
Office of the District Attorney

Seventh Judicial District

Basic Financial Statements

December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Office of the District Attorney, Seventh Judicial District, State of Colorado
Montrose, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of the Office of the District Attorney, Seventh Judicial District, State of Colorado as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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. 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 opinions.

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Office of the District Attorney, Seventh Judicial District, State of Colorado, as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Certified Public Accountants

To the Office of the District Attorney, Seventh Judicial District, State of Colorado
Montrose, Colorado
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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iii-viii, Colorado PERA Pension Plan Schedules of the District's Proportionate Share of the Net Pension Liability and Contributions on pages 29 and 30, Schedules of the District's Proportionate Share of the Net OPEB Liability and Contributions on pages 31 and 32 and budgetary comparison information for the General Fund on page 33 are 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.

Blair and Associates, P.C.

Cedaredge, Colorado
May 6, 2021

Management's Discussion and Analysis

As management of the Office of the District Attorney, Seventh Judicial District (the "District"), we offer this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2020. We encourage the readers to consider this Management's Discussion and Analysis (MD&A) in conjunction with the District's basic financial statements, which follow this MD&A.

Financial Highlights

- The District's liabilities and deferred outflows exceeded its total assets and deferred inflows on December 31, 2020, by \$ 262,067. This represented increase of \$ 216,622 from net position at December 31, 2019.
- As of December 31, 2020, the District's General Fund reported ending fund balance of \$285,531, increase of \$ 14,990 from 2019.
- Within the District's Statement of Revenues, Expenditures and Fund Balance-General Fund, total actual revenues were \$ 2,607 less than budgeted in 2020, while total actual expenditures were \$ 17,597 less than budgeted in 2020.

Overview of the Financial Statements

The District's basic financial statements comprise three components: 1) *government-wide financial statements*, 2) *fund financial statements*, and 3) *notes to the financial statements*.

Basis Financial Statements

Government-wide financial statements:

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business.

The *statement of net position* presents information on all of the District's assets and deferred outflows and liabilities and deferred inflows, with the difference between the four reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the past year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the *government-wide financial statements* distinguish functions of the District that will be principally supported by the county contributions and grants. The function of the District is to provide prosecutorial services for a six-county region.

The government-wide financial statements are combined with the fund financial statements.

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 District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one fund, which is the General Fund.

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 a government's near-term financing requirements.

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

The District adopts an annual appropriated budget for its general fund, following approval of the six counties within the Seventh Judicial District. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements are combined with the government-wide financial statements.

Notes to the financial statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows exceeded its total assets and deferred outflows by \$262,067 at the close of the year.

This net position encompasses net investment in capital assets of, \$141,818 in operating reserve.

A portion of the District's net position \$141,818 reflects its net investments in capital assets. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the District's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

District's Net Position

	2020	2019
Current and other assets	\$ 410,487	\$ 375,808
Capital assets, net of depreciation	141,818	140,001
Total assets	<u>552,305</u>	<u>515,809</u>
Deferred outflows of resources	<u>48,948</u>	<u>102,311</u>
Long-term liabilities outstanding	71,875	57,278
Other liabilities	124,956	105,267
Net pension liability	435,618	528,591
Net OPEB liability	20,000	25,737
Total liabilities	<u>652,449</u>	<u>716,873</u>
Deferred inflow of resources	<u>210,871</u>	<u>379,936</u>
Net position		
Net investment in capital assets	141,818	140,001
Restricted for seizure and operations	-	-
Unrestricted	<u>(403,885)</u>	<u>(618,690)</u>
Total net position	<u>\$ (262,067)</u>	<u>\$ (478,689)</u>

The balance of unrestricted net position may be used to meet the District's ongoing obligations to citizens and creditors.

The District's net position increased by \$ 216,622 in 2020.

