

Colorado District Attorneys' Council

Years Ended December 31, 2019 and 2018
with
Independent Auditor's Report

Colorado District Attorneys' Council

Years Ended December 31, 2019 and 2018
with
(See Independent Auditor's Report)

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Board of Directors
Colorado District Attorneys' Council
Denver, Colorado

Independent Auditor's 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 year ended December 31, 2019, 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; 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 2019 financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 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 2019 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States.

Prior Period Financial Statements

The financial statements the business-type activities of Colorado District Attorneys' Council as of December 31, 2018, were audited by Stratagem PC, who merged with Wipfli LLP as of January 1, 2020 and whose report dated September 10, 2019, expressed an unmodified opinion on those financial statements.

Other Matters

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.

Our audit was conducted for the purpose of forming an opinion on the 2019 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 2019 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 2019 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2019 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2019 financial statements or to the 2019 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 2019 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 September 14, 2020, on our consideration of Colorado District Attorneys' Council 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 results of that testing, and not to provide an opinion on the effectiveness of Colorado District Attorneys' Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Accounting Standards* in considering Colorado District Attorneys' Council's internal control over financial reporting and compliance.

Wipfli LLP

Lakewood, Colorado

September 14, 2020

Colorado District Attorneys' Council

Statements of Net Position
December 31, 2019 and 2018
(See Independent Auditor's Report)

	<u>2019</u>	<u>2018</u>
Assets		
Current assets:		
Cash and cash equivalents:		
Restricted	\$ 5,491,897	\$ 4,875,600
Unrestricted	957,389	3,547,749
Investments	917,689	875,470
Accounts receivable	695,202	556,526
Grants receivable	3,307,194	109,616
Inventory	45,774	56,610
Prepaid expenses	56,045	77,147
	<u>11,471,190</u>	<u>10,098,718</u>
Total current assets		
Property, equipment and improvements, at cost:		
Equipment	392,994	354,385
Software	136,283	136,283
Vehicle	32,807	32,807
	<u>562,084</u>	<u>523,475</u>
Less accumulated depreciation and amortization	<u>486,321</u>	<u>411,488</u>
Total property, equipment and improvements, net	<u>75,763</u>	<u>111,987</u>
Other assets:		
Deposits	<u>16,000</u>	<u>16,000</u>
Total assets	<u>\$ 11,562,953</u>	<u>\$ 10,226,705</u>

(See Notes to Financial Statements)

Colorado District Attorneys' Council

Statements of Net Position
December 31, 2019 and 2018
(See Independent Auditor's Report)

Liabilities and Net Position

	<u>2019</u>	<u>2018</u>
Current liabilities:		
Accounts payable	\$ 664,275	\$ 582,072
Unexpended funds	10,036	10,426
Deferred rent	3,166	-
Deferred revenue	199,608	330,568
Accrued compensated absences	213,962	209,661
	<u>1,091,047</u>	<u>1,132,727</u>
Total current liabilities		
Long-term liabilities:		
Deferred rent	70,617	72,166
	<u>70,617</u>	<u>72,166</u>
Total liabilities	<u>1,161,664</u>	<u>1,204,893</u>
Deferred inflow of resources:		
Advances on assessments	629,619	543,667
	<u>629,619</u>	<u>543,667</u>
Net position:		
Unrestricted:		
Operating	4,204,010	3,490,558
Net investment in property, equipment and improvements	75,763	111,987
Restricted	5,491,897	4,875,600
	<u>9,771,670</u>	<u>8,478,145</u>
Total net position		
Total liabilities and net position	<u>\$ 11,562,953</u>	<u>\$ 10,226,705</u>

(See Notes to Financial Statements)

Colorado District Attorneys' Council

Statements of Revenues, Expenses and Change in Net Position Years Ended December 31, 2019 and 2018 (See Independent Auditor's Report)

