

OFFICE OF THE DISTRICT ATTORNEY
SIXTEENTH JUDICIAL DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2020

OFFICE OF THE DISTRICT ATTORNEY
SIXTEENTH JUDICIAL DISTRICT

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HANCOCK FROESE & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITORS' REPORT

Management and County Commissioners of Bent, Crowley and Otero
Office of the District Attorney Sixteenth Judicial District
La Junta, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the Office of the District Attorney Sixteenth 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the 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 Sixteenth Judicial District, as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the pension/OPEB schedules, 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 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.

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

Hancock Froese & Company LLC

HANCOCK FROESE & COMPANY LLC

August 30, 2021

OFFICE OF THE DISTRICT ATTORNEY
SIXTEENTH JUDICIAL DISTRICT

STATEMENT OF NET POSITION

DECEMBER 31, 2020

	<u>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES</u>
ASSETS	
CURRENT ASSETS	
Cash and Equivalents	\$ 237,462
Restricted Cash	156,057
Receivables	
Grants	67,656
Other	39,193
TOTAL CURRENT ASSETS	<u>500,368</u>
CAPITAL ASSETS	
Equipment	99,510
Accumulated Depreciation	(88,305)
CAPITAL ASSETS NET OF DEPRECIATION	<u>11,205</u>
TOTAL ASSETS	<u>511,573</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related Amounts	53,973
OPEB Related Amounts	135
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>54,108</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	3,833
Accrued Expenses	603
Assets Held for Others	156,057
TOTAL CURRENT LIABILITIES	<u>160,493</u>
NONCURRENT LIABILITIES	
Compensated Absences - Due Within One Year	14,050
Compensated Absences - Due in More Than One Year	56,198
Note Payable - Due Within One Year	57,365
Note Payable - Due in More Than One Year	200,908
Net Pension Liability	376,070
Net OPEB Liability	13,358
TOTAL NONCURRENT LIABILITIES	<u>717,949</u>
TOTAL LIABILITIES	<u>878,442</u>
DEFERRED INFLOWS OF RESOURCES	
Pension Related Amounts	99,994
OPEB Related Amounts	4,419
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>104,413</u>
NET POSITION (DEFICIT)	
Net Investment in Capital Assets	-
Unrestricted	(417,174)
TOTAL NET POSITION (DEFICIT)	<u>\$ (417,174)</u>

OFFICE OF THE DISTRICT ATTORNEY
SIXTEENTH JUDICIAL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			PRIMARY GOVERNMENT
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
GOVERNMENTAL ACTIVITIES:					
Public Safety	\$ 1,369,233	\$ 174,553	\$ 1,173,733	\$ -	\$ (20,947)
Capital Outlay	-	-	-	-	-
Interest on Long Term Debt	7,993	-	-	-	(7,993)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 1,377,226	\$ 174,553	\$ 1,173,733	\$ -	(28,940)
GENERAL REVENUES					
					159,334
					2,607
					39,975
					<u>201,916</u>
					172,976
					<u>(590,150)</u>
					<u>\$ (417,174)</u>

OFFICE OF THE DISTRICT ATTORNEY
SIXTEENTH JUDICIAL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUND

DECEMBER 31, 2020

	<u>GENERAL FUND</u>
ASSETS	
Cash	\$ 237,462
Restricted Cash	156,057
Receivables	
Grants	67,656
Other	1,681
	<hr/>
TOTAL ASSETS	\$ 462,856
	<hr/> <hr/>
LIABILITIES	
Accounts Payable	\$ 3,833
Assets Held for Others	156,057
	<hr/>
TOTAL LIABILITIES	159,890
	<hr/>
FUND BALANCE	
Unassigned	302,966
	<hr/>
TOTAL FUND BALANCE	302,966
	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 462,856
	<hr/> <hr/>

OFFICE OF THE DISTRICT ATTORNEY
SIXTEENTH JUDICIAL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2020

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:

Governmental Fund Total Fund Balance		\$	302,966
Grant receivable not recognized in governmental funds due to time restriction of receivable recognition.			37,512
Capital assets used in governmental funds are not considered current financial resources and, therefore, not reported in the governmental funds.			99,510
Accumulated depreciation is not recognized in the governmental funds because capital assets are expensed at the time of acquisition.			(88,305)
Interest is recognized when paid in the funds. This is accrued interest payable to year end.			(603)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:			
Compensated Absences		\$	(70,248)
Note Payable			(258,273)
Net Pension Liability			(376,070)
Deferred Outflows of Resources - Pension Related Amounts			53,973
Deferred Inflows of Resources - Pension Related Amounts			(99,994)
Net OPEB Liability			(13,358)
Deferred Outflows of Resources - OPEB Related Amounts			135
Deferred Inflows of Resources - OPEB Related Amounts			(4,419)
			(768,254)
Governmental Activities Net Position (Deficit)		\$	(417,174)

