

**Office of the District Attorney  
11<sup>th</sup> Judicial District**

**Financial Statements  
with Independent Auditors' Report**

**December 31, 2017**

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Office of the State Auditor

September 26, 2018

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

## **Office of the District Attorney, 11th Judicial District**

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

The Management's Discussion and Analysis (MD&A) is designed to provide an easy-to-read discussion of the Office's financial condition and operating results, and to disclose to the reader important financial activities and issues related to the Office of the District Attorney, 11th Judicial District's (the Office) basic operations and mission. The MD&A should be read in conjunction with a review of the Office's basic financial statements.

The Office has one financial category - governmental activities. Within the governmental activities, the Office has a General Fund and three Special Revenue Funds. The governmental activities are funded primarily through the contributions from the counties that the Office serves. Special revenue funds have been established to account for grants received for victims and juvenile diversion programs.

#### **DESCRIPTION OF FINANCIAL STATEMENTS**

This annual report consists of three parts – *Management's Discussion and Analysis* (this section), the *Basic Financial Statements (including the footnotes)* and *Required Supplementary Information*. The basic financial statements include two kinds of statements that present different views of the Office:

- The first two statements, Statement of Net Position and Statement of Activities, are *government-wide financial statements* that provide both *long-term* and *short-term* information about the Office's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the Office's government, reporting on the Office's operations *in more detail* than the government-wide statements.

The basic financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that provides budget and actual information for the general fund and major special revenue funds.

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

The government-wide financial statements consist of the statement of net position and the statement of activities. These statements report information about the Office as a whole and include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Office's *net position* and changes in it. The Office's net position – the difference between assets and liabilities – is one way to measure the Office's financial health, or *financial position*. Over time, increases or decreases in the Office's net position are one indicator of whether its financial health, including liquidity and financial flexibility, is improving or deteriorating.

The statement of activities reports information by function, program, or service. The statement of activities is formatted to show the degree to which the various activities of the Office are paid for by charges for services or grants and contributions.

### Fund Financial Statements

The fund financial statements provide more detailed information about the Office's individual funds, not on the Office as a whole. The Office's activities in its general fund and special revenue funds are reported as governmental funds, which focus on how money flows into and out of these funds. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statement provides a detailed short-term view of the Office's general governmental operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Office's programs and services.

### HIGHLIGHTS

- As of December 31, 2017, the governmental funds held \$305,850 in assets that were either cash or readily convertible to cash, and \$874,140 in accounts payable and payroll benefits payable. (Both of these figures are exclusive of internal balances.) The same figures for 2016 were \$231,470 and \$575,671 respectively.

### STATEMENT OF NET POSITION

The perspective of the Statement of Net Position is of the Office as a whole. The following is a summary of the Office's Net position for 2017 compared to 2016:

	2017	2016
Current and other assets	\$ 360,850	\$ 306,577
Capital assets	19,596	38,129
Total assets	<u>380,446</u>	<u>344,706</u>
Deferred outflow of financial resources	<u>\$ 275,205</u>	<u>\$ 31,282</u>
Accounts payable and accrued payroll taxes and benefits	\$ 874,140	\$ 575,671
Total liabilities	<u>\$ 874,140</u>	<u>\$ 575,671</u>
Deferred inflows of financial resources	<u>\$ -</u>	<u>\$ 45,207</u>
Net Position:		
Invested in capital assets	\$ 19,596	\$ 38,129
Restricted	40,540	42,447
Unrestricted	(278,625)	(325,466)
Total Net Position	<u>\$ (218,489)</u>	<u>\$ (244,890)</u>

### STATEMENT OF ACTIVITIES

The perspective of the Statement of Activities is of the Office as a whole. The following table reflects the change in Net position for Fiscal Year 2017 compared to 2016.

	<u>2017</u>	<u>2016</u>
<u>Revenues:</u>		
Program Revenues:		
Charges for services	\$ 51,959	\$ 214,308
Operating grants and contributions	2,400,908	2,157,456
Total Program Revenues	<u>2,452,867</u>	<u>2,371,764</u>
General Revenues	<u>2,773</u>	<u>8,846</u>
Total Revenue	<u>2,455,640</u>	<u>2,380,610</u>
<u>Program Expenses:</u>		
Law enforcement	2,290,994	2,083,654
Victims programs	170,536	165,472
Juvenile programs	54,976	69,418
Total Expenses	<u>2,516,506</u>	<u>2,318,544</u>
Increase (Decrease) in Net Position	<u>(60,866)</u>	<u>62,066</u>
Beginning Net Position	(163,923)	(225,989)
Prior period adjustment	6,300	-
Beginning Net Position (Restated)	<u>(157,623)</u>	<u>(225,989)</u>
Ending Net Position	<u>\$ (218,489)</u>	<u>\$ (163,923)</u>

### GOVERNMENTAL ACTIVITIES

The table below presents the cost of each of the Office's programs as well as each program's net cost (total cost less revenues generated by the activities).

