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EL PASO COUNTY RETIREMENT PLAN

Management's Discussion and Analysis
and Financial Statements

For the Years Ended December 31, 2019 and 2018,

Supplemental Information

And

Independent Auditors' Report

EL PASO COUNTY RETIREMENT PLAN

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INDEPENDENT AUDITORS' REPORT

Board of Retirement
El Paso County Retirement Plan
Colorado Springs, Colorado

We have audited the accompanying financial statements of the El Paso 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 of 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 auditor's 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 financial position of the El Paso County Retirement Plan at December 31, 2019 and 2018, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in the Employers' Net Pension Liability, Schedule of Employers' Net Pension Liability, Schedule of Employer Contributions, Schedule of Investment Returns, and Notes to Required Supplemental Information (collectively, the required supplemental information), as 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 supplemental 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.

Report on Other Supplemental 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 Supporting Schedules of Administrative Expenses, Investment Expenses and Consultant Expenses, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Stockman Kast Ryan + Co, LLP

May 26, 2020

EL PASO COUNTY RETIREMENT PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management is pleased to provide this overview and analysis of the financial activities of the El Paso County Retirement Plan (the Plan). Please read it in conjunction with the Plan's financial statements and accompanying notes.

The Plan is a cost-sharing, multiple employer defined benefit plan covering all permanent, full-time and job-share employees of El Paso County, El Paso County Public Health, Pikes Peak Library District, 4th Judicial District Attorney and El Paso County Board of Retirement.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The *Statement of Fiduciary Net Position* provides a statement of account balances at the end of the year. This statement reports the assets available for future payments to retirees and any current liabilities that are owed at the end of the year. These assets, less liabilities, represent the net amount of funds that are available for future payments. The *Statement of Changes in Fiduciary Net Position* reports additions and deductions in the Plan's net position during the current year.

The financial statements report the resources available to pay benefits to retirees and other beneficiaries as of the end of the year, as well as the changes in resources during the year. These statements include all assets and liabilities, using an economic resources measurement focus and the accrual basis of accounting. The notes to the financial statements are an integral part of the financial statements. The notes communicate information that is not displayed on the face of the financial statements that is essential for the fair presentation of the financial statements. These financial statements should be reviewed along with the Required Supplemental Information and Supporting Schedules to determine whether the Plan is financially strong and to understand changes over time in the financial status of the Plan.

FINANCIAL HIGHLIGHTS

Fiduciary Net Position

Net position restricted for pensions increased during 2019 by $41.5 million to $401.9 million. The primary reason for the 2019 increase in net position was investment income of $52.9 million, along with contributions of $26.2 million, offset by benefit payments of $37.8 million. The statements of fiduciary net position are summarized below:

Condensed Statements of Fiduciary Net Position
(in thousands)

	2019	2018	2017
ASSETS			
Cash and cash equivalents	$ 8,166	$ 5,867	$ 4,806
Investments	394,236	355,327	379,390
Receivables	167	513	453
Capital assets, net	144	237	330
Total assets	402,713	361,944	384,979
LIABILITIES	777	1,461	1,388
NET POSITION RESTRICTED FOR PENSIONS	$ 401,936	$ 360,483	$ 383,591

Additions To Fiduciary Net Position

The collection of employee and employer contributions, as well as income from investments, provides the reserves needed to finance retirement benefits. Additions to fiduciary net position are summarized below (in thousands):

	2019	2018	2017
Investment income (loss)	$ 52,895	$ (11,425)	$ 45,641
Employer contributions	12,913	12,329	11,941
Employee contributions	13,332	13,230	12,527
Other income	1,081	1,109	466
Total additions	$ 80,221	$ 15,243	$ 70,575

Investment income of $52.9 million in 2019 consisted primarily of net appreciation in fair value of investments of $48.2 million. The appreciation in fair value of investments was mainly the result of the strong performance of the domestic and international equity markets during 2019. The Plan had realized and unrealized gains on its domestic and international equity markets of $11.8 million and $25.1 million, respectively.

The investment loss of $11.4 million in 2018 consisted primarily of net depreciation in fair value of investments of $14.5 million. The depreciation in fair value was mainly the result of the poor performance of the domestic and international equity markets during 2018. The Plan incurred losses on its domestic and international equity portfolios of $5.4 million and $15.4 million, respectively. These losses were mitigated somewhat by gains on its real estate portfolio of $7.0 million.

Investment income of $45.6 million in 2017 consisted primarily of net appreciation in fair value of investments of $41.2 million. The appreciation in fair value was mainly the result of the performance of the equity and real estate markets during 2017. The Plan had gains on its equity portfolio of $32.0 million and gains on its real estate portfolio of $6.4 million during 2017.

Employer and employee contributions increased in 2019 and 2018 due mainly to an increase in the number of participants and employee compensation increases.

Other income consists mainly of reimbursement of administrative and investment expenses by the Plan's employers.

Deductions From Fiduciary Net Position

The principal purpose for which the Plan was created was to provide retirement annuities and survivor benefits to qualified members and their beneficiaries. The cost of such programs includes recurring benefit payments, as designated by the Plan, refunds of contributions to terminated employees, and the cost of administering the Plan. These costs resulted in deductions from fiduciary net position of $38.8 million during 2019. Deductions from fiduciary net position are summarized below (in thousands):

	2019	2018	2017
Pension benefits	$ 33,066	$ 32,520	$ 28,097
Termination refunds	3,793	3,489	2,581
Death benefits	934	1,581	1,283
Administrative expenses	974	761	787
Total deductions	$ 38,767	$ 38,351	$ 32,748

Deductions from fiduciary net position for 2019 and 2018 increased by 1.1% and 17.1%, respectively, from the prior year, primarily due to increased pension benefit payments. The increase in pension benefit payments is mainly the result of an increase in the number of retirees in both 2019 and 2018. Furthermore, in 2018, an additional 13th pension benefit payment was approved and paid to participants.

Administrative expenses increased by $213,000 in 2019 due mainly to an increase in the Plan's pension liability for its employees of $220,000. Administrative expenses decreased by $26,000 in 2018 due to decreased legal fees, offset by increased actuarial fees resulting from the performance of an experience study.

NET PENSION LIABILITY

The Plan's fundamental financial objective is to meet long-term benefit obligations through employer and employee contributions and investment income. Actuarial valuations, using various assumptions, examine the Plan's assets as compared to liabilities and determine annual contribution rates necessary to pay current and future benefit obligations.