OFFICE OF THE DISTRICT ATTORNEY
SIXTEENTH JUDICIAL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUND

YEAR ENDED DECEMBER 31, 2020

	<u>GENERAL FUND</u>
REVENUES	
Intergovernmental Revenues:	
State Reimbursement for Wages/Benefits	\$ 126,232
County Funding	748,843
VAWA Grant	18,851
VALE Grant	53,765
VOCA Grants	45,128
Adult/Juvenile Diversion Grants	104,806
COVID Grants	26,493
Mental Health Diversion	36,104
Other	13,511
Charges for Services:	
DOC Billings	137,041
Miscellaneous	39,975
	<u>1,350,749</u>
TOTAL REVENUES	
EXPENDITURES	
Public Safety	
Personnel Costs	896,872
Fringe Benefits	284,179
Professional and Expert Fees	43,421
Travel, Meetings, and Dues	11,577
Occupancy Costs	23,306
Supplies	36,215
Telephone	13,777
Library	8,154
Miscellaneous	30,254
Debt Service	
Principal	41,727
Interest	7,391
	<u>1,396,873</u>
TOTAL EXPENDITURES	
REVENUES OVER (UNDER) EXPENDITURES	(46,124)
OTHER FINANCING SOURCES (USES)	
Debt Proceeds	300,000
	<u>253,876</u>
NET CHANGE IN FUND BALANCE	
FUND BALANCE JANUARY 1	49,090
FUND BALANCE DECEMBER 31	\$ 302,966

See Notes To Financial Statements

OFFICE OF THE DISTRICT ATTORNEY
SIXTEENTH JUDICIAL DISTRICT

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

YEAR ENDED DECEMBER 31, 2020

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES
ARE DIFFERENT BECAUSE:

Governmental Fund Changes in Fund Balances	\$	253,876
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Grant receivable not recognized in governmental funds due to time restriction of receivable recognition.		37,512
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Governmental funds report capital outlays as expenditures. In the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation. This is the amount by which capital outlays differ from depreciation in the current period.

Capital outlay	\$	-	
Depreciation Expense		<u>(10,010)</u>	(10,010)

Financing was received through a note payable. In governmental funds, a note payable arrangement is considered a source of financing, but in the statement of net position, the note obligation is reported as a liability.

Proceeds from Note Payable		(300,000)
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The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. The effect of discounts and premiums are recognized when the debt is issued in governmental funds, whereas these amounts are deferred and amortized in the statement of activities. Interest expense is recognized as it accrued in the statement of activities regardless of when it is due. The net effect of these differences follows:

Repayment of Debt Principal	\$	41,727	
Interest Expense		<u>(602)</u>	41,125

In the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used or due (essentially, the amounts actually paid). This amount represents the net effect of compensated absences and pension related amounts on the statement of

Compensated Absences	\$	(25,053)	
Pension Related Amounts		172,256	
OPEB Related Amounts		<u>3,270</u>	<u>150,473</u>

Governmental Activities Change in Net Position	\$	<u><u>172,976</u></u>
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OFFICE OF THE DISTRICT ATTORNEY
SIXTEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Office of the District Attorney Sixteenth Judicial District (the "District") conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. A summary of significant policies is as follows:

THE FINANCIAL REPORTING ENTITY

The District was formed under the statutes of the State of Colorado. It serves three Colorado counties: Bent, Crowley and Otero. The Office of the District Attorney provides public services to the residents of the three counties. As required by accounting principles generally accepted in the United States of America, these financial statements present the Office of the District Attorney Sixteenth Judicial District (the primary government) and its component units, as applicable. Currently no component units have been included in the District's reporting entity because of a lack of significant operational or financial relationship with the District.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. 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 with the exception of settlement revenues which are deemed to be available when they are collectible within the current period or soon after and does not follow the 60-day policy. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Grant and entitlement awards are recorded as revenue when earned. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental fund:

General Fund - The District maintains only a General Fund, which is the government's primary operating fund. It accounts for all financial resources of the general government. Principal sources of revenue are from counties located within boundaries of the District and state support. Primary expenditures are for personnel and general administration expenses.

OFFICE OF THE DISTRICT ATTORNEY
SIXTEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

CASH AND EQUIVALENTS

The District's cash and cash equivalents are considered to be cash on hand, cash in bank, demand deposits, money market accounts and highly liquid investments held in banks.

RESTRICTED CASH

The District's restricted cash represents cash received for the Crime Victim Compensation Fund.

