
LARIMER COUNTY
CONTRIBUTORY RETIREMENT PLAN
FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015



RECEIVED

By the Office of the State Auditor at 9:30 am, Aug 16, 2017

Contents

	Page
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	i - iii
Statement Of Fiduciary Net Position.....	3
Statement Of Changes In Fiduciary Net Position.....	4
Notes To Financial Statements	5 - 22



RubinBrown LLP
Certified Public Accountants
& Business Consultants

1900 16th Street
Suite 300
Denver, CO 80202

T 303.698.1883
F 303.777.4458

W rubinbrown.com
E info@rubinbrown.com

Independent Auditors' Report

Larimer County Retirement Board
Larimer County Contributory Retirement Plan
Fort Collins, Colorado

Report On The Financial Statements

We have audited the accompanying financial statements of Larimer County Contributory Retirement Plan (the Plan) as of and for the years December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

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 audit. We conducted our audit 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 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 Plan as of December 31, 2016 and 2015, 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.

Emphasis Of Matter

As discussed in Notes 2 and 4, the Plan adopted provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, effective for the year ended December 31, 2016. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through iii be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, which 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.

RubinBrown LLP

July 27, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

This is an analysis and overview of the financial activities of the Larimer County Contributory Retirement Plan for the year ended December 31, 2016. This information should be read in conjunction with the financial statements and notes which follow.

FINANCIAL HIGHLIGHTS

- As of December 31, 2016, \$194,904,198 was held in trust for the payment of Plan benefits to the participants.
- For 2016, the total Plan net position held in trust increased by \$17,933,826 from 2015. This increase is due primarily to contributions to the plan being more than benefits paid. Investment income was flat.
- Additions to Plan net position included participant contributions of \$7,318,595 and County matching contributions of \$7,152,491.
- Retirement benefits paid from Plan net assets for 2016 totaled \$11,298,051, an increase of 25% from 2015.

The Plan is a defined contribution plan and its purpose is to enable the Plan participants to accumulate financial assets for their retirement. The County matches employee contributions 100% up to 8% of the participating employee's salary. As of December 31, 2016, the Plan had approximately 2,314 participants with account balances of which approximately 1,787 were active employees, representing 77% of all participants. Participation in the Plan is mandatory.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following discussion and analysis is intended to serve as an introduction to the Plan's financial statements which follow. The statements include:

1. Statements of fiduciary net position
2. Statements of changes in fiduciary net position
3. Notes to financial statements

Statements of fiduciary net position present the Plan assets and liabilities as of December 31, 2016 and 2015. It reflects the net assets available for benefits in the Retirement Plan as of December 31, 2016 and 2015.

Statements of changes in fiduciary net position show the additions to and deductions from Plan assets during 2016 and 2015.

Both of these statements are in compliance with Governmental Accounting Standards Board (GASB) Statements Nos. 25, 34, and 67. These pronouncements address the requirements for financial statement presentation and certain disclosures for state and local governmental retirement plans. The Plan's financial statements comply with all material requirements of these pronouncements.

These statements provide a snapshot of the Plan's assets and liabilities as of December 31, 2016 with comparative totals for 2015, and the activities which occurred during the years. Both statements were prepared using the accrual basis of accounting as required by GASB. All investment activities have been reported based on the trade dates and have been valued based on outside sources.

Notes to financial statements provide additional information which is essential to a full understanding of the basic financial statements.

FINANCIAL ANALYSIS

Within the overall objective of enabling the employees to accumulate savings for their retirement, the Larimer County Retirement Board (the Board) has identified the following additional objectives:

- to undertake all transactions solely in the interest of the participants and beneficiaries;
- to maintain flexibility in meeting the future needs of the participants;
- to enable participants to exercise investment control;
- to allow participants to maximize return within reasonable and prudent levels of risk by selecting from the investment options offered;
- to include investment options that have reasonable investment management costs;
- to the extent possible, to select investment options that do not result in the imposition of additional participant fees for administration or recordkeeping and to arrange for investment education to be available to the participants.

As sponsor of the Plan, the Board establishes investment policy objectives and guidelines, determines asset classes from which investment options will be chosen, selects investment options and fund managers and monitors the investment performance and continued acceptability of the investment options and fund managers. It is the Board's policy to engage experts to assist it with these duties.

