

**OFFICE OF THE DISTRICT ATTORNEY,
FOURTEENTH JUDICIAL DISTRICT**

Financial Statements

December 31, 2020

**OFFICE OF THE DISTRICT ATTORNEY,
FOURTEENTH JUDICIAL DISTRICT**

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Independent Auditor's Report

The Office of the District Attorney
Fourteenth Judicial District
Moffat County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Office of the District Attorney, Fourteenth Judicial District (the 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 U.S. generally accepted accounting principles; 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 U.S. generally accepted auditing standards. 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Office of the District Attorney, Fourteenth Judicial District as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

Report on Summarized Comparative Financial Information

We have previously audited the District's December 31, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 20, 2020. In our opinion, the summarized comparative financial information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the defined benefit pension plan schedules on pages 29-30 and the OPEB plan schedules on pages 31-32 as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB who considers it to be an essential part of the 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 U.S. generally accepted auditing standards, 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.

Management has omitted Management's Discussion and Analysis that U.S. generally accepted accounting principles require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Non-Major Governmental Funds Financial Statements on pages 33-34 and Schedules of Revenues and Expenditures by County for the General Fund and Juvenile Diversion Fund on pages 35-36 are presented for purpose of additional analysis and are not a required part of the basic financial statements. This supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statement themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, this supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Catterson + Company, P.C.

Steamboat Springs, Colorado
July 7, 2021

OFFICE OF THE DISTRICT ATTORNEY, FOURTEENTH JUDICIAL DISTRICT
Statement of Net Position
December 31, 2020
(with summarized financial information as of December 31, 2019)

	<u>2020</u>	<u>2019</u>
	Governmental Activities	Governmental Activities
Assets:		
Cash and cash equivalents	\$ 1,129,950	\$ 1,093,004
Other assets	13,749	7,220
Capital assets, net of accumulated depreciation	<u>34,675</u>	<u>51,965</u>
Total assets	<u>1,178,374</u>	<u>1,152,189</u>
Deferred Outflows of Resources:		
Deferred outflows related to pension plan	38,743	81,459
Deferred outflows related to OPEB plan	<u>1,515</u>	<u>1,669</u>
Total deferred outflows of resources	<u>40,258</u>	<u>83,128</u>
Liabilities:		
Current liabilities:		
Accounts payable	25,579	21,184
Due to other governments	116,122	95,276
Noncurrent liabilities:		
Due within one year	38,587	26,484
Due in more than one year:		
Net pension liability	353,938	429,479
Net OPEB liability	<u>16,251</u>	<u>20,912</u>
Total liabilities	<u>550,477</u>	<u>593,335</u>
Deferred Inflows of Resources:		
Deferred inflows related to pension plan	187,178	299,387
Deferred inflows related to OPEB plan	<u>4,890</u>	<u>1,134</u>
Total deferred inflows of resources	<u>192,068</u>	<u>300,521</u>
Net Position (Deficit):		
Net investment in capital assets	34,675	51,965
Restricted	920,188	917,820
Unrestricted	<u>(478,776)</u>	<u>(628,324)</u>
Total net position	<u>\$ 476,087</u>	<u>\$ 341,461</u>

See accompanying notes to the financial statements.

OFFICE OF THE DISTRICT ATTORNEY, FOURTEENTH JUDICIAL DISTRICT
Statement of Activities
For the Year Ended December 31, 2020
(with summarized financial information for the year ended December 31, 2019)

Functions/Programs	2020			Net (Expense) Revenue and Change in Net Position	2019 Net (Expense) Revenue and Change in Net Position
	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions		
Governmental activities:					
Judicial activities	\$ 1,831,815	\$ 6,559	\$ -	\$ (1,825,256)	\$ (1,914,315)
Total governmental activities	1,831,815	6,559	-	(1,825,256)	(1,914,315)
General revenues:					
County funding				1,708,012	1,783,218
State funding				173,053	163,489
Other				78,817	80,710
Total general revenues				1,959,882	2,027,417
Change in net position				134,626	113,102
Net position, beginning of year				341,461	228,359
Net position, end of year				\$ 476,087	\$ 341,461

See accompanying notes to the financial statements.

