

Colorado District Attorneys' Council

Years Ended December 31, 2018 and 2017
with
Report of Independent Auditors'

Colorado District Attorneys' Council

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Board of Directors
Colorado District Attorneys' Council
Denver, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Colorado District Attorneys' Council as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Colorado District Attorneys' Council, as of December 31, 2018 and 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Council's financial statements as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The supplemental 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.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 19-20 be presented to supplement the basic financial statements. We have applied certain limited procedures to the required supplemental 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 audits 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.

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

Stratagem PC

Certified Public Accountants

Lakewood, Colorado

September 10, 2019

Colorado District Attorneys' Council

Statements of Net Position
December 31, 2018 and 2017
(See Independent Auditors' Report)

	<u>2018</u>	<u>2017</u>
Assets		
Current assets:		
Cash and cash equivalents:		
Restricted	\$ 4,875,600	\$ 4,038,724
Unrestricted	3,547,749	2,771,009
Investments	875,470	871,243
Accounts receivable	556,526	578,741
Grants receivable	109,616	105,838
Inventory	56,610	7,931
Prepaid expenses	77,147	76,244
Total current assets	<u>10,098,718</u>	<u>8,449,730</u>
Property, equipment and improvements, at cost:		
Equipment	354,385	489,419
Leasehold improvements	-	5,916
Software	136,283	107,818
Vehicle	32,807	32,807
	<u>523,475</u>	<u>635,960</u>
Less accumulated depreciation and amortization	<u>411,488</u>	<u>435,196</u>
Total property, equipment and improvements, net	<u>111,987</u>	<u>200,764</u>
Other assets:		
Deposits	<u>16,000</u>	<u>21,734</u>
Total assets	<u>\$ 10,226,705</u>	<u>\$ 8,672,228</u>

(See Notes to Financial Statements)

Colorado District Attorneys' Council

Statements of Net Position
December 31, 2018 and 2017
(See Independent Auditors' Report)

Liabilities and Net Position

	<u>2018</u>	<u>2017</u>
Current liabilities:		
Accounts payable	\$ 582,072	\$ 502,989
Unexpended funds	10,426	10,992
Deferred revenue	330,568	320,126
Accrued compensated absences	<u>209,661</u>	<u>189,344</u>
Total current liabilities	1,132,727	1,023,451
Long-term liabilities:		
Deferred rent	<u>72,166</u>	<u>-</u>
Total liabilities	<u>1,204,893</u>	<u>1,023,451</u>
Deferred inflow of resources:		
Advances on assessments	<u>543,667</u>	<u>560,700</u>
Net position:		
Unrestricted:		
Operating	3,490,558	2,848,589
Net investment in property, equipment and improvements	111,987	200,764
Restricted	<u>4,875,600</u>	<u>4,038,724</u>
Total net position, as restated	<u>8,478,145</u>	<u>7,088,077</u>
Total liabilities and net position	<u>\$ 10,226,705</u>	<u>\$ 8,672,228</u>

(See Notes to Financial Statements)

Colorado District Attorneys' Council

Statements of Revenues, Expenses and Change in Net Position Years Ended December 31, 2018 and 2017 (See Independent Auditors' Report)

	2018	2017
Operating revenues:		
Assessments	\$ 560,657	\$ 566,570
Conference registrations	77,920	78,853
Statute and handbook sales	124,815	119,450
Mandated cost administrative fees	190,085	114,053
Grant revenue	3,750,609	3,725,912
Subpoena computer charges	243,122	244,972
Contract income	356,075	407,700
Miscellaneous income	10,463	6,960
	<u>5,313,746</u>	<u>5,264,470</u>
Operating expenses:		
Data processing	5,628	-
Depreciation and amortization	126,609	123,709
Dues and education	23,914	37,187
Equipment and supplies	53,103	44,765
Insurance	11,998	13,308
Meetings	146	1,261
Miscellaneous	26,315	17,811
Office supplies	9,487	7,909
Postage	2,078	3,310
Printing and copying	128,366	107,758
Professional fees	1,106,138	1,472,075
Rent and utilities	154,626	199,584
Repairs and maintenance	5,896	9,548
Salaries, related expenses, and contract labor	2,184,716	2,024,880
Software	12,888	15,255
Telephone	10,268	9,097
Travel and auto	160,616	229,449
	<u>4,022,792</u>	<u>4,316,906</u>
Income from operations	<u>1,290,954</u>	<u>947,564</u>
Non-operating revenue (expense):		
Interest income, net of investment fees	134,324	67,309
Realized and unrealized loss on investments	(16,410)	(16,342)
Loss on disposal of assets	(18,800)	-
	<u>99,114</u>	<u>50,967</u>
Change in net position, as restated	1,390,068	998,531
Net position, beginning of year	<u>7,088,077</u>	<u>6,089,546</u>
Net position, end of year, as restated	<u>\$ 8,478,145</u>	<u>\$ 7,088,077</u>

