

Financial Statements  
December 31, 2018

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

## TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	I
MANAGEMENT'S DISCUSSION AND ANALYSIS	IV
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet – Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5
Statement of Revenue, Expenditures and Changes in Fund Balances- Budget and Actual – General Fund	6
Notes to Financial Statements	7
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the Office's Proportionate Share of the Net Pension Liability	32
Schedule of Office Contributions - Pension	33
Schedule of the Office's Proportionate Share of the Net OPEB Liability	34
Schedule of Office Contributions – OPEB	35
SUPPLEMENTARY INFORMATION	
Schedule of General Operating Intergovernmental Revenue and Expenditures- Budget and Actual- General Fund	36
Schedule of Special Program Expenditures – General Fund	37
FEDERAL AWARDS REPORTS IN ACCORDANCE WITH THE UNIFORM GUIDANCE	
Independent Auditor's Report on Internal Control over Financial Reporting on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	38
Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	40
Schedule of Expenditures of Federal Awards	42
Notes to the Schedule of Expenditures of Federal Awards	43
Schedule of Findings, Questioned Costs and Responses	44



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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, 2018, 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, 2018, the respective changes in financial position, and budgetary comparison information for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matters***

#### *Adoption of New Accounting Standard*

As described in Note 1 to the financial statements, the Office of the District Attorney Eighteenth Judicial District adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. As a result of the implementation of GASB Statement No. 75, the Office of the District Attorney Eighteenth Judicial District reported a restatement for the change in accounting principle. Our opinions were not modified with respect to the restatement.

### ***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 IV – VIII, Schedule of the Office's Proportionate Share of the Net Pension Liability on page 32, Schedule of the Office Contributions Participation in PERA Pension Plan on page 33, Schedule of the Office's Proportionate Share of the Net OPEB Liability on page 34, and Schedule of the Office Contributions Participation in PERA OPEB plan on page 35 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The 2018 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.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Office of the District Attorney, Eighteenth Judicial District as of and for the year ended December 31, 2017 (not presented herein), and have issued our report thereon dated April 17, 2018, which contained unmodified opinions on the respective financial statements of the governmental activities and each major fund. The supplementary information listed in the table of contents for the year ended December 31, 2017 is presented for additional analysis and is not a required part of the basic 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 2017 financial statements. The 2017 supplementary information was subjected to the auditing procedures applied in the 2017 audit and was fairly stated in all material respects in relation to the 2017 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 23, 2019, 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 23, 2019

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Office of the District Attorney  
Eighteenth Judicial District  
Management's Discussion and Analysis  
December 31, 2018**

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, 2018.

**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 \$1,055,199, an increase of \$143,367 from the prior year. The balance consists of \$128,000 assigned for future one-time costs, \$260,287 restricted for forfeitures, \$250,454 restricted for grants and \$416,458 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, 2018**

**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 31 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 and OPEB liability historical activity and payroll and contribution information as it relates to the District Attorney's participation in the plans and can be found on pages 32-35 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 36-37 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 \$201,741 as a result of related activity.

**Office of the District Attorney  
Eighteenth Judicial District  
Management's Discussion and Analysis  
(Continued)  
December 31, 2018**

**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, 2018 and 2017.

	<b>Governmental activities</b>	
	<u>2018</u>	<u>2017*</u>
<b>Assets</b>		
Current and other assets	\$ 1,889,046	\$ 2,314,991
Capital assets	536,420	561,419
Total assets	<u>2,425,466</u>	<u>2,876,410</u>
<b>Deferred Outflows</b>	<u>370,316</u>	<u>372,164</u>
<b>Liabilities</b>		
Other liabilities	838,107	1,589,732
Long-term liabilities	2,914,049	2,436,105
Total liabilities	<u>3,752,156</u>	<u>4,025,837</u>
<b>Deferred Inflows</b>	<u>51,007</u>	<u>3,274</u>
<b>Net Position</b>		
Investment in Capital Assets	536,420	561,419
Restricted	927,199	911,832
Unrestricted	<u>(2,471,000)</u>	<u>(2,253,788)</u>
 Total net position	 <u>\$ (1,007,381)</u>	 <u>\$ (780,537)</u>

\*2017 has not been recast to include effects of the implementation of GASB Statement No. 75.

**Office of the District Attorney  
Eighteenth Judicial District  
Management's Discussion and Analysis  
(Continued)  
December 31, 2018**

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, 2018 and 2017.

	<b>Changes in Net Position</b>	
	<u>2018</u>	<u>2017*</u>
<b>Revenues</b>		
Program revenues		
Intergovernmental revenues	\$ 24,797,997	\$ 24,145,492
Operating grants and contributions	2,112,975	2,293,724
Sale of Capital Assets	10,758	-
Restricted investment earnings	3,785	3,072
Total revenues	<u>26,925,515</u>	<u>26,442,288</u>
<b>Expenses</b>		
Criminal prosecution	23,369,853	22,460,362
Crime victim compensation payments	2,363,128	3,067,419
Special programs	980,418	960,631
Forfeitures	190,299	659
Other	223,558	251,687
Total expenses	<u>27,127,256</u>	<u>26,740,758</u>
Decrease in net position	(201,741)	(298,470)
Net position - Restated (2018 only)	<u>(805,640)</u>	<u>(482,067)</u>
Net position - ending	<u>\$ (1,007,381)</u>	<u>\$ (780,537)</u>

\*2017 has not been recast to include the effects of the implementation of GASB Statement No. 75.