OFFICE OF THE DISTRICT ATTORNEY, FOURTEENTH JUDICIAL DISTRICT
Governmental Funds
Balance Sheet
December 31, 2020
(with summarized financial information as of December 31, 2019)

	2020				2019	
	General Fund	VALE Fund	Victim's Compensation Fund	Other Governmental Funds	Total Governmental Funds	Total Governmental Funds
Assets:						
Cash and cash equivalents	\$ 108,949	\$ 3,899	\$ 861,969	\$ 155,133	\$ 1,129,950	\$ 1,093,004
Other	13,749	-	-	-	13,749	7,220
Total assets	\$ 122,698	\$ 3,899	\$ 861,969	\$ 155,133	\$ 1,143,699	\$ 1,100,224
Liabilities and fund balances:						
Liabilities:						
Accounts payable	\$ 23,831	\$ 1,245	\$ 503	\$ -	\$ 25,579	\$ 21,184
Due to other governments	103,552	-	4,538	8,032	116,122	95,276
Total liabilities	127,383	1,245	5,041	8,032	141,701	116,460
Fund balances (deficit):						
Restricted	-	2,654	856,928	60,606	920,188	917,820
Assigned	-	-	-	86,495	86,495	70,636
Unassigned	(4,685)	-	-	-	(4,685)	(4,692)
Total fund balances	(4,685)	2,654	856,928	147,101	1,001,998	983,764
Total liabilities and fund balances	\$ 122,698	\$ 3,899	\$ 861,969	\$ 155,133	\$ 1,143,699	\$ 1,100,224

See accompanying notes to the financial statements.

OFFICE OF THE DISTRICT ATTORNEY, FOURTEENTH JUDICIAL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2020

Total governmental fund balances	\$ 1,001,998
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds	34,675
Long-term liabilities are not due and payable in the current period and, therefore are not reported as liabilities in the governmental funds:	
Compensated absences	(38,587)
Net pension liability	(353,938)
Net OPEB liability	(16,251)
Deferred inflows related to pension plan	(187,178)
Deferred inflows related to OPEB plan	(4,890)
Deferred outflows related to pension plan	38,743
Deferred outflows related to OPEB plan	<u>1,515</u>
Governmental activities net position	<u>\$ 476,087</u>

See accompanying notes to the financial statements.

OFFICE OF THE DISTRICT ATTORNEY, FOURTEENTH JUDICIAL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2020
(with summarized financial information for the year ended December 31, 2019)

	2020				2019	
	General Fund	VALE Fund	Victim's Compensation Fund	Other Governmental Funds	Total Governmental Funds	Total Governmental Funds
Revenues:						
County funding	\$ 1,507,025	\$ 133,499	\$ 62,460	\$ 5,028	\$ 1,708,012	\$ 1,783,218
State funding	126,232	46,821	-	-	173,053	163,489
Grants	41,798	-	-	-	41,798	99,183
Charges for services	6,559	-	-	-	6,559	31,240
Other	15,469	11,596	42,125	9,627	78,817	80,710
Total revenues	1,697,083	191,916	104,585	14,655	2,008,239	2,157,840
Expenditures:						
Judicial services:						
Wages and benefits	1,572,051	-	-	11,178	1,583,229	1,654,840
Awards	-	166,584	78,916	-	245,500	280,397
Office	38,302	-	-	4,795	43,097	45,475
Administrative fees	-	21,834	2,083	-	23,917	27,759
Travel	15,384	-	-	804	16,188	24,706
Dues and publications	10,942	-	-	-	10,942	10,111
Staff education	526	-	-	-	526	17,325
Repairs and equipment	33,669	-	-	3,489	37,158	15,056
Trial	4,901	-	-	-	4,901	27,952
Professional fees	11,075	-	-	2,696	13,771	12,908
Other	10,226	-	-	550	10,776	1,873
Capital outlay	-	-	-	-	-	28,764
Total expenditures	1,697,076	188,418	80,999	23,512	1,990,005	2,147,166
Excess (deficiency) of revenues over expenditures	7	3,498	23,586	(8,857)	18,234	10,674
Other financing sources:						
Operating transfers in (out)	-	(18,495)	(8,333)	26,828	-	-
Excess (deficiency) of revenues and other financing sources over expenditures	7	(14,997)	15,253	17,971	18,234	10,674
Fund balance (deficit), beginning of year	(4,692)	17,651	841,675	129,130	983,764	973,090
Fund balance (deficit), end of year	\$ (4,685)	\$ 2,654	\$ 856,928	\$ 147,101	\$ 1,001,998	\$ 983,764

See accompanying notes to the financial statements.

