

**COLORADO COUNTY OFFICIALS AND
EMPLOYEES RETIREMENT ASSOCIATION**

**Financial Statements
and
Independent Auditors' Report
June 30, 2016 and 2015**

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**COLORADO COUNTY OFFICIALS AND
EMPLOYEES RETIREMENT ASSOCIATION**

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INDEPENDENT AUDITORS' REPORT

To the Governing Board of
Colorado County Officials and Employees Retirement Association
Littleton, Colorado

REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Colorado County Officials and Employees Retirement Association (the "Association"), which are comprised of the statements of fiduciary net position as of June 30, 2016 and 2015, 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 from 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 auditors' 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 auditors consider 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 Colorado County Officials and Employees Retirement Association as of June 30, 2016 and 2015, and the changes in financial position for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 11 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 supplementary 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Association's basic financial statements. The combining individual fund financial statements and schedules of administrative expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements and schedules of administrative expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining individual fund financial statements and schedules of administrative expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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**COLORADO COUNTY OFFICIALS AND
EMPLOYEES RETIREMENT ASSOCIATION**

**Management's Discussion and Analysis
June 30, 2016 and 2015**

Overview of the Financial Statements

Management's discussion and analysis is intended to provide a narrative introduction and overview to the Colorado County Officials and Employees Retirement Association's (the "Association" or "CCOERA") financial statements for the years ended June 30, 2016 and 2015. The Association is the trustee of the Colorado County Officials and Employees Retirement Association Retirement Plan (the "Retirement Plan") and the Colorado County Officials and Employees Retirement Association Deferred Compensation Plan (the "Deferred Compensation Plan") (collectively, the "Plans"). Please read this discussion and analysis in conjunction with the financial statements and notes to the financial statements.

The Association's financial statements consist of the Statements of Fiduciary Net Position, Statements of Changes in Fiduciary Net Position, and Notes to Financial Statements. These financial statements report information about the Plans as a whole and about their financial condition that should help answer the question: Are the Plans as a whole better off or worse as a result of this year's activities? The net position held in trust for pension benefits is one means of assessing the financial health of an organization, looking to the assets that the fiduciary funds have, compared to the liabilities against those assets. With the Association, it is a means of determining whether the assets are sufficient to pay retirement benefits. Due to the nature of the Plans, the retirement benefits are 100% funded, meaning that currently there are sufficient assets to pay retirement benefits. The statements of changes in fiduciary net position provide a view of the current year's additions and deductions to the Association. The Summary of Accounting Policies and the Notes to Financial Statements provide additional information relative to the financial statements that is essential for a full understanding of the data provided in the Association's financial statements.

**COLORADO COUNTY OFFICIALS AND
EMPLOYEES RETIREMENT ASSOCIATION**

**Management's Discussion and Analysis
June 30, 2016 and 2015**

Financial Analysis

Comparative Financial Information

Statements of Fiduciary Net Position

	<u>June 30,</u>		
	<u>2016</u>	<u>2015</u>	<u>Percent Change</u>
Assets			
Cash	\$ 258,687	\$ 225,736	14.6 %
Loans receivable	24,278,627	25,211,527	(3.7)%
Recordkeeping fees receivable	164,112	184,519	(11.1)%
Investments	1,375,270,737	1,374,168,540	0 %
Other assets	<u>1,223,146</u>	<u>1,283,607</u>	(4.7)%
Total assets	<u>1,401,195,309</u>	<u>1,401,073,929</u>	0 %

Liabilities and Net Position

Accounts payable and accrued liabilities	<u>716,539</u>	<u>676,476</u>	5.9 %
Net position held in trust for pension benefits	<u>\$1,400,478,770</u>	<u>\$1,400,397,453</u>	0 %

	<u>June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>Percent Change</u>
Assets			
Cash	\$ 225,736	\$ 278,508	(18.9)%
Loans receivable	25,211,527	25,124,269	0.3 %
Recordkeeping fees receivable	184,519	253,817	(27.3)%
Investments	1,374,168,540	1,344,732,605	2.2 %
Other assets	<u>1,283,607</u>	<u>1,292,787</u>	(0.7)%
Total assets	<u>1,401,073,929</u>	<u>1,371,681,986</u>	2.1 %

Liabilities and Net Position

Accounts payable and accrued liabilities	<u>676,476</u>	<u>925,360</u>	(26.9)%
Net position held in trust for pension benefits	<u>\$1,400,397,453</u>	<u>\$1,370,756,626</u>	2.2 %

**COLORADO COUNTY OFFICIALS AND
EMPLOYEES RETIREMENT ASSOCIATION**

**Management's Discussion and Analysis
June 30, 2016 and 2015**

Financial Analysis (continued)

Comparative Financial Information (continued)

Statements of Changes in Fiduciary Net Position

	For the Years Ended		<u>Percent Change</u>
	<u>June 30,</u>		
	<u>2016</u>	<u>2015</u>	
Additions			
Member employer contributions	\$ 37,306,952	\$ 35,411,908	5.4 %
Participant contributions	53,702,795	51,019,770	5.3 %
Participant rollovers	12,795,813	8,688,215	47.3 %
Recordkeeping fees	457,324	425,689	7.4 %
Interest and other	<u>1,096,900</u>	<u>1,064,754</u>	3.0 %
Total additions	<u>105,359,784</u>	<u>96,610,336</u>	9.1 %
Investment (loss) income	<u>(10,139,200)</u>	<u>41,330,575</u>	(124.5)%
Deductions			
Participants' benefit distributions	86,700,337	99,146,392	(12.6)%
Plan-to-plan transfers	5,523,182	6,325,497	(12.7)%
Administrative expenses	<u>2,915,748</u>	<u>2,828,195</u>	3.1 %
Total deductions	<u>95,139,267</u>	<u>108,300,084</u>	(12.2)%
Increase in net position held in trust for pension benefits	81,317	29,640,827	(99.7)%
Net position held in trust for pension benefits			
Beginning of year	<u>1,400,397,453</u>	<u>1,370,756,626</u>	2.2 %
End of year	<u>\$1,400,478,770</u>	<u>\$1,400,397,453</u>	0 %

**COLORADO COUNTY OFFICIALS AND
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**Management's Discussion and Analysis
June 30, 2016 and 2015**

Financial Analysis (continued)

Comparative Financial Information (continued)

Statements of Changes in Fiduciary Net Position (continued)

	For the Years Ended		
	June 30,		
	<u>2015</u>	<u>2014</u>	<u>Percent Change</u>
Additions			
Member employer contributions	\$ 35,411,908	\$ 34,253,713	3.4 %
Participant contributions	51,019,770	49,227,915	3.6 %
Participant rollovers	8,688,215	10,240,084	(15.2)%
Recordkeeping fees	425,689	601,769	(29.3)%
Interest and other	<u>1,064,754</u>	<u>1,086,623</u>	(2.0)%
Total additions	<u>96,610,336</u>	<u>95,410,104</u>	1.3 %
Investment income	<u>41,330,575</u>	<u>143,155,304</u>	(71.1)%
Deductions			
Participants' benefit distributions	99,146,392	81,272,193	22.0 %
Plan-to-plan transfers	6,325,497	5,365,161	17.9 %
Administrative expenses	<u>2,828,195</u>	<u>2,792,695</u>	1.3 %
Total deductions	<u>108,300,084</u>	<u>89,430,049</u>	21.1 %
Increase in net position held in trust for pension benefits	29,640,827	149,135,359	(80.1)%
Net position held in trust for pension benefits			
Beginning of year	<u>1,370,756,626</u>	<u>1,221,621,267</u>	12.2 %
End of year	<u>\$1,400,397,453</u>	<u>\$1,370,756,626</u>	2.2 %

**COLORADO COUNTY OFFICIALS AND
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**Management's Discussion and Analysis
June 30, 2016 and 2015**

Summary of Statements of Fiduciary Net Position

All of the Association's net position is used to pay for accrued retirement benefits of plan participants except for the net position of the Association's administration totaling \$5,218,070, \$5,675,339, and \$6,045,572 as of June 30, 2016, 2015, and 2014, respectively. The net position of the Association's administration is available to the members of the Association. The Association's net position held in trust for pension benefits exceeds \$1,400,000,000 at June 30, 2016. Assets mainly consist of investments, cash, receivables, and property and equipment. As of June 30, 2016, 27.5% of the investment assets, or \$378,094,135, was invested in the Book Value Fund. Other investment assets of \$997,176,602 represent investments of \$973,498,503 in 16 publicly traded mutual funds and 12 customized target date funds and \$23,678,099 invested in self-directed brokerage accounts. The remainder of the Association's assets consists of cash of \$258,687, loan receivables of \$24,278,627, net property and equipment of \$1,176,158, and other assets of \$211,100. The Association occupies a building and land purchased on January 17, 2008 for a total cost of \$1,464,855. The investment loss on the Association's investments was over \$10,000,000 during the year ended June 30, 2016.