(See Notes to Financial Statements)

Colorado District Attorneys' Council

Schedule of Functional Revenue and Expenses
 Year Ended December 31, 2018
 (See Independent Auditors' Report)

	General	Training	VAWA	Data Processing	TSRP	Total
Revenues	\$ 1,319,103	\$ 434,464	\$ 180,206	\$ 3,239,850	\$ 258,037	\$ 5,431,660
Expenses:						
Data processing	1,494	-	-	4,134	-	5,628
Depreciation and amortization	-	-	-	126,609	-	126,609
Dues and education	8,235	11,592	1,910	200	1,977	23,914
Equipment and supplies	15,100	24,133	1,223	10,186	2,461	53,103
Insurance	9,048	-	-	2,950	-	11,998
Loss on disposal of assets	18,800	-	-	-	-	18,800
Meetings	146	-	-	-	-	146
Miscellaneous	6,717	7,138	645	11,815	-	26,315
Office supplies	3,317	994	711	2,747	1,718	9,487
Postage	360	1,162	143	163	250	2,078
Printing and copying	64,892	11,281	2,816	1,544	47,833	128,366
Professional fees	56,559	2,095	29,134	1,018,350	-	1,106,138
Rent and utilities	107,593	-	-	47,033	-	154,626
Repairs and maintenance	-	-	-	5,896	-	5,896
Salaries, related expenses, and contract labor	584,618	178,162	130,774	1,091,034	200,128	2,184,716
Software	2,811	-	-	8,430	1,647	12,888
Telephone	4,649	489	-	3,613	1,517	10,268
Travel and auto	19,318	110,107	13,485	6,495	11,211	160,616
Total expenses	902,163	347,153	180,841	2,337,065	268,742	4,041,592
Excess (deficiency) of revenue over expenses	\$ 416,940	\$ 87,311	\$ (635)	\$ 902,785	\$ (10,705)	\$ 1,390,068

(See Notes to Financial Statements)

Colorado District Attorneys' Council

Schedule of Functional Revenue and Expenses Year Ended December 31, 2017 (See Independent Auditors' Report)

	General	Training	VAWA	Data Processing	TSRP	Total
Revenues	\$ 1,162,173	\$ 485,262	\$ 185,539	\$ 3,258,517	\$ 223,946	\$ 5,315,437
Expenses:						
Depreciation and amortization	-	-	-	123,709	-	123,709
Dues and education	4,903	27,881	1,724	-	2,679	37,187
Equipment and supplies	6,881	12,407	3,893	19,534	2,050	44,765
Insurance	9,072	-	-	4,236	-	13,308
Meetings	1,261	-	-	-	-	1,261
Miscellaneous	4,672	8,629	-	4,510	-	17,811
Office supplies	2,557	536	1,325	2,492	999	7,909
Postage	930	1,740	68	101	471	3,310
Printing and copying	74,478	13,683	3,535	5,384	10,678	107,758
Professional fees	57,047	15,333	33,098	1,316,605	49,992	1,472,075
Rent and utilities	88,074	-	-	110,819	691	199,584
Repairs and maintenance	454	-	-	9,094	-	9,548
Salaries, related expenses, and contract labor	483,627	158,939	123,151	1,131,761	127,402	2,024,880
Software	714	-	-	14,199	342	15,255
Telephone	4,161	499	-	3,227	1,210	9,097
Travel and auto	18,276	158,927	21,171	4,532	26,543	229,449
Total expenses	<u>757,107</u>	<u>398,574</u>	<u>187,965</u>	<u>2,750,203</u>	<u>223,057</u>	<u>4,316,906</u>
Excess (deficiency) of revenue over expenses	<u>\$ 405,066</u>	<u>\$ 86,688</u>	<u>\$ (2,426)</u>	<u>\$ 508,314</u>	<u>\$ 889</u>	<u>\$ 998,531</u>