As of December 31, the Plan's net position was:

December 31	2016	2015	Increase (Decrease)	Percent Change
Investments:				
Stable value fund	\$ 25,144,466	\$ 24,165,645	\$ 978,821	4%
Mutual funds	169,759,732	152,804,727	16,955,005	11%
Total investments	194,904,198	176,970,372	17,933,826	10%
Plan assets	194,904,198	176,970,372	17,933,826	10%
Liabilities				
Fiduciary net position	\$194,904,198	\$176,970,372	\$17,933,826	10%

Plan Activities

Plan net position increased as of December 31, 2016 as compared to December 31, 2015, due principally to investment income and contributions being more than benefits paid. The net position increased by \$17,933,826 during 2016. Key elements are discussed below:

Additions

The monies used to pay benefits are accumulated from the contributions made by the County and each participant and increases or decreases generated from the participant's investments, including investment earnings. County matching contributions for 2016 totaled \$7,152,491, an increase of 10% from 2015. The increase in plan assets from net investment income for 2016 was \$15,273,830.

	2016	2015	Increase (Decrease)	Percent Change
County matching contributions	\$ 7,152,491	\$ 6,523,463	\$ 629,028	10%
Participant contributions	7,318,595	6,669,001	649,594	10%
Investment income	15,273,830	903,762	14,370,068	1590%
Participant rollovers	764,501	1,099,979	(335,478)	-30%
Less investment costs	(960,479)	(915,422)	{45,057}	5%
Total additions	\$29,548,938	\$14,280,783	\$15,268,155	107%

Deductions

Benefits paid to participants during the year were \$11,298,051 representing an increase of 25% from 2015. The increase in retirement benefits in 2016 can be attributed to several large distributions taken during 2016 for terminating participants. Internal costs and staff time are considered to be County costs and are not separately tracked or charged to the Plan.

	2016	2015	Increase (Decrease)	Percent Change
Retirement benefits	\$ 11,298,051	\$ 9,064,300	\$ 2,233,751	25%
Service provider fees	317,061	321,579	(4,518)	-1%
Total deductions	\$ 11,615,112	\$ 9,385,879	\$ 2,229,233	24%

REQUESTS FOR INFORMATION

This discussion and analysis is designed to provide a general overview of the Plan's activities for the years ended December 31, 2016 and 2015. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Larimer County Retirement Board, Larimer County Contributory Retirement Plan, P.O. Box 1190, Fort Collins, Colorado 80522.

LARIMER COUNTY CONTRIBUTORY RETIREMENT PLAN
STATEMENT OF FIDUCIARY NET POSITION

	<u>December 31,</u>	
	<u>2016</u>	<u>2015</u>
Assets		
Investments, at fair value	\$ 194,904,198	\$ 176,970,372
Fiduciary Net Position - Restricted	\$ 194,904,198	\$ 176,970,372

LARIMER COUNTY CONTRIBUTORY RETIREMENT PLAN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

	<u>For The Year Ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
Additions To Net Position Attributed To		
Net Investment Income (Loss)		
Investment income	\$ 15,273,830	\$ 903,762
Less: Investment costs	(960,479)	(915,422)
Net Investment Income (Loss)	14,313,351	(11,660)
Contributions		
Employer	7,152,491	6,523,463
Participants	7,318,595	6,669,001
Participant rollovers/transfers	764,501	1,099,979
Total Contributions	15,235,587	14,292,443
Total Additions	29,548,938	14,280,783
Deductions From Net Position Attributed To		
Benefits paid directly to participants	11,298,051	9,064,300
Service provider fees	317,061	321,579
Total Deductions	11,615,112	9,385,879
Net Change In Net Position	17,933,826	4,894,904
Fiduciary Net Position, Beginning Of Year	176,970,372	172,075,468
Fiduciary Net Position, End Of Year	\$ 194,904,198	\$ 176,970,372

LARIMER COUNTY CONTRIBUTORY RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

1. Description Of Plan

The following description of the Larimer County Contributory Retirement Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

The Plan is a defined contribution, single-employer plan to which eligible participants and Larimer County, Colorado (the County), contribute equal amounts on a monthly basis. Substantially all full-time salaried employees of the County are eligible on their first day of work and required to participate in the Plan. The participants also may voluntarily contribute additional compensation. The total employee mandatory and voluntary contributions cannot exceed 85% of the employee's compensation. Voluntary contributions are not matched by the County. As of December 31, 2016, there were approximately 2,314 participants with account balances in the Plan.