By way of comparison, as of June 30, 2015, 26.2% of the investment assets, or \$360,514,964, was invested in the Book Value Fund. Other investment assets of \$1,013,653,576 represented investments of \$990,136,400 in 16 publicly traded mutual funds and 5 customized portfolios and \$23,517,176 invested in self-directed brokerage accounts. The remainder of the Association's assets consisted of cash of \$225,736, loan receivables of \$25,211,527, net property and equipment of \$1,238,247, and other assets of \$229,879. The investment income on the Association's investments was over \$41,000,000 for the year ended June 30, 2015.

As of June 30, 2016, 2015, and 2014, the Association's net position held in trust for pension benefits was \$1,400,478,770, \$1,400,397,453, and \$1,370,756,626, representing total assets of \$1,401,195,309, \$1,401,073,929, and \$1,371,681,986, less total liabilities of \$716,539, \$676,476, and \$925,360, respectively. During the fiscal years ended June 30, 2016, 2015, and 2014, the net position held in trust for benefits increased 0%, 2.2%, and 12.2%, or \$81,317, \$29,640,827, and \$149,135,359, respectively. The increase in net position held in trust for pension benefits is further explained below in the summary of statements of changes in fiduciary net position.

**COLORADO COUNTY OFFICIALS AND
EMPLOYEES RETIREMENT ASSOCIATION**

**Management's Discussion and Analysis
June 30, 2016 and 2015**

Summary of Statements of Changes in Fiduciary Net Position

The Association's investment income consists of interest income and investment gains or losses in the market value of its investments. Investments of the Association had a total net investment loss of \$10,139,200 during fiscal year 2016 and a gain of a \$41,330,575 during fiscal year 2015. Of this amount, mutual fund investments decreased by \$16,788,293 and increased by \$35,048,521 in net market value during fiscal years 2016 and 2015, respectively. For the fiscal years ended June 30, 2016 and 2015, where the S&P 500 Index went up 1.7% and 5.3%, respectively, these losses and gains recognized in fiscal years 2016 and 2015 were not unexpected. The remainder of total net investment gain is from Book Value Fund income. Total income earned on the Book Value Fund during fiscal years 2016 and 2015 was \$6,649,093 and \$6,282,054, respectively.

During the fiscal years ended June 30, 2016 and 2015, the Association incurred \$2,915,748 and \$2,828,195, respectively, of administrative expenses. The largest component of this amount was for salaries and personnel of \$1,227,395 and \$1,145,506 for 2016 and 2015, respectively. Other significant expense items included recordkeeping fees, system maintenance, consultant and investment advisors, depreciation, administrative, and insurance. Recordkeeping fees and system maintenance for 2016 and 2015 were \$1,154,366 and \$1,148,304, respectively. The Association also incurred consultant and investment advisor expenses of \$109,361 and \$109,004 for 2016 and 2015, respectively. Other major expenses incurred during 2016 and 2015 were for depreciation of \$68,572 and \$73,820; administrative expenses of \$65,581 and \$61,670; insurance of \$59,669 and \$59,172; travel-related expenses of \$55,566 and \$49,489, primarily related to participant education and counseling efforts; accounting and auditing of \$54,000 and \$54,000; and legal fees of \$51,942 and \$56,153, respectively.

During the fiscal years ended June 30, 2016 and 2015, contributions to both the Retirement Plan and the Deferred Compensation Plan totaled \$103,805,560 and \$95,119,893, consisting of \$37,306,952 and \$35,411,908 in member employer contributions; \$53,702,795 and \$51,019,770 in participant contributions; and \$12,795,813 and \$8,688,215 in participant rollovers, respectively. Distributions for the payment of benefits and for plan-to-plan transfers totaled \$92,223,519 and \$105,471,889 for the fiscal years ended June 30, 2016 and 2015, respectively.

The net impact of the Association's net investment gains and losses, contributions, revenues, distributions, and administrative expenses was a total increase in net position held in trust for pension benefits of \$81,317 and \$29,640,827 for the fiscal years ended June 30, 2016 and 2015, respectively.

COLORADO COUNTY OFFICIALS AND EMPLOYEES RETIREMENT ASSOCIATION

Management's Discussion and Analysis June 30, 2016 and 2015

Economic and Industry Considerations

The Federal Reserve Board appears to be signaling an upward path for interest rates. Chair Janet Yellen recently said that the case for an increase in the federal funds rate has strengthened in recent months. Despite facing challenges at the domestic level along with a rapidly transforming global landscape, the U.S. economy is still the largest and most important in the world. The U.S. economy represents about 20% of total global output. Large U.S. corporations also play a major role on the global stage, with more than a fifth of companies on the Fortune Global 500 coming from the United States. The government provides political stability, a functional legal system, and a regulatory structure that allow the economy to flourish. Economic growth in the United States is constantly being driven forward by ongoing innovation, research and development as well as capital investment.

Colorado has had the fourth fastest job growth nationally over the past five years. The state's unemployment rate has dropped to 3.4% compared to the national unemployment rate of 4.7%. Colorado's success is based upon a young, educated labor supply and a migrating population attracted to its robust economy and lifestyle.

Colorado ranks eighth in total population change in the nation and fourth fastest in percentage. The short-term population growth forecast for Colorado is an increase of 1.7% for 2016; and 97,000, or 1.8%, for 2017. The total population was estimated to be 5,443,000 as of July 2015. Growth rates of 1.7% are similar to what Colorado experienced prior to the recession. Over the next five years, annual growth rates are forecast to vary from a high of 1.9% per year along the north Front Range to less than 1% on the Eastern Plains. The forecast is for Colorado to reach 6 million by 2020. Local government employment has largely recovered from the Great Recession and is expected to grow at about the same rate as the state population and to have a growth rate of 1.6% in 2016.

Property tax collections are a primary source of revenue for counties and many special districts in Colorado, which will affect the budgets of our members. Changes to the assessed valuation of property can increase or decrease the revenues raised from each jurisdiction's property taxes. Based on recent home price appreciation, statewide property tax revenue is expected to increase over the next couple of years. With Colorado's skilled workforce; high-tech, diversified economy; relatively low cost of doing business; global economic access; and exceptional quality of life, the state remains poised for long-term economic growth. As a result of the above, we expect that our inflow of revenues (contributions) will be stable over the next few years and that our historical pattern of distributions will also continue.