#### Governmental Activities

	<u>Cost of Services</u>	<u>Net Cost of Services</u>
Law enforcement	\$ 2,290,994	\$ 56,729
Victims programs	170,536	8,337
Juvenile programs	54,976	(1,427)
Totals	<u>\$ 2,516,506</u>	<u>\$ 63,639</u>

### THE OFFICE'S FUNDS

As the Office completed the year, its governmental funds (shown on pages 5 – 8 of the financial statements) reported a combined fund balance of \$324,847, which is an increase of \$82,254 over the previous year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund actual expenditures were \$67,054 less than budgeted.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

At year-end, the Offices' the only capital assets consisted of vehicles. This consisted of recorded cost of \$94,508 and accumulated depreciation of \$74,912.

<b>Description</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Automobiles	\$ 109,326	\$ -	\$ 14,818	\$ 94,508
Accumulated Depreciation	(71,197)	(18,533)	14,818	(74,912)
<b>Net Capital Assets</b>	<b>\$ 38,129</b>	<b>\$ (18,533)</b>	<b>\$ -</b>	<b>\$ 19,596</b>

The office has no long-term debt outstanding.

**ECONOMIC AND OTHER FACTORS AND NEXT YEAR'S BUDGET**

The Office of the District Attorney, 11th Judicial District is anticipating a 6% increase in county funds for 2017 as a result of increasing operating costs. From 2009 – 2013 the District Attorney's Office decreased expenses in excess of 20%; operating with less than minimal staffing. During 2018 we are hopeful of maintaining administrative staff and hiring two additional lawyers. We are not anticipating any increases in funding from grants or other revenue producing programs.

**CONTACTING THE OFFICE'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the general public with a general overview of the Office's finances and to show the Office's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, please contact the office manager at:

Office of the District Attorney, 11th Judicial District  
 136 Justice Center Road, Room 203  
 Cañon City, Colorado 81212  
 Tel: (719) 269-0170  
 Fax: (719) 269-0180

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## **Independent Auditors' Report**

# Holscher, Mayberry & Company, LLC

## Certified Public Accountants

Member of the American Institute of Certified Public Accountants  
Governmental Audit Quality Center  
and Private Company Practice Section

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### Independent Auditors' Report

To the District Attorney  
Office of the District Attorney, 11th Judicial District  
Cañon City, Colorado

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Office of the District Attorney, 11th Judicial District, Colorado as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Office'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 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion 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, 11th Judicial District, Colorado, as of December 31, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited the Office of the District Attorney, 11th Judicial District's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 24, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Matters**

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

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages M-1–M-4 and *Pension Schedules* 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 *Management's Discussion and Analysis* and the *Pension Schedules* 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.

#### **Required Supplementary Information – Budget to Actual Comparisons**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Office of the District Attorney, 11th Judicial District's *Basic Financial Statements*. The *Required Supplementary Information – Budget to Actual Comparisons* is presented for purposes of additional analysis and is not a required part of the *Basic Financial Statements*. Accounting principles generally accepted in the United States of America require that the *Required Supplementary Information* on pages 16 - 19 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.

The *Required Supplementary Information – Budget to Actual Comparisons* is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the *Basic Financial Statements*. Such information has been subjected to the auditing procedures applied in the audit of the *Basic Financial Statements* and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the *Basic Financial Statements* or to the *Basic Financial Statements* themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *Required Supplementary Information – Budget to Actual Comparisons* are fairly stated, in all material respects, in relation to the *Basic Financial Statements* as a whole.

*Holscher, Mayberry + Company, LLC*

Englewood, Colorado  
September 7, 2018

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## **Basic Financial Statements**

The Basic Financial Statements provide a financial overview of the Office of the District Attorney, 11th Judicial District's operations. These financial statements present the financial position, operating results, of all funds and activities as of and for the year ended December 31, 2017.

# Office of the District Attorney, 11th Judicial District

## Statement of Net Position

December 31, 2017

(With Comparative Totals for 2016)

	2017	2016
<b>Assets</b>		
Cash	\$ 305,850	\$ 231,470
Accounts receivable	12,769	20,029
Due from other governments	41,978	55,078
Prepaid expenses	253	-
Total Current Assets	360,850	306,577
Equipment	94,508	109,326
Less accumulated depreciation	(74,912)	(71,197)
Net Equipment	19,596	38,129
Total Assets	\$ 380,446	\$ 344,706
<b>Deferred Outflows of Financial Resources</b>		
Pension contribution timing difference	24,869	22,529
Pension projected to actual experience difference, net of amortization	8,410	-
Pension projected to actual investment earnings difference, net of amortization	28,231	8,753
Pension change in assumptions, net of amortization	210,584	-
Pension change in proportionate share of liability, net of amortization	3,111	-
Total Deferred Outflows of Financial Resources	\$ 275,205	\$ 31,282
<b>Liabilities</b>		
Accounts payable	\$ 22,137	\$ 31,826
Accrued payroll taxes and benefits	13,109	4,367
Due to other governments	757	110,193
Net pension liability	838,137	429,285
Total Liabilities	\$ 874,140	\$ 575,671
<b>Deferred Inflows of Financial Resources</b>		
Pension projected to actual experience difference, net of amortization	\$ -	\$ 32
Pension change in proportionate share of liability, net of amortization	-	45,175
Total Deferred Inflows of Financial Resources	\$ -	\$ 45,207
<b>Net Position</b>		
Invested in capital assets	\$ 19,596	\$ 38,129
Net Position - restricted	40,540	42,447
Net Position - unrestricted	(278,625)	(325,466)
Total Net Position	\$ (218,489)	\$ (244,890)