RECEIVABLES

Accounts/Other Receivable - All trade receivables are shown net of an allowance for uncollectibles if required. Due to the type of receivables, the allowance account is \$0 as of December 31, 2020.

Grant Receivable – Grant receivables are recorded as receivables and revenues at the time reimbursable costs are incurred.

CAPITAL ASSETS

Capital assets, which consist of equipment, are reported in the applicable governmental column in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Equipment of the primary government is depreciated using the straight-line method over estimated useful lives of 3 to 10 years.

ACCRUED COMPENSATION ABSENCES

In accordance with the provisions of the Governmental Accounting Standards Board Statements, vested or accumulated vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the fund that will pay it.

District policy allows employees to accumulate unused vacation pay. Any unused vacation time that exceeds 60 days cannot be carried over into the next benefit year. Accrued vacation leave is payable upon resignation, termination, retirement or death.

In accordance with the governmental accounting standards, the District has recorded the accrued liability for vacation pay in the accompanying district wide financial statements. The amounts are accrued as expenses when incurred in the funds of the District.

ASSETS HELD FOR OTHERS

The District acts as an intermediary for the funds received and distributed on behalf of the Crime Victim Compensation Board.

LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations, including capitalized leases, are reported as liabilities in the applicable governmental activities.

UNEARNED REVENUE

Unearned revenues represent assets received (measurable) but not yet earned. In the statement of net position, unearned revenues represent grant funds received, but not yet earned as the related service has not yet been provided.

OFFICE OF THE DISTRICT ATTORNEY
SIXTEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DEFERRED OUTFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category which are for pension and OPEB related amounts.

Pension Related - Amounts reported as deferred outflows of resources include the following:

Difference Between Expected and Actual Experience	\$ 9,294
Changes of Assumptions or Other Inputs	25,536
Net Difference Between Projected and Actual Investment	
Earnings on Pension Plan Investments	19,143
Contributions Made Subsequent to the Measurement Date	<u>-</u>
Total Pension Related Deferred Outflows	<u>\$ 53,973</u>

More information on pension related items is included in Note 6.

OPEB Related - Amounts reported as deferred outflows of resources include the following:

Difference Between Expected and Actual Experience	\$ 35
Changes of Assumptions or Other Inputs	100
Net Difference Between Projected and Actual Investment	
Earnings on Pension Plan Investments	-
Contributions Made Subsequent to the Measurement Date	<u>-</u>
Total OPEB Related Deferred Outflows	<u>\$ 135</u>

More information on OPEB related items is included in Note 8.

DEFERRED INFLOWS OF RESOURCES

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category.

Pension Related - Amounts reported as deferred inflows of resources include the following:

Difference Between Expected and Actual Experience	\$ -
Changes of Assumptions or Other Inputs	(12,694)
Net Difference Between Projected and Actual Investment	
Earnings on Pension Plan Investments	<u>(87,300)</u>
Total Pension Related Deferred Inflows	<u>\$ (99,994)</u>

More information on pension related items is included in Note 6.

OPEB Related - Amounts reported as deferred inflows of resources include the following:

Difference Between Expected and Actual Experience	\$ (2,841)
Changes of Assumptions or Other Inputs	(819)
Net Difference Between Projected and Actual Investment	
Earnings on Pension Plan Investments	<u>(759)</u>
Total OPEB Related Deferred Inflows	<u>\$ (4,419)</u>

More information on OPEB related items is included in Note 8.

NET POSITION / FUND BALANCE

In the government-wide and proprietary financial statements, net position is classified in the following categories:

OFFICE OF THE DISTRICT ATTORNEY
SIXTEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NET POSITION / FUND BALANCE (Continued)

Net investment in capital assets – This amount consists of capital assets, net of accumulated depreciation, reduced by outstanding debt, if applicable, attributed to the acquisition, construction, or improvement of those assets.

Restricted net position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted net position – This amount is all net position that do not meet the definition of “net investment in capital assets” or “restricted net position”

The District implemented GASB Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used:

Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or required to be maintained intact;

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint;

Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. Assigned fund balance is established through the adoption or amendment of the budget as intended for specific purposes.

When both restricted and unrestricted resources are available in governmental funds, the District applies expenditures against restricted fund balance first, followed by committed fund balance, assigned fund balance and unassigned fund balance.

ESTIMATES

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

ENCUMBRANCES

The District does not use encumbrance accounting in recording revenues and expenditures.

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY BUDGETS

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

Prior to October 15, the District submits to each of the participating Counties a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

OFFICE OF THE DISTRICT ATTORNEY
SIXTEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY BUDGETS (Continued)
Public hearings are conducted by the Counties to obtain taxpayer comments.

Prior to December 22, the budget is legally enacted through passage of a resolution by the participating Counties.

