

**TWELFTH JUDICIAL DISTRICT  
OF THE STATE OF COLORADO  
OFFICE OF THE DISTRICT ATTORNEY  
FINANCIAL STATEMENTS**

**December 31, 2016**



**RECEIVED**

*By the Office of the State Auditor at 12:08 pm, Jun 15, 2017*



**Wall,  
Smith,  
Bateman** Inc.  
Certified Public Accountants

**TWELFTH JUDICIAL DISTRICT OF THE STATE OF COLORADO**  
**OFFICE OF THE DISTRICT ATTORNEY**  
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**December 31, 2016**

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## INDEPENDENT AUDITORS' REPORT



Wall,  
Smith,  
Bateman Inc.

Twelfth Judicial District of the  
State of Colorado  
Office of the District Attorney  
Alamosa, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the Twelfth Judicial District of the State of Colorado Office of the District Attorney (Office of the District Attorney), 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.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

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

**Certified Public Accountants**

**Other Matters**

*Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the pension information on pages 21 and 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Wall, Smith, Bateman Inc.*

Wall, Smith, Bateman Inc.  
Alamosa, Colorado

June 08, 2017

**TWELFTH JUDICIAL DISTRICT  
OF THE STATE OF COLORADO  
OFFICE OF THE DISTRICT ATTORNEY**

**BASIC FINANCIAL STATEMENTS**

**TWELFTH JUDICIAL DISTRICT OF THE STATE OF COLORADO**  
**OFFICE OF THE DISTRICT ATTORNEY**  
**STATEMENT OF NET POSITION**  
**December 31, 2016**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash	\$ 551,943
Accounts Receivable	15,386
Due from Other Governments	66,612
Other Assets	<u>2,161</u>
<b>Total Current Assets</b>	<u>636,102</u>
<b>TOTAL ASSETS</b>	<u>636,102</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pensions	<u>68,195</u>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accrued Liabilities	<u>26,158</u>
<b>Total Current Liabilities</b>	<u>26,158</u>
<b>Noncurrent Liabilities</b>	
Pension Liability	<u>492,483</u>
<b>Total Noncurrent Liabilities</b>	<u>492,483</u>
<b>TOTAL LIABILITIES</b>	<u>518,641</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pensions	<u>21,361</u>
<b>NET POSITION</b>	
Unrestricted	<u>164,295</u>
<b>TOTAL NET POSITION</b>	<u>\$ 164,295</u>

The accompanying notes are an integral part of this financial statement.

**TWELFTH JUDICIAL DISTRICT OF THE STATE OF COLORADO**  
**OFFICE OF THE DISTRICT ATTORNEY**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2016**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Net (Expense) Revenue and Changes in Net Position Primary Government</b>
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
Criminal Prosecution	\$ 1,113,936	\$ 55,471	\$ 1,026,963	\$ -	\$ (31,502)
Victim Assistance	145,023	-	138,372	-	(6,651)
Crime Victim Compensation	71,000	-	160,640	-	89,640
<b>Total Governmental Activities</b>	<b>\$ 1,329,959</b>	<b>\$ 55,471</b>	<b>\$ 1,325,975</b>	<b>\$ -</b>	<b>51,487</b>
<b>General Revenues:</b>					
					789
					7,885
					<u>8,674</u>
					60,161
					<u>104,134</u>
					<u>\$ 164,295</u>

The accompanying notes are an integral part of this financial statement.

**TWELFTH JUDICIAL DISTRICT OF THE STATE OF COLORADO**  
**OFFICE OF THE DISTRICT ATTORNEY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**December 31, 2016**

	<u>GENERAL FUND</u>	<u>VICTIM ASSISTANCE</u>	<u>CRIME VICTIM COMPENSATION</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>				
Cash	\$ 47,713	\$ 8,930	\$ 495,300	\$ 551,943
Accounts Receivable	15,386	-	-	15,386
Due from Other Governments	38,433	28,179	-	66,612
Other Assets	2,161	-	-	2,161
<b>TOTAL ASSETS</b>	<u>\$ 103,693</u>	<u>\$ 37,109</u>	<u>\$ 495,300</u>	<u>\$ 636,102</u>
<b>LIABILITIES</b>				
Accrued Liabilities	\$ 24,948	\$ 1,210	\$ -	\$ 26,158
<b>TOTAL LIABILITIES</b>	<u>24,948</u>	<u>1,210</u>	<u>-</u>	<u>26,158</u>
<b>FUND EQUITY</b>				
Fund Balance				
Committed	-	35,899	495,300	531,199
Unassigned	78,745	-	-	78,745
<b>TOTAL FUND EQUITY</b>	<u>78,745</u>	<u>35,899</u>	<u>495,300</u>	<u>609,944</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 103,693</u>	<u>\$ 37,109</u>	<u>\$ 495,300</u>	<u>\$ 636,102</u>

The accompanying notes are an integral part of this financial statement.