In 2009, the Plan was amended to change contribution rates beginning in 2009. The amounts contributed by each will now range from 5% of compensation for participants with less than five years of service to 8% of compensation for participants with over 10 years of service.

Each participant's account is credited with the participant's contribution and allocations of the County's contribution and plan earnings and charged with administrative expenses. Allocations are based on compensation and account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. Participants are not allowed to borrow from their account.

Participants are immediately fully vested in their contributions plus actual earnings thereon. Vesting in the County's matching contribution portion of their accounts plus actual earnings thereon is based on years of continuous service. Participants become 100% vested in the County's matching portion following five years of service. Participants are also fully vested upon the occurrence of death, being found totally and permanently disabled or taking normal retirement. Elected and appointed officials are immediately 100% vested.

This plan is authorized by the Larimer County Board of County Commissioners under applicable state statutes.

LARIMER COUNTY CONTRIBUTORY RETIREMENT PLAN

Notes To Financial Statements (*Continued*)

Plan Termination

Although it has not expressed any intent to do so, the County has the right under the Plan to discontinue its contributions at any time and to terminate the Plan. In the event of plan termination, participants will become 100% vested in their accounts.

2. Summary Of Significant Accounting Policies

The following is a summary of significant accounting policies, which are in conformity with accounting principles generally accepted in the United States.

Basis Of Accounting

The financial statements of the Plan are prepared using the accrual method of accounting.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the plan record keeper to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Investment securities, in general, are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the financial statements.

Investment Valuation And Income Recognition

The Plan's policy is to account for investments at fair value. Gains or losses on the sale of investments are recognized when the investment is sold. The Plan adopted provisions of GASB Statement No. 72, *Fair Value Measurement and Application*, effective for the year ended December 31, 2016, which increased the disclosure requirements relating to the fair value hierarchy of investments.

LARIMER COUNTY CONTRIBUTORY RETIREMENT PLAN

Notes To Financial Statements (*Continued*)

The Plan's investments are stated at the values reported to the Plan by the record keeper, which are based on the fair value of the underlying investments. Shares of mutual funds are valued at quoted market prices which represent the net asset value of shares held by the Plan at year end. The Common Collective Trusts and Pooled Separate Accounts are reported at estimated fair value by the fund, based on discounted projected cash flows at the prevailing yield curve rate, and considering the impacts of withdrawal restrictions or surrender clauses, if any, which is approximately the same as contract value.

The Plan's funds market value is calculated by the record keeper and custodian, Teachers Insurance and Annuity Association of America (TIAA), on a daily basis. These assets reflect all contributions and disbursements processed through the end of the day. The daily transactions are processed, and a percent change in assets is calculated and used to adjust the beginning market value of each rate class to current-day market value. Next, the system calculates and deducts the appropriate expenses from the current-day market value for each rate class. Then a unit value is calculated for each rate class by dividing the assets adjusted for market performance and expense by the number of units.

Purchases and sales of investments are recorded on a trade-date basis. Investment income is primarily comprised of realized and unrealized appreciation and depreciation of the fair value of the investments.

Payment Of Benefits

Benefits are recorded when paid. Termination or voluntary withdrawals are recorded when approved.

3. Investments

The retirement board shall have complete control and authority to determine the investment options for the funds of the Plan. Funds of the Plan shall be managed and invested by the retirement board of the Plan in accordance with the prudent investor rule and the other standards and provisions for trustees set forth in the "Colorado Uniform Prudent Investor Act." These limitations shall not apply to investments self-directed by participants in the Plan.

The Plan held no investments issued by the County or any entity under the County's control.

LARIMER COUNTY CONTRIBUTORY RETIREMENT PLAN

Notes To Financial Statements (Continued)

Investments at fair value at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Investments, At Fair Value		
Mutual funds	\$ 157,395,122	\$ 141,670,586
Common collective trust	25,144,466	24,165,645
Pooled separate account	8,188,086	7,529,258
Self-directed brokerage accounts	4,176,524	3,604,883
Total Investments	\$ 194,904,198	\$ 176,970,372

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Plan's pooled separate accounts and mutual funds have no maturity date, and the Plan does not have a policy to address interest rate risk.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Board does not have a policy to limit credit risk for the Plan's pooled separate accounts and mutual funds. These investments are not rated.