The total pension liability of the Plan as of December 31, 2019 was determined by an actuarial valuation as of December 31, 2018 and rolled forward to December 31, 2019 (the measurement date). The liability as of December 31, 2019 and 2018 reflects various actuarial assumption changes adopted by the Board of Retirement in October 2018. The net pension liability is calculated as the total pension liability less the plan fiduciary net position.

As of December 31, 2019, 2018 and 2017, the Plan's net pension liability and fiduciary net position as a percentage of the total pension liability are as follows:

	2019	2018	2017
Total pension liability	$ 777,018,378	$ 756,310,674	$ 532,281,803
Plan fiduciary net position	401,936,533	360,483,046	383,591,448
Employers' net pension liability	$ 375,081,845	$ 395,827,628	$ 148,690,355
Net position as percentage of total pension liability	51.73%	47.66%	72.07%

The decrease in the net pension liability in 2019 is primarily due to the strong performance of the equity portfolio in 2019, as well as an increase in the discount rate from 5.23% to 5.37%.

The substantial increase in the net pension liability in 2018 is primarily the result of the following factors:

1. The Plan experienced significant losses in its equity portfolio in the 4th quarter of 2018 (consistent with the performance of the overall equity markets).
2. The Plan made various changes to actuarial assumptions in 2018 based on the results of a 5-year actuarial experience study to better reflect expected future experience. This included a recommended change in the long-term expected rate of return on investments from 8% to 7.5%.
3. Under the rules of the Governmental Accounting Standards Board (GASB), the Plan is required to project its fiduciary net position to determine if it is adequate to make all projected future benefit payments of the Plan, based on its actuarial assumptions. Due mainly to the unfavorable investment performance in 2018 and the current contribution rate of 16% falling below the actuarial required future contribution levels, the Plan's fiduciary net position was only projected to be available to make all projected future benefit payments of current plan members until 2045. As required by GASB, a municipal bond rate must be used to develop the blended GASB discount rate after that point. This municipal bond rate was 3.64% at the end of 2018. When blended with the long-term investment rate of return of 7.5%, the blended GASB discount rate was 5.23%. In prior years, the Plan's projections determined that its fiduciary net position was adequate to make all projected future benefit payments of the Plan and, accordingly, the long-term investment rate of return of 8% was used as the discount rate.

As of December 31, 2019, the Plan's fiduciary net position was only projected to be available to make all projected future benefit payments of current plan members until 2050. The more significant risk factors affecting the future funded status and contribution rates of the Plan are described below:

Contribution Risk - Currently, the employer and employees each contribute 8% of pay annually, for a total annual contribution of 16% of pay. The actuarially determined contribution rate for 2019 is 18.3% of pay (inclusive of the 8% employee contributions). The contribution deficiency for 2019 was $3.4 million (see the Schedule of Employer Contributions on page 26). By not contributing the actuarially determined contribution, the liabilities of the plan will grow faster than plan assets, which will cause the unfunded liability to continue to increase over time. This could lead to significant increases in the actuarially determined contribution rates in future years.

Investment Risk - The potential that future investment returns will be different than the current assumption of 7.5%. Plan costs are very sensitive to the market return. If market returns are lower than the assumed rate of return on assets, future costs will increase.

Longevity Risk - The potential that mortality rates of plan participants will be different than assumed. The mortality assumption includes an assumption for future mortality improvement. If participants live longer than the predicted life expectancies, benefits will be paid over a longer period of time than expected, which will lead to increases in liabilities and costs.

Other Demographic Risk - The potential that demographic experience patterns (especially retirement and turnover) will be different than assumed. If participants retire earlier than expected based on the retirement assumption, or lower turnover leads to more participants receiving benefits than expected, future liabilities and costs will increase.

The Plan was amended during 2009 to increase the participant contribution rate to 6.5% effective January 1, 2010, 7% effective January 1, 2011 and 7.5% effective January 1, 2012. The Plan was further amended in 2013 to increase the participant contribution rate to 8% effective January 1, 2014. Such increases have been matched by the employer, resulting in a total contribution rate of 16% from 2014 through 2019.

The Board continues to monitor the funding status of the Plan. The Board has studied many proposed Plan changes, including but not limited to: increasing the years needed to vest, increasing eligibility requirements, decreasing benefit levels for new hires, and increasing contribution levels. The Board will continue to evaluate the possibility of these and other potential changes to the Plan.

For more detail on the Plan's net pension liability and required contribution levels, see Note 3 to the financial statements and the Required Supplemental Information section on pages 24 through 28.

COVID-19 PANDEMIC

See Note 7 to the financial statements regarding the potential impacts to the Plan of the COVID-19 pandemic.

CONTACTING THE PLAN'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Plan's finances. If you have any questions about this report or need additional financial information, contact the Executive Director, 2880 International Circle, Suite N030, Colorado Springs, CO 80910.

EL PASO COUNTY RETIREMENT PLAN

STATEMENTS OF FIDUCIARY NET POSITION
DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
CASH AND CASH EQUIVALENTS	$ 8,166,458	$ 5,867,277
INVESTMENTS		
Equities:		
Domestic	108,123,613	58,287,527
International	90,743,490	123,604,736
Real assets	90,094,064	79,817,905
Fixed income	69,746,084	75,953,866
Hedge fund of funds	18,720,075	17,663,217
Commodities fund	7,829,729	
Multi-asset fund	8,978,650	
Total investments	394,235,705	355,327,251
RECEIVABLES	166,792	512,715
CAPITAL ASSETS, NET	144,405	237,262
TOTAL ASSETS	402,713,360	361,944,505
LIABILITIES		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	776,827	666,323
PAYABLE FOR SECURITIES PURCHASED		795,136
TOTAL LIABILITIES	776,827	1,461,459
NET POSITION RESTRICTED FOR PENSIONS	$ 401,936,533	$ 360,483,046

See notes to financial statements.