**TWELFTH JUDICIAL DISTRICT OF THE STATE OF COLORADO**  
**OFFICE OF THE DISTRICT ATTORNEY**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE**  
**TO THE STATEMENT OF NET POSITION**  
**December 31, 2016**

<b>Total governmental fund balances</b>	\$ 609,944
Amounts reported for governmental activities in the statement of net position are different because:	
Deferred results and contributions to pension plans made after the measurement date are recorded as expenditures in governmental funds, but must be deferred in the statement of net position.	68,195
Net pension liabilities are not due and payable in the current period and therefore are not reported in the funds.	(492,483)
Certain amounts related to the net pension liability are deferred and amortized over time. These are not reported in the fund.	<u>(21,361)</u>
<b>Net position of governmental activities</b>	<u><u>\$ 164,295</u></u>

The accompanying notes are an integral part of this financial statement.

**TWELFTH JUDICIAL DISTRICT OF THE STATE OF COLORADO**  
**OFFICE OF THE DISTRICT ATTORNEY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2016**

	<u>GENERAL FUND</u>	<u>VICTIM ASSISTANCE</u>	<u>CRIME VICTIM COMPENSATION</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>REVENUES</b>				
Intergovernmental				
County Government	\$ 698,932	\$ -	\$ -	\$ 698,932
County Courts	-	-	130,732	130,732
State Government	328,031	91,151	29,908	449,090
Federal Government	-	47,221	-	47,221
Collection and Discovery Fees	55,471	-	-	55,471
Interest Income	94	3	692	789
Other Revenue	7,785	100	-	7,885
<b>TOTAL REVENUES</b>	<u>1,090,313</u>	<u>138,475</u>	<u>161,332</u>	<u>1,390,120</u>
<b>EXPENDITURES</b>				
Criminal Prosecution				
Salaries and Benefits	787,326	-	-	787,326
Administration	194,664	-	-	194,664
Restorative Justice	106,921	-	-	106,921
Victim Assistance				
Salaries and Benefits	-	134,503	-	134,503
Administration	-	10,520	-	10,520
Crime Victim Compensation				
Compensation Payments	-	-	71,000	71,000
Administration	14,686	-	-	14,686
<b>TOTAL EXPENDITURES</b>	<u>1,103,597</u>	<u>145,023</u>	<u>71,000</u>	<u>1,319,620</u>
Excess of Revenues Over (Under) Expenditures	(13,284)	(6,548)	90,332	70,500
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	12,721	3,373	-	16,094
Transfers to other funds	(3,373)	-	(12,721)	(16,094)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>9,348</u>	<u>3,373</u>	<u>(12,721)</u>	<u>-</u>
Net Change in Fund Balance	(3,936)	(3,175)	77,611	70,500
<b>FUND BALANCE - BEGINNING</b>	<u>82,681</u>	<u>39,074</u>	<u>417,689</u>	<u>539,444</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 78,745</u>	<u>\$ 35,899</u>	<u>\$ 495,300</u>	<u>\$ 609,944</u>

The accompanying notes are an integral part of this financial statement.

**TWELFTH JUDICIAL DISTRICT OF THE STATE OF COLORADO**  
**OFFICE OF THE DISTRICT ATTORNEY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2016**

<b>Net change in fund balances - total governmental funds</b>	\$ 70,500
Amounts reported for governmental activities in the statements of activities are different because:	
Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item consists of the change in pension expenditures.	<u>(10,339)</u>
<b>Change in net assets of governmental funds</b>	<u><u>\$ 60,161</u></u>

**TWELFTH JUDICIAL DISTRICT OF THE STATE OF COLORADO**  
**OFFICE OF THE DISTRICT ATTORNEY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the Office of the District Attorney reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards*.

**REPORTING ENTITY**

***Primary Government***

The Twelfth Judicial District of the State of Colorado Office of the District Attorney (the Office of the District Attorney) was formed under the statutes of the State of Colorado. It serves six Colorado counties: Alamosa, Conejos, Costilla, Mineral, Rio Grande, and Saguache. The Office of the District Attorney provides public services to the residents of the six counties.

