



Colorado County  
Officials & Employees  
Retirement Association

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October 29, 2018

To the Members of the Retirement Association:

It is with great pleasure that I have attached the annual financial report of Colorado County Officials and Employees Retirement Association (CCOERA) for the fiscal years ended June 30, 2018 and 2017. The financial statements contained in the annual financial report were audited by EKS&H LLLP.

CCOERA has continued to operate smoothly and efficiently throughout the changes over the past year and currently has approximately 215 member employers and 22,600 participants. As many of you are aware, the plan is governed by a seven-member Board of Directors. Through the efforts of the Board and staff I hope that this will be an understandable report containing relevant information that will enable employers and participants to better evaluate the CCOERA plans.

As always, if you have any specific questions about the financial statements, or general questions of the Retirement Association, please feel free to contact our offices.

Sincerely,

A handwritten signature in cursive script that reads "Elizabeth A. Price".

Elizabeth A. Price  
Executive Director

**COLORADO COUNTY OFFICIALS AND  
EMPLOYEES RETIREMENT ASSOCIATION**

**Financial Statements  
and  
Independent Auditors' Report  
June 30, 2018 and 2017**

**EKS&H**

**COLORADO COUNTY OFFICIALS AND  
EMPLOYEES RETIREMENT ASSOCIATION**

**Table of Contents**

	<u>Page</u>
Independent Auditors' Report.....	1
Management's Discussion and Analysis.....	3
Financial Statements	
Statements of Fiduciary Net Position.....	13
Statements of Changes in Fiduciary Net Position.....	14
Notes to Financial Statements.....	15
Supplementary Information	
Combining Statement of Fiduciary Net Position - As of June 30, 2018.....	29
Combining Statement of Changes in Fiduciary Net Position - For the Year Ended June 30, 2018.....	30
Combining Statement of Fiduciary Net Position - As of June 30, 2017.....	31
Combining Statement of Changes in Fiduciary Net Position - For the Year Ended June 30, 2017.....	32
Schedules of Administrative Expenses.....	33

## **INDEPENDENT AUDITORS' REPORT**

To the Governing Board  
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, 2018 and 2017, 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 audits 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 available for benefits of Colorado County Officials and Employees Retirement Association as of June 30, 2018 and 2017, and the changes in its financial position available for benefits 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 12 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 those 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 audits were 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 audits 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.

*EKS+H LLLP*

EKS&H LLLP

# **COLORADO COUNTY OFFICIALS AND EMPLOYEES RETIREMENT ASSOCIATION**

## **Management's Discussion and Analysis June 30, 2018 and 2017**

### **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, 2018 and 2017. 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 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, 2018 and 2017**

**Financial Analysis**

*Comparative Financial Information*

Statements of Fiduciary Net Position

	<u>June 30,</u>		
	<u>2018</u>	<u>2017</u>	<u>Percent Change</u>
<b>Assets</b>			
Cash	\$ 299,675	\$ 257,018	16.6 %
Loans receivable	25,169,514	25,529,936	(1.4)%
Investments	1,661,266,022	1,527,019,975	8.8 %
Other assets	<u>1,110,864</u>	<u>1,171,694</u>	(5.2)%
Total assets	<u>1,687,846,075</u>	<u>1,553,978,623</u>	8.6 %

**Liabilities and Net Position**

Accounts payable and accrued liabilities	<u>745,254</u>	<u>742,024</u>	0.4 %
Net position held in trust for pension benefits	<u>\$1,687,100,821</u>	<u>\$1,553,236,599</u>	8.6 %

	<u>June 30,</u>		
	<u>2017</u>	<u>2016</u>	<u>Percent Change</u>
<b>Assets</b>			
Cash	\$ 257,018	\$ 258,687	(0.6)%
Loans receivable	25,529,936	24,278,627	5.2 %
Recordkeeping fees receivable	-	164,112	(100.0)%
Investments	1,527,019,975	1,375,270,737	11.0 %
Other assets	<u>1,171,694</u>	<u>1,223,146</u>	(4.2)%
Total assets	<u>1,553,978,623</u>	<u>1,401,195,309</u>	10.9 %

**Liabilities and Net Position**

Accounts payable and accrued liabilities	<u>742,024</u>	<u>716,539</u>	3.6 %
Net position held in trust for pension benefits	<u>\$1,553,236,599</u>	<u>\$1,400,478,770</u>	10.9 %

**COLORADO COUNTY OFFICIALS AND  
EMPLOYEES RETIREMENT ASSOCIATION**

**Management's Discussion and Analysis  
June 30, 2018 and 2017**

**Financial Analysis (continued)**

*Comparative Financial Information (continued)*

Statements of Changes in Fiduciary Net Position

	For the Years Ended		
	June 30,		
	<u>2018</u>	<u>2017</u>	<u>Percent Change</u>
Additions			
Member employer contributions	\$ 46,146,770	\$ 40,003,925	15.4 %
Participant contributions	55,011,414	55,530,181	(0.9)%
Participant rollovers	27,051,076	12,499,455	116.4 %
Recordkeeping fees	-	201,472	(100.0)%
Interest and other	<u>1,197,160</u>	<u>1,094,410</u>	9.4 %
Total additions	<u>129,406,420</u>	<u>109,329,443</u>	18.4 %
Investment income	<u>114,527,490</u>	<u>146,064,473</u>	21.6 %
Deductions			
Participants' benefit distributions	97,979,471	93,205,278	5.1 %
Plan-to-plan transfers	9,302,805	6,534,304	42.4 %
Administrative expenses	<u>2,787,412</u>	<u>2,896,505</u>	(3.8)%
Total deductions	<u>110,069,688</u>	<u>102,636,087</u>	7.2 %
Increase in net position held in trust for pension benefits	133,864,222	152,757,829	(12.4)%
Net position held in trust for pension benefits			
Beginning of year	<u>1,553,236,599</u>	<u>1,400,478,770</u>	10.9 %
End of year	<u>\$1,687,100,821</u>	<u>\$1,553,236,599</u>	8.6 %

**COLORADO COUNTY OFFICIALS AND  
EMPLOYEES RETIREMENT ASSOCIATION**

**Management's Discussion and Analysis  
June 30, 2018 and 2017**

**Financial Analysis (continued)**

*Comparative Financial Information (continued)*

Statements of Changes in Fiduciary Net Position (continued)