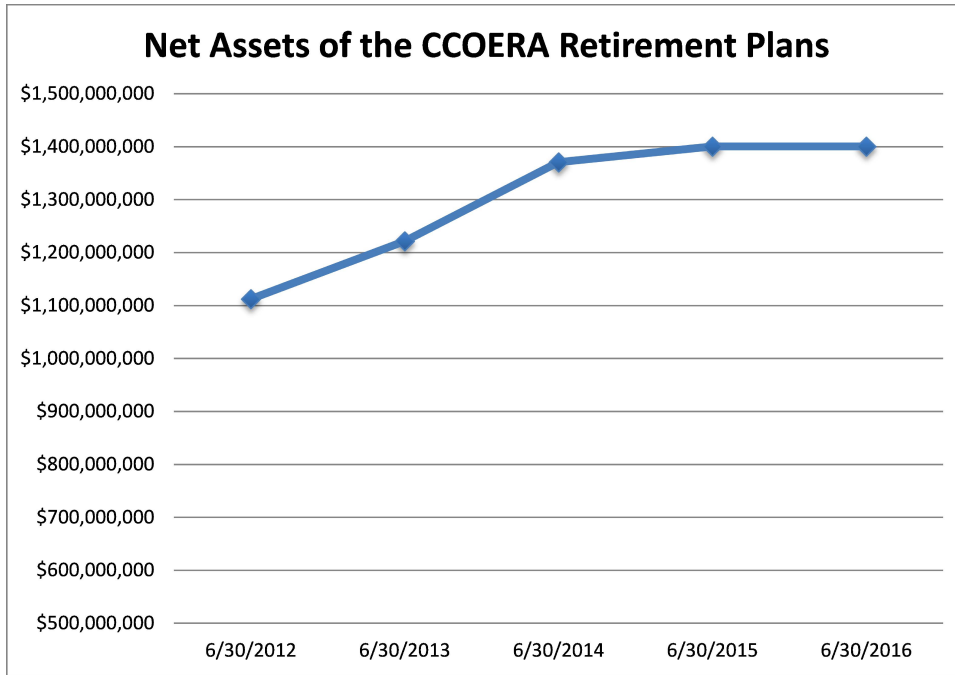
The continued challenge for our participants is to not abandon their long-term focus and disciplined approach to investing along the road to retirement. Speed bumps are to be expected in the short term. The Federal Reserve Board appears set on their preference to raise rates slowly in the future. The continued uncertainty will likely contribute to elevated volatility in the coming months. Volatility is the norm and we at CCOERA strive to prepare our participants for such events and to not become distracted from their established investing plan.

**COLORADO COUNTY OFFICIALS AND
EMPLOYEES RETIREMENT ASSOCIATION**

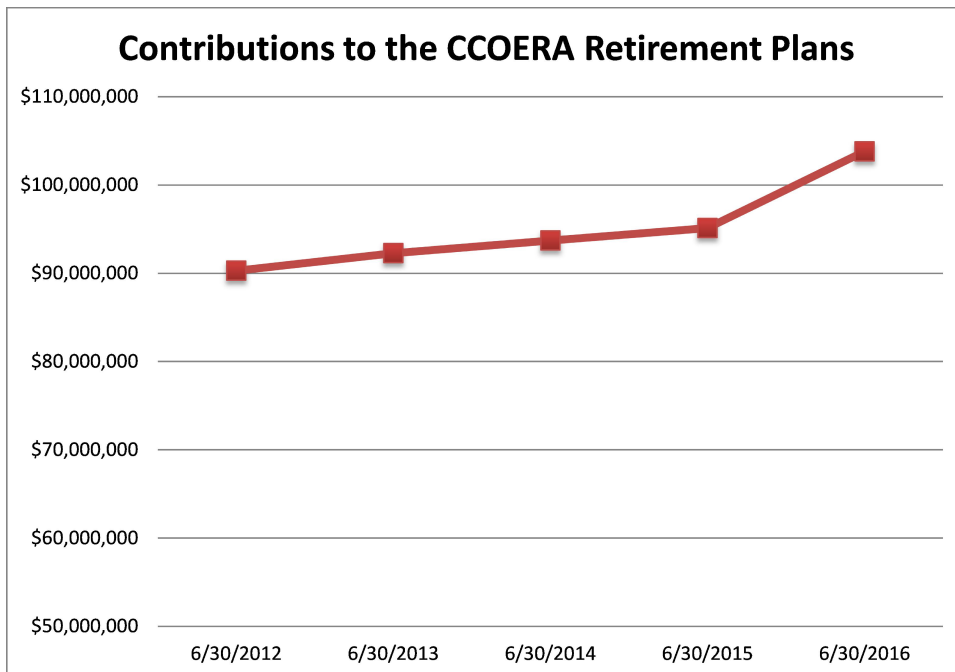
**Management's Discussion and Analysis
June 30, 2016 and 2015**

Economic and Industry Considerations (continued)

The below chart summarizes the growth of the assets in both CCOERA plans over the past few years.



The below chart summarizes the annual contributions to both CCOERA plans.



**COLORADO COUNTY OFFICIALS AND
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**Management's Discussion and Analysis
June 30, 2016 and 2015**

Economic and Industry Considerations (continued)

Since July 1, 2006, the Governing Board is comprised of seven members. Its current members are Mr. Tobe Allumbaugh, Ms. Holly Bjorklund, Mr. Paul Hindman, Mr. Tim Kauffman, Mr. Leroy Mauch, Mr. Lucas Hale (who replaced John McCarty on July 1, 2016), and Mr. Scott Vargo.

The Association is using the services of Innovest Portfolio Solutions, Inc. ("Innovest") to research and advise the Association of any mutual fund managers in which the participant funds are invested. Innovest constantly monitors and investigates to see if any of the funds are under investigation or are actually being charged in any wrongdoing concerning late trading, short trading, or other questionable activities. The Association is happy to report that as of June 30, 2016, 2015, and 2014, none of the mutual funds that make up its portfolio have been named in any investigations or charges. The Governing Board, through Innovest, will continue to monitor the mutual fund menu very closely.

This financial report is designed to provide the Governing Board and the Plans' participants with a general overview of the Association's finances and to demonstrate the Association's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Executive Director at 751 SouthPark Drive, Littleton, Colorado 80120.

**COLORADO COUNTY OFFICIALS AND
EMPLOYEES RETIREMENT ASSOCIATION**

Statements of Fiduciary Net Position

	June 30,	
	2016	2015
Assets		
Cash	\$ 258,687	\$ 225,736
Receivables		
Loans receivable	24,278,627	25,211,527
Recordkeeping fees	164,112	184,519
Total receivables	24,442,739	25,396,046
Investments		
Book Value Fund		
Investment contracts	441,018,321	467,482,227
Collective trust funds	52,453,049	49,555,275
Less amounts in target date funds and portfolios	(115,377,235)	(156,522,538)
Mutual funds		
Target Date Fund Income	15,720,629	-
Target Date Fund 2010	34,468,886	-
Target Date Fund 2015	87,180,939	-
Target Date Fund 2020	127,741,058	-
Target Date Fund 2025	115,047,333	-
Target Date Fund 2030	77,473,103	-
Target Date Fund 2035	67,371,878	-
Target Date Fund 2040	50,296,863	-
Target Date Fund 2045	39,538,118	-
Target Date Fund 2050	22,720,743	-
Target Date Fund 2055	8,203,572	-
Target Date Fund 2060	1,092,599	-
Fidelity Contrafund	59,564,684	62,034,439
Vanguard Institutional Index I	37,037,087	33,974,128
Dodge & Cox Stock Fund	26,851,228	30,669,954
Vanguard Mid Cap Index Institutional	26,509,327	26,698,095
Metropolitan West Total Return Bond	24,409,993	22,347,675
Vanguard Small Cap Index Institutional	21,245,157	21,975,992
Harbor Capital Appreciation Institutional	20,232,132	21,824,829
Fidelity Low-Priced Stock	17,996,026	20,740,436
Artisan Mid-Cap Institutional	17,554,012	19,328,673
American Beacon Small Cap Value Institutional	16,036,630	17,579,368
American Beacon International Equity Institutional	13,784,580	16,419,084
American Funds EuroPacific Gr R6	13,185,951	15,316,200
Cohen & Steers Institutional Realty	12,450,901	8,612,924
PIMCO High Yield Institutional	7,242,263	7,298,974
Neuberger Berman Socially Responsive R6	6,673,120	6,688,591
Vanguard Federal Money Market	5,869,691	-
Fidelity Select Money Market	-	5,021,759
Pension Portfolio 1- very conservative	-	117,255,734
Pension Portfolio 2- conservative	-	113,643,571
Pension Portfolio 3- moderate	-	180,468,416
Pension Portfolio 4- aggressive	-	101,191,334
Pension Portfolio 5- very aggressive	-	141,046,224
Self-directed brokerage accounts	23,678,099	23,517,176
Total investments	1,375,270,737	1,374,168,540
Other assets		
Prepaid expenses and other current assets	46,988	45,360
Property and equipment, net	1,176,158	1,238,247
Total other assets	1,223,146	1,283,607
Total assets	1,401,195,309	1,401,073,929
Liabilities and Net Position		
Accounts payable and accrued liabilities	716,539	676,476
Net position held in trust for pension benefits	\$ 1,400,478,770	\$ 1,400,397,453

See notes to financial statements.