***Component Units***

The Office of the District Attorney's combined financial statements includes the accounts for all of the Office of the District Attorney operations. The criteria for including organizations as component units within the Office of the District Attorney's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The Office of the District Attorney holds the corporate powers of the organization
- The Office of the District Attorney appoints a voting majority of the organization's board
- The Office of the District Attorney is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the Office of the District Attorney
- There is fiscal dependency by the organization on the Office of the District Attorney
- The organization is financially accountable to the Office of the District Attorney
- The organization receives or holds funds that are for the benefit of the Office of the District Attorney; and the Office of the District Attorney has access to a majority of the funds held; and the funds that are accessible are also significant to the Office of the District Attorney

The Crime Victim Compensation Fund was organized under Colorado Revised Statutes for the purpose of providing financial remedies to certain crime victims. Although a legally separate entity, the fund has been included because of the Office's oversight responsibilities. The District Attorney appoints the three-member board. This board is primarily responsible for the authorization of crime victim compensation payments. The Crime Victim Compensation Fund is blended into the Office of the District Attorney's financial statements as a major special revenue fund.

The Victim Assistance Fund was organized under the Assistance to Victims of and Witnesses to Crimes and Aid to Law Enforcement Act for the purpose of providing funding to agencies that provide services to crime victims within the local district. Although a legally separate entity, the fund has been included because of the Office's oversight responsibilities. The five member board is appointed by the Chief Judge. The Victim Assistance Fund is blended into the Office of the District Attorney's financial statements as a major special revenue fund.

**TWELFTH JUDICIAL DISTRICT OF THE STATE OF COLORADO**  
**OFFICE OF THE DISTRICT ATTORNEY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the Office of the District Attorney. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Mainly intergovernmental revenues support governmental activities.

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and
- Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. The emphasis of fund financial statements is on major governmental funds and each are reported as a separate column.

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources 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 are recognized as revenue when all applicable eligibility requirements, imposed by the provider, are met.

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 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 period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

- The ***General Fund*** – is the general operating fund of the Office of the District Attorney. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The ***Victim Assistance Fund*** – a special revenue fund that accounts for the operations of the Victim Assistance Program, funded primarily by the State Victim Assistance/Law Enforcement Fund (VALE).
- The ***Crime Victims Compensation Fund*** – a special revenue fund, established under Colorado law for the purpose of providing remedies to crime victims that suffer economic loss as a result of crime.

**ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE**

***Cash***

The Office of the District Attorney's cash and cash equivalents are considered to be cash in bank, certificates of deposit, and liquid investments with maturity of three months or less.

**TWELFTH JUDICIAL DISTRICT OF THE STATE OF COLORADO**  
**OFFICE OF THE DISTRICT ATTORNEY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

***Compensated Absences***

Employees of the Office of the District Attorney receive vacation, medical leave, and personal days per year depending on years of service. Employees employed less than 5 years can accumulate up to 20 days per year, employees employed 5 years or more but less than 10 years can accumulate up to 25 days, and employees employed more than 10 years can accumulate up to 30 days per year. Employees are only allowed to carry over 2 days of unused vacation, medical leave, or personal days to the following calendar year. The Office of the District Attorney has not recorded an accrued liability for the accumulated vacation, medical leave or personal days time, as the amount is not considered to be material in relation to the financial statements taken as a whole.

***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This represents a consumption of net position that applied to a future period(s) and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period.

In addition to liabilities, the balance sheet reports a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

Certain amounts related to pensions must be deferred.

***Pensions***

The Office of the District Attorney participates in the State Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to/deductions from the fiduciary net position of the SDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Net Position***

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

**TWELFTH JUDICIAL DISTRICT OF THE STATE OF COLORADO**  
**OFFICE OF THE DISTRICT ATTORNEY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

***Fund Balance***

Fund balances are reported based on the extent to which the Office of the District Attorney is bound to honor constraints for the specific purpose on which amounts in the fund can be spent. Fund balances are classified in one of the five categories:

- *Nonspendable Fund Balance* – are amounts that cannot be spent because they are not in spendable form – such as inventory and prepaid insurance.
- *Restricted Fund Balance* – are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance* – are amounts that can only be used for specific purposes as a result of constraints imposed by the District Attorney, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the District Attorney removed those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- *Assigned Fund Balance* – are amounts a government intends to use for a specific purpose; intent can be expressed by the District Attorney or by an official or body to which the governing body delegates the authority.
- *Unrestricted Fund Balance* – are amounts that are available for any purpose; these amount are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance is available, the District Attorney's Office considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, and unassigned fund balances are available, the District Attorney's Office considers the amounts have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Attorney has provided otherwise in its commitment or assignment actions.