(See Notes to Financial Statements)

Colorado District Attorneys' Council

Statements of Cash Flows Years Ended December 31, 2018 and 2017 (See Independent Auditors' Report)

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Cash received from operating activities	\$ 5,325,026	\$ 5,319,064
Cash paid for salaries and related expenses	(2,184,716)	(2,024,880)
Cash paid for other operating activities	(1,589,483)	(2,507,242)
Interest received	134,324	67,309
	<u>1,685,151</u>	<u>854,251</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchases of property and equipment	(56,632)	(52,660)
Deposits refunded (paid)	5,734	(16,000)
Purchase of investments	(20,637)	(23,806)
	<u>(71,535)</u>	<u>(92,466)</u>
Net cash used by investing activities		
Net increase in cash and cash equivalents	1,613,616	761,785
Cash and cash equivalents, beginning	<u>6,809,733</u>	<u>6,047,948</u>
Cash and cash equivalents, ending	<u>\$ 8,423,349</u>	<u>\$ 6,809,733</u>

(continued)
(See Notes to Financial Statements)

Colorado District Attorneys' Council

Statements of Cash Flows (continued)
 Years Ended December 31, 2018 and 2017
 (See Independent Auditors' Report)

	<u>2018</u>	<u>2017</u>
Reconciliation of change in net position to net cash provided by operating activities:		
Change in net position	\$ 1,390,068	\$ 998,531
Adjustments to reconcile change in net position to net cash provided by operating activities:		
Depreciation and amortization	126,609	123,709
Unrealized and realized loss on investments	16,410	16,342
Loss on disposal of assets	18,800	-
(Increase) decrease in:		
Accounts receivable	22,215	(25,304)
Grants receivable	(3,778)	(33,308)
Inventory	(48,679)	4,859
Prepaid expenses	(903)	14,882
Increase (decrease) in:		
Accounts payable	79,083	(386,674)
Unexpended funds	(566)	-
Deferred revenue	10,442	75,626
Deferred rent	72,166	-
Accrued compensated absences	20,317	28,008
Advances on assessments	(17,033)	37,580
Net cash provided by operating activities	<u>\$ 1,685,151</u>	<u>\$ 854,251</u>

(See Notes to Financial Statements)

Colorado District Attorneys' Council

Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(See Independent Auditors' Report)

1. Definition of Reporting Entity

The Colorado District Attorneys' Council (The Council), an association of representatives from the twenty-two judicial districts in Colorado, was organized in 1972. The Council was created to promote, foster and encourage an effective administration of criminal justice in Colorado. The Council provides a variety of services to the district attorneys of Colorado including, but not limited to, training of personnel, legal research, legislative drafting and liaison and managerial assistance.

The Council follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The Council is not financially accountable for any other organization, nor is the Council a component unit of any other primary governmental entity.

During 2016, management of the Council formed the Colorado District Attorneys' Resource Foundation (the Foundation), a not-for-profit organization under Internal Revenue Code Section 501(c)(3), for the purpose of providing education, training and research in criminal justice for district prosecutors in Colorado. The Foundation is governed by a board of directors comprised of the same members as the board of directors of the Council, and is managed by the same management group as the Council. There are no financial transactions between the two entities for the years ended December 31, 2018 and 2017, as there was very limited activity in the Foundation.

2. Summary of Significant Accounting Policies

The accounting policies of the Council conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the Council's powers are related to those operated in a manner similar to a private business where net income and capital maintenance are appropriate determinations of accountability.

The Council has elected to follow Governmental Accounting Standards Board pronouncements. Therefore, statements issued by the Financial Accounting Standards Board after November 30, 1989 are not applied. In 2004, the Council implemented the requirements of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

Colorado District Attorneys' Council

Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(See Independent Auditors' Report)

2. Summary of Significant Accounting Policies (continued)

The more significant accounting policies of the Council are described as follows:

a) Basis of Accounting

The Council's records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation and amortization is computed and recorded as an operating expense. Expenditures for property, equipment and improvements are shown as increases in assets.

b) Budget

The Council is not subject to State Budget Law and does not hold public hearings. The Council's budget is approved by its Board of Directors and is a function of the budgets of the district attorneys who are members of the Council and of grant funded programs.

