

Financial Statements
December 31, 2017

Office of the District Attorney
Eighteenth Judicial District

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May 17, 2018

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INDEPENDENT AUDITORS' REPORT

District Attorney
Office of the District Attorney Eighteenth Judicial District
Centennial, 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 Eighteenth Judicial District, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Office of the District Attorney Eighteenth Judicial District as of December 31, 2017, the respective changes in financial position, budgetary comparison information and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages III – VII, the budgetary comparison schedule for the General Fund on page 26, and pension information on pages 24 – 25 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Office of the District Attorney Eighteenth Judicial District's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The 2017 supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The 2016 supplementary information was subjected to the auditing procedures applied in the 2016 audit of the basic financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the 2016 financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2018, on our consideration of the Office of the District Attorney Eighteenth Judicial District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Office of the District Attorney, Eighteenth Judicial District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Office of the District Attorney Eighteenth Judicial District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Broomfield, Colorado
April 17, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Office of the District Attorney
Eighteenth Judicial District
Management's Discussion and Analysis
December 31, 2017**

Management of the Office of the District Attorney, Eighteenth Judicial District (Office), offers readers of these financial statements this overview and analysis of the financial activities for the year ended December 31, 2017.

Financial Highlights

The primary functions of the Office are criminal prosecution and juvenile diversion. These programs are funded on a cost reimbursement basis wherein the Office incurs expenditures and is reimbursed by the funding sources. Annual revenues from these programs equal their respective expenditures, thus there is no creation of, or change in, fund balance. In the governmental funds, two programs report restricted fund balance. At year-end, the Office's governmental funds report a combined ending fund balance of \$911,832, an increase of \$109,574 from the prior year. The balance consists of \$366,279 restricted for forfeitures and \$545,553 restricted for crime victim compensation. There are no unassigned fund balances.

Overview of the Financial Statements

The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains required supplementary information and supplementary information in addition 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 the Office's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position. Over time, trend analysis relating to the increases and 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 shows how net position changed during the most recent fiscal year. Changes in net position are reported in the year that the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will result in cash inflows and outflows in future fiscal years (e.g., longer term amounts due from other governments and compensated absence balances).

The government-wide financial statements are designed to distinguish functions of the Office that are principally supported by intergovernmental revenues and operating grants (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The Office has no business-type activities.

The government-wide financial statements include the Office and the Crime Victim Compensation Fund (CVC fund). The CVC fund is a legally separate entity organized under Colorado Revised Statutes for the purpose of providing financial remedies to certain crime victims. The CVC fund has been included as a part of the primary government because of the Office's oversight responsibilities. The District Attorney appoints the three-member Crime Victim Compensation board. The board is primarily responsible for the authorization of payments. The District Attorney and the Office's legal and administrative staff assist the board in the performance of its duties and are responsible for monitoring the performance of activities in accordance with applicable laws.

The government-wide financial statements can be found on pages 1 and 2 of this report.

**Office of the District Attorney
Eighteenth Judicial District
Management's Discussion and Analysis
(Continued)
December 31, 2017**

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 governmental entities, uses fund accounting to ensure and demonstrate compliance with related legal requirements. The funds of most governmental entities can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The Office has no proprietary funds because it does not operate enterprise or internal service fund activities, and has no fiduciary 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 spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating near-term financing needs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it can be 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, if any, of near term financing decisions. The governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Office maintains three individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for each fund because they each are considered major funds. The Office does not maintain a debt service fund or a capital projects fund.

The Office adopts an annual budget for its general fund. A budgetary comparison statement has been included for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 3 through 6 of this report.

Notes to the financial statements

The Notes to the Financial Statements provide additional information essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 7 through 23 of this report.

Required supplementary information

In addition to the basic financial statements and accompanying notes, this report includes required supplementary information concerning the net pension liability historical activity and payroll and contribution information as it relates to the District Attorney's participation in the plan and can be found on pages 24 and 25 of this report.

Supplementary information

In addition to the basic financial statements and accompanying notes, this report includes supplementary information with additional information on our county budget and can be found on pages 26 of this report.

Government-wide Financial Analysis

The primary functions of the Office are criminal prosecution and juvenile diversion. Each of these functions is funded on a cost reimbursement basis wherein the Office incurs the expenditures and is reimbursed by the various funding sources. All annual activity relates to compensated absences, net pension liability activity and capital assets. The net position decreased by \$298,470 as a result of related activity.

**Office of the District Attorney
Eighteenth Judicial District
Management's Discussion and Analysis
(Continued)
December 31, 2017**

Governmental activities

The primary functions of the Office are supported by intergovernmental revenues and operating grants. As noted earlier, each of these primary programs are funded on a cost reimbursement basis.

The following table presents information from the Statement of Net Position derived from the basic financial statements of the Office of the District Attorney – Eighteenth Judicial District as of December 31, 2017 and 2016.

	Governmental activities	
	2017	2016
Assets		
Current and other assets	\$ 2,314,991	\$ 2,913,780
Capital assets	561,419	800,393
Total assets	<u>2,876,410</u>	<u>3,714,173</u>
Deferred Outflows	<u>372,164</u>	<u>102,805</u>
Liabilities		
Other liabilities	1,589,732	2,325,222
Long-term liabilities	2,436,105	1,969,238
Total liabilities	<u>4,025,837</u>	<u>4,294,460</u>
Deferred Inflows	<u>3,274</u>	<u>4,585</u>
Net Position		
Investment in Capital Assets	561,419	776,693
Restricted	911,832	802,258
Unrestricted	<u>(2,253,788)</u>	<u>(2,061,018)</u>
 Total net position	 <u>\$ (780,537)</u>	 <u>\$ (482,067)</u>

**Office of the District Attorney
Eighteenth Judicial District
Management's Discussion and Analysis
(Continued)
December 31, 2017**

As taken from the Statement of Activities in the basic financial statements, the following depicts the changes in net position for the years ended December 31, 2017 and 2016.

	Changes in Net Position	
	2017	2016
Revenues		
Program revenues		
Intergovernmental revenues	\$ 24,145,492	\$ 22,928,305
Operating grants and contributions	2,293,724	2,278,999
Restricted investment earnings	3,072	1,780
Total revenues	\$ 26,442,288	25,209,084
Expenses		
Criminal prosecution	22,460,362	21,556,162
Crime victim compensation payments	3,067,419	2,686,284
Special programs	960,631	769,923
Forfeitures	659	137
Other	251,687	286,865
Total expenses	26,740,758	25,299,371
Decrease in net position	(298,470)	(90,287)
Net position - beginning	(482,067)	(391,780)
Net position - ending	\$ (780,537)	\$ (482,067)

Business-type activities

The primary functions of the Office are supported by intergovernmental revenues and operating grants (governmental activities). Therefore, there are no functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

Proprietary funds

There are no proprietary funds in this report, because the Office does not operate enterprise or internal service funds.

