



Office of the District Attorney, Ninth Judicial District

FINANCIAL STATEMENTS AND REPORT OF  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2017

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

April 3, 2018

District Attorney  
Office of the District Attorney, Ninth Judicial District

We have audited the accompanying financial statements of the governmental activities and each major fund of the Office of the District Attorney, Ninth Judicial District as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District'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 District'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 District'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.

**Opinion**

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, Ninth Judicial District, as of December 31, 2017, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.



District Attorney  
Office of the District Attorney, Ninth Judicial District  
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**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of activity—net pension liability, and schedule of activity—employer pension contributions 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.

*Chadwick, Steinkirchner, Davis & Co., P.C.*

## **Office of the District Attorney, Ninth Judicial District**

### **Management's Discussion and Analysis**

**December 31, 2017**

As management of the District Attorney's Office (the "Office"), we offer readers of the Office's financial statements this narrative overview and analysis of the financial activities of the Office for the fiscal year ended December 31, 2017.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Office's basic financial statements. The Office's basic financial statements are composed of three components: 1) government-wide financial statements, 2) fund financial statements; and 3) notes to the financial statements.

### **Government-wide Financial Statements**

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

The Statement of Net Position presents information on all the Office's assets, deferred outflow of resources, liabilities, and deferred inflow of resources with the difference 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 is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. 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. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

In some instances the financial statements may reflect negative balances and other changes related to implementation of pension reporting standards required by GASB Statement No. 68 two years ago.

The governmental activity of the Office is primarily financing the prosecution of criminal and traffic cases in the Ninth Judicial District (Garfield, Pitkin, and Rio Blanco counties) and the assurance of the rights of crime victims. There are no business-type activities within the Office.

### **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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Office currently has two funds, the General Fund and the Special Revenue Fund, which are governmental funds.

## 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 expendable resources, as well as on balances of expendable 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 government's near-term financing decisions. A reconciliation of the fund balance as reported in the governmental funds to the net position reported in the government-wide financial statements and a reconciliation of the net change in the fund balance to the change in net position has been provided to facilitate the comparison between governmental funds and governmental activities.

## Notes to the Financial Statements

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

## Condensed Financial Information

The following table shows the Office's condensed financial information for 2017 and 2016.

### Assets and Deferred Outflows of Resources

	<u>2017</u>	<u>2016</u>
Current assets	\$ 775,701	\$ 736,667
Noncurrent, capital assets	<u>66,661</u>	<u>25,293</u>
<b>Total assets</b>	842,362	761,960
Deferred outflows of resources	<u>1,969,728</u>	<u>527,921</u>
<b>Total assets and deferred outflows</b>	2,812,090	1,289,881

### Liabilities and Deferred Inflows of Resources

Current liabilities	166,339	116,612
Long-term liabilities	<u>5,853,869</u>	<u>3,310,325</u>
<b>Total liabilities</b>	6,020,208	3,426,937
Deferred inflows of resources	<u>18,018</u>	<u>39,287</u>
<b>Total liabilities and deferred inflows</b>	<u>6,038,226</u>	<u>3,466,224</u>

### Net Position

Net investment in capital assets	66,661	25,293
Restricted for seizure/grant	2,556	2,556
Unrestricted	<u>(3,295,353)</u>	<u>(2,204,192)</u>
<b>Total Net Position</b>	<u><b>\$(3,226,136)</b></u>	<u><b>\$(2,176,343)</b></u>

	<u>2017</u>	<u>2016</u>
<b>Program Revenues</b>		
Charges for services	\$ 3,115,318	\$ 3,063,004
Operating grants and contributions	945,628	714,407
Capital grants and contributions	38,835	15,984
<b>General Revenues</b>		
Interest income	<u>68</u>	<u>55</u>
<b>Total Revenues</b>	4,099,849	3,793,450
<b>Expenses</b>		
Public Safety	<u>5,149,642</u>	<u>3,932,912</u>
<b>Increase (decrease) in net position</b>	(1,049,793)	(139,462)
<b>Net position January 1</b>	<u>(2,176,343)</u>	<u>(2,036,881)</u>
<b>Net position December 31</b>	<u><u>\$(3,226,136)</u></u>	<u><u>\$(2,176,343)</u></u>