Concentration Of Credit Risk: The Plan places no limit on the amount that may be invested with one issuer.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of financial institution failure, the Plan's investments may not be returned to it. The Plan's invested funds represent direct contractual investments and are not considered securities exposed to custodial credit risk.

The Plan's investment policy seeks to maximize participant diversification opportunities to reduce overall portfolio risk while generating growth of asset value.

LARIMER COUNTY CONTRIBUTORY RETIREMENT PLAN

Notes To Financial Statements (Continued)

Investments that represent five percent or more of the Plan's net position are as follows:

	December 31,	
	2016	2015
Morley Stable Value Fund	\$ 25,144,466	\$ 24,165,645
American Century One Choice 2030	18,089,529	16,750,666
Vanguard Institutional Index Fund	15,724,678	12,708,396
American Century One Choice 2020	11,943,293	12,920,163
Dodge and Cox Income Fund	11,858,216	10,091,399
American Century One Choice 2040	11,219,135	9,709,814
Principal MidCap Value I R5	n/a	8,382,000

4. 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. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). 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 that the Plan has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets,
 - Quoted prices for identical or similar assets or liabilities in inactive markets,
 - Inputs other than quoted prices that are observable for the asset or liability and
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means

LARIMER COUNTY CONTRIBUTORY RETIREMENT PLAN

Notes To Financial Statements (*Continued*)

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Mutual Funds: These are public investment vehicles, valued using the fair value per share (unit) provided by the administrator of the fund. The fair value per unit is based on the value of the underlying assets owned by the fund, minus the liabilities, and then divided by the number of shares outstanding. The fair value per unit is the quoted price in an active market and classified within Level 1 of the valuation hierarchy.

Common Collective Trust (the CCT): These investments are public investment vehicles valued using the net asset value (the NAV) provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus the liabilities, and then divided by the number of shares outstanding. The CCT is not classified within the fair value hierarchy pursuant to GASB 72.

Pooled Separate Accounts (PSA): These are valued at the NAV of units held by the Plan at year end. The NAV is determined by dividing the net assets, at fair value, of the fund by the number of units outstanding on the day of valuation. The Plan has concluded that the NAV, as adjusted (for variable annuity income and administrative maintenance charges and other items) and reported by the insurance company, approximates fair value of the investments. The investments are redeemable daily at the adjusted NAV under agreements with the insurance company. However, it is possible that the redemption rights may be restricted or eliminated in the future. Due to the nature of the investments, changes in the market conditions, liquidity requirements and the economic environment may significantly affect the NAV of the registered investment companies and, consequently, the fair value of the Plan's investments. The PSA is not classified within the fair value hierarchy pursuant to GASB 72.

Self-Directed Brokerage Accounts: These accounts consist primarily of common stocks that are valued on the basis of readily determinable market prices and are classified within Level 1 of the valuation.

LARIMER COUNTY CONTRIBUTORY RETIREMENT PLAN

Notes To Financial Statements (Continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's investments at fair value.

	December 31, 2016	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments By Fair Value Level				
Self-directed brokerage accounts	\$ 4,176,524	\$ 4,176,524	\$ —	\$ —
Mutual funds	157,395,122	157,395,122	—	—
Total Investments By Fair Value Level	161,571,646	\$ 161,571,646	\$ —	\$ —

Investments Measured At The NAV

Common collective trusts	25,144,466
Pooled separate accounts	8,188,086

Total Investments \$ 194,904,198

	December 31, 2015	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments By Fair Value Level				
Self-directed brokerage accounts	\$ 3,604,883	\$ 3,604,883	\$ —	\$ —
Mutual funds	141,670,586	141,670,586	—	—
Total Investments By Fair Value Level	145,275,469	\$ 145,275,469	\$ —	\$ —

Investments Measured At The NAV

Common collective trusts	24,165,645
Pooled separate accounts	7,529,258

Total Investments \$ 176,970,372

LARIMER COUNTY CONTRIBUTORY RETIREMENT PLAN

Notes To Financial Statements (*Continued*)

The following table summarizes investments for which fair value is measured using the NAV per share practical expedient as of December 31, 2016 and 2015. There are no participant redemption restrictions for these investments; the redemption notice period is applicable only to the Plan.

<u>Investment</u>	<u>Fair Value 2016</u>	<u>Fair Value 2015</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Common Collective Trust Accounts					
Morley Stable Value Fund	\$ 25,144,466	\$ 24,165,645	n/a	daily	12 months
Pooled Separate Accounts					
TIAA Real Estate	8,188,086	7,529,258	n/a	daily	quarterly

Upon enrollment in the Plan, a participant may direct contributions in any of 28 current investment options. The following investment options were for the years December 31, 2016 and 2015.

