

**OFFICE OF THE DISTRICT ATTORNEY,
FIFTEENTH JUDICIAL DISTRICT
LAMAR, COLORADO**

ANNUAL FINANCIAL REPORT
AND
SUPPLEMENTAL INFORMATION
WITH
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2018

**OFFICE OF THE DISTRICT ATTORNEY,
FIFTEENTH JUDICIAL DISTRICT**

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INDEPENDENT AUDITOR'S REPORT

Office of the District Attorney
Fifteenth Judicial District
Lamar, 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, Fifteenth Judicial District (the District) as of and for the year ended December 31, 2018, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the 15th Judicial District, as of December 31, 2018, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Combining Statement of Changes in Fiduciary Net Position was presented for the purpose of additional analysis and was not a required part of the financial statements. The Combining Statement of Changes in Fiduciary Net Position was 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.

Watson Coon Ryan, LLC

AUGUST 28, 2019
GREENWOOD VILLAGE, COLORADO

OFFICE OF THE DISTRICT ATTORNEY, FIFTEENTH JUDICIAL DISTRICT
 Lamar, Colorado
 Statement of Net Position
 December 31, 2018

| | Governmental Activities |
|---|----------------------------|
| ASSETS: | |
| Cash and equivalents | \$ 385,231 |
| Capital assets: | |
| Equipment | 71,790 |
| Vehicles | 21,305 |
| Accumulated depreciation | (76,125) |
| Total assets | 402,201 |
| Deferred outflows of resources: | |
| Deferred outflows related to pensions | 56,589 |
| Total deferred outflows of resources | 56,589 |
| LIABILITIES AND NET POSITION: | |
| Liabilities: | |
| Accounts payable | 9,274 |
| Accrued Liabilities | 1,664 |
| Compensated Absences | 67,415 |
| Net pension liability | 429,479 |
| Total liabilities | 507,832 |
| Deferred inflows of resources: | |
| Deferred inflows related to pensions | 221,779 |
| Total deferred inflows of resources | 221,779 |
| Net investment in capital assets | 16,970 |
| Unrestricted | (287,791) |
| Total net position | (270,821) |

The accompanying notes are an integral part of the financial statements.

OFFICE OF THE DISTRICT ATTORNEY, FIFTEENTH JUDICIAL DISTRICT
 Lamar, Colorado
 Statement of Activities
 For the Year Ended December 31, 2018

| <u>Functions/Programs</u> | Program Revenues | | | Net (Expense) |
|---|-------------------|-------------------------|--|----------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Revenue and |
| | | | | Changes in Net Position |
| | | | | Governmental Activities |
| Governmental activities: | | | | |
| General | \$ 528,797 | \$ 579,249 | \$ - | \$ 50,452 |
| Victims Assistance and Law Enforcements | 16,541 | -- | 18,256 | 1,715 |
| Victims Assistance | 17,376 | -- | 11,158 | (6,218) |
| Victims Compensation | 9,824 | -- | 7,806 | (2,018) |
| Trust | 7,981 | -- | 7,999 | 18 |
| Victims of Crime Act (VOCA) | 20,000 | -- | 20,086 | 86 |
| Diversion Program | 40,457 | -- | 41,867 | 1,410 |
| Total governmental activities | <u>\$ 640,976</u> | <u>\$ 579,249</u> | <u>\$ 107,172</u> | 45,445 |
| | | | Change in Net Position | 45,445 |
| | | | Net Position - Beginning of Year | (316,266) |
| | | | Net position - End of Year | <u><u>\$ (270,821)</u></u> |

The accompanying notes are an integral part of the financial statements.

OFFICE OF THE DISTRICT ATTORNEY, FIFTEENTH JUDICIAL DISTRICT
 Lamar, Colorado
 Governmental Funds - Balance Sheet
 December 31, 2018

| | Totals |
|----------------------|----------------|
| ASSETS | |
| Cash and equivalents | \$ 385,231 |
| Total assets | 385,231 |

LIABILITIES AND FUND BALANCES

Liabilities

| | |
|--------------------------|---------------|
| Accounts payable | 9,274 |
| Accrued Liabilities | 1,664 |
| Due to/from fund | -- |
| Total liabilities | 10,938 |

Fund balances

| | |
|----------------------------|----------------|
| Unassigned | 374,293 |
| Total fund balances | 374,293 |

Total liabilities and fund balances

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 fund. | 16,970 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds | |
| Compensated Absences | (67,415) |
| Net Pension obligation | (429,479) |
| Deferred outflows and inflows of resources related to pensions are applicable to | |
| Deferred outflows of resources related to pensions | 56,589 |
| Deferred inflows of resources related to pensions | (221,779) |
| Net position of governmental activities | <u>\$ (270,821)</u> |

The accompanying notes are an integral part of the financial statements.