	2019	2018
Operating revenues:		
Assessments	\$ 543,625	\$ 560,657
Conference registrations	74,960	77,920
Statute and handbook sales	133,071	124,815
Mandated cost administrative fees	133,084	190,085
Grant revenue	3,801,471	3,750,609
Subpoena computer charges	254,296	243,122
Contract income	350,385	356,075
Miscellaneous income	8,886	10,463
Total operating revenues	5,299,778	5,313,746
Operating expenses:		
Bad debt expense	54,801	-
Data processing	6,367	5,628
Depreciation and amortization	74,831	126,609
Dues and education	20,098	23,914
Equipment and supplies	33,676	53,103
Insurance	13,043	11,998
Meetings	599	146
Miscellaneous	15,757	26,315
Office supplies	10,305	9,487
Postage	231	2,078
Printing and copying	109,966	128,366
Professional fees	1,072,216	1,106,138
Rent and utilities	168,137	154,626
Repairs and maintenance	8,461	5,896
Salaries, related expenses, and contract labor	2,390,816	2,184,716
Software	44,794	12,888
Telephone	11,488	10,268
Travel and auto	159,918	160,616
Total expenses	4,195,504	4,022,792
Income from operations	1,104,274	1,290,954
Non-operating revenue (expense):		
Interest income, net of investment fees	164,336	134,324
Realized and unrealized loss on investments	24,915	(16,410)
Loss on disposal of property, equipment and improvements	-	(18,800)
Total non-operating revenue	189,251	99,114
Change in net position	1,293,525	1,390,068
Net position, beginning of year	8,478,145	7,088,077
Net position, end of year	\$ 9,771,670	\$ 8,478,145

(See Notes to Financial Statements)

Colorado District Attorneys' Council

Schedule of Functional Revenue and Expenses Year Ended December 31, 2019 (See Independent Auditors' Report)

	General	Training	VAWA	Data Processing	TSRP	Total
Revenues	\$ 1,343,893	\$ 430,829	\$ 182,573	\$ 3,240,000	\$ 291,734	\$ 5,489,029
Expenses:						
Bad debt expense	54,801	-	-	-	-	54,801
Data processing	6,367	-	-	-	-	6,367
Depreciation and amortization	-	-	-	74,831	-	74,831
Dues and education	4,419	11,592	1,910	200	1,977	20,098
Equipment and supplies	8,987	15,438	134	9,117	-	33,676
Insurance	11,596	-	-	1,447	-	13,043
Meetings	599	-	-	-	-	599
Miscellaneous	(3,841)	7,138	645	11,815	-	15,757
Office supplies	4,135	994	711	2,747	1,718	10,305
Postage	(1,487)	1,162	143	163	250	231
Printing and copying	46,492	11,281	2,816	1,544	47,833	109,966
Professional fees	22,637	2,095	29,134	1,018,350	-	1,072,216
Rent and utilities	73,475	-	-	94,662	-	168,137
Repairs and maintenance	-	-	-	8,461	-	8,461
Salaries, related expenses, and contract labor	790,718	178,162	130,774	1,091,034	200,128	2,390,816
Software	2,326	499	403	40,928	638	44,794
Telephone	5,197	554	-	3,604	2,133	11,488
Travel and auto	31,936	93,954	16,961	4,822	12,245	159,918
Total expenses	<u>1,058,357</u>	<u>322,869</u>	<u>183,631</u>	<u>2,363,725</u>	<u>266,922</u>	<u>4,195,504</u>
Excess (deficiency) of revenue over expenses	<u>\$ 285,536</u>	<u>\$ 107,960</u>	<u>\$ (1,058)</u>	<u>\$ 876,275</u>	<u>\$ 24,812</u>	<u>\$ 1,293,525</u>

(See Notes to Financial Statements)