### **Government-wide Financial Analysis**

During 2017, the Office's primary activity was the prosecution of criminal and traffic cases in the Ninth Judicial District and the assurance of the rights of crime victims. Those activities were funded by contributions from the State of Colorado, contributions from the counties comprising the Ninth Judicial District, various grants, and miscellaneous revenue.

It should be noted that miscellaneous revenue in the general fund includes reimbursements for certain costs of prosecution from the Mandated Costs Fund that is administered by the Colorado District Attorney's Council. Reimbursements from the Mandated Costs Fund generally come at the end of the State's fiscal year and are not budgeted. Thus, actual miscellaneous revenue and actual purchased services in the general fund may be greater than the budgeted amount.

It should also be noted that seizure revenue and seizure expenditures in the general fund are not budgeted.

### **Financial Analysis of the Office's Funds**

As discussed above, the Office uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Funds**

The focus of the Office's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Office's financial 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.

At the end of the current fiscal year, the Office's governmental funds reported a combined ending fund balance of \$700,137.

The Office adopts a budget for the general fund and special revenue fund on an annual basis. A budgetary comparison has been provided.

**Capital Assets**

The Office's net capital assets increased by \$57,352 as the result of the current year additions greater than current year depreciation. Additional information as well as a detailed classification of the Office's net capital assets can be found in Note C of the Notes to the Financial Statements, included in this report.

**Request for Information**

This financial report is designed to provide a general overview of the Office's finances for all those with an interest in the Office's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to The Office of the District Attorney, Ninth Judicial District, 109 Eighth Street, Suite 308, Glenwood Springs, CO 81601 or you may call (970) 945-8635.

Office of the District Attorney, Ninth Judicial District

STATEMENT OF NET POSITION

December 31, 2017

	<u>Governmental Activities</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
Assets	
Cash	\$ 414,337
Restricted cash	2,556
Receivables	
Due from other governments	306,030
Employees	2,985
Prepaid expenses	49,793
Non-current assets	
Capital assets, net of depreciation	66,661
	<u>842,362</u>
	Total assets
Deferred outflows of resources	
Pension related deferred outflows	1,969,728
	<u>1,969,728</u>
	Total deferred outflows of resources
	2,812,090
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	
Liabilities	
Accounts payable	65,075
Unearned revenue	10,489
Compensated absences	90,775
Non-current liabilities	
Net pension liability	5,853,869
	<u>6,020,208</u>
	Total liabilities
Deferred inflows of resources	
Pension related deferred inflows	18,018
	<u>18,018</u>
	Total deferred inflows of resources
	<u>6,038,226</u>
	Total liabilities and deferred inflows of resources
Net position	
Net investment in capital assets	66,661
Restricted for seizure activities	2,556
Unrestricted	(3,295,353)
	<u>(3,226,136)</u>
	Total net position
	<u>\$ (3,226,136)</u>

The accompanying notes are an integral part of this statement.

Office of the District Attorney, Ninth Judicial District

STATEMENT OF ACTIVITIES

Year ended December 31, 2017

Functions/Programs	Expenses	Program Revenues		Total Governmental Activities	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental activities:					
Public safety	\$ 5,149,642	\$3,115,318	\$ 945,628	\$ 38,835	\$ (1,049,861)
Total governmental activities	<u>\$ 5,149,642</u>	<u>\$3,115,318</u>	<u>\$ 945,628</u>	<u>\$ 38,835</u>	<u>(1,049,861)</u>
General revenues:					
Investment earnings					68
Total general revenues					<u>68</u>
Change in net position					(1,049,793)
Net positions - beginning					<u>(2,176,343)</u>
Net position - ending					<u>\$ (3,226,136)</u>

The accompanying notes are an integral part of this statement.