OFFICE OF THE DISTRICT ATTORNEY, FOURTEENTH JUDICIAL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2020

Change in governmental fund balances	\$	18,234
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Capitalized expenditures		-
Depreciation expense		(17,290)
<p>Expenses reported in the statement of activities related to the accrual of compensated absences do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds.</p>		
		(12,103)
<p>In the governmental funds, expenditures for the defined benefit pension and OPEB plans are measured by the amount of financial resources used, whereas in the statement of activities, they are measured as the liability is accrued according to actuarial estimates. This is the amount the net pension and OPEB liabilities and related deferred inflows and outflows changed in the current year.</p>		
		145,785
Change in net position of governmental activities	\$	134,626

See accompanying notes to the financial statements.

OFFICE OF THE DISTRICT ATTORNEY, FOURTEENTH JUDICIAL DISTRICT
Notes to Financial Statements
December 31, 2020
(with summarized financial information as of December 31, 2019 and for the year then ended)

Note 1: Summary of Significant Accounting Policies

The Office of the District Attorney, Fourteenth Judicial District (the District) was established under Colorado Revised Statutes (CRS) §13-5-115 to provide judicial services for the counties of Grand, Moffat and Routt in northwest Colorado.

The District's financial statements are prepared in accordance with U.S. generally accepted accounting principles (US GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for the establishment of US GAAP in governmental entities. The following summary of the more significant accounting policies of the District is presented to assist the reader in interpreting these financial statements and should be viewed as an integral part of this report.

Reporting Entity

The reporting entity consists of (a) the primary government, i.e., the District, and (b) organizations for which the District is financially accountable. The District does not have any component units for which it is financially accountable.

Measurement Focus and Basis of Accounting

The government-wide financial statements use a flow of economic resources measurement focus to determine net income and financial position. The accounting principles used are similar to those applicable to businesses in the private sector and thus, maintained on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Governmental fund financial statements use a current financial resources measurement focus and are maintained on the modified accrual basis of accounting. Revenues are recognized when they become susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the current period. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues collected within 60 days after year end to be available and thus recognizes them as revenues in the current year.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Financial Statement Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities report information about the nonfiduciary activities of the District. The District's primary activities are categorized as governmental activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are clearly identified with a specific program. Program revenues include (a) charges for services and (b) grants and contributions that are restricted for the operating or capital requirements of a specific program. All other revenues not meeting the criteria for classification as program revenues are reported as general revenues.

OFFICE OF THE DISTRICT ATTORNEY, FOURTEENTH JUDICIAL DISTRICT
Notes to Financial Statements
December 31, 2020
(with summarized financial information as of December 31, 2019 and for the year then ended)

Note 1: Summary of Significant Accounting Policies (continued)

Financial Statement Presentation (continued)

Fund Financial Statements

The fund financial statements report information about the District's funds.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

The *Victim's Assistance and Law Enforcement (VALE) Fund* was established by the Assistance to Victims of and Witnesses to Crimes and Aid to Law Enforcement Act (CRS §24-4.2) to receive funds from surcharges on felony, misdemeanor and traffic convictions to be used for grant awards to other organizations. The five-member board is appointed by the Chief Judge and primarily responsible for the authorization of fund disbursements.

The *Victim's Compensation Fund* was established by the Crime Victim Compensation Act (CRS §24-4.1) to protect and assist victims of crime and members of the immediate families of such victims. The three-member board is appointed by the District Attorney and primarily responsible for the authorization of crime victim compensation payments.

Fund Balance Presentation

Fund balances of the governmental funds are classified as follows:

- Non-spendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.
- Committed – includes amounts that can be spent only for specific purposes pursuant to constraints imposed by formal action of the District. Such formal action may be in form of an ordinance or resolution and may only be modified or rescinded by a subsequent formal action.
- Assigned – includes amounts that are intended by the District to be used for specific purposes but are neither restricted nor committed. Assignments may be made only by management.
- Unassigned – represents the residual positive balance within the General Fund which has not been restricted, committed or assigned.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

Cash

The District's cash includes cash on hand and demand deposits.

Capital Assets

Capital assets consist solely of vehicles. Capital assets are defined by the District as assets with an estimated useful life in excess of one year and an individual cost greater than \$3,000. Such assets are recorded at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful life of 5 years.