Governmental Activities

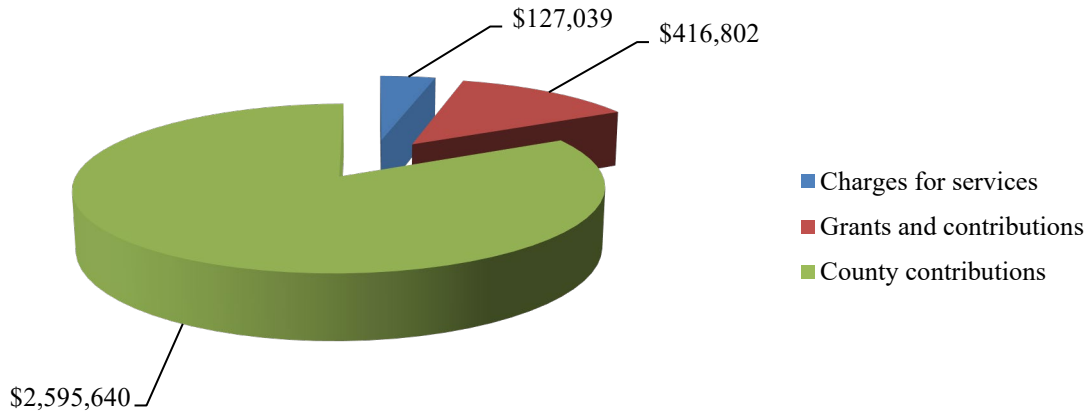
The District receives most of their revenues from the counties within the Seventh Judicial District. These revenues received, reflect about (83%) of the District's total revenues for 2020.

Also, during 2020, there were significant grant receipts from VALE, VAWA, and VOCA.

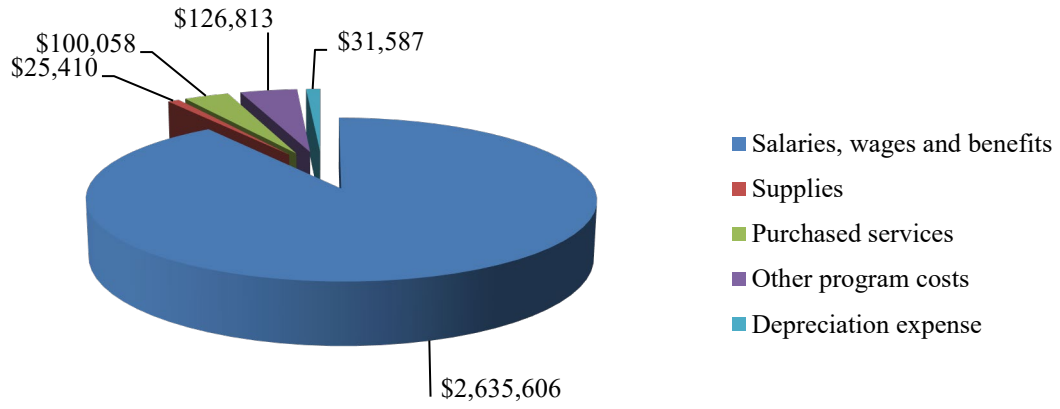
Statement of Activities

Revenues	2020	2019
County contributions	\$ 2,595,640	\$ 2,312,674
Grant and other contributions	416,802	395,106
Charges for services	127,039	125,764
Miscellaneous	(3,385)	-
Total revenues	<u>3,136,096</u>	<u>2,833,544</u>
Review of Expenses		
Salaries, wages and benefits	2,635,606	2,555,490
Supplies	25,410	34,610
Purchased services	100,058	139,610
Other program expenses	126,813	124,700
Depreciation expense	31,587	40,232
Total expenditures/expenses	<u>2,919,474</u>	<u>2,894,642</u>
Change in net position	<u>\$ 216,622</u>	<u>\$ (61,098)</u>

Revenues



Expenditures



Capital Assets

The District's net investment in capital assets, at December 31, 2020, amounts to \$141,818, (net of accumulated depreciation). The net investment in capital assets includes vehicles and office furniture.

Capital assets are classified as follows (net of depreciation):

Furniture	\$ 54,501
Vehicles	<u>87,317</u>
Total	<u>\$141,818</u>

Compensated Absences

At December 31, 2020, the District had accrued compensated absences of \$ 71,875.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Office of the District Attorney
Seventh Judicial District
State of Colorado
1200 Grand Avenue #D
Montrose, Colorado 81401

**Office of the District Attorney
Seventh Judicial District
State of Colorado
Governmental Fund Balance Sheet and Statement of Net Position
For the Year Ended December 31, 2020**

