrison Fiduciary Advisors		75,632.64		75,632.64
	201,691,603.98	587,052.13	229,621.29	806,740.52

Investment Management Fees Paid by Year *



* Chart does not include approximate Mutual Fund Fees

**CAMBRIA COUNTY RETIREMENT PLAN PORTFOLIO
AS OF 12/31/17
(% OF PORTFOLIO BY MANAGER)**

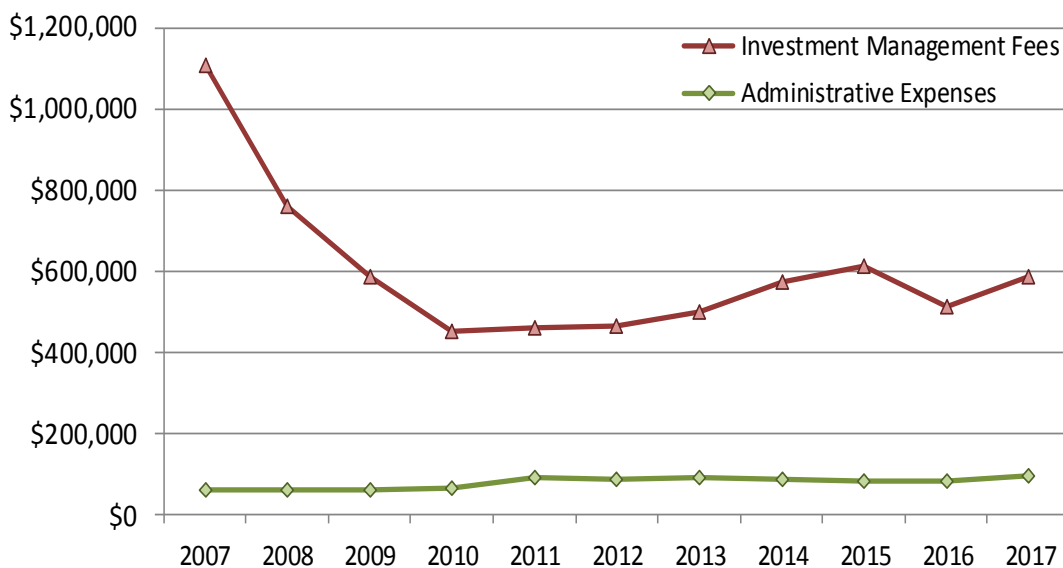
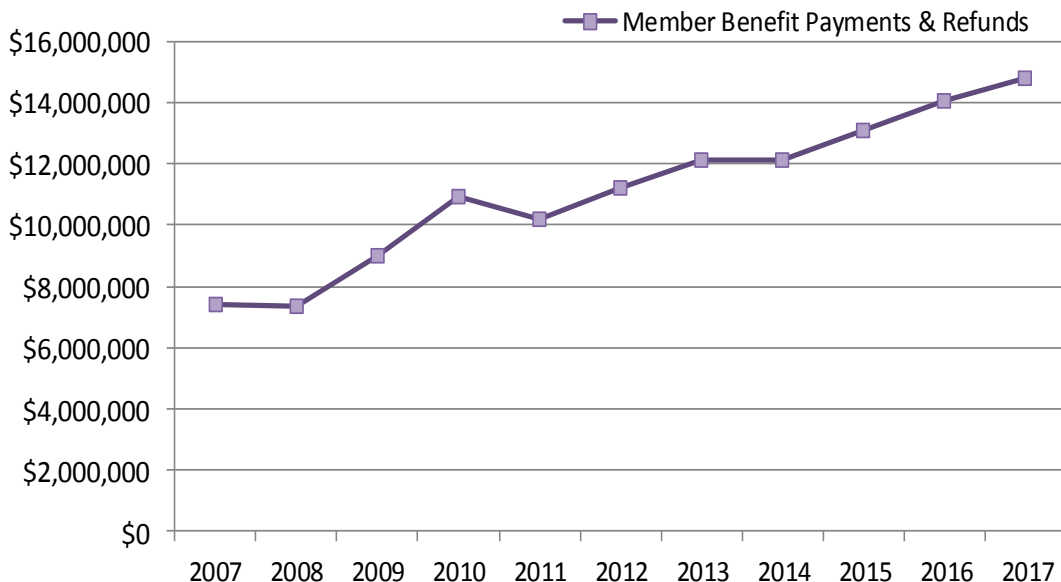