Encumbrance accounting (open purchase orders, contracts in process and other commitments for the expenditures of funds in future periods) is not used by the Council for budget or financial reporting purposes.

c) Cash Equivalents

For purposes of the statements of cash flows, the Council considers cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, to be cash equivalents.

d) Accounts Receivable

Accounts receivable are carried at their estimated collectible amounts and are periodically evaluated for collectability based on past credit history. No allowance for doubtful accounts is provided based on the credit history with major members of the Council.

e) Grants Receivable

Grants receivable represent amounts awarded to the Council for various grants during the year where the funds have not been received by the Council by year-end. Grants are typically received by the Council within the first few months of the subsequent year.

f) Inventory

Inventory is comprised of books and other publications and is stated at the lower of cost or market on a first-in, first-out basis.

Colorado District Attorneys' Council

Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(See Independent Auditors' Report)

2. Summary of Significant Accounting Policies (continued)

g) Capital Assets

Capital assets are recorded at cost. Depreciation and amortization expense has been computed using the straight-line method over the estimated economic useful lives of the assets.

h) Deferred Revenue

In August 2015, the Council entered into an agreement with a local university to provide funding of salaries and benefits for law students participating in a fellowship program providing prosecutorial assistance for a number of judicial districts in the state. The initial agreement was for a twelve month period, which was renewed on an annual basis, currently extending to August 2019. Total funding from state sources and participating universities was approximately \$417,700 and \$417,700 for the two agreement periods covering the years ended December 31, 2018 and 2017, of which approximately \$330,600 and \$320,100 are reflected as deferred revenue as of December 31, 2018 and 2017, respectively. Approximately \$69,700 and \$69,600 are reflected as a prepaid expense as of December 31, 2018 and 2017, respectively, representing salary advances paid to the participating judicial districts to cover salary costs of the participating students in 2018 and 2017, respectively.

i) Restricted Net Position

The restricted net position includes amounts restricted for a specific purpose by external parties such as grantors or enabling legislation. The restricted fund balance as of December 31, 2018 and 2017 represents unexpended funds related to two ongoing projects funded through state appropriations.

3. Cash and Cash Equivalents and Investments

Cash and cash equivalents and investments as of December 31, 2018 and 2017 are classified in the accompanying financial statements as follows:

	<u>2018</u>	<u>2017</u>
Statements of net position:		
Cash and cash equivalents:		
Restricted	\$ 4,875,600	\$ 4,038,724
Unrestricted	3,547,749	2,771,009
Investments (at market)	<u>875,470</u>	<u>871,243</u>
	<u>\$ 9,298,819</u>	<u>\$ 7,680,976</u>

Colorado District Attorneys' Council

Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(See Independent Auditors' Report)

3. Cash and Cash Equivalents and Investments (continued)

Cash and cash equivalents and investments as of December 31, 2018 and 2017 consist of the following:

	<u>2018</u>	<u>2017</u>
<u>Cash and cash equivalents</u>		
Deposits with financial institutions	\$ 212,533	\$ 315,488
ColoTrust Prime	<u>8,210,816</u>	<u>6,494,245</u>
	<u>\$ 8,423,349</u>	<u>\$ 6,809,733</u>
 <u>Investments</u>		
Certificates of deposit	\$ 150,148	\$ 150,141
Money market funds	34,601	25,145
U.S. government and federal agency bonds	<u>690,721</u>	<u>695,957</u>
	<u>\$ 875,470</u>	<u>\$ 871,243</u>

The Council categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Council has the following recurring fair value measurements as of December 31, 2018 and 2017:

- U.S. Treasury securities of \$225,531 and \$294,164 as of December 31, 2018 and 2017, respectively (Level 1 inputs)
- Federal agency securities of \$465,190 and \$401,793 as of December 31, 2018 and 2017, respectively (Level 1 inputs)
- Certificates of deposit of \$150,148 and \$150,141 as of December 31, 2018 and 2017, respectively (Level 1 inputs)
- Money market funds of \$34,601 and \$25,145 as of December 31, 2018 and 2017, respectively (Level 1 inputs)

Colorado District Attorneys' Council

Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(See Independent Auditors' Report)

3. Cash and Cash Equivalents and Investments (continued)

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA which allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

While the Council does not have a formal policy for deposits, as of December 31, 2018 and 2017, none of the Council's deposits were exposed to custodial credit risk.

