

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY**

**Financial Statements
June 30, 2014**

(With Independent Auditor's Report Thereon)

ROBERT J. RIVERA, CPA, PC
CERTIFIED PUBLIC ACCOUNTANTS
SANTA FE, NEW MEXICO 87505-4761

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STATE OF NEW MEXICO
 FIRST JUDICIAL DISTRICT ATTORNEY
 June 30, 2014

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**STATE OF NEW MEXICO
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Official Roster

<u>Name</u>	<u>Title</u>
Angela "Spence" Pacheco	District Attorney
Lucas Gauthier	Chief Financial Officer

FINANCIAL SECTION

Robert J. Rivera, CPA, PC

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INDEPENDENT AUDITOR'S REPORT

Angela "Spence" Pacheco
First Judicial District Attorney
and
Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund (general fund), the aggregate remaining fund information, and the budgetary comparison for the general fund of the State of New Mexico, First Judicial District Attorney, as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the State of New Mexico, First Judicial District Attorney's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the State of New Mexico, First Judicial District Attorney's non-major governmental funds, and the budgetary comparisons for all nonmajor funds presented as supplementary information as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the State of New Mexico, First Judicial District Attorney, as of June 30, 2014, and the respective changes in financial position and thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the State of New Mexico, First Judicial District Attorney as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable thereof, and the respective budgetary comparisons for all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages ix through xvi 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 State of New Mexico, First Judicial District Attorney's financial statements, and the budgetary comparisons. The other schedules required by 2.2.2 NMAC (schedule 1) as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with **Government Auditing Standards**, we have also issued our report dated November 7, 2014, on our consideration of the State of New Mexico, First Judicial District Attorney's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with **Government Auditing Standards** in considering the State of New Mexico, First Judicial District Attorney's internal control over financial reporting and compliance.



Robert J. Rivera, CPA, PC
Santa Fe, New Mexico
November 7, 2014

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Management's Discussion and Analysis
June 30, 2014**

The First Judicial District Attorney's (District Attorney(s) discussion and analysis is designed to provide an overview of the financial activities for the fiscal year ended June 30, 2014.

The Basic Financial Statements

The basic financial statements include government-wide financial statements and fund financial statements. This is in compliance with generally accepted accounting principles (GAAP). In addition, it consists of combining financial statements and individual fund budget comparison statements.

The Management's Discussion and Analysis also explains the structure and contents of each of the statements and is included as required supplementary information explaining and supporting the information in the financial statements.

Government-Wide Financial Statements

The government-wide financial statements report information about the District Attorney's Office as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The government-wide financial statements report the District Attorney's net position and how it has changed.

Fund Financial Statements

The fund financial statements provide more detailed information about the District Attorney's significant funds. Funds are accounting devices that the District Attorney uses to keep track of specific sources of funding and spending for particular purposes.

The District Attorney's Office operates on the following governmental-type funding sources:

- State General Fund Appropriation; and
- Federal Awards granted by the Federal Government.

The District Attorney's budget is approved by the state legislature each year.

Fiduciary Fund

The District Attorney's Office collects fees for the Worthless Check and Pre-Prosecution Diversion Programs and is distributed to victims and the Administrative Office of the District Attorneys (AODA). The monies are deposited into an account maintained by the AODA who is responsible for the subsequent transfer to the State Treasurer's Office. The fees are collected pursuant to State Statute and are deposited as they are received into an account maintained by the AODA. These funds are fiduciary to the District Attorney, and are non-budgetary funds.

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Budget Comparison Statements

The budget comparison statements present the original and final appropriated budget for the reporting period as well as actual inflows and outflows stated on the budgetary basis. A separate column reports the variance between the final budget and actual amounts.

Government-Wide Financial Statements

Government-wide condensed financial information is displayed in the tables below. Comparative information from the previous fiscal year is included for the reader's information:

**Table 1
First Judicial District Attorney's Net Position – Governmental Activities**

	<u>FY 2014</u>	<u>FY 2013</u>	<u>Change</u>
<u>Assets</u>			
Investment in the State Treasurer General Fund			
Investment Pool	\$ 153,444	\$ 354,067	\$ (200,623)
Due from other state agencies	2,403	2,403	-
Due from federal government	130,151	37,477	92,674
Other receivables	-	970	(970)
Capital assets, net of accumulated depreciation	<u>156,362</u>	<u>108,487</u>	<u>47,875</u>
Total assets	<u>442,360</u>	<u>503,404</u>	<u>(61,044)</u>
<u>Liabilities</u>			
Accounts payable and other liabilities	213,207	125,352	87,855
Compensated absences payable - current	153,212	149,442	3,770
Compensated absences payable - long-term	<u>50,986</u>	<u>36,371</u>	<u>14,615</u>
Total liabilities	<u>417,405</u>	<u>311,165</u>	<u>106,240</u>
<u>Net Position</u>			
Net Investment in capital assets	156,362	108,487	47,875
Restricted	72,791	271,443	(198,652)
Unrestricted (deficit)	<u>(204,198)</u>	<u>(187,691)</u>	<u>(16,507)</u>
Total net position	<u>\$ 24,955</u>	<u>\$ 192,239</u>	<u>\$ (167,284)</u>

There is \$72,791 of net position that is subject to external restrictions on how they may be used. The remaining portion of the net position (\$204,198) that does not represent the investment in capital assets of \$156,362, is at a deficit, which is the direct result of the compensated absences payable.