## Office of the District Attorney, Ninth Judicial District

## BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2017

	General	Special Revenue	Total
<b>ASSETS</b>			
Cash	\$ 380,933	\$ 33,404	\$ 414,337
Restricted cash	2,556	-	2,556
Employee receivables	2,985	-	2,985
Due from other governments	241,220	64,810	306,030
Prepaid expenses	49,493	300	49,793
Total assets	<u>\$ 677,187</u>	<u>\$ 98,514</u>	<u>\$ 775,701</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 28,342	\$ 36,733	\$ 65,075
Unearned revenues	10,489	-	10,489
Total liabilities	<u>38,831</u>	<u>36,733</u>	<u>75,564</u>
<b>Fund equity</b>			
Nonspendable	49,493	300	49,793
Restricted for seizure activities	2,556	-	2,556
Assigned for program expenses	-	61,481	61,481
Unassigned	586,307	-	586,307
Total fund balance	<u>638,356</u>	<u>61,781</u>	<u>700,137</u>
Total liabilities and fund balance	<u>\$ 677,187</u>	<u>\$ 98,514</u>	<u>\$ 775,701</u>

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance - governmental funds	\$ 700,137
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	66,661
The amount by which deferred outflows are more than deferred inflows, all of which are not recorded in the funds (\$1,969,728-18,018)	1,951,710
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.	
Net pension liability	(5,853,869)
Compensated absences	(90,775)
Total net position - governmental activities	<u>\$ (3,226,136)</u>

The accompanying notes are an integral part of this statement.

Office of the District Attorney, Ninth Judicial District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS

Year ended December 31, 2017

	General	Special Revenue	Total
<b>Revenues</b>			
Local sources	\$ 2,973,064	\$ 137,248	\$ 3,110,312
State sources	131,128	211,482	342,610
Federal sources	-	532,805	532,805
Discovery fees, seizure, and miscellaneous	74,901	318	75,219
Interest revenue	68	-	68
	<u>3,179,161</u>	<u>881,853</u>	<u>4,061,014</u>
<b>Expenditures</b>			
<b>Current</b>			
<b>Public safety:</b>			
Administration	156,657	12,739	169,396
Salary and benefits	2,856,794	371,203	3,227,997
Purchased services	38,712	38,839	77,551
Grants	-	423,551	423,551
Supplies	27,556	19,310	46,866
Travel and training	64,578	20,295	84,873
<b>Capital outlay</b>	15,713	-	15,713
	<u>3,160,010</u>	<u>885,937</u>	<u>4,045,947</u>
	EXCESS OF REVENUES OVER		
	(UNDER) EXPENDITURES		
	19,151	(4,084)	15,067
Fund balance at beginning of year	<u>619,205</u>	<u>65,865</u>	<u>685,070</u>
Fund balance at end of year	<u>\$ 638,356</u>	<u>\$ 61,781</u>	<u>\$ 700,137</u>

The accompanying notes are an integral part of this statement.

Office of the District Attorney, Ninth Judicial District

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended December 31, 2017

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Amounts reported for governmental activities in the statement of activities are different  
because:

Net change in fund balances - total governmental funds	\$ 15,067
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 capital outlay exceeded depreciation in the current period (\$8,943-\$6,410).	2,533
The net effect of various miscellaneous transactions involving capital assets (IE: sales, trade-in or donations) is to increase (decrease) net position	38,835
In the governmental funds, expenditures related to pension obligations are measured by the amount of financial resources used (essentially, the amounts actually paid to the pension plan), whereas in the statement of activities, they are measured on full accrual basis. This is the amount by which pension expense in the statement of activities was more than pension expenditures in the governmental funds.	(1,080,468)
In the governmental funds, expenditures for compensated absences are measured by the amount of financial resources used (essentially, the amounts actually paid to employees), whereas in the statement of activities, they are measured as the benefits are earned by employees during the year. This is the amount the liability for compensated absences increased during the year	<u>(25,760)</u>
Change in net position of governmental activities	<u>\$ (1,049,793)</u>

The accompanying notes are an integral part of this statement.

