

Office of the District Attorney, Ninth Judicial District

FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2020

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

June 18, 2021

District Attorney
Office of the District Attorney, Ninth Judicial District

We have audited the accompanying financial statements of the governmental activities and each major fund of the Office of the District Attorney, Ninth Judicial District 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Office of the District Attorney, Ninth Judicial District, as of December 31, 2020, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.



District Attorney
Office of the District Attorney, Ninth Judicial District
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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, pension schedules, and OPEB schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Chadwick, Steinkirchner, Davis & Co., P.C.

Grand Junction, Colorado

Office of the District Attorney, Ninth Judicial District

Management's Discussion and Analysis

December 31, 2020

As management of the District Attorney's Office (the "Office"), we offer readers of the Office's financial statements this narrative overview and analysis of the financial activities of the Office for the fiscal year ended December 31, 2020.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Office's basic financial statements. The Office's basic financial statements are composed of three components: 1) government-wide financial statements, 2) fund financial statements; and 3) notes to the financial statements.

Government-wide Financial Statements

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

The Statement of Net Position presents information on all the Office's assets, deferred outflow of resources, liabilities, and deferred inflow of resources with the difference 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 Office is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal 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 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.

In some instances the financial statements may reflect negative balances and other changes related to implementation of pension reporting standards required by GASB Statement No. 68.

The governmental activity of the Office is primarily financing the prosecution of criminal and traffic cases in the Ninth Judicial District (Garfield, Pitkin, and Rio Blanco counties) and the assurance of the rights of crime victims. There are no business-type activities within the Office.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Office, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Office currently has two funds, the General Fund and the Special Revenue Fund, which are governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable 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. A reconciliation of the fund balance as reported in the governmental funds to the net position reported in the government-wide financial statements and a reconciliation of the net change in the fund balance to the change in net position has been provided to facilitate the comparison between governmental funds and governmental activities.

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.

Condensed Financial Information

The following table shows the Office's condensed financial information for 2020 and 2019.

Assets and Deferred Outflows of Resources

	<u>2020</u>	<u>2019</u>
Current assets	\$ 806,897	\$ 786,051
Noncurrent, capital assets	46,940	38,214
Total assets	853,837	824,265
Deferred outflows of resources	<u>282,653</u>	<u>616,387</u>
Total assets and deferred outflows	1,136,490	1,440,652

Liabilities and Deferred Inflows of Resources

Current liabilities	263,136	208,183
Long-term liabilities	<u>2,635,111</u>	<u>3,252,900</u>
Total liabilities	2,898,247	3,461,083
Deferred inflows of resources	<u>1,320,129</u>	<u>2,078,802</u>
Total liabilities and deferred inflows	<u>4,218,376</u>	<u>5,539,885</u>

Net Position

Net investment in capital assets	46,940	38,214
Restricted for seizure/grant	2,556	2,556
Unrestricted	<u>(3,131,382)</u>	<u>(4,140,003)</u>
Total Net Position	<u>\$(3,081,886)</u>	<u>\$(4,099,233)</u>

	<u>2020</u>	<u>2019</u>
Program Revenues		
Charges for services	\$ 3,422,878	\$ 3,392,859
Operating grants and contributions	586,388	585,332
Capital grants and contributions	28,687	–
General Revenues		
Interest income	<u>50</u>	<u>183</u>
Total Revenues	4,038,003	3,978,374
Expenses		
Public Safety	<u>3,020,656</u>	<u>3,311,085</u>
Increase (decrease) in net position	1,017,347	667,289
Net position January 1	<u>(4,099,233)</u>	<u>(4,766,522)</u>
Net position December 31	<u><u>\$(3,081,886)</u></u>	<u><u>\$(4,099,233)</u></u>

Government-wide Financial Analysis

During 2020, the Office's primary activity was the prosecution of criminal and traffic cases in the Ninth Judicial District and the assurance of the rights of crime victims. Those activities were funded by contributions from the State of Colorado, contributions from the counties comprising the Ninth Judicial District, various grants, and miscellaneous revenue.