Governmental funds

The focus of the Office's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in evaluating near-term financing needs.

At year-end, the Office's governmental funds reported combined ending fund balances of \$911,832 an increase of \$109,574 from the prior year. There are no unassigned fund balances in the governmental funds.

The Office maintains two special revenue funds. The forfeitures fund is used to account for funds received pursuant to court orders directing the owner to forfeit property seized in connection with criminal activities. These funds may be used only for purposes allowed under Colorado law and when authorized by the Eighteenth Judicial District Forfeitures Board. At year-end, the forfeitures fund reported a restricted fund balance of \$366,279 an increase of \$62,467 from 2016.

The Crime Victim Compensation fund is a legally separate entity organized under Colorado Revised Statutes for the purpose of providing financial remedies to certain crime victims and is included as part of the primary government because of the Office's oversight responsibilities. This fund is included as a special revenue fund and reported a restricted fund balance of \$545,553 at year-end. This represents an increase of \$47,107 from the prior year.

**Office of the District Attorney
Eighteenth Judicial District
Management’s Discussion and Analysis
(Continued)
December 31, 2017**

General Fund Budgetary Highlights

The Office requested the counties to allow them carry over budget revenues from 2016 to 2017 for two projects. The total change between original and final budget was \$237,000. The counties that comprise the Eighteenth Judicial District provide funding in proportion to the population of each county.

The total budget for criminal prosecution was \$22,222,116. Of this amount, \$21,982,294 was spent during 2017.

The total 2017 general fund budgeted expenditures, including \$960,631 for various operating grant programs, were \$23,563,671 which was underspent by \$575,752.

Capital Asset and Debt Administration

Capital assets

The Office’s investment in capital assets for its governmental activities as of December 31, 2017 was \$561,419, net of accumulated depreciation. This investment in capital assets consists of furniture, equipment, computers and vehicles used in the routine operation of the Office.

The capital outlay threshold is \$5,000. Durable items with a useful life greater than two years and a cost greater than \$5,000 are capitalized. All other items are treated as an operating expense in the year of purchase.

	Capital Assets, net of depreciation	
	2017	2016
Furniture, equipment and vehicles	\$ 561,419	\$ 800,393

Additional information on capital assets can be found in note III on page 14 of this report.

Long-term debt

The Office has no statutory authority to issue or otherwise incur debt. For accounting purposes a 3-year lease for computer equipment is recorded as a long-term item and was paid in full in 2017. The Office plans to use annual budgeted funds to pay the annual lease payments of the agreement.

Economic Factors and 2017 Budget Information

The Office is subject to the economic factors of its four funding counties. For the most part the two largest counties work together to determine the items approved in our requested budget. Both counties are growing and has allowed 3-5% increases in spending in the recent past. Our economic conditions and growth are consistent with the counties. The four county governments in the District have appropriated these funds. The Office prepares its operating budget concurrently with the funding sources to ensure they have sufficient funds to cover their share of the Office’s budget.

Requests for Information

Questions concerning the information provided in this report or requests for additional information should be addressed to the Controller, Office of the District Attorney, Eighteenth Judicial District, 6450 South Revere Parkway, Centennial, Colorado, 80111.

BASIC FINANCIAL STATEMENTS

**Office of the District Attorney
Eighteenth Judicial District
Statement of Net Position
December 31, 2017**

	Primary Government Governmental Activities
ASSETS	
Cash and investments	\$ 1,729,660
Due from other governments - current portion	
State of Colorado	303,915
Federal	60,005
Prepaid Expenses	221,411
Capital assets (net of accumulated depreciation)	
Furniture, equipment and vehicles	561,419
Total assets	2,876,410
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	372,164
LIABILITIES	
Accounts payable	208,763
Due to counties - District revenue	
Arapahoe County	120,377
Douglas County	61,464
Elbert County	4,709
Lincoln County	1,069
Accrued liabilities	
Unemployment insurance liability	22,951
Other	368,758
Unearned general revenue	
Arapahoe County	199,164
Douglas County	103,018
Elbert County	8,791
Lincoln County	4,758
Unearned grant revenue	
VALE - Administration	108,104
Victim Compensation - Administration	160,055
Juvenile Diversion Grant	1,178
Juvenile Diversion - State of Colorado	30,000
Compensated Absences - Due within one year	186,573
Noncurrent liabilities	
Compensated Absences - Due in more than one year	1,372,315
Net Pension Liability	1,063,790
Total liabilities	4,025,836
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	3,274
NET POSITION	
Net Investment in Capital Assets	561,419
Restricted for:	
Crime victim compensation	545,553
Forfeitures	366,279
Unrestricted	(2,253,788)
Total net position	\$ (780,537)

The notes to the financial statements are an integral part of this statement

**Office of the District Attorney
Eighteenth Judicial District
Statement of Activities
For the Year Ended December 31, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities				
Criminal prosecution	\$ 22,460,362	\$ 22,052,318	\$ -	\$ (408,044)
Crime victim compensation payments	3,067,419	1,841,487	1,273,000	47,068
Special programs	960,631	-	960,631	-
Forfeitures	659	-	60,093	59,434
Other	251,687	251,687	-	-
Total governmental activities	<u>\$ 26,740,758</u>	<u>\$ 24,145,492</u>	<u>\$ 2,293,724</u>	<u>(301,542)</u>
General revenues				
				3,072
				<u>3,072</u>
				(298,470)
				<u>(482,067)</u>
				<u>\$ (780,537)</u>