Office of the District Attorney, Ninth Judicial District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE  
GENERAL FUND - BUDGET AND ACTUAL

Year ended December 31, 2017

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Intergovernmental			
Local sources	\$ 2,985,316	\$ 2,973,064	\$ (12,252)
State sources	124,956	131,128	6,172
Miscellaneous	19,000	74,969	55,969
Total revenues	<u>3,129,272</u>	<u>3,179,161</u>	<u>49,889</u>
<b>Expenditures</b>			
Current			
Salaries and benefits	2,836,721	2,856,794	(20,073)
Administration	154,563	156,657	(2,094)
Purchased services	59,410	38,712	20,698
Supplies	20,000	27,556	(7,556)
Travel and training	42,500	64,578	(22,078)
Capital outlay	16,078	15,713	365
Total expenditures	<u>3,129,272</u>	<u>3,160,010</u>	<u>(30,738)</u>
	<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>		
	-	19,151	19,151
Fund balance at beginning of year	<u>-</u>	<u>619,205</u>	<u>619,205</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 638,356</u>	<u>\$ 638,356</u>

The accompanying notes are an integral part of this statement.

Office of the District Attorney, Ninth Judicial District

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE  
SPECIAL REVENUE FUND - BUDGET AND ACTUAL

Year ended December 31, 2017

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
<b>Intergovernmental</b>			
Local sources	\$ 100,000	\$ 137,566	\$ 37,566
State sources	198,127	211,482	13,355
Federal sources	78,263	109,254	30,991
<b>Total revenues</b>	<b>376,390</b>	<b>458,302</b>	<b>81,912</b>
<b>Expenditures</b>			
<b>Current</b>			
Salaries and benefits	304,576	371,203	(66,627)
Administration	-	12,739	(12,739)
Purchased services	-	38,839	(38,839)
Supplies	-	19,310	(19,310)
Travel and training	-	20,295	(20,295)
<b>Total expenditures</b>	<b>304,576</b>	<b>462,386</b>	<b>(157,810)</b>
<b>EXCESS OF REVENUES OVER</b>			
<b>(UNDER) EXPENDITURES - budgetary basis</b>			
	71,814	(4,084)	(75,898)
<b>Unbudgeted flow through items</b>			
VOCA grant revenue		423,551	
VOCA grant expenditure		(423,551)	
<b>EXCESS OF REVENUES AND OTHER FINANCING</b>			
<b>SOURCES OVER (UNDER) EXPENDITURES - GAAP basis</b>			
	71,814	(4,084)	(75,898)
Fund balance at beginning of year	-	65,865	65,865
Fund balance at end of year	<u>\$ 71,814</u>	<u>\$ 61,781</u>	<u>\$ (10,033)</u>

The accompanying notes are an integral part of this statement.

Office of the District Attorney, Ninth Judicial District

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Organization

The Office of the District Attorney, Ninth Judicial District, Glenwood Springs, Colorado, operates under Colorado Revised Statutes providing judicial and public safety services for Garfield, Pitkin, and Rio Blanco counties.

The accounting policies of the Office of the District Attorney, Ninth Judicial District, Glenwood Springs, Colorado (the District Attorney), conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies consistently applied in the preparation of the financial statements.

2. Reporting Entity

The District Attorney's financial statements include the accounts of all of the District Attorney's operations.

The District Attorney has no component units as defined by the Governmental Accounting Standards Board (GASB) Statements.