Office of the District Attorney, 11th Judicial District  
Statement of Activities  
For the Year Ended December 31, 2017

<b>Functions/Programs</b>	<u>Program Revenues</u>			Net Revenue (Expense) and Change in Net Position
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
<b><i>Governmental Activities</i></b>				
Law enforcement	\$ 2,290,994	\$ 49,908	\$ 2,184,357	\$ (56,729)
Victims programs	170,536	-	162,199	(8,337)
Juvenile programs	54,976	2,051	54,352	1,427
Total Governmental Activities	<u>2,516,506</u>	<u>51,959</u>	<u>2,400,908</u>	<u>(63,639)</u>
<b><i>General Revenues</i></b>				
Miscellaneous				2,773
Total General Revenues				<u>2,773</u>
Change in Net Position				<u>(60,866)</u>
Net Position - Beginning of the Year				<u>(163,923)</u>
Prior Period Restatement				<u>6,300</u>
Net Position (Deficit) - Beginning of the Year (As Restated)				<u>(157,623)</u>
Net Position (Deficit) - End of the Year				<u>\$ (218,489)</u>

Office of the District Attorney, 11th Judicial District  
 Balance Sheet - Governmental Funds  
 December 31, 2017

	<u>General Fund</u>	<u>Victims Programs</u>	<u>Juvenile Diversion Program</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and investments	\$ 259,510	\$ 42,038	\$ 4,302	\$ 305,850
Accounts receivable	224	12,545	-	12,769
Due from other governments	25,726	-	16,252	41,978
Internal balances	31,797	(15,545)	(16,252)	-
Prepaid expenses	253	-	-	253
Total Assets	<u>\$ 317,510</u>	<u>\$ 39,038</u>	<u>\$ 4,302</u>	<u>\$ 360,850</u>
<b>Liabilities</b>				
Accounts payable	\$ 19,337	\$ 2,800	\$ -	\$ 22,137
Accrued salaries and benefits	13,109	-	-	13,109
Due to other governments	757	-	-	757
Accrued compensated absences	-	-	-	-
Total Liabilities	<u>33,203</u>	<u>2,800</u>	<u>-</u>	<u>36,003</u>
<b>Fund Balance</b>				
Restricted for:				
Victims/Juvenile programs	-	36,238	4,302	40,540
Unassigned	<u>284,307</u>	<u>-</u>	<u>-</u>	<u>284,307</u>
Total Fund Balance	<u>284,307</u>	<u>36,238</u>	<u>4,302</u>	<u>324,847</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 317,510</u>	<u>\$ 39,038</u>	<u>\$ 4,302</u>	<u>\$ 360,850</u>

**Office of the District Attorney, 11th Judicial District**

Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position

December 31, 2017

<b>Total Fund Balance - Governmental Funds</b>	\$	324,847
<b><i>Amounts reported for governmental activities in the statement of Net Position are different because:</i></b>		
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds		19,596
Certain long-term pension related costs and adjustments are not available to pay or payable currently and are therefore not reported in the funds		
Contributions subsequent to measurement date		24,869
Difference between projected and actual investment returns on the pension plan		50,387
Amortization of investment return difference		(22,156)
Net pension liability		(838,137)
Difference between projected and actual pension plan experience		19,161
Amortization of experience difference		(10,751)
Change in pension plan assumptions		324,680
Amortization of change in assumptions		(114,096)
Change in District's proportionate share of net pension liability		(58,723)
Amortization of change in proportion		61,834
<b>Total Net Position - Governmental Activities</b>	<b>\$</b>	<b>(218,489)</b>

**Office of the District Attorney, 11th Judicial District**

Statement of Revenues, Expenditures, and Changes In Fund Balance - Governmental Funds

For the Year Ended December 31, 2017

	<u>General Fund</u>	<u>Victims Programs</u>	<u>Juvenile Diversion Program</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Intergovernmental charges	\$ 2,184,357	\$ -	\$ -	\$ 2,184,357
Grant and donation revenue	-	162,199	54,352	216,551
Other charges for services	49,908	-	2,051	51,959
Investment earnings	77	1	-	78
Other revenues	<u>2,695</u>	<u>-</u>	<u>-</u>	<u>2,695</u>
Total Revenue	<u>2,237,037</u>	<u>162,200</u>	<u>56,403</u>	<u>2,455,640</u>
<b>Expenditures</b>				
Salaries and wages	1,443,145	132,999	40,449	1,616,593
Employee benefits and taxes	484,949	12,890	4,736	502,575
Meetings, travel, dues and education	45,166	1,011	1,240	47,417
Professional services	13,021	4,300	1,365	18,686
Rent and utilities	77,400	-	-	77,400
Repairs and maintenance	26,091	-	-	26,091
Other expenditures	29,542	15,029	7,186	51,757
Capital outlay	<u>34,860</u>	<u>4,307</u>	<u>-</u>	<u>39,167</u>
Total Expenditures	<u>2,154,174</u>	<u>170,536</u>	<u>54,976</u>	<u>2,379,686</u>
<b>Excess of Revenue and Other Sources</b>				
Over (Under) Expenditures and Other Uses	<u>82,863</u>	<u>(8,336)</u>	<u>1,427</u>	<u>75,954</u>
Fund Balance, Beginning of Year	196,644	43,074	2,875	242,593
Prior Period Restatement	<u>4,800</u>	<u>1,500</u>	<u>-</u>	<u>6,300</u>
Fund Balance, Beginning of Year (As Restated)	<u>201,444</u>	<u>44,574</u>	<u>2,875</u>	<u>248,893</u>
Fund Balance, End of Year	<u>\$ 284,307</u>	<u>\$ 36,238</u>	<u>\$ 4,302</u>	<u>\$ 324,847</u>