Investments

Credit Risk

The Council has not adopted a formal investment policy; however, the Council follows state statutes regarding investments. Colorado statutes specify types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. government agency entities, certain money market funds, and local government pools.

The local government investment pools, which include the Colorado Surplus Asset Fund Trust (CSAFE) and the Colorado Local Government Liquid Assets Trust (ColoTrust), are both rated AAAM by Standard and Poors. Information related to Standard & Poor's ratings and CreditWatch can be obtained from Standard & Poor's.

Custodial and Concentration of Credit Risk

None of the Council's investments are subject to custodial or concentration of credit risk.

Colorado District Attorneys' Council

Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(See Independent Auditors' Report)

3. Cash and Cash Equivalents and Investments (continued)

Investments (continued)

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

As of December 31, 2018 the Council had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
ColoTrust	Weighted average	\$ 8,210,816
	Under 60 days	
Certificates of deposit	Under one year	\$ 150,148
Money market funds	Less than 60 days	\$ 34,601
U.S. government and federal agency bonds	Various	\$ 690,721

4. Property, Equipment and Improvements

An analysis of the changes in property, equipment and improvements for the year ended December 31, 2018 follows:

	<u>December 31,</u> <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>December 31,</u> <u>2018</u>
Equipment	\$ 489,419	\$ 28,167	\$ (163,201)	\$ -	\$ 354,385
Leasehold improvements	5,916	-	(5,916)	-	-
Software	107,818	28,465	-	-	136,283
Vehicle	<u>32,807</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,807</u>
	635,960	56,632	(169,117)	-	523,475
Accumulated depreciation and amortization	<u>(435,196)</u>	<u>(126,609)</u>	<u>150,317</u>	<u>-</u>	<u>(411,488)</u>
Property, equipment and improvements, net	<u>\$ 200,764</u>	<u>\$ (69,977)</u>	<u>\$ (18,800)</u>	<u>\$ -</u>	<u>\$ 111,987</u>

Colorado District Attorneys' Council

Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(See Independent Auditors' Report)

5. Public Employees' Retirement Association of Colorado

The Council contributes to the Municipal Division Trust Fund (Trust), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The Trust provides retirement and disability, annual increases, and death benefits for members or their beneficiaries. All employees of the Council are members of the Trust.

6. Unexpended Funds

Unexpended funds represent monies received by the Council for which expenses have not yet been incurred.

The following have been deferred for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Deferred/DA prepaid funds	\$ 1,187	\$ 1,187
CDAIA funds	<u>9,239</u>	<u>9,805</u>
	<u>\$ 10,426</u>	<u>\$ 10,992</u>

7. Commitments

In September 2017, the Council entered into a lease agreement for its headquarters in Denver, Colorado. The lease commences on January 1, 2018 and expires on May 31, 2025 and requires monthly base rent ranging from \$13,552 to \$15,943, and includes a rent abatement period for the first five months of the lease. The total amount of rental payments is being charged to rent expense on the straight-line method over the term of the lease. The difference between rent expense recorded and the amount paid will be reflected as deferred rent payable.

The minimum annual commitments under the terms of the lease for the years ending after December 31, 2018 are as follows:

<u>Year Ended</u> <u>December 31,</u>		
2019	\$	165,412
2020		170,195
2021		174,981
2022		179,762
2023		184,545
Thereafter		<u>269,041</u>
	\$	<u>1,143,936</u>

Colorado District Attorneys' Council

Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(See Independent Auditors' Report)

8. Prior Period Adjustment

During 2017, the Council did not accrue professional fees related to Conduent Xerox maintenance.

The effect of the correction of this error on the financial position and results of operations for the year ended December 31, 2017 is as follows:

Statement of Net Position:

	<u>Accounts payable</u>	<u>Net position, unrestricted</u>
As originally reported	\$ 315,489	\$ 3,036,089
As restated	<u>\$ 502,989</u>	<u>\$ 2,848,589</u>

Statement of Revenues, Expenses and Change in Net Position:

	<u>Professional fees</u>	<u>Change in net position</u>
As originally reported	\$ 1,284,575	\$ 1,186,031
As restated	<u>\$ 1,472,075</u>	<u>\$ 998,531</u>

9. Risk Management

The Council is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to personnel, or natural disasters.

