

**OFFICE OF THE DISTRICT ATTORNEY
TWENTY-SECOND JUDICIAL DISTRICT
CORTEZ, COLORADO**

BASIC FINANCIAL STATEMENTS

December 31, 2021

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FINANCIAL SECTION



**PROSPECTIVE
BUSINESS
SOLUTIONS, LLC**
Certified Public Accountants

Auditing, Accounting, and Consulting Services for
Governments and Nonprofit Organizations

Office of the District Attorney
Twenty-Second Judicial District
Cortez, Colorado

INDEPENDENT AUDITOR'S REPORT

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Office of the District Attorney, Twenty-Second Judicial District (the "District"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

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

Management has omitted the budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information. The District is not legally required to prepare a budget and therefore the budgetary information is not presented.

Other Matters (Continued)

Required Supplementary Information (Continued)

Accounting principles generally accepted in the United States of America require that the schedule of the District's proportionate share of its net pension and OPEB liability, and the schedule of the District's contributions to the defined benefit pension plan and OPEB plan on pages 46 – 49 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining fund statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund statements are fairly stated in all material respects in relation to the financial statements as a whole.

PB Solutions LLC

Littleton, Colorado

July 5, 2022

BASIC FINANCIAL STATEMENTS

OFFICE OF THE DISTRICT ATTORNEY
 TWENTY-SECOND JUDICIAL DISTRICT
 STATEMENT OF NET POSITION
 December 31, 2021

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash	\$ 445,968
Due from Other Governments	18,212
Grants Receivable	67,407
Prepaid Expenses	22,612
Capital Assets, Depreciated, Net of Accumulated Depreciation	25,140
TOTAL ASSETS	579,339
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pensions	87,279
Related to OPEB	2,991
TOTAL DEFERRED OUTFLOWS OF RESOURCES	90,270
LIABILITIES	
Accounts Payable	28,943
Accrued Salaries and Benefits	11,281
Compensated Absences - Current Portion	2,692
Noncurrent Liabilities	
Compensated Absences	34,752
Net Pension Liability	391,259
Net OPEB Liability	13,898
TOTAL LIABILITIES	482,825
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	80,080
Related to OPEB	6,315
TOTAL DEFERRED INFLOWS OF RESOURCES	86,395
NET POSITION	
Net Investment in Capital Assets	25,140
Unrestricted	75,249
TOTAL NET POSITION	\$ 100,389

The accompanying notes are an integral part of the financial statements.

OFFICE OF THE DISTRICT ATTORNEY
 TWENTY-SECOND JUDICIAL DISTRICT
 STATEMENT OF ACTIVITIES
 Year Ended December 31, 2021

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION TOTALS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
PRIMARY GOVERNMENT					
Governmental Activities					
General Government	\$ 1,179,273	\$ -	\$ 354,336	\$ -	\$ (824,937)
Total Governmental Activities	<u>\$ 1,179,273</u>	<u>\$ -</u>	<u>\$ 354,336</u>	<u>\$ -</u>	<u>\$ (824,937)</u>
GENERAL REVENUES					
State and County Revenue					1,017,809
Other Revenues					40,004
Earnings on Investments					<u>73</u>
TOTAL GENERAL REVENUES					<u>1,057,886</u>
CHANGE IN NET POSITION					232,949
NET POSITION, Beginning					<u>(132,560)</u>
NET POSITION, Ending					<u>\$ 100,389</u>

The accompanying notes are an integral part of the financial statements.

OFFICE OF THE DISTRICT ATTORNEY
 TWENY-SECOND JUDICIAL DISTRICT
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 December 31, 2021

	GENERAL FUND	DIVERSION FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Investments	\$ 325,149	\$ 84,554	\$ 36,265	\$ 445,968
Due from Other Funds	101,451	-	-	101,451
Due from Other Governments	18,212	-	-	18,212
Grants Receivables	-	34,751	32,656	67,407
Prepaid Expenses	11,112	11,500	-	22,612
TOTAL ASSETS	\$ 455,924	\$ 130,805	\$ 68,921	\$ 655,650
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 5,160	\$ 23,783	-	\$ 28,943
Accrued Expenses	11,281	-	-	11,281
Due to Other Funds	-	65,044	36,407	101,451
TOTAL LIABILITIES	16,441	88,827	36,407	141,675
FUND BALANCES				
Nonspendable	11,112	11,500	-	22,612
Restricted for Fund Purpose	-	30,478	32,514	62,992
Unassigned	428,371	-	-	428,371
TOTAL FUND BALANCES	439,483	41,978	32,514	513,975
TOTAL LIABILITIES AND FUND BALANCES	\$ 455,924	\$ 130,805	\$ 68,921	\$ 655,650

The accompanying notes are an integral part of the financial statements.