Colorado District Attorneys' Council

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

	General	Training	VAWA	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

Statements of Cash Flows Years Ended December 31, 2019 and 2018 (See Independent Auditor's Report)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Cash received from operating activities	\$ 1,918,126	\$ 5,325,026
Cash paid for salaries and related expenses	(2,390,816)	(2,184,716)
Cash paid for other operating activities	(1,609,796)	(1,589,483)
Interest received	164,336	134,324
	<u>(1,918,150)</u>	<u>1,685,151</u>
Cash flows from investing activities:		
Purchases of property and equipment	(38,609)	(56,632)
Deposits refunded (paid)	-	5,734
Purchase of investments	(17,304)	(20,637)
	<u>(55,913)</u>	<u>(71,535)</u>
Net increase (decrease) in cash and cash equivalents	(1,974,063)	1,613,616
Cash and cash equivalents, beginning	<u>8,423,349</u>	<u>6,809,733</u>
Cash and cash equivalents, ending	<u>\$ 6,449,286</u>	<u>\$ 8,423,349</u>
Reconciliation of cash and cash equivalents:		
Cash and cash equivalents - unrestricted	\$ 957,389	\$ 3,547,749
Cash and cash equivalents - restricted	5,491,897	4,875,600
Cash and cash equivalents	<u>\$ 6,449,286</u>	<u>\$ 8,423,349</u>

(continued)
(See Notes to Financial Statements)

Colorado District Attorneys' Council

Statements of Cash Flows (continued)
 Years Ended December 31, 2019 and 2018
 (See Independent Auditor's Report)

	<u>2019</u>	<u>2018</u>
Reconciliation of change in net position to net cash provided (used) by operating activities:		
Change in net position	\$ 1,293,525	\$ 1,390,068
Adjustments to reconcile change in net position to net cash provided (used) by operating activities:		
Depreciation and amortization	74,831	126,609
Deferred rent expense	1,617	72,166
Unrealized and realized (gain) loss on investments	(24,915)	16,410
Bad debt expense	54,801	-
Loss on disposal of property, equipment and improvements	2	18,800
(Increase) decrease in:		
Accounts receivable	(193,477)	22,215
Grants receivable	(3,197,578)	(3,778)
Inventory	10,836	(48,679)
Prepaid expenses	21,102	(903)
Increase (decrease) in:		
Accounts payable	82,203	79,083
Unexpended funds	(390)	(566)
Deferred revenue	(130,960)	10,442
Accrued compensated absences	4,301	20,317
Advances on assessments	<u>85,952</u>	<u>(17,033)</u>
Net cash provided (used) by operating activities	<u>\$ (1,918,150)</u>	<u>\$ 1,685,151</u>

(See Notes to Financial Statements)

Colorado District Attorneys' Council

Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(See Independent Auditor's 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, 2019 and 2018, 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. 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, 2019 and 2018
(See Independent Auditor's 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 an original 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.

Colorado District Attorneys' Council

Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(See Independent Auditor's Report)

2. Summary of Significant Accounting Policies (continued)

f) Inventory

Inventory is comprised of books and other publications and is stated at net realizable value.

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 subsequently renewed on an ongoing annual basis, currently extending to August 2020. Total funding from state sources and participating universities was approximately \$230,200 and \$417,700 for the two agreement periods covering the years ended December 31, 2019 and 2018, of which approximately \$199,600 and \$330,600 are reflected as deferred revenue as of December 31, 2019 and 2018, respectively. Approximately \$50,300 and \$69,700 are reflected as a prepaid expense as of December 31, 2019 and 2018, respectively, representing salary advances paid to the participating judicial districts to cover salary costs of the participating students in 2019 and 2018, respectively.

i) Deferred Inflow of Resources

In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Council has one item that qualifies for reporting in this category. Accordingly, the item, advances on assessments, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

j) 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, 2019 and 2018 of \$5,491,897 and \$4,875,600, respectively, represents unexpended funds related to two ongoing projects funded through state appropriations and unexpended funds related to the fellowship program noted above.