***Use of Estimates***

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

***Encumbrances***

The Office of the District Attorney does not use encumbrance accounting in recording revenues and expenditures.

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

***Budgets and Budgetary Accounting***

The Office of the District Attorney has not legally adopted an annual budget for any of its funds. In accordance with the laws of the State of Colorado, the Office of the District Attorney is not required to legally adopt an annual budget for any of its funds. Therefore, budget to actual comparisons are not presented in these financial statements.

**TWELFTH JUDICIAL DISTRICT OF THE STATE OF COLORADO  
OFFICE OF THE DISTRICT ATTORNEY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 3 CASH AND DEPOSITS**

Colorado State Statutes govern the Office of the District Attorney's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories, determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds 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 the aggregate uninsured deposits.

***Custodial Credit Risk – Deposits***

Custodial credit risk is the risk that in the event of a bank failure, the Office of the District Attorney's deposits may not be returned to them. At December 31, 2016, \$247,628 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institutions through PDPA.

***Credit Risk***

The Office of the District Attorney's investment policy calls for investment diversification within the portfolio to avoid unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities.

Cash on Hand and in Banks	\$ 551,943
Total Cash and Deposits on the Statement of Net Position	\$ 551,943

**NOTE 4 DUE FROM OTHER GOVERNMENTS**

Intergovernmental receivables include amounts due from grantors for specific program grants. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

As of December 31, 2016, the Office of the District Attorney had \$66,612 due from Federal, State, or Local governments, reflected as intergovernmental receivables in the accompanying basic financial statements.

**NOTE 5 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

***Interfund Transfers***

Interfund transfers for the year ended December 31, 2016, were as follows:

Transfer In	Transfer Out	Amount
General Fund	Crime Victim Compensation Fund	\$ 12,721
Victim Assistance Fund	General Fund	3,373
		\$ 16,094

The above transfers are annual operating transfers to properly allocate salary expenditures.

**TWELFTH JUDICIAL DISTRICT OF THE STATE OF COLORADO**  
**OFFICE OF THE DISTRICT ATTORNEY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 6 OPERATING LEASES**

The Office of the District Attorney has entered into operating lease arrangements for copy machines and a postage machine. Lease terms are 60 months. Rental expense for all operating leases for the year ended December 31, 2016, approximately \$9,554.

**NOTE 7 DEFERRED COMPENSATION PLAN**

The Office of the District Attorney offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by the National Association of Counties (NACO). The plan, available to all full-time Office of the District Attorney employees (except the District Attorney, who participates in the PERA plan described at Note 8), permits them to defer a portion of their salary until future years.

As a result of legislative changes, 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) held in trust for the exclusive benefit of the participants and their beneficiaries, where prior to these legislative changes, these amounts were solely the property rights of the Office of the District Attorney subject only to the claims of the Office of the District Attorney's general creditors. As a result, the deferred compensation investments are not reported in the Office of the District Attorney's financial statements.

The Office of the District Attorney also contributes a match to the Section 457 deferred compensation plan for eligible members, limited to \$1,000 per eligible participant. Employees contributed \$6,944 during 2016, and the Office of the District Attorney contributed \$6,083 as the employer match.

**NOTE 8 DEFINED BENEFIT PENSION PLAN**

*Plan description.* Eligible employees of the Office of the District Attorney are provided with pensions through the State Division Trust Fund (SDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Benefits provided.* PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

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In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve for the SDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. State Troopers whose disability is caused by an on-the-job injury are immediately eligible to apply for disability benefits and do not have to meet the five years of service credit requirement. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

*Contributions.* Eligible employees and the Office of the District Attorney are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary.

The employer contribution requirements for all employees are summarized in the following table:

	2016
Employer Contribution Rate <sup>1</sup>	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) <sup>1</sup>	-1.02%
Amount Apportioned to the SCHDTF	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	4.60%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	4.50%
Total Employer Contribution Rate to the SDTF <sup>1</sup>	18.23%

<sup>1</sup>Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

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Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the Office of the District Attorney is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from the Office of the District Attorney were \$23,699 for the year ended December 31, 2016.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to PERA Pension***

At December 31, 2016, the Office of the District Attorney reported a liability of for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The Office of the District Attorney's proportion of the net pension liability was based on the their contributions to the SDTF for the calendar year 2015 relative to the total contributions of participating employers to the SDTF. At December 31, 2015, the Office of the District Attorney's proportion was 0.0046764835 percent, which was a decrease of 0.0001516907 percent from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the Office of the District Attorney recognized pension expense of \$10,339. At December 31, 2016, the Office of the District Attorney reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 7,171	\$ 15
Changes of assumptions or other inputs	-	5,830
Net difference between projected and actual earnings on pension plan investments	37,325	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	15,516
Contributions subsequent to the measurement date	23,699	
<b>Total</b>	<b>\$ 68,195</b>	<b>\$ 21,361</b>

