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STOCKMAN KAST RYAN + COMPANY

EL PASO COUNTY RETIREMENT PLAN

Management's Discussion and Analysis and Financial Statements

For the Years Ended December 31, 2020 and 2019,

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, 2020 and 2019 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, 2020 and 2019, 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 10, 2021

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 2020 by $28.5 million to $430.4 million. The primary reason for the increase in net position was investment income of $38.4 million, along with contributions of $29.5 million, offset by benefit payments of $39.8 million. The statements of fiduciary net position are summarized below:

Condensed Statements of Fiduciary Net Position
(in thousands)

	2020	2019	2018
ASSETS			
Cash and cash equivalents	$ 11,267	$ 8,166	$ 5,867
Investments	419,967	394,236	355,327
Receivables	77	167	513
Capital assets, net	52	144	237
Total assets	431,363	402,713	361,944
LIABILITIES	966	777	1,461
NET POSITION RESTRICTED FOR PENSIONS	$ 430,397	$ 401,936	$ 360,483

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):

	2020	2019	2018
Investment income (loss)	$ 38,402	$ 52,895	$ (11,425)
Employer contributions	14,231	12,913	12,329
Employee contributions	15,314	13,332	13,230
Other income	1,077	1,081	1,109
Total additions	$ 69,024	$ 80,221	$ 15,243

Investment income of $38.4 million in 2020 consisted primarily of net appreciation in fair value of investments of $36.7 million. The appreciation in fair value of investments was mainly the result of the strong performance of the domestic and international equity markets during 2020. The Plan had realized and unrealized gains on its domestic and international equity portfolios of $19.3 million and $8.8 million, respectively.

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 portfolios 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.

Employer and employee contributions increased in 2020 and 2019 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):

	2020	2019	2018
Pension benefits	$ 35,906	$ 33,066	$ 32,520
Termination refunds	2,889	3,793	3,489
Death benefits	1,040	934	1,581
Administrative expenses	728	974	761
Total deductions	$ 40,563	$ 38,767	$ 38,351

Deductions from fiduciary net position increased by 1.0% in both 2019 and 2020, 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 2020 and 2019.

Administrative expenses were higher in 2019, as compared with 2020 and 2018 mainly due to an increase in the Plan's pension liability for its employees of $220,000.

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, 2020 was determined by an actuarial valuation as of December 31, 2019 and rolled forward to December 31, 2020 (the measurement date). The net pension liability is calculated as the total pension liability less the plan fiduciary net position.

As of December 31, 2020, 2019 and 2018, the Plan's net pension liability and fiduciary net position as a percentage of the total pension liability are as follows:

	2020	2019	2018
Total pension liability	$ 1,039,172,623	$ 777,018,378	$ 756,310,674
Plan fiduciary net position	430,397,487	401,936,533	360,483,046
Employers' net pension liability	$ 608,775,136	$ 375,081,845	$ 395,827,628
Net position as percentage of total pension liability	41.42%	51.73%	47.66%

The increase in the net pension liability as of December 31, 2020 is primarily the result of the following factors:

1. The Plan reduced the long-term expected rate of return on investments from 7.5% to 7.0% to better reflect expected future experience.
2. 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. The Plan's fiduciary net position is only projected to be available to make all projected future benefit payments of current plan members until 2044. 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 3.26% at the end of 2019. When blended with the long-term investment rate of return of 7.5%, the blended GASB discount rate was 5.23%. As of December 31, 2020, the municipal bond rate was 2.00%. When blended with the investment rate of return of 7.0%, the blended GASB discount rate was 3.39%

As of December 31, 2020, the Plan's fiduciary net position was only projected to be available to make all projected future benefit payments of current plan members until 2044. 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 for 2020 is $18.8 million. Actual employer contributions for 2020 totaled $14.2 million, resulting in a contribution deficiency for 2020 of $4.6 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 7.0%. 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 2020.

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 contribution levels, increasing the years needed to vest, increasing eligibility requirements and decreasing benefit levels for new hires. 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 30.