The main factors that caused net position to decrease by (\$167,284) was an increase in capital assets resulting from additions of \$87,964, deletions of (\$101,492), depreciation expense (\$40,089); an increase in compensated absences payable of \$18,385 from \$185,813 to \$204,198, and a decrease in Reserve for Subsequent Years' appropriations of (\$198,652).

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FIRST JUDICIAL DISTRICT ATTORNEY
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Government-Wide Financial Statements (Cont'd)

**Table 2
First Judicial District Attorney Changes in Net Position – Governmental Activities**

	<u>FY 2014</u>	<u>FY 2013</u>	<u>Change</u>
Revenues and Transfers:			
General Fund appropriation	\$ 4,835,200	\$ 4,864,700	\$ (29,500)
Other financing sources-compensation appropriation	39,700	-	39,700
Federal revenues	167,493	159,742	7,751
Miscellaneous revenue	-	-	-
Reversions to State General Fund	(21,251)	(2,067)	(19,184)
Loss on disposal of capital assets	-	(781)	781
	<u>5,021,142</u>	<u>5,021,594</u>	<u>(452)</u>
Expenses:			
Personal services and employee benefits	4,715,016	4,483,967	231,049
Contractual services	17,976	14,500	3,476
Other costs	415,345	393,692	21,653
Depreciation	40,089	43,320	(3,231)
	<u>5,188,426</u>	<u>4,935,479</u>	<u>252,947</u>
Total revenues and transfers	<u>5,021,142</u>	<u>5,021,594</u>	<u>(452)</u>
Total expenses	<u>5,188,426</u>	<u>4,935,479</u>	<u>252,947</u>
Change in net position	<u>(167,284)</u>	<u>86,115</u>	<u>(253,399)</u>
Net position, beginning, as reported	192,239	106,140	86,099
Restatements:			
Prior period adjustment	-	(16)	16
Net position, beginning, as restated	<u>192,239</u>	<u>106,124</u>	<u>86,115</u>
Net position, ending	<u>\$ 24,955</u>	<u>\$ 192,239</u>	<u>\$ (167,284)</u>

The District Attorney uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, providing useful information on near-term inflows, outflows, and balances of available resources (modified accrual basis.) Unreserved fund balance serves as a measure of net resources available for future appropriation. Because unexpended balances in SHARE fund 15500 (General Operating Fund) generally must revert to the State General fund, the unassigned fund balance should always be zero, except for that portion which is either committed or assigned to subsequent year expenditures (\$72,791).

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Government-Wide Financial Statements (Cont'd)

Governmental activities revenue decreased insignificantly by (\$452). This increase was primarily from General Fund appropriations which increased by \$10,200. Federal grant awards increased by \$7,751. Governmental activities expenses increased by \$252,947 or 5.13%, and reversions to the State General Fund increased by \$19,194.

The composition of the fund balance at the end of the current fiscal year appears below:

First Judicial District Attorney's Fund Balances

	<u>FY 2014</u>	<u>FY 2013</u>	<u>Change</u>
Fund Balance:			
Assigned to subsequent year expenditures	\$ 72,791	\$ 268,827	\$ (196,036)
Unassigned	<u>-</u>	<u>738</u>	<u>(738)</u>
Total fund balance	<u>\$ 72,791</u>	<u>\$ 269,565</u>	<u>\$ (196,774)</u>

General Fund Budgetary Highlights

The State of New Mexico Legislature makes annual appropriations to the District Attorney's Office. Amendments to the budget require approval by the State Budget Division of the Department of Finance and Administration. Over the course of fiscal year 2014, the District Attorney's Office budget was insignificantly increased by \$2,000, from \$5,337,521 to \$5,339,521.

Capital Assets

The District Attorney's investment in capital assets, net of accumulated depreciation is \$156,362. There is no debt related to these capital assets. There were \$87,964 in additions to capital assets for the year. The District Attorney deleted capital assets totaling \$101,492 and related accumulated depreciation of \$101,492. Depreciation expense for the year totaled \$40,089. The investment in capital assets, net of accumulated depreciation changed from \$108,487 to \$156,362 for a net increase of \$47,875.

Long-Term Debt

The District Attorney's Office had long-term debt at June 30, 2014, for compensated absences amounting to \$50,986, and \$36,371 at June 30, 2013. This was an increase of \$14,615 from the prior year.

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Governmental Accounting and Auditing Environment and Next Year's (FY 2015) Budget

Due to implementation of the Accountability in Government Act (AGA), Chapter 15, Laws of 1999, three performance measures were incorporated into the appropriation for the District Attorney's Office. They

<u>Type</u>	<u>Measure</u>	<u>FY 2015 Target</u>	<u>FY 2016 Target</u>
Outcome	Percent of cases dismissed under the 6-month rule	<1%	<1%
Output	Number of cases dismissed under the 6-month rule	<45	<35
Efficiency	Average time from filing of petition to final disposition, in months	6	6
Efficiency	Average attorney caseload	255	280
Output	Number of cases prosecuted	4,500	4,625
Output	Number of cases referred for screening	7,000	7,000
Output	Number of cases prosecuted per attorney	190	185
Output	Number of cases in which defendant was accepted into Pre Prosecution Diversion program	200	200

The overall mission of the First Judicial District Attorney's Office is to prosecute violations of state laws in order to provide protection to its citizens, hold offenders accountable, and cooperate with other criminal justice entities. The Prosecution Program provides an array of services such as investigations, victim assistance, trial preparation, administration, and community outreach. The objectives and strategies associated with these services ensure that the Agency's goals and performance measures are met. These same objectives and strategies also directly relate to three of the Governor's focus areas: Public Integrity, DWI Offenders, and Domestic Violence.