OFFICE OF THE DISTRICT ATTORNEY, FOURTEENTH JUDICIAL DISTRICT
Notes to Financial Statements
December 31, 2020
(with summarized financial information as of December 31, 2019 and for the year then ended)

Note 1: Summary of Significant Accounting Policies (continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until that time. The District's deferred outflows of resources relate to the recording of the net pension liability and net OPEB liability.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District's deferred inflows of resources relate to the recording of the net pension liability and the net OPEB liability.

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation time. Upon termination of employment from the District, an employee will be compensated for all accrued vacation time up to a maximum of 80 hours at their current rate of pay. Accumulated, unpaid vacation time is accrued when earned in the government-wide financial statements. A liability is recorded in the governmental fund financial statements only when payment is due.

Interfund Transactions

The VALE Fund and Victim's Compensation Fund transfer a percentage of receipts to the VALE Administrative Fund and Victim's Compensation Administrative Fund, respectively, to cover administrative costs rendered. This activity has been recorded as an interfund transfer in the fund financial statements.

The VALE Fund awarded \$41,798 to the District's General Fund during the year ended December 31, 2020. These amounts are included as revenues and expenditures in the fund financial statements but eliminated in the government-wide financial statements.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Financial Statements

The financial statements include certain prior-year summarized comparative financial information in total. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the District's audited financial statements for the year ended December 31, 2019 from which the summarized financial information was derived.

OFFICE OF THE DISTRICT ATTORNEY, FOURTEENTH JUDICIAL DISTRICT
Notes to Financial Statements
December 31, 2020
(with summarized financial information as of December 31, 2019 and for the year then ended)

Note 2: Stewardship, Compliance and Accountability

Budgetary Information

The District does not appropriate funds. Budgets are submitted to each county for administrative expenditures and to grantor agencies with grant applications.

TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains tax spending, revenue and debt limitations that apply to the State of Colorado and all local governments, excluding enterprises. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

District management does not believe that the provisions of TABOR apply to it, since it does not levy nor assess any taxes. However, TABOR is complex and subject to interpretation. Many of its provisions may require judicial interpretation.

Note 3: Detailed Notes on All Funds

Deposits

The carrying amount of the District's deposits as of December 31, 2020 and 2019 was \$1,152,186 and \$1,093,005, respectively, and bank balances were \$1,186,496 and \$1,144,755, respectively. Of the bank balances, \$540,956 and \$448,030 as of December 31, 2020 and 2019, respectively, was covered by federal deposit insurance and \$645,540 and \$696,725, respectively, was uninsured but collateralized in accordance with provisions of the Colorado Public Deposit Protection Act (PDPA).

The 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 collateral 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 equal or exceed 102% of the aggregate uninsured deposits.

Capital Assets

Capital asset activity for the year ended December 31, 2020 is summarized below:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities:				
Vehicles	\$ 118,450	\$ -	\$ -	\$ 118,450
Total capital assets at cost	<u>118,450</u>	<u>-</u>	<u>-</u>	<u>118,450</u>
Less accumulated depreciation for:				
Vehicles	(66,485)	(17,290)	-	(83,775)
Total accumulated depreciation	<u>(66,485)</u>	<u>(17,290)</u>	<u>-</u>	<u>(83,775)</u>
Governmental activities capital assets, net	<u>\$ 51,965</u>	<u>\$ (17,290)</u>	<u>\$ -</u>	<u>\$ 34,675</u>

OFFICE OF THE DISTRICT ATTORNEY, FOURTEENTH JUDICIAL DISTRICT
Notes to Financial Statements
December 31, 2020
(with summarized financial information as of December 31, 2019 and for the year then ended)

Note 3: Detailed Notes on All Funds (continued)

Noncurrent Liabilities

The District's noncurrent liability activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Accrued liability for compensated absences	\$ 26,484	\$ 38,587	\$ (26,484)	\$ 38,587	\$ 38,587

Governmental Fund Balances

The District's governmental fund balances are classified as follows at December 31, 2020:

	General Fund	VALE Fund	Victim's Compensation Fund	Other Governmental Funds	Total Governmental Funds
Restricted for:					
Victim assistance and law enforcement	\$ -	\$ 2,654	\$ -	\$ -	\$ 2,654
Victim's compensation	-	-	856,928	-	856,928
Juvenile diversion	-	-	-	55,404	55,404
Offender's alternative disposition	-	-	-	4,624	4,624
Drug court	-	-	-	578	578
Assigned to:					
Victim assistance and law enforcement administration	-	-	-	78,994	78,994
Victim's compensation administration	-	-	-	7,501	7,501
Unassigned	(4,685)	-	-	-	(4,685)
Total fund balances	\$ (4,685)	\$ 2,654	\$ 856,928	\$ 147,101	\$ 1,001,998

Restrictions on fund balances are for various purposes as required by Colorado Revised Statutes.

