

***OFFICE OF THE DISTRICT ATTORNEY
4TH JUDICIAL DISTRICT***

FINANCIAL STATEMENTS

AND

REQUIRED SUPPLEMENTAL INFORMATION

AND

ADDITIONAL INFORMATION

WITH

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2016



RECEIVED

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**OSBORNE, PARSONS & ROSACKER, LLP
CERTIFIED PUBLIC ACCOUNTANTS**

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OSBORNE, PARSONS & ROSACKER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

601 NORTH NEVADA AVENUE
COLORADO SPRINGS, COLORADO 80903-1005

JEFFREY S. ROSACKER, CPA – PARTNER
MITCHELL K. DOWNS, CPA, ABV – PARTNER
GREGORY P. PARSONS, CPA

TELEPHONE (719) 636-2321
FAX (719) 636-2517
WEB WWW.SPRINGSCPA.COM

INDEPENDENT AUDITORS' REPORT

Office of the District Attorney
4th Judicial District
Colorado Springs, Colorado

We have audited the accompanying financial statements of the governmental activities of the Office of the District Attorney (Office of the District Attorney), a blended component unit of El Paso County, Colorado, as of and for, the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Office of the District Attorney'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.

Auditor's 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation 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.

INDEPENDENT AUDITORS' REPORT - CONTINUED

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Office of the District Attorney as of December 31, 2016, and the respective changes in financial position for year then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Required supplementary information

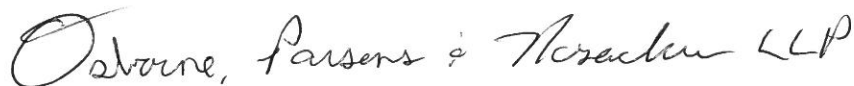
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, pension and other post-employment benefits information listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires 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.

Additional Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Office of the District Attorney's financial statements as a whole. The additional information, as listed in the tables of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The additional information is the responsibility of management, was derived from, and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or 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 required supplementary and additional information is fairly stated in all material respects in relation to the financial statements taken as a whole.



Colorado Springs, Colorado
September 26, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

**OFFICE OF THE DISTRICT ATTORNEY
4TH JUDICIAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Office of the District Attorney 4th Judicial District (Office of the District Attorney) serves as the Public prosecutor for the citizens of El Paso and Teller Counties, and serves the people of Colorado by achieving justice in the criminal courts system, advocating for victims of crimes and advancing legislation that makes the judicial process more effective in meeting these ends. Our responsibilities include prosecution of criminal violations of state statutes, responding to the needs of victims, pursuing consumer fraud complaints and developing and participating in crime prevention programs.

As management of the Office of the District Attorney, we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Office of the District Attorney for the fiscal year ended December 31, 2016.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Office of the District Attorney's basic financial statements. The Office of the District Attorney's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information and additional information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Office of the District Attorney's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Office of the District Attorney's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Office of the District Attorney is improving or worsening.

The Statement of Activities presents information showing the change in net position during the most recent fiscal year. The Office of the District Attorney uses the accrual accounting method to account for revenues and expenditures. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Both of the government-wide financial statements report the functions of the Office of the District Attorney that are principally supported by intergovernmental revenues (government activities). The government activities of the Office of the District Attorney include criminal, criminal justice assistance and other functions.

The government-wide financial statements can be found on pages 10 to 11 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Office of the District Attorney, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Office of the District Attorney has only governmental fund types.

**OFFICE OF THE DISTRICT ATTORNEY
4TH JUDICIAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Office of the District Attorney's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Office of the District Attorney maintains four individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and the Criminal Justice Assistance Fund, a blended component unit, all of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in the report.

The Office of the District Attorney adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12 to 15 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of individuals, private governments, and/or other funds. Fiduciary funds are not included in the government-wide financial statement because the resources of these funds are not available to support the governments' operations. The accounting for the fiduciary funds is on the accrual basis.

The fiduciary funds financial statement can be found on page 16 of this report.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 17 to 30 of this report.

**OFFICE OF THE DISTRICT ATTORNEY
4TH JUDICIAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Required Supplementary Information

Budget-to-actual comparison information for the Office of the District Attorney's General Fund and the budget-to-GAAP reconciliation are found on page 31 of this report.

Other Information

The combining statements referred to earlier in connection with non-major governmental and agency funds and the Schedule of Capital Assets Used in Operations are presented immediately following the required supplemental information.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Office of the District Attorney, net position was \$(11,388,137) at the close of the most recent fiscal year.

The table below shows the Condensed Statements of net position as of the end of each year.

	<u>2016</u>	<u>2015 - Restated</u>
Current assets	\$ 1,992,159	\$ 1,939,324
Capital assets	390,504	448,017
Total assets	<u>2,382,663</u>	<u>2,387,341</u>
 Deferred outflows of resources	 1,707,086	 1,924,392
 Total assets and deferred outflows of resources	 <u>\$ 4,089,749</u>	 <u>\$ 4,311,733</u>
 Liabilities	 \$ 1,993,387	 \$ 2,008,578
Pension liability	13,419,230	12,749,709
Total liabilities	<u>15,412,617</u>	<u>14,758,287</u>
 Deferred inflows of resources	 65,269	 87,775
Total liabilities and deferred inflows of resources	 <u>\$ 15,477,886</u>	 <u>\$ 14,846,062</u>
 Net position		
Invested in capital assets	\$ 390,504	\$ 448,017
Designated for special funds	291,819	196,175
Unrestricted	(12,070,460)	(11,178,521)
Total net position	<u>\$ (11,388,137)</u>	<u>\$ (10,534,329)</u>

**OFFICE OF THE DISTRICT ATTORNEY
4TH JUDICIAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Government-Wide Financial Analysis - Continued

Investment in capital assets represents \$390,504 and 488,017 of the total net position at December 31, 2016 and 2015, respectively. The Office of the District Attorney uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. It should be noted that there is no debt related to these assets. The designated for special funds net position represent resources that are committed to the Criminal Justice Assistance Fund and Other Governmental Funds, and is \$291,819 and \$196,175 of the net position at December 31, 2016 and 2015.