Revisions that alter the total expenditures of any fund generally must be approved by the participating Counties.

Appropriations lapse at year-end. Any open purchase items must be re-appropriated in the following year and expenditures may not legally exceed appropriations at the fund level.

NOTE -2 DEPOSITS AND INVESTMENTS

Deposits - Colorado State Statutes govern the District's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories; state regulators determined eligibility. 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 equal to 102% of the uninsured deposits.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2020, \$177,948 of the District's bank balance of \$427,948 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

Interest Rate Risk – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value loss resulting from increasing interest rates. The Colorado revised statute 24-75-601 limits investment maturities to five years or less without governing board approval.

Credit Risk – State law limits investments for local governments to U.S. treasury issues, other federally backed notes and credits, and other agency offerings (not based on derivatives) without limitation. Other investment instruments including bank obligations, general obligation bonds, and commercial paper are limited to at least one of the highest rating categories of at least one nationally recognized rating agency. State law further limits investments in money market funds that are organized according to the Federal Investment Company Act of 1940, as specified in rule 2a-7, as amended, as long as such rule does not increase remaining maturities beyond a maximum of three years. Investments in these funds require that the institution have assets in excess of \$1 billion or the highest credit rating from one or more of a nationally recognized rating agency.

NOTE -3 DUE FROM OTHER GOVERNMENTS – GRANT RECEIVABLES

Intergovernmental receivables include amounts due from grantors for specific program grants. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred. As of December 31, 2020, the District had \$67,656 due from Federal, State, or Local governments, reflected as intergovernmental receivables in the accompanying basic financial statements reported as grant receivables.

OFFICE OF THE DISTRICT ATTORNEY
SIXTEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE -4 CAPITAL ASSETS

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

Primary Government

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets being depreciated:				
Equipment	\$ 99,510	\$ -	\$ -	\$ 99,510
Less accumulated depreciation for equipment	<u>(78,295)</u>	<u>(10,010)</u>	<u>-</u>	<u>(88,305)</u>
Governmental Activities Net Capital Assets	<u>\$ 21,215</u>	<u>\$ (10,010)</u>	<u>\$ -</u>	<u>\$ 11,205</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:

 Public safety \$ 10,010

NOTE -5 LONG-TERM OBLIGATIONS

The summary of activity in long-term debt for the year ended December 31, 2020 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental-type activities					
Compensated Absences	\$ 45,195	\$ 25,053	\$ -	\$ 70,248	\$ 14,050
Note Payable	<u>-</u>	<u>300,000</u>	<u>(41,727)</u>	<u>258,273</u>	<u>57,365</u>
Total	<u>\$ 45,195</u>	<u>\$ 325,053</u>	<u>\$ (41,727)</u>	<u>\$ 328,521</u>	<u>\$ 71,415</u>

Vacation is earned depending upon the number of years employed. No more than 60 days of vacation can be carried into the next benefit year.

Accrued interest and fees payable on the note payable as of December 31, 2020 is \$602 and interest expensed is \$7,993.

Annual debt service requirements to maturity are as follow for the Water Activity Enterprise Fund:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 57,365	\$ 8,125	\$ 65,490
2022	59,405	6,085	65,490
2023	61,518	3,972	65,490
2024	63,706	1,784	65,490
2025	<u>16,279</u>	<u>94</u>	<u>16,373</u>
	<u>\$ 258,273</u>	<u>\$ 20,060</u>	<u>\$ 278,333</u>

In connection with the above notes payable, the District is subject to various covenants. As of December 31, 2020, the District was in compliance with all covenants.

OFFICE OF THE DISTRICT ATTORNEY
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NOTES TO FINANCIAL STATEMENTS

NOTE -5 LONG-TERM OBLIGATIONS (Continued)

The outstanding note from direct borrowings contains an event of default that changes the timing of repayment of the outstanding amount to become immediately due if the District is unable to make payment. The District's outstanding note from direct borrowing contains a subjective acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due if the lender determines that a material adverse change occurs.

NOTE -6 DEFINED BENEFIT PENSION PLAN

State Division Trust Fund

Summary of Significant Accounting Policies

Pensions. The Office of the District Attorney Sixteenth Judicial 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 (FNP) and additions to/deductions from the FNP 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 made changes to certain benefit provisions. Most 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—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 (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2020. 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.