CAMBRIA COUNTY
Employees' Retirement Fund 2017 Financial Report
Statement of Changes in Plan Net Assets For The Year Ended December 31, 2017

Total Assets (cost value) January 1, 2017	\$ 184,107,356.38
Additions/Income	
Member Contributions (including member share of military or leave of absence buyback)	2,823,627.67
Member purchase of County share of military or leave of absence	196.35
County Contributions	2,610,651.45
Investment Income:	
Interest	679,993.93
Dividends	3,910,827.33
Realized Capital Gains	7,871,652.89
Net Accrued Interest/other	274,978.35
Miscellaneous	0.00
Total Additions	+\$ 18,171,927.97
<u>Deductions / Expenses</u>	
Member Contributions Refunded	389,806.13
Retirement allowances paid (includes C-O-L and accumulated deductions withdrawn under Option 4)	13,869,803.65
Death Benefits	539,509.77
Administrative Expenses	96,716.51
Investment expenses	587,052.13 **
Miscellaneous	0.00
Change in Accounts Payable	(22,281.90)
Total Deductions	-\$ 15,460,606.29
<u>Net Increase</u>	\$ 2,711,321.68
Total Assets (cost value) December 31, 2017	\$ 186,818,678.06
Unrealized appreciation/depreciation	14,872,925.92
Total Assets (market value) December 31, 2017	\$ 201,691,603.98

**** See Page 6 for the Investment Expense Detail for a Breakdown of Investment Expense**

Comparison of Annual Expenses

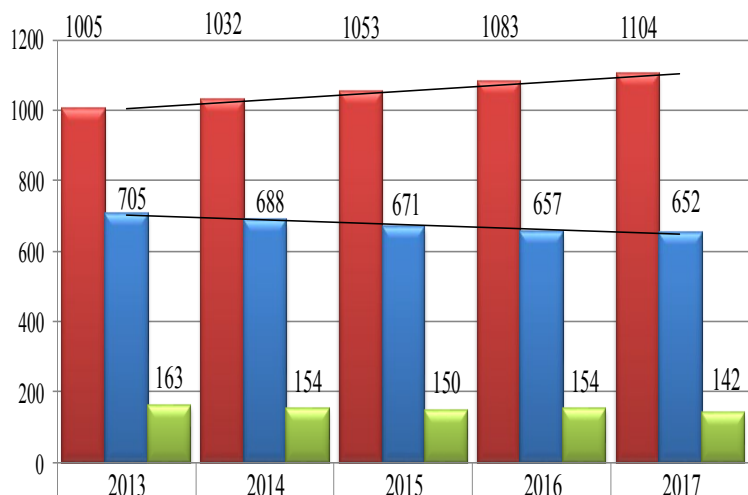


ACTIVE PLAN MEMBERS vs. ACTIVE RETIREES & VESTED MEMBERS

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, 2017, there were 1,898 plan members: 1,104 Retirees and Beneficiaries receiving benefits; 142 Terminated Plan Members entitled to but not yet receiving benefits; and 652 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.



Retirees and Beneficiaries Receiving Benefits	1005	1032	1053	1083	1104
Active Plan Members	705	688	671	657	652
Terminated Plan Members Entitled to but not yet receiving benefits	163	154	150	154	142

2017

CAMBRIA COUNTY RETIREES

Congratulations and Thank You for your service!

Bobbie Blossosky	Robyn Hutsky	Terry Malloy
Jacqueline Bradley	Diane Karashin	Timothy Mardis
William Brustle	Caryn Keilman	John Olsick
David Buterbaugh	Melissa Kiel	Carol Peretin
Theresa Carlson	Lynette Kirsch	Barbara Porter
Mark DeBalli	Sheila Kneec	Thomas Ronan
Maureen Delegram	William Kuzeck	Brenda Saintz
Catherine Depetro	Becky Lanzendorfer	Karen Sarka
Gary Eisenhuth	Carol Lieb	Patricia Solomon
George Fedore	Christine Lucas	Ronald Springer
Carol Fulton	Gary Makosy	Patricia Trexler
Mary Gabany		Michael Vuckovich
Dominic Girard		Cynthia Wess
Marceen Hawksworth		John Yarnevic
Christine Hunter		Judith Younger



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 ddescavish@co.cambria.pa.us