**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 \$1,055,199 an increase of \$143,367 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 \$260,287 a decrease of \$105,992 from 2017.

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

**Office of the District Attorney  
Eighteenth Judicial District  
Management’s Discussion and Analysis  
(Continued)  
December 31, 2018**

because of the Office’s oversight responsibilities. This fund is included as a special revenue fund and reported a restricted fund balance of \$416,458 at year-end. This represents a decrease of \$129,095 from the prior year.

**General Fund Budgetary Highlights**

The Office requested the counties to allow them to participate in the Grey and Black Marijuana grant in 2018 and received \$331,996 in funding. The total change between original and final budget was \$277,848. 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 \$23,160,677. Of this amount, \$22,947,274 was spent during 2018.

The total 2018 general fund budgeted expenditures, including \$1,138,082 for various operating grant programs, were \$24,337,759 which was underspent by \$232,627.

**Capital Asset and Debt Administration**

**Capital assets**

The Office’s investment in capital assets for its governmental activities as of December 31, 2018 was \$536,420, 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	
	2018	2017
Furniture, equipment and vehicles	\$ 536,420	\$ 561,419

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 payments of were made \$51,724. The Office plans to use annual budgeted funds to pay the annual lease payments of the agreement.

**Economic Factors and 2018 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, 2018**

	<b>Primary Government Governmental Activities</b>
<b>ASSETS</b>	
Cash and Investments	\$ 1,333,393
Due from Other Governments - Current Portion	
State of Colorado	150,178
Federal	30,122
Other	230,830
Prepaid Items	144,523
Capital Assets (Net of Accumulated Depreciation)	
Furniture, Equipment and Vehicles	536,420
Total Assets	2,425,466
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension Deferrals	364,649
OPEB Deferrals	5,667
Total Deferred Outflows of Resources	370,316
<b>LIABILITIES</b>	
Accounts Payable	109,627
Due to Counties - District Revenue	
Arapahoe County	62,637
Douglas County	25,167
Elbert County	11,948
Lincoln County	548
Accrued Liabilities	
Unemployment Insurance Liability	22,555
Other	368,340
Accrued Interest	4,260
Unearned Grant Revenue	
VALE - Administration	78,984
Victim Compensation - Administration	120,690
Juvenile Diversion Grant	1,178
Juvenile Diversion - State of Colorado	30,000
Other	2,173
Noncurrent Liabilities	
Due Within One Year	195,827
Due in More Than One Year	1,356,612
Net Pension Liability	1,330,394
Net OPEB Liability	31,216
Total Liabilities	3,752,156
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension Deferrals	50,107
OPEB Deferrals	900
Total Deferred Inflows of Resources	51,007
<b>NET POSITION</b>	
Net Investment in Capital Assets	440,711
Restricted for:	
Crime Victim Compensation	416,458
Forfeitures	260,287
Grants	250,454
Unrestricted	(2,375,291)
Total Net Position	\$ (1,007,381)

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, 2018**

<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	\$ 23,369,853	\$ 23,144,705	\$ -	\$ (225,148)
Crime Victim Compensation Payments	2,363,128	1,653,292	800,000	90,164
Special Programs	980,418	-	1,232,414	251,996
Forfeitures	190,299	-	80,561	(109,738)
Other	219,298	-	-	(219,298)
Interest on Long-Term Debt	4,260	-	-	(4,260)
Total Governmental Activities	<u>\$ 27,127,256</u>	<u>\$ 24,797,997</u>	<u>\$ 2,112,975</u>	<u>(216,284)</u>

General Revenues	
Sale of Capital Assets	10,758
Interest Income	3,785
Total General Revenues and Transfers	<u>14,543</u>
Change in Net Position	(201,741)
Net Position - Restated	(805,640)
Net Position - Ending	<u>\$ (1,007,381)</u>

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

**Office of the District Attorney  
Eighteenth Judicial District  
Balance Sheet  
Governmental Funds  
December 31, 2018**