**Office of the District Attorney
Eighteenth Judicial District
Balance Sheet
Governmental Funds
December 31, 2017**

	General	Forfeitures	Crime Victim Compensation	Total Governmental Funds
ASSETS				
Cash and investments	\$ 868,030	\$ 366,279	\$ 495,351	\$ 1,729,660
Due from other governments				
Federal	60,005			60,005
State of Colorado	240,358	-	63,557	303,915
Prepaid Expenses	221,411	-	-	221,411
Total assets	<u>\$ 1,389,804</u>	<u>\$ 366,279</u>	<u>\$ 558,908</u>	<u>\$ 2,314,991</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 195,408	\$ -	\$ 13,355	\$ 208,763
Due to counties - District revenue				
Arapahoe County	120,377	-	-	120,377
Douglas County	61,464	-	-	61,464
Elbert County	4,709	-	-	4,709
Lincoln County	1,069	-	-	1,069
Accrued liabilities				
Unemployment insurance liability	22,951	-	-	22,951
Other	368,758	-	-	368,758
Unearned General Revenue				
Arapahoe County	199,164	-	-	199,164
Douglas County	103,018	-	-	103,018
Elbert County	8,791	-	-	8,791
Lincoln County	4,758	-	-	4,758
Unearned grant revenue				
VALE - Administration	108,104	-	-	108,104
Victim Compensation - Administration	160,055	-	-	160,055
Juvenile Diversion Grant	1,178	-	-	1,178
Juvenile Diversion - State of Colorado	30,000	-	-	30,000
Total liabilities	<u>1,389,804</u>	<u>-</u>	<u>13,355</u>	<u>1,403,159</u>
Fund balances				
Restricted for				
Crime victim compensation	-	-	545,553	545,553
Forfeitures	-	366,279	-	366,279
Total fund balances	<u>-</u>	<u>366,279</u>	<u>545,553</u>	<u>911,832</u>
Total liabilities and fund balances	<u>\$ 1,389,804</u>	<u>\$ 366,279</u>	<u>\$ 558,908</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	561,419
Long-term liabilities, are not due and payable in the current period and, therefore are not reported in the funds.	
Compensated absences	(1,558,888)
Net pension obligation	(1,063,790)
Deferred outflows and inflows of resources related to pensions are applicable to	
Deferred outflows of resources related to pensions	372,164
Deferred inflows of resources related to pensions	(3,274)
Net position of governmental activities	<u>\$ (780,537)</u>

**Office of the District Attorney
Eighteenth Judicial District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2017**

	<u>General</u>	<u>Forfeitures</u>	<u>Crime Victim Compensation</u>	<u>Total Governmental Funds</u>
REVENUES				
Criminal Prosecution	\$ 22,052,318	\$ -	\$ -	\$ 22,052,318
Victim assistance funds				
State of Colorado - fines and fees	-	6,612	1,095,035	1,101,647
State of Colorado - restitution	-	-	998,139	998,139
Federal grants	172,587	53,481	1,273,000	1,499,068
Special programs	788,044	-	-	788,044
Investment earnings	-	3,033	39	3,072
Total revenues	<u>23,012,949</u>	<u>63,126</u>	<u>3,366,213</u>	<u>26,442,288</u>
EXPENDITURES				
Current				
Criminal Prosecution	21,982,295	-	-	21,982,295
Crime victim compensation payments	-	-	3,067,419	3,067,419
Special programs	960,631	-	-	960,631
Forfeitures	-	659	-	659
Other	-	-	251,687	251,687
Capital Outlay				
Criminal Prosecution	44,993	-	-	44,993
Debt Service				
Principal	23,700	-	-	23,700
Interest	1,330	-	-	1,330
Total expenditures	<u>23,012,949</u>	<u>659</u>	<u>3,319,106</u>	<u>26,332,715</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>62,467</u>	<u>47,107</u>	<u>109,574</u>
Net Change in Fund Balances	-	62,467	47,107	109,574
Fund balances-beginning	-	303,812	498,446	802,258
Fund balances-ending	<u>\$ -</u>	<u>\$ 366,279</u>	<u>\$ 545,553</u>	<u>\$ 911,832</u>

The notes to the financial statements are an integral part of this statement

**Office of the District Attorney
Eighteenth Judicial District
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2017**

Amounts reported for governmental activities in the statement of activities (page 2) are different because:

Net change in fund balances - total governmental funds (page 4)	\$ 109,574
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.	(238,974)
The issuance of long -term debt (Capital leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has an effect on net assets.	
Principal payments	23,700
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences - CY	(1,558,888)
Compensated absences - PY	1,568,259
Pension Expense	<u>(202,141)</u>
Change in net position of governmental activities (page 2)	<u><u>\$ (298,470)</u></u>

Office of the District Attorney
Eighteenth Judicial District
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Criminal Prosecution	\$ 22,366,041	\$ 22,603,040	\$ 22,052,318	\$ (550,722)
Special Programs	864,331	960,631	960,631	-
Total revenues	<u>23,230,372</u>	<u>23,563,671</u>	<u>23,012,949</u>	<u>(550,722)</u>
EXPENDITURES				
Current				
Criminal Prosecution	21,984,041	22,221,040	21,982,295	238,745
Special Programs	864,331	960,631	960,631	-
Capital Outlay				
Criminal Prosecution	382,000	382,000	44,993	337,007
Total expenditures	<u>23,230,372</u>	<u>23,563,671</u>	<u>22,987,919</u>	<u>575,752</u>
Excess of revenues over expenditures - Budgetary basis	<u>\$ -</u>	<u>\$ -</u>	25,030	<u>\$ 25,030</u>
Reconciliation from Budgetary basis to GAAP Basis:				
Principal			(23,700)	
Interest			(1,330)	
			<u>(25,030)</u>	
Net change in fund balances			-	
Fund balances - beginning of year			-	
Fund balances - end of year			<u>\$ -</u>	

The notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

**Office of the District Attorney
Eighteenth Judicial District
Notes to the Financial Statements
December 31, 2017**

I. Summary of Significant Accounting Policies

Financial Reporting Entity

The Office of the District Attorney, Eighteenth Judicial District (Office) was created in 1964 by Colorado Revised Statutes. The Office is responsible for prosecuting all criminal actions within the Eighteenth Judicial District of the State of Colorado which is comprised of Arapahoe, Douglas, Elbert and Lincoln counties. The District Attorney is an elected official who has decision-making authority, primary accountability for financial matters, and ability to control the operations of the Office. The accompanying financial statements present the financial position of the Office and its component unit, the Crime Victims Compensation Fund, an entity for which the Office is considered to be financially accountable. Although legally separate entities, blended component units are in substance a part of the Office's operations.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP) applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Blended component unit

The Crime Victim Compensation Fund was organized under Colorado Revised Statutes for the purpose of providing financial remedies to certain crime victims. Although a legally separate entity, the fund has been included because of the Office's oversight responsibilities. The District Attorney appoints the three-member board. This board is primarily responsible for the authorization of crime victim compensation payments. The District Attorney and his legal and administrative staff assist the board in the performance of its duties and are responsible for monitoring the performance of activities in accordance with applicable laws. The Crime Victim Compensation Fund is reported as a major special revenue fund.

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 nonfiduciary activities of the Office and its component unit. Interfund activity, except as noted below, has been removed from these statements.