The \$23,699 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended,	
2017	\$ (526)
2018	6,230
2019	9,837
2020	7,595
2021	-
Thereafter	-

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*Actuarial assumptions.* The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry Age
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 9.57 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation:

- The following programming changes were made:
  - Valuation of the full survivor benefit without any reduction for possible remarriage.
  - Reflection of the employer match on separation benefits for all eligible years.
  - Reflection of one year of service eligibility for survivor annuity benefit.
  - Refinement of the 18 month annual increase timing.
  - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
  
- The following methodology changes were made:
  - Recognition of merit salary increases in the first projection year.
  - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
  - Removal of the negative value adjustments for liabilities associated with refunds of future terminating members.
  - Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through 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.

The SDTF’s long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were 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 then adding expected inflation.

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As of the most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Geometric Real Rate of Return</u>
U.S. Equity- Large Cap	26.76%	5.00%
U.S. Equity- Small Cap	4.40%	5.19%
Non U.S. Equity- Developed	22.06%	5.29%
Non U.S. Equity- Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
<b>Total</b>	<b>100.00%</b>	

\* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.

*Discount rate.* The Discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate applied the actuarial method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop .050% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health cash benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contribution and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

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- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the SDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate. There was no change in the discount rate from the prior measurement date.

*Sensitivity of the Office of the District Attorney's proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of the net pension liability	\$ 622,182	\$ 492,482	\$ 383,992

*Pension plan fiduciary net position.* Detailed information about the SDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**NOTE 9 OTHER POSTEMPLOYMENT BENEFITS**

***Health Care Trust Fund***

*Plan Description* – The Office of the District Attorney contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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*Funding Policy* – The Office of the District Attorney is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending December 31, 2016, 2015, and 2014, the Office of the District Attorney contributions to the HCTF were \$1,326, \$1,326, and \$1,326, respectively, equal to their required contributions for each year.

**NOTE 10 DEFINED CONTRIBUTION PENSION PLAN**

*Plan Description* - Employees of the District that are also members of the SDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S, as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Plan. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy* – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions, and investment earnings. For the year ended December 31, 2016 program members contributed \$0 for the Voluntary Investment Program.

**NOTE 11 RISK MANAGEMENT**

The Office of the District Attorney is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the current year or the three prior years.

**NOTE 12 TABOR EMERGENCY RESERVE**

The Office of the District Attorney is not a taxing district and as a result management has determined that it is not subject to TABOR.

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**REQUIRED SUPPLEMENTARY INFORMATION**

In addition to the basic financial statements, changes in the District's net pension liability and related ratios as well as the District's pension plan contributions are required to supplement the basic financial statements.

**TWELFTH JUDICIAL DISTRICT OF THE STATE OF COLORADO  
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SCHEDULE OF THE DISTRICT ATTORNEY'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
PERA SDTF PENSION PLAN  
For the Years Ended December 31,**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.0046764835%	0.0048281742%	0.0050493935%
District's proportionate share of the net pension liability (asset)	\$ 492,483	\$ 454,163	\$ 449,799
District's covered-employee payroll	\$ 130,000	\$ 130,000	\$ 130,000
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	379%	349%	346%
Plan fiduciary net position as a percentage of the total pension liability	56.1%	59.8%	61.1%

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years for which information is available.

**Notes to Required Supplementary Information:**

See Note 8 in the accompanying Notes to the Basic Financial Statements for changes to assumptions or other inputs.

**TWELFTH JUDICIAL DISTRICT OF THE STATE OF COLORADO**  
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**SCHEDULE OF DISTRICT ATTORNEY CONTRIBUTIONS**  
**PERA SDTF PENSION PLAN**  
**For the Years Ended December 31,**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 23,699	\$ 22,529	\$ 21,359	\$ 20,189
Contributions in relation to the contractually required contribution	<u>(23,699)</u>	<u>(22,529)</u>	<u>(21,359)</u>	<u>(20,189)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	130,000	130,000	130,000	130,000
Contributions as a percentage of covered-employee payroll	18.23%	17.33%	16.43%	15.53%

\*\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

**Notes to Required Supplementary Information:**

See Note 8 in the accompanying Notes to the Financial Statements for changes to assumptions or other inputs.