Mutual Funds

Dodge & Cox Income - The Dodge & Cox Income investment seeks a high and stable rate of current income, consistent with long-term preservation of capital. The fund invests in a diversified portfolio of high-quality bonds and other fixed income securities. At least 65% of the fund's total assets will be invested in fixed income securities rated A or better by either Standard & Poor's Ratings Group (S&P), Fitch Ratings (Fitch) or Moody's Investors Service (Moody's), or equivalently rated by any other nationally recognized statistical rating organization. It may also invest in interest rate derivatives such as U.S. Treasury futures.

Loomis Sayles Bond - The Loomis Sayles Bond Institutional investment seeks high total investment return through a combination of current income and capital appreciation. The fund normally invests at least 80% of its net assets in fixed-income securities. It will invest primarily in investment-grade fixed-income securities, although it may also invest up to 35% of its assets in below investment-grade fixed-income securities and up to 20% of its assets in equity securities, such as common stocks and preferred stocks (with up to 10% of its assets in common stocks). The fund's fixed-income securities investments may include unrated securities. It may invest in fixed-income securities of any maturity.

LARIMER COUNTY CONTRIBUTORY RETIREMENT PLAN

Notes To Financial Statements (*Continued*)

PIMCO Real Return A - The PIMCO Real Return A investment seeks maximum real return, consistent with preservation of capital and prudent investment management. The fund normally invests at least 80% of its net assets in inflation-indexed bonds of varying maturities issued by the U.S. and non-U.S. governments, their agencies or instrumentalities and corporations, which may be represented by forwards or derivatives such as options, futures contracts or swap agreements. It invests primarily in investment grade securities, but may invest up to 10% of its total assets in high-yield securities (junk bonds) rated B or higher. The fund is nondiversified.

BlackRock Equity Dividend Institutional - The BlackRock Equity Dividend Institutional investment seeks long-term total return and current income. The fund seeks to achieve its objective by investing primarily in a diversified portfolio of equity securities. Under normal circumstances, it will invest at least 80% of its assets in equity securities and at least 80% of its assets in dividend-paying securities. The fund may invest in securities of companies with any market capitalization, but will generally focus on large cap securities. It may also invest in convertible securities and nonconvertible preferred stock. The fund may invest up to 25% of its total assets in securities of foreign issuers.

Vanguard Institutional Index Fund - The Vanguard Institutional Index Fund seeks to track the performance of a benchmark index that measures the investment return of large-capitalization stocks. The fund employs an indexing investment approach designed to track the performance of the Standard & Poor's 500 Index, a widely recognized benchmark of U.S. stock market performance that is dominated by the stocks of large U.S. companies. It attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

T. Rowe Price Blue Chip Growth Advantage - The T. Rowe Price Blue Chip Growth Advantage investment seeks long-term capital growth; income is a secondary objective. The fund will normally invest at least 80% of assets in the common stocks of large and medium-sized blue chip growth companies. It focuses on companies with leading market position, seasoned management and strong financial fundamentals. The fund may sell securities for a variety of reasons, such as to secure gains, limit losses or redeploy assets into more promising opportunities.

LARIMER COUNTY CONTRIBUTORY RETIREMENT PLAN

Notes To Financial Statements (*Continued*)

Vanguard FTSE Social Index - The Vanguard FTSE Social Index investment seeks to track the performance of a benchmark index that measures the investment return of large- and mid-capitalization stocks. The fund employs an indexing investment approach designed to track the performance of the FTSE4Good U.S. Select Index. The index is composed of the stocks of companies that have been screened for certain social and environmental criteria by the index sponsor, which is independent of Vanguard. It attempts to replicate the index by investing all, or substantially all, of its assets in the stocks that make up the index.

Principal MidCap Value I R5 - The Principal MidCap Value I R5 investment seeks long-term growth of capital. The fund invests at least 80% of its net assets, plus any borrowings for investment purposes, in a diversified portfolio of equity securities of companies with a medium market capitalization (those with market capitalizations similar to companies in the Russell Midcap[®] Value Index) at the time of purchase. It invests in value equity securities, an investment strategy that emphasizes buying equity securities that appear to be undervalued. The fund also invests in real estate investment trusts.