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, 2020 AND 2019

	2020	2019
ASSETS		
CASH AND CASH EQUIVALENTS	$ 11,267,758	$ 8,166,458
INVESTMENTS		
Equities:		
Domestic	123,389,651	100,975,106
International	83,880,593	90,743,490
Fixed income	74,016,307	76,894,591
Real assets	81,181,750	90,094,064
Multi-asset fund	34,527,754	8,978,650
Hedge fund of funds	16,581,672	18,720,075
Commodities funds	6,389,322	7,829,729
Total investments	419,967,049	394,235,705
RECEIVABLES	77,027	166,792
CAPITAL ASSETS, NET	51,548	144,405
TOTAL ASSETS	431,363,382	402,713,360
LIABILITIES		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	965,895	776,827
NET POSITION RESTRICTED FOR PENSIONS	$ 430,397,487	$ 401,936,533

See notes to financial statements.

EL PASO COUNTY RETIREMENT PLAN

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
ADDITIONS		
INVESTMENT INCOME		
Net appreciation in fair value of investments	$ 36,677,074	$ 48,199,381
Interest and dividends	3,635,837	6,416,355
Investment expenses	(1,911,258)	(1,721,184)
Net investment income	38,401,653	52,894,552
CONTRIBUTIONS		
Employers	14,230,827	12,912,807
Employees	15,314,376	13,332,171
Total contributions	29,545,203	26,244,978
OTHER INCOME	1,076,764	1,081,371
TOTAL ADDITIONS	69,023,620	80,220,901
DEDUCTIONS		
BENEFITS PAID TO PARTICIPANTS		
Pension	35,906,049	33,066,182
Termination refunds	2,888,677	3,793,270
Death	1,040,068	933,719
Total	39,834,794	37,793,171
ADMINISTRATIVE EXPENSES	727,872	974,243
TOTAL DEDUCTIONS	40,562,666	38,767,414
NET INCREASE IN NET POSITION	28,460,954	41,453,487
NET POSITION RESTRICTED FOR PENSIONS:		
Beginning of year	401,936,533	360,483,046
End of year	$ 430,397,487	$ 401,936,533

See notes to financial statements.

EL PASO COUNTY RETIREMENT PLAN

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, 2019 (the most recent actuarial valuation date):

Inactive Plan members currently receiving benefits	1,824
Inactive Plan members entitled to but not yet receiving benefits	490
Active Plan members	2,863
Total	5,177

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 2020 and 2019.

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 both 2020 and 2019, the Plan received $1,075,000 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 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, 2020. Plan fiduciary net position is measured at December 31, 2020. The total pension liability is determined by an actuarial valuation as of December 31, 2019, and rolled forward to the measurement date of December 31, 2020. 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, 2020.

The components of the net pension liability as of December 31, 2020 are as follows:

Total pension liability	$ 1,039,172,623
Plan fiduciary net position	430,397,487
Net pension liability	$ 608,775,136
Plan fiduciary net position as a percentage of the total pension liability	41.42%

Actuarial Assumptions — The total pension liability was determined by an actuarial valuation as of December 31, 2019, and rolled forward to the measurement date of December 31, 2020. The following is a summary of the actuarial assumptions as of December 31, 2020:

Inflation	2.5%
Salary increases	Graded by service, from 8.0% to 3.0%
Investment rate of return	7.0%, net of investment expenses. This is based on an average inflation rate of 2.5% and a real rate of return of 4.5%.
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 Plan's last actuarial experience study was for the period from January 1, 2013 to December 31, 2017.

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**
Equities	6.63%
Fixed income	3.01%
Real assets	5.57%
Diversifying alternative investments	4.30%

Discount Rate — The discount rate used to measure the total pension liability was 3.39%. 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 2044. 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 2.00% is based on an index of 20-year general obligation bonds with an average AA credit rating as of December 31, 2020. Based on the long-term investment rate of return of 7.0% and the municipal bond rate of 2.00%, the blended GASB discount rate is 3.39%.