Funding for the First Judicial District Attorney is legislatively appropriated by the State of New Mexico, with limited funds coming from federal sources; High Intensity Drug Traffic Area (HIDTA), and Victim of Crime Act (VOCA). The office is authorized 70 full time employees and three term employees, whom are partially funded from the office's grants. Over 93% of all funding received by the First Judicial District Attorney's Office is dedicated to personnel cost, the remaining budget is expended on essential needs; office equipment rental, telecommunications, postage, annual audit fees, Do-IT services, HCM fees, attorney Bar Association dues, expert witness fees, reporting and recording fees, and supplies. The First Judicial District Attorney's Office is submitting a fiscal year 2016 appropriation request which

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FIRST JUDICIAL DISTRICT ATTORNEY
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contains two expansion items for two Deputy District Attorneys to prosecute felony cases, and for two Security officers at the First Judicial District Attorney Santa Fe Office.

MAJOR ISSUES

The most significant problem the First Judicial District Attorney's Office has is high attorney turnover. Since the beginning of fiscal year 2010 to the present, out of the office's 28 attorney positions, 52 attorneys have come and gone, that is more than 185% turnover. The low pay for starting attorneys coupled with the high caseloads, the caseload per attorney for FY 14 was 300-- the highest recorded since the implementation of the DA's Case Management System, these two factors result in a majority of attorneys leaving before completing a full year of service. In exit interviews conducted with departing attorneys the main reason for leaving is too much work for such low pay. Most attorneys leave for employment to other state agencies around Santa Fe where the experience gained at the First Judicial District Attorney's Office earn them a significantly higher starting salary to which the office is unable to compete.

The First Judicial District Attorney's Office is requesting an expansion for two additional Deputy District Attorneys for FY 16; adding two experienced felony attorneys to the offices' staff will both lower caseloads and increase prosecutions.

The First Judicial District Attorney's Office would like to be able to offer entry level attorneys a salary comparable to other entry level attorney salaries around Santa Fe in order to be competitive in the market. Between Santa Fe's higher costs of living, the narrow market for entry level attorneys, and the lack of salary schedule adjustments based on the labor market and inflation the First Judicial District Attorney's Office has had a difficult time recruiting and retaining attorneys.

Another item that hinders this agency's ability to retain attorney staff is the lack of funding for specialized prosecutorial training provided by the National District Attorney's Association (NDAA). Attorneys must attain a minimum level of CLE credits to remain in good standing with the NM State BAR Association. Specialized training is readily available through NDAA but the First Judicial District Attorney's Office has yet to see its operating budget restored to a level where specialized training is attainable. Additional training is a necessary tool to keep employee skill sets up-to-date and enables the attorney to be productive and efficient. Training gives the office the capacity to create or mold a career path for attorneys. The ability to offer training and invest in an attorney's future would result in an attorney who is engaged and likely to remain loyal.

A new problem that was identified in fiscal year 2014, the First Judicial District Attorney's Santa Fe office building lacks physical security since its incorporation into the Steve Herrera Judicial Complex. To quote a security assessment prepared by Harris Associated Consulting "While examining the security risks for the District Attorney, it is hard to isolate this building from the total law enforcement campus. While an integral part of the court system, its past existence has been ignored security-wise. The air of coexistence and law enforcement campus has now projected the DA's office building to the forefront." The First Judicial District Attorney's Office building lacks the most basic aspects of security, and considering the work that it does, this lack of security places both staff and visitors at risk.

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The security assessment called for securing the lower level of the building to include; magnetic locks with access controls, screen cut sensors, window tint to conceal identities, controlled elevator and stairwell access, closed circuit camera monitoring, security system warning signs, X-ray and Magnetometer (metal detector), and Security Personnel. The items listed are to provide the most basic essence of security to the ground floor level of the First Judicial District Attorney Office's three floors.

The First Judicial District Attorney is not in a unique position the Second Judicial District Attorney is also in a standalone structure not far from a courthouse. One major difference, the Second Judicial District Attorney has armed staff monitoring a metal detector and x-ray for anyone who comes through the doors of their district office. The First Judicial District Attorney's Office is requesting an expansion item for fiscal year 2016 to include funding for two Security personnel and will also seek funding in the form of a special appropriation to complete the necessary security upgrades to its facility.

In 2014 the First Judicial District Attorney's Office continued working in collaboration with New Mexico Coalition of Sexual Assault Programs (NMCSAP), New Mexico Aging and Long-Term Services Department (ALTSD), and New Mexico Department of Public Safety (DPS) to educate criminal justice professionals, governmental agency staff, law enforcement, victim assistance groups, and health care providers to identify, investigate and respond to signs of abuse, sexual assault, and exploitation of the elderly and adults with disabilities. The goal of this second year of this three-year collaboration is for the First Judicial District Attorney's Office to educate and promote awareness of abuse issues of the elderly, and adults with disabilities throughout New Mexico. With an increasing elder population it is essential that care providers, law enforcement, prosecutors, and the judiciary recognize and respond to signs of physical, psychological, and financial abuse of the elderly and adults with disabilities.