OFFICE OF THE DISTRICT ATTORNEY, FIFTEENTH JUDICIAL DISTRICT
Lamar, Colorado
Governmental Funds - Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2018

| | | |
|---|----|------------------|
| Revenues: | | |
| Intergovernmental: | | |
| Counties | \$ | 435,854 |
| State | | 250,421 |
| Interest income | | 146 |
| Total revenues | | 686,421 |
| Expenditures: | | |
| Operating: | | |
| Dues and subscriptions | | 6,095 |
| Fringe benefits | | 59,757 |
| Insurance | | 3,001 |
| Mileage and travel | | 18,477 |
| Office rent | | 18,000 |
| Postage and printing | | 3,020 |
| Professional services | | 18,312 |
| Repair and maintenance | | 5,252 |
| Salaries | | 490,143 |
| Supplies | | 40,142 |
| Telephone | | 9,315 |
| Witnesses | | 5,968 |
| PERA Pension Expense | | 26,195 |
| Restitution and Collection | | 7,981 |
| Miscellaneous | | 1,609 |
| Total expenditures | | 713,267 |
| Excesss (deficiency) of revenues over expenditures | | (26,846) |
| Fund balances - beginning | | (342,638) |
| Fund balances - end of the year | \$ | (369,484) |

Change in net position reported for governmental activities in the Statement of Activities is different because:

| | | |
|--|-----------|---------------|
| Net changes in fund balance | \$ | (26,846) |
| 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. | \$ | (9,400) |
| 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 the governmental funds: | | |
| Compensated Absences | | (9,333) |
| Pension Expense | | 91,024 |
| Change in net position of governmental activities | \$ | 45,445 |

The accompanying notes are an integral part of the financial statements.

OFFICE OF THE DISTRICT ATTORNEY, FIFTEENTH JUDICIAL DISTRICT
 Lamar, Colorado
 Statement of Fiduciary Net Position
 December 31, 2018

| | Agency Funds |
|--------------------------|-----------------|
| ASSETS: | |
| Cash and equivalents | \$ 2,528 |
| Total assets | \$ 2,528 |
| LIABILITIES: | |
| Liabilities: | |
| Accounts payable | \$ 2,528 |
| Due to/from fund | - |
| Total liabilities | \$ 2,528 |

The accompanying notes are an integral part of the financial statements.

**OFFICE OF THE DISTRICT ATTORNEY, FIFTEENTH JUDICIAL DISTRICT
LAMAR, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

1. Summary of significant accounting policies

The Office of the District Attorney, Fifteenth Judicial District, Lamar, Colorado, operates under Colorado Revised Statutes providing judicial and public safety services for Baca, Cheyenne, Kiowa and Prowers counties.

The accounting policies of the Office of the District Attorney, Fifteenth Judicial District, Lamar, Colorado (the Office) conform to accounting principles generally accepted in the United States of America as applicable to governments (US GAAP). The following is a summary of the more significant policies consistently applied in the preparation of the financial statements.

Reporting entity

The Office was organized on March 11, 1945. The District Attorney is an elected official empowered to adopt an administrative expenditure budget for the general fund (subject to the approval of the County Commissioners of the four counties) and to expend revenues. The four counties pay all of the administrative costs of the Office; salaries are paid jointly by the four counties and the State of Colorado. Certain retirement benefits provided by Kiowa and Prowers Counties to its employees are made available to the employees of the Office. Contributions to the administrative costs budgeted by the counties for the year ending December 31, 2018 is as follows: Prowers County 64%, Baca County 20%, Cheyenne County 10%, and Kiowa County 6%. The accounts of the activities of the Office are excluded from the financial statements of the four counties because they are autonomous functions with separate governing principles and separate funding.