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 3.39%, 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 (2.39%) or 1-percentage-point higher (4.39%) than the current rate:

	1% Decrease (2.39%)	**Current Discount Rate (3.39%)**	**1% Increase (4.39%)**
Net pension liability	$ 775,260,836	$ 608,775,136	$ 474,824,165

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 $8,824,813 and $8,068,252 on deposit with banking institutions at December 31, 2020 and 2019, respectively. Of the bank balances, up to $250,000 per institution is insured by the Federal Deposit Insurance Corporation at December 31, 2020 and 2019. The uninsured balance is collateralized with securities held by the banking institutions but not in the Plan's name. In addition, $2,442,945 and $98,206 was held by money managers in banking institutions at December 31, 2020 and 2019, 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, 2020 and 2019:

		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, 2020:				
Investments by fair value level:				
International equity funds	$ 39,922,918	$ 39,922,918		
Domestic equity funds	28,011,902	28,011,902		
Fixed income:				
Fixed income funds	24,404,952	24,404,952		
U.S. Government agencies	4,808,714		$ 4,808,714	
Municipal bonds	2,705,536		2,705,536	
Corporate securities	2,028,858		2,028,858	
U.S. Treasuries	829,492		829,492	
Real asset funds	6,439,897	6,439,897		
Commodities funds	6,389,322	6,389,322		
Total investments by fair value level	115,541,591	$105,168,991	$10,372,600	$ —
Investments measured at NAV:				
Domestic equity funds	95,377,749			
Real asset funds	74,741,853			
International equity funds	43,957,675			
Fixed income funds	39,238,755			
Hedge fund of funds	16,581,672			
Multi-asset fund	34,527,754			
Total investments measured at NAV	304,425,458			
Total investments measured at fair value	$419,967,049			

	Fair Value	Fair Value Measurements Using Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
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	7,417,374		$ 7,417,374	
Inflation protected bond fund	7,231,699	7,231,699		
Municipal bonds	4,917,159		4,917,159	
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	73,136,880			
Real asset funds	79,950,900			
International equity funds	44,838,128			
Fixed income funds	50,970,034			
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			

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, 2020:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Domestic equity funds (1)	$ 95,377,749	$ 6,920,472	Daily, Monthly, None	1-5 days, N/A
Real asset funds (2)	74,741,853	3,895,203	Qtrly, None	90 Days, N/A
International equity funds (3)	43,957,675	13,555	Daily, None	1-2 days, N/A
Fixed income funds (4)	39,238,755	7,860,000	Daily, Monthly, None	30-31 days, N/A
Hedge fund of funds (5)	16,581,672	None	Quarterly	70 days
Multi-asset fund (6)	34,527,754	None	Monthly	15 days
Total investments measured at NAV	$ 304,425,458			

1. Domestic equity funds – Domestic equity funds reported at net asset value consist of 10 limited partnerships and collective investment funds with various investment objectives. The domestic equity funds are diversified by investment type with respect to the underlying company size, industry and other factors. The funds have redemption features from daily to non-redeemable. The non-redeemable funds total $14.1 million.

2. Real asset funds – Real asset funds stated at net asset value consist of 5 limited partnerships. 59% 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 primarily of 3 collective investment funds that invest in global equity securities. 60% 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 include 7 funds that seek results which correspond generally to the price and yield performance of a particular index or to produce returns in excess of the total rate of return of a particular benchmark. Redemption frequencies vary from daily to none. The non-redeemable funds total $7.8 million.

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, 2019:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Domestic equity funds [1]	$ 73,136,880	$ 3,554,582	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]	50,970,034	$ 1,000,000	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 10 limited partnerships and collective investment funds with various investment objectives. 41% 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 primarily 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.

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, 2020:

Asset Class	**Target Allocation**
Global equity	38.5%
Private equity	9.75%
Fixed income	20.5%
Real assets	19.5%
Other alternative investments	11.75%

Rate of Return — For the years ended December 31, 2020 and 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.98% and 15.18%, 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, 2020 and 2019:

Credit Rating 2020:	Corporate Securities	US Treasuries	US Govt Agencies	Municipal Bonds	Fixed Income Funds	Total
AAA	$ 200,862	$ 829,492		$ 1,114,261	$ 2,689,899	$ 4,834,514
AA+			$ 4,808,714	634,017		5,442,731
AA	157,330			783,099	675,397	1,615,826
A+	134,722				10,606,913	10,741,635
A	642,732			86,416	688,385	1,417,533
A-	310,382					310,382
BBB+	366,288					366,288
BBB	216,542			87,743	4,539,073	4,843,358
BB					10,994,714	10,994,714
B+					9,252,607	9,252,607
B					12,555,691	12,555,691
CCC and below					2,758,405	2,758,405
Not rated					8,882,623	8,882,623
Total	$ 2,028,858	$ 829,492	$ 4,808,714	$ 2,705,536	$ 63,643,707	$ 74,016,307

Credit 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
Not rated					7,148,507	7,148,507
Total	$ 4,477,823	$ 1,880,502	$ 7,417,374	$ 4,917,159	$ 58,201,733	$ 76,894,591

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, 2020 and 2019.

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, 2020 and 2019, the effective duration of the Plan's fixed income portfolio was 4.8 and 4.0 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, 2020 and 2019, the Plan's investments denominated in currencies other than the United States dollar were immaterial in amount.

Appreciation (Depreciation) in Fair Value of Investments — During the years ended December 31, 2020 and 2019, the Plan's investments (including investments bought, sold and held during the year) appreciated (depreciated) in value as follows:

	2020	**2019**
Equities:		
Domestic	$ 19,309,686	$ 11,803,963
International	8,785,953	25,119,028
Fixed income	4,309,957	5,234,983
Real assets	(635,518)	4,729,900
Other	4,906,996	1,311,507
Net appreciation in fair value of investments	$ 36,677,074	$ 48,199,381

6. CAPITAL ASSETS

Capital assets consist of the following at December 31, 2020 and 2019:

	2020	**2019**
Software	$ 650,000	$ 650,000
Furniture and equipment	29,094	29,094
Total	679,094	679,094
Less: accumulated depreciation and amortization	627,546	534,689
Capital assets, net	$ 51,548	$ 144,405

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 2020 (2011-2013 not readily available)

	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY							
Service cost	$ 31,983,784	$ 25,693,335	$ 14,603,164	$ 14,137,051	$ 13,323,018	$ 12,598,114	$ 12,000,723
Interest	41,517,844	40,262,706	42,220,721	40,612,030	38,646,606	36,512,406	34,726,814
Differences between expected and actual experience	(12,426,786)	6,493,184	(692,671)	2,645,182	5,389,208	1,041,616	
Changes of assumptions	240,914,197	(13,948,350)	205,487,369				
Benefit payments	(39,834,794)	(37,793,171)	(37,589,712)	(31,961,194)	(29,760,901)	(27,333,365)	(24.759,906)
Net change in total pension liability	262,154,245	20,707,704	224,028,871	25,433,069	27,597,931	22,818,771	21,967,631
Total pension liability – Beginning	777,018,378	756,310,674	532,281,803	506,848,734	479,250,803	456,432,032	434,464,401
Total pension liability – Ending (a)	$1,039,172,623	$ 777,018,378	$ 756,310,674	$ 532,281,803	$ 506,848,734	$ 479,250,803	$ 456,432,032
PLAN FIDUCIARY NET POSITION							
Contributions - employer	$ 14,230,827	$ 12,912,807	$ 12,329,099	$ 11,941,183	$ 11,315,200	$ 10,638,797	$ 10,321,799
Contributions - member	15,314,376	13,332,171	13,230,297	12,526,961	11,757,671	11,620,764	10,389,283
Net investment income (loss)	38,401,653	52,894,552	(11,425,480)	45,641,047	29,392,926	(2,031,080)	21,581,313
Benefit payments	(39,834,794)	(37,793,171)	(37,589,712)	(31,961,194)	(29,760,901)	(27,333,365)	(24,759,906)
Administrative expense	(727,872)	(974,243)	(761,400)	(787,070)	(685,555)	(667,752)	(589,681)
Other	1,076,764	1,081,371	1,108,794	465,966	7,438	28,420	16,083
Net change in plan fiduciary net position	28,460,954	41,453,487	(23,108,402)	37,826,893	22,026,779	(7,744,216)	16,958,894
Recognition of pension liability under GASB 68					(160,000)		
Plan fiduciary net position – Beginning	401,936,533	360,483,046	383,591,448	345,764,555	323,737,776	331,641,992	314,683,101
Plan fiduciary net position – Ending (b)	$ 430,397,487	$ 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))	$ 608,775,136	$ 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 2020 (2011-2013 not readily available)