It should be noted that miscellaneous revenue in the general fund includes reimbursements for certain costs of prosecution from the Mandated Costs Fund that is administered by the Colorado District Attorney's Council. Reimbursements from the Mandated Costs Fund generally come at the end of the State's fiscal year and are not budgeted. Thus, actual miscellaneous revenue and actual purchased services in the general fund may be greater than the budgeted amount.

It should also be noted that seizure revenue and seizure expenditures in the general fund are not budgeted.

Financial Analysis of the Office's Funds

As discussed above, the Office uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Office's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Office's financial requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Office's governmental funds reported a combined ending fund balance of \$757,234.

The Office adopts a budget for the general fund and special revenue fund on an annual basis. A budgetary comparison has been provided.

Capital Assets

The Office's net capital assets increased by \$8,726 as the result of the current year additions greater than current year depreciation. Additional information as well as a detailed classification of the Office's net capital assets can be found in Note C of the Notes to the Financial Statements, included in this report.

Request for Information

This financial report is designed to provide a general overview of the Office's finances for all those with an interest in the Office's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to The Office of the District Attorney, Ninth Judicial District, 109 Eighth Street, Suite 308, Glenwood Springs, CO 81601 or you may call (970) 945-8635.

Office of the District Attorney, Ninth Judicial District

STATEMENT OF NET POSITION

December 31, 2020

	<u>Governmental Activities</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Assets	
Cash	\$ 220,047
Restricted cash	2,556
Receivables	
Due from other governments	508,937
Employees	3,414
Prepaid expense	71,943
Non-current assets	
Capital assets, net of depreciation	46,940
	<u>Total assets</u>
	853,837
Deferred outflows of resources	
Pension and OPEB related deferred outflows	282,653
	<u>Total deferred outflows of resources</u>
	282,653
	<u>Total assets and deferred outflows of resources</u>
	1,136,490
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
Liabilities	
Accounts payable	49,663
Compensated absences	213,473
Non-current liabilities	
Net OPEB liability	111,183
Net pension liability	2,523,928
	<u>Total liabilities</u>
	2,898,247
Deferred inflows of resources	
Pension and OPEB related deferred inflows	1,320,129
	<u>Total deferred inflows of resources</u>
	1,320,129
	<u>Total liabilities and deferred inflows of resources</u>
	4,218,376
Net position	
Net investment in capital assets	46,940
Restricted for seizure activities	2,556
Unrestricted	(3,131,382)
	<u>Total net position</u>
	<u>\$ (3,081,886)</u>

The accompanying notes are an integral part of this statement.

Office of the District Attorney, Ninth Judicial District

STATEMENT OF ACTIVITIES

Year ended December 31, 2020

Functions/Programs	Expenses	Program Revenues		Total Governmental Activities	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental activities:					
Public safety	\$ 3,020,656	\$ 3,422,878	\$ 586,388	\$ 28,687	\$ 1,017,297
Total governmental activities	<u>\$ 3,020,656</u>	<u>\$ 3,422,878</u>	<u>\$ 586,388</u>	<u>\$ 28,687</u>	<u>1,017,297</u>
General revenues:					
Investment earnings					<u>50</u>
Total general revenues					<u>50</u>
Change in net position					1,017,347
Net position - beginning					<u>(4,099,233)</u>
Net position - ending					<u>\$ (3,081,886)</u>

The accompanying notes are an integral part of this statement.

Office of the District Attorney, Ninth Judicial District

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2020

	General	Special Revenue	Total
ASSETS			
Cash	\$ 161,633	\$ 58,414	\$ 220,047
Restricted cash	2,556	-	2,556
Employee receivables	3,414	-	3,414
Due from other governments	468,813	40,124	508,937
Prepaid expense	53,973	17,970	71,943
Total assets	<u>\$ 690,389</u>	<u>\$ 116,508</u>	<u>\$ 806,897</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 49,663	\$ -	\$ 49,663
Total liabilities	49,663	-	49,663
Fund equity			
Nonspendable	53,973	17,970	71,943
Restricted for seizure activities	2,556	-	2,556
Restricted for CVC and VALE activities	-	21,360	21,360
Assigned for program expenses	-	77,178	77,178
Unassigned	584,197	-	584,197
Total fund balance	<u>640,726</u>	<u>116,508</u>	<u>757,234</u>
Total liabilities and fund balance	<u>\$ 690,389</u>	<u>\$ 116,508</u>	<u>\$ 806,897</u>

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance - governmental funds	\$ 757,234
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	46,940
The amount by which deferred inflows are more than deferred outflows, all of which are not recorded in the funds (\$282,653-1,311,690)	(1,037,476)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.	
Net pension liability	(2,523,928)
Net OPEB liability	(111,183)
Compensated absences	(213,473)
Total net position - governmental activities	<u>\$ (3,081,886)</u>

The accompanying notes are an integral part of this statement.