EL PASO COUNTY RETIREMENT PLAN

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	**2018**
ADDITIONS		
INVESTMENT INCOME (LOSS)		
Net appreciation (depreciation) in fair value of investments	$ 48,199,381	$ (14,519,293)
Interest and dividends	6,416,355	4,936,311
Investment expenses	(1,721,184)	(1,842,498)
Net investment income (loss)	52,894,552	(11,425,480)
CONTRIBUTIONS		
Employers	12,912,807	12,329,099
Employees	13,332,171	13,230,297
Total contributions	26,244,978	25,559,396
OTHER INCOME	1,081,371	1,108,794
TOTAL ADDITIONS	80,220,901	15,242,710
DEDUCTIONS		
BENEFITS PAID TO PARTICIPANTS		
Pension	33,066,182	32,520,073
Termination refunds	3,793,270	3,489,279
Death	933,719	1,580,360
Total	37,793,171	37,589,712
ADMINISTRATIVE EXPENSES	974,243	761,400
TOTAL DEDUCTIONS	38,767,414	38,351,112
NET INCREASE (DECREASE) IN NET POSITION	41,453,487	(23,108,402)
NET POSITION RESTRICTED FOR PENSIONS:		
Beginning of year	360,483,046	383,591,448
End of year	$ 401,936,533	$ 360,483,046

See notes to financial statements.

EL PASO COUNTY RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

The following brief description of the El Paso County Retirement Plan (the Plan) is provided for informational purposes only. Participants should refer to the Plan document for more complete information.

General — The Plan is a cost-sharing multiple employer defined benefit plan covering all permanent, full-time and job-share employees of the participating employers upon their date of employment. Employers, as defined in the Plan document, include El Paso County, El Paso County Public Health, Pikes Peak Library District, 4th Judicial District Attorney and El Paso County Retirement Plan. All employees hired after September 1, 1967 are required to participate. Employees hired from 1974 through 1981 who were age 60 or older at their date of employment could elect to become a member as of January 1, 1982.

The participants of the Plan consisted of the following as of December 31, 2018 (the most recent actuarial valuation date):

Inactive Plan members currently receiving benefits	1,734
Inactive Plan members entitled to but not yet receiving benefits	341
Active Plan members	2,791
Total	4,866

The El Paso County Board of Retirement (the Board) manages and administers the Plan. The Board consists of five members, one of whom is the El Paso County Treasurer, two of whom are appointed by the El Paso County Board of Commissioners (the Board of Commissioners) and two of whom are employees of the participating employers elected by participants. The Board shall have all powers necessary to effect the management and administration of the Plan in accordance with its terms. The Board has the powers set forth in Part 1, Title 24, Article 54, of the Colorado Revised Statutes.

Plan Amendments — The Board has the right to alter, amend, or terminate the Plan or any part thereof in such manner as it may determine; provided that no such alteration or amendment shall provide that a retirement benefit payable to any retired member shall be less than that provided by his or her accumulated contributions or affect the right of any member to receive a refund of his accumulated contributions and provided further that no alteration, amendment or termination of the Plan or any part thereof shall permit any part of the Plan to revert to or be recoverable by any employer or be used for or diverted to purposes other than the exclusive benefit of members, retired members, terminated vested members or beneficiaries under the Plan, except such funds, if any, as may remain at termination of the Plan after satisfaction of all liabilities with respect to members, retired members, terminated vested members and beneficiaries under the Plan and are due solely to erroneous actuarial calculations.

The Plan is intended to comply with the requirements of the applicable provisions of Internal Revenue Service Code Section 401(a) as now in effect or hereafter amended, and any modification or amendment of the Plan may be made retroactive, as necessary or appropriate, to establish and maintain such compliance.

Contributions — Contribution requirements are established and may be amended by the Board. Through December 31, 2009, participants contributed 6% of their monthly compensation to the Plan. The Plan was amended during 2009 to increase the participant monthly contribution rate to 6.5% effective January 1, 2010, 7.0% effective January 1, 2011 and 7.5% effective January 1, 2012. The Plan was further amended in 2013 to increase the participant monthly contribution rate to 8.0% effective January 1, 2014. The participating employers make monthly contributions at least equal to the contributions made by the participants. Interest is credited on employee contributions at the rate of 3% per annum, compounded monthly. Employee and employer basic contributions amounted to 16% of covered payroll for both 2019 and 2018.

Contributions are tax-deferred to the participants for federal income tax purposes. If participants have at least five or eight years of credited service (see Retirement Benefits below), they are eligible to receive a future monthly retirement benefit. Any refund of contributions paid waives all future rights to any benefits. However, eligible participants who return to employment with a participating employer within 48 months and were previously refunded their contributions may reinstate withdrawn service if they repay the Plan the amount received when employment was terminated, plus interest, within twelve months of rehire.

Active participants who have completed five years of service if hired before January 1, 2013 and eight years of service if hired on or after January 1, 2013 may purchase up to five years of service credit for any period of full-time, nonvested previous employment with any public or private employer. One month of service credit may be purchased for each full month of full-time, nonvested, noncovered employment. The cost to purchase one month of service credit for noncovered employment is the “actuarial equivalent cost”, as determined by the actuary for the Plan.

Participants may elect to pay for purchases of service credit in a lump sum or on an installment basis. Effective July 2016, service credit purchases may also be made by rollover contributions from an eligible retirement plan. Payments may be made on a monthly, quarterly or annual basis with interest due at the actuarial equivalent interest rate for periodic benefits. The period over which installment payments may be made cannot exceed a period equal to the total amount of credited service to be purchased. Purchased service is recognized when paid.

Administrative Expenses — The Plan's administrative expenses are paid from the assets of the Plan accumulated from contributions and investment earnings. During 2019 and 2018, the Plan received $1,075,000 and $1,099,000, respectively, from the Plan's employers for reimbursement of administrative and investment expenses, which is included in Other Income in the accompanying financial statements.

Termination Benefits — Participants vest in accumulated contributions as follows:

(a) If hired before January 1, 2013 and credited with less than five years of service or hired on or after January 1, 2013 and credited with less than eight years of service: Refund of the participant's accumulated contributions.

(b) If hired before January 1, 2013 and credited with five or more years of service or hired on or after January 1, 2013 and credited with eight or more years of service:

   (i) The participant may elect to receive a deferred retirement benefit which shall be equal to the participant's accrued benefit as of the date of termination and payable on the participant's normal retirement date. The participant may elect to receive a reduced retirement benefit beginning on the first day of any month subsequent to the participant's attainment of age 55. The reduction shall be 3% for each year by which payments commence prior to the first of the month following the participant's normal retirement date.

   (ii) In lieu of (i), a participant may elect a current refund of accumulated contributions made by the participant.

Retirement Benefits — Participants hired before January 1, 2010 are eligible for normal retirement on the first of the month coincident with attainment of age 62. Participants hired after December 31, 2009 are eligible for normal retirement after attainment of age 62, but not before the completion of 60 months of continuous service. Participants hired after December 31, 2012 are eligible for normal retirement after attainment of age 62, but not before the completion of 96 months of continuous service.