	General Fund	Adjustments (See Below)	Statement of Activities
Assets			
Cash and cash equivalents	\$ 365,035	\$ -	\$ 365,035
Accounts receivable	45,452	-	45,452
Capital Assets, net	-	141,818	141,818
Total Assets	<u>410,487</u>	<u>141,818</u>	<u>552,305</u>
Deferred Outflows			
Pension deferrals	-	47,084	47,084
OPEB deferrals	-	1,864	1,864
Total Deferred Outflows	<u>-</u>	<u>48,948</u>	<u>48,948</u>
Total assets and deferred outflows	<u>\$ 410,487</u>	<u>190,766</u>	<u>601,253</u>
Liabilities			
Accounts payable	\$ 21,333	-	21,333
Accrued payroll	103,623	-	103,623
Compensated absences	-	71,875	71,875
Net pension liability	-	435,618	435,618
Net OPEB liability	-	20,000	20,000
Total Liabilities	<u>124,956</u>	<u>527,493</u>	<u>652,449</u>
Deferred Inflow of Resources			
Pension deferrals	-	205,097	205,097
OPEB deferrals	-	5,774	5,774
Total Deferred Inflow of Resources	<u>-</u>	<u>210,871</u>	<u>210,871</u>
Fund Balances			
Unassigned	285,531	(285,531)	-
Total Fund Balances	<u>285,531</u>	<u>(285,531)</u>	<u>-</u>
Total Liabilities, deferred inflow of resources and Fund Balance	<u>\$ 410,487</u>		
Net Position:			
Net Investment in capital assets		141,818	141,818
Unrestricted		(403,885)	(403,885)
Total Net Position		<u>(262,067)</u>	<u>(262,067)</u>

The accompanying notes are an integral part of this statement.

**Office of the District Attorney
Seventh Judicial District
State of Colorado**

**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
For the Year Ended December 31, 2020**

Adjustments to reconcile the governmental fund balance sheet to the statement of net position are as follows:

Fund balance - Governmental Fund	\$	285,531
Capital asset used in governmental activities are not financial resources and therefore are not reported in the fund balance sheet.		141,818
Long-term liabilities, are not due and payable in the current period and, therefore are not reported in the funds.		
Compensated Absences		(71,875)
Net Pension Obligation		(435,618)
Net OPEB Obligation		(20,000)
Deferred Outflows and Inflows of Resources related to Pensions and OPEB are applicable to		
Deferred Outflows of Resources related to Pensions		47,084
Deferred Outflows of Resources related to OPEB		1,864
Deferred Inflows of Resources related to Pensions		(205,097)
Deferred Inflows of Resources related to OPEB		(5,774)
Total net position of Governmental Activities	\$	(262,067)

The accompanying notes are an integral part of this statement.

**Office of the District Attorney
Seventh Judicial District
State of Colorado
Statement of Revenues, Expenditures and Changes
in Fund Balance-Governmental Fund and Statement of Activities
For the Year Ended December 31, 2020**

	<u>General Fund</u>	<u>Adjustments (See Below)</u>	<u>Statement of Activities</u>
Expenditures / Expenses			
Salaries and Benefits	\$ 2,835,421	\$ (199,815)	\$ 2,635,606
Supplies	25,410	-	25,410
Purchased Services	127,706	(27,648)	100,058
Other Program Expenses	135,954	(9,141)	126,813
Depreciation	-	31,587	31,587
Total Expenses	<u>3,124,491</u>	<u>(205,017)</u>	<u>2,919,474</u>
Program Revenues			
Charges for Services	127,039	-	127,039
Operating Grants and Contributions	189,523	-	189,523
County Contributions	2,595,640	-	2,595,640
Total Program Revenues	<u>2,912,202</u>	<u>-</u>	<u>2,912,202</u>
Net Program Expenses			<u>(7,272)</u>
General Revenues			
Grants and Contributions	227,279	-	227,279
Sale of assets/Loss on assets	-	(3,385)	(3,385)
Total General Revenues	<u>227,279</u>	<u>(3,385)</u>	<u>223,894</u>
Excess of revenues over expenditures/ Change in net position	14,990	201,632	216,622
Fund Balance / Net Position			
Beginning of this year	270,541	(749,230)	(478,689)
Ending of the year	<u>\$ 285,531</u>	<u>\$ (547,598)</u>	<u>\$ (262,067)</u>

The accompanying notes are an integral part of this statement.

**Office of the District Attorney
Seventh Judicial District
State of Colorado**

**Reconciliation of Statement of Revenues, Expenditures and Changes
in Fund Balance-Governmental Fund and Statement of Activities
For the Year Ended December 31, 2020**

A reconciliation reflecting the differences between the general fund excess of revenues over expenditures and the changes in net position reported for governmental activities in the statement of activities is as follows:

Net changes in fund balance-General Fund	\$ 14,990
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Compensated Absences	(14,597)
Pension Expense	213,572
OPEB Expense	840
Revenues in the general fund that do not provided current financial resources are not reported in the statement of activities:	
Loss on disposal of assets	(3,385)
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:	
Capital Assets	\$ 36,789
Depreciation Expense	(31,587) 5,202
<u>Depreciation Expense</u>	<u>5,202</u>
Changes in Net Position	<u><u>\$ 216,622</u></u>

The accompanying notes are an integral part of this statement.