The First Judicial District Attorney's Office has visited senior centers in Santa Fe, Española (Rio Arriba County) and in Los Alamos. At these events the First Judicial District Attorney and staff have met with seniors discussed issues regarding elder abuse and collected data via a questionnaire. This is a positive effort that the First Judicial District Attorney's Office is proud to be in support of and benefits the community at large.

The First Judicial District Attorney's Office has placed great emphasis on outreach and visibility for issues that involve "public Integrity" and the misuse of public monies, vowing to hold violators accountable for their actions. The First Judicial District Attorney houses a Public Integrity Unit; a unit that is unique from all other District offices, this unit is comprised of one Deputy District Attorney, a Senior Investigator, and administrative support. To date the Public Integrity Unit has successfully prosecuted several high profile incidents of public fraud and embezzlement and has recovered hundreds of thousands of dollars in ordered restitution to public/ governmental entities. The Public Integrity Unit works with Taxation and Revenue Department's Tax Fraud Division, New Mexico Regulation and Licensing, New Mexico State Police, Human Services Department, Office of the State Auditor, Federal Bureau of Investigation, as well as various local law enforcement agencies to prosecute cases where state monies are misused.

Scheduled for December 2014, the First Judicial District Attorney's Office's Public Integrity Unit will go to trial for the prosecution of a high profile fraud case in which county employees and a contractor allegedly defrauded the county out of an estimated one million dollars. Due to the complexity and size

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Of the case the Public Integrity Unit's staffs, as well as three other attorneys from the First Judicial District Attorney's Office, are solely committed to the prosecution of this single case which involves five defendants and more than 90,000 pages of documents.

Fiscal year 2014 also provided for continued community involvement and collaboration with the City of Santa Fe City Council, Santa Fe Community Foundation, Drug Policy Alliance, Santa Fe County, City of Española, Solace, and numerous other organizations for the development of a Pre-Booking Diversion Program known as "LEAD Santa Fe Task Force." The assembled Task Force focused on a program that would effectively aid in reducing the recidivism rate among property crime offenders fueled by an addiction to opiate drugs. The Task Force recognized the immense drain on the criminal justice system that the average offender in the possession of opiates has as well as the loss of productivity and cost on social support systems. A study performed by the Santa Fe Community Foundation in collaboration with the LEAD Santa Fe Task Force found that nine out of 10 property crime offenders were repeat offenders. The First Judicial District Attorney's Office is supportive of a program that will offer treatment to an individual addicted to opiate drugs as there is currently not a public treatment facility available in Santa Fe County.

The First Judicial District Attorney's Office has sought and received grant funding for fiscal year 2015 from the Victims of Crime Act (VOCA) in the amount of \$43,400. The agency has a 25% match requirement for this grant funding which will come in the form of employee benefits and in-kind services. The grant funds are not recurring but could continue for future years based on performance. The VOCA grant funds a Senior Victim Advocate position at the First Judicial District Attorney's Office for fiscal year 2015, with the duties of providing front line victim support at the Santa Fe County Magistrate Court.

Requests for Information

This financial report is designed to provide a general overview of the First Judicial District Attorney's Office. If you have questions regarding this report or need additional information, please contact:

**Lucas Gauthier
Chief Financial Officer
First Judicial District Attorney's Office
327 Sandoval Street
Santa Fe, New Mexico 87504**

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Statement of Net Position
June 30, 2014**

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Investment in the State Treasurer General Fund Investment Pool (note 2)	\$ 153,444
Due from other state agencies (note 7)	2,403
Due from federal government (note 12)	130,151
Other receivables, net of allowance for uncollectibles	-
Total current assets	285,998
Capital assets (note 3)	523,040
Less accumulated depreciation	(366,678)
Total capital assets, net of depreciation	156,362
Total assets	\$ 442,360
<u>Liabilities and Net Position</u>	
Liabilities:	
Current liabilities:	
Accounts payable	78,842
Accrued salaries payable	50,642
Payroll taxes payable	21,621
Payroll benefits payable	38,895
Due to State General Fund (note 6)	19,342
Due to other state agencies (note 7)	3,865
Compensated absences payable - current (note 4)	153,212
Total current liabilities	366,419
Noncurrent liabilities:	
Compensated absences payable (note 4)	50,986
Total liabilities	417,405
Net Position:	
Net Investment in capital assets (note 3)	156,362
Restricted	72,791
Unrestricted (deficit)	(204,198)
Total net position	24,955
Total liabilities and net position	\$ 442,360

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

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Statement of Activities
For the Year Ended June 30, 2014**

	<u>Governmental Activities</u>
Expenses:	
Judicial:	
Personal services and employee benefits	\$ 4,715,016
Contractual services	17,976
Other costs	415,345
Depreciation expense	<u>40,089</u>
Total expenses	5,188,426
Program revenues:	
Federal operating grants	<u>167,493</u>
Net program expense	<u>(5,020,933)</u>
General revenues and transfers:	
State General Fund appropriation (note 8)	4,835,200
Other financing sources-compensation appropriation (note 8)	39,700
Reversion to State General Fund (FY2014) (notes 6)	<u>(20,281)</u>
Total general revenues and transfers	<u>4,854,619</u>
Change in net position	<u>(166,314)</u>
Net position, beginning of year (as reported)	192,239
Restatements:	
Prior-period adjustment (note 17)	<u>(970)</u>
Net position, beginning of year (as restated)	<u>191,269</u>
Net position, end of year	<u>\$ 24,955</u>