The District Attorney appears on behalf of the state and the counties of his district in all indictments, actions, and proceedings, which may be pending in the judicial district.

The four participating counties account for a District Attorney's administrative fund is not included in the financial statements of the Office.

As required by US GAAP, these financial statements present the activities of the Office, which is legally separate and financially independent of other state and local governments. The Office follows the Governmental Accounting Standards Board (GASB) pronouncements, which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

The Office is not financially accountable for any other organization.

Basis of Presentation

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.

Both of the government-wide financial statements are designed to distinguish functions of the Office that are principally supported by intergovernmental revenues and grants.

OFFICE OF THE DISTRICT ATTORNEY, FIFTEENTH JUDICIAL DISTRICT
LAMAR, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. Summary of significant accounting policies (continued)

The Statement of Activities demonstrates the degree to which the direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include 1) fees or 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. The Office has no 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.

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 the related cash flow.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Office considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Office reports the following funds:

Governmental funds – are used to account for the Office’s general government activities.

General fund – is the general operating fund of the Office. It accounts for all financial resources of the government, except those required to be accounted for in another fund.

Fiduciary funds – account for assets held by the government in a trustee capacity or as an agent on behalf of others. The District Attorney’s Office has one such fund that is excluded from the government wide financial statements.

Agency funds – are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets the District Attorney’s Office holds on behalf of others as their agent.

Assets, liabilities, fund balance, and net position

Cash and equivalents

The Office considers cash on hand and demand deposits to be cash equivalents.

OFFICE OF THE DISTRICT ATTORNEY, FIFTEENTH JUDICIAL DISTRICT
LAMAR, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. Summary of significant accounting policies (continued)

Capital assets

The capital assets of the Office consist of equipment and a vehicle used in the routine operation of the Office. Durable items with a useful life more than two years and a value greater than \$5,000 are capitalized. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets' lives, or whose cost is less than \$5,000, 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> |
|--------------------|--------------|
| Equipment | 5 |
| Vehicles | 7 |

Compensated Absences

Accumulated personal time off (PTO) leave is reported as a liability for all leave related to past employee service for which payment to the employee is considered probable. The leave liability includes any non-vested leave earned by employees which is considered likely to vest.

A liability for grandfathered sick leave benefits is accrued only if it is probable that the employee will be compensated for the benefits through cash payments upon termination or retirement. Under modified accrual accounting, expenditures and liabilities related to compensated absences will be recognized in governmental funds only when they mature (when due). The sick leave liability is estimated based on the County's past experience in making termination payments for sick leave and its termination payment policy (termination payment method).

Accumulated personal time off leave and termination payments for sick leave that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay the benefit. A liability for these amounts is reported in governmental funds only if they have matured, as a result of employee resignations and retirements. All accumulated personal time off leave and termination payments for sick leave are accrued when incurred in the government-wide financial statements.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. The only long term obligation of the Office relates to compensated absences.

Fund balance

The Office implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent.

Restricted Fund Balance - The restricted fund balances represent amounts restricted for specific programs.

OFFICE OF THE DISTRICT ATTORNEY, FIFTEENTH JUDICIAL DISTRICT
LAMAR, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. **Summary of significant accounting policies (continued)**

Unassigned Fund Balance - Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all funds can report negative amounts.

For the classification of Governmental Fund balances, the Office considers an expenditure to be made from the most restrictive first when more than one classification is available.

Net Position

Net Position represents the difference between assets and liabilities. The Office can report three categories of net position, as follows:

Net investment in capital assets - consists of net capital assets, reduced by outstanding balances of any related debt obligations attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities related to restricted assets.

Unrestricted net position - consists of all other net position that does not meet the definition of the above two components and is available for general use by the Office.

When an expense is incurred for purposes for which both restricted and unrestricted net positions are available, the Office will use the most restrictive net position first.

Estimates

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

Fair value of financial instruments

The financial instruments of the Office include cash and cash equivalents, and accounts payable. The Office estimates that the fair value of all financial instruments at December 31, 2018 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of net assets. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Pensions.