**Office of the District Attorney
Seventh Judicial District
State of Colorado
Notes to Financial Statements
December 31, 2020**

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Office of the District Attorney, Seventh Judicial District (District), have been prepared in conformity with the accounting principles generally accepted in the United States, (GAAP) as applied to governments. The Governmental accounting standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting.

Reporting Entity

The Office of the District Attorney is governed by an elected District Attorney. As required by generally accepted accounting principles, these financial statements present the Office of the District Attorney as the primary government. No additional separate governmental units, agencies, or non profit corporations are included in the financial statements of the District since none were discovered to fall within the oversight responsibility based upon the applications of the following criteria: financial accountability, appointment of a voting majority of the organization, 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.

Government-Wide and Fund Financial Statements

The government-wide financial statement (i.e. the statement of net position and the statement of activities) reports information on all of the nonfiduciary activities of the government. The statement of activities demonstrates the degree of which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1- charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2- grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

**Office of the District Attorney
Seventh Judicial District
State of Colorado
Notes to Financial Statements
December 31, 2020**

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. The major source of revenue susceptible to accrual is grants. All other revenue items are considered to be measurable and available only when cash is received by the district.

The District Reports the Following Governmental Funds

The general fund is the District's operating fund. It accounts for all financial resources of general government.

Assets, Liabilities and Equity

Deposit and Investments

The District considers cash and cash equivalents to include cash on hand and demand deposits.

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, investments, accounts receivable and accrued liabilities. The District estimates that the fair market value of all financial instruments at December 31, 2020 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Use of Estimates

The preparation of financial statements in conformity with US GAAP involves the use of management's estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. These estimates are based upon management's best judgment, after considering past events and assumptions about future events. Actual results could differ from those estimates.

Capital Assets

Capital assets are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$ 5,000. Such assets are recorded at cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

**Office of the District Attorney
Seventh Judicial District
State of Colorado
Notes to Financial Statements
December 31, 2020**

Note 1 – Summary of Significant Accounting Policies (continued)

Assets, Liabilities and Equity (continued)

Capital Assets (continued)

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

All depreciable assets of the District are being depreciated using the straight-line method over the following estimated useful lives.

Pensions

Office of the District Attorney (District) participates in the State Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan 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 Colorado General Assembly passed significant pension reform through Senate Bill (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 certain benefit provisions. Some, but not all, of these changes were in effect as of *December 31, 2019*.

Defined Benefit Other Post Employment Benefit Plan (OPEB)

The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to the OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

**Office of the District Attorney
Seventh Judicial District
State of Colorado
Notes to Financial Statements
December 31, 2020**

Note 1 – Summary of Significant Accounting Policies (continued)

Assets, Liabilities and Equity (continued)

Fund Balances

In the fund financial statements, governmental funds report the following classification of fund balance:

- Non-spendable fund balance amounts that are not in spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance-amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation;
- Committed fund balance-amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance-amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance-amounts that are available for any purpose; positive amounts are reported only in the general fund.

The District establishes fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund.

Note 2 – Budgetary Information

The District Attorney, with formal approval of the Board of Commissioners, adopted its budget on a modified accrual basis, except for, seizure proceeds and expenditures which are not subject to the budget or appropriation process. All appropriations lapse at year end.

Note 3 – Cash and Investments

Pooled cash and investments consist of the following at December 31, 2020:

Checking accounts	<u>\$ 365,035</u>
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Deposits

The Colorado Public Deposit Protection Act (PDPA) requires the District Attorney to deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposits in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds.

**Office of the District Attorney
Seventh Judicial District
State of Colorado
Notes to Financial Statements
December 31, 2020**

Note 3 – Cash and Investments

Deposits (continued)

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.

Custodial Credit Risk

The District’s cash deposits had a bank balance of \$367,293, and a corresponding carrying balance of \$365,035. Of the total bank balance \$250,000 is covered by FDIC and the remaining amount is collateralized under PDPA. The District had no investments for 2020.