Both of the government-wide financial statements are designed to distinguish functions of the Office that are principally supported by intergovernmental revenues and operating grants (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The primary governmental activities of the Office include criminal prosecution and juvenile diversion. The Office has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include 1) fees and charges to citizens and other governmental entities that receive or directly benefit from services provided by a given function or program and 2) grants, contributions and other revenues that are restricted to use in the operational or capital requirements of a specific function or program. Other revenues not directly related to a particular function or program, if any, are reported separately as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The Office has no fiduciary funds. Additionally, because the Office does not operate enterprise or internal service funds, there are no proprietary funds included in this report.

**Office of the District Attorney
Eighteenth Judicial District
Notes to the Financial Statements (Continued)
December 31, 2017**

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.

The capital assets reported in the government-wide financial statements were acquired with funds provided by the four county governments, various operating grants, and forfeiture funds. Capital assets acquired by victim compensation, grants, and forfeitures have been donated to the criminal prosecution function in the general fund for exclusive use in criminal prosecution activities and all subsequent expenses related to these assets are allocated to the four county governments.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both 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 collectible within sixty days after the end of the fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

All revenues are susceptible to accrual. Unearned revenue represents grant funds received but not recognized until expended and funds advanced from the four county governments that will be returned in the subsequent year if not spent.

Under the modified accrual basis of accounting, as used in the governmental fund financial statements, acquisition costs of capital assets are recorded as expenditures at the time of purchase and depreciation is not recognized on these capital assets.

The Office reports the following major governmental funds:

The General Fund is the primary operating fund. It accounts for all financial resources of the Office, except those that must be accounted for in another fund.

The Forfeitures Fund, a special revenue fund, is used to account for funds received by the Office pursuant to court orders directing that the owner forfeit property seized in connection with criminal activities. These funds may only be used for purposes allowed under Colorado law and when authorized by the Eighteenth Judicial District Forfeitures Board.

The Crime Victim Compensation Fund, a special revenue fund, was established under Colorado law for the purpose of providing remedies to crime victims that suffer economic loss as a result of crime. The three-member board is appointed by the District Attorney. This board is primarily responsible for the authorization of crime victim compensation payments.

Investments

Investments are measured at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Colotrust is measured at net asset value.

**Office of the District Attorney
Eighteenth Judicial District
Notes to the Financial Statements (Continued)
December 31, 2017**

Receivables and payables

The current portion of receivables reported as due from other governments consists primarily of amounts due from the State of Colorado and federal government, as cost reimbursements to the Office for various operating expenditures incurred during December 2017. No allowances for uncollectible amounts have been made because these receivables are primarily due under state statutes, agreements, and existing grant awards and are expected to be fully collected.

The Office applies the criteria set forth in GASB Statement No. 34. The Office reports long-term liabilities and capital assets (net of accumulated depreciation) in the government-wide financial statements.

Compensated absences represent earned but unused employee paid time off that will ultimately become due from the four county governments as cost reimbursement to the Office when the expenditures are incurred.

The net capital assets reported in the government-wide financial statements were acquired with funds provided by the four county governments, various operating grants and forfeiture funds. It is currently the policy of the Office that miscellaneous revenues generated by the Office, including any proceeds from the sale of capital assets, are distributed back to the four county governments.

Capital assets

Capital assets of the Office consist primarily of furniture, equipment, computers and vehicles used in the operation of the Office. All capital assets are capitalized at cost, or estimated historical cost if actual cost is not available. The capital outlay threshold of the Office is \$5,000. Durable items with a useful life greater than two years and a cost greater than \$5,000 are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Capital assets of the Office are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Type</u>	<u>Years</u>
Furniture and fixtures	10
Vehicles	7
Equipment	5
Computer hardware and software	3-4

Compensated absences

Office employees earn and accumulate paid time off (PTO). Unused PTO and accrued compensatory time is recorded as a liability when earned. Additionally, an extended illness bank (EIB) is established on behalf of all employees. Employees accrue 4 hours per month into an EIB account up to a maximum of 240 hours. Employees may use EIB hours for time off in conjunction with a long-term medical absence. EIB does not vest to employees and thus no liability is recorded for these balances. The liability for compensated absences is reported in the government-wide financial statements. A liability would be reported in the various governmental funds if it were due and payable as of December 31.

Deferred outflows of resources and deferred inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

**Office of the District Attorney
Eighteenth Judicial District
Notes to the Financial Statements (Continued)
December 31, 2017**

In addition to liabilities, the Statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Fund Balances

The Office reports fund balances in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* that provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

Fund balances of governmental funds can be classified as follows:

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 it is legally or contractually required to be maintained intact. At December 31, 2017, the Office has no non-spendable funds.

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. At December 31, 2017, fund balances of the Crime Victim Compensation Fund and the Forfeitures Fund are considered restricted under various provisions of Colorado Revised Statutes.

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the District Attorney prior to the end of the fiscal year. The constraint may be removed or changed only through formal action of the District Attorney. At December 31, 2017, the Office has no committed funds.

Assigned fund balance – The portion of fund balance set aside for planned or intended purposes. The intended use may be expressed by the District Attorney 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. At December 31, 2017, the Office has no assigned funds.

Unassigned fund balance – The residual portion of fund balance that does not meet any of the above criteria. At December 31, 2017, the Office has no unassigned funds.

If both restricted and unrestricted amounts of fund balance are available for use when expenditure is made, it is the Office's policy to use restricted amounts first. Unrestricted fund balance, if available, would be used in the following order: committed, assigned, and then unassigned.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. The net position component "net investment in capital assets, consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of any borrowings used for the acquisition of those assets. Net position in the Government-wide Statement of Net Position is reported as restricted as when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws and regulations of other governments. Net position related to Crime Victim Compensation and Forfeiture activities are restricted at December 31, 2017 in accordance with Colorado Revised Statutes. The balance of net position is reported as unrestricted.

Pensions

Office of the District Attorney, 18th Judicial 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

**Office of the District Attorney
Eighteenth Judicial District
Notes to the Financial Statements (Continued)
December 31, 2017**

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.

In 2018 the Office implemented Governmental Accounting Standards Board (GASB) Statement No. 82 *Pension Issues* addressing the payroll on which contributions to a pension plan are based.

The Office provides a defined contribution 401(k) employee retirement plan and therefore has no funding obligations for pension benefits. An outside trustee holds the plan assets. Contributions are deposited monthly with the plan trustee.

Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The three elements of that reconciliation are as follows:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The \$561,419 balance represents the capital assets of the Office, net of accumulated depreciation.

Long-term liabilities, such as compensated absences, net pension liabilities, capital leases payable, are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities, in the amount of \$1,558,888 and a net pension obligation of \$1,063,790 will ultimately become due from the four county governments as a cost reimbursement to the Office when expenditures are incurred. Deferred activities related to the pension obligation totaled \$368,890.