OFFICE OF THE DISTRICT ATTORNEY
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NOTES TO FINANCIAL STATEMENTS

NOTE -6 DEFINED BENEFIT PENSION PLAN (Continued)

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, 2020, 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, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible 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. Eligible benefit recipients under the PERA benefit structure who began membership 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 and the State are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements for the SDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Employee contribution rates for the period of January 1, 2020 through December 31, 2020 are summarized in the table below:

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31,
Employee contribution (all employees other than State Troopers)	8.75%	10.00%

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

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

OFFICE OF THE DISTRICT ATTORNEY
SIXTEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE -6 DEFINED BENEFIT PENSION PLAN (Continued)

	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 C.R.S. § 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 C.R.S. § 24-51-411	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	N/A	N/A
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 C.R.S. § 24-51-101(42).

As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) 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. House Bill (HB) 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

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 for the year ended December 31, 2020.

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

The net pension liability for the SDTF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The District's proportion of the net pension liability was based on the District's contributions to the SDTF for the calendar year 2020 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity's proportion is zero percent. Pursuant to C.R.S. § 24-51-414, the direct distribution payment from the State of Colorado is to recommence annually starting on July 1, 2021. For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SDTF and is considered to meet the definition of a special funding situation.

OFFICE OF THE DISTRICT ATTORNEY
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NOTES TO FINANCIAL STATEMENTS

NOTE -6 DEFINED BENEFIT PENSION PLAN (Continued)

At December 31, 2020, the District reported a liability of \$376,070 for its proportionate share of the net pension liability. 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:

Office of the District Attorney Sixteenth Judicial District proportionate share of the net pension liability	\$25,519
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Office of the District Attorney Sixteenth Judicial District	\$ -0-
Total	\$25,519

At December 31, 2020, the District's proportion was 0.003965 percent, which was an increase of 0.000318 from its proportion measured as of December 31, 2019.

For the year ended December 31, 2020, the District recognized pension revenue of \$172,256 and revenue of \$0 for support from the State as a nonemployer contributing entity. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	9,294	-0-
Changes of assumptions or other inputs	25,536	(12,694)
Net difference between projected and actual earnings on pension plan investments	19,143	(87,300)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-0-	-0-
Contributions subsequent to the measurement date	-0-	N/A
Total	53,973	(99,994)

\$0 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, 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:

OFFICE OF THE DISTRICT ATTORNEY
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NOTES TO FINANCIAL STATEMENTS

NOTE -6 DEFINED BENEFIT PENSION PLAN (Continued)

Year ended December 31, 2020:	
2021	4,064
2022	(5,934)
2023	(16,887)
2024	(13,631)
2025	(13,633)
Thereafter	(46,021)

Actuarial assumptions. The total pension liability in the December 31, 2019, 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%–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 (compounded annually)	1.25%
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

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 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.

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

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NOTES TO FINANCIAL STATEMENTS

NOTE -6 DEFINED BENEFIT PENSION PLAN (Continued)

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	
Members other than State Troopers	3.30%-10.90%
State Troopers	3.20%-12.40%
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 (compounded annually)	1.25%
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Pre-retirement mortality assumptions for Members other than State Troopers were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for Members other than State Troopers were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

OFFICE OF THE DISTRICT ATTORNEY
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NOTES TO FINANCIAL STATEMENTS

NOTE -6 DEFINED BENEFIT PENSION PLAN (Continued)

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a benefit-weighted basis.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

Several factors are considered in evaluating the long-term rate of return assumption, 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 percentages and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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NOTES TO FINANCIAL STATEMENTS

NOTE -6 DEFINED BENEFIT PENSION PLAN (Continued)

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal 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 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 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.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. HB 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020, for the State's 2020-21 fiscal year.
- 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 FNP, 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 FNP 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 SDTF's FNP 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 Office of the District Attorney Sixteenth Judicial 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	Current Discount	1% Increase
Proportionate share of the net pension liability	497,551	376,070	274,069

OFFICE OF THE DISTRICT ATTORNEY
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NOTES TO FINANCIAL STATEMENTS

NOTE -6 DEFINED BENEFIT PENSION PLAN (Continued)

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

NOTE -7 DEFINED CONTRIBUTION PENSION PLANS

Voluntary Investment Program

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

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. In addition, the District has agreed to match employee contributions up to 0 percent of covered salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended December 31, 2020, program members contributed \$0 and the District recognized pension expense and a liability of \$0 and \$0, respectively, for the Voluntary Investment Program.

Defined Contribution Retirement Plan (PERA DC Plan)

Plan Description – Employees of the State of Colorado that were hired on or after January 1, 2006, and employees of certain community colleges that were hired on or after January 1, 2008, which were eligible to participate in the SDTF, a cost-sharing multiple-employer defined benefit pension plan, have the option to participate in the SDTF or the Defined Contribution Retirement Plan (PERA DC Plan). Pursuant to C.R.S. § 24-51-1501(4), the PERA DC Plan eligibility was extended to certain new classified employees at State Colleges and Universities beginning on January 1, 2019. The PERA DC Plan is an Internal Revenue Code Section 401(a) governmental profit-sharing defined contribution plan. Title 24, Article 51, Part 15 of the C.R.S., as amended, assigns the authority to establish Plan provisions to the PERA Board of Trustees. The DC Plan is also included in PERA's Annual Report as referred to above.