Note 4 – County Revenues

The following is a summary of county revenues recorded in 2020 by the District Attorney’s Office:

Montrose County	\$ 1,053,830
Delta County	770,905
Gunnison County	425,685
San Miguel County	205,056
Ouray County	119,399
Hinsdale County	<u>20,765</u>
Total revenues	<u>\$ 2,595,640</u>

Note 5 – Defined Benefit Pension Plan

General Information about the Pension Plan

Plan description. Eligible employees of the District 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. 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 (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2019. 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.

**Office of the District Attorney
Seventh Judicial District
State of Colorado
Notes to Financial Statements
December 31, 2020**

Note 5 – Defined Benefit Pension Plan (continued)

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.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

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

As of December 31, 2019, 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., once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00 percent for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007, and all benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007 will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA’s Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

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Note 5 – Defined Benefit Pension Plan (continued)

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

Contributions provisions as of December 31, 2020: Eligible employees, District and the State are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements for the SDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Employee contribution rates for the period of January 1, 2020 through December 31, 2020 are summarized in the table below:

	January 1, 2019 Through December 31, 2019	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020
Employee contribution (all employees except State Troopers)	8.00%	8.00%	8.50%
State Troopers Only	N/A	10.00%	10.50%

Contribution rates for the SDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

The employer contribution requirements for all employees are summarized in the table below:

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020
Employer contribution rate	10.15%	10.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the SDTF	9.13%	9.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Total employer contribution rate to the SDTF	19.13%	19.38%

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Note 5 – Defined Benefit Pension Plan (continued)

Contribution rates for the SDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF, School Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SDTF is considered a nonemployer contribution for financial reporting purposes.

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, Seventh Judicial District is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from Office of the District Attorney, Seventh Judicial District were \$30,808 for the year ended December 31, 2020.

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

The net pension liability for the SDTF was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total pension liability to December 31, 2019. The Office of the District Attorney, Seventh Judicial District proportion of the net pension liability was based on Office of the District Attorney, Seventh Judicial District contributions to the SDTF for the calendar year 2019 relative to the total contributions of participating employers and the State as a nonemployer contributing entity for participating employers of the SDTF that are outside of the State's financial reporting entity.

At December 31, 2020 the Office of the District Attorney, Seventh Judicial District reported a liability of \$435,618 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the Office of the District Attorney, Seventh Judicial District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with Office of the District Attorney, Seventh Judicial District were as follows:

At December 31, 2019, the Office of the District Attorney, Seventh Judicial District proportion was .004489 percent, which was a decrease of .000156 from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Office of the District Attorney, Seventh Judicial District recognized pension expense of \$(213,572). At December 31, 2020, the Office of the District Attorney, Seventh Judicial District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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Note 5 – Defined Benefit Pension Plan (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$16,276	\$ -
Changes of assumptions or other inputs	-	124,945
Net difference between projected and actual earnings on pension plan investments	-	46,933
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	33,220
Contributions subsequent to the measurement date	30,808	-
Total	\$47,084	\$205,098

\$30,808 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 ended December 31, 2020. 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	
2020	(\$143,256)
2021	(23,211)
2022	(6,383)
2023	(15,972)
2024	-
Thereafter	\$ -

**Office of the District Attorney
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Note 5 – Defined Benefit Pension Plan (continued)

Actuarial assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.17 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	4.72 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

The revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2017 to December 31, 2018:

Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	0% through 2019 and 1.5% compounded annually, thereafter
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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.

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Note 5 – Defined Benefit Pension Plan (continued)

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

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.

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 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:

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

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Note 5 – Defined Benefit Pension Plan (continued)

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 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:

- 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 member contribution rates in effect for each year, including scheduled increases in SB 18-200. 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 for each year, including the scheduled increase in SB 18-200. Employer contributions also include 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.
- As specified in law, the State will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process 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. 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 middle of the year.

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Note 5 – Defined Benefit Pension Plan (continued)

Based on the above assumptions and methods, the projection test indicates the SDTF’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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the Office of the District Attorney, Seventh Judicial District 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 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$560,409	\$435,618	\$330,014

Pension plan fiduciary net position. Detailed information about the SDTF’s fiduciary net position is available in PERA’s CAFR which can be obtained at www.copera.org/investments/pera-financial-reports.

Note 6 – Defined Contribution Pension Plans

Voluntary Investment Program

Plan Description - Employees of the Office of the District Attorney, Seventh Judicial District that are also members of the SDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available CAFR which includes additional information on the Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, and investment earnings. For the year ended December 31, 2020, program members contributed \$15,000 for the Voluntary Investment Program.