	<u>General</u>	<u>Forfeitures</u>	<u>Crime Victim Compensation</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Investments	\$ 699,027	\$ 260,287	\$ 374,079	\$ 1,333,393
Due from Other Governments				
Federal	30,122	-	-	30,122
State of Colorado	95,515	-	54,663	150,178
Other	230,830	-	-	230,830
Prepaid Items	144,523	-	-	144,523
Total Assets	<u>\$ 1,200,017</u>	<u>\$ 260,287</u>	<u>\$ 428,742</u>	<u>\$ 1,889,046</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts Payable	\$ 97,343	\$ -	\$ 12,284	\$ 109,627
Due to Counties - District Revenue				
Arapahoe County	62,637	-	-	62,637
Douglas County	25,167	-	-	25,167
Elbert County	11,948	-	-	11,948
Lincoln County	548	-	-	548
Accrued Liabilities				
Unemployment Insurance Liability	22,555	-	-	22,555
Other	368,340	-	-	368,340
Unearned Grant Revenue				
VALE - Administration	78,984	-	-	78,984
Victim Compensation - Administration	120,690	-	-	120,690
Juvenile Diversion Grant	1,178	-	-	1,178
Juvenile Diversion - State of Colorado	30,000	-	-	30,000
Other	2,173	-	-	2,173
Total Liabilities	<u>821,563</u>	<u>-</u>	<u>12,284</u>	<u>833,847</u>
Fund Balances				
Restricted for				
Crime Victim Compensation	-	-	416,458	416,458
Forfeitures	-	260,287	-	260,287
Grants	250,454	-	-	250,454
Assigned Fund Balance - Subsequent Year Expenditures	128,000	-	-	128,000
Total Fund Balances	<u>378,454</u>	<u>260,287</u>	<u>416,458</u>	<u>1,055,199</u>
Total Liabilities and Fund Balances	<u>\$ 1,200,017</u>	<u>\$ 260,287</u>	<u>\$ 428,742</u>	<u>\$ 1,889,046</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.	536,420
Long-term liabilities, are not due and payable in the current period and, therefore are not reported in the funds.	
Compensated Absences	(1,456,730)
Capital Leases	(95,709)
Accrued Interest	(4,260)
Net Pension Obligation	(1,330,394)
Net OPEB Obligation	(31,216)
Deferred Outflows and Inflows of Resources related to Pensions and OPEB are applicable to	
Deferred Outflows of Resources related to Pensions	364,649
Deferred Outflows of Resources related to OPEB	5,667
Deferred Inflows of Resources related to Pensions	(50,107)
Deferred Inflows of Resources related to OPEB	(900)
Net position of Governmental Activities	<u>\$ (1,007,381)</u>

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

**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, 2018**

	<u>General</u>	<u>Forfeitures</u>	<u>Crime Victim Compensation</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Criminal Prosecution	\$ 23,144,705	\$ -	\$ -	\$ 23,144,705
Victim Assistance Funds				
State of Colorado - Fines and Fees	-	22,764	987,482	1,010,246
State of Colorado - Restitution	-	-	665,810	665,810
Federal Grants	146,246	57,797	800,000	1,004,043
Special Programs	1,086,168	-	-	1,086,168
Investment Earnings	-	3,746	39	3,785
Total Revenues	<u>24,377,119</u>	<u>84,307</u>	<u>2,453,331</u>	<u>26,914,757</u>
<b>EXPENDITURES</b>				
Current				
Criminal Prosecution	22,947,274	-	-	22,947,274
Crime Victim Compensation Payments	-	-	2,363,128	2,363,128
Special Programs	980,418	-	-	980,418
Forfeitures	-	143,213	-	143,213
Other	-	-	219,298	219,298
Capital Outlay				
Criminal Prosecution	177,440	47,086	-	224,526
Debt Service				
Principal	51,724	-	-	51,724
Total Expenditures	<u>24,156,856</u>	<u>190,299</u>	<u>2,582,426</u>	<u>26,929,581</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>220,263</u>	<u>(105,992)</u>	<u>(129,095)</u>	<u>(14,824)</u>
<b>OTHER FINANCING SOURCES</b>				
Proceeds from Capital Lease	147,433	-	-	147,433
Proceeds from Sale of Capital Assets	10,758	-	-	10,758
Total Other Financing Sources and Uses	<u>158,191</u>	<u>-</u>	<u>-</u>	<u>158,191</u>
Net Change in Fund Balances	378,454	(105,992)	(129,095)	143,367
Fund Balances -Beginning	-	366,279	545,553	911,832
Fund Balances - Ending	<u>\$ 378,454</u>	<u>\$ 260,287</u>	<u>\$ 416,458</u>	<u>\$ 1,055,199</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, 2018**

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)	\$	143,367
<p>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.</p>		
		(24,999)
<p>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.</p>		
Proceeds for Capital Leases		(147,433)
Principal Payments		51,724
<p>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.</p>		
Accrued Interest		(4,260)
Compensated Absences - CY		(1,456,730)
Compensated Absences - PY		1,558,888
Pension Expense		(320,954)
OPEB Expense		(1,344)
		(1,344)
Change in Net Position of Governmental Activities (page 2)	\$	(201,741)

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

**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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Criminal Prosecution	\$ 23,167,891	\$ 23,199,677	\$ 23,144,705	\$ (54,972)
Special Programs	892,020	1,138,082	1,232,414	94,332
Total Revenues	<u>24,059,911</u>	<u>24,337,759</u>	<u>24,377,119</u>	<u>39,360</u>
<b>EXPENDITURES</b>				
Current				
Criminal Prosecution	22,785,891	23,160,677	22,947,274	213,403
Special Programs	892,020	1,138,082	980,418	157,664
Capital Outlay				
Criminal Prosecution	382,000	39,000	177,440	(138,440)
Total Expenditures	<u>24,059,911</u>	<u>24,337,759</u>	<u>24,105,132</u>	<u>232,627</u>
Excess of Revenues Over Expenditures - Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	271,987	<u>\$ 271,987</u>
<b>Reconciliation from Budgetary basis to GAAP Basis:</b>				
Proceeds from Capital Lease			147,433	
Proceeds from the Sale of Capital Assets Principal			10,758 (51,724)	
			<u>106,467</u>	
Net Change in Fund Balances			378,454	
Fund Balances - Beginning of Year			-	
Fund Balances - End of Year			<u>\$ 378,454</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, 2018**

**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. 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, 2018**

**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*. Colostrust is measured at net asset value.

**Office of the District Attorney  
Eighteenth Judicial District  
Notes to the Financial Statements (Continued)  
December 31, 2018**

**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 2018. 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 acquisition value, 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	3-5
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 sometimes reports 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.