Principal MidCap S&P 400 Index R5 - The Principal MidCap S&P 400 Index R5 investment seeks long-term growth of capital. The fund normally invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of companies that compose the Standard & Poor's MidCap 400 Index at the time of purchase. The index is designed to represent U.S. equities with risk/return characteristics of the mid-cap universe. It invests in index futures and options and exchange-traded funds on a daily basis to gain exposure to the index in an effort to minimize tracking error relative to the benchmark.

T. Rowe Price Mid-Cap Growth - The T. Rowe Price Mid-Cap Growth investment seeks long-term capital appreciation. The fund normally invests at least 80% of net assets (including any borrowings for investment purposes) in a diversified portfolio of common stocks of mid-cap companies whose earnings T. Rowe Price expects to grow at a faster rate than the average company. It defines mid-cap companies as those whose market capitalization falls within the range of either the S&P MidCap 400 Index or the Russell Midcap Growth Index. While most assets will typically be invested in U.S. common stocks, the fund may invest in foreign stocks in keeping with the fund's objectives.

LARIMER COUNTY CONTRIBUTORY RETIREMENT PLAN

Notes To Financial Statements (*Continued*)

DFA U.S. Small Cap Value I - The DFA U.S. Small Cap Value I investment seeks to achieve long-term capital appreciation. The fund normally will invest at least 80% of its net assets in securities of small-cap U.S. companies. It may use derivatives, such as futures contracts and options on futures contracts for U.S. equity securities and indices, to gain market exposure on its uninvested cash pending investment in securities or to maintain liquidity to pay redemptions.

Principal SmallCap S&P 600 Index R5 - The Principal SmallCap S&P 600 Index R5 investment seeks long-term growth of capital. The fund normally invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of companies that compose the Standard & Poor's SmallCap 600 Index at the time of purchase. The index is designed to represent U.S. equities with risk/return characteristics of the small-cap universe. The fund invests in index futures and options and exchange-traded funds on a daily basis to gain exposure to the index in an effort to minimize tracking error relative to the benchmark.

Prudential Jennison Small Company Z - The Prudential Jennison Small Company Z investment seeks capital growth. The fund normally invests at least 80% of investable assets in equity and equity-related securities of small, less well-known companies that the investment sub-adviser believes are relatively undervalued. In deciding which stocks to buy, it uses a blend of both value and growth styles. The investment sub-adviser currently considers small companies to be those with a market capitalization less than the largest market capitalization of the Russell 2500 Index at the time of investment.

Templeton Foreign A - The Templeton Foreign A investment seeks long-term capital growth. The fund normally invests at least 80% of its net assets in foreign securities, which may include emerging markets. Under normal market conditions, it invests predominantly in the equity securities of such foreign companies located outside the U.S. The equity securities in which the fund invests are predominantly common stock. Although the investment manager will search for investments across a large number of countries and sectors, from time to time, based on economic conditions, it may have significant positions in particular countries or sectors.

LARIMER COUNTY CONTRIBUTORY RETIREMENT PLAN

Notes To Financial Statements (*Continued*)

AQR International Equity I - The AQR International Equity I investment seeks long-term capital appreciation. The fund seeks to outperform, after expenses, the MSCI EAFE Index while seeking to control its tracking error relative to this benchmark. It will invest at least 80% of its net assets in equity and equity-related instruments (including, but not limited to, exchange-traded funds, equity index futures, equity index swaps and depositary receipts). The fund will invest in companies with a broad range of market capitalizations, including smaller capitalization companies. It may invest to a lesser extent in securities of issuers in countries and currencies not included in the International Equity Benchmark.

Virtus Emerging Markets Opportunities I - The Virtus Emerging Markets Opportunities I investment seeks capital appreciation. The fund offers investors exposure to emerging economies through well-established companies. Under normal circumstances, it invests at least 80% of its assets in equity securities or equity-linked instruments of issuers located in emerging markets countries; such issuers may be of any capitalization. Emerging market countries generally include every nation in the world except the U.S., Canada, Japan, Australia, New Zealand and most nations located in Western Europe.

American Century One Choice In Retirement - The American Century One Choice In Retirement investment seeks current income; capital appreciation is a secondary objective. The fund is a “fund of funds”; it invests in other American Century mutual funds (the underlying funds) that represent a variety of asset classes and investment styles. The fund’s target allocation for the various asset classes and underlying funds is to invest 45% of its assets in stock funds, 45% of its assets in bond funds and 10% of its assets in money market funds. The target asset mix of One Choice In Retirement portfolio is expected to remain fixed over time.