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

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Balance Sheet
Governmental Funds
June 30, 2014

	<u>Major</u> <u>Fund 15500</u>	<u>Non-Major</u>			<u>Total</u> <u>Governmental</u> <u>Funds</u>
	<u>General</u> <u>Fund</u>	<u>Other</u> <u>Funds</u>	<u>Sub-total</u>	<u>Eliminations</u>	
<u>Assets</u>					
Investment in the State Treasurer					
General Fund Investment Pool (note 2)	\$ 152,498	\$ 3,349	\$ 155,847	\$ (2,403)	\$ 153,444
Due from other state agencies (note 7)	-	2,403	2,403	-	2,403
Due from federal government (note 12)	130,151	-	130,151	-	130,151
Other receivables	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ 282,649	\$ 5,752	\$ 288,401	\$ (2,403)	\$ 285,998
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Liabilities and Fund Balance</u>					
Liabilities:					
Investment in the State Treasurer					
General Fund Investment					
Pool-deficit (note 2)	\$ -	\$ 2,403	\$ 2,403	\$ (2,403)	\$ -
Accounts payable	78,842	-	78,842	-	78,842
Accrued salaries payable	50,642	-	50,642	-	50,642
Payroll taxes payable	21,621	-	21,621	-	21,621
Payroll benefits payable	38,895	-	38,895	-	38,895
Due to State General Fund (note 6)	19,342	-	19,342	-	19,342
Due to other state agencies (note 7)	516	3,349	3,865	-	3,865
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	209,858	5,752	215,610	(2,403)	213,207
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balance:					
Assigned to:					
Subsequent year expenditures	72,791	-	72,791	-	72,791
Unassigned	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balance	72,791	-	72,791	-	72,791
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balance	\$ 282,649	\$ 5,752	\$ 288,401	\$ (2,403)	\$ 285,998
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2014

Total fund balance for the governmental fund (balance sheet) - (Exhibit C)	\$	72,791
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources, and, therefore, are not reported in the funds.		156,362
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(204,198)</u>
Net position of governmental activities (statement of net position) - (Exhibit A)	\$	<u>24,955</u>

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

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	<u>Major</u> <u>Fund 15500</u> <u>General</u> <u>Fund</u>	<u>Non-Major</u> <u>Other</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Revenues:			
Federal grants	\$ 167,493	\$ -	\$ 167,493
Miscellaneous revenue	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>167,493</u>	<u>-</u>	<u>167,493</u>
Expenditures:			
Judicial:			
Current:			
Personal services and employee benefits	4,696,631	-	4,696,631
Contractual services	17,976	-	17,976
Other costs	415,345	-	415,345
Capital outlay	<u>87,964</u>	<u>-</u>	<u>87,964</u>
Total expenditures	<u>5,217,916</u>	<u>-</u>	<u>5,217,916</u>
Excess (deficiency) of revenues over expenditures	<u>(5,050,423)</u>	<u>-</u>	<u>(5,050,423)</u>
Other financing sources (uses):			
State General Fund appropriation (note 8)	4,835,200	-	4,835,200
Other financing sources-compensation appropriation (note 8)	39,700	-	39,700
Reversion to State General Fund - FY 2014 (note 6)	<u>(20,281)</u>	<u>-</u>	<u>(20,281)</u>
Total other financing sources (uses)	<u>4,854,619</u>	<u>-</u>	<u>4,854,619</u>
Net change in fund balance	<u>(195,804)</u>	<u>-</u>	<u>(195,804)</u>
Fund balance, beginning of year (as reported)	269,565	-	269,565
Restatements:			
Prior-period adjustment (note 17)	<u>(970)</u>	<u>-</u>	<u>(970)</u>
Fund balance, beginning of year (as restated)	<u>268,595</u>	<u>-</u>	<u>268,595</u>
Fund balance, end of year	<u>\$ 72,791</u>	<u>\$ -</u>	<u>\$ 72,791</u>

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

STATE OF NEW MEXICO
 FIRST JUDICIAL DISTRICT ATTORNEY
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances to the Statement of Activities
 Governmental Funds
 For the Year Ended June 30, 2014

Net change in fund balance - Governmental Funds	
(Statement of Revenues, Expenditures and Changes in Fund Balance) -	
(Exhibit E)	\$ (195,804)

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

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay purchases	\$	87,964	
Depreciation expense		<u>(40,089)</u>	
Excess of capital outlay expense over depreciation			47,875
Net change in long-term and current portions of compensated absences payable			<u>(18,385)</u>
Change in net position of governmental activities			
(Statement of Activities) - (Exhibit B)			\$ <u>(166,314)</u>