	For the Years Ended		Percent Change
	June 30,		
	<u>2017</u>	<u>2016</u>	
<b>Additions</b>			
Member employer contributions	\$ 40,003,925	\$ 37,306,952	7.2 %
Participant contributions	55,530,181	53,702,795	3.4 %
Participant rollovers	12,499,455	12,795,813	(2.3)%
Recordkeeping fees	201,472	457,324	(55.9)%
Interest and other	<u>1,094,410</u>	<u>1,096,900</u>	(0.2)%
Total additions	<u>109,329,443</u>	<u>105,359,784</u>	3.8 %
Investment (loss) income	<u>146,064,473</u>	<u>(10,139,200)</u>	1,540.6 %
<b>Deductions</b>			
Participants' benefit distributions	93,205,278	86,700,337	7.5 %
Plan-to-plan transfers	6,534,304	5,523,182	18.3 %
Administrative expenses	<u>2,896,505</u>	<u>2,915,748</u>	(0.7)%
Total deductions	<u>102,636,087</u>	<u>95,139,267</u>	7.9 %
Increase in net position held in trust for pension benefits	152,757,829	81,317	187,754.7 %
<b>Net position held in trust for pension benefits</b>			
Beginning of year	<u>1,400,478,770</u>	<u>1,400,397,453</u>	0.0 %
End of year	<u>\$1,553,236,599</u>	<u>\$1,400,478,770</u>	10.9 %

**COLORADO COUNTY OFFICIALS AND  
EMPLOYEES RETIREMENT ASSOCIATION**

**Management's Discussion and Analysis  
June 30, 2018 and 2017**

**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 \$4,153,095, \$4,466,030, and \$5,218,070 as of June 30, 2018, 2017, and 2016, 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 \$1,687,000,000 at June 30, 2018. Assets mainly consist of investments, cash, receivables, and property and equipment. As of June 30, 2018, 21.2% of the investment assets, or \$351,314,028, was invested in the Book Value Fund. Other investment assets of \$1,309,951,994 represent investments of \$1,280,709,191 in 16 publicly traded mutual funds and 12 customized target date funds and \$29,242,803 invested in self-directed brokerage accounts. The remainder of the Association's assets consists of cash of \$299,675, loan receivables of \$25,169,514, net property and equipment of \$1,057,967, and other assets of \$52,897. The Association occupies a building and land purchased on January 17, 2008 for a total cost of \$1,464,855. The investment gain on the Association's investments was over \$114,000,000 during the year ended June 30, 2018.

By way of comparison, as of June 30, 2017, 23.7% of the investment assets, or \$362,606,329, was invested in the Book Value Fund. Other investment assets of \$1,164,413,646 represented investments of \$1,136,411,363 in 16 publicly traded mutual funds and 12 customized target date funds and \$28,002,283 invested in self-directed brokerage accounts. The remainder of the Association's assets consisted of cash of \$257,018, loan receivables of \$25,529,936, net property and equipment of \$1,116,436, and other assets of \$55,258. The investment gain on the Association's investments was over \$146,000,000 for the year ended June 30, 2017.

As of June 30, 2018, 2017, and 2016, the Association's net position held in trust for pension benefits was \$1,687,100,821, \$1,553,236,599, and \$1,400,478,770, representing total assets of \$1,687,846,075, \$1,553,978,623, and \$1,401,195,309, less total liabilities of \$745,254, \$742,024, and \$716,539, respectively. During the fiscal years ended June 30, 2018, 2017, and 2016, the net position held in trust for benefits increased 8.6%, 10.9%, and 0.0%, or \$133,864,222, \$152,757,829, and \$81,317, 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, 2018 and 2017**

**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 gain of \$114,527,490 during fiscal year 2018 and a gain of \$146,064,473 during fiscal year 2017. Of this amount, mutual fund investments increased by \$106,992,876 and \$138,865,322 in net market value during fiscal years 2018 and 2017, respectively. For the fiscal years ended June 30, 2018 and 2017, where the S&P 500 Index went up 12.2% and 15.5%, respectively, these gains recognized in fiscal years 2018 and 2017 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 2018 and 2017 was \$7,534,614 and \$7,199,151, respectively.

During the fiscal years ended June 30, 2018 and 2017, the Association incurred \$2,787,412 and \$2,896,505, respectively, of administrative expenses. The largest component of this amount was for salaries and personnel of \$1,371,958 and \$1,307,168 for 2018 and 2017, respectively. Other significant expense items included recordkeeping fees, system maintenance, consultant and investment advisors, legal, administrative, depreciation, and insurance. Recordkeeping fees and system maintenance for 2018 and 2017 were \$714,403 and \$1,044,124, respectively. The Association also incurred consultant and investment advisory expenses of \$111,988 and \$110,404 for 2018 and 2017, respectively. Other major expenses incurred during 2018 and 2017 were for legal fees of \$85,781 and \$51,419; administrative expenses of \$71,838 and \$64,066; depreciation of \$68,752 and \$69,436; insurance of \$67,375 and \$65,951; travel-related expenses of \$60,610 and \$56,053, primarily related to participant education and counseling efforts; and accounting and auditing of \$57,000 and \$57,000, respectively.

During the fiscal years ended June 30, 2018 and 2017, contributions to both the Retirement Plan and the Deferred Compensation Plan totaled \$128,209,260 and \$108,033,561, consisting of \$46,146,770 and \$40,003,925 in member employer contributions; \$55,011,414 and \$55,530,181 in participant contributions; and \$27,051,076 and \$12,499,455 in participant rollovers, respectively. Distributions for the payment of benefits and for plan-to-plan transfers totaled \$107,282,276 and \$99,739,582 for the fiscal years ended June 30, 2018 and 2017, 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 \$133,864,222 and \$152,757,829 for the fiscal years ended June 30, 2018 and 2017, respectively.

**COLORADO COUNTY OFFICIALS AND  
EMPLOYEES RETIREMENT ASSOCIATION**

**Management's Discussion and Analysis  
June 30, 2018 and 2017**

**Economic and Industry Considerations**

The stock market has again climbed to record heights this year as the economy and corporate profits have continue to improve. Since the 2008-2009 recession, the United States has recorded almost uninterrupted growth. The nation's real Gross Domestic Product ("GDP") grew at a 4.1% pace for the second quarter of 2018. Expectations for growth are 3% for the second half of 2018 and 2019. Fueling this pace is consumer spending, driven higher by stronger job and income growth. This income growth is being bolstered by tax reform, which has boosted take-home pay. Other positive signals about the current economy include employment growth, low unemployment rates, and higher wage growth. Consumers are generally in much better financial shape today. One indication of improvement is the savings rate, which is now 6.8%. Two components of the economy targeted by Federal Reserve policy are employment and inflation (the dual mandate). Employment growth remains healthy, and consumer prices are on the upswing, leading to expectations that the Federal Reserve will increase interest rates again in 2018 (there have been three rate hikes already in 2018) and 2019.