The Council maintains commercial insurance for all risks of loss. Settled claims have not exceeded the commercial insurance coverage limits in any of the past three fiscal years.

Colorado District Attorneys' Council

Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(See Independent Auditors' Report)

10. Tax, Spending and Debt Limitation

The Council believes it is not subject to Article X, Section 20, of Colorado State Constitution (the TABOR amendment) which limits state and local government tax powers and imposes spending limits. The complicated amendment is subject to many interpretations until litigation defines specific application. The Council, through its board of directors, its management, and its professional advisors, has made a good faith effort to interpret the provisions of the amendment.

11. Subsequent Events

Subsequent events have been evaluated by the Council as of the date of these financial statements. The date represents the date the financial statements were available to be issued.

Accompanying Supplemental Information
(See Independent Auditors' Report)

Colorado District Attorneys' Council

Schedule of Revenues, Expenditures, and Change in Funds Available Budget and Actual (Budgetary Basis) Year Ended December 31, 2018 (See Independent Auditors' Report)

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Operating revenue:			
Assessments	\$ 512,620	\$ 560,657	\$ 48,037
Conference registrations	105,000	77,920	(27,080)
Statute and handbook sales	115,000	124,815	9,815
Mandated cost administrative fees	124,618	190,085	65,467
Grant revenue	375,298	3,750,609	3,375,311
Associate member dues	10,500	-	(10,500)
Subpoena computer charges	190,000	243,122	53,122
Interest income, realized and unrealized gain on investments	2,000	117,914	115,914
Contract income	405,000	356,075	(48,925)
Law table state funding	135,000	-	(135,000)
Miscellaneous income	5,100	10,463	5,363
Total operating revenue	1,980,136	5,431,660	3,451,524
Expenditures:			
Data processing	-	5,628	(5,628)
Deposit refunded	-	(5,734)	5,734
Dues and education expense	159,901	23,914	135,987
Equipment and supplies	31,000	53,103	(22,103)
Equipment and software purchases	18,000	56,632	(38,632)
Insurance	15,000	11,998	3,002
Meetings	5,500	146	5,354
Miscellaneous expense	12,000	26,315	(14,315)
Office supplies	10,200	9,487	713
Postage	4,557	2,078	2,479
Printing and copying	186,800	128,366	58,434
Professional fees	223,000	1,106,138	(883,138)
Rent and utilities	100,500	154,626	(54,126)
Repairs and maintenance	500	5,896	(5,396)
Salaries, related expenses, and contract labor	943,489	2,184,716	(1,241,227)
Software	6,000	12,888	(6,888)
Telephone	6,700	10,268	(3,568)
Travel and auto	135,199	160,616	(25,417)
Total expenditures	1,858,346	3,947,081	(2,088,735)
Excess of revenue over expenditures	\$ 121,790	1,484,579	\$ 1,362,789
Funds available, beginning of year, as restated		6,865,579	
Funds available, end of year		\$ 8,350,158	
Funds available are defined as follows:			
Current assets		\$ 10,098,718	
Less liabilities and deferred inflow of resources		1,748,560	
Funds available		\$ 8,350,158	

Colorado District Attorneys' Council

Reconciliation of Budgetary Bases (Actual) to Statements of Revenue,
Expenses and Change in Net Position
Year Ended December 31, 2018
(See Independent Auditors' Report)

Revenue (budgetary basis)	<u>\$ 5,431,660</u>
Total operating and non-operating revenue per Statements of Revenue, Expenses and Change in Net Position	<u>5,412,860</u>
Expenditures (budgetary basis)	3,947,081
Depreciation and amortization	126,609
Deposit refunded	5,734
Equipment purchases	<u>(56,632)</u>
Total operating and non-operating expenses per Statements of Revenue, Expenses and Change in Net Position	<u>4,022,792</u>
Change in net position per Statements of Revenue, Expenses and Change in Net Position	<u><u>\$ 1,390,068</u></u>