Other long-term assets are not available to pay current period expenditures and therefore are not reported in the funds. This amount represents the noncurrent portion of receivables reported as due from other governments. Long-term receivables reflect the effect of compensated absence liabilities ultimately due from the four county governments, less net capital assets.

B. Explanation of certain differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The following are the three elements of that reconciliation.

**Office of the District Attorney
Eighteenth Judicial District
Notes to the Financial Statements (Continued)
December 31, 2017**

Governmental funds report capital outlay as an expenditure. However, in the statement of activities the cost of capital assets is allocated over the estimated useful life and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period. The detail of the \$238,974 difference is:

Capital outlay	\$ 44,993
Depreciation expense	<u>(283,967)</u>
Adjustment decreasing net change in fund balance - total government funds to equal change in net position – governmental activities	<u>\$ (238,974)</u>

Another element of the reconciliation consumes current financial resources of governmental funds but has no effect on net assets.

Principal payments on capital leases	\$ 23,700
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Some expenses in the Statement of Activities do not require the use of current financial sources and therefore are not reported as expenditures in governmental funds.

Change in compensated absence liability	\$ 9,371
Pension expenses	\$ (202,141)

Budgets

Annually, the Office adopts budgets on a basis consistent with US GAAP. Budgets are appropriated in total for each of the primary programs by the District Attorney and by the applicable intergovernmental funding sources. Annual appropriations lapse at year-end.

The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the program level. Any revisions to the original budget require the approval of the District Attorney and the applicable intergovernmental funding sources. The original and final budgets, as presented, are identical since no budget revisions were requested during the year.

There is no budget data for the forfeitures and crime victim compensation funds because these funds are not subject to the budgetary requirements of Colorado law.

Neither the Office nor its component unit uses encumbrance accounting. All expenditures are recorded when incurred. There is no method to reserve future appropriations.

III. Detailed Notes on All Funds

Cash Deposits

At December 31, 2017, the Office’s cash deposits had a carrying value of \$1,133,644 and a corresponding bank balance of \$1,721,530 of which \$500,000 is federally insured and \$1,221,530 is covered by PDPA as more fully described below.

Deposits are exposed to custodial credit risk (the risk that, in the event of the failure of a depository financial institution, the government would not be able to recover deposits or would not be able to recover collateral securities that are in the possession of an outside party), if they are not covered by depository insurance and are collateralized with securities held by the pledging financial institution, except for deposits collateralized by certain types of collateral pools including a single financial institution collateral pool where the fair value of the pool is equal to or exceeds all uninsured public deposits held by the financial institution (e.g. deposits insured by the

**Office of the District Attorney
Eighteenth Judicial District
Notes to the Financial Statements (Continued)
December 31, 2017**

Public Deposit Protection Act (PDPA)). Accordingly, none of the Office's deposits at December 31, 2017 are deemed to be exposed to custodial credit risk.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The Office categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs and Level 3 inputs are significant unobservable inputs. At December 31, 2017 the Office did not have any investments that meet the definition to be in the hierarchy.

As of December 31, 2017, the Office invested \$596,016 in the Colorado Local Government Liquid Asset Trust (ColoTrust). This Trust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a 2a-7-like money market fund and each share is equal in value to \$1.00. ColoTrust is rated AAAM by Standard & Poor's Corporation. A designated custodial bank serves as custodian for the Trust's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as depository in connection with direct investment and withdrawals. The custodian's internal records segregate investments owned by the Trust. The fund is being measured at net asset value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Receivables / Unearned Revenue

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also record unearned revenue recognition in connection with resources that have been received, but not earned. At year-end, the Office reported unearned grant revenues in the governmental funds.

Unearned grant revenues of \$299,337 represent grant funds received before expenditures have been incurred. These amounts represent the unexpended cash balances at year-end for various grants.

**Office of the District Attorney
Eighteenth Judicial District
Notes to the Financial Statements (Continued)
December 31, 2017**

Capital assets

Capital asset activity of the Office, and its component unit, for the year ended December 31, 2017 was:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Depreciable capital assets				
Furniture, equipment and vehicles	\$ 2,700,763	\$ 44,993	\$ (458,020)	\$ 2,287,736
Less accumulated depreciation				
Furniture, equipment and vehicles	<u>(1,900,370)</u>	<u>(283,967)</u>	<u>458,020</u>	<u>(1,726,317)</u>
Net depreciable capital assets	<u>\$ 800,393</u>	<u>\$ (238,974)</u>	<u>\$ -</u>	<u>\$ 561,419</u>

Depreciation expense was charged to the criminal prosecution function of the Office because the depreciable assets are used primarily in that function.

Leases

The Office leases office equipment under month-to-month operating leases. The total lease expense for the year ended December 31, 2017 was \$188,442. This amount includes \$111,205 for criminal prosecution, \$72,631 for Juvenile Diversion, and \$4,606 for operating grants. There are no future minimum lease obligations at December 31, 2017 on the leases.

In 2016, the Office leased 8 vehicles on a 36 month lease future minimum lease payments are as follows:

2018	\$ 35,020
2019	<u>32,102</u>
Totals	<u>\$ 67,122</u>

In December of 2017, the Office entered a three year lease agreement for computer hardware. \$175,000 was due at the time the equipment was delivered.

The future lease obligations as of December 31, 2017 are as follows:

2018	\$ 98,779
2019	<u>98,779</u>
Total minimum lease payments	<u>\$197,558</u>

**Office of the District Attorney
Eighteenth Judicial District
Notes to the Financial Statements (Continued)
December 31, 2017**

Long-term liabilities

As previously noted, the Office permits employees to accumulate PTO for future use. All accrued but unused PTO is recorded as a liability when earned. The accrued liability for compensated absences is reported in the government-wide financial statements. A summary of the change in the liability follows:

	2017 Beginning Balance	Additions	Reductions	2017 Ending Balance	Current
Capital Lease - 2014 Computers	\$ 23,700	\$ -	\$ 23,700	\$ -	\$ -
Compensated Absences	1,568,259	1,383,665	1,393,036	1,558,888	186,573
Total	<u>\$ 1,591,959</u>	<u>\$ 1,383,665</u>	<u>\$ 1,416,736</u>	<u>\$ 1,558,888</u>	<u>\$ 186,573</u>

IV. Defined Benefit Pension Plan

Plan description. Eligible employees of the Office of the District Attorney, 18th Judicial 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. The Office is responsible for contributing twenty percent of the employer contributions to PERA based on the rate for the state division set forth in C.R.S. § 24-51-401. Since the Office is legally required to make the contributions to PERA for the District Attorney of the 18th Judicial District, the requirements of GASB 68 exist. Under the auspices of GASB 68, it requires the Office to record in its financial statements a proportionate share of PERA’s collective net pension liability, pension expense, and deferred inflows and outflows related to the District Attorney for the 18th Judicial District. 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.