**COLORADO COUNTY OFFICIALS AND
EMPLOYEES RETIREMENT ASSOCIATION**

Statements of Changes in Fiduciary Net Position

	For the Years Ended	
	June 30.	
	<u>2016</u>	<u>2015</u>
Contributions		
Member employers	\$ 37,306,952	\$ 35,411,908
Participants	53,702,795	51,019,770
Participant rollovers	<u>12,795,813</u>	<u>8,688,215</u>
Total contributions	<u>103,805,560</u>	<u>95,119,893</u>
Income		
Recordkeeping fees	457,324	425,689
Loan interest income	1,019,400	980,644
Other	<u>77,500</u>	<u>84,110</u>
Total income	<u>1,554,224</u>	<u>1,490,443</u>
Investment income (loss)		
Book Value Fund		
Investment contracts	9,277,181	8,503,803
Less amounts in target date funds and portfolios	(3,125,770)	(2,662,148)
Net change in fair value		
Participant-directed mutual funds	(16,788,293)	35,048,521
Collective trust funds	720,444	617,938
Less amounts in target date funds and portfolios	<u>(222,762)</u>	<u>(177,539)</u>
Total investment (loss) income	<u>(10,139,200)</u>	<u>41,330,575</u>
Deductions		
Participants' benefit distributions	92,223,519	105,471,889
Administrative expenses	<u>2,915,748</u>	<u>2,828,195</u>
Total deductions	<u>95,139,267</u>	<u>108,300,084</u>
Increase in net position held in trust for pension benefits	81,317	29,640,827
Net position held in trust for pension benefits		
Beginning of year	<u>1,400,397,453</u>	<u>1,370,756,626</u>
End of year	<u>\$1,400,478,770</u>	<u>\$1,400,397,453</u>

See notes to financial statements.

**COLORADO COUNTY OFFICIALS AND
EMPLOYEES RETIREMENT ASSOCIATION**

**Notes to Financial Statements
June 30, 2016 and 2015**

Note 1 - Description of the Plan and Significant Accounting Policies

Colorado County Officials and Employees Retirement Association (the "Association") was established in 1968 under 24-54-101 et. seq. Colorado Revised Statutes, as amended. The Association was established to serve as trustee and provide continuing administration of a trust fund for retirement benefits of eligible county and municipal officers and county, municipal, and special district employees.

The Association established a defined contribution plan called Colorado County Officials and Employees Retirement Association Retirement Plan (the "Retirement Plan"), through which contributions of the member employers' and the participants' contributions are invested at the participants' direction in a number of investment funds for the benefit of Retirement Plan participants. In addition to participating in the Retirement Plan, each participant may elect to contribute voluntarily to the Colorado County Officials and Employees Retirement Association Deferred Compensation Plan (the "Deferred Compensation Plan"), established pursuant to the Internal Revenue Code ("IRC") Section 457. Under the Deferred Compensation Plan, a member employer, at the request of the employee, defers payment of a portion of the employee's current eligible compensation. The Retirement Plan and the Deferred Compensation Plan are collectively referred to as the "Plans."

The Association is governed by a seven-member board (the "Governing Board"), which has the fiduciary responsibility for the Plans, selected in accordance with Colorado Revised Statutes. The Governing Board consists of the following members at June 30, 2016:

Tobe Allumbaugh	Crowley County
Paul Hindman	Urban Drainage and Flood Control District
Tim Kauffman	Jefferson County
Leroy Mauch	Prowers County
John McCarty	Southeast Metro Stormwater Authority
Holly Bjorklund	Jefferson County
Scott Vargo	Summit County

The Association is not an agency of or subject to any administrative direction of the state of Colorado or any local governments. Accordingly, the Association's financial statements are not included in the financial statements of any other organization.

Any county, municipality, or special district of the state of Colorado, with the consent of the Association, may become a member employer of the Association and participate in the Retirement Plan or Deferred Compensation Plan by adopting it for its officers and employees. The number of Association member employers and Plan participants was approximately 218 and 21,700, and 215 and 20,900, at June 30, 2016 and 2015, respectively.

Upon termination of the Plans, the net position of the Association will be distributed to the Association's members. As of June 30, 2016 and 2015, the Association's net position was \$5,218,070 and \$5,675,339, respectively.

**COLORADO COUNTY OFFICIALS AND
EMPLOYEES RETIREMENT ASSOCIATION**

**Notes to Financial Statements
June 30, 2016 and 2015**

Note 1 - Description of the Plan and Significant Accounting Policies (continued)

Investment Advisor

Galliard Capital Management, Inc. ("Galliard") is the Association's investment advisor for the Book Value Fund. Galliard has full discretionary authority subject to written investment objectives and guidelines established by the Association; however, Galliard does not have custody of the assets.

Retirement Plan

Generally, employees and officers of Association member employers are required to participate in the Retirement Plan after the completion of terms of service established by the employer, but participation is optional for all elected officials.

Contributions

Employer contributions to the Retirement Plan range from 3% to 12% of eligible compensation. Generally, employee contributions must match employer contributions and are funded on a current basis. Employees may make additional after-tax voluntary contributions not to exceed 100% of eligible compensation. Participant rollover contributions may also be made to the Retirement Plan if certain criteria are met.

Vesting

Participants vest in employer contributions and in the earnings, losses, and changes in the fair value of Retirement Plan assets at rates ranging from 10% per year to immediately, depending on the vesting schedule adopted by the member employer. Participants are immediately vested 100% in their own contributions and earnings. In the event that an Association member employer withdraws from the Retirement Plan, all participant balances for that member employer shall become immediately vested at 100%.

Participant Loans

Participants may borrow from the vested portion of their accounts up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balances, reduced by the highest outstanding loan balance during the past 12 months. The loans bear interest at 1.00% over the prime rate published in *The Wall Street Journal* on the first business day of the month before the loan is originated, which ranged from 4.25% to 9.25% at June 30, 2016. Principal and interest are paid ratably through payroll deductions, and the loans mature July 2016 through April 2031.

Participant loans, except those taken for the purchase of the participant's principal residence, require amortization of principal and interest over a period not to exceed five years.

**COLORADO COUNTY OFFICIALS AND
EMPLOYEES RETIREMENT ASSOCIATION**

**Notes to Financial Statements
June 30, 2016 and 2015**

Note 1 - Description of the Plan and Significant Accounting Policies (continued)

Retirement Plan (continued)

Participant Termination and Forfeitures

Any member employer contribution forfeited by a participant due to termination of employment before becoming fully vested is available to the member county, municipality, or special district to offset against future contributions, or to be allocated to remaining participants. Forfeitures removed from participant accounts were \$2,078,724 and \$2,333,871 for the years ended June 30, 2016 and 2015, respectively. Forfeitures totaling \$2,213,014 and \$2,398,875 were reallocated to participants during the years ended June 30, 2016 and 2015, respectively. The balance of this account at June 30, 2016 and 2015 was \$640,663 and \$763,745, respectively, and is included in the Book Value Fund on the accompanying statements of fiduciary net position.

Deferred Compensation Plan

Eligible employees of member employers may elect to contribute a portion of their current eligible compensation to the Deferred Compensation Plan, which is subject to limitations by the IRS. Participant rollover contributions may also be made to the Deferred Compensation Plan if certain criteria are met. Participants are immediately 100% vested in their own contributions and earnings. Loans are available consistent with the terms of the Retirement Plan.

Participants' Accounts

Each participant's account is credited or charged with the participant's pre-tax or post-tax contributions, rollover contributions, employer contributions, and net Plan investment earnings and losses. Participants may direct the investment of their account balances into various investment options offered by the Plans. If no written direction is received from a participant, the participant's funds are automatically invested in the target date fund most closely associated with the participant's age.

The Governing Board allows participants to direct investment decisions through self-directed brokerage accounts.

The funds are valued on a daily basis. Participants receiving benefit payments upon retirement or termination are allocated earnings or losses through the date of the distribution.