Funding Policy – All participating employees in the PERA DC Plan and the Office of the District Attorney Sixteenth Judicial District are required to contribute a percentage of the participating employees' PERA-includable salary to the PERA DC Plan. The employee and employer contribution rates for the period January 1, 2020 through December 31, 2020 are summarized in the tables below:

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020
Employee Contribution Rates:		
Employee contribution (all employees other than State Troopers)	8.75%	10.00%
Employer Contribution Rates:		
On behalf of all employees other than State Troopers)	10.15%	10.15%

Additionally, the employers are required to contribute AED and SAED to the SDTF as follows:

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NOTES TO FINANCIAL STATEMENTS

NOTE -7 DEFINED CONTRIBUTION PENSION PLANS (Continued)

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	5.00%	5.00%
Automatic Adjustment Provision (AAP), as specified in C.R.S. § 24-51-413 ¹	N/A	0.50%
Defined Contribution statutory contribution as specified in C.R.S. § 24-51-1505 ¹	0.25%	0.25%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	N/A	N/A
Total employer contribution rate to the SDTF ¹	10.25%	10.75%

¹Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Contribution requirements are established under Title 24, Article 51, Section 1505 of the C.R.S., as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50 percent vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10 percent. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.80 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the C.R.S. As a result, forfeitures do not reduce pension expense. Participating employees in the PERA DC Plan contributed \$0 and the District recognized pension expense and a liability of \$0 and \$0, respectively, for the PERA DC Plan.

NOTE -8 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Health Care Trust Fund

Summary of Significant Accounting Policies

OPEB. Office of the District Attorney Sixteenth Judicial 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 OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP 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
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NOTES TO FINANCIAL STATEMENTS

NOTE -8 DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

General Information about the OPEB Plan

Plan description. Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (Annual Report) 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 maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

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NOTES TO FINANCIAL STATEMENTS

NOTE -8 DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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 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 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from District were \$1,326 for the year ended December 31, 2020.

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

At December 31, 2020, the District reported a liability of \$13,358 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The District proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the District's proportion was 0.001406 percent, which was a decrease of 0.00004 from its proportion measured as of December 31, 2019.

For the year ended December 31, 2020, the District recognized OPEB revenue of \$3,270. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	35	(2,841)
Changes of assumptions or other inputs	100	(819)
Net difference between projected and actual earnings on OPEB plan investments	-0-	(759)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-0-	-0-
Contributions subsequent to the measurement date	-0-	N/A
Total	135	(4,419)

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NOTES TO FINANCIAL STATEMENTS

NOTE -8 DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

\$0 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	
2021	(680)
2022	(680)
2023	(696)
2024	(721)
2025	(728)
Thereafter	(779)

Actuarial assumptions. The total OPEB liability in the December 31, 2019 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	8.10% in 2020, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% in 2020, gradually increasing to 4.50% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

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NOTES TO FINANCIAL STATEMENTS

NOTE -8 DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Medicare Plan	Initial Costs for Members without Medicare Part A		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self- Insured Rx	\$588	\$227	\$550
Kaiser Permanente Medicare Advantage HMO	621	232	586

The 2020 Medicare Part A premium is \$458 (actual dollars) per month.

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

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, 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 used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
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 used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were 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.

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NOTES TO FINANCIAL STATEMENTS

NOTE -8 DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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.

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.

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

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

	Trust Fund			
	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	3.00%
Salary increases, including wage inflation:				
Members other than State Troopers	3.30%- 10.90%	3.40%- 11.00%	3.20%- 11.30%	2.80%- 5.30%
State Troopers	3.20%- 12.40%	N/A	3.20%- 12.40% ¹	N/A

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NOTES TO FINANCIAL STATEMENTS

NOTE -8 DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

¹ C.R.S. § 24-51-101 (46), as amended, expanded the definition of “State Troopers” to include certain employees within the Local Government Division, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA's 2020 Annual Report for more information.

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

Pre-retirement mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

OFFICE OF THE DISTRICT ATTORNEY
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NOTES TO FINANCIAL STATEMENTS

NOTE -8 DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a head-count weighted basis.