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% 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, referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 receive an annual increase of 2 percent, unless PERA

**Office of the District Attorney
Eighteenth Judicial District
Notes to the Financial Statements (Continued)
December 31, 2017**

has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SDTF.

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

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

Contributions. Eligible employees and the Office for the District Attorney, 18th Judicial 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:

	For the Year Ended December 31, 2016	For the Year Ended December 31, 2017
Employer Contribution Rate ¹	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	(1.02)%	(1.02)%
Amount Apportioned to the SDTF ¹	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	4.60%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	4.50%	5.00%
Total Employer Contribution Rate to the SDTF ¹	18.23%	19.13%

¹Rates 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, 18th Judicial is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from Office of the District Attorney, 18th Judicial were \$37,211 for the year ended December 31, 2017.

**Office of the District Attorney
Eighteenth Judicial District
Notes to the Financial Statements (Continued)
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 Office of the District Attorney, 18th Judicial reported a liability of \$1,063,790 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, 18th Judicial proportion of the net pension liability was based Office of the District Attorney, 18th Judicial 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, 18th Judicial proportion was .0058 percent, which was an increase of .0002% from its proportion of .0056% measured as of December 31, 2015.

For the year ended December 31, 2017, the Office of the District Attorney, 18th Judicial recognized pension expense of \$206,341. At December 31, 2017., the Office of the District Attorney, 18th Judicial 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	\$10,574	\$ -
Changes of assumptions or other inputs	270,635	3,274
Net difference between projected and actual earnings on pension plan investments	35,265	
Changes in proportion and differences between contributions recognized and proportionate share of contributions	18,479	
Contributions subsequent to the measurement date	37,211	
Total	\$372,164	\$3,274

\$37,211 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 December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	
2018	\$183,538
2019	137,989
2020	9,779
2021	373
Total	\$331,679

**Office of the District Attorney
Eighteenth Judicial District
Notes to the Financial Statements (Continued)
December 31, 2017**

Actuarial assumptions 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
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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.

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.

**Office of the District Attorney
Eighteenth Judicial District
Notes to the Financial Statements (Continued)
December 31, 2017**

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 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	10 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%	.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%.

**Office of the District Attorney
Eighteenth Judicial District
Notes to the Financial Statements (Continued)
December 31, 2017**

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.
- 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 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 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

**Office of the District Attorney
Eighteenth Judicial District
Notes to the Financial Statements (Continued)
December 31, 2017**

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, 18th Judicial 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 well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (4.26%) or one 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	\$1,317,570	\$1,063,790	\$ 855,290

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.

Office of the District Attorney, 18th Judicial District Retirement Plan (401(k) Plan)

Plan description The Office sponsors and administers a 401(k) Plan, a single employer defined contribution retirement plan that covers all of its full-time and part-time regular employees. Originally established in 1980, the plan was converted to a 401(k) on January 1, 1985. The Retirement Board, as trustee, administers the plan and has the authority to amend plan provisions. Vanguard is the plan custodian. At December 31, 2017 the plan had 349 participants.

Funding policy The Office contributes 6% of each participant's eligible salary and each participating employee contributes at least 4% of eligible salary. The Office contributes 7% or 8%, respectively of each participant's eligible salary if they contribute a matching 7% or 8%. Each participant may contribute up to 75% of their total eligible salary per year; however, contributions greater than 8% are not matched. The contributions and matching funds are invested at the direction of the participant. Employer contributions vest on a pro-rata basis upon years of service, with 100% vesting at four years. Employee contributions vest immediately. All vested funds are available to the participant or their beneficiary upon retirement, termination, disability, or death. The Office's contributions to the plan for the years ended December 31, 2017, 2016 and 2015 were \$1,037,357, \$962,718, and \$874,616 respectively, and were equal to the required contributions for each year.

V. Other Information

Risk management

The Office is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; and natural disasters. The Office carries insurance coverage for worker's compensation, automobile damage and liability, professional liability, and property losses. Management believes that the insurance coverage is sufficient to indemnify against all reasonably identifiable risks and that any uninsured losses and/or insurance deductibles will not have a material adverse effect on the financial condition of the Office. Settled claims have not exceeded this coverage in any of the past three fiscal years.

**Office of the District Attorney
Eighteenth Judicial District
Notes to the Financial Statements (Continued)
December 31, 2017**

Self-Insurance Plan

In 2017, the office established a self-insurance dental plan. The Office's accounting department administers the plan, however the office utilizes a third-party consultant to assist in administering the plan. Dental claims, as well as administrative costs are paid directly out of the general fund, which is funded by contributions made by the Office and its employees. All claims are reviewed and approved for payment by Delta Dental, in accordance with their administrative services agreement with the Office. The plan is fully self-insured with the Office assuming all liability risks. The estimated claims liability at December 31, 2017 was determined by the Office and includes estimated costs of known claims and estimates of incurred but not reported (IBNR) claims. The following table displays the change in the balances of the claims liabilities:

Unpaid Claims, January 1, 2017	\$ -
Incurred Claims (including IBNR)	103,483
Claims Payments	<u>100,992</u>
Unpaid Claims, December 31, 2017	\$ <u>2,491</u>

Contingent liabilities

Various suits and claims are pending against the Office at December 31, 2017. Although the outcome of such suits and claims cannot be predicted with certainty, management of the Office believes that adequate insurance coverage exists and the final resolution of these matters will not materially affect the basic financial statements of the Office.

Amounts received or receivable from grantor agencies are subject to audit and adjustment. Any disallowed expenditures, including any amounts already received, may constitute a liability of the Office. Amounts that may be disallowed by a grantor cannot be determined, however management believes that the Office is, and has been, in full compliance with the financial requirements of its various grants and does not anticipate any such adjustments. If there are any future adjustments, the Office expects any such amounts to be immaterial.

Other post-employment benefits

Health Care Trust Fund

Plan Description: The Office contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer health care 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.

Funding Policy: The Office 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 Office 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 ended December 31, 2017, 2016 and 2015 were \$2,082, \$1,831, and \$1,724, respectively, and were equal to the required contributions for each year.

Tax, spending and debt limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (TABOR) that limits the revenue raising and spending abilities of state and local governments. This amendment places stated limits on year-to-year increases in revenues and fiscal year spending. Fiscal year spending, as defined, excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards and fund balances.