If hired before January 1, 2010, the monthly benefit payable at normal retirement is equal to 2.22% times the final average monthly compensation, times years of credited service earned through December 31, 2012 and 2.00% times the final average monthly compensation, times years of credited service earned after December 31, 2012. If hired on or after January 1, 2010, the monthly benefit payable at normal retirement is equal to 2.00% times final average monthly compensation times years of credited service.

The normal retirement benefit will not be greater than 75% of the participant's final average monthly compensation if hired before January 1, 2013 and not greater than 60% of final average monthly compensation if hired on or after January 1, 2013. Final average compensation is the highest monthly average of considered compensation during the 36 consecutive calendar months of credited service out of the last 120 calendar months of credited service.

A participant is eligible for an early retirement benefit at age 55, provided the member has completed five or eight years of credited service. If the participant is hired before January 1, 2013, five years is required. If hired on or after January 1, 2013, eight years is required. The monthly pension is based on the vested portion of the normal retirement benefit, reduced by 3% for each year the early retirement date precedes the normal retirement date.

A participant is eligible for special early retirement benefits if the sum of the participant's age and credited service equals 75 or more. Employees hired on or after January 1, 2016 must be a minimum age of 50 to be eligible under this provision. The monthly benefit is equal to the normal retirement benefit and is not reduced for early commencement.

The annuity for delayed retirement is computed by the normal retirement formula considering credited service and compensation to actual retirement.

Disability Benefits — A participant is eligible for disability benefits if the participant's employment is terminated due to total and permanent disability as determined by eligibility for and receipt of disability benefits continuously until the normal retirement date under (1) the employer's long-term disability plan, or (2) Title II of the Federal Social Security Act. The annuity, payable at age 62, shall be calculated as for normal retirement considering the credited service that would have accrued had the participant been employed until the normal retirement date and the final average compensation during the calendar year preceding the year of the member's disability retirement.

Payment of Benefits — The monthly benefit, computed as set forth above, shall be paid in equal monthly payments commencing one month after the actual retirement date continuing at monthly intervals for the retired participant's lifetime thereafter. If the retired participant's death occurs prior to the payment of 120 monthly payments, the remainder of the 120 payments shall be paid to the participant's beneficiary.

Death Benefits Prior to Retirement — Death benefits prior to retirement are as follows:

In the event that an active participant or vested participant dies prior to their normal retirement date, the participant's surviving beneficiary will be entitled to either two times the participant's accumulated contributions payable immediately or a monthly benefit equal to 60% of the monthly retirement benefit earned by the member prior to the date of death. Payment of the monthly benefit to the beneficiary will begin on the first of the month following the death or the date the member would have attained age 55, if later. If the participant met the rule of 75 while working and had not applied for retirement nor ceased employment as of date of death, their beneficiary will be entitled to a monthly benefit. Under these circumstances, the participant will be deemed to have retired on the first day of the month of their death. If no optional benefit had been elected prior to death, the participant shall be deemed to have elected the full joint and survivor benefit and such benefit shall be payable for the life of the participant's designated beneficiary, if living, following the participant's death.

Between normal and delayed retirement — In the event that a participant dies after their normal retirement date but prior to their actual retirement, their beneficiary will be entitled to a monthly benefit. Under these circumstances, the participant will be deemed to have retired on the first day of the month of their death. If no optional benefit had been elected prior to death, the participant shall be deemed to have elected the full joint and survivor benefit and such benefit shall be payable for the life of the participant's designated beneficiary, if living, following the participant's death.

Death Benefits After Retirement — Death benefits after retirement consist of a lump-sum benefit of $3,000 payable upon the death of a retired participant.

Plan Termination — Although not presently contemplated, the Board has the right to terminate the Plan at any time, subject to limitations. In the event of termination, after payment of expenses, accumulated contributions would be returned to the participants, and the remaining assets distributed on a pro rata method to the participants based on accrued benefits. Participating employers would not receive any Plan assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity — The Plan is considered a multi-employer cost-sharing pension trust fund.

Basis of Accounting and Presentation — The accompanying financial statements are presented using the economic resources measurement focus and the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America that apply to governmental accounting for fiduciary funds. Employee and employer contributions are recognized in the period they are due. Investment earnings are recognized in the period earned. Expenses are recognized when incurred. Benefits and refunds are recognized when due and payable in accordance with the Plan provisions.

Investments — Investments are stated at fair value. Fair value is the amount the Plan can reasonably expect to receive to sell an investment in an orderly transaction between market participants. See Note 5 for further information on the fair values of investments. Investment income is recognized when earned by the Plan. Investment income from funds and limited partnerships measured at net asset value is included in net appreciation (depreciation) in fair value of investments consistent with the presentation provided by the asset custodian.

Capital Assets — Capital assets are recorded at cost. Depreciation is calculated using the straight-line method over useful lives of 3 to 7 years.

Tax Status — The Plan is a governmental plan within the meaning of the Internal Revenue Code (the Code). The Internal Revenue Service has determined and informed the Plan by a letter dated July 1, 2014, that the Plan is designed in accordance with the applicable sections of the Code. The Plan has been subsequently amended; however, management of the Plan believes that the Plan is designed and operating in accordance with the Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

Subsequent Events — The Plan has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date the financial statements were available for issuance.

3. NET PENSION LIABILITY

Net Pension Liability — The measurement date for the net pension liability is the Plan's year-end, December 31, 2019. Plan fiduciary net position is measured at December 31, 2019. The total pension liability is determined by an actuarial valuation as of December 31, 2018, and rolled forward to the measurement date of December 31, 2019. Adjustments to roll forward the total pension liability include service cost, interest on total pension liability and benefit payments. The net pension liability is the difference between the total pension liability and fiduciary net position as of December 31, 2019.

The components of the net pension liability as of December 31, 2019 are as follows:

Total pension liability	$ 777,018,378
Plan fiduciary net position	(401,936,533)
Net pension liability	$ 375,081,845
Plan fiduciary net position as a percentage of the total pension liability	51.73%

Actuarial Assumptions — The total pension liability was determined by an actuarial valuation as of December 31, 2018, and rolled forward to the measurement date of December 31, 2019. The following is a summary of the actuarial assumptions:

Inflation	2.5%
Salary increases	Graded by service, from 8.00% to 3.00%
Investment rate of return	7.5%, net of investment expenses. This is based on an average inflation rate of 2.5% and a real rate of return of 5.0%.
Mortality rates	Based on the RP-2000 Sex-Distinct Mortality Table projected generationally using Projection Scale MP-2107. Mortality rates used for disabled members is based on the RP-2000 Disabled Mortality Table projected generationally using Projection Scale MP-2017.