In addition to liabilities, the Statement of financial position sometimes reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an

**Office of the District Attorney  
Eighteenth Judicial District  
Notes to the Financial Statements (Continued)  
December 31, 2018**

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, 2018, 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, 2018, fund balances of the Crime Victim Compensation Fund and the Forfeitures Fund are considered restricted under various provisions of Colorado Revised Statutes. The General Fund has a restricted fund balance of \$250,454 for grants.

*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, 2018, 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, 2018, the Office has \$128,000 in assigned funds for subsequent year expenditures.

*Unassigned fund balance* – The residual portion of fund balance that does not meet any of the above criteria. At December 31, 2018, 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, 2018 in accordance with Colorado Revised Statutes. The balance of net position is reported as unrestricted.

**Office of the District Attorney  
Eighteenth Judicial District  
Notes to the Financial Statements (Continued)  
December 31, 2018**

**Pensions**

Office of the District Attorney, 18<sup>th</sup> 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 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.

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.

**Postemployment Benefits Other Than Pensions (OPEB)**

In 2018, the Office implemented Statement No.75 of the Government Accounting Standards Board *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Health Care Trust Fund (HCTF) administered by the Public Employees' Retirement Association of Colorado (PERA) and additions to/deductions from the HCTF's fiduciary net position have been determined on the same basis as they are reported by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value.

**Change in Accounting**

The Office has chosen to early implement Statement No. 84 of the Government Accounting Standards Board *Fiduciary Activities*. This did not have a financial impact on the Office as of December 31, 2018.

**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 a 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 \$536,420 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 \$1,552,439, a net pension obligation of \$1,330,394 and an OPEB obligation of \$31,216 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 and OPEB obligations totaled \$319,309.

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.

**Office of the District Attorney  
Eighteenth Judicial District  
Notes to the Financial Statements (Continued)  
December 31, 2018**

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.

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 \$24,999 difference is:

Capital Outlay	\$ 224,526
Depreciation expense	<u>(249,525)</u>
Adjustment decreasing net change in fund balance - total government funds to equal change in net position - governmental activities	<u>\$ (24,999)</u>

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

Principal on capital leases	\$ 51,724
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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.

Accrued interest on capital leases	\$ (4,260)
Changes in compensated absence liability	\$ (102,158)
Pension expense	\$ (320,954)
OPEB expense	\$ (1,344)

**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.

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.

**Office of the District Attorney  
Eighteenth Judicial District  
Notes to the Financial Statements (Continued)  
December 31, 2018**

**III. Detailed Notes on All Funds**

**Cash Deposits**

At December 31, 2018, the Office's cash deposits had a carrying value of \$724,849 and a corresponding bank balance of \$786,530, of which \$500,000 is federally insured and \$286,530 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 Public Deposit Protection Act (PDPA)). Accordingly, none of the Office's deposits at December 31, 2018 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, 2018 the Office did not have any investments that meet the definition to be in the hierarchy.

As of December 31, 2018, the Office invested \$608,544 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 and governmental activities.

**Office of the District Attorney  
Eighteenth Judicial District  
Notes to the Financial Statements (Continued)  
December 31, 2018**

Unearned grant revenues of \$233,025 represent grant funds received before expenditures have been incurred. These amounts represent the unexpended cash balances at year-end for various grants.

**Capital assets**

Capital asset activity of the Office, and its component unit, for the year ended December 31, 2018 was:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Depreciable capital assets				
Furniture, equipment and vehicles	\$ 2,287,736	\$ 224,526	\$ (346,787)	\$ 2,165,475
Less accumulated depreciation				
Furniture, equipment and vehicles	<u>(1,726,317)</u>	<u>(249,525)</u>	<u>346,787</u>	<u>(1,629,055)</u>
Net depreciable capital assets	<u>\$ 561,419</u>	<u>\$ (24,999)</u>	<u>\$ -</u>	<u>\$ 536,420</u>

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

**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:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current</u>
Capital Lease - Storage	\$ -	\$ 147,433	\$ (51,724)	\$ 95,709	\$ 46,612
Compensated Absences	1,558,888	1,398,097	(1,500,255)	1,456,730	149,215
Total	<u>\$ 1,558,888</u>	<u>\$ 1,545,530</u>	<u>\$ (1,551,979)</u>	<u>\$ 1,552,439</u>	<u>\$ 195,827</u>

**Leases**

Capital Lease

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 \$333,704 and covers capital asset acquisition, software, maintenance and licensing agreements will be paid in annual installments as follows:

**Office of the District Attorney  
Eighteenth Judicial District  
Notes to the Financial Statements (Continued)  
December 31, 2018**

Year ended December 31,

	Amount
2019	\$ 51,724
2020	<u>51,724</u>
Total minimum lease payments	103,448
Less: amounts representing interest	\$ (7,739)
Total principal	<u><u>\$ 95,709</u></u>

Assets under capital leases totaled \$117,947 at December 31, 2018 as follows:

Equipment	\$ 147,433
Accumulated	<u>(29,487)</u>
Total	<u><u>\$ 117,946</u></u>

Operating Leases

As part of the capital lease agreement noted above entered into in March 2018, several items included in the lease were not capitalizable. This included items such as software and support through the term of the lease. Those amounts are considered an operating lease. The future lease obligations as of December 31, 2018 are as follows:

Year ended December 31,

	Amount
2019	\$ 64,794
2020	<u>64,794</u>
Total minimum lease payments	<u><u>\$ 129,588</u></u>

The Office leases office equipment under month-to-month operating leases. The total lease expense for the year ended December 31, 2018 was \$204,873. This amount includes \$117,848 for criminal prosecution, \$81,901 for Juvenile Diversion, and \$5,124 for special programs. There are no future minimum lease obligations at December 31, 2018 on the leases.