OFFICE OF THE DISTRICT ATTORNEY, FOURTEENTH JUDICIAL DISTRICT
Notes to Financial Statements
December 31, 2020
(with summarized financial information as of December 31, 2019 and for the year then ended)

Note 4: Pension and OPEB Plans

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

The 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, 2020.

General Information About the Pension Plan

Plan Description. Eligible employees of the District are provided with pensions through the SDTF. Plan benefits are specified in Title 24, Article 51 of CRS, 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 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 CRS § 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% and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

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

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% 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.

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Note 4: Pension and OPEB Plans (continued)

Defined Benefit Pension Plan (continued)

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 CRS, once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00% for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 will receive an annual increase of 1.25% unless adjusted by the automatic adjustment provision (AAP) pursuant to CRS § 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive the lesser of an annual increase of 1.25% or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10% 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% based on the parameters specified in CRS § 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 retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

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

Contributions provisions as of December 31, 2020. Eligible employees, the 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 CRS § 24-51-401, et seq. and § 24-51-413. Employee contribution rates for the year ended December 31, 2020 are summarized in the table below:

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020
Employee contribution	8.75%	9.50%

Contribution rates for the SDTF are expressed as a percentage of salary as defined in CRS § 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	10.40%	10.90%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in CRS § 24-51-208(1)(f)	-1.02%	-1.02%
Amount apportioned to the SDTF	9.38%	9.88%
Amortization Equalization Disbursement (AED) as specified in CRS § 24-51-411	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in CRS § 24-51-411	5.00%	5.00%
Total Employer Contribution Rate to the SDTF	19.38%	19.88%

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

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Note 4: Pension and OPEB Plans (continued)

Defined Benefit Pension Plan (continued)

As specified in CRS § 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 the 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.

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 SB 18-200.

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from the District were \$25,519 and \$24,869 for the years ended December 31, 2020 and 2019, respectively.

Net Pension Liability, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pension

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's proportion of the net pension liability was based on 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 District reported a liability of \$353,938 for its proportionate share of the collective net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the 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 the District were as follows:

District proportionate share of the net pension liability	\$ 353,938
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	1,804
Total	\$ 355,742

As of December 31, 2019, the District proportion was 0.003647%, which was a decrease of 0.000127% from its proportion measured as of December 31, 2018.

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Note 4: Pension and OPEB Plans (continued)

Defined Benefit Pension Plan (continued)

For the years ended December 31, 2020 and 2019, the District recognized pension expense (revenue) of (\$119,515) and (\$69,340), respectively. As of December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 13,224	\$ -
Changes of assumptions or other inputs	-	101,517
Net difference between projected and actual investment earnings	-	38,133
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	47,528
Contributions subsequent to the measurement date	25,519	
Total	\$ 38,743	\$ 187,178

Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pension (continued)

The deferred outflows of resources of \$25,519 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, 2021. 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	\$ (104,072)
2021	(49,877)
2022	(7,029)
2023	(12,976)
	<u>\$ (173,954)</u>

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

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 9.17%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	1.25% compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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Note 4: Pension and OPEB Plans (continued)

Defined Benefit Pension Plan (continued)

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% factor applied to male rates and a 55% 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% factor applied to rates for ages less than 80, a 108% 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% factor applied to rates for ages less than 80, a 109% factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90% 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.

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Note 4: Pension and OPEB Plans (continued)

Defined Benefit Pension Plan (continued)

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Geometric Real Rate of Return</u>
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Bonds	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	<u>100.00%</u>	

In setting the long-term expected rate of return, projections 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%. 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 and the additional 0.50% 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 0.50%, 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%, at which point, the AED and the SAED will each drop 0.50% 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.
- 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.

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Note 4: Pension and OPEB Plans (continued)

Defined Benefit Pension Plan (continued)

- 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.

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% 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%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.25%, 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%) or 1-percentage point higher (8.25%) than the current rate:

	Sensitivity of the NPL		
Discount Rate:	6.25%	7.25%	8.25%
Proportionate share of the NPL	\$ 455,330	\$ 353,938	\$ 268,135

Pension Plan Fiduciary Net Position. Detailed information about the SDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

Defined Contribution Plan

Certain full-time employees are covered under a defined contribution pension plan. Under the terms of the plan, eligible employees contribute 3% of their salary and the District contributes up to a 3% match. All participants are immediately vested. Employer and employee contributions to the plan were \$28,563 and \$30,427 during the years ended December 31, 2020 and 2019, respectively.