The actuarial assumptions were based on the results of an actuarial experience study for the period from January 1, 2013 to December 31, 2017, resulting in changes in actuarial assumptions adopted by the Board in 2018 to better reflect expected future experience.

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 adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table (note that the rates shown below exclude the inflation component):

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	7.91%
International equity	7.20%
Private equity	12.18%
Fixed income	0.82%
Real assets	4.29%
Hedge funds of funds	4.88%

Discount Rate — The discount rate used to measure the total pension liability was 5.37%. The projection of cash flows used to determine the discount rate assumed that employer contributions will continue to follow the current funding policy adopted by the Board. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members until 2050. In accordance with Governmental Accounting Standards Board (GASB) requirements, a municipal bond rate was used in the development of the blended GASB discount rate after that point. The municipal bond rate of 3.26% is based on the S&P Municipal Bond 20-Year High Grade Rate Index as of December 31, 2019. Based on the long-term investment rate of return of 7.5% and the municipal bond rate of 3.26%, the blended GASB discount rate is 5.37%.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate — The following presents the net pension liability, calculated using the discount rate of 5.37%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.37%) or 1-percentage-point higher (6.37%) than the current rate:

	1% Decrease (4.37%)	Current Discount Rate (5.37%)	1% Increase (6.37%)
Net pension liability	$ 483,985,055	$ 375,081,845	$ 285,735,848

Actuarial Measurements — Future actuarial measurements may differ materially from the above measurements due to Plan experience differing from that anticipated by the economic and demographic assumptions, increases or decreases expected as the natural result of the methodology used for these measurements, and changes in Plan provisions and applicable law.

4. DEPOSITS

The Plan has bank balances of $8,068,252 and $4,525,441 on deposit with banking institutions at December 31, 2019 and 2018, respectively. Of the bank balances, up to $250,000 per institution is insured by the Federal Deposit Insurance Corporation at December 31, 2019 and 2018. The uninsured balance is collateralized with securities held by the banking institutions but not in the Plan's name. In addition, $98,206 and $1,341,836 was held by money managers in banking institutions at December 31, 2019 and 2018, respectively.

5. INVESTMENTS

Fair Value Measurements — The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest level to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest level to unobservable inputs (level 3), as follows:

Level 1 Unadjusted quoted prices for identical instruments in active markets.

Level 2 Observable inputs other than quoted market prices.

Level 3 Valuation derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

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

		Fair Value Measurements Using		
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2019:				
Investments by fair value level:				
International equity funds	$ 45,905,362	$ 45,905,362		
Domestic equity funds	27,838,226	27,838,226		
Fixed income:				
U.S. Government agencies	12,334,533		$12,334,533	
Inflation protected bond fund	7,231,699	7,231,699		
Corporate securities	4,477,823		4,477,823	
U.S. Treasuries	1,880,502		1,880,502	
Real asset funds	10,143,164	10,143,164		
Commodities fund	7,829,729	7,829,729		
Total investments by fair value level	117,641,038	$ 98,948,180	$18,692,858	$ —
Investments measured at NAV:				
Domestic equity funds	80,285,387			
Real asset funds	79,950,900			
International equity funds	44,838,128			
Fixed income funds	43,821,527			
Hedge fund of funds	18,720,075			
Multi-asset fund	8,978,650			
Total investments measured at NAV	276,594,667			
Total investments measured at fair value	$394,235,705			

		Fair Value Measurements Using		
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2018:				
Investments by fair value level:				
International equity mutual funds	$107,132,018	$107,132,018		
Domestic common stocks	29,502,436	29,502,436		
Fixed income securities:				
Corporate securities	12,442,515		$12,442,515	
U.S. Treasuries	8,599,494		8,599,494	
U.S. Government agencies	5,835,531		5,835,531	
Total investments by fair value level	163,511,994	$136,634,454	$26,877,540	$ —
Investments measured at NAV:				
Real asset funds	79,817,905			
Fixed income funds	49,076,326			
Domestic equity funds	28,785,091			
Hedge fund of funds	17,663,217			
International equity fund	16,472,718			
Total investments measured at NAV	191,815,257			
Total investments measured at fair value	$355,327,251			

Domestic common stocks and all of the funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fixed income securities classified in Level 2 of the fair value hierarchy are valued primarily using quoted prices in inactive markets, as well as other pricing methods using observable inputs.

Investments Measured at NAV as of December 31, 2019:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Domestic equity funds (1)	$ 80,285,387	$ 4,554,582	Monthly, None	1-5 days, N/A
Real asset funds (2)	79,950,900	7,841,564	Qtrly, None	90 Days, N/A
International equity funds (3)	44,838,128	None	Daily, None	1-2 days, N/A
Fixed income funds (4)	43,821,527	None	Daily, Monthly	31 days, N/A
Hedge fund of funds (5)	18,720,075	None	Quarterly	70 days
Multi-asset fund (6)	8,978,650	None	Monthly	15 days
Total investments measured at NAV	$ 276,594,667			

1. Domestic equity funds – Domestic equity funds reported at net asset value consist of 11 limited partnerships and collective investment funds with various investment objectives. 37% of domestic equity funds consist of an investment in the Parametric Defensive Equity Fund LLC (the

Defensive Equity Fund). The investment objective of the Defensive Equity Fund is to provide favorable risk-adjusted performance relative to the S&P 500 index over the long term and is expected to produce the strongest relative performance when the S&P is experiencing negative returns. The Defensive Equity Fund allows monthly redemptions and the Plan has no unfunded commitments relating to this fund. The remaining 10 domestic equity funds are diversified by investment type and have redemption features from daily to non-redeemable. The non-redeemable funds total $17.5 million. The nature of the investments in these funds are that distributions are received through the liquidation of the underlying assets over estimated periods of 10 to 12 years.

2. Real asset funds – Real asset funds stated at net asset value consist of 5 limited partnerships. 57% of the real asset limited partnerships consist of an investment in a core-style, open-end real estate fund that holds a strategically diversified portfolio of real estate assets across the four main property types in major markets throughout the United States. The primary performance objective is to combine an attractive income yield with long-term capital growth. This fund allows for quarterly redemptions with 90 days notice and values its underlying real estate investments using income, cost and sales comparison approaches. The remaining real estate limited partnerships consist of investments in 4 limited partnerships that are diversified by investment type and cannot be redeemed. Instead, the nature of the investments in these limited partnerships are that distributions are received through the liquidation of the underlying properties over 7 to 10 years.