OFFICE OF THE DISTRICT ATTORNEY
 TWENTY-SECOND JUDICIAL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS
 BALANCE SHEET TO THE STATEMENT OF NET POSITION
 Year Ended December 31, 2021

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

Total fund balances of governmental funds		\$ 513,975
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.		
Capital Assets, Depreciated	43,187	
Accumulated Depreciation	<u>(18,047)</u>	25,140
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated Absences	(37,444)	
Net Pension Liability	(391,259)	
Net OPEB Liability	<u>(13,898)</u>	(442,601)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources - Related to Pensions	87,279	
Deferred inflows of resources - Related to Pensions	(80,080)	
Deferred outflows of resources - Related to OPEB	2,991	
Deferred inflows of resources - Related to OPEB	<u>(6,315)</u>	<u>3,875</u>
Net position of governmental activities		<u>\$ 100,389</u>

The accompanying notes are an integral part of the financial statements.

OFFICE OF THE DISTRICT ATTORNEY
 TWENTY-SECOND JUDICIAL DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 Year Ended December 31, 2021

	GENERAL FUND	DIVERSION FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Federal Grants	\$ -	\$ -	\$ 129,153	\$ 129,153
State Grants	-	195,540	29,643	225,183
County Funding	1,017,809	-	-	1,017,809
Other Revenue	6,642	33,362	-	40,004
Earnings on Investments	36	-	37	73
TOTAL REVENUES	1,024,487	228,902	158,833	1,412,222
EXPENDITURES				
Current				
Personnel Services	859,885	85,380	153,672	1,098,937
Dues, Meetings, and Travel	16,228	560	752	17,540
Supplies and Operating	57,086	12,148	2,681	71,915
Professional Services	15,248	18,953	-	34,201
Diversion and Restitution	2,496	69,883	-	72,379
TOTAL EXPENDITURES	950,943	186,924	157,105	1,294,972
CHANGE IN FUND BALANCES	73,544	41,978	1,728	117,250
FUND BALANCES, Beginning	365,939	-	30,786	396,725
FUND BALANCES, Ending	\$ 439,483	\$ 41,978	\$ 32,514	\$ 513,975

The accompanying notes are an integral part of the financial statements.

OFFICE OF THE DISTRICT ATTORNEY
 TWENTY-SECOND JUDICIAL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 Year Ended December 31, 2021

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

Net change in fund balances - total governmental funds		\$	117,250
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.</p>			
Capital Outlay	-		
Depreciation	<u>(8,637)</u>		(8,637)
<p>Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds.</p>			
Changes in Compensated Absences	<u>(7,627)</u>		(7,627)
<p>Deferred Charges related to pensions and OPEB are not recognized in the governmental funds. However, for governmental activities those amounts reported in the statement of net position and amortized in the statement of activities.</p>			
Deferred charges related to Pension Plan	130,910		
Deferred charges related to OPEB	<u>1,053</u>		<u>131,963</u>
Change in net position of governmental activities		\$	<u><u>232,949</u></u>

The accompanying notes are an integral part of the financial statements.

OFFICE OF THE DISTRICT ATTORNEY
TWENTY-SECOND JUDICIAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Office of the District Attorney, Twenty-Second Judicial District (the “District”) conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies:

Reporting Entity

The District is an elected position funded by Montezuma and Dolores Counties and the State of Colorado. These operations are reflected in the General Fund. The District does not have a property tax levy. The General Fund is supplemented by federal, and state administered grant funds to permit the District to undertake specific programs. These specific programs are reported in the special revenue funds.

The financial reporting entity consists of the District and organizations for which the District is financially accountable. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the District. In addition, any legally separate organizations for which the District is financially accountable are considered part of the reporting entity. Financial accountability exists if the District appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the District.

In accordance with requirements of the Governmental Accounting Standards Board (GASB), the District does not include any component units within its reporting entity.

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 activities of the District. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported in a single column. The District does not operate any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment 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 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. The District does not have any charges to customers or applicants. Other items not properly included among program revenues are reported as general revenues.