The remaining balance is unrestricted net position. At the current time, this amount is negative due to the Office of the District Attorney's pension plan obligations and recording a deferred outflow of resources of \$1,707,086, future inflow of resources of \$65,269, accruing \$13,419,230 of pension liability, and current pension expense of \$864,321. This amount also includes \$490,357 of accrued compensated absences, which will be funded in the future by El Paso County. The balance of the unrestricted net position may be used to meet the Office of the District Attorney's on-going obligation to citizens and creditors.

During 2016 the Office of the District Attorney reclassified capital expenditures of \$173,907 to capital assets increasing net book value to \$448,017, as of December 31, 2015. As a result, the ending net position as of December 31, 2015 has increased to \$(10,534,329).

	2016	2015 - Restated
Revenues		
Program revenue		
Charges for services	\$ 325,966	\$ 911,831
Operating grants and contributions	326,869	330,814
General revenues		
El Paso County funding	14,447,312	12,549,214
Teller County funding	276,089	492,342
Unrestricted gain (loss)	3,041	(786)
Total revenues	15,379,277	14,283,415
Expenses		
Criminal	16,215,091	15,270,246
Restitution	1,232	358,693
Other	16,762	91,339
Total expenses	16,233,085	15,720,278
Change in net position	(853,808)	(1,436,863)
Net position - beginning of year	(10,534,329)	(9,097,466)
Net position - end of year	\$ (11,388,137)	\$ (10,534,329)

**OFFICE OF THE DISTRICT ATTORNEY
4TH JUDICIAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Governmental Funds

The financial reporting focus of the Office of the District Attorney's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the Office of the District Attorney's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Office of the District Attorney's governmental funds reported combined ending fund balances of \$489,129 an increase of \$95,704 from the prior year. Approximately 60% of these fund balances (\$291,819) is designated for special funds and 40% of these fund balances (\$197,310) constitutes unassigned general fund balance, which is available to meet the future financial needs of the Office of the District Attorney.

The General Fund is the central operating fund of the Office of the District Attorney. At the end of the current fiscal year, the fund balance of the General Fund was \$197,310, all of which is unassigned. As a measure of the General Fund's liquidity, it may be useful to compare the fund balance to total fund expenditures. The fund balance represents approximately 1.3% of total general fund expenditures.

The fund balance of the Office of the District Attorney's general fund increased by \$60 during the current fiscal year.

BUDGET AMOUNTS

A budget is prepared for the net funds requested from El Paso and Teller Counties in the General Fund and submitted to El Paso and Teller County Commissioners for approval. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Basis) includes only the El Paso County budget. The funds received from other sources are offset against expenditures. Any unused appropriations for the General Fund annual budgeted amounts will lapse as the end of the year. The special revenue and agency funds do not, and are not legally require to, adopt a budget.

An analysis of budgeted amounts is as follows:

	<u>Budgeted Amounts</u>		<u>Increase</u>
	<u>Original</u>	<u>Final</u>	<u>(Decrease)</u>
Revenue	\$ 12,904,512	\$ 12,984,314	\$ 79,802
Expenditures/expense - Criminal Division	12,846,012	12,915,814	69,802
Capital outlay	58,500	68,500	10,000
 Change in net position	 \$ -	 \$ -	 \$ -

Changes from the original budget to the final budget are in regards to increase in positions and salary increases due to El Paso County salary survey brining salaries up to the minimum.

**OFFICE OF THE DISTRICT ATTORNEY
4TH JUDICIAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

SCHEDULE OF REVENUE AND EXPENDITURES/EXPENSE AND CHANGES IN FUND NET POSITION – BUDGET (NON-GAAP BASIS) AND ACTUAL (income statement)

A comparison of the final budget and actual income statement (budgetary basis):

	Analysis of budget to actual income statement		
	Final Budget	Actual Budgetary Basis	Net Income Variance Favorable
Revenue	\$ 12,984,314	\$ 15,379,277	\$ 2,394,963
Criminal Division expense	12,915,814	15,236,058	(2,320,244)
Capital outlay	68,500	47,515	20,985
Total expenditure/expense	12,984,314	15,283,573	(2,299,259)
 Change in net position non-GAAP basis	 \$ -	 \$ 95,704	 \$ 95,704

The El Paso County portion of the General Fund final budget increased for additional positions and salary increases funded by the County. The total expenditures for the General Fund totaled \$15,283,573 (on a budgetary basis of accounting).

CAPITAL ASSETS

The Office of the District Attorney's investment in capital assets for its governmental activities as of December 31, 2016, amounts to \$390,504 (net of accumulated depreciation). This investment in capital assets includes equipment and improvements. The table below shows the investment in capital assets of the end of each year.

	2016	2015 - Restated
Equipment and furniture	\$ 259,890	\$ 317,403
Improvements	116,447	116,447
Vehicles	14,167	14,167
Total capital assets	\$ 390,504	\$ 448,017

Additional information on the Office of the District Attorney's capital assets can be found in NOTE 3 in the notes to the financial statements.

NEXT YEAR'S BUDGET

In its current budget, El Paso County approved \$14,360,730 (including grants) for funding to the Office of the District Attorney for 2017.

**OFFICE OF THE DISTRICT ATTORNEY
4TH JUDICIAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Office of the District Attorney's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Budget and Finance Director, Office of the District Attorney 4th Judicial District, 105 East Vermijo, Colorado Springs, CO 80903.