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Note 6 – Defined Contribution Pension Plans (continued)

Defined Contribution Plan (CRA)

The District Attorney’s Office participates in the Colorado Retirement Association Defined Contribution Plan (CRA), a multiple-employer public employee retirement system, which is a qualified plan as defined by Internal Revenue Service Code Section 401 (A) and CRS 24.54. The plan provides retirement benefits through a defined contribution plan to participating Colorado counties, municipalities, and special districts. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Plan provisions and contribution requirements are established and may be amended by CRA and would have to be approved by the District.

There are no unfunded past service liabilities. All of its full-time employees and regular part-time employees, who work more than 30 hours per week, are eligible to contribute to the plan. Employees are eligible to participate six months from the date of employment. Both the District and the employees contribute 3% of the employee's monthly base salary to the plan.

Employees are immediately vested in their participant contributions and employer contributions. For the year ended December 31, 2020 the District's total payroll was \$2,185,462, the total covered payroll by the retirement plan was \$1,866,133. During 2020, the District and employees each made their respectively required contribution of \$55,984, for a total of \$111,968. Complete financial statements for the retirement plans may be obtained from CRA, 4949 S. Syracuse St., Suite 400, Denver, Colorado, 80237.

Note 7 – Postemployment Benefits Other Than Pensions

General Information about the OPEB Plan

Plan description. Eligible employees of the Office of the District Attorney, Seventh Judicial District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by 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. 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 (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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Note 7 – Postemployment Benefits Other Than Pensions (continued)

General Information about the OPEB Plan

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, School, Local Government and Judicial), 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.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. 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 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.

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Note 7 – Postemployment Benefits Other Than Pensions (continued)

General Information about the OPEB Plan

DPS Benefit Structure

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees 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 subsidy, in each case, is for retirees 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 retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

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 of the District Attorney, Seventh Judicial District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Office of the District Attorney, Seventh Judicial District were \$1,632 for the year ended December 31, 2019.

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

At December 31, 2020, the Office of the District Attorney, Seventh Judicial District reported a liability of \$20,000 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The Office of the District Attorney, Seventh Judicial District proportion of the net OPEB liability was based on Office of the District Attorney, Seventh Judicial District contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the Office of the District Attorney, Seventh Judicial District proportion was .001779 percent, which was a decrease of .000112 from its proportion measured as of December 31, 2018.

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Note 7 – Postemployment Benefits Other Than Pensions (continued)

General Information about the OPEB Plan

For the year ended December 31, 2020, the Office of the District Attorney, Seventh Judicial District recognized OPEB expense of \$705. At December 31, 2020, the Office of the District Attorney, Seventh Judicial District 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	\$ 66	\$ 3,361
Changes of assumptions or other inputs	166	-
Net difference between projected and actual earnings on OPEB plan investments	-	334
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	2,079
Contributions subsequent to the measurement date	1,632	-
Total	\$ 1,864	\$ 5,774

\$1,632 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended:	
2020	\$ (1,080)
2021	(1,080)
2022	(983)
2023	(1,110)
2024	(979)
Thereafter	\$ (310)

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Note 7 – Postemployment Benefits Other Than Pensions (continued)

General Information about the OPEB Plan

Actuarial assumptions. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.60 percent
Medicare Part A premiums	3.50 percent for 2019, gradually rising to 4.50 percent in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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.

The actuarial assumptions used in the December 31, 2018, 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 discussed below.

In determining the additional liability for PERACare enrollees who are age sixty–five or older and who are not eligible for premium–free Medicare Part A, the following monthly costs/premiums (in actual dollars) are assumed for 2019 for the PERA Benefit Structure:

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Note 7 – Postemployment Benefits Other Than Pensions (continued)

General Information about the OPEB Plan

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	\$601	\$240
Kaiser Permanente Medicare Advantage HMO	605	237

The 2019 Medicare Part A premium is \$437 (in actual dollars) per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits (in actual dollars), age adjusted to age 65 for the year following the valuation date:

Medicare Plan	Cost for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	\$562
Kaiser Permanente Medicare Advantage HMO	571

All costs are subject to the health care cost trend rates, as discussed below.

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 industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2018, 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:

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Note 7 – Postemployment Benefits Other Than Pensions (continued)

Year	PERACare Medicare Plans	Medicare Part A Premiums
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

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 employers 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.