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

OFFICE OF THE DISTRICT ATTORNEY, FIFTEENTH JUDICIAL DISTRICT
 LAMAR, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2018

2. **Stewardship, Compliance and accountability**

Budgetary information

The Office does not appropriate funds. Budgets are submitted to the four counties for approval of operating expenditures. Fund basis operating statements do not include yearly depreciation expense.

3. **Detailed notes concerning the funds**

Cash and cash equivalents – custodial credit risk

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be equal to 102% of the aggregate uninsured deposits.

As of December 31, 2018, all of the Office’s deposits were insured by the Federal Deposit Insurance Corporation.

Capital assets

The changes in capital assets being depreciated for the year ended December 31, 2018 were as follows:

| GOVERNMENTAL ACTIVITIES | BALANCE JANUARY 1, 2018 | ADDITIONS | DELETION S | BALANCE DECEMBER 31, 2018 |
|-----------------------------------|-------------------------------|------------|---------------|---------------------------------|
| EQUIPMENT | \$ 71,790 | \$ -- | \$ -- | \$ 71,790 |
| VEHICLES | 21,305 | -- | -- | 21,305 |
| LESS: ACCUMULATED DEPRECIATION | (66,725) | (9,400) | -- | (76,125) |
| TOTAL CAPITAL ASSETS, NET | \$ 26,370 | \$ (9,400) | \$ -- | \$ 16,970 |

4. **Long – Term Obligations**

During the year ended December 31, 2018, the following changes occurred in the County’s long-term obligations:

| GOVERNMENTAL ACTIVITIES | BALANCE JANUARY 1, 2018 | ADDITIONS | DELETIONS | BALANCE DECEMBER 31, 2018 |
|----------------------------|-------------------------------|-----------|-----------|---------------------------------|
| COMPENSATED ABSENCES | \$ 58,082 | \$ 9,333 | \$ -- | \$ 67,415 |

5. **Retirement Systems**

Plan Description

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

Eligible employees of the Office are provided with pensions through the SDTF. Plan benefits are specified in Title 24, Article 51 of the C.R.S., administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Brief Description of Benefits

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

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

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

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

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive postretirement 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 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.

**OFFICE OF THE DISTRICT ATTORNEY, FIFTEENTH JUDICIAL DISTRICT
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NOTES TO FINANCIAL STATEMENTS
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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. 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.

Eligible employees and the Office are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements for all employees are summarized in Table 15.1, Employer Contribution Requirements.

Basis of Presentation

The Schedule of Employer Allocations and Schedule of Collective Pension Amounts (the Schedules) present amounts that are elements of the financial statements of the SDTF or its participating employers. Accordingly, they do not purport to be a complete presentation of the fiduciary net position or changes in fiduciary net position of the SDTF or its participating employers. The Schedules are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Such preparation requires management of PERA to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ.

The Schedule of Collective Pension Amounts represents collective amounts for the SDTF. This schedule excludes employer-specific deferral amounts that may need to be recognized to comply with GASB Statement No. 68, Accounting and Financial Reporting for Pensions.

Specifically, this schedule excludes deferral amounts arising from the changes in employer proportion, differences between employer contributions and proportionate share of contributions, and employer contributions subsequent to the measurement date as defined in paragraphs 54 through 57 of GASB Statement No. 68.

Employer Contributions

Employers 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. Employer contribution requirements, as a percentage of salary, are summarized on the following table:

OFFICE OF THE DISTRICT ATTORNEY, FIFTEENTH JUDICIAL DISTRICT
LAMAR, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

| January 1st through December 31st | 2018 | 2017 |
|---|-------------|-------------|
| Employer contribution rate | 10.15% | 10.15% |
| Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1) (f) | (1.02%) | (1.02%) |
| Amount apportioned to the SDTF | 9.13% | 9.13% |
| Amortization equalization disbursement (AED) as specified in C.R.S. § 24-51-411 | 5.00% | 5.00% |
| Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. § 24-51-411 | 5.00% | 5.00% |
| Total employer contribution rate to the SDTF | 19.13% | 19.13% |

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

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the Office is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from the District were \$24,869 for the years ended December 31, 2018 and December 31, 2017.