**Office of the District Attorney, 11th Judicial District**

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures  
and Changes in Fund Balances with the Statement of Activities  
For the Year Ended December 2017

**Total Change in Fund Balances - Governmental Funds** \$ 75,954

**Amounts Reported for governmental activities in the statement of Activities are  
Different Because:**

Pension expense at the fund level represent cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.

Change in contributions subsequent to measurement date	1,170
Current year projected to actual investment return difference	1,199
Current year amortization of overall investment return differences	(10,076)
Change in net pension liability	(345,655)
Current year projected to actual pension plan experience difference	8,121
Current year amortization of overall pension plan experience differences	(6,867)
Current year change in assumptions	333,695
Current year amortization of change in assumptions	(117,282)
Current year change in proportionate share of cost-sharing plan liability	216
Current year amortization of overall proportionate share differences	17,192

Depreciation of capital assets is not considered an expenditure of the fund because it does not require the use of current resources

(18,533)

**Change in Net Position of Governmental Activities** \$ (60,866)

# Office of the District Attorney, 11<sup>th</sup> Judicial District of Colorado

December 31, 2017

## Notes to Financial Statements

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### 1. Summary of Significant Accounting Policies

The accounting methods and procedures adopted by the Office of the District Attorney, 11th Judicial District of Colorado conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the District's Basic Financial Statements.

#### A. REPORTING ENTITY

The Office of the District Attorney, 11th Judicial District operates according to Title 20, Article 1 of the Colorado Revised Statutes that states, in part, under the general provisions that the District Attorney shall appear in court on behalf of the state and counties, collect forfeited recognizance, appear at inquests, give opinions to and represent county officers, appear and advise grand juries, and prepare and review affidavits and warrants.

The Office of the District Attorney, 11th Judicial District includes Fremont, Chaffee, Park and Custer Counties in Colorado. The basic operations are financed by annual appropriations from these four counties. Each county's contribution is based on its relative population size.

For financial reporting purposes the Office of the District Attorney includes all of the funds relevant to the operations of the Office of the District Attorney, 11th Judicial District. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Office of the District Attorney, 11th Judicial District.

The financial statements of the Office of the District Attorney include those of separately administered organizations that are controlled by or dependent on the Office of the District Attorney. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. Based on these criteria, there are no component units to be included as part of the financial statements of the Office of the District Attorney, 11th Judicial District.

#### B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the activities of the Office. For the most part, the effect of interfund activity has been removed from these statements.

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

Major individual governmental funds are reported as separate columns in the fund financial statements.

#### C. 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 and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been 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

# Office of the District Attorney, 11<sup>th</sup> Judicial District of Colorado

December 31, 2017

## Notes to Financial Statements (continued)

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measurable and available. Revenues are considered to be *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 considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under full accrual accounting.

The Office reports the following major governmental funds:

- The *General Fund* is the Office's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Victims Programs Fund* accounts for various programs for victims of crimes. It is funded primarily through grant revenues.
- The *Juvenile Diversion Fund* accounts for the juvenile diversion activities and is funded primarily through grant revenues

### D. ASSETS, LIABILITIES AND NET POSITION/FUND BALANCE

#### Deposits and Investments

The Office's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State statutes govern the Office's deposits of cash and investments.

#### Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." An allowance for doubtful accounts on accounts receivable is not considered necessary.

#### Capital Assets

Capital assets, which include equipment, are reported in the in the government-wide statement of Net Position. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Equipment is depreciated using the straight line method over an estimated useful life of 5 years.

#### Fund Balance

The Office of the District Attorney has adopted GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the Office of the District Attorney, 11th Judicial District is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the Office of the District Attorney, 11th Judicial District to classify and report amounts in the appropriate fund balance classifications. The Office of the District Attorney, 11th Judicial District's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned, or unassigned.

The Office of the District Attorney, 11th Judicial District reports the following classifications:

- **Restricted Fund Balance**—Restricted fund balances 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. Legal enforceability means that the Office of the District Attorney, 11th Judicial District can be compelled by an external party (e.g., citizens, public interest groups, the

# Office of the District Attorney, 11<sup>th</sup> Judicial District of Colorado

December 31, 2017

## Notes to Financial Statements (continued)

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- judiciary) to use resources created by enabling legislation only for the purposes specified by the legislation.
- **Committed Fund Balance**—Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the District Attorney. Committed amounts cannot be used for any other purpose unless District Attorney removes those constraints by taking the same type of action (e.g., legislation, resolution, ordinance). Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the District Attorney. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
  - **Unassigned Fund Balance**—Unassigned fund balance is the residual classification for the General Fund. This classification represents General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

### Fund Balance/Net Position Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

### E. REVENUES, EXPENDITURES AND BUDGET MATTERS

#### Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All other revenues are reported as general revenues rather than as program revenues.