**Office of the District Attorney
Seventh Judicial District
State of Colorado
Notes to Financial Statements
December 31, 2020**

Note 7 – Postemployment Benefits Other Than Pensions (continued)

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

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- 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 2018 plan year.
- 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 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 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 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:

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

**Office of the District Attorney
Seventh Judicial District
State of Colorado
Notes to Financial Statements
December 31, 2020**

Note 7 – Postemployment Benefits Other Than Pensions (continued)

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%.

Sensitivity of the Office of the District Attorney, Seventh Judicial District proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare Part A trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$19,526	\$20,000	\$20,550

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, 2018, measurement date.
- 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%.
- 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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process 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 middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF’s fiduciary net position was projected 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, and therefore, the discount rate is 7.25 percent.

**Office of the District Attorney
Seventh Judicial District
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Notes to Financial Statements
December 31, 2020**

Note 7 – Postemployment Benefits Other Than Pensions (continued)

Sensitivity of the Office of the District Attorney, Seventh Judicial District proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the 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 rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$19,526	\$20,000	\$17,765

OPEB plan fiduciary net position. Detailed information about the HCTF’s fiduciary net position is available in PERA’s CAFR which can be obtained at www.copera.org/investments/pera-financial-reports.

Note 8 – Amendment 1 – Tax Spending Limitations

It is management’s legal opinion that the District Attorney is not subject to Amendment 1, commonly known as the taxpayers’ bill of rights, (TABOR).

Note 9 – Contingent Liabilities

Risk Management

The District Attorney’s Office purchases general liability and property insurance through commercial insurers to provide coverage of all losses, claims and judgments.

The District Attorney’s Office is contingently liable in respect to lawsuits and other claims incidental to the ordinary course of its operations. In the opinion of the management, such matters will not have a material adverse effect on the Office of the District Attorney’s financial position as of December 31, 2020.

Note 10 – Compensated Absences

Paid Time Off (PTO) is an all-purpose time off policy for employees to use for vacation, illness, injury, personal business or any other time off not otherwise addressed in this Handbook. PTO combines traditional vacation and sick leave plans into one flexible, inclusive policy. PTO is payable in the same manner as the regular wage or salary and is subject to the same withholding elections.

**Office of the District Attorney
Seventh Judicial District
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Notes to Financial Statements
December 31, 2020**

Note 10 – Compensated Absences (continued)

PTO is earned on the following schedule based on a 40-hour workweek. PTO is prorated based on the number of hours worked on an employee’s regular schedule.

- A newly hired employee acquires one week of PTO after that employee has worked with the Office of District Attorney for four (4) calendar months and a second week of PTO after that employee has worked with the Office of District Attorney for eight (8) calendar months.
- On an employee’s first and second annual anniversary dates, that employee is granted three (3) weeks of PTO.
- On an employee’s third, fourth, fifth, sixth and seventh annual anniversary dates, that employee is granted four (4) weeks of PTO.
- On an employee’s eighth, ninth, tenth, eleventh, and twelfth annual anniversary dates, that employee is granted five (5) weeks of PTO.
- On an employee’s thirteenth and subsequent annual anniversary dates, that employee is granted six (6) weeks of PTO.

Except as agreed in writing by the employee and the District Attorney, any PTO not used in the year following each anniversary date is lost; provided, however, an employee may carry over up to 40 hours of unused PTO from year to year.

All accrued vested benefits that are due and payable at termination will be paid in accordance with applicable federal, state and local laws.

Note 11 – Capital Assets

Capital asset activity for the year ended December 31, 2020 is as follows:

	Balance 1/1/2020	Additions	Reductions	Balance 12/31/2019
Capital assets being depreciated				
Furniture	\$ 150,318	\$ 9,141	\$ -	\$ 159,459
Vehicles	199,667	27,648	(49,817)	177,498
Total	<u>349,985</u>	<u>36,789</u>	<u>(49,817)</u>	<u>336,957</u>
Less accumulated depreciation for:				
Furniture	(91,520)	(13,438)	-	(104,958)
Vehicles	(118,464)	(18,149)	46,432	(90,181)
Total accumulated depreciation	<u>(209,984)</u>	<u>(31,587)</u>	<u>46,432</u>	<u>(195,139)</u>
Governmental capital assets, net	<u>\$ 140,001</u>	<u>\$ 5,202</u>	<u>\$ (3,385)</u>	<u>\$ 141,818</u>