Office of the District Attorney, Ninth Judicial District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS

Year ended December 31, 2020

	General	Special Revenue	Total
Revenues			
Local sources	\$ 3,246,316	\$ 147,572	\$ 3,393,888
State sources	148,820	239,611	388,431
Federal sources	-	111,809	111,809
Discovery fees, seizure, and miscellaneous	81,427	-	81,427
Interest revenue	50	-	50
	<u>3,476,613</u>	<u>498,992</u>	<u>3,975,605</u>
Expenditures			
Current			
Public safety:			
Administration	161,576	15,043	176,619
Salary and benefits	3,153,653	372,056	3,525,709
Purchased services	119,300	10,290	129,590
Grants	-	53,990	53,990
Supplies	23,422	3,722	27,144
Travel and training	33,987	1,098	35,085
Capital outlay	1,434	-	1,434
	<u>3,493,372</u>	<u>456,199</u>	<u>3,949,571</u>
	EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(16,759)	42,793
Fund balance at beginning of year	<u>657,485</u>	<u>73,715</u>	<u>731,200</u>
Fund balance at end of year	<u>\$ 640,726</u>	<u>\$ 116,508</u>	<u>\$ 757,234</u>

The accompanying notes are an integral part of this statement.

Office of the District Attorney, Ninth Judicial District

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended December 31, 2020

Amounts reported for governmental activities in the statement of activities are different
because:

Net change in fund balances - total governmental funds	\$ 26,034
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period (\$28,687 - \$19,961).	8,726
In the governmental funds, expenditures related to pension and OPEB obligations are measured by the amount of financial resources used (essentially, the amounts actually paid to the pension plan), whereas in the statement of activities, they are measured on full accrual basis. This is the amount by which pension and OPEB expense in the statement of activities was (more)/less than those expenditures in the governmental funds.	1,042,728
In the governmental funds, expenditures for compensated absences are measured by the amount of financial resources used (essentially, the amounts actually paid to employees), whereas in the statement of activities, they are measured as the benefits are earned by employees during the year. This is the amount the liability for compensated absences increased during the year	<u>(60,141)</u>
Change in net position of governmental activities	<u>\$ 1,017,347</u>

The accompanying notes are an integral part of this statement.

Office of the District Attorney, Ninth Judicial District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
GENERAL FUND - BUDGET AND ACTUAL

Year ended December 31, 2020

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental			
Local sources	\$ 3,534,671	\$ 3,246,316	\$ (288,355)
State sources	125,476	148,820	23,344
Miscellaneous	-	81,477	81,477
Total revenues	<u>3,660,147</u>	<u>3,476,613</u>	<u>(183,534)</u>
Expenditures			
Current			
Salaries and benefits	3,202,211	3,153,653	48,558
Administration	160,456	161,576	(1,120)
Purchased services	104,982	119,300	(14,318)
Supplies	22,000	23,422	(1,422)
Travel and training	47,500	33,987	13,513
Capital outlay	1,500	1,434	66
Total expenditures	<u>3,538,649</u>	<u>3,493,372</u>	<u>45,277</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	121,498	(16,759)	(138,257)
Fund balance at beginning of year	<u>-</u>	<u>657,485</u>	<u>657,485</u>
Fund balance at end of year	<u>\$ 121,498</u>	<u>\$ 640,726</u>	<u>\$ 519,228</u>

The accompanying notes are an integral part of this statement.