3. Government-wide and Fund Financial Statements

The District Attorney's basic financial statements include both government-wide (reporting the District Attorney as a whole) and fund financial statements (reporting the District Attorney's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. Currently, the District Attorney has only governmental activities.

**Government-wide Financial Statements**

In the government-wide Statement of Net Position, the governmental activities columns are reported on a full accrual, economic resource basis, which recognizes all long-term assets, receivables, and deferred outflows of resources, as well as long-term debt, obligations, and deferred inflows of resources.

The government-wide focus is on the sustainability of the District Attorney as an entity and the change in the District Attorney's net position resulting from the current year's activities.

**Fund Financial Statements**

The financial transactions of the District Attorney are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses.

The fund focus is on current available resources.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**4. Fund Accounting**

The District Attorney uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. At this time the District Attorney only uses governmental funds.

**Governmental Funds**

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The District Attorney reports the following major governmental funds:

**General Fund** – The General Fund is used to account for all financial resources of the District Attorney except those required to be accounted for in another fund. The general fund balance is available to the District Attorney for any purpose provided it is expended or transferred according to the general laws of Colorado and the bylaws of the District Attorney.

**Special Revenue Fund** – This fund is used to account for funds received from various State and federal grants and related contributions for administration, and county contributions for these grant programs.

**5. Measurement Focus and Basis of Accounting**

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements.

**Long-Term Economic Focus and Accrual Basis**

Governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

**Current Financial Focus and Modified Accrual Basis**

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Office of the District Attorney, Ninth Judicial District

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on long-term debt, if any, is recognized when due.

Amounts reported as program revenues include 1) charges to customers for fees or services provided, and 2) operating grants and contributions.

When both restricted and unrestricted resources are available for use, it is the District Attorney's policy to use restricted resources first, then unrestricted resources as they are needed.

**6. Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as contributions awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available.

**7. Use of Estimates**

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

**8. Interfund Transactions**

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund activity, if any, is not eliminated in the fund financial statements and the transfers are for subsidizing grant activity.

**9. Stewardship, Compliance, and Accountability**

The District Attorney's Office does not appropriate funds. Budgets are submitted to the grantor agencies, with the grant application, for approval. The budget for the General Fund is submitted to the County Commissioners of the three counties for approval. A separate budget was prepared for the major special revenue fund though it is not legally required to do so.

**10. Capital Assets**

Capital assets, if any, are reported in the applicable governmental activities columns in the Government-wide Financial Statements. The District Attorney defines capital assets as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets consist of equipment that is being depreciated over their estimated useful lives of 3 to 7 years.

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.

Office of the District Attorney, Ninth Judicial District

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**11. Compensated Absences**

It is the policy of the District Attorney’s Office to permit employees to accumulate unused sick and vacation benefits. Under the policy employees can accumulate up to 320 hours of vacation. Only unused vacation benefits are paid upon termination.

**12. Pensions**

The District 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.

**NOTE B – CASH AND INVESTMENTS**

Cash and investments consist of the following:

Demand accounts	\$ 416,893
Less restricted cash for seizure activities	<u>(2,556)</u>
Unrestricted cash	<u>\$ 414,337</u>

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 regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The 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 102% of the aggregate uninsured deposits. The bank deposits at December 31, 2017 total \$599,069 of which \$252,556 was insured and the remaining \$346,513 was covered under PDPA as noted above.

Office of the District Attorney, Ninth Judicial District

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

**NOTE C – CAPITAL ASSETS**

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
Governmental activities				
Construction in progress	\$ 15,984	\$ –	\$ (15,984)	\$ –
Capital assets being depreciated				
Equipment	415,351	63,762	–	479,113
Less accumulated depreciation	(406,042)	(6,410)	–	(412,452)
Net capital assets being depreciated	<u>9,309</u>	<u>57,352</u>	<u>–</u>	<u>66,661</u>
Total capital assets	<u>\$ 25,293</u>	<u>\$ 57,352</u>	<u>\$ (15,984)</u>	<u>\$ 66,661</u>

Depreciation expense is all allocated to the “public safety” function in the Statement of Activities for governmental activities.