Colorado District Attorneys' Council

Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(See Independent Auditor's Report)

3. Cash and Cash Equivalents and Investments

Cash and cash equivalents and investments as of December 31, 2019 and 2018 are classified in the accompanying financial statements as follows:

	2019	2018
Statements of net position:		
Cash and cash equivalents:		
Restricted	\$ 5,491,897	\$ 4,875,600
Unrestricted	957,389	3,547,749
Investments (at market)	917,689	875,470
	\$ 7,366,975	\$ 9,298,819

Cash and cash equivalents and investments as of December 31, 2019 and 2018 consist of the following:

	2019	2018
<u>Cash and cash equivalents</u>		
Deposits with financial institutions	\$ 594,390	\$ 212,533
ColoTrust Prime	5,854,896	8,210,816
	\$ 6,449,286	\$ 8,423,349
 <u>Investments</u>		
Certificates of deposit	\$ 150,224	\$ 150,148
Money market funds	40,564	34,601
U.S. government and federal agency bonds	726,901	690,721
	\$ 917,689	\$ 875,470

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.

Colorado District Attorneys' Council

Notes to Financial Statements
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3. Cash and Cash Equivalents and Investments (continued)

The Council has the following recurring fair value measurements as of December 31, 2019 and 2018:

- U.S. Treasury securities of \$295,633 and \$225,531 as of December 31, 2019 and 2018, respectively (Level 1 inputs)
- Federal agency securities of \$431,268 and \$465,190 as of December 31, 2019 and 2018, respectively (Level 1 inputs)
- Certificates of deposit of \$150,224 and \$150,148 as of December 31, 2019 and 2018, respectively (Level 1 inputs)
- Money market funds of \$40,564 and \$34,601 as of December 31, 2019 and 2018, respectively (Level 1 inputs)

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, 2019 and 2018, none of the Council's deposits were exposed to custodial credit risk.

Colorado District Attorneys' Council

Notes to Financial Statements
Years Ended December 31, 2019 and 2018
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3. Cash and Cash Equivalents and Investments (continued)

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 pool, which includes the Colorado Local Government Liquid Assets Trust ("ColoTrust"), is 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.

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, 2019 and 2018, the Council had the following investments:

Investment	Maturity	Fair Value	
		2019	2018
ColoTrust	Weighted average Under 60 days	\$ 5,854,896	\$ 8,210,816
Certificates of deposit	Under one year	\$ 150,224	\$ 150,148
Money market funds	Less than 60 days	\$ 40,564	\$ 34,601
U.S. government and federal agency bonds	Various	\$ 726,901	\$ 690,721

Colorado District Attorneys' Council

Notes to Financial Statements Years Ended December 31, 2019 and 2018 (See Independent Auditor's Report)

4. Property, Equipment and Improvements

An analysis of the changes in property, equipment and improvements for the years ended December 31, 2019 and 2018 is as follows:

	December 31, 2018	Additions	Deletions	December 31, 2019
Equipment	\$ 354,385	\$ 38,607	\$ -	\$ 392,992
Software	136,283	-	-	136,283
Vehicle	32,807	-	-	32,807
	523,475	38,607	-	562,082
Accumulated depreciation and amortization	(411,488)	(74,831)	-	(486,319)
Property, equipment and improvements, net	<u>\$ 111,987</u>	<u>\$ (36,224)</u>	<u>\$ -</u>	<u>\$ 75,763</u>

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

Colorado District Attorneys' Council

Notes to Financial Statements
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(See Independent Auditor's 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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Deferred/DA prepaid funds	\$ 1,187	\$ 1,187
CDAIA funds	<u>8,849</u>	<u>9,239</u>
	<u>\$ 10,036</u>	<u>\$ 10,426</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, 2019 are as follows:

<u>Year Ended</u> <u>December 31,</u>	
2020	\$ 170,195
2021	174,981
2022	179,762
2023	184,545
2024	189,326
Thereafter	<u>79,715</u>
	<u>\$ 978,524</u>

Colorado District Attorneys' Council

Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(See Independent Auditor's Report)

8. 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.