Office of the District Attorney, Ninth Judicial District

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
SPECIAL REVENUE FUND - BUDGET AND ACTUAL

Year ended December 31, 2020

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental			
Local sources	\$ 121,500	\$ 147,572	\$ 26,072
State sources	172,831	239,611	66,780
Federal sources	107,583	111,479	3,896
Total revenues	<u>401,914</u>	<u>498,662</u>	<u>96,748</u>
Expenditures			
Current			
Salaries and benefits	382,797	372,056	10,741
Administration	3,975	15,043	(11,068)
Purchased services	2,273	10,290	(8,017)
Grants and indirect costs	17,289	54,320	(37,031)
Supplies	1,500	3,722	(2,222)
Travel and training	3,561	1,098	2,463
Total expenditures	<u>411,395</u>	<u>456,529</u>	<u>(45,134)</u>
EXCESS OF REVENUES OVER			
(UNDER) EXPENDITURES - budgetary basis	(9,481)	42,133	51,614
Unbudgeted flow through items			
VOCA grant revenue	-	330	-
VOCA grant expenditure	-	330	-
EXCESS OF REVENUES AND OTHER FINANCING			
SOURCES OVER (UNDER) EXPENDITURES - GAAP basis	(9,481)	42,793	52,274
Fund balance at beginning of year	<u>73,715</u>	<u>73,715</u>	<u>-</u>
Fund balance at end of year	<u>\$ 64,234</u>	<u>\$ 116,508</u>	<u>\$ 52,274</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization

The Office of the District Attorney, Ninth Judicial District, Glenwood Springs, Colorado, operates under Colorado Revised Statutes providing judicial and public safety services for Garfield, Pitkin, and Rio Blanco counties.

The accounting policies of the Office of the District Attorney, Ninth Judicial District, Glenwood Springs, Colorado (the District Attorney), conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies consistently applied in the preparation of the financial statements.

2. Reporting Entity

The District Attorney's financial statements include the accounts of all of the District Attorney's operations.

The District Attorney has no component units as defined by the Governmental Accounting Standards Board (GASB) Statements.

3. Government-wide and Fund Financial Statements

The District Attorney's basic financial statements include both government-wide (reporting the District Attorney as a whole) and fund financial statements (reporting the District Attorney's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. Currently, the District Attorney has only governmental activities.

Government-wide Financial Statements

In the government-wide Statement of Net Position, the governmental activities columns are reported on a full accrual, economic resource basis, which recognizes all long-term assets, receivables, and deferred outflows of resources, as well as long-term debt, obligations, and deferred inflows of resources.

The government-wide focus is on the sustainability of the District Attorney as an entity and the change in the District Attorney's net position resulting from the current year's activities.

Fund Financial Statements

The financial transactions of the District Attorney are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses.

The fund focus is on current available resources.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

4. Fund Accounting

The District Attorney uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. At this time the District Attorney only uses governmental funds.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The District Attorney reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources of the District Attorney except those required to be accounted for in another fund. The general fund balance is available to the District Attorney for any purpose provided it is expended or transferred according to the general laws of Colorado and the bylaws of the District Attorney.

Special Revenue Fund – This fund is used to account for funds received from various State and federal grants and related contributions for administration, and county contributions for these grant programs.

5. Measurement Focus and Basis of Accounting

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements.

Long-Term Economic Focus and Accrual Basis

Governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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.

Office of the District Attorney, Ninth Judicial District

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on long-term debt, if any, is recognized when due.

Amounts reported as program revenues include 1) charges to customers for fees or services provided, and 2) operating grants and contributions.

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

6. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as contributions awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available.

7. Use of Estimates

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

8. Interfund Transactions

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund activity, if any, is not eliminated in the fund financial statements and the transfers are for subsidizing grant activity.

9. Stewardship, Compliance, and Accountability

The District Attorney's Office does not appropriate funds. Budgets are submitted to the grantor agencies, with the grant application, for approval. The budget for the General Fund is submitted to the County Commissioners of the three counties for approval. A separate budget was prepared for the major special revenue fund though it is not legally required to do so.

10. Capital Assets

Capital assets, if any, are reported in the applicable governmental activities columns in the Government-wide Financial Statements. The District Attorney defines capital assets as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets consist of equipment that is being depreciated over their estimated useful lives of 3 to 7 years.