FINANCIAL STATEMENTS

OFFICE OF THE DISTRICT ATTORNEY - 4TH JUDICIAL DISTRICT
STATEMENT OF NET POSITION
PRIMARY GOVERNMENT - GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2016

Assets

Cash and cash equivalents	\$	1,803,819
Cash - non-major funds		31,116
Total cash		1,834,935
Investments		47,593
Accounts receivable		109,631
Equipment and improvements, net		390,504
Total assets		2,382,663

Deferred outflows of resources

Pension related amounts	1,707,086
	<u>1,707,086</u>

Liabilities

Accounts payable	341,798
Deferred revenue	2,656
Due to county	1,158,576
Accrued compensated absences	490,357
Net pension liability	13,419,230
Total liabilities	15,412,617

Deferred inflows of resources

Pension related amounts	65,269
	<u>65,269</u>

Net position

Invested in capital assets, net of related debt	390,504
Unrestricted -designated for special funds	291,819
Unrestricted	(12,070,460)
Total net position	\$ (11,388,137)

See notes to financial statements

**OFFICE OF THE DISTRICT ATTORNEY - 4TH JUDICIAL DISTRICT
STATEMENT OF ACTIVITIES
PRIMARY GOVERNMENT - GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2016**

		Program Revenues		Net (Expense)
	Expenses	Charges for Service	Operating Grants and Contributions	Revenues and Changes in Net Position
Functions/programs				
Criminal	\$ 15,350,770	\$ 325,966	\$ 326,869	\$ (14,697,935)
Restitution	1,232	-	-	(1,232)
Pension	864,321	-	-	(864,321)
Other	16,762	-	-	(16,762)
	Total primary government	\$ 325,966	\$ 326,869	(15,580,250)
 General revenue				
El Paso County funding				14,447,312
Teller County funding				276,089
Investment gain				3,041
				Total general revenue
				14,726,442
 Change in net position				(853,808)
 Net position - beginning of year				(10,534,329)
 Net position - end of year				\$ (11,388,137)

See notes to financial statements

**OFFICE OF THE DISTRICT ATTORNEY - 4TH JUDICIAL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2016**

	<u>General Fund</u>	<u>Criminal Justice Assistance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 1,590,709	\$ 213,110	\$ -	\$ 1,803,819
Cash - non-major funds	-	-	31,116	31,116
Total cash	<u>1,590,709</u>	<u>213,110</u>	<u>31,116</u>	<u>1,834,935</u>
Investments	-	47,593	-	47,593
Accounts receivable	<u>109,631</u>	<u>-</u>	<u>-</u>	<u>109,631</u>
Total assets	<u><u>\$ 1,700,340</u></u>	<u><u>\$ 260,703</u></u>	<u><u>\$ 31,116</u></u>	<u><u>\$ 1,992,159</u></u>
Liabilities and fund balances				
Liabilities				
Accounts payable	341,798	-	-	341,798
Deferred revenue	2,656	-	-	2,656
Due to County	<u>1,158,576</u>	<u>-</u>	<u>-</u>	<u>1,158,576</u>
Total liabilities	<u>1,503,030</u>	<u>-</u>	<u>-</u>	<u>1,503,030</u>
Fund balances				
Unassigned	197,310	-	-	197,310
Unassigned - designated for special funds	<u>-</u>	<u>260,703</u>	<u>31,116</u>	<u>291,819</u>
Total fund balances	<u>197,310</u>	<u>260,703</u>	<u>31,116</u>	<u>489,129</u>
Total liabilities and fund balances	<u><u>\$ 1,700,340</u></u>	<u><u>\$ 260,703</u></u>	<u><u>\$ 31,116</u></u>	<u><u>\$ 1,992,159</u></u>

See notes to financial statements

**OFFICE OF THE DISTRICT ATTORNEY - 4TH JUDICIAL DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2016**

Total fund balances - total governmental funds	\$	489,129
<p>Amounts reported for governmental activities in the Statement of Net Position are different because</p>		
<p>Capital assets of \$1,163,544 net of accumulated depreciation of \$773,040 are not financial resources and, therefore, are not reported in the governmental funds.</p>		390,504
<p>Accrued compensated absences are not due and payable in the current period and are not reported in the funds.</p>		(490,357)
<p>Deferred outflows of resources are not available resources and, therefore are not reported in the funds.</p>		1,707,086
<p>Deferred inflows of resources are not available resources and therefore are not reported in the funds.</p>		(65,269)
<p>Long term liabilities related to pensions</p>		<u>(13,419,230)</u>
Net position of governmental activities	\$	<u><u>(11,388,137)</u></u>

See notes to financial statements

**OFFICE OF THE DISTRICT ATTORNEY - 4TH JUDICIAL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2016**

	General Fund	Criminal Justice Assistance Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Local sources	\$ 14,447,312	\$ 93,897	\$ 15,527	\$ 14,556,736
State sources	818,268	-	-	818,268
Restitution	1,232	-	-	1,232
Investment income	59	2,982	-	3,041
Total revenues	15,266,871	96,879	15,527	15,379,277
Expenditures				
Current				
Criminal	15,219,296	-	-	15,219,296
Other	-	1,160	15,602	16,762
Capital outlays	47,515	-	-	47,515
Total expenditures	15,266,811	1,160	15,602	15,283,573
Net change in fund balances	60	95,719	(75)	95,704
Fund balances - beginning of year	197,250	164,984	31,191	393,425
Fund balances - end of year	\$ 197,310	\$ 260,703	\$ 31,116	\$ 489,129

See notes to financial statements

**OFFICE OF THE DISTRICT ATTORNEY - 4TH JUDICIAL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016**

Net change in fund balances - governmental funds \$ 95,704

Amounts reported for governmental activities in the Statement of Activities are different because

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation \$105,028, was above capital outlays \$47,515, in the current period (57,513)