OFFICE OF THE DISTRICT ATTORNEY
TWENTY-SECOND JUDICIAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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 the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Investment income associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences, are recorded only when payment is due.

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

In the fund financial statements, the District reports the following major governmental funds:

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

The *Diversion Fund* accounts for the District's resources and expenditures related to its diversion program.

OFFICE OF THE DISTRICT ATTORNEY
TWENTY-SECOND JUDICIAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Assets, Liabilities, and Fund Balance/Net Position

Deposits and Investments –The District considers cash and cash equivalents to be all demand deposits as well as short- term investments with a maturity date of three months or less. Investments are stated at fair value.

Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid Expenses – Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenses.

Capital Assets – Capital assets, which include property, equipment, and books and audio-visual materials, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition 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.

Capital assets are depreciated using the straight-line method over the following estimated useful lives; Equipment – 5 years.

Compensated Absences – District employees are entitled to certain compensated absences and are allowed to accumulate unused absences. Upon termination of employment, employees are entitled to receive compensation for accrued compensated absences at their current pay rate. These compensated absences are recognized as expenditures when due in the governmental funds. A liability in the amount of \$37,444 has been recorded in the government-wide financial statements for the accrued compensated absences.

OFFICE OF THE DISTRICT ATTORNEY
TWENTY-SECOND JUDICIAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Balance/Net Position (Continued)

Deferred Outflows/Inflows of Resources – The statement of net position and balance sheets 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 and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position and balance sheets 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 and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Net Position– The government-wide financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Investment in Capital Assets is intended to reflect the portion of net position, which is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represents assets that do not have any third-party limitation on their use. While District management may have categorized and segmented a portion for various purposes, the District Board has the unrestricted right to revisit or alter these managerial decisions.

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

OFFICE OF THE DISTRICT ATTORNEY
TWENTY-SECOND JUDICIAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Balance/Net Position (Continued)

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The District reports prepaid expenses as nonspendable.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District reports fund balances of its nonmajor governmental funds as restricted for their respective fund purpose. The District reports the fund balances in the Diversion Fund, Victims Compensation Fund, Victims Assistance Fund, and VOCA Fund as restricted for the respective fund purposes.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District Attorney. These amounts cannot be used for any other purpose unless the District Attorney removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. As of December 31, 2021, the District does not report any committed resources.
- Assigned – This classification includes amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. As of December 31, 2021, the District does not report any assigned resources.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned fund balance.

OFFICE OF THE DISTRICT ATTORNEY
TWENTY-SECOND JUDICIAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District carries commercial insurance for these risks of loss. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past five years.

Subsequent Events

The District has evaluated events subsequent to the year ended December 31, 2021 through July 5, 2022, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

NOTE 2: **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgets

The District submits operating budgets to the county commissioners and to grant agencies, but the budgets are not legally adopted by the District. Therefore, no budget to actual statements have been presented.

NOTE 3: **CASH AND INVESTMENTS**

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2021, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. 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.

OFFICE OF THE DISTRICT ATTORNEY
TWENTY-SECOND JUDICIAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 3: **CASH AND INVESTMENTS** (Continued)

Deposits (Continued)

At December 31, 2021, the District had deposits with financial institutions with a carrying amount of \$445,968. The bank balances with the financial institutions were \$450,726. Of these balances, \$426,917 was covered by federal depository insurance and \$23,809 was covered by collateral held by authorized escrow agents in the financial institution's name (PDPA)

Investments

Interest Rate Risk

State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five year. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

- Obligations of the United States and certain U.S. government agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

Concentration of Credit Risk

State statutes do not limit the amount the District may invest in one issuer, except for corporate securities.

At December 31, 2021 the District does not report any investments.

OFFICE OF THE DISTRICT ATTORNEY
 TWENTY-SECOND JUDICIAL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2021

NOTE 4: INTERFUND BALANCES

At December 31, 2021, the Victims Compensation Fund, VOCA Fund, and the Diversion Fund owed \$4,119, \$32,288, and \$65,044, respectively, to the General Fund for payroll reimbursements.

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021, is summarized below:

	Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021
Governmental Activities				
Capital Asset, Being				
Depreciated				
Equipment	\$ 43,187	\$ -	\$ -	\$ 43,187
Accumulated Depreciation				
Equipment	9,410	8,637	-	18,047
Net Capital Assets	\$ 33,777	\$ (8,637)	\$ -	\$ 25,140

NOTE 6: DEFINED CONTRIBUTION RETIREMENT PLAN - COUNTIES

The eligible employees of the District participate in the Colorado County Officials Defined Contribution Retirement Plan through Montezuma and Dolores Counties. Contributions made by the employees are five percent of the eligible compensation for Montezuma County and five percent for Dolores County. The District contributes a matching amount. The counties fund the District's share of the contributions.