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

2019	<u>\$ 32,102</u>
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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, 2018 are as follows:

2019	<u>\$ 98,779</u>
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**Office of the District Attorney  
Eighteenth Judicial District  
Notes to the Financial Statements (Continued)  
December 31, 2018**

**IV. Defined Benefit Pension Plan**

*Plan description.* Eligible employees of the Office of the District Attorney, 18<sup>th</sup> 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](http://www.copera.org/investments/pera-financial-reports).

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

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

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

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 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.

**Office of the District Attorney  
Eighteenth Judicial District  
Notes to the Financial Statements (Continued)  
December 31, 2018**

*Contributions.* Eligible employees and the Office for the District Attorney, 18<sup>th</sup> 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, 2017	For the Year Ended December 31, 2018
Employer Contribution Rate <sup>1</sup>	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) <sup>1</sup>	(1.02)%	(1.02)%
Amount Apportioned to the SDTF <sup>1</sup>	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	5.00%	5.00%
Total Employer Contribution Rate to the SDTF <sup>1</sup>	19.13%	19.13%

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

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the Office of the District Attorney, 18<sup>th</sup> Judicial is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from Office of the District Attorney, 18<sup>th</sup> Judicial were \$38,165 for the year ended December 31, 2018.

**Office of the District Attorney  
Eighteenth Judicial District  
Notes to the Financial Statements (Continued)  
December 31, 2018**

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

At December 31, 2018, the Office of the District Attorney, 18<sup>th</sup> Judicial reported a liability of \$1,330,394 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The Office of the District Attorney, 18<sup>th</sup> Judicial proportion of the net pension liability was based Office of the District Attorney, 18<sup>th</sup> Judicial contributions to the SDTF for the calendar year 2017 relative to the total contributions of participating employers to the SDTF.

At December 31, 2017, the Office of the District Attorney, 18<sup>th</sup> Judicial proportion was .0066 percent, which was an increase of .00085% from its proportion of .0058% measured as of December 31, 2016.

For the year ended December 31, 2018, the Office of the District Attorney, 18<sup>th</sup> Judicial recognized pension expense of \$321,906. At December 31, 2018, the Office of the District Attorney, 18<sup>th</sup> 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	\$ 20,744	\$ -
Changes of assumptions or other inputs	231,007	-
Net difference between projected and actual earnings on pension plan investments		50,107
Changes in proportion and differences between contributions recognized and proportionate share of contributions	74,733	-
Contributions subsequent to the measurement date	<u>38,165</u>	<u>-</u>
Total	<u>\$364,649</u>	<u>\$50,107</u>

\$38,165 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	
2019	\$245,760
2020	68,271
2021	(18,612)
2022	(19,042)
Total	\$276,377

**Office of the District Attorney  
Eighteenth Judicial District  
Notes to the Financial Statements (Continued)  
December 31, 2018**

*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, 2016 to December 31, 2017:

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

A discount rate of 4.72 percent was used in the roll-forward calculation of the total pension liability to the measurement date of December 31, 2017.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2021 through December 31, 2015, adopted by PERA’s board on November 18, 2016.

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

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

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

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

The long-term expected 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.

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

**Office of the District Attorney  
Eighteenth Judicial District  
Notes to the Financial Statements (Continued)  
December 31, 2018**

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>10 Year Expected Geometric Real Rate of Return</b>
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income- Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	<u>1.00%</u>	0.20%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

*Discount Rate:* The discount rate used to measure the total pension liability was 4.72%. 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:

- 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

**Office of the District Attorney  
Eighteenth Judicial District  
Notes to the Financial Statements (Continued)  
December 31, 2018**

present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan’s fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan’s fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the SDTF’s fiduciary net position was projected to be depleted in 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 December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly 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.

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.86 percent were used in the discount rate determination resulting in a discount rate of 5.26 percent, 0.54 percent higher compared to the current measurement date.

*Sensitivity of the Office’s proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 4.72 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.72 percent) or 1-percentage-point higher (5.72 percent) than the current rate:

	1% Decrease (3.72%)	Current Discount Rate (4.72%)	1% Increase (5.72%)
Proportionate share of the net pension liability	\$1,665,105	\$1,330,394	\$1,063,825

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

**Changes between the measurement date of the net pension liability**

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: *Concerning Modifications To the Public Employees’ Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.

A brief description of some of the major changes to plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at [www.leg.colorado.gov](http://www.leg.colorado.gov).

- Increases employer contribution rates by 0.25 percent on July 1, 2019.
- Increases employee contribution rates by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).