**NOTE D – LONG-TERM OBLIGATIONS**

The following is a summary of the changes in long-term obligations for the year ended December 31, 2017.

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
Compensated absences	\$ 65,015	\$ 25,760	\$ –	\$ 90,775

**NOTE E – COMMITMENTS AND CONTINGENCIES**

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may be disallowed by the grantor and cannot be determined at this time although the District Attorney expects such amounts, if any, to be immaterial.

TABOR

In November of 1992 Colorado voters approved Amendment 1 to the state constitution, which is commonly known as the Taxpayer’s Bill of Rights or the TABOR Amendment. The amendment applies to all units of local government and limits taxes, spending, revenue, and multi-year debt (except bond refundings to lower interest rates and adding employees to pension plans). The amendment does not apply to units that are defined as “Enterprises”. The District Attorney does not qualify as an “Enterprise.” The District Attorney does not believe that the provisions of TABOR apply to it, since it does not levy nor assess any taxes.

**NOTE F – RISK MANAGEMENT**

The District Attorney’s Office is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors, and omissions; and natural disasters for which the District Attorney’s Office carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three years.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

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**NOTE G – DEFINED BENEFIT PENSION PLAN**

**General Information about the Pension Plan**

*Plan Description.* Eligible employees of the District 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% and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100% 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.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit
- \$15 times the first 10 years of service plus \$20 times service credit over 10 years plus a monthly amount equal to the annualized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100% 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% or 100% 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, 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 and all benefit recipients of the DPS benefit structure receive an annual increase of 2%, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2% 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% or the average CPI-W for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve (AIR) for the SDTF.

Office of the District Attorney, Ninth Judicial District

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

**NOTE G – DEFINED BENEFIT PENSION PLAN – CONTINUED**

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 District 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 with the exception of State Troopers are required to contribute 8% of their PERA-includable salary. Eligible employees who are State Troopers are required to contribute 10% of their PERA-includable salary. The employer contribution requirements for all employees except State Troopers are summarized in the table below:

	For the Year Ended December 31, 2016	After December 31, 2016
Employer Contribution Rate <sup>1</sup>	10.15%	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)%	(1.02)%
Amount Apportioned to the SDTF <sup>1</sup>	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	4.60%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	4.50%	5.00%
<b>Total Employer Contribution Rate to the SDTF<sup>1</sup></b>	<b>18.23%</b>	<b>19.13%</b>

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

Office of the District Attorney, Ninth Judicial District

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

**NOTE G – DEFINED BENEFIT PENSION PLAN – CONTINUED**

The employer contribution requirements for State Troopers are summarized in the table below:

	For the Year Ended December 31, 2016	After December 31, 2016
Employer Contribution Rate <sup>1</sup>	12.85%	12.85%
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)%	(1.02)%
Amount Apportioned to the SDTF <sup>1</sup>	11.83%	11.83%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	4.60%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	4.50%	5.00%
<b>Total Employer Contribution Rate to the SDTF<sup>1</sup></b>	<b>20.93%</b>	<b>21.83%</b>

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

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from the District were \$180,553 for the year ended December 31, 2017.

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

At December 31, 2017, the District reported a liability of \$5,853,869 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The District proportion of the net pension liability was based on the District contributions to the SDTF for the calendar year 2016 relative to the total contributions of participating employers to the SDTF.