9. 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.

10. Subsequent Events

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a "pandemic". First identified in late 2019 and known now as COVID-19, the outbreak has impacted thousands of individuals worldwide. In response, many countries have implemented measures to combat the outbreak which have impacted global business operations. As of the date of issuance of the financial statements, the Council's operations have not been significantly impacted, However, the Council continues to monitor the situation. No impairments were recorded as of the reporting date as no triggering events or changes in circumstances had occurred as of year-end; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. In addition, while the Council's results of operations, cash flows and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time.

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.

Supplemental Information
(See Independent Auditor's Report)

Colorado District Attorneys' Council

Schedule of Revenues, Expenditures, and Change in Funds Available Budget and Actual (Budgetary Basis) Year Ended December 31, 2019 (See Independent Auditor's Report)

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Operating revenue:			
Assessments	\$ 512,620	\$ 543,625	\$ 31,005
Conference registrations	105,000	74,960	(30,040)
Statute and handbook sales	115,000	133,071	18,071
Mandated cost administrative fees	124,618	133,084	8,466
Grant revenue	375,298	3,801,471	3,426,173
Associate member dues	10,500	-	(10,500)
Subpoena computer charges	190,000	254,296	64,296
Interest income, realized and unrealized gain on investments	2,000	189,251	187,251
Contract income	405,000	350,385	(54,615)
Law table state funding	135,000	-	(135,000)
Miscellaneous income	5,100	8,886	3,786
Total operating revenue	<u>1,980,136</u>	<u>5,489,029</u>	<u>3,508,893</u>
Expenditures:			
Bad debt expense	-	54,801	(54,801)
Data processing	-	6,367	(6,367)
Deposit refunded	-	-	-
Dues and education expense	159,901	20,098	139,803
Equipment and supplies	31,000	33,676	(2,676)
Equipment and software purchases	18,000	38,607	(20,607)
Insurance	15,000	13,043	1,957
Meetings	5,500	599	4,901
Miscellaneous expense	12,000	15,757	(3,757)
Office supplies	10,200	10,305	(105)
Postage	4,557	231	4,326
Printing and copying	186,800	109,966	76,834
Professional fees	223,000	1,072,216	(849,216)
Rent and utilities	100,500	168,137	(67,637)
Repairs and maintenance	500	8,461	(7,961)
Salaries, related expenses, and contract labor	943,489	2,390,816	(1,447,327)
Software	6,000	44,794	(38,794)
Telephone	6,700	11,488	(4,788)
Travel and auto	135,199	159,918	(24,719)
Total expenditures	<u>1,858,346</u>	<u>4,159,280</u>	<u>(2,300,934)</u>
Excess of revenue over expenditures	<u>\$ 121,790</u>	1,329,749	<u>\$ 1,207,959</u>
Funds available, beginning of year, as restated		<u>8,350,158</u>	
Funds available, end of year		<u>\$ 9,679,907</u>	
Funds available are defined as follows:			
Current assets		\$ 11,471,190	
Less liabilities and deferred inflow of resources		<u>1,791,283</u>	
Funds available		<u>\$ 9,679,907</u>	

Colorado District Attorneys' Council

Reconciliation of Budgetary Basis (Actual) to Statements of Revenue,
Expenses and Change in Net Position
Year Ended December 31, 2019
(See Independent Auditor's Report)

Revenue (budgetary basis)	<u>\$ 5,489,029</u>
Total operating and non-operating revenue per Statements of Revenue, Expenses and Change in Net Position	<u>5,489,029</u>
Expenditures (budgetary basis)	4,159,280
Depreciation and amortization	74,831
Equipment purchases	<u>(38,607)</u>
Total operating and non-operating expenses per Statements of Revenues, Expenses and Change in Net Position	<u>4,195,504</u>
Change in net position per Statements of Revenues, Expenses and Change in Net Position	<u><u>\$ 1,293,525</u></u>