#### Compensated Absences

The Office has the following policy for vacation days.

<u>Years of Employment</u>	<u>Vacation Days</u>
1 – 2 Years	15 Days
3+ Years	20 Days

It is the policy of the Office of the District Attorney, 11th Judicial District that all vacation be used by December 31 of each year unless the District Attorney makes an exception. At December 31, 2017 there was no unused vacation pay being carried over to the next year.

#### Budgets and Encumbrances

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. All annual appropriations lapse at fiscal year end. The following procedures are utilized by the District Attorney's office in adopting and revising the budget of the general fund:

1. The District Attorney submits a preliminary budget for the upcoming calendar year to the County Commissioners of the four counties in September.
2. Public hearings are held in each county concerning the county's budget, of which the appropriation for the District Attorney's office is one item.

# Office of the District Attorney, 11<sup>th</sup> Judicial District of Colorado

December 31, 2017

## Notes to Financial Statements (continued)

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3. The budget is legally enacted by each county.
4. The budgeted expenditures for the District Attorney's office may be amended by the District Attorney without approval of the counties provided additional moneys are not required by the counties.

The 2017 budget was not amended during the year.

Budgets for the victims programs and juvenile diversion are established through grants from participating agencies.

The District Attorney's office does not recognize encumbrances.

### **2. Cash in Banks and Savings and Loans**

Deposits of the District Attorney's office at the banks or savings and loans where the funds are maintained are insured up to \$250,000, either by the Federal Deposit Insurance Corporation (FDIC) or by the Federal Savings and Loan Insurance Corporation (FSLIC). Colorado's Public Deposit Protection Act of 1975 enables any eligible public depository to elect to secure public deposits by pledging eligible collateral having a market value at all times equal to at least one hundred two percent (102%) of the aggregate of said deposits not insured.

#### CUSTODIAL CREDIT RISK – DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the Office's deposits may not be returned to it. The Office does not have a deposit policy for custodial credit risk. Uninsured deposits in financial institutions are placed into three categories depending on the custody credit risk. The categories are as follows:

- a. Uncollateralized
- b. Collateralized with securities held by the pledging financial institution
- c. Collateralized with securities held by the pledging financial institution's trust department, or agent but not in the entity's name.

At December 31, 2017 all of the deposits were federally insured.

#### INTEREST RATE RISK

The Office has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

#### CREDIT RISK

The Office has no investment policy that limits its investment choices other than the limitation of state law as follows:

1. Direct obligations of the U.S. Government, its agencies, and instrumentalities to which the full faith and credit of the U.S. Government is pledged or obligations to the payment of which the full faith and credit of the State is pledged;
2. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out of state financial institutions;
3. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper, and repurchase agreements with certain limitations;
4. Town, municipal, or school district tax supported debt obligations; bond or revenue anticipation notes; money; or bond or revenue anticipation notes of public trusts whose beneficiary is a town, municipality, or school district;

# Office of the District Attorney, 11<sup>th</sup> Judicial District of Colorado

December 31, 2017

## Notes to Financial Statements (continued)

5. Notes or bonds secured by a mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and obligations of the National Mortgage Association; and
6. Money market funds regulated by the Securities and Exchange Commission in which investments consist of the investments in 1, 2, 3, and 4 above.

### CONCENTRATIONS OF CREDIT RISK

The Office places no limit on the amount it may investment in any one issuer. At December 31, 2017 the Office had no concentration of investment credit risk.

The Office invests excess funds under the prudent investor rule. Criteria for selection of investments and their order of priority are: 1) Safety; 2) liquidity; and 3) yield.

### 3. Capital Assets

The following is a summary of capital asset activity during the year;

<b>Description</b>	<b>Beginning Balance</b>		<b>Additions</b>	<b>Deletions</b>		<b>Ending Balance</b>		
Automobiles	\$	109,326	\$	-	\$	14,818	\$	94,508
Accumulated Depreciation		(71,197)		(18,533)		14,818		(74,912)
<b>Net Capital Assets</b>	\$	38,129	\$	(18,533)	\$	-	\$	19,596

On the Statement of Activities all depreciation during the year was charged to the law enforcement function.

### 4. Commitments and Contingencies

#### REVENUE AND SPENDING LIMITS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The District Attorney's office believes it is in compliance with the requirements of the amendment. However, the District Attorney's office has made certain interpretations of the amendment's language in order to determine its compliance.

#### LEGAL MATTERS

As part of its operations the Office of the District Attorney, 11th Judicial District occasionally becomes party to lawsuits or other claims. The Office of the District Attorney is not currently a party to any litigation, pending litigation, or threatened litigation, claims or assessments.

# Office of the District Attorney, 11<sup>th</sup> Judicial District of Colorado

December 31, 2017

## Notes to Financial Statements (continued)

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### 5. Concentrations

As noted in footnote 1 the District Attorney's office receives substantial amounts of revenue from the four counties that comprise the District Attorney's office. Revenue from these counties and all other sources for the year ended December 31, 2017 for the general fund were as follows:

<i>County</i>	<i>Revenue</i>	<i>Percentage</i>
Fremont	\$ 1,068,640	47.77%
Chaffee	463,632	20.73%
Park	417,025	18.64%
Custer	110,100	4.92%
All Other	177,640	7.94%
<b>Totals</b>	<b>\$ 2,237,037</b>	<b>100.00%</b>

### 6. Retirement Provisions/Pension Plan

#### DEFINED CONTRIBUTION PENSION PLAN

District Attorney's office employees are members of the Colorado Counties Officials and Employee Retirement Association (CCOERA). The CCOERA administers a multiple-employer defined contribution plan. The Plan's purpose is to provide benefits to its members and their dependents at retirement. Employees' rights vest in employer contributions and in the earnings, losses, and changes in fair market value of the Plan assets after 5 years of service credit.