The state's unemployment rate has dropped to 2.7% for June 2018 compared to the national unemployment rate of 4.0%. Colorado's job growth has perked up during the first half of 2018, with job gains showing a 2.8% increase. This makes Colorado the nation's fifth fastest growing job market; impressive considering the state has one of the tightest labor markets in the country.

Economic growth is readily apparent in Colorado, where GDP growth has outpaced the nation for the past seven quarters. Colorado's young, highly skilled, and educated workforce makes the state a top destination for expanding tech companies. Employment has also risen across nearly every major labor category, with leisure, hospitality, and tourism leading the charge.

In just over four decades, the state has undergone a huge increase in college-educated population as the percent of Colorado residents 25 years or older with four or more years of college more than tripled, from 14.9% in 1970 to 38.7% today. Colorado is now the fifth most educated state in the country. With more highly qualified employees, new high-tech industries have added significantly to Colorado's economy and key industry clusters, specifically aerospace, biosciences, IT-software, and telecommunications. A 2018 study has determined that Colorado is No. 2 nationally when it comes to the most attractive states for employment.

Colorado's population growth has moderated in 2017. The state was the third largest gainer in net migration in 2015, and has slipped to eleventh this past year. The short-term population growth forecast for Colorado is an increase of 1.6% for both 2018 and 2019. The total population was estimated to be 5,607,000 as of July 2017. The growth rate forecast of 1.6% is 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 2.6% per year along the North Front Range to less than 1% in the Central Mountains. The forecast is for Colorado to reach 6 million by 2021. Local government employment has largely recovered from the Great Recession and is expected to grow at about the same rate as the state population.

**COLORADO COUNTY OFFICIALS AND  
EMPLOYEES RETIREMENT ASSOCIATION**

**Management's Discussion and Analysis  
June 30, 2018 and 2017**

**Economic and Industry Considerations (continued)**

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.

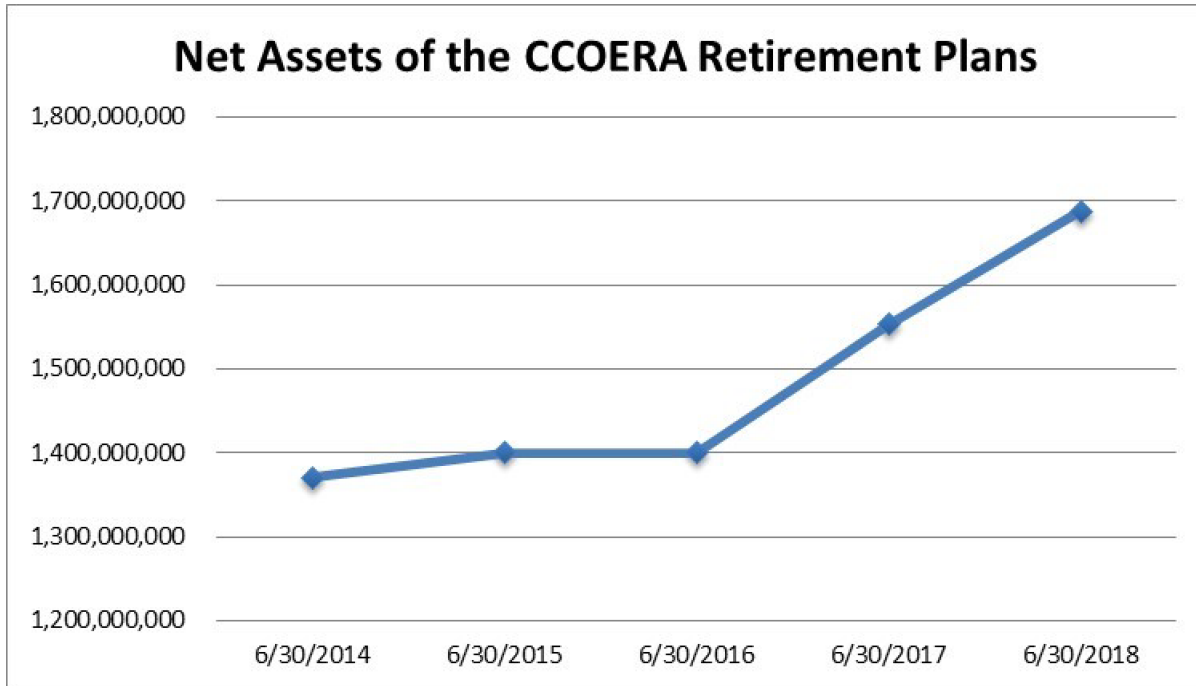
The continued challenge for our participants is to not abandon their long-term focus and disciplined approach to investing along the road to retirement. We are cautioning participants, as even the healthiest markets are subject to the potential of sharp sell-offs from time to time. Speed bumps are to be expected in the short term. 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**