	2020	2019	2018	2017	2016	2015	2014
Total pension liability	$1,039,172,623	$ 777,018,378	$ 756,310,674	$ 532,281,803	$ 506,848,734	$ 479,250,803	$ 456,432,032
Plan fiduciary net position	430,397,487	401,936,533	360,483,046	383,591,448	345,764,555	323,737,776	331,641,992
Employers' net pension liability	$ 608,775,136	$ 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	41.42%	51.73%	47.66%	72.07%	68.22%	67.55%	72.66%
Covered-employee payroll	$ 177,885,338	$ 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	342.23%	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, 2011 THROUGH 2020
(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
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
2020	18,838	14,231	4,607	177,885	8.0

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 2020 (2011-2013 not readily available)

	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	9.98%	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

2020

Discount rate - Decreased from 5.37% as of December 31, 2019 to 3.39% as of December 31, 2020. The Plan's fiduciary net position as of December 31, 2020 was projected to be available to make all projected future benefit payments of current Plan members until 2044. 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 7.0% and the municipal bond rate of 2.0%, the blended GASB discount rate was 3.39% as of December 31, 2020.

Investment rate of return – reduced from 7.5% to 7.0%, net of investment expenses. This is based on an average inflation rate of 2.5% and a real rate of return of 4.5%.

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 was 5.37% as of December 31, 2019.

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 8.0% 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 8.0% as of December 31, 2018 to 5.23% 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 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, 2020 (rolled forward from last actuarial valuation date of December 31, 2019).

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, 2018 is amortized over a 30-year closed period. Subsequent annual changes in unfunded actuarial accrued liability are amortized over 20-year closed periods.
Asset valuation method	Actuarial value that recognizes investment gains and losses over 5 years, constrained to a range of 80% - 120% of fair value.
Investment rate of return	7.0%, net of pension plan investment expenses. This is based on an average inflation rate of 2.5% and a real rate of return of 4.5%.
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 3.39%, based on the long-term investment rate of return of 7.0% and the municipal bond rate of 2.00%.

EL PASO COUNTY RETIREMENT PLAN

SUPPORTING SCHEDULES

EL PASO COUNTY RETIREMENT PLAN

SUPPORTING SCHEDULES
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
PERSONNEL SERVICES		
Staff salaries	$ 145,774	$ 195,213
Retirement	9,425	233,863
Insurance	39,910	36,826
Social Security	12,419	13,577
Total personnel services	207,528	479,479
PROFESSIONAL SERVICES		
Legal and accounting	169,376	144,715
Actuarial	104,399	99,208
Audit	27,500	27,000
Total professional services	301,275	270,923
MISCELLANEOUS		
Depreciation	92,857	92,857
Software maintenance	60,300	61,600
Insurance	50,149	44,667
Other	15,763	24,717
Total miscellaneous	219,069	223,841
TOTAL ADMINISTRATIVE EXPENSES	$ 727,872	$ 974,243

EL PASO COUNTY RETIREMENT PLAN

SUPPORTING SCHEDULES
SCHEDULE OF INVESTMENT EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Direct investment management fees	$ 1,231,277	$ 1,446,125
Investment consulting fees	610,922	208,519
Custodian fees	69,059	66,540
TOTAL INVESTMENT EXPENSES	$ 1,911,258	$ 1,721,184

EL PASO COUNTY RETIREMENT PLAN

SUPPORTING SCHEDULES
SCHEDULE OF CONSULTANT EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Legal – Groom Law Group	$ 128,920	
Legal – Bryan Cave, LLP	18,456	$ 116,715
Actuarial – Conduent	104,399	99,208
Accounting – L. Lomas & Company, Inc.	22,000	28,000
Audit – Stockman Kast Ryan + Co, LLP	27,500	27,000
Total consultant expenses	$ 301,275	$ 270,923