3. International equity funds – International equity funds stated at net asset value consist of 3 collective investment funds that invest in global equity securities. 62% of the international equity funds consist of an investment in a global minimum volatility index fund, which seeks to track the investment results of an index composed of global equities that, in the aggregate, have lower volatility characteristics relative to the broader markets. This fund can be redeemed with 2 days notice. The remaining 2 funds consist of an all country world index, excluding U.S., and an emerging markets fund, both of which are redeemable daily.

4. Fixed income funds – Fixed income funds stated at net asset value consist of a $24.7 million investment in a limited partnership and a $19.1 million investment in a limited liability company. The limited partnership's investment objective is to provide superior risk adjusted returns by opportunistically investing on a fully-funded basis without leverage in bank loans and bonds. The limited partnership is redeemable monthly with 31 days notice. The limited liability company is a domestic bond fund that invests all or substantially all of its assets in investment grade debt and fixed income securities rated at the time of purchase at least Baa3 or BBB- or that are of a comparable quality. This investment is redeemable daily.

5. Hedge fund of funds – The hedge fund of funds is a limited partnership which invests in a portfolio of funds. The underlying funds generally implement non-traditional or alternative investment strategies. The hedge fund of funds is redeemable quarterly with 70 days notice.

6. Multi-asset fund – The multi-asset fund's objective is to generate absolute risk adjusted returns over time by utilizing a multi-asset investing approach through a combination of strategic asset allocation and tactical portfolio management and by balancing risk across and within a broad array of asset classes. The fund is redeemable monthly with 15 days notice.

Investments Measured at NAV as of December 31, 2018:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Real asset funds [1]	$ 79,817,905	$ 13,405,885	Qtrly, None	90 days, N/A
Fixed income funds [2]	49,076,326	None	Daily, Monthly	3-31 days
Domestic equity funds [3]	28,785,091	10,475,577	Monthly, None	5 days, N/A
Hedge fund of funds [4]	17,663,217	None	Quarterly	70 days
International equity fund [5]	16,472,718	None	Daily	4 days
Total investments measured at NAV	$ 191,815,257			

1. Real asset funds – 55% of real asset funds consist of an investment in a core-style, open-end real estate fund that holds a strategically diversified portfolio of real estate assets across the four main property types in major markets throughout the United States. The primary performance objective is to combine an attractive income yield with long-term capital growth. This fund allows for quarterly redemptions with 90 days notice and values its underlying real estate investments using income, cost and sales comparison approaches. The remaining 45% of real asset funds consist of investments in 4 limited partnerships that are diversified by investment type and cannot be redeemed. Instead, the nature of the investments in these limited partnerships are that distributions are received through the liquidation of the underlying properties over 7 to 10 years.

2. Fixed income funds – The fixed income funds consist of investments in a $18.6 million collective trust and a $30.5 million limited partnership. The collective trust's investment objective is high total investment return through a combination of current income and capital appreciation and to outperform its benchmark, the Barclays Capital Aggregate Bond Index. The collective trust is redeemable daily with 3 days notice. The limited partnership's investment objective is to provide superior risk adjusted returns by opportunistically investing on a fully-funded basis without leverage in bank loans and bonds. The limited partnership is redeemable monthly with 31 days notice.

3. Domestic equity funds – 63% of domestic equity funds consist of an investment in the Parametric Defensive Equity Fund LLC (the Defensive Equity Fund). The investment objective of the Defensive Equity Fund is to provide favorable risk-adjusted performance relative to the S&P 500 index over the long term and is expected to produce the strongest relative performance when the S&P is experiencing negative returns. The Defensive Equity Fund allows monthly redemptions and the Plan has no unfunded commitments relating to this fund. The remaining domestic equity funds consist of 5 limited partnerships that are diversified by investment type and cannot be redeemed. Instead, the nature of the investments in these funds are that distributions are received through the liquidation of the underlying assets over estimated periods of 10 to 12 years.

4. Hedge fund of funds – The hedge fund of funds is a limited partnership which invests in a portfolio of funds. The underlying funds generally implement non-traditional or alternative investment strategies. The hedge fund of funds is redeemable quarterly with 70 days notice.

5. International equity fund – The international equity fund consists of an investment in the Aberdeen Emerging Equity Fund (the Emerging Equity Fund). The investment objective of the Emerging Equity Fund is to achieve total return in excess of the Morgan Stanley Capital International Inc. Emerging Markets Index through investing in the world's emerging stock markets as defined by the International Finance Corporation or companies with significant activities in emerging markets. The Emerging Equity Fund allows daily redemptions with 4 days notice.

Investment Policies — Funds of the Plan are managed in accordance with Colorado statutes and any other applicable law, and in compliance with the prudent investor rule. The investment of the Plan's assets shall be for the exclusive purpose of providing benefits for the participants and their beneficiaries, and paying the Plan's administrative expenses. The investments shall be prudently selected and properly diversified to fulfill fiduciary responsibilities.

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. The following is the Plan's asset allocation targets as of December 31, 2019:

Asset Class	**Target Allocation**
Public equity	40%
Private equity	5%
Fixed income	25%
Real assets	20%
Other alternative investments	10%

Rate of Return — For the years ended December 31, 2019 and 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.18% and (2.74)%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Credit Risk — Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The Plan's general investment policy is to limit its investments in fixed income securities to those with an S&P/Moody's rating of investment grade BBB/Baa or better, unless expressly permitted by the Board. However, the fixed income portfolio manager is allowed to hold fixed income securities with a rating of BB or B.