The following health care costs assumptions were updated and used in the roll forward calculation 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 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board's actuary, as discussed above.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

Several factors are considered in evaluating the long-term rate of return assumption, 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 percentages and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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NOTES TO FINANCIAL STATEMENTS

NOTE -8 DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
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	13,013	13,358	13,760

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, 2020, 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 3.00 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.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF's FNP 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 Office of the District Attorney Sixteenth Judicial District proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

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NOTES TO FINANCIAL STATEMENTS

NOTE -8 DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	15,302	13,358	11,697

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

NOTE-9 COLORADO COUNTY OFFICIALS AND EMPLOYEES RETIREMENT ASSOCIATION

Plan Description

The District's full-time employees (other than the District Attorney) participate in the state wide Colorado County Officials and Employees Retirement Association (Association), a multiple-employer public employee defined contribution retirement system. Employer contributions to the Plan are 4% of compensation. Employee contributions must match employer contributions and are funded on a current basis. Employees may make additional voluntary contributions not to exceed 10% of compensation.

Participants vest in employer contributions and in the earnings, losses and changes in fair market value of plan assets at a rate of 10% per year. Beginning July 1, 1987, member entities participating in the plan have the option to adopt a 20% per year vesting schedule. Participants are immediately vested 100% in their own contributions and earnings. In the event that an Association member withdraws from the Plan, all participant balances for that member shall become immediately vested 100%.

The County Commissioners of the County's in the Sixteenth Judicial District is the trustee of the plan and has the duty of due care that would be required of an ordinary prudent investor, but has no liability for losses under the plan. The County Commissioners of the County's in the Sixteenth Judicial District have the authority to amend the plan terms.

Funding Policy

For the year ended December 31, 2020, the employees and employer each contributed \$28,285. The employer had \$2,233 of forfeitures that were used to pay the employers portion.

Net earnings or losses are allocated quarterly to Plan participants. The allocation is based on each participant's balance as of the beginning of that quarter. Participants receiving benefit payments upon retirement or termination are allocated earnings through the date of the distribution.

NOTE -10 TAX SPENDING AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation.

The Office of the District Attorney is not a taxing district and as a result management has determined that it is not subject to the provisions of the TABOR amendment. However, the entity has made certain interpretations of the amendment's language in order to determine its compliance.

NOTE -11 INSURANCE AND RISK MANAGEMENT

The District is exposed to various risks of loss related to property and casualty losses as well as those related to injuries of employees while on the job. The District Attorney's Office participates with Otero County for liability and health insurance.

OFFICE OF THE DISTRICT ATTORNEY
SIXTEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE -11 INSURANCE AND RISK MANAGEMENT (Continued)

Otero County joined together with the other Counties in the State of Colorado to form the Colorado Counties Casualty and Property Pool (CAPP), and the County Worker's Compensation Pool (CWCP), public entity risk pools currently operating as a common risk management and insurance program for member counties. The County pays an annual contribution to CAPP and CWCP for its property and casualty insurance coverage and workers' compensation insurance coverage. The intergovernmental agreement of formation of CAPP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

Otero County also handles health and life insurance claims for its employees. Premiums are charged to cover medical claims with reinsurance provided by commercial carriers for individual claims in excess of \$40,000 annually. Currently the County is only making the District Attorney's Office responsible for the premiums charged.

NOTE -12 CONTINGENT LIABILITIES

The District participates in various grant programs which are subject to final acceptance by those entities. Disallowance of costs on these programs could result in the return of program funds to the granting agency.

The District can be party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the District. In addition, the various Counties maintain insurance coverage for such occurrences.

NOTE -13 RELATED PARTIES

The District entered into a consulting agreement with a related party. The amount paid for the year ended December 31, 2020, on the contract was \$6,000.

NOTE -14 SUBSEQUENT EVENTS

Subsequent events have been evaluated through the report date, which represent the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

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SIXTEENTH JUDICIAL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

DEFINED BENEFIT PENSION PLAN

FOR THE LAST 10 FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion (percentage) of the collective net pension liability	0.00396%	0.00365%	0.00377%	0.00443%	0.00456%
District's proportionate share of the collective net pension liability	\$ 376,070	\$ 434,141	\$ 429,480	\$ 886,929	\$ 813,829
State's proportionate share of the net pension liability	-	139	302	-	-
	<u>\$ 376,070</u>	<u>\$ 434,280</u>	<u>\$ 429,782</u>	<u>\$ 886,929</u>	<u>\$ 813,829</u>
District's covered payroll	\$ 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	289.28%	333.95%	330.37%	682.25%	626.02%
Plan fiduciary net position as a percentage of the total pension liability	65.34%	62.24%	55.11%	43.20%	42.60%

The amounts presented for each year were determined as of December 31.