Office of the District Attorney, Seventh Judicial District
Required Supplementary Information
Schedule of District's Proportion Share of the Net Pension Liability
Participation In PERA
Last 10 Fiscal Years*

	<u>12/31/2019</u>	<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>
District's proportion of the net pension liability	0.004489	0.004645	0.005453	0.004563	0.004676	0.004828
Districts proportion share of the collective pension liability \$	435,618	\$ 528,591	\$ 1,091,605	\$ 838,162	\$ 492,455	\$ 454,148
District's covered payroll	\$ 160,000	\$ 160,000	\$ 160,000	\$ 160,000	\$ 130,000	\$ 130,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	272%	330%	682%	524%	379%	349%
Plan fiduciary net position as a percentage of the total pension liability	62.2%	55.1%	43.2%	42.6%	56.1%	59.8%

* This 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.

The accompanying notes are an integral part of this statement.

**Office of the District Attorney, Seventh Judicial District
Required Supplementary Information
Schedule of District Contributions
Participation In PERA
Last 10 Fiscal Years ***

	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010
Statutorily required contribution	\$ 30,608	\$ 30,608	\$ 30,608	\$ 30,608	\$ 22,529	\$ 21,359	\$ 21,359	\$ 20,189			
Contributions in relation to the statutorily required contribution	30,608	30,608	30,608	30,608	22,529	21,359	21,359	20,189			
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>			
District's covered payroll	\$ 160,000	\$ 160,000	\$ 160,000	\$ 160,000	\$ 130,000	\$ 130,000	\$ 130,000	\$ 130,000			
Contributions as a percentage of covered payroll	19.13%	19.13%	19.13%	19.13%	17.33%	16.43%	16.43%	15.53%			

* This 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.

The accompanying notes are an integral part of this statement.

Office of the District Attorney, Seventh Judicial District
Required Supplementary Information
Schedule of District's Proportion Share of the Net OPEB Liability
Participation In PERA OPEB Plan
Last 10 Fiscal Years*

	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
District's proportion of the net OPEB liability	0.001779	0.001892	0.001971
Districts proportion share of the collective OPEB liability	\$ 20,001	\$ 25,737	\$ 25,615
District's covered payroll	\$ 160,000	\$ 160,000	\$ 160,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	13%	16%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	24.49%	17.03%	

* This 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.

The accompanying notes are an integral part of this statement.

Office of the District Attorney, Seventh Judicial District
Required Supplementary Information
Schedule of District Contributions
Participation In PERA OPEB Plan
Last 10 Fiscal Years *

	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010
Statutorily required contribution	\$ 1,632	\$ 1,632	\$ 1,632	\$ 1,632	\$ 1,326	\$ 1,326	\$ 1,326	\$ 1,326			
Contributions in relation to the statutorily required contribution	1,632	1,632	1,632	1,632	1,326	1,326	1,326	1,326			
Contribution deficiency (excess)	-	-	-	-	-	-	-	-			
District's covered payroll	\$ 160,000	\$ 160,000	\$ 160,000	\$ 160,000	\$ 130,000	\$ 130,000	\$ 130,000	\$ 130,000			
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%		

* This 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
Seventh Judicial District
State of Colorado
Statement of Revenue, Expenditures and Changes
in Fund Balance-Budget and Actual-General Fund
For the Year Ended December 31, 2020**

	Budget Amount	Actual Amount	Variance with Original and Final Budget- Favorable (Unfavorable)
Revenue			
Charges for Services	\$ 126,000	\$ 127,039	\$ 1,039
Grants and Contributions	420,448	416,802	(3,646)
County Contributions	2,595,640	2,595,640	-
Total Revenues	<u>3,142,088</u>	<u>3,139,481</u>	<u>(2,607)</u>
Expenditures			
Salaries, Wages and Benefits	2,908,888	2,835,421	73,467
Supplies	32,000	25,410	6,590
Purchases Services	134,800	127,706	7,094
Other Program Expenses	66,400	135,954	(69,554)
Total Expenditures	<u>3,142,088</u>	<u>3,124,491</u>	<u>17,597</u>
Excess of revenues over expenditures excluding seizure transactions	-	14,990	14,990
Fund Balance-January 1, 2020	140,783	270,541	129,758
Fund Balance-December 31, 2020	<u>\$ 140,783</u>	<u>\$ 285,531</u>	<u>\$ 144,748</u>

The accompanying notes are an integral part of this statement.