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

STATE OF NEW MEXICO
 FIRST JUDICIAL DISTRICT ATTORNEY
 Statement of Revenues and Expenditures
 Budget and Actual (Budgetary Basis)
 Major Governmental Funds
 General Fund (Fund 15500)
 For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Prior Years' Activity</u>	<u>Actual Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
State General Fund appropriation	\$ 5,060,100	\$ 5,060,100	\$ 224,900	\$ 4,835,200	\$ -
Federal grants	163,500	165,500	-	167,492	1,992
Other financing sources - compensation appropriation	39,700	39,700	-	39,700	-
Miscellaneous revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total revenues	 5,263,300	 5,265,300	 \$ 224,900	 \$ 5,042,392	 \$ 1,992
 Cash balance budgeted	 <u>74,221</u>	 <u>74,221</u>			
 Total budgeted resources	 <u>\$ 5,337,521</u>	 <u>\$ 5,339,521</u>			
Expenditures:					
Judicial:					
Current:					
Personal services and employee benefits	\$ 4,935,407	\$ 4,784,907	\$ 8,256	\$ 4,696,631	\$ 80,020
Contractual services	18,000	18,000	-	17,976	24
Other costs	<u>384,114</u>	<u>536,614</u>	<u>22,040</u>	<u>503,541</u>	<u>11,033</u>
 Total expenditures	 <u>\$ 5,337,521</u>	 <u>\$ 5,339,521</u>	 <u>\$ 30,296</u>	 <u>\$ 5,218,148</u>	 <u>\$ 91,077</u>
Reconciliation of Budgetary Basis to GAAP Basis:					
Budgetary Basis				<u>Revenue</u>	<u>Expenditures</u>
				\$ 5,042,392	\$ 5,218,148
Adjustments:					
Accounts payable that required approval to pay out of the FY 2014 budget				<u>-</u>	<u>(232)</u>
 GAAP Basis				 <u>\$ 5,042,392</u>	 <u>\$ 5,217,916</u>

Note:

The actual expenditures on the budgetary basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2015 budget.

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

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2014**

1. Summary of Significant Accounting Policies

The financial statements of the First Judicial District Attorney (District Attorney) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District Attorney's accounting policies are described below:

A. Reporting Entity and Component Units

The Office of the District Attorney is an elective office established by the Constitution of the State of New Mexico, Article VI, Section 24. The District Attorney is elected to a four-year term. Functions of the District Attorney are defined in Section 36-1-1 through 36-1-26, NMSA, 1978 as amended.

It is the duty of the District Attorney to prosecute and defend the state, in all courts of record, in all cases criminal and civil, in which the state or any county in the district may be a party. The District Attorney must represent any county in the district, at the request of the Board of County Commissioners. The District Attorney may also appear before the Board, without being requested to do so, when the Board is sitting as a Board of Equalization. The District Attorney must advise all county and state officers, whenever requested. The District Attorney is required to represent any county in the district before the Supreme Court or the Court of Appeals in all civil cases in which the county may be concerned, but not in suits brought in the name of the state.

Section 36-1A-1 through 36-1A-15, cited the "District Attorney Personnel and Compensation Act," established for all district attorneys, a uniform, equitable and binding system of personnel administration.

Each district attorney shall establish a pre-prosecution diversion program in his judicial district in accordance with the provisions of the Pre-prosecution Diversion Act (31-16A-1 to 31-16A-8) to the extent public or private funds permit. The program includes individual counseling and guidance; requires restitution where applicable to the extent practical and may require public service. The District Attorney may refer clients for treatment and rehabilitation. Based on financial circumstances, the defendant is required to reimburse the District Attorney for costs related to participation in the program. On July 1, 1993, the District Attorney implemented the Pre-prosecution Domestic Violence Diversion Program (DVDP).

The District Attorney is also authorized to assess processing fees against any person who is convicted of violating Section 30-36-4, NMSA, 1978 of the Worthless Check Act (Section 30-36-1 through 30-36-10).

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2014

1. Summary of Significant Accounting Policies (Cont'd)

A. **Reporting Entity and Component Units (Cont'd)**

The District Attorney is legally separate and fiscally independent of other state agencies, has decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. The District Attorney does not have any component units.

The District Attorney is a user organization of the *Statewide Human Resource, Accounting, and Management Reporting System (SHARE)*. The service organization is the Department of Finance and Administration (DFA).

B. **Government-Wide and Fund Financial Statements**

The **government-wide financial statements**, the statement of net position and the statement of activities, report information on all of the non-fiduciary activities of the District Attorney. The District Attorney has one fiduciary activity. When applicable, the effect of interfund activity between two *SHARE* funds is removed from the statement of net position in order to avoid a grossing up effect on assets and liabilities within the statement. The District Attorney does not have any business-type activities; therefore, only governmental activities are shown. Governmental activities are normally supported by taxes and intergovernmental revenues.

The **governmental fund financial statements**, the balance sheet and the statement of revenues, expenditures and changes in fund balances, are presented to report additional and detailed information about the District Attorney.

Emphasis is on the major funds of the governmental category. Non-major funds are summarized into a single column as "other funds." The District Attorney has one major fund, its general fund.

The governmental funds in the fund financial statements are presented on a current financial resource measurement focus and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed more appropriate to demonstrate legal and covenant compliance, to demonstrate the source and use of liquid resources and to demonstrate how the District Attorney's actual experience conforms with the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each statement, (Exhibits D and F) which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental government-wide presentation.

The District Attorney's fiduciary fund is presented in the fund financial statement. Since by definition these assets are being held for the benefit of a third party and cannot be used to

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2014**

1. Summary of Significant Accounting Policies (Cont'd)

B. Government-Wide and Fund Financial Statements (Cont'd)

address activities or obligations of the government, these funds are not incorporated in the government-wide statements.

The financial transactions of the District Attorney are recorded in individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, expenditures or expenses and other financing sources or uses. Government resources are allocated to, and accounted for, individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The model sets forth the minimum criteria (percentage of the assets liabilities, revenues or expenditures of either fund category of the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

The following fund types are used by the District Attorney.