The Plan's exposure to fixed income credit risk based on Standard & Poor's ratings is as follows as of December 31, 2019 and 2018:

S&P Rating 2019:	Corporate Securities	US Treasuries	US Govt Agencies	Municipal Bonds	Fixed Income Funds	Total
AAA	$ 423,493	$ 1,880,502		$ 2,192,851	$ 7,231,699	$11,728,545
AA+			$ 7,417,374	1,145,059		8,562,433
AA	274,970			1,405,986		1,680,956
AA-	189,803					189,803
A+	81,114				19,113,311	19,194,425
A	1,385,096			173,263		1,558,359
A-	1,180,083					1,180,083
BBB+	614,978					614,978
BBB	328,286					328,286
B					24,708,216	24,708,216
Total	$ 4,477,823	$ 1,880,502	$ 7,417,374	$ 4,917,159	$51,053,226	$69,746,084

S&P Rating 2018:	Corporate Securities	US Treasuries	US Govt Agencies	Fixed Income Funds	Total
AAA		$ 8,599,494			$ 8,599,494
AA+	$ 759,818		$ 5,835,531		6,595,349
AA	455,287			$18,564,155	19,019,442
AA-	1,314,907				1,314,907
A+	2,637,354				2,637,354
A	1,903,602				1,903,602
A-	3,909,852				3,909,852
BBB+	1,461,695				1,461,695
B				30,512,171	30,512,171
Total	$12,442,515	$ 8,599,494	$ 5,835,531	$49,076,326	$75,953,866

Concentration of Credit Risk — Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Plan limits its investments in any one issuer of equity securities, fixed income securities, short-term investments and commercial paper to no more than 5% of the applicable portfolio. No limitation is placed on investments in U.S. Government guaranteed obligations. No individual investments exceeded 5% of the Plan's net position at December 31, 2019 and 2018.

Interest Rate Risk — Interest rate risk is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. Unless expressly permitted by the Board, the effective duration of any fixed income portfolio shall not exceed 120% of the effective duration of the broad market benchmark included in the instructions to the portfolio manager.

As of December 31, 2019 and 2018, the effective duration of the Plan's fixed income portfolio was 4.0 and 3.0 years, respectively.

Foreign Currency Risk — Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. As of December 31, 2019 and 2018, none of the Plan's investments were denominated in currencies other than the United States dollar.

Appreciation (Depreciation) in Fair Value of Investments — During the years ended December 31, 2019 and 2018, the Plan's investments (including investments bought, sold and held during the year) appreciated (depreciated) in value as follows:

	2019	2018
Equities:		
Domestic	$ 11,803,963	$ (5,355,092)
International	25,119,028	(15,418,202)
Fixed income	5,234,983	(507,435)
Real assets	4,729,900	7,057,547
Other	1,311,507	(296,111)
Net appreciation (depreciation) in fair value of investments	$ 48,199,381	$ (14,519,293)

6. CAPITAL ASSETS

Capital assets consist of the following at December 31, 2019 and 2018:

	2019	2018
Software	$ 650,000	$ 650,000
Furniture and equipment	29,094	29,094
Total	679,094	679,094
Less: accumulated depreciation and amortization	534,689	441,832
Capital assets, net	$ 144,405	$ 237,262

7. SUBSEQUENT EVENTS

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. This pandemic has adversely affected global economic activity and contributed to significant deterioration and instability in financial markets. As a result, the Plan's investment portfolio has incurred a significant decline in fair value since December 31, 2019. However, because the values of the Plan's investments have and will fluctuate in response to changing market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. The value of the Plan's investments has a direct impact on its funded status. Given the daily evolution of the COVID-19 outbreak and the global response to curb its spread, the actual impact on the Plan cannot be determined at this time.

EL PASO COUNTY RETIREMENT PLAN

REQUIRED SUPPLEMENTAL INFORMATION

EL PASO COUNTY RETIREMENT PLAN

REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN THE EMPLOYERS' NET PENSION LIABILITY
FOR THE YEARS ENDED DECEMBER 31, 2014 THROUGH 2019 (2010-2013 not readily available)

	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY						
Service cost	$ 25,693,335	$ 14,603,164	$ 14,137,051	$ 13,323,018	$ 12,598,114	$ 12,000,723
Interest	40,262,706	42,220,721	40,612,030	38,646,606	36,512,406	34,726,814
Differences between expected and actual experience	6,493,184	(692,671)	2,645,182	5,389,208	1,041,616	
Changes of assumptions	(13,948,350)	205,487,369				
Benefit payments	(37,793,171)	(37,589,712)	(31,961,194)	(29,760,901)	(27,333,365)	(24,759,906)
Net change in total pension liability	20,707,704	224,028,871	25,433,069	27,597,931	22,818,771	21,967,631
Total pension liability – Beginning	756,310,674	532,281,803	506,848,734	479,250,803	456,432,032	434,464,401
Total pension liability – Ending (a)	$ 777,018,378	$ 756,310,674	$ 532,281,803	$ 506,848,734	$ 479,250,803	$ 456,432,032
PLAN FIDUCIARY NET POSITION						
Contributions - employer	$ 12,912,807	$ 12,329,099	$ 11,941,183	$ 11,315,200	$ 10,638,797	$ 10,321,799
Contributions - member	13,332,171	13,230,297	12,526,961	11,757,671	11,620,764	10,389,283
Net investment income (loss)	52,894,552	(11,425,480)	45,641,047	29,392,926	(2,031,080)	21,581,313
Benefit payments	(37,793,171)	(37,589,712)	(31,961,194)	(29,760,901)	(27,333,365)	(24,759,906)
Administrative expense	(974,243)	(761,400)	(787,070)	(685,555)	(667,752)	(589,681)
Other	1,081,371	1,108,794	465,966	7,438	28,420	16,083
Net change in plan fiduciary net position	41,453,487	(23,108,402)	37,826,893	22,026,779	(7,744,216)	16,958,891
Recognition of pension liability under GASB 68				(160,000)		
Plan fiduciary net position – Beginning	360,483,046	383,591,448	345,764,555	323,737,776	331,641,992	314,683,101
Plan fiduciary net position – Ending (b)	$ 401,936,533	$ 360,483,046	$ 383,591,448	$ 345,764,555	$ 323,737,776	$ 331,641,992
Employer net pension liability – Ending ((a) – (b))	$ 375,081,845	$ 395,827,628	$ 148,690,355	$ 161,084,179	$ 155,513,027	$ 124,790,040

See notes to required supplemental information.

EL PASO COUNTY RETIREMENT PLAN

REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY
FOR THE YEARS ENDED DECEMBER 31, 2014 THROUGH 2019 (2010-2013 not readily available)

	2019	2018	2017	2016	2015	2014
Total pension liability	$ 777,018,378	$ 756,310,674	$ 532,281,803	$ 506,848,734	$ 479,250,803	$ 456,432,032
Plan fiduciary net position	401,936,533	360,483,046	383,591,448	345,764,555	323,737,776	331,641,992
Employers' net pension liability	$ 375,081,845	$ 395,827,628	$ 148,690,355	$ 161,084,179	$ 155,513,027	$ 124,790,040
Plan fiduciary net position as a percentage of the total pension liability	51.73%	47.66%	72.07%	68.22%	67.55%	72.66%
Covered-employee payroll	$ 158,714,516	$ 151,258,230	$ 146,372,726	$ 138,679,959	$ 130,478,820	$ 123,889,837
Employer net pension liability as a percentage of covered-employee payroll	236.32%	261.69%	101.58%	116.16%	119.19%	100.73%

See notes to required supplemental information.