Net earnings or losses are allocated quarterly to the Plan participants. The allocation is based on each participant's balance as of the beginning of that quarter. Participants receiving benefit payments upon retirement or termination are allocated earnings through the date of the distribution.

Under this plan, employees are required to contribute 4% of their gross pay and the District Attorney's office contributes another 4%. During the year the District Attorney's office and employees required and actual contributions totaled \$41,284 each. Total payroll for the District Attorney's office was \$1,637,484 and payroll covered under the plan was \$1,032,100.

#### DEFINED BENEFIT PENSION PLAN

#### Summary of Significant Accounting Policies

*Pensions.* The Office of the District Attorney, 11<sup>th</sup> Judicial 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.

#### General Information about the Pension Plan

*Plan description.* Eligible employees of the Office of the District Attorney, 11<sup>th</sup> Judicial 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).

# Office of the District Attorney, 11<sup>th</sup> Judicial District of Colorado

December 31, 2017

## Notes to Financial Statements (continued)

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*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.

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 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.

# Office of the District Attorney, 11<sup>th</sup> Judicial District of Colorado

December 31, 2017

## Notes to Financial Statements (continued)

*Contributions.* Eligible employees and the Office of the District Attorney, 11<sup>th</sup> Judicial 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 percent of their PERA-includable salary. The employer contribution requirements for all employees except State Troopers are summarized in the table below:

January 1 <sup>st</sup> through December 31 <sup>st</sup> <sup>1</sup>	2017	2016	2015	2014
Employer contribution rate	10.15%	10.15%	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)	-1.02%	-1.02%	-1.02%	-1.02%
Amount apportioned to the SDTF	9.13%	9.13%	9.13%	9.13%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	5.00%	4.60%	4.20%	3.80%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	5.00%	4.50%	4.00%	3.50%
<b>Total employer contribution rate to the SDTF</b>	<b>19.13%</b>	<b>18.23%</b>	<b>17.33%</b>	<b>16.43%</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 Office of the District Attorney, 11<sup>th</sup> Judicial District is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from Office of the District Attorney, 11<sup>th</sup> Judicial District were \$23,699 for the year ended December 31, 2016., which was used as the measurement date for the Office of the District Attorney, 11<sup>th</sup> Judicial District's December 31, 2017 reporting.

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

At December 31, 2017 the Office of the District Attorney, 11<sup>th</sup> Judicial District reported a liability of \$838,137 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 Office of the District Attorney, 11<sup>th</sup> Judicial District proportion of the net pension liability was based on Office of the District Attorney, 11<sup>th</sup> Judicial District contributions to the SDTF for the calendar year 2016 relative to the total contributions of participating employers to the SDTF.

At December 31, 2016, the Office of the District Attorney, 11<sup>th</sup> Judicial District proportion was .00456% percent, which was a decrease of .000113% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the Office of the District Attorney, 11<sup>th</sup> Judicial District recognized pension expense of \$143,025. At December 31, 2017, the Office of the District Attorney, 11<sup>th</sup> Judicial District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Office of the District Attorney, 11<sup>th</sup> Judicial District of Colorado

December 31, 2017

Notes to Financial Statements (continued)

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 8,410	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 28,231	\$ -
Changes of assumptions or other inputs	\$ 213,227	\$ (2,643)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 3,111	\$ -
Contributions subsequent to the measurement date	\$ 24,869	\$ -
Total	\$ 277,848	\$ (2,643)

\$24,869 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:	Fiscal Year Totals
2019	\$ 137,179
2020	104,973
2021	7,890
2022	294
Total	\$ 250,336

*Actuarial assumptions.* The total pension liability in the December 31, 2015 actuarial valuation was rolled forward to the December 31, 2016 using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increase, including wage inflation	3.50-9.17%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	5.26%
Post retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	2.00%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

# Office of the District Attorney, 11<sup>th</sup> Judicial District of Colorado

December 31, 2017

## Notes to Financial Statements (continued)

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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 were based on the RP-2014 White Collar Employee Mortality Table, with adjustments 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 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.
- 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 lognormal 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.

# Office of the District Attorney, 11<sup>th</sup> Judicial District of Colorado

December 31, 2017

## Notes to Financial Statements (continued)

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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>30 Year Expected Geometric Real Rate of Return</b>
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%
Total	100.00%	

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 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:

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.
- 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 and effective as of the measurement date, 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 postretirement 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

# Office of the District Attorney, 11<sup>th</sup> Judicial District of Colorado

December 31, 2017

## Notes to Financial Statements (continued)

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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 GASB Statement No. 67 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.

As of the prior measurement date, the GASB Statement No. 67 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.