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

11. Compensated Absences

It is the policy of the District Attorney's Office to permit employees to accumulate unused sick and vacation benefits. Under the policy employees can accumulate up to 320 hours of vacation. Only unused vacation benefits are paid upon termination.

12. Pensions

Pensions. District Attorney 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, 2020.

13. 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, Ninth Judicial District

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NOTE B – CASH AND INVESTMENTS

Cash and investments consist of the following:

Demand accounts	\$ 222,603
Less restricted cash for seizure activities	<u>(2,556)</u>
Unrestricted cash	<u>\$ 220,047</u>

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least 102% of the aggregate uninsured deposits. The bank deposits at December 31, 2020 total \$268,516 of which \$222,603 was insured.

NOTE C – CAPITAL ASSETS

	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
Governmental activities				
Capital assets being depreciated				
Equipment	\$ 479,113	\$ 28,687	\$ (39,232)	\$ 468,568
Less accumulated depreciation	<u>(440,899)</u>	<u>(19,961)</u>	<u>39,232</u>	<u>(421,628)</u>
Net capital assets being depreciated	<u>38,214</u>	<u>8,726</u>	<u>–</u>	<u>46,940</u>
Total capital assets	<u>\$ 38,214</u>	<u>\$ 8,726</u>	<u>\$ –</u>	<u>\$ 46,940</u>

Depreciation expense is all allocated to the “public safety” function in the Statement of Activities for governmental activities.

NOTE D – LONG-TERM OBLIGATIONS

The following is a summary of the changes in long-term obligations for the year ended December 31, 2020.

	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
Compensated absences	<u>\$ 153,332</u>	<u>\$ 60,141</u>	<u>\$ –</u>	<u>\$ 213,473</u>

NOTE E – COMMITMENTS AND CONTINGENCIES

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may be disallowed by the grantor and cannot be determined at this time although the District Attorney expects such amounts, if any, to be immaterial.

NOTES TO FINANCIAL STATEMENTS

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TABOR

In November of 1992 Colorado voters approved Amendment 1 to the state constitution, which is commonly known as the Taxpayer’s Bill of Rights or the TABOR Amendment. The amendment applies to all units of local government and limits taxes, spending, revenue, and multi-year debt (except bond refundings to lower interest rates and adding employees to pension plans). The amendment does not apply to units that are defined as “Enterprises”. The District Attorney does not qualify as an “Enterprise.” The District Attorney does not believe that the provisions of TABOR apply to it, since it does not levy nor assess any taxes.

NOTE F – RISK MANAGEMENT

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

NOTE G – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. Eligible employees of the District Attorney 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.

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.

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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 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 lesser 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 SDTF. 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. State Troopers whose disability is caused by an on-the-job injury are immediately eligible to apply for disability benefits and do not have to meet the five years of service credit requirement. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

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

Contributions provisions as of December 31, 2020: Eligible employees of, the District Attorney, 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 01/01/2020 through 12/31/2020 are summarized in the table below:

	January 1, 2019 Through June 30, 2019	July 1, 2019 Through June 30, 2020	July 1, 2020 Through December 31, 2020
Employee contribution (all employees except State Troopers)	8.00%	8.75%	10.00%
State Troopers Only	10.00%	10.75%	12.00%

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

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

	January 1, 2019 Through June 30, 2019	July 1, 2019 Through June 30, 2020	July 1, 2020 Through December 31, 2020
Employer contribution rate	10.15%	10.40%	10.90%
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)%	(1.02)%
Amount apportioned to the SDTF	9.13%	9.38%	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%
Total employer contribution rate to the SDTF	19.13%	19.38%	19.88%

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 State Troopers are summarized in the table below:

	January 1, 2019 Through June 30, 2019	July 1, 2019 Through June 30, 2019	July 1, 2019 Through June 30, 2019
Employer contribution rate	12.85%	13.10%	13.60%
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)%	(1.02)%
Amount apportioned to the SDTF	11.83%	12.08%	12.58%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%
Total employer contribution rate to the SDTF	21.83%	22.08%	22.58%

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. § 24-51-414, 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.