Office of the District Attorney, Ninth Judicial District

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

**NOTE G – DEFINED BENEFIT PENSION PLAN – CONTINUED**

At December 31, 2016, the District proportion was .031869%, which was an increase of .000436 from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the District recognized pension expense of \$1,261,021. At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 58,188	\$ –
Changes of assumptions or other inputs	1,489,262	18,018
Net difference between projected and actual earnings on pension plan investments	194,060	–
Changes in proportion and differences between contributions recognized and proportionate share of contributions	47,665	–
Contributions subsequent to the measurement date	<u>180,553</u>	<u>–</u>
Total	<u>\$ 1,969,728</u>	<u>\$ 18,018</u>

\$180,553 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, 2018. 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 December 31, 2017:	
2018	970,892
2019	744,397
2020	53,814
2021	2,054
2022	–
Thereafter	–

Office of the District Attorney, Ninth Judicial District

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

**NOTE G – DEFINED BENEFIT PENSION PLAN – CONTINUED**

*Actuarial assumptions.* The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial cost method, 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	3.90-10.10 percent
Long-term investment rate of return, net of pension Plan investment expenses, including price inflation	7.50 percent
Discount rate	7.50 percent
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

Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA’s Board on November 18, 2016 and were effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.17 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	5.26 percent
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

Mortality rates used in the December 31, 2015 valuation 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. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

Office of the District Attorney, Ninth Judicial District

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

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**NOTE G – DEFINED BENEFIT PENSION PLAN – CONTINUED**

The actuarial assumptions used in the December 31, 2015 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.

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected rate of return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.

Office of the District Attorney, Ninth Judicial District

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

**NOTE G – DEFINED BENEFIT PENSION PLAN – CONTINUED**

- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

Several factors were considered in evaluating the long-term rate of return assumption for the SDTF, including long-term historical data, estimates inherent in current market data, and 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 by the investment consultant 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.

As of the November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
<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 7.25%.

*Discount Rate.* The discount rate used to measure the total pension liability was 5.26%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated economic and demographic actuarial assumptions adopted by PERA’s Board on November 18, 2016.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

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**NOTE G – DEFINED BENEFIT PENSION PLAN – CONTINUED**

- 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 3.50%.
- 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 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care 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 contributions 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.
- 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 projection test indicates the SDTF's fiduciary net position was projected to be depleted in 2039 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2039 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System, was applied to periods on and after 2039 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.86 percent, resulting in a discount rate of 5.26 percent.

Office of the District Attorney, Ninth Judicial District

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

**NOTE G – DEFINED BENEFIT PENSION PLAN – CONTINUED**

As of the prior measurement date, the projection test indicated the SDTF’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 of 7.50 percent was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use a municipal bond index rate and the discount rate was 7.50 percent, 2.24 percent higher compared to the current measurement date.

*Sensitivity of the District 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 5.26% as of the measurement date, 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 (4.26%) or 1-percentage-point higher (6.26%) than the current rate:

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Proportionate share of the net pension liability	\$7,250,379	\$5,853,869	\$4,706,529

*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 H – OTHER POST-EMPLOYMENT BENEFITS – HEALTH CARE TRUST FUND**

*Plan Description.* The District 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).

*Funding Policy.* The District is required to contribute at a rate of 1.02% of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District 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, 2017, 2016, and 2015, the District contributions to the HCTF were \$9,627, \$9,261, and \$8,913, respectively, equal to their required contributions for each year.

Office of the District Attorney, Ninth Judicial District

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

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**NOTE I – COLORADO COUNTY OFFICIALS AND EMPLOYEES RETIREMENT ASSOCIATION  
(CCOERA)**

All employees of the Office of the District Attorney not covered by PERA are required to join CCOERA (the Plan), a statewide local government multi-employer defined contribution plan. The Plan was organized under Title 24, Article 54, Section 101 of the Colorado Revised Statutes, as amended. CCOERA issues a publicly available annual financial report that includes financial statements and required supplementary information. This report may be obtained by contacting CCOERA at 1-800-352-0313.

The financial statements of the Plan are prepared using the accrual basis of accounting. Plan members contributions are recognized in the period in which the contributions are due. Plan investments in insurance contracts are reported at contract value. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Employer contributions to the Plan equal 4% of compensation. Employee contributions must match employer contributions and are funded on a current basis. Employees may make additional voluntary contributions, not to exceed 10% of compensation.