Some revenues and expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as income or expenditures in governmental funds. The pension expense does not require current financial resources. (864,321)

The accrual of compensated absence pay is not due and payable in the current period and, therefore, is not reflected in the governmental funds fund balances. The change in net position differs from the change in fund balances by the difference in the accrual from the beginning of the year, \$462,679, to the end of the year, \$490,357. (27,678)

Change in net position of governmental activities \$ (853,808)

See notes to financial statements

**OFFICE OF THE DISTRICT ATTORNEY - 4TH JUDICIAL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2016**

	<u>Total Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 3,633,826
Total assets	<u><u>\$ 3,633,826</u></u>
Liabilities	
Payable from assets	\$ 3,633,826
Total liabilities	<u><u>\$ 3,633,826</u></u>
Net Position	<u><u>\$ -</u></u>

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS

**OFFICE OF THE DISTRICT ATTORNEY
4TH JUDICIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The Office of the District Attorney 4th Judicial District (Office of the District Attorney) was formed under the laws of the State of Colorado. The Office of the District Attorney determines, from information provided by law enforcement agencies, whether there is sufficient evidence to prosecute a person for a violation of criminal statutes of the state, prosecutes such violations, and provides other services to residents of El Paso and Teller Counties in Colorado.

These financial statements present the Office of the District Attorney and its component unit; entities for which the government is considered financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units is combined with data of the primary government. The Office of the District Attorney has one blended component unit and no discretely presented component units. The Office of the District Attorney is reported as a blended component unit in El Paso County's Comprehensive Annual Financial Report.

Blended component unit - Criminal Justice Assistance, Inc. is a nonprofit corporation formed by the Office of the District Attorney to allow concerned citizens and other organizations to make charitable contributions to assist in the governments' defined purpose. The Office of the District Attorney appoints the Board of Directors of this organization and is included in the Annual Financial Report as a special revenue fund. There are no separate financial statements.

Receipts and disbursement of federal and local crime victim compensation and the victim assistance funds are administered by the District Court and the Office of the District Attorney and are accounted for in agency funds. The District Attorney appoints the local Crime Victim Compensation Board, who has governing responsibility for the Victim Compensation Fund.

Government-wide and governmental fund financial statements

Government-wide financial statements - The government-wide financial statements, statement of net position, and the statement of activities report information on all of the non-fiduciary activities of the Office of the District Attorney. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are the sole activity of the Office of the District Attorney.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Intergovernmental revenues and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**OFFICE OF THE DISTRICT ATTORNEY
4TH JUDICIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

Government-wide financial statements - Continued

Measurement focus, basis of accounting and financial statement presentation - The government-wide financial statements are reported using the economic measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be measurable when the amount of the transaction can be determined and available when they are collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the Office of the District Attorney considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded when payment is due.

The Office of the District Attorney reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Criminal Justice Assistance Fund* accounts for the financial resources contributed to the organization to assist the Office of the District Attorney in performing its defined purpose.

The Office of the District Attorney reports the following non-major governmental funds.

The *Community Involvement Fund* was established to receive donations by employees of the Office of the District Attorney that are expended for the benefit of the community.

The *Neighborhood Justice Center Fund* accounts for the financial resources received and expended related to mediation of disputes in community neighborhoods.

The Office of the District Attorney reports the following agency funds held by the government as an agent for individuals, private governments, and/or other funds:

The *Victim Compensation Fund* accounts for monies received from state criminal assessments to be used to compensate victims of crime and the survivors of victims of crime.

The *Victim Assistance Fund* accounts for monies received from state criminal assessments to be used for grants to agencies, organizations and other governmental units for the provision of

**OFFICE OF THE DISTRICT ATTORNEY
4TH JUDICIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

Governmental fund financial statements - Continued

services, training programs, additional personnel and equipment, and operating expenses related to victim assistance and notification programs.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include general budgetary amounts received from El Paso and Teller Counties.

Basis of accounting - Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting is related to the timing of the measurement focus applied. The governmental entity applied the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents - The Office of the District Attorney's cash and cash equivalents are considered to be cash on hand, demand deposits, and money market accounts.

Capital assets - Capital assets, which include equipment and improvements, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Equipment and improvements of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Equipment	5 - 10 years
Improvements	40 years
Software	3 - 5 years

**OFFICE OF THE DISTRICT ATTORNEY
4TH JUDICIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

Compensated absences - It is the policy of the Office of the District Attorney to permit employees to accumulate earned but unused vacation. The Office of the District Attorney provides vesting for vacation benefits based upon length of employment. All vacation pay is accrued when incurred in the government-wide financial statements. It is the policy of the Office of the District Attorney not to limit the amount of medical leave that can be carried over from one year to the next. An employee will not, however, be paid any accrued medical leave when leaving their employment, therefore, no amount has been accrued in these financial statements.

Retirement plans - The Office of the District Attorney participates in the El Paso County Retirement Plan, (Retirement Plan) which covers substantially all of its employees except the District Attorney. The Retirement Plan is funded by contributions of employees and matching contributions by El Paso County.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources, related to pensions, and pension expense, information about fiduciary net position of the Retirement Plan and additions to/deductions from the Retirement Plan's fiduciary net position have been determined on the same basis as they are reported by the Retirement Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due to and payable in accordance with the benefit terms. Investments are reported at fair value.

The District Attorney is the only employee participating in the Public Employee Retirement Association (PERA), a cost sharing multi-employer public retirement system.

Employees of the Office of the District Attorney are also allowed to participate in El Paso County's Deferred Compensation Plan (Compensation Plan). The Compensation Plan provides a means for employees to invest a portion of their compensation on a tax-deferred basis.