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Subsequent to the SDTF's December 31, 2019, measurement date, HB 20-1379 *Suspend Direct Distribution to PERA Public Employees Retirement Association for 2020-21 Fiscal Year*, was passed into law during the 2020 legislative session and signed by Governor Polis on June 29, 2020. This bill suspends the July 1, 2020, \$225 million direct distribution allocated to the State, School, Judicial, and DPS Divisions, as required under Senate Bill 18-200.

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the District Attorney is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from the District Attorney were \$176,903 for the year ended December 31, 2020

On behalf contributions to SDTF. The State of Colorado makes employer pension contributions on behalf of the District Attorney. For the year ended December 31, 2020, the State of Colorado contributions recognized by the District Attorney were based on the State's proportionate share of the collective NPL associated with the District Attorney, and the District Attorney recognized revenue and expenditures of \$22,588 in pension contributions from the State of Colorado.

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 District Attorney proportion of the net pension liability was based on the District Attorney 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 District Attorney reported a liability of \$2,523,928 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 District Attorney 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 District Attorney were as follows:

District Attorney proportionate share of the net pension liability	\$ 2,523,928
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District Attorney	283,509
Total	\$ 2,807,437

At December 31, 2019, the District Attorney's proportion was 0.02601 percent, which was a decrease of 0.00128 from its proportion measured as of December 31, 2018.

For the year ended 2020, the District Attorney recognized pension expense of \$(806,121) and revenue of \$62,397 for support from the State as a nonemployer contributing entity. At December 31, 2019 the District Attorney reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 94,299	\$ –
Changes of assumptions or other inputs	–	723,917
Net difference between projected and actual earnings on pension plan investments	–	271,923
Changes in proportion and differences between contributions recognized and proportionate share of contributions	–	278,201
Contributions subsequent to the measurement date	176,903	N/A
Total	\$ 271,202	\$ 1,274,041

\$176,903 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 December 31, 2020	
2021	\$ (991,193)
2022	(76,966)
2023	(10,673)
2024	(92,539)
2025	–
Thereafter	\$ –

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	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic) ¹	1.25 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic) ¹	Financed by the Annual Increase Reserve

¹ For 2019, the annual increase was 0.00 percent.

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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.

Post-retirement non-disabled mortality assumptions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

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

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

The actuarial assumptions used in the December 31, 2018 valuation 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:

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

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

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial 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 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including scheduled increases in SB 18-200 and the additional 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. 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 and the additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect 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.

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- As specified in law, the State provides an annual direct distribution of \$225 million, which commenced 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.
- The projected benefit payments reflect the lowered AI cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- 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 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 rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Attorney District's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 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	\$ 3,246,956	\$ 2,523,928	\$ 1,912,069

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.

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NOTE H – OTHER POST-EMPLOYMENT BENEFITS – HEALTH CARE TRUST FUND

General Information about the OPEB Plan

Plan description. Eligible employees of the District Attorney 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.

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

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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.

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 District Attorney is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District Attorney were \$9,326 for the year ended 2020.

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

At December 31, 2019 the District Attorney reported a liability of \$111,183 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 District Attorney proportion of the net OPEB liability was based on the District Attorney 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 District Attorney's proportion was 0.00989 percent, which was a decrease of 0.00173 from its proportion measured as of December 31, 2018.

For the year ended 2019 the District Attorney recognized OPEB expense of \$11,954. At December 31, 2019 the District Attorney reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 369	\$ 18,683
Changes of assumptions or other inputs	922	-
Net difference between projected and actual earnings on OPEB plan investments	-	1,856
Changes in proportion and differences between contributions recognized and proportionate share of contributions	833	25,549
Contributions subsequent to the measurement date	9,326	N/A
Total	\$ 11,450	\$ 46,088

\$9,326 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:

December 31, 2020	
2021	\$ (9,046)
2022	(9,045)
2023	(8,508)
2024	(9,457)
2025	(7,462)
Thereafter	\$ (446)

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 in 2019, gradually decreasing to 4.50 percent in 2029

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December 31, 2020

Medicare Part A premiums	3.50 percent in 2019, gradually increasing 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, valuation 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 are assumed for 2019 for the PERA Benefit Structure:

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 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, 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.