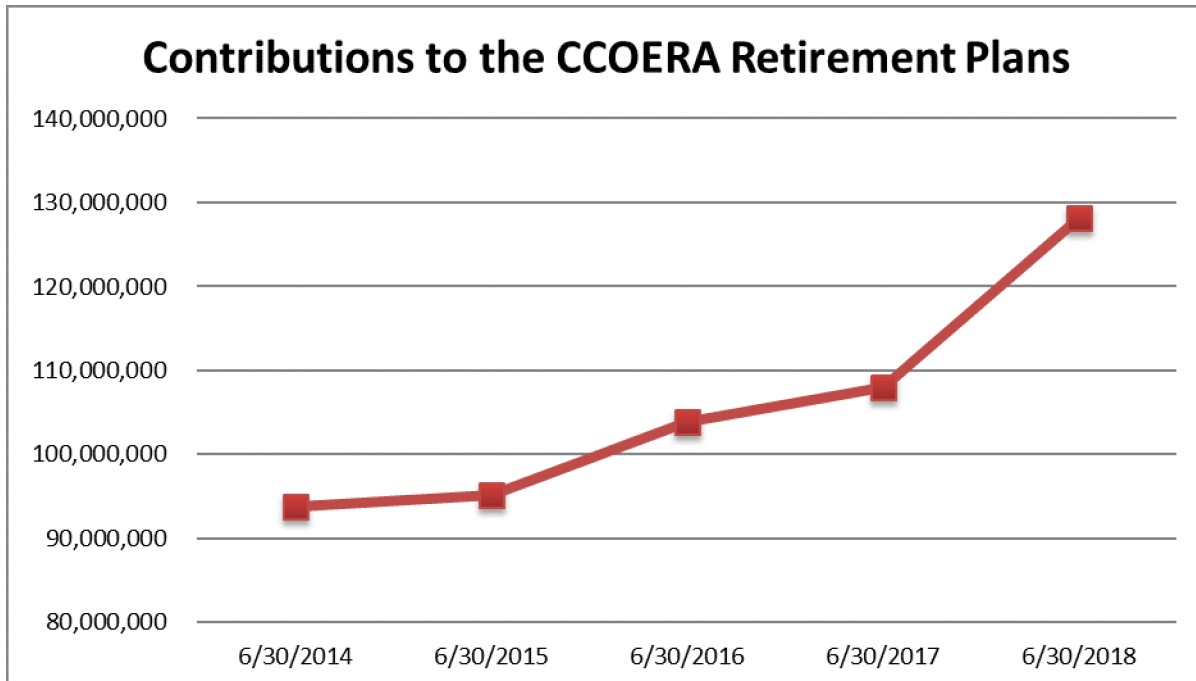
**Management's Discussion and Analysis  
June 30, 2018 and 2017**

**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  
EMPLOYEES RETIREMENT ASSOCIATION**

**Management's Discussion and Analysis  
June 30, 2018 and 2017**

**Economic and Industry Considerations (continued)**

Since July 1, 2006, the Governing Board comprises seven members. Its current members are Mr. Tobe Allumbaugh, Ms. Holly Bjorklund, Mr. Lucas Hale, Mr. Tim Kauffman, Mr. Leroy Mauch, Mr. Scott Ruff (who replaced Paul Hindman on February 1, 2017), and Mr. Scott Vargo. Effective July 1, 2018, Mr. Christopher Felton, Ms. Ramona Weber, and Mr. Paul Danley were elected to the Governing Board. These new members replaced Holly Bjorklund, Leroy Mauch, and Scott Ruff, respectively.

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, 2018, 2017, and 2016, 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,	
	2018	2017
<b>Assets</b>		
Cash	\$ 299,675	\$ 257,018
Loans receivable	25,169,514	25,529,936
Investments		
Book Value Fund		
Investment contracts	483,830,593	472,483,222
Collective trust funds	45,540,964	35,938,063
Less amounts in target date funds	(178,057,529)	(145,814,956)
Mutual funds		
Target Date Fund Income	26,633,950	21,773,393
Target Date Fund 2010	41,190,219	38,177,908
Target Date Fund 2015	89,930,772	88,745,086
Target Date Fund 2020	142,579,518	134,291,570
Target Date Fund 2025	149,143,128	133,511,656
Target Date Fund 2030	105,889,290	91,827,017
Target Date Fund 2035	98,999,474	86,054,684
Target Date Fund 2040	74,344,446	63,598,254
Target Date Fund 2045	63,021,628	52,084,407
Target Date Fund 2050	42,229,581	32,776,478
Target Date Fund 2055	18,229,336	13,234,149
Target Date Fund 2060	5,284,705	3,220,677
Fidelity Contrafund	81,364,660	68,009,926
Vanguard Institutional Index I	54,153,007	45,704,949
Dodge & Cox Stock Fund	33,003,113	32,812,228
Harbor Capital Appreciation Institutional	32,790,522	23,109,075
Vanguard Mid-Cap Index Institutional	32,263,909	30,197,227
Vanguard Small Cap Index Institutional	30,343,072	27,224,740
Metropolitan West Total Return Bond	24,864,085	24,187,415
Fidelity Low-Priced Stock	22,365,988	20,871,287
American Funds EuroPacific Growth	21,876,905	17,090,578
Artisan Mid-Cap Institutional	20,947,995	18,645,680
American Beacon Small Cap Value Institutional	20,686,632	19,627,152
American Beacon International Equity Institutional	15,166,832	14,602,211
PIMCO High Yield Institutional	9,539,419	9,551,848
Cohen & Steers Institutional Realty	8,759,393	11,309,371
Neuberger Berman Socially Responsive	8,225,300	7,969,425
Vanguard Federal Money Market	6,882,312	6,202,972
Self-directed brokerage accounts	29,242,803	28,002,283
Total investments	1,661,266,022	1,527,019,975
Other assets		
Prepaid expenses and other current assets	52,897	55,258
Property and equipment, net	1,057,967	1,116,436
Total other assets	1,110,864	1,171,694
Total assets	1,687,846,075	1,553,978,623
<b>Liabilities and Net Position</b>		
Accounts payable and accrued liabilities	745,254	742,024
Net position held in trust for pension benefits	\$ 1,687,100,821	\$ 1,553,236,599

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>2018</u>	<u>2017</u>
Contributions		
Member employers	\$ 46,146,770	\$ 40,003,925
Participants	55,011,414	55,530,181
Participant rollovers	<u>27,051,076</u>	<u>12,499,455</u>
Total contributions	<u>128,209,260</u>	<u>108,033,561</u>
Income		
Recordkeeping fees	-	201,472
Loan interest income	1,124,930	1,025,113
Other	<u>72,230</u>	<u>69,297</u>
Total income	<u>1,197,160</u>	<u>1,295,882</u>
Investment income		
Book Value Fund		
Investment contracts	10,106,532	9,068,416
Less amounts in target date funds	(3,061,457)	(2,346,320)
Net change in fair value		
Participant-directed mutual funds	106,992,876	138,865,322
Collective trust funds	679,430	623,525
Less amounts in target date funds	<u>(189,891)</u>	<u>(146,470)</u>
Total investment income	<u>114,527,490</u>	<u>146,064,473</u>
Deductions		
Participants' benefit distributions	107,282,276	99,739,582
Administrative expenses	<u>2,787,412</u>	<u>2,896,505</u>
Total deductions	<u>110,069,688</u>	<u>102,636,087</u>
Increase in net position held in trust for pension benefits	133,864,222	152,757,829
Net position held in trust for pension benefits		
Beginning of year	<u>1,553,236,599</u>	<u>1,400,478,770</u>
End of year	<u><u>\$1,687,100,821</u></u>	<u><u>\$1,553,236,599</u></u>

See notes to financial statements.