Deferred Compensation Plan

The District offers its employees the opportunity to voluntarily participate in a deferred compensation plan established under Internal Revenue Code Section 457. The plan, available to all employees, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

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Note 4: Pension and OPEB Plans (continued)

OPEB Plan

Summary of Significant Accounting Policies

OPEB. The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered PERA. The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to 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.

General Information About the OPEB Plan

Plan description. Eligible employees of the District are provided with OPEB through the HCTF. The HCTF is established under Title 24, Article 51, Part 12 of CRS, 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 CRS, 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 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.

CRS § 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.

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Note 4: Pension and OPEB Plans (continued)

OPEB Plan (continued)

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, CRS § 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.

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of CRS, 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% 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 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$1,326 each year for the years ended December 31, 2020 and 2019.

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

As of December 31, 2020 the District reported a liability of \$16,251 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's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

As of December 31, 2019, the District's proportion was 0.001446%, which was a decrease of 0.000091% from its proportion measured as of December 31, 2018.

For the years ended December 31, 2020 and 2019, the District recognized OPEB expense of \$575 and \$1,477, respectively. As of December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 54	\$ 2,731
Changes of assumptions or other inputs	135	-
Net difference between projected and actual investment earnings	-	271
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	1,888
Contributions subsequent to the measurement date	1,326	-
Total	\$ 1,515	\$ 4,890

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Note 4: Pension and OPEB Plans (continued)

OPEB Plan (continued)

\$1,326 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, 2021. 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 December 31,	
2020	\$ (577)
2021	(1,016)
2022	(937)
2023	(1,040)
2024	(881)
Thereafter	(250)
	<u>\$ (4,701)</u>

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%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	5.60% in 2019, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% in 2019, gradually increasing to 4.50% in 2029

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.

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Note 4: Pension and OPEB Plans (continued)

OPEB Plan (continued)

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:

<u>Medicare Plan</u>	<u>Cost for Members Without Medicare Part A</u>	<u>Premiums for Members Without Medicare Part A</u>
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:

<u>Medicare Plan</u>	<u>Cost for Members Without Medicare Part A</u>
Medicare Advantage/Self-Insured Prescription	\$ 552
Kaiser Permanente Medicare Advantage HMO	571

All costs are subject to the health care cost trend rates as described 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 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.

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Note 4: Pension and OPEB Plans (continued)

OPEB Plan (continued)

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% factor applied to male rates and a 55% 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% factor applied to rates for ages less than 80, a 108% 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% factor applied to rates for ages less than 80, a 109% factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90% 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 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.

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Note 4: Pension and OPEB Plans (continued)

OPEB Plan (continued)

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:

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

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

Sensitivity of the District'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:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
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	\$ 15,865	\$ 16,251	\$ 16,697

OFFICE OF THE DISTRICT ATTORNEY, FOURTEENTH JUDICIAL DISTRICT
Notes to Financial Statements
December 31, 2020
(with summarized financial information as of December 31, 2019 and for the year then ended)

Note 4: Pension and OPEB Plans (continued)

OPEB Plan (continued)

Discount rate. The discount rate used to measure the total OPEB liability was 7.25%. 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.
- 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.
- 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% 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%.

Sensitivity of the District'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%, 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%) or 1-percentage-point higher (8.25%) than the current rate:

	Sensitivity of the Net OPEB Liability		
Discount Rate:	6.25%	7.25%	8.25%
Proportionate share of the OPEB liability	\$ 18,375	\$ 16,251	\$ 14,434

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

OFFICE OF THE DISTRICT ATTORNEY, FOURTEENTH JUDICIAL DISTRICT
Notes to Financial Statements
December 31, 2020
(with summarized financial information as of December 31, 2019 and for the year then ended)

Note 5: Other Information

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District maintains commercial insurance for these risks of loss, including workers compensation. No claims have been filed in the past three fiscal years.

Subsequent Events

The District has evaluated subsequent events through July 7, 2021, the date these financial statements were available to be issued.