**COLORADO COUNTY OFFICIALS AND
EMPLOYEES RETIREMENT ASSOCIATION**

**Notes to Financial Statements
June 30, 2016 and 2015**

Note 1 - Description of the Plan and Significant Accounting Policies (continued)

Payments of Benefits

At retirement or termination, each participant in the Plans has the option of receiving his or her vested balance in cash, leaving his or her vested balance invested in the funds, transferring his or her vested balance to an IRA, or requesting the Association to transfer to other retirement savings plans as provided by law. The Plan provides for in-service withdrawals to participants who have attained normal retirement age and are no longer eligible to make contributions. A retiring participant also has the option to purchase a retirement annuity with an independent insurance company. The Plans are not involved with such purchase. A participant in the Plans also may elect to transfer funds directly to an IRC Section 401(a) defined benefit plan for purchase of service credit as defined by the Plan agreement.

At the sole option of the Association, for participants in the Retirement Plan and the Deferred Compensation Plan, an immediate lump-sum distribution may be made to a terminated participant if the participant's account balance is \$1,000 or less. Additionally, participants in the Deferred Compensation Plan with account balances of \$5,000 or less who have not contributed to the Deferred Compensation Plan for the last two years or more and have had no prior distribution may receive their total account balances while still employed, defined as an "in-service distribution."

Administrative Expenses

The majority of the administrative expenses for the Plans are borne by the participants.

Plan Termination

The Association may at any time elect to terminate the Plans. In the event of such termination, each participant shall become 100% vested if they are not already 100% vested.

Basis of Presentation

The accompanying financial statements are prepared in accordance with all applicable Governmental Accounting Standards Board statements that apply to governmental accounting for fiduciary funds.

Method of Accounting

The accompanying financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Contributions are recognized in the period in which the Association receives them. Benefits are recognized when paid.

Recordkeeping fees revenue and other revenues are recognized when earned. The Association considers recordkeeping receivables collected within 30 days after year-end to be available and recognizes them as revenues of the current year.

**COLORADO COUNTY OFFICIALS AND
EMPLOYEES RETIREMENT ASSOCIATION**

**Notes to Financial Statements
June 30, 2016 and 2015**

Note 1 - Description of the Plan and Significant Accounting Policies (continued)

Fund Accounting

The accompanying financial statements include the accounts of Colorado County Officials and Employees Retirement Association and its two fiduciary funds: the Retirement Plan and the Deferred Compensation Plan. All interfund accounts and transactions have been eliminated.

The Retirement Plan and the Deferred Compensation Plan maintain their investments in separate investment portfolios. The administrative activities and operating assets and liabilities are pooled and recorded in the Association.

Annually, the management of the Association prepares a budget not to exceed 1/2 of 1% of the combined Plans' assets. This is presented to the Governing Board for review, discussion, and any proposed modifications. The budget is then adopted, as modified, prior to fiscal year-end.

Valuation of Investments

Plan investments are presented at fair value (Note 2). Mutual funds, money market accounts, and self-directed brokerage accounts are valued based upon current market quotations. The valuation of the Book Value Fund is at estimated fair value, as determined by Galliard as follows: Investment contracts and the collective trust funds are valued at fair value based on the prices of the underlying securities, which are based on broker quotes. The Book Value Fund investments are fully benefit responsive. A fully benefit-responsive investment is one that provides a guarantee by a financially responsible third party of all principal and accrued interest to any participant exercising his or her right to withdrawal and allows participants the amount they would receive if they were to initiate transactions under the terms of the Plans.

Accounting principles generally accepted in the United States of America require investment contracts held by a defined contribution plan to be reported at fair value; however, contract value is a relevant measurement attribute for that portion of the net position available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts, because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Association. The Association invests in investment contracts; therefore, the statements of fiduciary net position require presentation of the fair value of such investments with an adjustment to contract value. No adjustment of the investments from fair value to contract value was required, as contract value approximated fair value as of June 30, 2016 and 2015.

Investment Contracts

The Book Value Fund invests primarily in investment contracts and collective trust funds, all of which are benefit responsive. Investment contracts, generally referred to as guaranteed investment contracts, are predominately fixed-rate agreements issued by insurance companies and banks. At June 30, 2016, the contract value of the investment contracts approximated fair value. As of and for the years ended June 30, 2016 and 2015, the average crediting interest rate was 2.05% and 1.95%, respectively.

**COLORADO COUNTY OFFICIALS AND
EMPLOYEES RETIREMENT ASSOCIATION**

**Notes to Financial Statements
June 30, 2016 and 2015**

Note 1 - Description of the Plan and Significant Accounting Policies (continued)

Income Recognition

Interest is recorded when earned. Dividends are recorded on the ex-dividend date. Investment income represents the dividend income, capital gain distributions, and realized and unrealized gains and losses on the investments. Purchases and sales are recorded on a trade-date basis.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation, and are depreciated using the straight-line method over their estimated useful lives of 3 to 31.5 years.

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the service utility of the capital asset has declined. If the value is determined to be less than the carrying amount of the asset, an impairment loss is recognized.

Income Tax Status

The Association has been classified as a non-taxable organization by the IRS under IRC 414(d) and 413(c).

The Plans have been classified as non-taxable by the IRS. In August 2014, the Association received a letter from the IRS informing it that, as amended, the Retirement Plan and related trust are designed in accordance with the applicable sections of the IRC. The IRS has determined and informed the Association by a letter dated April 22, 1993 that the Deferred Compensation Plan and related trust are designed in accordance with the applicable sections of the IRC. The Deferred Compensation Plan has been amended since receiving the determination letter; however, the Association believes that the Plan is designed and is currently operating in compliance with the applicable requirements of the IRC.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Association's management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

**COLORADO COUNTY OFFICIALS AND
EMPLOYEES RETIREMENT ASSOCIATION**

**Notes to Financial Statements
June 30, 2016 and 2015**

Note 2 - Fair Value Measurements

Accounting principles generally accepted in the United States of America require disclosure about how fair value is determined and establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

There were no changes to the valuation techniques used during the year ended June 30, 2016.

The following table sets forth by level within the fair value hierarchy, the Association's investments at fair value as of June 30, 2016.

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Target date funds	\$ 531,478,486	\$ -	\$ -	\$ 531,478,486
Book value fund	-	493,471,370	-	493,471,370
Self-directed brokerage accounts	23,678,099	-	-	23,678,099
Mutual funds				
Large-cap stock funds	113,321,164	-	-	113,321,164
Index stock funds	84,791,571	-	-	84,791,571
Bond funds	31,652,256	-	-	31,652,256
International stock funds	26,970,531	-	-	26,970,531
Mid-cap blend funds	17,996,026	-	-	17,996,026
Mid-cap stock funds	17,554,012	-	-	17,554,012
Small-cap stock funds	16,036,630	-	-	16,036,630
Specialty funds	12,450,901	-	-	12,450,901
Money market fund	<u>5,869,691</u>	<u>-</u>	<u>-</u>	<u>5,869,691</u>
Total	<u>\$ 881,799,367</u>	<u>\$ 493,471,370</u>	<u>\$ -</u>	<u>\$1,375,270,737</u>

**COLORADO COUNTY OFFICIALS AND
EMPLOYEES RETIREMENT ASSOCIATION**

**Notes to Financial Statements
June 30, 2016 and 2015**

Note 2 - Fair Value Measurements (continued)

The following table sets forth by level within the fair value hierarchy, the Association's investments at fair value as of June 30, 2015.

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Pension portfolios	\$ 497,082,741	\$ -	\$ -	\$ 497,082,741
Book value fund	-	517,037,502	-	517,037,502
Self-directed brokerage accounts	23,517,176	-	-	23,517,176
Mutual funds				
Large-cap stock funds	121,217,813	-	-	121,217,813
Index stock funds	82,648,215	-	-	82,648,215
International stock funds	31,735,284	-	-	31,735,284
Bond funds	29,646,649	-	-	29,646,649
Mid-cap blend funds	20,740,436	-	-	20,740,436
Mid-cap stock funds	19,328,673	-	-	19,328,673
Small-cap stock funds	17,579,368	-	-	17,579,368
Specialty funds	8,612,924	-	-	8,612,924
Money market fund	<u>5,021,759</u>	<u>-</u>	<u>-</u>	<u>5,021,759</u>
Total	<u>\$ 857,131,038</u>	<u>\$ 517,037,502</u>	<u>\$ -</u>	<u>\$1,374,168,540</u>

Note 3 - Cash and Investments

Cash and cash equivalent accounts of \$258,687 and \$225,736 as of June 30, 2016 and 2015, respectively, are maintained at a commercial bank located in Colorado. The bank balance of deposits was \$400,571 and \$366,118 as of June 30, 2016 and 2015, respectively. Accounts at the commercial bank are guaranteed by the Federal Depository Insurance Corporation ("FDIC") up to \$250,000. The remaining amounts are subject to the state of Colorado's Public Deposit Protection Act ("PDPA"). All cash accounts are held in a bank that is an eligible public depository bank protected under the PDPA.