GOVERNMENTAL FUND TYPES

All governmental fund types are accounted for on a spending or financial flow measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of available spendable resources. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period. Due to their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures of fund liabilities.

General Fund - The General Fund is the general operating fund of the District Attorney. It is used to account for all financial resources except those required to be accounted for in another fund.

SHARE Fund

15500

General Operating - The operating account for the District Attorney. This is a reverting fund (unused appropriations revert to the State General Fund). Fund balances reflected as "assigned to subsequent year expenditures" are appropriated for use into subsequent fiscal years, per language appropriating the funds.

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2014

1. Summary of Significant Accounting Policies (Cont'd)

B. Government-Wide and Fund Financial Statements (Cont'd)

Special Revenue Funds - The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

SHARE Fund

25800	CVRC-STOP VAWA Grant Fund -No activity during FY 2014. Used to account for Victims of Crime Act (VOCA) Victims Assistance Grant Program Funds, US Department of Justice, passed through the State of New Mexico, Crime Victims Reparation Commission. These funds do not revert to the State General Fund. VOCA is authorized by the Crime Victims Reparation Commission (CVRC) as authorized by the Victims of Crime Act of 1984.
25900	Federal Grants-DOJ Rural Fund -No activity during FY 2014. Used to account for Drug Control and Systems Improvement grant funds, US Department of Justice, passed through the State of New Mexico, Department of Public Safety (DPS). These funds do not revert to the State General Fund.
72200	Bureau of Justice Assistance Grant Fund - No activity during FY 2014. Used to account for the Region III Narcotics Task Force grant for the prosecution of drug cases. These funds do not revert to the State General Fund.

FIDUCIARY FUND TYPES

Fiduciary fund types include trust and agency funds, which are used to account for assets held by the District Attorney in the capacity of trustee or agent.

Agency Fund - Agency funds are used to account for assets held as an agent for other governmental units, individuals and other funds. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The agency fund is used to account for activities in which the District Attorney is acting in an agency capacity for the Administrative Office of the District Attorneys, District Attorney Fund. Cost reimbursements for processing fees are received from clients/offenders as authorized in the Pre-prosecution Diversion Act (31-16A-1 through 31-16A-8 NMSA, 1978) and the Worthless Check Act (Section 30-36-1 through 30-36-10 NMSA, 1978). All amounts collected are deposited directly into the Administrative Office of the District Attorneys account.

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2014

1. Summary of Significant Accounting Policies (Cont'd)

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting is related to the timing of the measurements made, regardless of the measurement focus applied.

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. Interfund activity (between or within funds) due to/due from other funds are eliminated in the government-wide financial statements. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Program revenues consist of federal operating grants. The revenue recognition policy for operating grants is when the eligibility requirements have been met, and costs have been incurred. Operating grant receipts which have not been earned are classified as "deferred revenue." Capital assets are reported at historical cost and depreciated over their estimated useful lives. Depreciation expense is reported in the statement of activities.

The government-wide Statement of Activities demonstrates the direct expenses of the single function (Judicial) of the District Attorney which is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. The District Attorney has no indirect expenses and, therefore, indirect expenses are not required to be allocated to functions in the Statement of Activities. Program revenues include federal and state operating grants provided by a particular function or program. Other revenues not identifiable with a particular function or program are included as general revenue. The general revenues support the net costs of the function or program not covered by program revenues.

When an expense is incurred for purposes for which both unrestricted and restricted net position are available, the District Attorney first uses restricted resources then unrestricted resources.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Only current assets and current liabilities are included on the balance sheet. The reported fund balance is considered a measure of available spendable resources.

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period. Revenues are recognized as soon as they are both measurable and available. Revenues are available if collectible within the current period or soon enough afterwards to pay liabilities of the current period. The District Attorney considers revenues to be available if

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2014

1. Summary of Significant Accounting Policies (Cont'd)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)

collected within sixty days of the end of the fiscal year. Expenditures are recorded when a liability is incurred, as under accrual accounting. The District Attorney does not have any debt service expenditures. The current portion of the compensated absences payable liability is not included in the fund financial statements because the State of New Mexico does not budget for any compensated absences payments in the current year, and because a material amount was not paid out during the first three months of the following fiscal year.

GASB 63 amended previous guidance on deferred revenue in the government-wide financial statements to include deferred outflow of resources, which is the consumption of net assets by the government that is applicable to a future reporting period and deferred inflow of resources, which is acquisition of net assets by the government that is applicable to a future reporting period.

During fiscal year 2014, the First Judicial District Attorney adopted the following GASB statement:

- GASB 66, *Technical Corrections: an amendment to GASB Statements No. 10 and No. 62*, resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. This Statement is effective for the year ended June 30, 2014.
- GASB 67, *Financial Reporting for Pension Plans — an amendment of GASB Statement No. 25*, establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans. This Statement is effective for the year ended June 30, 2014.
- GASB 70, *Accounting and Financial Reporting for Nonexchange Financial*, the requirements of this Statement will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This Statement is effective for the year ended June 30, 2014.