**COLORADO COUNTY OFFICIALS AND  
EMPLOYEES RETIREMENT ASSOCIATION**

**Notes to Financial Statements  
June 30, 2018 and 2017**

**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, 2018:

Tobe Allumbaugh	Crowley County
Holly Bjorklund	Jefferson County
Lucas Hale	Widefield Water and Sanitation District
Tim Kauffman	Jefferson County
Leroy Mauch	Prowers County
Scott Ruff	Western Eagle County Metropolitan Recreation District
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 215 and 22,600, and 216 and 22,300, at June 30, 2018 and 2017, respectively.

Upon termination of the Plans, the net position of the Association will be distributed to the Association's members. As of June 30, 2018 and 2017, the Association's net position was \$4,153,095 and \$4,466,030, respectively.

**COLORADO COUNTY OFFICIALS AND  
EMPLOYEES RETIREMENT ASSOCIATION**

**Notes to Financial Statements  
June 30, 2018 and 2017**

**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, 2018. Principal and interest are paid ratably through payroll deductions, and the loans mature July 2018 through June 2033. Participant loans are recorded in the financial statements at amortized cost plus accrued interest.

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, 2018 and 2017**

**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 \$2,586,241 and \$2,497,077 for the years ended June 30, 2018 and 2017, respectively. Forfeitures totaling \$2,538,788 and \$2,507,233 were reallocated to participants during the years ended June 30, 2018 and 2017, respectively. The balance of this account at June 30, 2018 and 2017 was \$703,311 and \$642,973, 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, distributions, 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, 2018 and 2017**

**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 Plans, 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 accounting principles generally accepted in the United States of America and 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, 2018 and 2017**

**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 reported by Galliard as follows: Investment contracts and the collective trust funds are valued at fair value based on the prices of the underlying securities. The Book Value Fund primarily contains investments that are fully benefit responsive ("FBRIC"). A FBRIC 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.

Contract value is a relevant measurement attribute for that portion of the net position available for benefits of a defined contribution plan attributable to FBRICs, because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Association. Contract value approximated fair value as of June 30, 2018 and 2017.

The Book Value Fund also includes a collective trust fund. The collective trust fund is measured at fair value using a practical expedient of net asset value ("NAV") per share.

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, 2018, the contract value of the investment contracts approximated fair value. As of and for the years ended June 30, 2018 and 2017, the average crediting interest rate was 2.34% and 2.03%, respectively.

**COLORADO COUNTY OFFICIALS AND  
EMPLOYEES RETIREMENT ASSOCIATION**

**Notes to Financial Statements  
June 30, 2018 and 2017**

**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 Plans have 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, 2018 and 2017**

**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, 2018.

The following table sets forth by level, within the fair value hierarchy, the Association's investments at fair value as of June 30, 2018.

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Target date mutual funds	\$ 679,418,518	\$ -	\$ -	\$ 679,418,518
Mutual funds	423,233,144	-	-	423,233,144
Self-directed brokerage accounts	<u>29,242,803</u>	<u>-</u>	<u>-</u>	<u>29,242,803</u>
Total investments in fair value hierarchy	<u>\$1,131,894,465</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,131,894,465</u>
Book Value Fund investment contracts, at contract value				483,830,593
Book Value Fund collective trust fund, at NAV*				<u>45,540,964</u>
Total investments				<u>\$1,661,266,022</u>

**COLORADO COUNTY OFFICIALS AND  
EMPLOYEES RETIREMENT ASSOCIATION**

**Notes to Financial Statements  
June 30, 2018 and 2017**

**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, 2017.

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Target date mutual funds	\$ 613,480,323	\$ -	\$ -	\$ 613,480,323
Mutual funds	377,116,084	-	-	377,116,084
Self-directed brokerage accounts	<u>28,002,283</u>	<u>-</u>	<u>-</u>	<u>28,002,283</u>
Total investments in fair value hierarchy	<u>\$1,018,598,690</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,018,598,690</u>
Book Value Fund investment contracts, at contract value				472,483,222
Book Value Fund collective trust fund, at NAV*				<u>35,938,063</u>
Total investments				<u>\$1,527,019,975</u>

\*Investments measured at NAV have not been classified in the fair value hierarchy. The amounts presented in this table are intended to permit reconciliation to total investments.

There were no unfunded commitments, and the units may be redeemed on a daily basis. There were no changes to the valuation techniques used during the year. The Association's management reaffirms its understanding of the valuation techniques used by its pricing service at least annually.

**Note 3 - Cash and Investments**

Cash and cash equivalent accounts of \$299,675 and \$257,018 as of June 30, 2018 and 2017, respectively, are maintained at a commercial bank located in Colorado. The bank balance of deposits was \$381,937 and \$386,965 as of June 30, 2018 and 2017, 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 \$6,882,312 and \$6,202,972 at June 30, 2018 and 2017, respectively, which are not guaranteed by the FDIC or PDPA.

**COLORADO COUNTY OFFICIALS AND  
EMPLOYEES RETIREMENT ASSOCIATION**

**Notes to Financial Statements  
June 30, 2018 and 2017**

**Note 3 - Cash and Investments (continued)**

As of June 30, 2018, 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	\$ 483,830,593	3.1
Collective trust funds	45,540,964	1.2
Mutual funds	1,095,769,350	N/A
Self-directed brokerage accounts	29,242,803	N/A
Money market funds	<u>6,882,312</u>	N/A
	<u>\$ 1,661,266,022</u>	
Book Value Fund weighted average maturity		3.0

As of June 30, 2017, 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	\$ 472,483,222	3.0
Collective trust funds	35,938,063	2.1
Mutual funds	984,393,435	N/A
Self-directed brokerage accounts	28,002,283	N/A
Money market funds	<u>6,202,792</u>	N/A
	<u>\$ 1,527,019,795</u>	
Book Value Fund weighted average maturity		3.0

*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, 2018 and 2017**

**Note 3 - Cash and Investments (continued)**

*Credit Risk* - The Association provides participants with a broad array of investment choices so that they have alternatives providing 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, 2018, the Association's investments in the Book Value Fund were rated within the ranges of AA- to AA+ 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 equivalent 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 table presents investments that represent 5% or more of net position, including investments within the Book Value Fund, target date funds, and portfolios:

	June 30,	
	2018	2017
Vanguard Institutional Index I	\$ 147,095,011	\$ 126,571,710
Transamerica Premier Life Insurance Co.	\$ 110,131,055	\$ 107,217,185
Pacific Life Insurance Co.	\$ 104,599,360	\$ 102,225,130
American General Life Insurance Co.	\$ 102,249,584	\$ 99,803,213
American EuroPacific GR R6	\$ 96,961,804	\$ 67,065,269 *
Prudential Insurance Co. of America	\$ 91,425,357	\$ 89,342,161
American Beacon International Equity Institutional	\$ 90,251,730	\$ 64,576,901 *

\* 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 on 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, 2018 and 2017**

**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>2018</u>	<u>2017</u>
Transamerica Premier Life Insurance Co.	\$ 110,131,055	\$ 107,217,185
Pacific Life Insurance Co.	104,599,360	102,225,130
American General Life Insurance Co.	102,249,584	99,803,213
Prudential Insurance Co. of America	91,425,357	89,342,161
New York Life Insurance Co.	<u>75,425,237</u>	<u>73,895,533</u>
	<u>\$ 483,830,593</u>	<u>\$ 472,483,222</u>

**COLORADO COUNTY OFFICIALS AND  
EMPLOYEES RETIREMENT ASSOCIATION**

**Notes to Financial Statements  
June 30, 2018 and 2017**

**Note 5 - Property and Equipment**

Property and equipment consist of the following:

	<u>June 30, 2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2018</u>
Gross asset cost				
Building	\$ 1,430,275	\$ -	\$ -	\$ 1,430,275
Corporate equipment	188,308	10,283	-	198,591
Vehicles	94,295	-	-	94,295
Land	34,580	-	-	34,580
	<u>1,747,458</u>	<u>10,283</u>	<u>-</u>	<u>1,757,741</u>
Accumulated depreciation and amortization				
Building	(423,786)	(45,405)	-	(469,191)
Corporate equipment	(146,556)	(10,151)	-	(156,707)
Vehicles	(60,680)	(13,196)	-	(73,876)
	<u>(631,022)</u>	<u>(68,752)</u>	<u>-</u>	<u>(699,774)</u>
Net property and equipment	<u>\$ 1,116,436</u>	<u>\$ (58,469)</u>	<u>\$ -</u>	<u>\$ 1,057,967</u>
	<u>June 30, 2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2017</u>
Gross asset cost				
Building	\$ 1,430,275	\$ -	\$ -	\$ 1,430,275
Corporate equipment	178,594	9,714	-	188,308
Vehicles	94,295	-	-	94,295
Land	34,580	-	-	34,580
	<u>1,737,744</u>	<u>9,714</u>	<u>-</u>	<u>1,747,458</u>
Accumulated depreciation and amortization				
Building	(378,380)	(45,406)	-	(423,786)
Corporate equipment	(135,721)	(10,835)	-	(146,556)
Vehicles	(47,485)	(13,195)	-	(60,680)
	<u>(561,586)</u>	<u>(69,436)</u>	<u>-</u>	<u>(631,022)</u>
Net property and equipment	<u>\$ 1,176,158</u>	<u>\$ (59,722)</u>	<u>\$ -</u>	<u>\$ 1,116,436</u>

**COLORADO COUNTY OFFICIALS AND  
EMPLOYEES RETIREMENT ASSOCIATION**

**Notes to Financial Statements  
June 30, 2018 and 2017**

**Note 6 - Administrative Fees**

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. This contract was most recently 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, 2018 and 2017, the Plans incurred \$3,096,214 and \$2,192,544, 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 quarter ended September 30, 2016 was waived, effectively reducing the annual fee expense to 0.1875% for the fiscal years ending June 30, 2017. Effective July 1, 2014, the fee cap was further reduced to \$437.50 per year.

**Note 7 - Contingencies**

In the normal course of business, the Association may be party to litigation from time-to-time. The Association maintains insurance to cover certain actions and believes that resolution of such actions will not have a material adverse effect on the Association.

**Note 8 - Recordkeeping Fees Revenue**

The Association was the beneficiary of agreements between Great-West and various investment companies. Because investment providers have only one omnibus account for the Plans, reimbursements were 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 was calculated as a percentage of the Plans' assets held in mutual funds with these investment companies. During the year ended June 30, 2017, the Association discontinued these revenue share arrangements. For the year ended June 30, 2017, the Association earned \$201,472 in recordkeeping fees.