The Counties are members of the Colorado County Officials and Employees Retirement Association. All members of the Association are participants in a defined contribution plan which is adopted and administered to provide income after retirement in addition to benefits provided by federal social security. Employees are required to participate after one year of continuous service.

The Counties maintain no control over the plan, other than being members of the Association. Employees vest at 20 percent per year and are fully vested after five years of participation.

OFFICE OF THE DISTRICT ATTORNEY
TWENTY-SECOND JUDICIAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 6: **DEFINED CONTRIBUTION RETIREMENT PLAN – COUNTIES** (Continued)

The 2021 total payroll for the District was \$982,466 and the covered payroll for retirement plan purposes was \$615,398. The 2021 employee contributions to the plan were \$24,031 and the District contributed a matching amount.

NOTE 7: **DEFINED BENEFIT PENSION PLAN**

Summary of Significant Accounting Policies

Pensions. 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, 2021.

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.

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NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

General Information about the Pension Plan (Continued)

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.

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.

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NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

General Information about the Pension Plan (Continued)

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, 2021: 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 01/01/2020 through 12/31/2021 are summarized in the table below:

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NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021
Employee contribution(all employees other than State Troopers)	8.75%	10.00%	10.00%	10.50%
State Troopers	10.75%	12.00%	12.00%	12.50%

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

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

	January 1, 2020 Through June 30,	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30,	July 1, 2021 Through December 31, 2021
Employer contribution rate	10.40%	10.90%	10.90%	10.90%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)	(1.02%)	(1.02%)	(1.02%)
Amount apportioned to the SDTF	9.38%	9.88%	9.88%	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	N/A	N/A	0.05%	0.05%
Total employer contribution rate to the SDTF	19.38%	19.88%	19.93%	19.93%

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

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NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

	January 1, 2020 Through June 30,	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30,	July 1, 2021 Through December 31, 2021
Employer contribution rate	13.10%	13.60%	13.60%	13.60%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)	(1.02%)	(1.02%)	(1.02%)
Amount apportioned to the SDTF	12.08%	12.58%	12.58%	12.58%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	N/A	N/A	0.05%	0.05%
Total employer contribution rate to the SDTF	22.08%	22.58%	22.63%	22.63%

**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.

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NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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 \$26,957 for the year ended December 31, 2021.

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 proportion of the net pension liability was based on District 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.

At December 31, 2021 the District reported a liability of \$391,259 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 District were as follows:

District proportionate share of the net pension liability	\$391,259
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with District	\$ -
Total	\$391,259

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NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

At December 31, 2020, the District proportion was 0.04125 percent, which was an increase of 0.0000162 from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021 the District recognized pension expense of (\$130,910) and revenue of \$0 for support from the State as a nonemployer contributing entity. At December 31, 2021, 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	\$9,669	N/A
Changes of assumptions or other inputs	\$26,567	N/A
Net difference between projected and actual earnings on pension plan investments	N/A	\$80,080
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$24,086	N/A
Contributions subsequent to the measurement date	\$26,957	N/A
Total	\$87,279	\$80,080

\$26,957 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

Year ended December 31:	
2022	(\$2,742)
2023	\$22,213
2024	(\$26,679)
2025	(\$12,550)

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.

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NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

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.

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, 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.

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NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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.

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NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

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.

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.

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NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

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:

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NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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.

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.

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NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

- 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.

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NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

Sensitivity of the District proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate	1% Increase (8.25%)
Proportionate share of the net pension liability	\$517,647	\$391,259	\$285,138

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 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

Summary of Significant Accounting Policies

OPEB. The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered 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.

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

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NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

General Information about the OPEB Plan (Continued)

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.

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NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

General Information about the OPEB Plan (Continued)

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.

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.

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TWENTY-SECOND JUDICIAL DISTRICT
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December 31, 2021

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

General Information about the OPEB Plan (Continued)

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 \$1,380 for the year ended December 31, 2021.

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

At December 31, 2021, the District reported a liability of \$13,898 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 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 proportion was 0.00146 percent, which was a decrease of 0.000167% from its proportion measured as of December 31, 2019.