*Sensitivity of the Office of the District Attorney, 11<sup>th</sup> Judicial 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 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 (4.26 percent) or 1-percentage-point higher (6.26 percent) than the current rate:

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Proportionate share of the net pension asset (liability)	\$ (1,038,085)	\$ (838,137)	\$ (673,865)

*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).

# Office of the District Attorney, 11<sup>th</sup> Judicial District of Colorado

December 31, 2017

## Notes to Financial Statements (continued)

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### **Defined Contribution Pension Plans**

#### **Voluntary Investment Program**

*Plan Description* - Employees of the Office of the District Attorney, 11<sup>th</sup> Judicial 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 Program. 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. The employer does not contribute to the plan. Employees are immediately vested in their own contributions and investment earnings. For the year ended December 31, 2017, program members did not make any contributions to the program

### **Other Post-Employment Benefits**

#### **Health Care Trust Fund**

*Plan Description* – The Office of the District Attorney, 11<sup>th</sup> Judicial 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 Office of the District Attorney, 11<sup>th</sup> Judicial District 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 for the Office of the District Attorney, 11<sup>th</sup> Judicial 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 Office of the District Attorney, 11<sup>th</sup> Judicial District contributions to the HCTF were \$1,326, \$1,326, and \$1,326, respectively, equal to their required contributions for each year.

## **7. Risk Management**

The District Attorney's office is exposed to various risks of loss related to injuries of employees while on the job, property loss and torts committed by the Office or its employees. The Office of the District Attorney, through participating counties, has coverage for property, liability, crime and machinery through the Colorado Counties Casualty and Property Pool and coverage for workers' compensation through Colorado Counties Workers' Compensation Pool. Participating counties pay annual premiums to these pools for general insurance coverage subject to various coverage limits. The pools also reinsure through commercial companies to provide coverage in excess of the pool limits.

# Office of the District Attorney, 11<sup>th</sup> Judicial District of Colorado

December 31, 2017

## Notes to Financial Statements (continued)

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### 8. Deficit Net Position

The Governmental Activities has an unrestricted net position deficit of \$(278,625) and an overall net position deficit of \$(244,890) primarily due to adding the PERA net pension liability of \$838,137 and related deferred outflows and inflows. As the District Attorney's Office has no control over pension benefits or contribution rates, the Office of the District Attorney, 11th Judicial District expects this deficit net position to continue for the foreseeable future.

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## **Required Supplementary Information**

This section, though not a part of the Basic Financial Statements for the Office of the District Attorney, 11th Judicial District, Colorado, is required to be presented by the Governmental Standards Board. The section contains pension schedules regarding the PERA Pension Plan and the budget to actual comparisons for the general fund and the major special revenue funds for the year ended December 31, 2017.

Office of the District Attorney, 11th Judicial District

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET PENSION ASSET (LIABILITY)  
PERA Pension Plan  
Last 10 Fiscal Years<sup>(1)</sup>**

	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
District's proportion of the net pension asset (liability)	0.004563%	0.045870%	0.047517%	0.049083%
District's proportionate share of the net pension asset (liability)	\$ (838,137)	\$ (492,482)	\$ (429,285)	\$ 475,865
District's covered-employee payroll	\$ 130,000	\$ 130,000	\$ 122,879	\$ 139,328
District's proportionate share of the net pension asset (liability) as a percentage of covered-employee payroll	644.72%	378.83%	349.36%	341.54%
Plan fiduciary net position as a percentage of the total pension liability	42.59%	56.11%	59.84%	61.08%

**Note:** All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

<sup>(1)</sup> - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

Office of the District Attorney, 11th Judicial District

**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**PERA Pension Plan**  
**Last 10 Fiscal Years<sup>(1)</sup>**

	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
Contractually required contributions	\$ 24,869	\$ 23,699	\$ 21,295	\$ 22,892
Actual contributions	<u>(24,869)</u>	<u>(23,699)</u>	<u>(21,295)</u>	<u>(22,892)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 130,000	\$ 130,000	\$ 122,879	\$ 139,328
Contributions as a percentage of covered employee payroll	19.13%	18.23%	17.33%	16.43%

**Note:** All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

<sup>(1)</sup> - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

Office of the District Attorney, 11th Judicial District  
 General Fund  
 Schedule of Revenues - Budget and Actual  
 For the Year Ended December 31, 2017

	<b>Original &amp; Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>	<b>Prior Year Actual</b>
<b>Intergovernmental Revenue</b>				
Counties	\$ 2,059,404	\$ 2,059,397	\$ (7)	\$ 1,800,406
State of Colorado	<u>124,021</u>	<u>124,961</u>	<u>940</u>	<u>124,025</u>
Total intergovernmental revenue	<u>2,183,425</u>	<u>2,184,358</u>	<u>933</u>	<u>1,924,431</u>
<b>Charges For Services</b>				
Colorado Department of Corrections	50,000	42,910	(7,090)	34,823
Restitution fees	-	-	-	1,884
Colorado Fellowship program	-	-	-	39,333
Documents	<u>6,000</u>	<u>6,999</u>	<u>999</u>	<u>137,868</u>
Total charges for services	<u>56,000</u>	<u>49,909</u>	<u>(6,091)</u>	<u>213,908</u>
<b>Other Revenue</b>				
Interest	-	77	77	64
Other miscellaneous revenue	<u>15,000</u>	<u>2,694</u>	<u>(12,306)</u>	<u>8,157</u>
Total other revenue	<u>15,000</u>	<u>2,771</u>	<u>(12,229)</u>	<u>8,221</u>
Total Revenue	<u>\$ 2,254,425</u>	<u>\$ 2,237,038</u>	<u>\$ (17,387)</u>	<u>\$ 2,146,560</u>