Fund equity - In the fund financial statements, governmental funds report reservation of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net position - Net position represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances any borrowing used for acquisition of those assets. Net position is reported as restricted when there are limitations imposed on their use.

NOTE 1 – DEPOSITS AND INVESTMENTS

Cash equivalents - The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held.

**OFFICE OF THE DISTRICT ATTORNEY
4TH JUDICIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

Cash equivalents – Continued

	General Fund	Criminal Justice Assistance Fund	Other Governmental Funds	Total Governmental Funds
Cash	\$ 1,393,400	\$ 213,110	\$ 31,116	\$ 1,637,626
Money market	197,309	-	-	197,309
Total	<u>\$ 1,590,709</u>	<u>\$ 213,110</u>	<u>\$ 31,116</u>	<u>\$ 1,834,935</u>

The collateral pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

At December 31, 2016, the carrying amount of the Office of the District Attorney's deposits were \$1,834,934, and the bank balances were \$1,883,276. Of the bank balances, all were covered by federal depository insurance and \$1,633,276 fell under the provisions of the PDPA, which is collateralized in single institution pools.

Colorado State Statutes, specifically the PDPA, requires all public monies to be deposited in financial institutions that have been designated as eligible public depositories. Eligible public depositories must pledge eligible collateral, as promulgated by the State Banking Board, having a market value in excess of 102% of the aggregate uninsured public deposit. Deposits up to \$250,000 per institution are covered by the Federal Depository Insurance Corporation (FDIC).

Investments – The following is reported at fair value:

Investments - at Fair Value	General Fund	Criminal Justice Assistance Fund	Other Governmental Funds	Total Governmental Funds
Pikes Peak Community Foundation	\$ -	\$ 47,593	\$ -	\$ 47,593

Interest rate risk - State law limits investments with a maximum maturity date of no more than five years from the date of purchase. The Office of the District Attorney does not have an investment policy that would further limit its investment choices.

Credit risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations. Due to the nature of the Office of the District Attorney's deposits and investments, credit rate risk was not a concern at December 31, 2016.

**OFFICE OF THE DISTRICT ATTORNEY
4TH JUDICIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – ACCOUNTS RECEIVABLE

Accounts receivable, for the Office of the District Attorney’s individual major funds and non-major funds, in the aggregate as of December 31, 2016, are as follows:

	General Fund	Criminal Justice Assistance Fund	Other Governmental Funds	Total Governmental Funds
Grants	\$ 78,540	\$ -	\$ -	\$ 78,540
Other	31,091	-	-	31,091
Total	\$ 109,631	\$ -	\$ -	\$ 109,631

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated				
Equipment	\$ 920,912	\$ 47,515	\$ -	\$ 968,427
Improvements	165,117	-	-	165,117
Vehicle	30,000	-	-	30,000
Software	-	-	-	-
Total capital assets	1,116,029	47,515	-	1,163,544
Less accumulated depreciation for				
Equipment	603,509	105,028	-	708,537
Improvements	48,670	-	-	48,670
Vehicle	15,833	-	-	15,833
Software	-	-	-	-
Total accumulated depreciation	668,012	105,028	-	773,040
Net Book Value	\$ 448,017	\$ (57,513)	\$ -	\$ 390,504

Depreciation expense for December 31, 2016, was \$105,028.

NOTE 4 – INTERFUND BALANCES

Transfers and payments within the reporting entity are substantially for the purpose of subsidizing the operating functions on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects or programs. Transfers are eliminated in the Government-wide Statement of Activities.

**OFFICE OF THE DISTRICT ATTORNEY
4TH JUDICIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – DEFERRED REVENUES

Deferred revenue for the Office of the District Attorney’s individual major funds and non-major funds in the aggregate as of December 31, 2016, are as follows:

	General Fund	Criminal Justice Assistance Fund	Other Governmental Funds	Total Governmental Funds
Other	\$ 2,656	\$ -	\$ -	\$ 2,656

NOTE 6 – DESIGNATED FOR SPECIAL FUNDS

The designated fund balance for special funds is included in the following assets and liabilities:

Cash - non-major funds	
Criminal Justice Assistance Fund	\$ 213,110
Other governmental funds	31,116
Total cash	244,226
Investments	
Criminal Justice Assistance Fund	47,593
Fund balance designated for special funds	\$ 291,819

NOTE 7 – OTHER INFORMATION

Joint venture - The Office of the District Attorney is a participant in the El Paso County Sheriff Special Investigation Fund (Investigation Fund). The Investigation Fund was established in 1985 as a joint venture between the El Paso County Sheriff’s Department, Teller County Sheriff’s Department, Colorado Springs Police Department, and the Office of the District Attorney. The purpose of this joint venture is to establish a fund to be a source of revenue for the financing of special investigations to combat certain types of criminal activity such as organized crime, white-collar crime, and other sophisticated illegal operations.

**OFFICE OF THE DISTRICT ATTORNEY
4TH JUDICIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 – PENSION PLANS

Public Employees’ Retirement Association (PERA)

Funding policy - The contribution requirements of the Public Employees’ Retirement Association (PERA) defined benefit pension plan (Pension Plan) members and their employers are established, and may be amended, by the Colorado General Assembly.

Contributions to the Pension Plan were \$14,464, \$29,764, and \$31,768, in 2016, 2015, and 2014. The District Attorney made no voluntary contributions during 2016, 2015, and 2014.

The District Attorney is the only employee participating in the PERA defined benefit pension plan. The Pension Plan’s purpose is to provide income to members and their families at retirement or in case of death or disability. The Pension Plan is a cost sharing multiple employer plan administered by PERA. PERA was established by State statute in 1931. Responsibility for the organization and administration of the Pension Plan is placed with the Board of Trustees of PERA. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.copera.org.