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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:

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.

Post-retirement non-disabled 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.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2020

Post-retirement non-disabled 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.

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 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- 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:

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

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

Sensitivity of the District Attorney’s 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 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	\$ 108,542	\$ 111,183	\$ 114,235

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, 2019, measurement date.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2020

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- 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.
- 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.

Sensitivity of the District Attorney's 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	\$ 125,715	\$ 111,183	\$ 98,755

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 I – DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

Plan description. Employees of the District Attorney 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 authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Plan. That report can be obtained at www.copera.org/investment/pera-financial-reports.

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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 contributions and investment earnings. The District Attorney makes employer contributions to the Plan starting at 5% of compensation for employee making minimum contributions of 2.5% and an equal match for contributions over 5% up to 8%. Contributions to the 401(k) Plan for the year ended December 31, 2020, 2019, and 2018 of \$5,640 each year.

NOTE J – COLORADO RETIREMENT ASSOCIATION (CRA)

All employees of the Office of the District Attorney not covered by PERA are required to join CRA (the Plan), a statewide local government multi-employer defined contribution plan. The Plan was formerly known as CCOERA (Colorado County Officials and Employees Retirement Association). The Plan was organized under Title 24, Article 54, Section 101 of the Colorado Revised Statutes, as amended. CRA issues a publicly available annual financial report that includes financial statements and required supplementary information. This report may be obtained by contacting CRA at 1-800-352-0313.

The financial statements of the Plan are prepared using the accrual basis of accounting. Plan members contributions are recognized in the period in which the contributions are due. Plan investments in insurance contracts are reported at contract value. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Employer contributions to the Plan start at 5% of compensation for employee making minimum contributions of 2.5% and a equal match for contributions over 5% up to 8%. Employer contributions and are funded on a current basis. Employees may make additional voluntary contributions, not to exceed IRS limitations.

Participants vest in employer contributions and in the earnings, losses, and changes in the fair value of Plan assets at a rate of 20% per year. Participants are immediately vested 100% in their own contributions and earnings. Employer contributions for the years ended December 31, 2020, 2019, and 2018, were \$51,783, \$51,543, and \$50,415.

NOTE K – FUND BALANCES

In the fund financial statements the following classifications describe the relative strength of the spending constraints.

- *Non-spendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory) or is legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.
- *Committed fund balance* - The portion of fund balance constrained for specific purposes according to limitations imposed by the District Attorney's Office highest level of decision making authority, the DA, prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the DA.
- *Assigned fund balance* - The portion of fund balance set aside for planned or intended purposes. The intended use may be expressed by the DA or other individuals authorized to assign funds to be used for a specific

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purpose. Assigned fund balances in special revenue funds will also include any remaining fund balance that is not restricted or committed. This classification is necessary to indicate that those funds are, at a minimum intended to be used for the purpose of that particular fund.

- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the above criteria. The District Attorney's Office will only report a positive unassigned fund balance in the General Fund.

Unrestricted fund balance will be used in the following order: committed, assigned, and unassigned.

For the special revenue fund, the CVC and VALE activities are restricted fund balances and the Diversion activity is an assigned fund balance. The changes in each individual activity and in total are as follows:

	<u>VOCA</u>	<u>CVC Admin</u>	<u>VALE Admin</u>	<u>Diversion</u>	<u>Total</u>
Beginning fund balance	\$ 7,151	\$ 4,014	\$ 5,541	\$ 57,009	\$ 73,715
Increase/(decrease)	<u>(7,151)</u>	<u>1,415</u>	<u>10,391</u>	<u>38,138</u>	<u>42,793</u>
Ending fund balance	<u>\$ -</u>	<u>\$ 5,429</u>	<u>\$ 15,932</u>	<u>\$ 95,147</u>	<u>\$ 116,508</u>