The schedule is presented to show information for ten years. Until information for the full ten-year period is available,

OFFICE OF THE DISTRICT ATTORNEY
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SCHEDULE OF DISTRICT CONTRIBUTIONS AND RELATED RATIOS

DEFINED BENEFIT PENSION PLAN

FOR THE LAST 10 FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contribution	\$ 25,519	\$ 25,032	\$ 24,869	\$ 24,869	\$ 23,698
Contributions in relation to the statutorily required contribution	<u>(25,519)</u>	<u>(25,032)</u>	<u>(24,869)</u>	<u>(24,869)</u>	<u>(23,698)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 130,000	\$ 130,000	\$ 130,000	\$ 130,000	\$ 130,000
Contributions as a percentage of covered payroll	19.63%	19.26%	19.13%	19.13%	18.23%

The amounts presented for each year were determined as of December 31.

The schedule is presented to show information for ten years. Until information for the full ten year period is available, information will be presented for the years it is available.

OFFICE OF THE DISTRICT ATTORNEY
SIXTEENTH JUDICIAL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE - HEALTH CARE TRUST FUND

DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

FOR THE LAST 10 FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net OPEB liability	0.0014%	0.0014%	0.0015%	0.0016%	0.0016%
District's proportionate share of the net OPEB liability	\$ 13,358	\$ 16,251	\$ 20,912	\$ 20,810	\$ 21,346
District's covered payroll	\$ 130,000	\$ 130,000	\$ 130,000	\$ 130,000	\$ 130,000
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	10.28%	12.50%	16.09%	16.01%	16.42%
Plan fiduciary net position as a percentage of the total OPEB liability	32.78%	24.49%	17.03%	17.53%	16.72%

The amounts presented for each year were determined as of December 31.

The schedule is presented to show information for ten years. Until information for the full ten-year period is available, information will be presented for the years it is available.

OFFICE OF THE DISTRICT ATTORNEY
SIXTEENTH JUDICIAL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS AND RELATED RATIOS - HEALTH CARE TRUST FUND

DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

FOR THE LAST 10 FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 1,326	\$ 1,326	\$ 1,326	\$ 1,326
Contributions in relation to the statutorily required contribution	<u>(1,326)</u>	<u>(1,326)</u>	<u>(1,326)</u>	<u>(1,326)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 130,000	\$ 130,000	\$ 130,000	\$ 130,000
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

The amounts presented for each year were determined as of December 31.

The schedule is presented to show information for ten years. Until information for the full ten year period is available, information will be presented for the years it is available.

OFFICE OF THE DISTRICT ATTORNEY
SIXTEENTH JUDICIAL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON A BUDGETARY BASIS

GENERAL FUND

YEAR ENDED DECEMBER 31, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental Revenues:				
State Reimbursement for Wages/Benefits	\$ 124,961	\$ 124,961	\$ 126,232	\$ 1,271
County Funding	810,833	810,833	748,843	(61,990)
VAWA Grant	18,851	18,851	18,851	-
VALE Grant	51,000	51,000	53,765	2,765
VOCA Grants	45,818	45,818	45,128	(690)
Adult/Juvenile Diversion Grants	118,000	118,000	104,806	(13,194)
COVID Grants	-	85,000	26,493	(58,507)
Mental Health Diversion	-	-	36,104	36,104
Other	20,000	20,000	13,511	(6,489)
Charges for Services:				
DOC Billings	217,000	217,000	137,041	(79,959)
Miscellaneous	20,000	20,000	39,975	19,975
TOTAL REVENUES	1,426,463	1,511,463	1,350,749	(160,714)
EXPENDITURES				
Public Safety				
Personnel Costs	959,740	959,740	896,872	62,868
Fringe Benefits	278,723	278,723	284,179	(5,456)
Professional and Expert Fees	38,700	38,700	43,421	(4,721)
Travel, Meetings, and Dues	36,000	36,000	11,577	24,423
Occupancy Costs	59,000	59,000	23,306	35,694
Supplies	19,300	104,300	36,215	68,085
Telephone	10,000	10,000	13,777	(3,777)
Library	3,000	3,000	8,154	(5,154)
Miscellaneous	22,000	22,000	30,254	(8,254)
Debt Service				
Principal	-	-	41,727	(41,727)
Interest	-	-	7,391	(7,391)
TOTAL EXPENDITURES	1,426,463	1,511,463	1,396,873	114,590
REVENUES OVER (UNDER) EXPENDITURES	-	-	(46,124)	(46,124)
OTHER FINANCING SOURCES (USES)				
Debt Proceeds	-	-	300,000	300,000
NET CHANGE IN FUND BALANCE	-	-	253,876	253,876
FUND BALANCE JANUARY 1	49,090	49,090	49,090	-
FUND BALANCE DECEMBER 31	\$ 49,090	\$ 49,090	\$ 302,966	\$ 253,876

See Accompanying Independent Auditors' Report