**Office of the District Attorney
Eighteenth Judicial District
Notes to the Financial Statements (Continued)
December 31, 2017**

Title 20, Article 1, Part 3 of the CRS, as amended, provides that the District Attorney shall be entitled to collect from each of the respective counties in the judicial district, the necessary operating expenses of the District Attorney for the transaction of official business. Annually, the Office submits budgetary appropriation requests to each of the four county governments. Each county then appropriates its respective expenses to the Office. The only sources of funds available to the Office are funds received from each county and from various grants. Management believes that the revenue and spending limitations of TABOR are not applicable to the Office because the annual appropriations of each county have previously been subjected to the provisions of TABOR at the county level and the various government grants received by the Office are excluded from TABOR.

Intergovernmental revenue

As previously noted, the Office is entitled to receive revenue from each of the four county governments that comprise the Eighteenth Judicial District as reimbursement of necessary operating expenses. Each of the county governments provides funding in proportion to its respective population as a percentage of the total population in the District. The percentages used for 2017, based on the population estimate prepared before May 1 of each year by the Division of Planning in the Colorado Department of Local Affairs, pursuant to Title 24, Article 32, Part 2 of the CRS, are as follows:

Arapahoe County	64.16%
Douglas County	32.76%
Elbert County	2.51%
Lincoln County	0.57%
Total	<u>100.00%</u>

Grants and programs

**Victim Compensation Administration
Victim Assistance and Law Enforcement (VALE) Administration**

Under Colorado Revised Statutes, 10% of court costs assessed and deposited to the 18th Judicial District Victim Compensation Fund are allocated to the Office. Additionally, 10% of court costs assessed and deposited to the 18th Judicial District VALE Fund are also allocated to the Office. These funds are then used by the Office to provide administrative support to both the victim compensation board and the VALE board in evaluating victim claims for financial assistance and to administratively pursue restitution funds on behalf of crime victims. Revenues and expenditures of these programs are included in the general fund.

Subsequent event

In March of 2018, the Office entered agreements with a vendor to lease a data protection suite and additional storage space. The total lease amount is \$342,670 and will be paid in annual installments of \$116,526 through 2020.

REQUIRED SUPPLEMENTARY INFORMATION

OFFICE OF THE DISTRICT ATTORNEY, 18TH JUDICIAL
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEUDLE OF THE OFFICES'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 PARTICIPATION IN PERA
 LAST 10 FISCAL YEARS *

	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>12/31/2013</u>
Office's Proportion of Collective Net Pension Liability	0.00579%	0.00561%	0.00534%	0.00506%
Office's Proportionate Share of the Collective Pension Liability	\$ 1,063,790	\$ 590,979	\$ 502,367	\$ 450,899
Office's Covered - Payroll	\$ 165,000	\$ 156,000	\$ 143,000	\$ 135,000
Office's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	644.72%	378.83%	351.31%	334.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	42.59%	56.11%	59.84%	61.08%

* The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which the information is available. Amounts presented were determined as of December 31 based on the measurement date of the Plan.

OFFICE OF THE DISTRICT ATTORNEY, 18TH JUDICIAL
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF OFFICE CONTRIBUTIONS
 PARTICIPATION IN PERA
 LAST 10 FISCAL YEARS*

	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>12/31/2013</u>
Statutorily Required Contributions	\$ 37,211	\$ 30,080	\$ 27,035	\$ 23,626	\$ 20,238
Contributions in Relation to the Statutorily Required Contributions	<u>\$ 37,211</u>	<u>\$ 30,080</u>	<u>27,035</u>	<u>23,626</u>	<u>20,238</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered - Payroll	\$ 195,000	\$ 165,000	\$ 156,000	\$ 143,801	\$ 130,318
Contributions as a Percentage of Covered - Payroll	19.13%	18.23%	17.33%	16.43%	15.53%

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

SUPPLEMENTARY INFORMATION

**Office of the District Attorney
Eighteenth Judicial District
General Fund**

**Schedule of General Operating Intergovernmental Revenues and Expenditures - Budget and Actual
For the Year Ended December 31, 2017**

(With comparative totals for the year ended December 31, 2016)

	<u>Budgeted Amounts</u>		<u>2017 Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>2016 Actual Amounts</u>
	<u>Original</u>	<u>Final</u>			
REVENUES					
Criminal Prosecution					
Arapahoe County	\$ 14,269,492	\$ 14,269,492	\$ 14,070,786	\$ (198,706)	\$ 13,682,807
Douglas County	7,286,529	7,286,529	7,183,203	(103,326)	6,960,178
Elbert County	558,278	558,278	550,364	(7,914)	534,581
Lincoln County	126,780	126,780	123,004	(3,776)	121,401
State of Colorado	124,961	124,961	124,961	-	124,025
Total general operating revenues	<u>\$ 22,366,040</u>	<u>\$ 22,366,040</u>	<u>22,052,318</u>	<u>\$ (313,722)</u>	<u>\$ 21,422,992</u>
EXPENDITURES					
Criminal Prosecution					
Arapahoe County					
Salaries	\$ 9,784,880	\$ 9,849,040	\$ 9,827,369	\$ 21,671	\$ 9,369,747
Payroll taxes and employee benefits	3,033,360	2,969,200	2,836,938	132,262	2,802,904
Operating expenditures	1,451,252	1,603,311	1,406,479	196,832	1,510,156
Total	<u>14,269,492</u>	<u>14,421,551</u>	<u>14,070,786</u>	<u>350,765</u>	<u>13,682,807</u>
Douglas County					
Salaries	4,996,145	5,028,905	5,016,752	12,153	4,766,065
Payroll taxes and employee benefits	1,548,829	1,516,069	1,448,306	67,763	1,425,867
Operating expenditures	741,555	819,196	718,145	101,051	768,246
Total	<u>7,286,529</u>	<u>7,364,170</u>	<u>7,183,203</u>	<u>180,967</u>	<u>6,960,178</u>
Elbert County					
Salaries	382,794	385,304	384,373	931	366,060
Payroll taxes and employee benefits	118,668	116,158	110,966	5,192	109,514
Operating expenditures	56,816	62,765	55,025	7,740	59,007
Total	<u>558,278</u>	<u>564,227</u>	<u>550,364</u>	<u>13,863</u>	<u>534,581</u>
Lincoln County					
Salaries	86,929	86,986	85,760	1,226	83,131
Payroll taxes and employee benefits	26,948	26,891	24,748	2,143	24,870
Operating expenditures	12,903	14,254	12,496	1,758	13,400
Total	<u>126,780</u>	<u>128,131</u>	<u>123,004</u>	<u>5,127</u>	<u>121,401</u>
State of Colorado					
Salaries	104,000	104,000	104,000	-	104,000
Payroll taxes and employee benefits	20,961	20,961	20,961	-	20,025
Total	<u>124,961</u>	<u>124,961</u>	<u>124,961</u>	<u>-</u>	<u>124,025</u>
Total general operating expenditures	<u>\$ 22,366,040</u>	<u>\$ 22,603,040</u>	<u>\$ 22,052,318</u>	<u>\$ 550,722</u>	<u>\$ 21,422,992</u>