EL PASO COUNTY RETIREMENT PLAN

REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEARS ENDED DECEMBER 31, 2010 THROUGH 2019
(Dollar Amounts in Thousands)

	Actuarially Determined Employer Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2010	$ 9,315	$ 7,175	$ 2,140	$ 106,957	6.7%
2011	10,633	7,909	2,724	112,232	7.0
2012	11,247	8,736	2,511	116,611	7.5
2013	13,160	8,931	4,229	115,762	7.7
2014	10,604	10,322	282	123,890	8.3
2015	10,763	10,639	124	130,479	8.2
2016	11,629	11,315	314	138,680	8.2
2017	12,260	11,941	319	146,373	8.2
2018	12,466	12,329	137	151,258	8.2
2019	16,314	12,912	3,401	158,715	8.1

See notes to required supplemental information.

EL PASO COUNTY RETIREMENT PLAN

REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF INVESTMENT RETURNS
FOR THE YEARS ENDED DECEMBER 31, 2014 THROUGH 2019 (2010-2013 not readily available)

	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	15.18%	(2.74)%	13.50%	9.20%	(0.66)%	6.89%

See notes to required supplemental information.

1. CHANGES IN BENEFIT TERMS

None

2. CHANGES IN ASSUMPTIONS

2019

Discount rate – Increased from 5.23% as of December 31, 2018 to 5.37% as of December 31, 2019. The Plan's fiduciary net position as of December 31, 2019 was projected to be available to make all projected future benefit payments of current Plan members until 2050. In accordance with GASB requirements, a municipal bond rate was used in the development of the blended GASB discount rate after that point. Based on the long-term investment rate of return of 7.5% and the municipal bond rate of 3.26%, the blended GASB discount rate is 5.37%.

2018

The Board adopted various new assumptions in October 2018 based on an experience study for the period January 1, 2013 to December 31, 2017. The changes in assumptions included the following:

Investment rate of return – reduced from 8% to 7.5%, net of investment expenses. This is based on an average inflation rate of 2.5% and a real rate of return of 5.0%.

Discount rate – Reduced from 8% as of December 31, 2017 to 5.23% as of December 31, 2018. The Plan's fiduciary net position as of December 31, 2018 was projected to be available to make all projected future benefit payments of current Plan members until 2045. In accordance with GASB requirements, a municipal bond rate was used in the development of the blended GASB discount rate after that point. Based on the long-term investment rate of return of 7.5% and the municipal bond rate of 3.64%, the blended GASB discount rate was 5.23%.

Inflation – reduced from 3.5% to 2.5%.

Salary increases – graded by service, from 8.0% to 3.0%. Previously, graded by service, from 7.76% to 3.75%.

Mortality – based on the RP-2000 Sex-Distinct Mortality Table projected generationally using Projection Scale MP-2017 and for disabled members the RP-2000 Disabled Mortality Table projected generationally using Projection Scale MP-2017. Previously, projected generationally using Projection Scale AA, with one-year setback for females

Retirement and Withdrawal Rates – changes made to assumed retirement and withdrawal rates throughout age ranges.

Percent Married – 75% assumed to have eligible spouses, reduced from 85%.

3. METHODS AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED AMOUNTS

Valuation date (rollforward)	December 31, 2019 (rolled forward from last actuarial valuation date of December 31, 2018.

Actuarially determined contribution rates are calculated as of December 31.

Methods and assumptions used:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Amortization period	The unfunded actuarial accrued liability as of December 31, 2019 is amortized over a closed period of 30 years. Future annual changes in unfunded actuarial accrued liability will be amortized over closed 25-year periods.
Asset valuation method	Actuarial value that smooths investment gains and losses over 5 years, constrained to a range of 80% - 120% of fair value.
Investment rate of return	7.5%, net of pension plan investment expenses. This is based on an average inflation rate of 2.5% and a real rate of return of 5.0%.
Inflation	2.5% per annum.
Salary increases	Graded by service, from 8.0% to 3.0%.
Retirement age	An age-related assumption is used for members not yet receiving payments.
Mortality	RP-2000 Sex-Distinct Mortality Table projected generationally using Projection Scale MP-2017 and for disabled members the RP-2000 Disabled Mortality Table projected generationally using Projection Scale MP-2017.
Discount rate	The discount rate used to measure the total pension liability was 5.37%, Based on the long-term investment rate of return of 7.5% and the municipal bond rate of 3.26%.

EL PASO COUNTY RETIREMENT PLAN

SUPPORTING SCHEDULES

EL PASO COUNTY RETIREMENT PLAN

SUPPORTING SCHEDULES
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
PERSONNEL SERVICES		
Staff salaries	$ 195,213	$ 204,886
Retirement	233,863	24,441
Insurance	36,826	33,762
Social Security	13,577	14,596
Total personnel services	479,479	277,685
PROFESSIONAL SERVICES		
Legal and accounting	144,715	109,733
Actuarial	99,208	133,764
Audit	27,000	26,000
Total professional services	270,923	269,497
COMMUNICATION		
Printing and copying	5,406	6,157
Other	10,169	6,433
Total communication	15,575	12,590
MISCELLANEOUS		
Depreciation	92,857	92,857
Software maintenance	61,600	61,468
Insurance	44,667	40,667
Other	9,142	6,636
Total miscellaneous	208,266	201,628
TOTAL ADMINISTRATIVE EXPENSES	$ 974,243	$ 761,400

EL PASO COUNTY RETIREMENT PLAN

SUPPORTING SCHEDULES
SCHEDULE OF INVESTMENT EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Direct investment management fees	$ 1,446,125	$ 1,684,712
Investment consulting fees	208,519	91,335
Custodian fees	66,540	66,451
TOTAL INVESTMENT EXPENSES	$ 1,721,184	$ 1,842,498

EL PASO COUNTY RETIREMENT PLAN

SUPPORTING SCHEDULES
SCHEDULE OF CONSULTANT EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Legal – Bryan Cave, LLP	$ 116,715	$ 87,733
Actuarial – Conduent	99,208	133,764
Accounting – L. Lomas & Company, Inc.	28,000	22,000
Audit – Stockman Kast Ryan + Co, LLP	27,000	26,000
Total consultant expenses	$ 270,923	$ 269,497