**Note 9 - Subsequent Events**

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

**SUPPLEMENTARY INFORMATION**

**COLORADO COUNTY OFFICIALS AND  
EMPLOYEES RETIREMENT ASSOCIATION**

**Combining Statement of Fiduciary Net Position  
As of June 30, 2018**

	<u>Association</u>	<u>Retirement Plan</u>	<u>Deferred Compensation Plan</u>	<u>Eliminations</u>	<u>Total</u>
<b>Assets</b>					
Cash	\$ 299,658	\$ 14	\$ 3	\$ -	\$ 299,675
Loans receivable	-	23,672,776	1,496,738	-	25,169,514
<b>Investments</b>					
Book Value Fund					
Investment contracts	-	388,292,447	95,538,146	-	483,830,593
Collective trust funds	3,174,705	34,000,534	8,365,725	-	45,540,964
Less amounts in target date funds	-	(138,632,190)	(39,425,339)	-	(178,057,529)
Mutual funds					
Target Date Fund Income	-	19,714,301	6,919,649	-	26,633,950
Target Date Fund 2010	-	30,362,103	10,828,116	-	41,190,219
Target Date Fund 2015	-	63,032,327	26,898,445	-	89,930,772
Target Date Fund 2020	-	112,345,455	30,234,063	-	142,579,518
Target Date Fund 2025	-	120,776,850	28,366,278	-	149,143,128
Target Date Fund 2030	-	90,208,689	15,680,601	-	105,889,290
Target Date Fund 2035	-	84,135,605	14,863,869	-	98,999,474
Target Date Fund 2040	-	64,776,561	9,567,885	-	74,344,446
Target Date Fund 2045	-	56,449,423	6,572,205	-	63,021,628
Target Date Fund 2050	-	38,837,293	3,392,288	-	42,229,581
Target Date Fund 2055	-	17,087,963	1,141,373	-	18,229,336
Target Date Fund 2060	-	4,635,877	648,828	-	5,284,705
Fidelity Contrafund	-	64,412,291	16,952,369	-	81,364,660
Vanguard Institutional Index I	-	40,925,891	13,227,116	-	54,153,007
Dodge & Cox Stock Fund	-	27,522,607	5,480,506	-	33,003,113
Harbor Capital Appreciation Institutional	-	26,494,577	6,295,945	-	32,790,522
Vanguard Mid-Cap Index Institutional	-	24,486,278	7,777,631	-	32,263,909
Vanguard Small Cap Index Institutional	-	23,099,233	7,243,839	-	30,343,072
Metropolitan West Total Return Bond	-	18,527,916	6,336,169	-	24,864,085
Fidelity Low-Priced Stock	-	17,563,393	4,802,595	-	22,365,988
American Funds EuroPacific Growth	-	17,284,963	4,591,942	-	21,876,905
Artisan Mid-Cap Institutional	-	16,895,211	4,052,784	-	20,947,995
American Beacon Small Cap Value Institutional	-	16,196,753	4,489,879	-	20,686,632
American Beacon International Equity Institutional	-	12,226,723	2,940,109	-	15,166,832
PIMCO High Yield Institutional	-	6,721,100	2,818,319	-	9,539,419
Cohen & Steers Institutional Realty	-	6,732,492	2,026,901	-	8,759,393
Neuberger Berman Socially Responsive	-	6,255,225	1,970,075	-	8,225,300
Vanguard Federal Money Market	-	4,667,003	2,215,309	-	6,882,312
Self-directed brokerage accounts	-	23,490,290	5,752,513	-	29,242,803
Total investments	<u>3,174,705</u>	<u>1,339,525,184</u>	<u>318,566,133</u>	<u>-</u>	<u>1,661,266,022</u>
<b>Other assets</b>					
Prepaid expenses and other current assets	52,897	-	-	-	52,897
Property and equipment, net	1,057,967	-	-	-	1,057,967
Total other assets	<u>1,110,864</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,110,864</u>
Total assets	<u>4,585,227</u>	<u>1,363,197,974</u>	<u>320,062,874</u>	<u>-</u>	<u>1,687,846,075</u>
<b>Liabilities and Net Position</b>					
Accounts payable and accrued liabilities	432,132	252,091	61,031	-	745,254
Net position held in trust for pension benefits	<u>\$ 4,153,095</u>	<u>\$ 1,362,945,883</u>	<u>\$ 320,001,843</u>	<u>\$ -</u>	<u>\$ 1,687,100,821</u>

**COLORADO COUNTY OFFICIALS AND  
EMPLOYEES RETIREMENT ASSOCIATION**

**Combining Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2018**

	<u>Association</u>	<u>Retirement Plan</u>	<u>Deferred Compensation Plan</u>	<u>Eliminations</u>	<u>Total</u>
<b>Contributions</b>					
Member employers	\$ -	\$ 46,291,042	\$ -	\$ (144,272)	\$ 46,146,770
Participants	-	35,321,427	19,689,987	-	55,011,414
Participant rollovers	-	18,824,798	8,226,278	-	27,051,076
Total contributions	<u>-</u>	<u>100,437,267</u>	<u>27,916,265</u>	<u>(144,272)</u>	<u>128,209,260</u>
<b>Income</b>					
Administrative fees	3,096,214	-	-	(3,096,214)	-
Loan interest income	-	1,055,352	69,578	-	1,124,930
Other	72,230	-	-	-	72,230
Total income	<u>3,168,444</u>	<u>1,055,352</u>	<u>69,578</u>	<u>(3,096,214)</u>	<u>1,197,160</u>
<b>Investment income</b>					
Book Value Fund					
Investment contracts	-	8,235,994	1,870,538	-	10,106,532
Less amounts in target date funds	-	(2,494,836)	(566,621)	-	(3,061,457)
Net change in fair value					
Participant-directed mutual funds	-	86,900,117	20,092,759	-	106,992,876
Collective trust funds	-	553,680	125,750	-	679,430
Less amounts in target date funds	-	(154,746)	(35,145)	-	(189,891)
Total investment income	<u>-</u>	<u>93,040,209</u>	<u>21,487,281</u>	<u>-</u>	<u>114,527,490</u>
<b>Deductions</b>					
Participants' benefit distributions	-	83,936,194	23,346,082	-	107,282,276
Administrative expenses	3,481,379	2,141,393	405,126	(3,240,486)	2,787,412
Total deductions	<u>3,481,379</u>	<u>86,077,587</u>	<u>23,751,208</u>	<u>(3,240,486)</u>	<u>110,069,688</u>
(Decrease) increase in net position held in trust for pension benefits	(312,935)	108,455,241	25,721,916	-	133,864,222
<b>Net position held in trust for pension benefits</b>					
Beginning of year	<u>4,466,030</u>	<u>1,254,490,642</u>	<u>294,279,927</u>	<u>-</u>	<u>1,553,236,599</u>
End of year	<u>\$ 4,153,095</u>	<u>\$ 1,362,945,883</u>	<u>\$ 320,001,843</u>	<u>\$ -</u>	<u>\$ 1,687,100,821</u>