Participants vest in employer contributions and in the earnings, losses, and changes in the fair value of Plan assets at a rate of 20% per year. Participants are immediately vested 100% in their own contributions and earnings. Employer contributions for the years ended December 31, 2017, 2016, and 2015, were \$44,806, \$45,593, and \$43,345.

**NOTE J – FUND BALANCES**

In the fund financial statements the following classifications describe the relative strength of the spending constraints.

- *Non-spendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory) or is legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.
- *Committed fund balance* - The portion of fund balance constrained for specific purposes according to limitations imposed by the District Attorney's Office highest level of decision making authority, the DA, prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the DA.
- *Assigned fund balance* - The portion of fund balance set aside for planned or intended purposes. The intended use may be expressed by the DA or other individuals authorized to assign funds to be used for a specific purpose. Assigned fund balances in special revenue funds will also include any remaining fund balance that is not restricted or committed. This classification is necessary to indicate that those funds are, at a minimum intended to be used for the purpose of that particular fund.
- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the above criteria. The District Attorney's Office will only report a positive unassigned fund balance in the General Fund.

Unrestricted fund balance will be used in the following order: committed, assigned, and unassigned.

Office of the District Attorney, Ninth Judicial District

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

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**NOTE J – FUND BALANCES – CONTINUED**

For the special revenue fund, the CVC and VALE activities are restricted fund balances and the Diversion activity is an assigned fund balance. The changes in each individual activity and in total are as follows:

	<u>CVC Admin</u>	<u>VALE Admin</u>	<u>Diversion</u>	<u>Total</u>
Beginning fund balance	\$ 23,134	\$ 18,315	\$ 24,416	\$ 65,865
Change increase/(decrease)	<u>(7,934)</u>	<u>(2,905)</u>	<u>6,755</u>	<u>(4,084)</u>
Ending fund balance	<u>\$ 15,200</u>	<u>\$ 15,410</u>	<u>\$ 31,171</u>	<u>\$ 61,781</u>

Office of the District Attorney, Ninth Judicial District

SCHEDULE OF ACTIVITY - NET PENSION LIABILITY

December 31, 2017

<u>Measurement date:</u>	<u>Employer proportion of NPL</u>	<u>Employer proportionate share of NPL</u>	<u>Employer covered payroll</u>	<u>Employer proportionate share of NPL as a percentage of covered payroll</u>	<u>Pension plan's fiduciary net position as a percentage of total pension liability</u>
December 31, 2014	0.03069%	\$ 2,886,486	\$ 826,232	349%	59.8%
December 31, 2015	0.03143%	3,310,325	873,825	379%	56.1%
December 31, 2016	0.03187%	5,853,869	907,970	645%	42.6%

Office of the District Attorney, Ninth Judicial District

SCHEDULE OF ACTIVITY - EMPLOYER PENSION CONTRIBUTIONS

December 31, 2017

	<u>Required employer contribution</u>	<u>Employer contributions recognized by the plan</u>	<u>Difference</u>	<u>Employer covered payroll</u>	<u>Contributions as a percentage of employer covered payroll</u>
December 31, 2015	\$ 151,454	\$ 151,454	\$ -	\$ 873,825	17.33%
December 31, 2016	165,523	165,523	-	907,970	18.23%
December 31, 2017	180,553	180,553	-	943,823	19.13%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1: Factors that Significantly Affect Trends in the Amounts Reported

For the measurement period ended December 31, 2016, the discount rate changed from 7.5% to 5.26% based on the municipal bond index rate. This change significantly affected the total plan net pension liability and the employer share of the net pension liability. There were no other changes in benefit terms, size or composition of the population covered by the benefit terms, or assumptions used that significantly affect trends in the amounts reported.