American Century One Choice 2020 - The American Century One Choice 2020 investment seeks the highest total return consistent with its asset mix. The fund is a “fund of funds”; it invests in other American Century mutual funds (the underlying funds) that represent a variety of asset classes and investment styles. The target date in the fund name (2020) refers to the approximate year an investor plans to retire and likely would stop making new investments in the fund.

LARIMER COUNTY CONTRIBUTORY RETIREMENT PLAN

Notes To Financial Statements (*Continued*)

American Century One Choice 2025 - The American Century One Choice 2025 investment seeks the highest total return consistent with its asset mix. The fund is a “fund of funds”; it invests in other American Century mutual funds (the underlying funds) that represent a variety of asset classes and investment styles. The target date in the fund name (2025) refers to the approximate year an investor plans to retire and likely would stop making new investments in the fund.

American Century One Choice 2030 - The American Century One Choice 2030 investment seeks the highest total return consistent with its asset mix. The fund is a “fund of funds”; it invests in other American Century mutual funds (the underlying funds) that represent a variety of asset classes and investment styles. The target date in the fund name (2030) refers to the approximate year an investor plans to retire and likely would stop making new investments in the fund.

American Century One Choice 2035 - The American Century One Choice 2035 investment seeks the highest total return consistent with its asset mix. The fund is a “fund of funds”; it invests in other American Century mutual funds (the underlying funds) that represent a variety of asset classes and investment styles. The target date in the fund name (2035) refers to the approximate year an investor plans to retire and likely would stop making new investments in the fund.

American Century One Choice 2040 - The American Century One Choice 2040 investment seeks the highest total return consistent with its asset mix. The fund is a “fund of funds”; it invests in other American Century mutual funds (the underlying funds) that represent a variety of asset classes and investment styles. The target date in the fund name (2040) refers to the approximate year an investor plans to retire and likely would stop making new investments in the fund.

American Century One Choice 2045 - The American Century One Choice 2045 investment seeks the highest total return consistent with its asset mix. The fund is a “fund of funds”; it invests in other American Century mutual funds (the underlying funds) that represent a variety of asset classes and investment styles. The target date in the fund name (2045) refers to the approximate year an investor plans to retire and likely would stop making new investments in the fund.

LARIMER COUNTY CONTRIBUTORY RETIREMENT PLAN

Notes To Financial Statements (*Continued*)

American Century One Choice 2050 - The American Century One Choice 2050 investment seeks the highest total return consistent with its asset mix. The fund is a “fund of funds”; it invests in other American Century mutual funds (the underlying funds) that represent a variety of asset classes and investment styles. The target date in the fund name (2050) refers to the approximate year an investor plans to retire and likely would stop making new investments in the fund.

American Century One Choice 2055 - The American Century One Choice 2055 investment seeks the highest total return consistent with its asset mix. The fund is a “fund of funds”; it invests in other American Century mutual funds (the underlying funds) that represent a variety of asset classes and investment styles. The target date in the fund name (2055) refers to the approximate year an investor plans to retire and likely would stop making new investments in the fund.

Dodge & Cox Stock Fund - The Dodge & Cox Stock investment seeks long-term growth and income. The fund invests in a diversified portfolio of equity securities from a least three different countries, including emerging markets. In the selection of investments, the Fund looks for undervalued or temporary undervalued investments by focusing on the underlying condition and prospects of the individual companies. Under normal circumstances, the Fund investment pool is at least 40% of the fund’s total assets that will be invested in securities of non-U.S. companies and at least 80% of total assets in equity securities.

Conestoga Small Cap Institutional - The Conestoga Small Cap Institutional investment seeks to provide long-term capital growth. The fund normally invests at least 80% of its net assets in equity securities of small-cap companies, which are predominantly companies with market capitalizations up to \$2.5 billion at the time of purchase of small-cap companies. These companies can be foreign or domestic and include convertible securities, common and preferred stocks, rights and warranties.

Common Collective Trusts

Morley Stable Value Fund - The Morley Stable Value Fund objective is to provide a low-risk, moderate yield investment. The fund is managed to earn a consistent level of return, while providing for preservation of capital, high credit quality and liquidity to pay plan benefits.