**Office of the District Attorney  
Eighteenth Judicial District  
Notes to the Financial Statements (Continued)  
December 31, 2018**

- Directs the state to allocate \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution will be allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the other divisions eligible for the direct distribution.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the state, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.
- Expands eligibility to participate in the PERA DC Plan to new members hired on or after January 1, 2019, who are classified college and university employees in the State Division. Beginning January 1, 2021, and every year thereafter, employer contribution rates for the SDTF will be adjusted to include a defined contribution supplement based on the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon.

At December 31, 2018, the Office reported a liability of \$1,330,394 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan’s year-end based on a discount rate of 4.72%. For comparative purposes, the following schedule presents an estimate of what the Office proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	\$630,863

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate proportionate share of the net pension liability, approximately \$593,679 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

**Office of the District Attorney, 18<sup>th</sup> 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, 2018 the plan had 362 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

**Office of the District Attorney  
Eighteenth Judicial District  
Notes to the Financial Statements (Continued)  
December 31, 2018**

to the plan for the years ended December 31, 2018, 2017 and 2016 were \$1,145,268, \$1,037,357, and \$962,718 respectively, and were equal to the required contributions for each year.

**V. Postemployment Benefits Other Than Pensions**

**General Information about the OPEB Plan**

*Plan Description*

Eligible employees of the Office are provided with OPEB through the Health Care Trust Fund (HCTF) - a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan administered by the Public Employees' Retirement Association of Colorado (PERA). The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, 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 the premium subsidies. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Benefits Provided*

The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four divisions (State Division, School Division, Local Government Division and Judicial Division Trust Funds), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Eligibility to enroll in PERACare is voluntary and includes, among others, benefit recipients and their eligible dependents, as well as certain surviving spouses, divorced spouses and guardians. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

*PERA Benefit Structure*

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is

**Office of the District Attorney  
Eighteenth Judicial District  
Notes to the Financial Statements (Continued)  
December 31, 2018**

determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

*Contributions*

Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Office is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Office were \$2,135 for the year ended December 31, 2018.

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

At December 31, 2018, the Office reported a liability of \$31,216 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2017. The Office's proportion of the net OPEB liability was based on the Office's contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF. At December 31, 2017, the Office's proportion was .0024%, which was an increase of .0003% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Office recognized OPEB expense of \$1,491. At December 31, 2018, the Office reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 148	\$ -
Net difference between projected and actual earnings on pension plan investments	-	522
Changes in proportion and differences between contributions recognized and proportionate share of contributions	3,384	378
Contributions subsequent to the measurement date	<u>2,135</u>	<u>-</u>
Total	<u>\$5,667</u>	<u>\$900</u>

\$2,135 reported as deferred outflows of resources related to OPEB resulting from Office contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Office of the District Attorney  
Eighteenth Judicial District  
Notes to the Financial Statements (Continued)  
December 31, 2018**

Year ended	
2019	\$529
2020	529
2021	529
2022	529
2023	516
Total	\$2,632

*Actuarial assumptions*

The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.40%
Real Wage Growth	1.10%
Wage Inflation	3.50%
Salary Increases, Including Wage Inflation	3.50 % in the aggregate
Long-Term Investment Rate of Return, Net of OPEB Plan	
Investment Expenses, Including Price Inflation	7.25%
Discount rate	7.25%
Health Care Cost Trend Rates	
Service-based Premium Subsidy	0.00%
PERACare Medicare Plans	5.00%
Medicare Part A Premiums	3.00% for 2017, gradually rising to 4.25% in 2023

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

**Office of the District Attorney  
Eighteenth Judicial District  
Notes to the Financial Statements (Continued)  
December 31, 2018**

<b>Year</b>	<b>PERACare Medicare Plans</b>	<b>Medicare Part A Premiums</b>
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024+	5.00%	4.25%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employees of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality 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.

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions 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 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.

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 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 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

The mortality assumption for disabled retirees was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.

**Office of the District Attorney  
Eighteenth Judicial District  
Notes to the Financial Statements (Continued)  
December 31, 2018**

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.
- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The rates of PERACare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA’s actuary, as needed.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four of 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.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, 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 most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

**Office of the District Attorney  
Eighteenth Judicial District  
Notes to the Financial Statements (Continued)  
December 31, 2018**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30-Year Expected Geometric Real Rate of Return</u>
U.S. Equity - Large Cap	21.20 %	4.30 %
U.S. Equity - Small Cap	7.42	4.80
Non U.S. Equity - Developed	18.55	5.20
Non U.S. Equity - Emerging	5.83	5.40
Core Fixed Income	19.32	1.20
High Yield	1.38	4.30
Non U.S. Fixed Income - Developed	1.84	0.60
Emerging Market Debt	0.46	3.90
Core Real Estate	8.50	4.90
Opportunity Fund	6.00	3.80
Private Equity	8.50	6.60
Cash	1.00	0.20
<b>Total</b>	<u>100.00 %</u>	

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.

*Sensitivity of the Office's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates*

The following presents the (Entity)'s proportionate share of the net OPEB liability, as well as what the (Entity)'s proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
PERACare Medicare Trend Rate	4.00%	5.00%	6.00%
Initial Medicare Part A Trend Rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A Trend Rate	3.25%	4.25%	5.25%
Proportionate Share of the Net OPEB Liability	\$ 30,357	\$ 31,216	\$ 32,250

*Discount Rate*

The discount rate used to measure the total OPEB liability was 7.25 percent. 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 health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.