REQUIRED SUPPLEMENTARY INFORMATION

Office of the District Attorney, Ninth Judicial District

SCHEDULE OF ACTIVITY - NET PENSION LIABILITY

December 31, 2020

<u>Measurement date:</u>	<u>Employer proportion of NPL</u>	<u>Employer proportionate share of NPL</u>	<u>Nonemployer contributing entity proportionate share of NPL associated with employer</u>	<u>Total of employer and nonemployer proportionate share of NPL</u>	<u>Employer covered payroll</u>	<u>Employer proportionate share of NPL as a percentage of covered payroll</u>	<u>Pension plan's fiduciary net position as a percentage of total pension liability</u>
December 31, 2014	0.03069%	\$ 2,886,486	\$ -	\$ 2,886,486	\$ 826,232	349%	59.8%
December 31, 2015	0.03143%	3,310,325	-	3,310,325	873,825	379%	56.1%
December 31, 2016	0.03187%	5,853,869	-	5,853,869	907,970	645%	42.6%
December 31, 2017	0.03217%	6,439,254	-	6,439,254	943,823	682%	43.2%
December 31, 2018	0.02729%	3,104,689	369,842	3,474,531	956,588	325%	55.1%
December 31, 2019	0.02601%	2,523,928	283,509	2,807,437	962,110	262%	62.2%

The accompanying notes are an integral part of this statement.

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SCHEDULE OF ACTIVITY - EMPLOYER PENSION CONTRIBUTIONS

December 31, 2020

	Required employer contribution	Employer contributions recognized by the plan	Difference	Employer covered payroll	Contributions as a percentage of employer covered payroll
December 31, 2015	\$ 151,454	\$ 151,454	\$ -	\$ 873,825	17.33%
December 31, 2016	165,523	165,523	-	907,970	18.23%
December 31, 2017	180,553	180,553	-	943,823	19.13%
December 31, 2018	179,417	179,417	-	956,588	18.76%
December 31, 2019	183,851	183,851	-	962,110	19.11%
December 31, 2020	176,903	176,903	-	914,359	19.35%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1: Factors that Significantly Affect Trends in the Amounts Reported

For the measurement period ended December 31, 2019, there were no changes in benefit terms, size or composition of the population covered by the benefit terms, or assumptions used that significantly affect trends in the amounts reported.

Note 2: Subsequent Event

BB 20-1379: Suspend Direct Distribution to PERA Public Employees Retirement Association for 2020-21 Fiscal Year, passed during the 2020 legislative session and signed by Governor Polis on June 29, 2020, suspends the July 1, 2020, \$225 million (in actual dollars) direct distribution allocated to the State, School, Judicial, and DPS Divisions, as required under Senate Bill 18-200.

Governmental accounting standards require the net pension liabilities for financial reporting purposes be measured using the plan provisions in effect as of the pension plan's year end. The passage of HB 20-1379 into law is considered a nonrecognized subsequent event as these statutory changes to plan provisions did not exist as of the December 31, 2019, measurement date.

The accompanying notes are an integral part of this statement.

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SCHEDULE OF ACTIVITY - NET OPEB LIABILITY

December 31, 2020

<u>Measurement date:</u>	<u>Employer proportion of NOPEBL</u>	<u>Employer proportionate share of NOPEBL</u>	<u>Employer covered payroll</u>	<u>Employer proportionate share of NOPEBL as a percentage of covered payroll</u>	<u>OPEB plan's fiduciary net position as a percentage of total OPEB liability</u>
December 31, 2017	0.01163%	\$ 151,087	\$ 943,823	16%	17.53%
December 31, 2018	0.01089%	148,211	956,588	15%	17.03%
December 31, 2019	0.00989%	111,183	962,110	12%	24.49%

The accompanying notes are an integral part of this statement.

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SCHEDULE OF ACTIVITY - EMPLOYER OPEB CONTRIBUTIONS

December 31, 2020

	Required employer contribution	Employer contributions recognized by the plan	Difference	Employer covered payroll	Contributions as a percentage of employer covered payroll
December 31, 2018	\$ 9,757	\$ 9,757	\$ -	\$ 956,588	1.02%
December 31, 2019	9,814	9,814	-	962,110	1.02%
December 31, 2020	9,326	9,326	-	914,359	1.02%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1: Factors that Significantly Affect Trends in the Amounts Reported

There were no changes in benefit terms, size or composition of the population covered by the benefit terms, or assumptions used that significantly affect trends in the amounts reported.

The accompanying notes are an integral part of this statement.