The Plans have money market funds with Vanguard Investments of \$5,869,691 at June 30, 2016 and with Fidelity Investments of \$5,021,759 at June 30, 2015, which are not guaranteed by the FDIC or PDPA.

**COLORADO COUNTY OFFICIALS AND
EMPLOYEES RETIREMENT ASSOCIATION**

**Notes to Financial Statements
June 30, 2016 and 2015**

Note 3 - Cash and Investments (continued)

As of June 30, 2016, the Association had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity in Years</u>
Book Value Fund		
Investment contracts	\$ 441,018,321	3.0
Collective trust funds	52,453,049	1.9
Mutual funds	852,251,577	N/A
Self-directed brokerage accounts	23,678,099	N/A
Money market funds	<u>5,869,691</u>	N/A
	<u>\$ 1,375,270,737</u>	
Book Value Fund weighted average maturity		2.9

As of June 30, 2015, the Association had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity in Years</u>
Book Value Fund		
Investment contracts	\$ 467,482,227	2.9
Collective trust funds	49,555,275	2.2
Mutual funds	828,592,103	N/A
Self-directed brokerage accounts	23,517,176	N/A
Money market funds	<u>5,021,759</u>	N/A
	<u>\$ 1,374,168,540</u>	
Book Value Fund weighted average maturity		2.9

Interest Rate Risk - In accordance with the Association's investment policy, since the accounts are participant directed, there is no time horizon expressed for the total portfolio. For the Book Value Fund, the Association manages its exposure to declines in fair values by limiting its overall duration of the underlying investments to maturities not to exceed 3.5 years. Weighted average maturity measures the time when investments become due and payable in years, weighted to reflect the dollar size of individual investments within an investment type.

**COLORADO COUNTY OFFICIALS AND
EMPLOYEES RETIREMENT ASSOCIATION**

**Notes to Financial Statements
June 30, 2016 and 2015**

Note 3 - Cash and Investments (continued)

Credit Risk - The Association provides participants with a broad array of investment choices so they have alternatives that provide a variety of risk and return levels. For the Book Value Fund, the Association adheres to an investment policy of maintaining securities with a minimum weighted average quality of A+/A1. As of June 30, 2016, the Association's investments in the Book Value Fund were rated within the ranges of AAA to A+ by Standard & Poor's and Aaa to A2 by Moody's Investors Service.

Concentration of Credit Risk - The Association offers participants a broad range of equity, fixed-income, and cash and equivalents investment options. The Association's investment policy for the Book Value Fund dictates that no more than 3% of the aggregate portfolio be invested in guaranteed investment contracts from any one issuer, no more than 2% of the aggregate portfolio be invested in one corporate security issuer, and no more than 10% of the aggregate portfolio be invested in securities of any other non-U.S. government/agency issuer.

Foreign Currency Risk - The Association's investment policy for the Book Value Fund specifies that all permissible securities be denominated in U.S. dollars.

The following presents investments that represent 5% or more of net position, including investments within the Book Value Fund, target date funds, and portfolios:

	June 30,	
	2016	2015
Vanguard Institutional Index I	\$ 109,818,119	\$ 86,045,127
Transamerica Premier Life Insurance Co. Investment Contract	\$ 99,732,823	\$ 104,693,005
Pacific Life Insurance Co. Investment Contract	\$ 95,468,865	\$ 104,419,324
American General Life Insurance Co.	\$ 93,123,834	\$ 98,234,175
Prudential Ins. Co. of America	\$ 83,518,247	\$ - *
New York Life Insurance Co.	\$ 69,174,552 *	\$ 71,840,834
Dodge & Cox Stock Fund	\$ 63,241,744 *	\$ 82,803,215
Fidelity Contrafund	\$ 59,564,684 *	\$ 79,312,138
Harbor Capital Appreciation Fund	\$ 56,622,648 *	\$ 73,958,089
Royal Bank of Canada	\$ - *	\$ 88,294,889

* Did not exceed 5% of net position available for benefits at this date.

Concentrations, Risks, and Uncertainties - The Plans invest in registered investment companies (mutual funds), insurance contracts, and investment contract funds. These investments are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risk in the near term would materially affect the amounts reported in the statements of fiduciary net position and the statements of changes in fiduciary net position.

**COLORADO COUNTY OFFICIALS AND
EMPLOYEES RETIREMENT ASSOCIATION**

**Notes to Financial Statements
June 30, 2016 and 2015**

Note 3 - Cash and Investments (continued)

Additionally, certain registered investment companies' investments are invested in the securities of foreign companies, which involve special risks and considerations not typically associated with investing in U.S. companies. These risks include devaluation of currencies, less reliable information about issuers, different securities transaction clearance and settlement practices, and possible adverse political and economic developments. Moreover, securities of many foreign companies and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. companies.

Note 4 - Investment Contracts

Investment contracts within the Book Value Fund consist of the following:

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Transamerica Premier Life Insurance Co.	\$ 99,732,823	\$ 104,693,005
Pacific Life Insurance Co.	95,468,865	104,419,324
American General Life Insurance Co.	93,123,834	98,234,175
Prudential Ins. Co. of America	83,518,247	-
New York Life Insurance Co.	69,174,552	71,840,834
Royal Bank of Canada	-	88,294,889
	<u>\$ 441,018,321</u>	<u>\$ 467,482,227</u>

**COLORADO COUNTY OFFICIALS AND
EMPLOYEES RETIREMENT ASSOCIATION**

**Notes to Financial Statements
June 30, 2016 and 2015**

Note 5 - Property and Equipment

Property and equipment consist of the following:

	<u>June 30, 2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2016</u>
Gross asset cost				
Building	\$ 1,430,275	\$ -	\$ -	\$ 1,430,275
Corporate equipment	172,111	6,483	-	178,594
Vehicles	94,295	-	-	94,295
Land	34,580	-	-	34,580
	<u>1,731,261</u>	<u>6,483</u>	<u>-</u>	<u>1,737,744</u>
Accumulated depreciation and amortization				
Building	(332,974)	(45,406)	-	(378,380)
Corporate equipment	(125,750)	(9,971)	-	(135,721)
Vehicles	(34,290)	(13,195)	-	(47,485)
	<u>(493,014)</u>	<u>(68,572)</u>	<u>-</u>	<u>(561,586)</u>
Net property and equipment	<u>\$ 1,238,247</u>	<u>\$ (62,089)</u>	<u>\$ -</u>	<u>\$ 1,176,158</u>
	<u>June 30, 2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2015</u>
Gross asset cost				
Building	\$ 1,430,275	\$ -	\$ -	\$ 1,430,275
Corporate equipment	172,111	-	-	172,111
Vehicles	56,379	101,476	(63,560)	94,295
Land	34,580	-	-	34,580
	<u>1,693,345</u>	<u>101,476</u>	<u>(63,560)</u>	<u>1,731,261</u>
Accumulated depreciation and amortization				
Building	(287,568)	(45,406)	-	(332,974)
Corporate equipment	(112,392)	(13,358)	-	(125,750)
Vehicles	(46,043)	(15,056)	26,809	(34,290)
	<u>(446,003)</u>	<u>(73,820)</u>	<u>26,809</u>	<u>(493,014)</u>
Net property and equipment	<u>\$ 1,247,342</u>	<u>\$ 27,656</u>	<u>\$ (36,751)</u>	<u>\$ 1,238,247</u>

**COLORADO COUNTY OFFICIALS AND
EMPLOYEES RETIREMENT ASSOCIATION**

**Notes to Financial Statements
June 30, 2016 and 2015**

Note 6 - Administrative Fees

Retirement Plan participants are charged an administrative fee by the Association for plan administration. On July 1, 2005, the Association transferred all recordkeeping duties to Great-West Life & Annuity Insurance Company ("Great-West") in a non-fiduciary capacity for a period of three years. This contract was renewed on July 1, 2016 and, as amended, will remain effective until June 30, 2023. Associated with this transfer of recordkeeping duties, the Association reduced participant fees from 0.35% to 0.25% or \$28 per annum, whichever is greater. For the years ended June 30, 2016 and 2015, the Plans incurred \$2,063,063 and \$2,070,940, respectively, in administrative fees charged by the Association. These fees were eliminated in combination. The administrative fees are deducted from participants' accounts on a monthly basis. Administrative fees for the calendar quarters ended September 30, 2016 and 2015 were waived, effectively reducing the annual fee expense to 0.1875% for the fiscal years ending June 30, 2017 and 2016. Effective July 1, 2014, the fee cap was further reduced to \$437.50 per year.