**Office of the District Attorney  
Eighteenth Judicial District  
Notes to the Financial Statements (Continued)  
December 31, 2018**

- 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 percent.
- 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. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- 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.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits 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 HCTF’s fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate. There was no change in the discount rate from the prior measurement date.

*Sensitivity of the Office’s proportionate share of the net OPEB liability to changes in the discount rate*

The following presents the Office’s proportionate share of the net OPEB liability, as well as what the Office’s proportionate share of the net OPEB liability would be 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) than the current discount rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	\$ 35,096	\$ 31,216	\$ 27,903

*OPEB plan fiduciary net position*

Detailed information about the HCTF plan’s fiduciary net position is available in the separately issued comprehensive annual financial report issued by PERA. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Restatement Footnote**

For the year ended December 31, 2018, the Office adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB no. 75), which is effective for financial statements beginning after December 31, 2017. GASB No. 75 revises and establishes new financial reporting requirements for most governments that provide postemployment benefits other than pensions (OPEB). GASB No. 75 requires cost-sharing employers participating in the Health Care Trust Fund (HCTF) administered by the Public Employees’ Retirement Association of Colorado (PERA) to record their proportionate share, as defined in GASB No. 75, of the HCTF’s net OPEB liability.

For the Office, the effect of implementing this standard was to change how it accounts and reports the net OPEB liability. Implementation of the standard resulted in a restatement of the prior period net position as shown below.

**Office of the District Attorney  
Eighteenth Judicial District  
Notes to the Financial Statements (Continued)  
December 31, 2018**

Net Position, December 31, 2017, as Previously Reported	\$ (780,537)
Cumulative Effect of Application of GASB No. 75, Net OPEB Liability	(25,103)
Net Position, December 31, 2017, as Restated	\$ (805,640)

**VI. 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.

**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, 2018 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:

	2018	2017
Unpaid Claims, January 1,	\$ 2,491	\$ -
Incurred Claims (including IBNR)	116,748	103,483
Claims Payments	<u>(114,639)</u>	<u>100,992</u>
Unpaid Claims, December 31,	<u>\$ 4,600</u>	<u>\$ 2,491</u>

**Contingent liabilities**

Various suits and claims are pending against the Office at December 31, 2018. 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.

**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, 2018**

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		63.96%
Douglas County		32.95%
Elbert County		2.53%
Lincoln County		0.56%
Total		100.00%

**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 18<sup>th</sup> Judicial District Victim Compensation Fund are allocated to the Office. Additionally, 10% of court costs assessed and deposited to the 18<sup>th</sup> 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.

**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>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>12/31/2013</u>
Offices's proportion of collective net pension liability	0.00664599%	0.00579150%	0.0056117827%	0.0053406000%	0.0050617500%
Office's proportionate share of the collective pension liability	\$ 1,330,394	\$ 1,063,790	\$ 590,979	\$ 502,367	\$ 450,899
Office's covered payroll	\$ 195,000	\$ 165,000	\$ 156,000	\$ 143,000	\$ 135,000
Office's proportionate share of the net pension liability as a percentage of its covered payroll	682.25%	644.72%	378.83%	351.31%	334.00%
Plan fiduciary net position as a percentage of the total pension liability	43.20%	42.60%	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>12/31/2018</u>	<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	\$ 38,165	\$ 37,211	\$ 30,080	\$ 27,035	\$ 23,626	\$ 20,238
Contributions in relation to the statutorily required contributions	<u>\$ 38,165</u>	<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>	<u>\$ -</u>
Office's covered payroll	\$ 200,000	\$ 195,000	\$ 165,000	\$ 156,000	\$ 143,801	\$ 130,318
Contributions as a percentage of covered payroll	19.13%	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.

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

	<u>12/31/2017</u>	<u>12/31/2016</u>
Office's proportion of collective net OPEB liability	0.00240913%	0.20896665%
Office's proportionate share of the collective OPEB liability	\$ 31,216	\$ 27,093
Office's covered payroll	\$ 195,000	\$ 165,000
Office's proportionate share of the net OPEB liability as a percentage of its covered payroll	16.01%	16.42%
Plan fiduciary net position as a percentage of the total OPEB liability		

\* 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.

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF OFFICE CONTRIBUTIONS  
PARTICIPATION IN PERA OPEB PLAN  
LAST 10 FISCAL YEARS\*

	<u>12/31/2018</u>	<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	\$ 2,135	\$ 1,989	\$ 1,683	\$ 1,591	\$ 1,467	\$ 1,329
Contributions in relation to the statutorily required contributions	<u>\$ 2,135</u>	<u>\$ 1,989</u>	<u>\$ 1,683</u>	<u>\$ 1,591</u>	<u>\$ 1,467</u>	<u>\$ 1,329</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Office's covered payroll	\$ 200,000	\$ 195,000	\$ 165,000	\$ 156,000	\$ 143,801	\$ 130,318
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

\* The schedule is presented to illustrate the requirement to show information for 10 years. However, 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, 2018**

(With comparative totals for the year ended December 31, 2017)