OFFICE OF THE DISTRICT ATTORNEY
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NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

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

For the year ended December 31, 2021, the District recognized OPEB expense of \$(1,053). At December 31, 2021, 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	\$37	\$3,055
Changes of assumptions or other inputs	\$104	\$852
Net difference between projected and actual earnings on OPEB plan investments	N/A	\$568
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$1,470	\$1,840
Contributions subsequent to the measurement date	\$1,380	N/A
Total	\$2,991	\$6,315

\$1,380 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, 2022. 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,	
2022	(\$1,012)
2023	(\$932)
2024	(\$1,037)
2025	(\$964)
2026	(\$706)
Thereafter	(\$53)

OFFICE OF THE DISTRICT ATTORNEY
 TWENTY-SECOND JUDICIAL DISTRICT
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NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

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

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

OFFICE OF THE DISTRICT ATTORNEY
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 December 31, 2021

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

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

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:

	Initial Costs for Members without Medicare Part A		
Medicare Plan	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.

OFFICE OF THE DISTRICT ATTORNEY
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NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

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

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	Medicare Part A
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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NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

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

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NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

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

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	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

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.

OFFICE OF THE DISTRICT ATTORNEY
TWENTY-SECOND JUDICIAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

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

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.

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NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

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

- **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.

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.

OFFICE OF THE DISTRICT ATTORNEY
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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

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

- 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:

OFFICE OF THE DISTRICT ATTORNEY
 TWENTY-SECOND JUDICIAL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2021

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

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

Asset Class	Target Allocation	30 Year Expected
Global	54.00%	5.60%
Fixed	23.00%	1.30%
Private	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.

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 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	\$13,539	\$13,898	\$14,316

OFFICE OF THE DISTRICT ATTORNEY
TWENTY-SECOND JUDICIAL DISTRICT
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December 31, 2021

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

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

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.

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 TWENTY-SECOND JUDICIAL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

Sensitivity of the District proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$15,920	\$13,898	\$12,170

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: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of December 31, 2021, significant amounts of grant expenditures have not been audited but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

Tabor Amendment

Colorado voters passed an Amendment of 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 District believes it is not within the scope of the Amendment.

OFFICE OF THE DISTRICT ATTORNEY
TWENTY-SECOND JUDICIAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 9: **COMMITMENTS AND CONTINGENCIES** (Continued)

Office Lease

On July 14, 2021 the District entered into an office lease agreement for additional office space, commencing on August 1, 2021 through July 31, 2024. Under the terms of the agreement, the District is required to make annual lease payments in the amount of \$19,800 due beginning on August 1, 2021 through 2024. During the year ended December 31, 2021, the District paid \$19,800 under the terms of the agreement. Of this amount \$11,500 was recorded as prepaid expenses in the Diversion Fund.

NOTE 10: **CONTRIBUTIONS FROM OTHER GOVERNMENTS**

The operation of the District is funded by Montezuma and Dolores Counties on an annual basis based on the needs of the District. For the year ended December 31, 2021 Montezuma County contributed \$944,963 and Dolores County contributed \$72,846 to the District. Total county contributions represent 72% of the total revenues of the District.

For the year ended December 31, 2021, Montezuma and Dolores Counties also contributed payments for health insurance and retirement on behalf of the District's employees in the amount of \$168,658 and \$5,625, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

OFFICE OF THE DISTRICT ATTORNEY
 TWENTY-SECOND JUDICIAL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 PERA STATE DIVISION TRUST FUND PLAN

Years Ended December 31,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Proportion of the Net Pension Liability (Asset)	0.0041%	0.0041%	0.0036%	0.0046%
Proportionate Share of the Net Pension Liability/(Asset)	\$ 391,259	\$ 398,721	\$ 409,592	\$ 922,707
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>-</u>	<u>2,022</u>	<u>2,242</u>	<u>-</u>
Total	<u>\$ 391,259</u>	<u>\$ 400,743</u>	<u>\$ 411,834</u>	<u>\$ 922,707</u>
Covered payroll	\$ 135,252	\$ 146,522	\$ 135,252	\$ 135,252
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	289.28%	272.12%	302.84%	682.21%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.34%	62.24%	55.11%	43.20%

NOTE: Information for the prior six years was not available for this report

See the accompanying independent auditor's report

OFFICE OF THE DISTRICT ATTORNEY
 TWENTY-SECOND JUDICIAL DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 PERA STATE DIVISION TRUST FUND PLAN

Years Ended December 31,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contributions	\$ 26,957	\$ 25,458	\$ 27,422	\$ 27,253
Contributions in Relation to the Contractually Required Contributions	<u>26,957</u>	<u>25,458</u>	<u>27,422</u>	<u>27,253</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 135,257	\$ 129,616	\$ 135,252	\$ 129,616
Contributions as a Percentage of Covered Payroll	19.93%	19.64%	20.27%	21.03%

NOTE: Information for the prior six years was not available for this report.