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

As of December 31, 2018 and 2017, the Office reported a liability of \$429,479 and \$ 886,930, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017 and 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 and 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2018. The Office's proportion of the net pension liability was based on the Office's contributions to the SDTF for the calendar year 2018 and 2017 relative to the total contributions of participating employers to the SDTF. At December 31, 2018 and 2017, the Office's proportion was .0034% percent and .0044% percent, respectively, which was a decrease of .001%.

For the years ended December 31, 2018 and 2017, the Office recognized pension expense (benefit) of \$(91,024) and \$94,317, respectively. The table below details the sources of the Office's deferred outflows of resources and deferred inflows of resources related to pensions at December 31, 2018.

| | DEFERRED OUTFLOWS OF RESOURCES | DEFERRED INFLOWS OF RESOURCES |
|---|-----------------------------------|----------------------------------|
| Difference between expected and actual experience | \$ 12,282 | \$ - |
| Changes in assumption or other inputs | 22,614 | 221,779 |
| Net difference between projected and actual earnings on pension plan investments | 21,693 | - |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | - | - |
| Contributions subsequent to the measurement date | - | - |
| Total | 56,589 | 221,779 |

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as of the years ended December 31 are detailed below.

| FUTURE AMORTIZATION OF DEFERRED OUTFLOWS AND DEFERRED INFLOWS | |
|--|--------------------|
| 2018 | \$(78,255) |
| 2019 | (99,878) |
| 2020 | 1,066 |
| 2021 | 11,880 |
| TOTAL | \$(165,187) |

Actuarial Assumptions

The December 31, 2017 actuarial valuation used the following actuarial assumptions and other inputs:

| | |
|---|---|
| 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 | 4.72 percent |
| Future post-retirement benefit increases: | |
| PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic) | 1.5 percent |
| PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic) | Financed by the Annual Increase Reserve (AIR) |

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2012 through December 31, 2015, as well as, the October 28, 2016 actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016 board meeting.

Healthy morality assumptions for active members were based on 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.

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Healthy, post-retirement mortality assumptions were based on 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 adjustment 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 adjustment for credibility.

The mortality assumption for disabled retirees was based on 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.

The SDTF's long-term expected rate of return on pension plan investments was determined using a lognormal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed 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 long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial method and assumptions shown in Note 8. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the GASB Statement No. 67 projection test indicates the 15th Judicial fiduciary net position was projected to be depleted in 2038 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 2038 and the municipal bond index rate, the average of the Bond Buyer General Obligation 20-year Municipal Bond Index Rates during the month of December published at the end of each week by The Bond Buyer, was applied to periods on and after 2038 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.43 percent, resulting in a discount rate of 4.72 percent.

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Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the SDTF's net pension liability calculated using the discount rate of 7.25 percent as of the measurement date, as well as if it were calculated using a discount rate that is 1-percentage point lower (6.25 percent) or 1-percentage point higher (8.25 percent):

| Sensitivity of the Net Pension Liability | | | |
|--|-------------|------------------|-------------|
| Discount rate | 1% decrease | Current Discount | 1% increase |
| | 6.25% | 7.25% | 8.25% |
| Net pension liability | \$533,918 | \$429,480 | \$341,116 |

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.

Pension Expense

PENSION EXPENSE FOR THE YEAR ENDED DECEMBER 31, 2017

| | |
|--|-------------------|
| Service cost at end of year | \$27,452 |
| Interest on the total pension liability | 62,587 |
| Current-period benefit changes | - |
| Expensed portion of current-period differences between expected and actual experience in the total pension liability | 4,295 |
| Expensed portion of current-period changes of assumptions or other inputs | (116,725) |
| Active member contributions | (9,872) |
| Projected earnings on plan investments | (40,620) |
| Expensed portion of current-period differences between projected and actual earnings on plan investments | 11,880 |
| Administrative expense | 449 |
| Other | (184) |
| Recognition of beginning collective deferred outflows of resources as pension expense | 124,424 |
| Recognition of beginning collective deferred inflows of resources as pension expense | (10,814) |
| PENSION EXPENSE/(BENEFIT) | \$(21,405) |

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Components of Schedule of Pension Amounts

Net Pension Liability

The collective net pension liability is the total pension liability less the fiduciary net position for the SDTF.