Pension liability - *The* total pension liability is based upon the December 31, 2014, actuarial valuation. An expected total pension liability is determined as of December 31, 2015, using standard roll-forward techniques. The roll forward calculation includes actual benefits, refunds, and disability premiums paid for the plan year, interest on the total pension liability, the annual normal costs (also called service cost), changes of benefit terms, differences between expected and actual experience at the end of year, and changes of assumptions or other inputs.

Actuarial assumptions - The December 31, 2014, actuarial valuation used the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial cost method	Entry age
Price inflation	2.8 percent
Real wage growth	1.1 percent
Wage inflation	3.9 percent
Salary increase, including wage inflation	3.9-10.85 percent
Long-term investments rate of return, net of pension plan investment expenses, including price inflation	7.5 percent
Future post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07	2 percent
PERA benefit structure hired after 12/31/06	Financed by the Annual Increase Reserve (AIR)

**OFFICE OF THE DISTRICT ATTORNEY
4TH JUDICIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

Actuarial assumptions - Continued

Mortality rates were based on the RP-2000 sex-distinct mortality table projected generationally using Projection Scale AA, with a one-year setback used for females. Mortality rates used for disabled members are based on the RP-2000 Disabled Mortality Table.

The actuarial assumptions used in the December 31, 2014, valuations were based on the results of an actuarial experience study for the period January 1, 2008-December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

El Paso County Retirement Plan

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

General – The plan is a cost sharing multiple employer defined plan covering all permanent, full-time and job-share employees of the participating employers upon their date of employment. The Retirement plan has five participating employers. All employees hired after September 1, 1967 are required to participate. Employees hired from 1974 through 1981 who were age 60 or older at their date of employment could elect to become a member as of January 1, 1982. The Retirement Plan provides benefits to members at retirement or disability, or to their beneficiaries in the event of death. The El Paso County Board of Retirement is the administrator and has the authority to establish and amend benefit provisions of the Retirement Plan. The Retirement Plan implemented GASB Statement 67 as of January 2014. The Retirement Plan issues a publicly available financial report that includes financial statements and required supplementary information, including the required six-year trend information. The report may be obtained by writing to the El Paso County Retirement Plan, 2880 International Circle, Suite N030, Colorado Springs, CO 80910, by calling (719) 520-7490, or online at www.epcretirement.org

Basis of accounting - The financial statements of the Retirement Plan are prepared using the accrual basis of accounting and are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) that apply to government account of fiduciary funds. Retirement Plan member and employer contributions are recognized in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the Retirement Plan.

Method used to value investments - Marketable securities are stated at fair value. Securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the plan year; investments traded in the over-the counter market and listed securities for which no sale was reported on that date are valued at the average of the last reported bid and ask price.

Funding policy - Contribution requirements are established and may be amended by the Board. Through December 31, 2009, participants contributed 6% of their monthly compensation to the Plan. The Plan was amended during 2009 to increase the participant monthly contribution rate to 6.5% effective January 1, 2010, 7.0% effective January 1, 2011 and 7.5% effective January 1, 2012. The Plan was further amended in 2013 to increase the participant monthly contribution rate to 8.0% effective January 1, 2014. The

**OFFICE OF THE DISTRICT ATTORNEY
4TH JUDICIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

Funding policy - Continued

participating employers make monthly contributions at least equal to the contributions made by the participants. Interest is credited on employee contributions at the rate of 3% per annum, compounded monthly. Employee and employer basic contributions amounted to 16% of covered payroll for both 2016 and 2015.

The employees of the Office of the District Attorney contributed \$942,621, \$872,173, and \$869,765 in 2016, 2015, and 2014, respectively. The employer contribution is made directly by the County for the Office of the District Attorney's employees.

NOTE 9 – NET PENSION LIABILITY

El Paso County Retirement Plan

The measurement date for the net pension liability is the Retirement Plan's year-end, December 31, 2016. Net position is measured at December 31, 2016. The total pension liability is determined by an actuarial valuation as of December 31, 2015, and rolled forward to the measurement date of December 31, 2016. Adjustment to roll forward the total pension liability includes service cost, interests on total pension liability and benefit payments. The net pension liability is the difference between the total pension liability and fiduciary net position as of December 31, 2016. The components of the net pension liability as of December 31, 2016 are as follows for the Office of the District Attorney.

Total pension liability	\$ 42,223,388
Plan fiduciary net position	28,804,158
Net pension liability	<u>\$ 13,419,230</u>
 Proportion of net pension liability	 8%
 Plan fiduciary net position as % of total pension liability	 68.22%

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of December 31, 2015, using the following actuarial assumption, applied to all periods included in the measurement, and rolled forward to the measurement date of December 31, 2016:

Inflation	3.5%
Salary increases	Graded by service, from 7.76% to 3.75%
Investment rate of return	8.00%, net of pension plan investment expenses. This is based on an average inflation rate of 3.5% and a real rate of return of 4.5%.

**OFFICE OF THE DISTRICT ATTORNEY
4TH JUDICIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

Actuarial Assumptions – Continued

Mortality rates were based on the RP-2000 sex-distinct mortality table projected generationally using Projection Scale AA, with a one-year setback used for females. Mortality rates used for disabled members is based on the RP-2000 Disabled Mortality Table.