	Budgeted Amounts		2018 Actual Amounts	Variance with Final Budget - Positive (Negative)	2017 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Criminal Prosecution					
Arapahoe County	\$ 14,499,300	\$ 14,499,300	\$ 14,499,301	\$ 1	\$ 14,070,786
Douglas County	7,469,543	7,469,543	7,462,442	(7,100)	7,183,203
Elbert County	573,534	573,534	583,004	9,470	550,364
Lincoln County	126,949	126,949	126,950	2	123,004
State of Colorado	498,565	530,351	359,216	(171,135)	124,961
Diversion Fees	-	-	93,418	93,418	-
Miscellaneous	-	-	20,374	20,374	-
Total general operating revenues	\$ 23,167,891	\$ 23,199,677	23,144,705	\$ (54,970)	\$ 22,052,318
<b>EXPENDITURES</b>					
Criminal Prosecution					
Arapahoe County					
Salaries	\$ 10,088,276	\$ 10,165,028	10,181,310	\$ (16,282)	\$ 9,827,369
Payroll taxes and employee benefits	3,112,636	2,992,145	3,013,308	(21,163)	2,836,938
Operating expenditures	1,298,388	1,342,127	1,345,929	(3,802)	1,406,479
Total	14,499,300	14,499,299	14,540,547	(41,248)	14,070,786
Douglas County					
Salaries	\$ 5,197,134	\$ 5,236,674	5,245,063	(8,389)	5,016,752
Payroll taxes and employee benefits	1,603,524	1,541,451	1,552,353	(10,902)	1,448,306
Operating expenditures	668,885	691,418	693,373	(1,955)	718,145
Total	7,469,543	7,469,543	7,490,789	(21,246)	7,183,203
Elbert County					
Salaries	\$ 399,052	\$ 402,088	402,732	(644)	384,373
Payroll taxes and employee benefits	123,123	118,357	119,178	(821)	110,966
Operating expenditures	51,359	53,089	53,243	(154)	55,025
Total	573,534	573,534	575,153	(1,619)	550,364
Lincoln County					
Salaries	\$ 88,328	\$ 89,000	89,147	(147)	85,760
Payroll taxes and employee benefits	27,253	26,198	26,398	(200)	24,748
Operating expenditures	11,368	11,751	11,784	(33)	12,496
Total	126,949	126,950	127,329	(379)	123,004
State of Colorado					
Salaries	104,000	104,000	104,000	-	104,000
Payroll taxes and employee benefits	20,961	20,961	20,961	-	20,961
Mandated Costs	373,604	405,390	265,935	139,455	-
Total	498,565	530,351	390,896	139,455	124,961
Total general operating expenditures	\$ 23,167,891	\$ 23,199,677	23,124,714	\$ 74,964	\$ 22,052,318

**Office of the District Attorney  
Eighteenth Judicial District  
General Fund  
Schedule of Special Program Expenditures  
For the Year Ended December 31, 2018**  
(With comparative totals for the year ended December 31, 2017)

	<b>2018</b>	<b>2017</b>
<b>Victim Compensation and Other Grants</b>		
Victim Compensation - Administration		
Salaries	\$ 138,284	\$ 167,065
Payroll taxes and employee benefits	52,435	44,051
Operating expenditures	13,223	2,402
Total	203,942	213,518
Victim Compensation - Victim Compensation Assistant Grant		
Salaries	35,000	36,601
Payroll taxes and employee benefits	-	1,870
Total	35,000	38,471
V.A.L.E. Victim Rights Notification Grant		
Salaries	22,000	25,000
Total	22,000	25,000
V.A.L.E. - Administration		
Salaries	190,118	131,248
Payroll taxes and employee benefits	12,569	42,693
Operating expenditures	875	14,868
Total	203,562	188,809
V.A.L.E. Fast Track Grant		
Salaries	40,000	45,000
Total	40,000	45,000
VOCA Grant		
Salaries	108,284	66,247
Payroll taxes and employee benefits	23,154	10,429
Operating expenditures	14,808	9,255
Total	146,246	85,931
Next Fifty Initiative		
Operating expenditures	71,500	6,390
Total	71,500	6,390
Grey and Black Marijuana Grant		
Salaries	80,000	-
Total	80,000	-
Juvenile Diversion - State of Colorado Grant		
Salaries	59,825	48,000
Operating expenditures	17,211	50,174
Total	77,036	98,174
Juvenile Diversion Counseling Program - Marijuana Treatment		
Salaries	69,457	21,938
Operating expenditures	31,675	2,071
Total	101,132	24,009
	\$ 980,418	\$ 725,302

**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, 2018, 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 23, 2019.

**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 23, 2019



**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, 2018. 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, 2018.

**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 23, 2019

Office of the District Attorney  
Eighteenth Judicial District

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2018

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	\$ 800,000
Crime Victims Assistance (VOCA)	16.575	22-VA-18-176	146,246
Total U.S. Department of Justice			<u>946,246</u>
Total expenditures of federal awards			<u>\$ 946,246</u>

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

**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. \$18,121 of indirect costs were drawn in 2018.

**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, 2018**

**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**

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
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?	<u>  x  </u> yes      _____ no

OFFICE OF THE DISTRICT ATTORNEY, EIGHTEENTH JUDICIAL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2018

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***Section II – Financial Statement Findings***

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

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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