**Office of the District Attorney, 11th Judicial District**  
**General Fund**  
**Schedule of Expenditures - Budget and Actual**  
For the Year Ended December 31, 2017

	<b>Original &amp; Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>	<b>Prior Year Actual</b>
<b>Personnel Costs</b>				
Salaries	\$ 1,448,472	\$ 1,443,145	\$ 5,327	\$ 1,382,648
Payroll taxes	103,000	101,471	1,529	96,704
Retirement	74,500	64,145	10,355	65,819
Insurance	<u>344,000</u>	<u>319,334</u>	<u>24,666</u>	<u>284,371</u>
Total personnel costs	<u>1,969,972</u>	<u>1,928,095</u>	<u>41,877</u>	<u>1,829,542</u>
<b>Other Expenditures</b>				
Rent and utilities	41,257	44,694	(3,437)	61,256
Repairs and maintenance	25,000	26,091	(1,091)	23,613
Audit and accounting	10,500	11,600	(1,100)	11,100
Travel	25,000	15,410	9,590	20,588
Dues, meetings and education	33,000	29,756	3,244	31,792
Supplies	28,000	28,982	(982)	27,930
Telephone	33,000	32,706	294	31,617
Other	5,500	1,981	3,519	6,521
Contingency	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>-</u>
Total other expenditures	<u>216,257</u>	<u>191,220</u>	<u>25,037</u>	<u>214,417</u>
<b>Capital Outlay</b>	<u>35,000</u>	<u>34,860</u>	<u>140</u>	<u>19,358</u>
Total Expenditures	<u>2,221,229</u>	<u>2,154,175</u>	<u>67,054</u>	<u>2,063,317</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ 33,196</u>	<u>82,863</u>	<u>\$ 49,667</u>	<u>83,243</u>
Fund Balance, Beginning of Year		196,644		113,401
Prior Period Restatement		<u>4,800</u>		<u>-</u>
Fund Balance, Beginning of Year (As Restated)		<u>201,444</u>		<u>113,401</u>
Fund Balance, End of Year		<u>\$ 284,307</u>		<u>\$ 196,644</u>

Office of the District Attorney, 11th Judicial District  
Victims Programs  
Schedule of Revenues and Expenditures - Budget and Actual  
For the Year Ended December 31, 2017

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>	Prior Year <u>Actual</u>
<b>Revenues</b>				
Intergovernmental revenues	\$ 39,621	\$ 39,621	\$ -	\$ 39,622
Grant revenues	127,278	120,278	(7,000)	125,856
Miscellaneous	<u>2,000</u>	<u>2,301</u>	<u>301</u>	<u>622</u>
Total Revenue	<u>168,899</u>	<u>162,200</u>	<u>(6,699)</u>	<u>166,100</u>
<b>Expenditures</b>				
Salaries and wages	132,998	132,999	(1)	127,231
Payroll taxes and employee benefits	12,889	12,890	(1)	12,417
Meetings, dues and education	10,900	9,383	1,517	-
Other expenses	10,499	10,957	(458)	25,824
Capital outlay	<u>4,307</u>	<u>4,307</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>171,593</u>	<u>170,536</u>	<u>1,057</u>	<u>165,472</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ (2,694)</u>	<u>(8,336)</u>	<u>\$ (5,642)</u>	<u>628</u>
Fund Balance, Beginning of Year		43,074		44,574
Prior Period Restatement		<u>1,500</u>		<u>(2,128)</u>
Fund Balance, Beginning of Year (As Restated)		<u>44,574</u>		<u>42,446</u>
Fund Balance, End of Year		<u>\$ 36,238</u>		<u>\$ 43,074</u>

**Office of the District Attorney, 11th Judicial District**

**Juvenile Diversion**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**

For the Year Ended December 31, 2017

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Prior Year Actual</u>
<b>Revenues</b>				
Grant revenues	\$ 56,656	\$ 54,352	\$ (2,304)	\$ 67,547
Miscellaneous	<u>1,917</u>	<u>2,051</u>	<u>134</u>	<u>400</u>
Total Revenue	<u>58,573</u>	<u>56,403</u>	<u>(2,170)</u>	<u>67,947</u>
<b>Expenditures</b>				
Salaries and wages	46,396	40,449	5,947	52,445
Payroll taxes and employee benefits	2,982	4,736	(1,754)	2,868
Meetings, dues and education	1,245	1,240	5	2,143
Professional services	4,375	1,365	3,010	6,135
Supplies	3,575	5,848	(2,273)	5,827
Other expenses	<u>-</u>	<u>1,338</u>	<u>(1,338)</u>	<u>-</u>
Total Expenditures	<u>58,573</u>	<u>54,976</u>	<u>3,597</u>	<u>69,418</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	1,427	<u>\$ 1,427</u>	(1,471)
Fund Balance, Beginning of Year		<u>2,875</u>		<u>4,346</u>
Fund Balance, End of Year		<u>\$ 4,302</u>		<u>\$ 2,875</u>