**COLORADO COUNTY OFFICIALS AND  
EMPLOYEES RETIREMENT ASSOCIATION**

**Combining Statement of Fiduciary Net Position  
As of June 30, 2017**

	<u>Association</u>	<u>Retirement Plan</u>	<u>Deferred Compensation Plan</u>	<u>Eliminations</u>	<u>Total</u>
<b>Assets</b>					
Cash	\$ 257,017	\$ 1	\$ -	\$ -	\$ 257,018
Loans receivable	-	23,938,147	1,591,789	-	25,529,936
<b>Investments</b>					
Book Value Fund					
Investment contracts	-	379,755,507	92,727,715	-	472,483,222
Collective trust funds	3,457,329	26,106,191	6,374,543	-	35,938,063
Less amounts in target date funds	-	(113,369,198)	(32,445,758)	-	(145,814,956)
Mutual funds					
Target Date Fund Income	-	16,071,081	5,702,312	-	21,773,393
Target Date Fund 2010	-	28,293,380	9,884,528	-	38,177,908
Target Date Fund 2015	-	62,428,764	26,316,322	-	88,745,086
Target Date Fund 2020	-	108,221,912	26,069,658	-	134,291,570
Target Date Fund 2025	-	107,864,368	25,647,288	-	133,511,656
Target Date Fund 2030	-	78,596,429	13,230,588	-	91,827,017
Target Date Fund 2035	-	73,170,589	12,884,095	-	86,054,684
Target Date Fund 2040	-	55,498,412	8,099,842	-	63,598,254
Target Date Fund 2045	-	46,961,829	5,122,578	-	52,084,407
Target Date Fund 2050	-	30,282,530	2,493,948	-	32,776,478
Target Date Fund 2055	-	12,494,006	740,143	-	13,234,149
Target Date Fund 2060	-	2,834,790	385,887	-	3,220,677
Fidelity Contrafund	-	53,500,223	14,509,703	-	68,009,926
Vanguard Institutional Index I	-	34,636,112	11,068,837	-	45,704,949
Dodge & Cox Stock Fund	-	27,296,132	5,516,096	-	32,812,228
Vanguard Mid-Cap Index Institutional	-	23,020,462	7,176,765	-	30,197,227
Vanguard Small Cap Index Institutional	-	20,866,235	6,358,505	-	27,224,740
Metropolitan West Total Return Bond	-	17,703,848	6,483,567	-	24,187,415
Harbor Capital Appreciation Institutional	-	18,663,286	4,445,789	-	23,109,075
Fidelity Low-Priced Stock	-	16,712,839	4,158,448	-	20,871,287
American Beacon Small Cap Value Institutional	-	15,123,391	4,503,761	-	19,627,152
Artisan Mid-Cap Institutional	-	14,999,659	3,646,021	-	18,645,680
American Funds EuroPacific Growth	-	13,690,143	3,400,435	-	17,090,578
American Beacon International Equity Institutional	-	11,816,674	2,785,537	-	14,602,211
Cohen & Steers Institutional Realty	-	8,520,859	2,788,512	-	11,309,371
PIMCO High Yield Institutional	-	6,504,511	3,047,337	-	9,551,848
Neuberger Berman Socially Responsive	-	6,103,867	1,865,558	-	7,969,425
Vanguard Federal Money Market	-	4,212,972	1,990,000	-	6,202,972
Self-directed brokerage accounts	-	22,230,301	5,771,982	-	28,002,283
Total investments	<u>3,457,329</u>	<u>1,230,812,104</u>	<u>292,750,542</u>	<u>-</u>	<u>1,527,019,975</u>
<b>Other assets</b>					
Prepaid expenses and other current assets	55,258	-	-	-	55,258
Property and equipment, net	1,116,436	-	-	-	1,116,436
Total other assets	<u>1,171,694</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,171,694</u>
Total assets	<u>4,886,040</u>	<u>1,254,750,252</u>	<u>294,342,331</u>	<u>-</u>	<u>1,553,978,623</u>
<b>Liabilities and Net Position</b>					
Accounts payable and accrued liabilities	420,010	259,610	62,404	-	742,024
Net position held in trust for pension benefits	<u>\$ 4,466,030</u>	<u>\$ 1,254,490,642</u>	<u>\$ 294,279,927</u>	<u>\$ -</u>	<u>\$ 1,553,236,599</u>

**COLORADO COUNTY OFFICIALS AND  
EMPLOYEES RETIREMENT ASSOCIATION**

**Combining Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2017**

	<u>Association</u>	<u>Retirement Plan</u>	<u>Deferred Compensation Plan</u>	<u>Eliminations</u>	<u>Total</u>
<b>Contributions</b>					
Member employers	\$ -	\$ 40,151,902	\$ -	\$ (147,977)	\$ 40,003,925
Participants	-	37,828,578	17,701,603	-	55,530,181
Participant rollovers	-	6,169,877	6,329,578	-	12,499,455
Total contributions	<u>-</u>	<u>84,150,357</u>	<u>24,031,181</u>	<u>(147,977)</u>	<u>108,033,561</u>
<b>Income</b>					
Administrative fees	2,192,544	-	-	(2,192,544)	-
Recordkeeping fees	201,472	-	-	-	201,472
Loan interest income	-	962,342	62,771	-	1,025,113
Other	69,297	-	-	-	69,297
Total income	<u>2,463,313</u>	<u>962,342</u>	<u>62,771</u>	<u>(2,192,544)</u>	<u>1,295,882</u>
<b>Investment income</b>					
Book Value Fund					
Investment contracts	-	7,397,731	1,670,685	-	9,068,416
Less amounts in target date funds	-	(1,914,054)	(432,266)	-	(2,346,320)
Net change in fair value					
Participant-directed mutual funds	-	113,023,343	25,841,979	-	138,865,322
Collective trust funds	-	508,652	114,873	-	623,525
Less amounts in target date funds	-	(119,486)	(26,984)	-	(146,470)
Total investment income	<u>-</u>	<u>118,896,186</u>	<u>27,168,287</u>	<u>-</u>	<u>146,064,473</u>
<b>Deductions</b>					
Participants' benefit distributions	-	79,301,403	20,438,179	-	99,739,582
Administrative expenses	3,215,353	1,692,528	329,145	(2,340,521)	2,896,505
Total deductions	<u>3,215,353</u>	<u>80,993,931</u>	<u>20,767,324</u>	<u>(2,340,521)</u>	<u>102,636,087</u>
(Decrease) increase in net position held in trust for pension benefits	(752,040)	123,014,954	30,494,915	-	152,757,829
<b>Net position held in trust for pension benefits</b>					
Beginning 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>
End of year	<u>\$ 4,466,030</u>	<u>\$ 1,254,490,642</u>	<u>\$ 294,279,927</u>	<u>\$ -</u>	<u>\$ 1,553,236,599</u>

**COLORADO COUNTY OFFICIALS AND  
EMPLOYEES RETIREMENT ASSOCIATION**

**Schedules of Administrative Expenses**

	For the Years Ended	
	June 30,	
	<u>2018</u>	<u>2017</u>
Salaries and personnel expenses	\$ 1,371,958	\$ 1,307,168
Recordkeeping fees and system maintenance	714,403	1,044,124
Consultant and investment advisory expenses	111,988	110,404
Legal fees	85,781	51,419
Reorganization expenses	83,340	-
Administrative expenses	71,838	64,066
Depreciation	68,752	69,436
Insurance expense	67,375	65,951
Staff travel and expenses	60,610	56,053
Accounting and auditing expenses	57,000	57,000
Marketing	54,049	28,737
Board travel and expense	24,597	27,988
Professional dues and publications	8,253	7,302
Other	<u>7,468</u>	<u>6,857</u>
Total administrative expenses	<u>\$ 2,787,412</u>	<u>\$ 2,896,505</u>