**OFFICE OF THE DISTRICT ATTORNEY
FOURTEENTH JUDICIAL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share
of the Net Pension Liability
State Division Trust Fund (SDTF)
Last 10 Years***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.003647%	0.003774%	0.004431%	0.004563%	0.004676%	0.004828%
District's proportionate share of the net pension liability	\$ 353,938	\$ 429,479	\$ 886,919	\$ 838,137	\$ 492,482	\$ 454,163
District's covered payroll	\$ 130,000	\$ 130,000	\$ 130,000	\$ 130,000	\$ 130,000	\$ 130,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	272.26%	330.37%	682.25%	644.72%	378.83%	349.36%
Plan fiduciary net position as a percentage of the total pension liability	62.24%	55.11%	43.20%	42.59%	56.11%	59.84%

* The amounts presented for each year were determined as of 12/31.

**OFFICE OF THE DISTRICT ATTORNEY
FOURTEENTH JUDICIAL DISTRICT
Required Supplementary Information
Schedule of the District Contributions
State Division Trust Fund (SDTF)
Last 10 Years***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 25,519	\$ 24,869	\$ 24,869	\$ 24,869	\$ 23,699	\$ 22,529
Contributions in relation to the contractually required contribution	<u>\$ (25,519)</u>	<u>\$ (24,869)</u>	<u>\$ (24,869)</u>	<u>\$ (24,869)</u>	<u>\$ (23,699)</u>	<u>\$ (22,529)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 130,000	\$ 130,000	\$ 130,000	\$ 130,000	\$ 130,000	\$ 130,000
Contributions as a percentage of covered payroll	19.63%	19.13%	19.13%	19.13%	18.23%	17.33%

**OFFICE OF THE DISTRICT ATTORNEY
 FOURTEENTH JUDICIAL DISTRICT
 Required Supplementary Information
 Schedule of the District's Proportionate Share
 of the Net OPEB Liability
 Health Care Trust Fund (HCTF)
 Last 10 Years***

	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.001446%	0.001537%	0.001601%
District's proportionate share of the net OPEB liability	\$ 16,251	\$ 20,912	\$ 20,810
District's covered payroll	\$ 130,000	\$ 130,000	\$ 130,000
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	12.50%	16.09%	16.01%
Plan fiduciary net position as a percentage of the total OPEB liability	24.49%	17.03%	17.53%

* The amounts presented for each year were determined as of 12/31.

**OFFICE OF THE DISTRICT ATTORNEY
 FOURTEENTH JUDICIAL DISTRICT
 Required Supplementary Information
 Schedule of the District Contributions
 Health Care Trust Fund (HCTF)
 Last 10 Years***

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 1,326	\$ 1,326	\$ 1,326
Contributions in relation to the contractually required contribution	<u>\$ (1,326)</u>	<u>\$ (1,326)</u>	<u>\$ (1,326)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 130,000	\$ 130,000	\$ 130,000
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%

OFFICE OF THE DISTRICT ATTORNEY, FOURTEENTH JUDICIAL DISTRICT
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2020
(with summarized financial information for the year ended December 31, 2019)

	2020						
	Juvenile Diversion Fund	VALE Administration	Victim's Compensation Administration	Offender's Alternative Disposition	Drug Court	Total	2019 Total
Assets:							
Cash	\$ 63,436	\$ 78,994	\$ 7,501	\$ 4,624	\$ 578	\$ 155,133	\$ 145,669
Total assets	<u>63,436</u>	<u>78,994</u>	<u>7,501</u>	<u>4,624</u>	<u>578</u>	<u>155,133</u>	<u>145,669</u>
Liabilities and fund balances:							
Liabilities:							
Due to other governments	8,032	-	-	-	-	8,032	16,539
Total liabilities	<u>8,032</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,032</u>	<u>16,539</u>
Fund balances:							
Restricted	55,404	-	-	4,624	578	60,606	58,494
Assigned	-	78,994	7,501	-	-	86,495	70,636
Total fund balances	<u>55,404</u>	<u>78,994</u>	<u>7,501</u>	<u>4,624</u>	<u>578</u>	<u>147,101</u>	<u>129,130</u>
Total liabilities and fund balances	<u>\$ 63,436</u>	<u>\$ 78,994</u>	<u>\$ 7,501</u>	<u>\$ 4,624</u>	<u>\$ 578</u>	<u>\$ 155,133</u>	<u>\$ 145,669</u>

OFFICE OF THE DISTRICT ATTORNEY, FOURTEENTH JUDICIAL DISTRICT
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2020
(with summarized financial information for the year ended December 31, 2019)