Note 7 - Recordkeeping Fees Revenue

The Association is the beneficiary of agreements between Great-West and various investment companies. Because investment providers have only one omnibus account for the Plans, reimbursements are made to the Association for its recordkeeping of all individual participant accounts as well as the distribution of investment information and provision of general educational information. The fee is calculated as a percentage of the Plans' assets held in mutual funds with these investment companies.

For the years ended June 30, 2016 and 2015, the Association earned \$457,324 and \$425,689, respectively, in recordkeeping fees.

Note 8 - Subsequent Events

The Association has evaluated all subsequent events through the auditors' report date, which is the date the financial statements were available for issuance. There were no material subsequent events that required recognition or additional disclosure in the financial statements.

SUPPLEMENTAL SCHEDULES

**COLORADO COUNTY OFFICIALS AND
EMPLOYEES RETIREMENT ASSOCIATION**

**Combining Statement of Fiduciary Net Position
As of June 30, 2016**

	<u>Association</u>	<u>Retirement Plan</u>	<u>Deferred Compensation Plan</u>	<u>Eliminations</u>	<u>Total</u>
Assets					
Cash	\$ 258,685	\$ 2	\$ -	\$ -	\$ 258,687
Receivables					
Loans receivable	-	22,724,072	1,554,555	-	24,278,627
Recordkeeping fees	164,112	-	-	-	164,112
Total receivables	<u>164,112</u>	<u>22,724,072</u>	<u>1,554,555</u>	<u>-</u>	<u>24,442,739</u>
Investments					
Book Value Fund					
Investment contracts	-	355,978,966	85,039,355	-	441,018,321
Collective trust funds	3,970,718	39,133,726	9,348,605	-	52,453,049
Less amounts in target date funds	-	(89,216,258)	(26,160,977)	-	(115,377,235)
Mutual funds					
Target Date Fund Income	-	11,891,791	3,828,838	-	15,720,629
Target Date Fund 2010	-	24,521,793	9,947,093	-	34,468,886
Target Date Fund 2015	-	62,590,541	24,590,398	-	87,180,939
Target Date Fund 2020	-	102,746,448	24,994,610	-	127,741,058
Target Date Fund 2025	-	94,345,145	20,702,188	-	115,047,333
Target Date Fund 2030	-	66,117,282	11,355,821	-	77,473,103
Target Date Fund 2035	-	57,412,076	9,959,802	-	67,371,878
Target Date Fund 2040	-	44,318,215	5,978,648	-	50,296,863
Target Date Fund 2045	-	35,770,607	3,767,511	-	39,538,118
Target Date Fund 2050	-	21,157,202	1,563,541	-	22,720,743
Target Date Fund 2055	-	7,797,220	406,352	-	8,203,572
Target Date Fund 2060	-	1,034,907	57,692	-	1,092,599
Fidelity Contrafund	-	46,812,382	12,752,302	-	59,564,684
Vanguard Institutional Index I	-	28,133,530	8,903,557	-	37,037,087
Dodge & Cox Stock Fund	-	22,164,429	4,686,799	-	26,851,228
Vanguard Mid Cap Index Institutional	-	20,304,701	6,204,626	-	26,509,327
Metropolitan West Total Return Bond	-	17,754,009	6,655,984	-	24,409,993
Vanguard Small Cap Index Institutional	-	16,313,569	4,931,588	-	21,245,157
Harbor Capital Appreciation					
Institutional	-	16,310,668	3,921,464	-	20,232,132
Fidelity Low-Priced Stock	-	14,251,607	3,744,419	-	17,996,026
Artisan Mid-Cap Institutional	-	14,045,515	3,508,497	-	17,554,012
American Beacon Small Cap Value					
Institutional	-	12,226,482	3,810,148	-	16,036,630
American Beacon International Equity					
Institutional	-	10,981,754	2,802,826	-	13,784,580
American Funds EuroPacific Gr R6	-	10,572,570	2,613,381	-	13,185,951
Cohen & Steers Institutional Realty	-	9,695,349	2,755,552	-	12,450,901
PIMCO High Yield Institutional	-	5,208,019	2,034,244	-	7,242,263
Neuberger Berman Socially Responsive					
R6	-	5,093,168	1,579,952	-	6,673,120
Vanguard Federal Money Market	-	4,277,891	1,591,800	-	5,869,691
Self-directed brokerage accounts	-	19,263,729	4,414,370	-	23,678,099
Total investments	<u>3,970,718</u>	<u>1,109,009,033</u>	<u>262,290,986</u>	<u>-</u>	<u>1,375,270,737</u>
Other assets					
Prepaid expenses and other current assets	46,988	-	-	-	46,988
Property and equipment, net	1,176,158	-	-	-	1,176,158
Total other assets	<u>1,223,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,223,146</u>
Total assets	<u>5,616,661</u>	<u>1,131,733,107</u>	<u>263,845,541</u>	<u>-</u>	<u>1,401,195,309</u>
Liabilities and Net Position					
Accounts payable and accrued liabilities	398,591	257,419	60,529	-	716,539
Net position held in trust for pension benefits	<u>\$ 5,218,070</u>	<u>\$ 1,131,475,688</u>	<u>\$ 263,785,012</u>	<u>\$ -</u>	<u>\$ 1,400,478,770</u>

**COLORADO COUNTY OFFICIALS AND
EMPLOYEES RETIREMENT ASSOCIATION**

**Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2016**

	<u>Association</u>	<u>Retirement Plan</u>	<u>Deferred Compensation Plan</u>	<u>Eliminations</u>	<u>Total</u>
Contributions					
Member employers	\$ -	\$ 37,447,890	\$ -	\$ (140,938)	\$ 37,306,952
Participants	-	36,704,990	16,997,805	-	53,702,795
Participant rollovers	-	5,315,549	7,480,264	-	12,795,813
Total contributions	<u>-</u>	<u>79,468,429</u>	<u>24,478,069</u>	<u>(140,938)</u>	<u>103,805,560</u>
Income					
Administrative fees	2,063,063	-	-	(2,063,063)	-
Recordkeeping fees	457,324	-	-	-	457,324
Loan interest income	-	951,271	68,129	-	1,019,400
Other	77,500	-	-	-	77,500
Total income	<u>2,597,887</u>	<u>951,271</u>	<u>68,129</u>	<u>(2,063,063)</u>	<u>1,554,224</u>
Investment income (loss)					
Book Value Fund					
Investment contracts	-	7,627,303	1,649,878	-	9,277,181
Less amounts in target date funds	-	(2,569,875)	(555,895)	-	(3,125,770)
Net change in fair value					
Participant-directed mutual funds	-	(13,916,538)	(2,871,755)	-	(16,788,293)
Collective trust funds	-	592,318	128,126	-	720,444
Less amounts in target date funds	-	(183,145)	(39,617)	-	(222,762)
Total investment loss	<u>-</u>	<u>(8,449,937)</u>	<u>(1,689,263)</u>	<u>-</u>	<u>(10,139,200)</u>
Deductions					
Participants' benefit distributions	-	76,271,645	15,951,874	-	92,223,519
Administrative expenses	3,055,156	1,723,007	341,586	(2,204,001)	2,915,748
Total deductions	<u>3,055,156</u>	<u>77,994,652</u>	<u>16,293,460</u>	<u>(2,204,001)</u>	<u>95,139,267</u>
Increase in net position held in trust for pension benefits	(457,269)	(6,024,889)	6,563,475	-	81,317
Net position held in trust for pension benefits					
Beginning of year	<u>5,675,339</u>	<u>1,137,500,577</u>	<u>257,221,537</u>	<u>-</u>	<u>1,400,397,453</u>
End of year	<u>\$ 5,218,070</u>	<u>\$ 1,131,475,688</u>	<u>\$ 263,785,012</u>	<u>\$ -</u>	<u>\$ 1,400,478,770</u>