The actuarial assumptions used in the December 31, 2015, actuarial valuation were based on the results of an actuarial experience study for the period from January 1, 2008 to December 31, 2012, resulting in changes in actuarial assumptions adopted by the Board to better reflect expected future experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table (note that the rates shown below exclude the inflation component):

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Public equity	8.61 %
Private equity	11.3 %
Fixed income	0.72 %
Real estate	6.57 %
Hedge funds of funds	5.04 %

Discount rate - The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumed that employer contributions will continue to follow the current funding policy adopted by the Board. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**OFFICE OF THE DISTRICT ATTORNEY
4TH JUDICIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

Sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability, calculated using the discount rate of 8.0%, as well as what the Office of the District Attorney's net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (7.0%), or one percentage-point higher (9.0%), than the current rate:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Net pension liability	\$ 13,285,038	\$ 13,419,230	\$ 13,553,422

For the year ended December 31, 2016, the Office of the District Attorney reported the following pension related amounts related to the El Paso County Retirement Plan:

El Paso County Retirement Plan				
Net Pension Liability	Net Pension (Asset)	Deferred Outflows	Deferred Inflows	Pension Expense
\$ 13,419,230	\$ -	\$ 1,707,086	\$ (65,269)	\$ 1,806,934

For the year ended December 31, 2016, the Office of the District Attorney reported deferred outflows of resources and deferred inflows of resources related to the pension from the El Paso County Retirement Plan from the following sources:

Deferred Outflows of Resources			
Difference Between Expected and Actual Expense	Net Difference Between Projected and Actual	Change in Proportion	Total
\$ 406,775	\$ 1,162,243	\$ 138,038	\$ 1,707,056

Deferred Inflows of Resources			
\$ -	\$ -	\$ (65,269)	\$ (65,269)

**OFFICE OF THE DISTRICT ATTORNEY
4TH JUDICIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

Sensitivity of the net pension liability to changes in the discount rate - Continued

Detailed information about the pension plan's fiduciary net position, schedule of employer allocations and the schedule of pension amounts by employer is located in the El Paso County Retirement Plan. This information is available by contacting the executive director of the plan at: El Paso County Retirement Plan, 2880 International Circle, Suite N030, Colorado Springs, CO 80910.

NOTE 10 – DEFERRED COMPENSATION PLAN

El Paso County, including the Office of the District Attorney, offers its employees a deferred compensation plan (Compensation Plan), created in accordance with Internal Revenue Code Section 457. The Compensation Plan, available to all the Office of the District Attorney's employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred, all property and rights purchased, and all income, property, or rights are, until paid or made available to the employee or other beneficiary are held in trust for the exclusive benefit of the participants and their beneficiaries. The employees of the Office of the District Attorney contributed \$82,925, \$104,493, and \$77,081 to this plan during the years ended December 31, 2016, 2015, and 2014, respectively.

NOTE 11 – POST-EMPLOYMENT BENEFITS

Post-retirement health care benefits

El Paso County provides post-retirement health care benefits, in accordance with Board of County Commissioners policy, to provide medical benefits to eligible retired employees of the Office of the District Attorney, except the District Attorney. The County funds contributions for the Office of District Attorney employees on a pay-as-you-go basis and both the County and retirees contribute towards the amount paid for health care benefit premiums based on years of service. No expense related to the postretirement health care premiums is reflected in the financial statements since all such costs are funded by the County.

The County contributes to and administers a single employer defined benefit post-employment health care plan referred to as the Medical Benefits Trust Fund (MBTF) to provide medical benefits to eligible retired County employees and their beneficiaries. Authority was established by approval of a resolution adopted by the Board of County Commissioners (BoCC) to create the MBTF fund on December 15, 2004. The BoCC has the authority to amend the contributions and terms of the MBTF at will.

NOTE 12 – RESTATEMENT OF NET POSITION

The Office of the District Attorney reclassified capital expenditures of \$173,907 to the capital assets account, increasing the net book value of equipment and improvements to \$448,017, as of December 31, 2015. As a result, the ending net position as of December 31, 2015 has increased to \$(10,534,329).

**OFFICE OF THE DISTRICT ATTORNEY
4TH JUDICIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 13 – RISK MANAGEMENT

The Office of the District Attorney is exposed to various risk of loss related to torts, theft of, damage to, and destruction of assets, errors and omission, injuries to employees, health claims of employees, and natural disasters. The Office of the District Attorney is part of El Paso County’s Self-Insurance. This fund is disclosed in the County’s publically available financial report.

NOTE 14 – GRANTS

The Office of the District Attorney has received federal, state, and other grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, the Office of the District Attorney’s management believes such disallowances, if any, will be immaterial.

NOTE 15 – OPERATING LEASES

The Office of the District Attorney signed a new lease for office equipment under a noncancelable operating lease that expires in 2018. Total operating lease expense was \$38,007 for year ending December 31, 2016.

Future minimum annual lease payments under these leases are:

<u>Years Ended December 31,</u>	
2017	\$ 38,007
2018	<u>25,338</u>
Total	<u><u>\$ 63,345</u></u>

NOTE 16 – OFFICE FACILITIES

El Paso County provides office facilities to the Office of the District Attorney at no cost. El Paso County also donated office equipment in the amount of \$47,515 for the year ended December 31, 2016.

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated events through September 26, 2017, the date on which the financial statements were available to be issued.

***REQUIRED SUPPLEMENTAL INFORMATION
(OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS)***

**OFFICE OF THE DISTRICT ATTORNEY - 4TH JUDICIAL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED DECEMBER 31, 2016**

	Budgeted amounts		Actual Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 12,904,512	\$ 12,984,314	\$ 15,379,277	\$ 2,394,963
Expenditures				
Current - criminal division	12,846,012	12,915,814	15,236,058	(2,320,244)
Capital outlay	58,500	68,500	47,515	20,985
Total expenditures	12,904,512	12,984,314	15,283,573	(2,299,259)
Net changes in fund balances	\$ -	\$ -	95,704	\$ 95,704
Reconciliation to GAAP basis statement of activity				
Capital outlays			47,515	
Depreciation			(105,028)	
Change in accrued compensated absences			(27,678)	
Pension expense accrual			(864,321)	
Change in net position of governmental activities			\$ (853,808)	

See independent auditor's report

**OFFICE OF THE DISTRICT ATTORNEY - 4TH JUDICIAL DISTRICT
NOTES TO BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2016**

BUDGETARY INFORMATION

The Office of the District Attorney uses the following procedures in establishing the budgetary data reflected in the financial statements. These procedures are in compliance with Colorado Revised Statutes.