	2020						2019
	Juvenile Diversion Fund	VALE Administration	Victim's Compensation Administration	Offender's Alternative Disposition	Drug Court	Total	Total
Revenues:							
County funding	\$ 5,028	\$ -	\$ -	\$ -	\$ -	\$ 5,028	\$ 5,421
Other	9,627	-	-	-	-	9,627	7,952
Total revenues	<u>14,655</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,655</u>	<u>13,373</u>
Expenditures:							
Wages and benefits	11,178	-	-	-	-	11,178	26,672
Professional fees	-	873	873	950	-	2,696	2,494
Office	-	3,206	1,589	-	-	4,795	7,204
Travel	-	345	459	-	-	804	2,189
Dues and publications	-	-	-	-	-	-	495
Staff education	-	-	-	-	-	-	7,560
Repairs and equipment	-	2,188	1,301	-	-	3,489	1,740
Other	415	-	135	-	-	550	1,081
Total expenditures	<u>11,593</u>	<u>6,612</u>	<u>4,357</u>	<u>950</u>	<u>-</u>	<u>23,512</u>	<u>49,435</u>
Excess (deficiency) of revenues over expenditures	3,062	(6,612)	(4,357)	(950)	-	(8,857)	(36,062)
Other financing sources:							
Transfers	-	18,495	8,333	-	-	26,828	31,843
Excess (deficiency) of revenues and other financing sources over expenditures	3,062	11,883	3,976	(950)	-	17,971	(4,219)
Fund balance, beginning of year	52,342	67,111	3,525	5,574	578	129,130	133,349
Fund balance, end of year	<u>\$ 55,404</u>	<u>\$ 78,994</u>	<u>\$ 7,501</u>	<u>\$ 4,624</u>	<u>\$ 578</u>	<u>\$ 147,101</u>	<u>\$ 129,130</u>

OFFICE OF THE DISTRICT ATTORNEY, FOURTEENTH JUDICIAL DISTRICT
General Fund
Schedule of Revenues and Expenditures and by County
For the Year Ended December 31, 2020

	Grand County	Moffat County	Routt County	Non-County Activity	Total
Revenues:					
County funding	\$ 484,442	\$ 398,389	\$ 727,745	\$ -	\$ 1,610,576
State funding	33,530	27,749	64,953	-	126,232
Grants	12,121	10,032	19,645	-	41,798
Charges for services	1,836	1,747	2,976	-	6,559
Other	3,864	3,274	8,324	7	15,469
Total revenues	535,793	441,191	823,643	7	1,800,634
Expenditures:					
Judicial services:					
Wages and benefits	455,693	377,494	738,864	-	1,572,051
Office	16,103	8,965	13,234	-	38,302
Dues and publications	3,093	2,720	5,129	-	10,942
Staff education	132	145	249	-	526
Travel	3,960	4,770	6,654	-	15,384
Repairs and equipment	10,059	10,530	13,080	-	33,669
Trial	622	1,931	2,348	-	4,901
Professional fees	3,212	2,658	5,205	-	11,075
Other	4,931	4,180	1,115	-	10,226
Capital outlay	-	-	-	-	-
Total expenditures	497,805	413,393	785,878	-	1,697,076
Excess of revenues over expenditures	37,988	27,798	37,765	7	103,558
Reimbursement due (to)/from County	(37,988)	(27,798)	(37,765)	-	(103,551)
Change in fund balance	\$ -	\$ -	\$ -	\$ 7	\$ 7

OFFICE OF THE DISTRICT ATTORNEY, FOURTEENTH JUDICIAL DISTRICT
Juvenile Diversion Fund
Schedule of Revenues and Expenditures and by County
For the Year Ended December 31, 2020

	<u>Routt County</u>	<u>Non-County Activity</u>	<u>Total</u>
Revenues:			
County funding	\$ 13,060	\$ -	\$ 13,060
Other	-	9,627	9,627
Total revenues	<u>13,060</u>	<u>9,627</u>	<u>22,687</u>
Expenditures:			
Wages and benefits	5,028	6,150	11,178
Travel	-	-	-
Other	-	415	415
Total expenditures	<u>5,028</u>	<u>6,565</u>	<u>11,593</u>
Excess of revenues over expenditures	8,032	3,062	11,094
Reimbursement due (to) from County	<u>(8,032)</u>	<u>-</u>	<u>(8,032)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ 3,062</u>	<u>\$ 3,062</u>