See the accompanying independent auditor's report

OFFICE OF THE DISTRICT ATTORNEY
 TWENTY-SECOND JUDICIAL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 PERA HEALTH CARE TRUST FUND PLAN

Years Ended December 31,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Proportion of the Net OPEB Liability (Asset)	0.0015%	0.0016%	0.0150%	0.0017%
Proportionate Share of the Net OPEB Liability (Asset)	\$ 13,898	\$ 18,316	\$ 19,944	\$ 21,651
Covered payroll	\$ 135,252	\$ 146,522	\$ 135,252	\$ 135,252
Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	10.28%	12.50%	14.75%	16.01%
Plan Fiduciary Net position as a Percentage of the Total OPEB Liability	32.78%	24.49%	17.03%	17.53%

NOTE: Information for the prior six years was not available for this report.

See the accompanying independent auditor's report

OFFICE OF THE DISTRICT ATTORNEY
 TWENTY-SECOND JUDICIAL DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 PERA HEALTH CARE TRUST FUND PLAN

Years Ended December 31,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contributions	\$ 1,380	\$ 1,380	\$ 1,495	\$ 1,380
Contributions in Relation to the Contractually Required Contributions	<u>1,380</u>	<u>1,380</u>	<u>1,495</u>	<u>1,380</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$ 135,257	\$ 135,252	\$ 146,522	\$ 135,252
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%

NOTE: Information for the prior six years was not available for this report.

See the accompanying independent auditor's report

SUPPLEMENTARY INFORMATION

OFFICE OF THE DISTRICT ATTORNEY
 TWENTY-SECOND JUDICIAL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2021

	VICTIMS COMPENSATION	VICTIMS ASSISTANCE	VOCA	TOTALS
ASSETS				
Cash	\$ 4,906	\$ 18,871	\$ 12,488	\$ 36,265
Grants Receivable	-	368	32,288	32,656
TOTAL ASSETS	\$ 4,906	\$ 19,239	\$ 44,776	\$ 68,921
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to Other Funds	\$ 4,119	-	\$ 32,288	\$ 36,407
TOTAL LIABILITIES	4,119	-	32,288	36,407
FUND BALANCES				
Fund Balance				
Restricted for Fund Purpose	787	19,239	12,488	32,514
TOTAL FUND BALANCES	787	19,239	12,488	32,514
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,906	\$ 19,239	\$ 44,776	\$ 68,921

See the accompanying independent auditor's report

OFFICE OF THE DISTRICT ATTORNEY
 TWENTY-SECOND JUDICIAL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended December 31, 2021

	VICTIMS COMPENSATION	VICTIMS ASSISTANCE	VOCA	TOTALS
REVENUES				
Federal Grants	\$ -	\$ -	\$ 129,153	\$ 129,153
State Grants	5,544	24,099	-	29,643
Earnings on Investments	3	34	-	37
TOTAL REVENUES	<u>\$ 5,547</u>	<u>\$ 24,133</u>	<u>\$ 129,153</u>	<u>\$ 158,833</u>
EXPENDITURES				
Current				
Personnel Services	8,319	16,200	129,153	153,672
Dues, Meetings, and Travel	434	318	-	752
Supplies and Operating	803	1,878	-	2,681
Professional Services	-	-	-	-
TOTAL EXPENDITURES	<u>9,556</u>	<u>18,396</u>	<u>129,153</u>	<u>157,105</u>
NET CHANGE IN FUND BALANCES	<u>(4,009)</u>	<u>5,737</u>	<u>-</u>	<u>1,728</u>
FUND BALANCES, Beginning	<u>4,796</u>	<u>13,502</u>	<u>12,488</u>	<u>30,786</u>
FUND BALANCES, Ending	<u>\$ 787</u>	<u>\$ 19,239</u>	<u>\$ 12,488</u>	<u>\$ 32,514</u>

See the accompanying independent auditor's report