Budgets are required by state law for all funds. Under Colorado Revised Statutes, the counties that reside in the DA's Office judicial district shall pay necessary expenses of maintaining an office for the transaction of official business. A formal budget is adopted each calendar year with the respective counties and then the Office of the District Attorney generates an internal operating budget for the General Fund. In addition, the budget for the General Fund is adopted on a basis not consistent with generally accepted accounting principles.

During the year ended December 31, 2016, the General Fund had excess expenditures over appropriations of approximately \$2,300,000.

RECONCILIATION OF BUDGET TO ACTUAL

The Office of the District Attorney has prepared its internal budget on a basis of accounting other than GAAP. A reconciliation of the budgetary basis to GAAP is provided on the Budgetary Comparison Schedule.

**OFFICE OF THE DISTRICT ATTORNEY - FOURTH JUDICIAL DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

EL PASO COUNTY RETIREMENT PLAN

Proportionate share of total pension liability	\$ 42,223,388
Proportionate share of fiduciary net position	28,804,158
Proportionate share of net pension liability	\$ 13,419,230
Fiduciary net position as a percentage of total pension liability	-68.22%
Covered employee payroll	\$ 11,552,041
Net pension liability as a percentage of covered employee payroll	116.16%
Proportion of net pension liability	8.33%

*Information determined under the provisions of GASB No. 68 is not available for years prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented. Information presented in this schedule has been determined as of the Office of the District Attorney measurement date (December 31, 2015) of the net pension liability in accordance with GASB Statement No. 68.

see notes to financial statements

OFFICE OF THE DISTRICT ATTORNEY - FOURTH JUDICIAL DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Year ended December 31,
(Amounts in Thousands)

	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Actual Contributions as a % of Covered Payroll</u>
2007	668	523	146	8,613	6.1%
2008	638	529	109	8,758	6.0%
2009	916	511	405	8,555	6.0%
2010	776	598	176	8,910	6.7%
2011	886	659	224	9,349	7.0%
2012	937	728	209	9,714	7.5%
2013	1,096	744	352	9,643	7.7%
2014	883	860	23	10,320	8.3%
2015	897	886	10	10,869	8.2%
2016	969	943	26	11,552	8.2%

see notes to financial statements

ADDITIONAL INFORMATION

**OFFICE OF THE DISTRICT ATTORNEY - 4TH JUDICIAL DISTRICT
 COMBINING SCHEDULE OF NON-MAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2016**

	<u>Community Involvement Fund</u>	<u>Neighborhood Justice Center Fund</u>	<u>Total Non-major Governmental Funds</u>
Assets			
Cash - restricted	\$ 3,698	\$ 27,418	\$ 31,116
	<u> </u>	<u> </u>	<u> </u>
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u> </u>	<u> </u>	<u> </u>
	-	-	-
Fund Balances			
Designated for special funds	3,698	27,418	31,116
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 3,698</u>	<u>\$ 27,418</u>	<u>\$ 31,116</u>

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**OFFICE OF THE DISTRICT ATTORNEY - 4TH JUDICIAL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2016**

	Community Involvement Fund	Neighborhood Justice Center Fund	Total Non-major Governmental Funds
Revenues			
Local sources	\$ 6,302	\$ 9,225	\$ 15,527
Expenditures			
Current			
Other	5,042	10,560	15,602
Net change in fund balances	1,260	(1,335)	(75)
Fund balances - beginning of year	2,438	28,753	31,191
Fund balances - end of year	\$ 3,698	\$ 27,418	\$ 31,116

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**OFFICE OF THE DISTRICT ATTORNEY - 4TH JUDICIAL DISTRICT
 COMBINING BALANCE SHEET OF FIDUCIARY NET POSITION
 DECEMBER 31, 2016**

	<u>Victim Compensation Fund</u>	<u>Victim Assistance Fund</u>	<u>Total Agency Funds</u>
Assets			
Cash and cash equivalents	\$ 1,616,281	\$ 2,017,545	\$ 3,633,826
Receivables	-	-	-
Total assets	<u>\$ 1,616,281</u>	<u>\$ 2,017,545</u>	<u>\$ 3,633,826</u>
Liabilities			
Due to general fund	\$ -	\$ -	\$ -
Payable from assets	<u>1,616,281</u>	<u>2,017,545</u>	<u>3,633,826</u>
Total liabilities	<u>\$ 1,616,281</u>	<u>\$ 2,017,545</u>	<u>\$ 3,633,826</u>
Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**OFFICE OF THE DISTRICT ATTORNEY - 4TH JUDICIAL DISTRICT
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION AND LIABILITIES
 DECEMBER 31, 2016**

Victim Compensation Fund				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Assets				
Cash and cash equivalent	\$ 1,523,583	\$ 1,422,310	\$ 1,329,612	\$ 1,616,281
Liabilities				
Payable from assets	\$ 1,523,583	\$ 1,422,310	\$ 1,329,612	\$ 1,616,281
Victim Assistance Fund				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Assets				
Cash and cash equivalent	\$ 1,856,257	\$ 2,337,911	\$ 2,176,623	\$ 2,017,545
Liabilities				
Payable from assets	\$ 1,856,257	\$ 2,337,911	\$ 2,176,623	\$ 2,017,545
Total Agency Funds				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Assets				
Cash and cash equivalent	\$ 3,379,840	\$ 3,760,221	\$ 3,506,235	\$ 3,633,826
Liabilities				
Payable from assets	\$ 3,379,840	\$ 3,760,221	\$ 3,506,235	\$ 3,633,826

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