LARIMER COUNTY CONTRIBUTORY RETIREMENT PLAN

Notes To Financial Statements (*Continued*)

Pooled Separate Accounts

TIAA Real Estate Account - The TIAA Real Estate Account is a variable annuity account that seeks long-term return. The Account intends to have between 75% and 85% of its net assets invested directly in real estate or real estate-related investments with the goal of producing favorable long-term returns primarily through rental income and appreciation. Its principal strategy is to purchase direct ownership interests in income-producing real estate, primarily office, industrial, retail and multi-family residential properties. The Account is targeted to hold between 65% and 80% of the Account's net assets in such direct ownership interests at any time.

Self-Directed Brokerage Accounts

TIAA-CREF Self-Directed Brokerage Account - The participant chooses the individual stocks, bonds and mutual funds in which to direct contributions.

Participants may change their investment options daily.

LARIMER COUNTY CONTRIBUTORY RETIREMENT PLAN

Notes To Financial Statements (*Continued*)

The following is the number of participants in each investment option:

	December 31,	
	2016	2015
Morley Stable Value Fund	544	535
Dodge & Cox Income Fund	404	387
American Century One Choice In Retirement	176	190
American Century One Choice 2020	200	211
American Century One Choice 2025	158	156
American Century One Choice 2030	358	377
American Century One Choice 2035	230	230
American Century One Choice 2040	344	342
American Century One Choice 2045	197	164
American Century One Choice 2050	207	176
American Century One Choice 2055	258	177
Vanguard Institutional Index Fund	453	411
Principal Mid-Cap Value I R5	363	365
Principal Mid-Cap S&P 400 Index R5	200	149
T Rowe Price Mid-Cap Growth Fund	363	377
Principal Small-Cap S&P 600 Index R5	295	248
TIAA Real Estate	366	308
Vanguard FTSE Social Index	204	236
TIAA-CREF Self Directed Accounts	29	28
Prudential Jennison Small Company Fund Z	—	153
DFA U.S. Small Cap Value	226	215
T. Rowe Blue Chip Growth Advantage	279	307
AQR International Equity	295	262
Blackrock Equity Divided Fund	—	300
Templeton Foreign Fund A	399	381
Virtus Emerging Mkts Opportunities I	168	93
Loomis Sayles Bond	79	48
PIMCO Real Return Fund A	132	112
Conestoga Small Cap Instl	141	—
Dodge & Cox Stock Fund	330	—

LARIMER COUNTY CONTRIBUTORY RETIREMENT PLAN

Notes To Financial Statements (*Continued*)

5. Withdrawals And Forfeitures

On termination of service, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account or a regular amount on a periodic basis. The periodic payments may be monthly, quarterly or annually for any amount chosen by the participant. The periodic payments continue as long as the participant has a vested balance in the Plan. A participant may withdraw any part of their voluntary contributions or rollover contribution, since they are always 100% vested.

A terminating participant of the Plan that is not fully vested forfeits a portion of the County's contributions. Forfeitures remain in the Plan and are allocated to the remaining active participants. Such forfeitures totaled \$183,697 for the year ended December 31, 2016 and \$170,193 for the year ended December 31, 2015. At December 31, 2016 and 2015, the nonvested forfeited account balances were \$190,995 and \$156,761, respectively.

The Board also approved a change in forfeiture allocations, retroactive to January 1, 2007, according to the following outline:

- Participants eligible to receive forfeitures after 5 full years of service
- Annual allocation of forfeitures - last day of plan year
- One unit for each year of service, if the total number of years of service is 1 - 10
- Two units for each year of service, if the total number of years of service is 11 - 15
- Three units for each year of service, if the total number of years of service is 16 - 20
- Four units for each year of service, if the total number of years of service is 21 - 25
- Five units for each year of service, if the total number of years of service is 26 or more
- Forfeitures allocated to eligible participants based on ratio of units

LARIMER COUNTY CONTRIBUTORY RETIREMENT PLAN

Notes To Financial Statements *(Continued)*

6. Federal Income Taxes

The Plan obtained its latest determination letter on February 14, 2011 in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue code. The Plan has been amended since receiving the determination letter; however, the Plan administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, they believe that the Plan was qualified and the related trust was tax-exempt as of the financial statement date.

7. Related Party Transactions

Plan investments at December 31, 2016 include units of funds managed by the record keeper and custodian, TIAA.