Average Expected Remaining Service Life

The following presents the SDTF's average of the expected remaining service lives of all members that are provided with pensions through the pension plan (active and inactive members) determined as of the beginning of the measurement period:

Determined at Beginning of Measurement Period – 2018
Average Remaining Service Life – 2.90

Difference between Expected and Actual Experience

The difference between expected and actual experience with regard to economic and demographic factors is amortized over a closed period equal to the average of the expected remaining service life of active and inactive members. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or deferred inflow of resources.

Changes of Assumptions or Other Inputs

The change in assumptions about future economic or demographic factors or other inputs is amortized over a closed period equal to the average of the expected remaining service life of active and inactive members. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or deferred inflow of resources.

Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments

The difference between the actual earnings on plan investments compared to the SDTF's expected rate of return of 7.25 percent is amortized over a closed period of 5 years. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or deferred inflow of resources.

Total Deferred Outflows of Resources Excluding Employer Specific Amounts

The total deferred outflows of resources resulting from the difference between expected and actual experience, the changes of assumptions of other inputs, and the net difference between projected and actual investment earnings on pension plan investments.

Total Deferred Inflows of Resources Excluding Employer Specific Amounts

The total deferred inflows of resources resulting from the difference between expected and actual experience, the changes of assumptions of other inputs, and the net difference between projected and actual investment earnings on pension plan investments.

Collective Pension Expense

Collective pension expense includes changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

County Pension Plan

Employees of the Office are covered by a defined contribution plan (the Plan). Benefits depend solely on amounts contributed to the Plan plus investment earnings. Employees are eligible to participate immediately during their first year of service. All of the four counties, Kiowa, Prowers, Baca and Cheyenne participate in the Plan based upon the respective salaries of the Plan members. The mandatory contribution rate to the Plan is 5% for the respective counties, and 5% for the employees. Employer matching contributions vest on a graduated scale based upon years of service, with 100% vesting occurring after four years. All employee contributions are immediately vested, including interest allocated to the member accounts.

The payroll for employees of the Office covered by this Plan for the year ended December 31, 2018 was \$323,946 with a total payroll of \$462,799.

Deferred Compensation Plan

On September 18, 1995, the Office offered its employees a deferred compensation plan created in accordance with Internal Revenue Code section 457. The Plan permits employees to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

At September 30, 1998, as a result of legislative changes, all amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to these amounts, property, or rights are held in trust for the exclusive benefits of participants and their beneficiaries. Prior to these legislative changes, these amounts were solely the property of the rights of the Office subject only to the claims of the District Attorney's Office general creditors. As a result, at September 30, 1998, the deferred compensation investments are no longer reported in the Office's financial statements.

5. Other information

TABOR

In November of 1992 Colorado voters approved Amendment 1 to the State Constitution. The amendment is commonly known as the Taxpayer's Bill of Rights or the TABOR Amendment. The amendment applies to all units of local government and limits taxes, spending, revenue, and multi-year debt (excepting bond refundings to lower interest rates and adding employees to pension plans). The amendment does not apply to units that are defined as "Enterprises". The Office does not qualify as an "Enterprise".

The Office does not believe that the provisions of TABOR apply to it, since it does not levy nor assess any taxes. However, many of the provisions of TABOR may not be fully understood without judicial review.

Risk management

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

OTHER SUPPLEMENTARY INFORMATION

OFFICE OF THE DISTRICT ATTORNEY, FIFTEENTH JUDICIAL DISTRICT
 Lamar, Colorado
 Combining Statement of Changes in Fiduciary Net Position
 For the Year Ended December 31, 2018

| | Balance December 31, 2017 | Additions | Reductions | | Balance December 31, 2018 |
|----------------------------|------------------------------|-----------|------------|----|------------------------------|
| Restitution Fund | | | | | |
| Assets: | | | | | |
| Cash and equivalents | \$ 912 | 9,597 | 7,981 | \$ | 2,528 |
| Total assets | 912 | 9,597 | 7,981 | \$ | 2,528 |
| Liabilities: | | | | | |
| Accounts payable - trustee | \$ 912 | 9,597 | 7,981 | \$ | 2,528 |
| Due to/from | 0 | | - | | - |
| Total liabilities | \$ 912 | 9,597 | 7,981 | \$ | 2,528 |

The accompanying notes are an integral part of the financial statements.