**COLORADO COUNTY OFFICIALS AND
EMPLOYEES RETIREMENT ASSOCIATION**

**Combining Statement of Fiduciary Net Position
As of June 30, 2015**

	<u>Association</u>	<u>Retirement Plan</u>	<u>Deferred Compensation Plan</u>	<u>Eliminations</u>	<u>Total</u>
Assets					
Cash	\$ 225,734	\$ 2	\$ -	\$ -	\$ 225,736
Receivables					
Loans receivable	-	23,547,712	1,663,815	-	25,211,527
Recordkeeping fees	<u>184,519</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>184,519</u>
Total receivables	<u>184,519</u>	<u>23,547,712</u>	<u>1,663,815</u>	<u>-</u>	<u>25,396,046</u>
Investments					
Book Value Fund					
Investment contracts	-	384,115,963	83,366,264	-	467,482,227
Collective trust funds	4,383,183	37,116,537	8,055,555	-	49,555,275
Less amounts in portfolios	-	(125,115,883)	(31,406,655)	-	(156,522,538)
Mutual funds					
Pension Portfolio 1 - very conservative	-	93,100,019	24,155,715	-	117,255,734
Pension Portfolio 2 - conservative	-	90,206,694	23,436,877	-	113,643,571
Pension Portfolio 3 - moderate	-	147,535,300	32,933,116	-	180,468,416
Pension Portfolio 4 - aggressive	-	82,484,901	18,706,433	-	101,191,334
Pension Portfolio 5 - very aggressive	-	122,229,111	18,817,113	-	141,046,224
Fidelity Contrafund	-	48,737,754	13,296,685	-	62,034,439
Vanguard Institutional Index I	-	26,040,787	7,933,341	-	33,974,128
Dodge & Cox Stock Fund	-	25,439,808	5,230,146	-	30,669,954
Vanguard Mid Cap Index Institutional	-	20,597,903	6,100,192	-	26,698,095
Metropolitan West Total Return Bond	-	16,619,663	5,728,012	-	22,347,675
Vanguard Small Cap Index Institutional	-	17,111,975	4,864,017	-	21,975,992
Harbor Capital Appreciation Institutional	-	17,580,857	4,243,972	-	21,824,829
Fidelity Low-Priced Stock	-	16,271,661	4,468,775	-	20,740,436
Artisan Mid-Cap Institutional	-	15,480,659	3,848,014	-	19,328,673
American Beacon Small Cap Value Institutional	-	13,535,988	4,043,380	-	17,579,368
American Beacon International Equity Institutional	-	13,070,451	3,348,633	-	16,419,084
American Funds EuroPacific Gr R6	-	12,381,538	2,934,662	-	15,316,200
Cohen & Steers Institutional Realty	-	6,652,632	1,960,292	-	8,612,924
PIMCO High Yield Institutional	-	5,153,673	2,145,301	-	7,298,974
Neuberger Berman Socially Responsive R6	-	5,067,605	1,620,986	-	6,688,591
Fidelity Select Money Market	-	3,785,351	1,236,408	-	5,021,759
Self-directed brokerage accounts	<u>-</u>	<u>18,978,408</u>	<u>4,538,768</u>	<u>-</u>	<u>23,517,176</u>
Total investments	<u>4,383,183</u>	<u>1,114,179,355</u>	<u>255,606,002</u>	<u>-</u>	<u>1,374,168,540</u>
Other assets					
Prepaid expenses and other current assets	45,360	-	-	-	45,360
Property and equipment, net	<u>1,238,247</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,238,247</u>
Total other assets	<u>1,283,607</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,283,607</u>
Total assets	<u>6,077,043</u>	<u>1,137,727,069</u>	<u>257,269,817</u>	<u>-</u>	<u>1,401,073,929</u>
Liabilities and Net Position					
Accounts payable and accrued liabilities	<u>401,704</u>	<u>226,492</u>	<u>48,280</u>	<u>-</u>	<u>676,476</u>
Net position held in trust for pension benefits	<u>\$ 5,675,339</u>	<u>\$ 1,137,500,577</u>	<u>\$ 257,221,537</u>	<u>\$ -</u>	<u>\$ 1,400,397,453</u>

**COLORADO COUNTY OFFICIALS AND
EMPLOYEES RETIREMENT ASSOCIATION**

**Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2015**

	<u>Association</u>	<u>Retirement Plan</u>	<u>Deferred Compensation Plan</u>	<u>Eliminations</u>	<u>Total</u>
Contributions					
Member employers	\$ -	\$ 35,543,196	\$ -	\$ (131,288)	\$ 35,411,908
Participants	-	34,718,611	16,301,159	-	51,019,770
Participant rollovers	-	3,695,750	4,992,465	-	8,688,215
Total contributions	<u>-</u>	<u>73,957,557</u>	<u>21,293,624</u>	<u>(131,288)</u>	<u>95,119,893</u>
Income					
Administrative fees	2,070,940	-	-	(2,070,940)	-
Recordkeeping fees	425,689	-	-	-	425,689
Loan interest income	-	924,743	55,901	-	980,644
Other	84,110	-	-	-	84,110
Total income	<u>2,580,739</u>	<u>924,743</u>	<u>55,901</u>	<u>(2,070,940)</u>	<u>1,490,443</u>
Investment income (loss)					
Book Value Fund					
Investment contracts	-	7,070,587	1,433,216	-	8,503,803
Less amounts in portfolios	-	(2,213,474)	(448,674)	-	(2,662,148)
Net change in fair value					
Participant-directed mutual funds	-	28,358,254	6,690,267	-	35,048,521
Collective trust funds	-	513,792	104,146	-	617,938
Less amounts in portfolios	-	(147,617)	(29,922)	-	(177,539)
Total investment income	<u>-</u>	<u>33,581,542</u>	<u>7,749,033</u>	<u>-</u>	<u>41,330,575</u>
Deductions					
Participants' benefit distributions	-	86,097,049	19,374,840	-	105,471,889
Administrative expenses	2,950,972	1,742,574	336,877	(2,202,228)	2,828,195
Total deductions	<u>2,950,972</u>	<u>87,839,623</u>	<u>19,711,717</u>	<u>(2,202,228)</u>	<u>108,300,084</u>
Increase in net position held in trust for pension benefits	(370,233)	20,624,219	9,386,841	-	29,640,827
Net position held in trust for pension benefits					
Beginning of year	<u>6,045,572</u>	<u>1,116,876,358</u>	<u>247,834,696</u>	<u>-</u>	<u>1,370,756,626</u>
End of year	<u>\$ 5,675,339</u>	<u>\$ 1,137,500,577</u>	<u>\$ 257,221,537</u>	<u>\$ -</u>	<u>\$ 1,400,397,453</u>

**COLORADO COUNTY OFFICIALS AND
EMPLOYEES RETIREMENT ASSOCIATION**

Schedules of Administrative Expenses

	For the Years Ended	
	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Salaries and personnel expenses	\$ 1,227,395	\$ 1,145,506
Recordkeeping fees and system maintenance	1,154,366	1,148,304
Consultant and investment advisory expenses	109,361	109,004
Depreciation	68,572	73,820
Administrative expenses	65,581	61,670
Insurance expense	59,669	59,172
Staff travel and expenses	55,566	49,489
Accounting and auditing expenses	54,000	54,000
Legal fees	51,942	56,153
Marketing	29,723	30,288
Board travel and expense	28,699	30,546
Professional dues and publications	8,182	7,508
Other	<u>2,692</u>	<u>2,735</u>
Total administrative expenses	<u>\$ 2,915,748</u>	<u>\$ 2,828,195</u>