**Office of the District Attorney
Eighteenth Judicial District
General Fund
Schedule of Special Program Expenditures
For the Year Ended December 31, 2017**
(With comparative totals for the year ended December 31, 2016)

	2017	2016
Victim Compensation and Other Grants		
Victim Compensation - Administration		
Salaries	\$ 149,651	\$ 167,065
Payroll taxes and employee benefits	63,616	44,051
Operating expenditures	22,993	2,402
Total	236,260	213,518
Victim Compensation - Victim Compensation Assistant Grant		
Salaries	36,732	36,601
Payroll taxes and employee benefits	-	1,870
Total	36,732	38,471
V.A.L.E. Victim Rights Notification Grant		
Salaries	23,500	25,000
Total	23,500	25,000
V.A.L.E. - Administration		
Salaries	173,839	131,248
Payroll taxes and employee benefits	50,208	42,693
Operating expenditures	910	14,868
Total	224,957	188,809
V.A.L.E. Fast Track Grant		
Salaries	42,500	45,000
Total	42,500	45,000
VOCA Grant		
Salaries	110,838	66,247
Payroll taxes and employee benefits	20,600	10,429
Operating expenditures	18,224	9,255
Total	149,662	85,931
Rural Domestic Violence Grant		
Salaries	-	19,513
Payroll taxes and employee benefits	-	6,132
Operating expenditures	-	6,390
Total	-	32,035
Sexual Assault Response Program		
Salaries	20,994	18,720
Operating expenditures	1,931	256
Total	22,925	18,976
Juvenile Diversion - State of Colorado Grant		
Salaries	53,913	48,000
Operating expenditures	37,740	50,174
Total	91,653	98,174
Juvenile Diversion Counseling Program - Marijuana Treatment		
Salaries	78,611	21,938
Operating expenditures	53,831	2,071
Total	132,442	24,009
	\$ 960,631	\$ 769,923

SINGLE AUDIT INFORMATION



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

District Attorney
Eighteenth Judicial District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Office of the District Attorney, Eighteenth Judicial District, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Office of the District Attorney, Eighteenth Judicial District's basic financial statements, and have issued our report thereon dated April 17, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Office of the District Attorney, Eighteenth Judicial District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Office of the District Attorney, Eighteenth Judicial District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Office of the District Attorney, Eighteenth Judicial District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office of the District Attorney, Eighteenth Judicial District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Broomfield, Colorado
April 17, 2018



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

District Attorney
Eighteenth Judicial District

Report on Compliance for Each Major Federal Program

We have audited the Office of the District Attorney, Eighteenth Judicial District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Office of the District Attorney, Eighteenth Judicial District's major federal programs for the year ended December 31, 2017. The Office of the District Attorney, Eighteenth Judicial District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Office of the District Attorney, Eighteenth Judicial District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Office of the District Attorney, Eighteenth Judicial District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Office of the District Attorney, Eighteenth Judicial District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Office of the District Attorney, Eighteenth Judicial District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of the Office of the District Attorney, Eighteenth Judicial District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Office of the District Attorney, Eighteenth Judicial District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Office of the District Attorney, Eighteenth Judicial District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Broomfield, Colorado
April 17, 2018

**Office of the District Attorney
Eighteenth Judicial District
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures
U.S. Department of Justice			
Passed through Colorado Department of Public Safety:			
Crime Victims Compensation (VOCA)	16.576	02-VC-18	\$ 1,273,000
Crime Victims Assistance (VOCA)	16.575	22-VA-18-176	149,662
Community-Defined Solutions to Violence Against Women Program	16.590	2010-WE-AX-0026	22,925
Total U.S. Department of Justice			<u>1,445,587</u>
Total Expenditures of Federal Awards			<u>\$ 1,445,587</u>

Office of the District Attorney, 18th Judicial District
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial programs of the Office of the District Attorney, Eighteenth Judicial District. The Office of the District Attorney, Eighteenth Judicial District received its federal awards indirectly through pass-through entities. Federal financial assistance provided to a sub-recipient is treated as expenditure when it is paid to the sub-recipient. No federal financial assistance has been provided to a sub-recipient.

Basis of Presentation

The accompanying schedule of expenditures of federal awards is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Governmental fund types account for the Office of the District Attorney, Eighteenth Judicial District's federal grant activity. Therefore, expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis – when they become a demand on current available financial resources. The Office of the District Attorney, Eighteenth Judicial District's summary of significant accounting policies is presented in Note 1 to the basic financial statements.

The Office of the District Attorney, Eighteenth Judicial District has elected to use the 10% de minimus cost rate. \$13,295 of indirect costs were drawn in 2017.

CFDA and Contract Numbers

Federal CFDA numbers are from the Catalog of Federal Domestic Assistance published by the Office of Management and Budget and the General Services Administration.

**OFFICE OF THE DISTRICT ATTORNEY, EIGHTEENTH JUDICIAL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2017**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
16.576	Crime Victim Compensation
Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u> 750,000 </u>
Auditee qualified as low-risk auditee?	_____ yes <u> x </u> no

OFFICE OF THE DISTRICT ATTORNEY, EIGHTEENTH JUDICIAL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2017

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).



OFFICE OF THE DISTRICT ATTORNEY

GEORGE H. BRAUCHLER, DISTRICT ATTORNEY

18TH JUDICIAL DISTRICT

SERVING ARAPAHOE, DOUGLAS, ELBERT AND LINCOLN COUNTIES

April 17, 2018

Colorado Department of Public Safety

Office of the District Attorney, Eighteenth Judicial District respectfully submits the following summary schedule of prior audit findings for the year ended December 31, 2017.

Audit period: January 01, 2017 - December 31, 2017

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

2016 – A Material Audit Adjustments

Condition: In conjunction with the audit, material adjustments were proposed to correct certain items previously reported. These included restatement adjustments to beginning net position of the governmental activities.

Status: Corrective action was taken.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

There were no federal award program audit findings in the prior year.

If the Colorado Department of Public Safety has questions regarding this schedule, please call Jeff Ulrich at 720-874-8539.