D. Receivables and Payables

When applicable, amounts “due to/from other state agencies” shown in the financial statements reflect outstanding balances of the receivables and payables between the District Attorney and other departments of the State of New Mexico. Amounts shown as “due to the state general fund” reflect current year reversions for unexpended current-year appropriations and stale dated warrant amounts for prior fiscal years.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2014**

1. Summary of Significant Accounting Policies (Cont'd)

E. Capital Assets

Capital assets of the District Attorney include data processing equipment, furniture and fixtures, equipment and automobiles. The District Attorney does not have any infrastructure. Capital assets are defined in Section 12-6-10 NMSA 1978. Section 12-6-10 NMSA 1978, was amended effective June 19, 2005, changing the capitalization threshold of movable chattels and equipment from items costing more than \$1,000 to items costing more than \$5,000. Old inventory items that do not meet the new capitalization threshold will remain on the inventory list and continue to be depreciated. Any items received after July 1, 2005, will be added to the inventory only if they meet the new capitalization policy. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. Computer software which is purchased with data processing computer equipment is included as part of the capitalized computer equipment in accordance with 2.20.1.9 C (5) The cost of maintenance and repairs that do not add to the asset value or materially extend assets lives are not capitalized. The District Attorney does not undertake major capital projects involving interest costs during the construction phase. There is no debt related to the capital assets. Capital assets of the District Attorney are depreciated using zero salvage value and the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Furniture and fixtures	10
Data processing equipment	5
Equipment	6
Automobiles	5
Software	3

F. Budgets and Budgetary Accounting

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

1. No later than September 1st, the District Attorney prepares a budget request by appropriation unit to be presented to the next legislature.
2. The appropriation request is submitted to the Department of Finance and Administration's Budget Division (DFA) and to the Legislative Finance Committee (LFC).
3. DFA makes recommendations and adjustments to the appropriation request which become the Governor's proposal to the Legislature.
4. LFC holds hearings on the appropriation request, also submitting recommendations and adjustments before presentation to the Legislature.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2014**

1. Summary of Significant Accounting Policies (Cont'd)

F. Budgets and Budgetary Accounting (Cont'd)

5. Both the DFA and LFC recommended appropriation proposals are presented to the Legislature for approval of the final budget plan.
6. The legal level of budgetary control is at the appropriation program level (P-Code level). Section 9 of the General Appropriation Act of 2010, allows all agencies to request category transfers among personal services and employee benefits, contractual services and other. Budget Adjustment Requests (BARs) are approved by the DFA Budget Division.
7. According to the General Appropriations Act , Chapter 19, Laws 2012, Section 3, Paragraph M, for the purpose of administering the General Appropriation Act of 2014 and approving operating budgets, the state of New Mexico shall follow the modified accrual basis of accounting for governmental funds in accordance with the manual of model accounting practices issued by the department of finance and administration. The only exception would be an accounts payable at June 30, 2014 that did not get paid by the statutory deadline after the end of the fiscal year. The cash to pay such a payable is reverted to the State General Fund on September 30, 2014, creating a negative fund balance. Those payables must be paid out of the following year's budget after a request to pay prior year bills out of the current year budget has been approved by DFA. The District Attorney had \$2,848 of such exceptions at June 30, 2014, which will be paid out of the FY 2014 budget.
8. The original budgets differs from the final budgets presented in the budget comparison exhibits and statements by amendments made during the fiscal year.
9. Single-year appropriations lapse at the end of the fiscal year. Accounts payable amounts related to goods and services received by June 30th that were paid within the 31 day statutory period are accrued as accounts payable in the budget basis expenditures. Accounts payable that were not paid within the 31 day statutory time period that require a request for approval to pay prior year bills with current year funds, are paid out of the next year's budget. The District Attorney had \$2,848 of accounts payables at June 30, 2014, that were not paid within the required time period.

In accordance with the requirements of Section 2.2.210.A (2) (b) of 2.2.2 NMAC *Requirements for Contracting and Conducting Audits of Agencies* and the allowance made by GASB 34 footnote 53, the budgetary comparison statements for the General Fund and major special revenue funds have been included as part of the basic financial statements.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2014**

1. Summary of Significant Accounting Policies (Cont'd)

G. Accrued Compensated Absences Payable

Annual leave and other compensated absences with similar characteristics are accrued as a liability as benefits are earned by employees if: the employees' right to receive compensation is attributable to services already rendered; and it is probable that the employer will compensate employees for benefits through paid time off or some other means, such as cash payments at termination or retirement.

Where applicable, the compensated absence liability is presented in two parts in the government-wide financial statements, a current portion and long-term portion. The current portion is the amount expected to be expended during fiscal year 2014. It is an estimate management determined by applying a percentage to the June 30, 2014 liability. The percentage used was determined by comparing the amount actually paid out during fiscal year 2014 compared to the liability balance at June 30, 2012.

Employees accumulate annual leave at a rate based on appointment date and length of continuous service. A maximum of 240 hours of annual leave may be carried forward after the pay period beginning in December and ending in January. When employees terminate, they are compensated at their current hourly rate for accumulated unpaid annual leave as of the date of termination, up to a maximum of 240 hours.

Employees accumulate sick leave at a rate of 3.69 hours per pay period. There is no limit to the amount of sick leave that an employee may accumulate. State agencies are allowed to pay fifty percent of each employees hourly rate for accumulated sick leave over 600 hours, up to 120 hours. Payment may be made only once per fiscal year at a specified pay period in either January or July. Additionally, upon retirement those employees with over 600 hours accumulated sick leave have the option to convert 400 hours of such leave to cash at one half of their hourly rate.

Fair Labor Standards Act (FLSA) states that nonexempt employees accumulate compensation time at a rate of 1.5 times the number of hours worked, in excess of forty hours per week, based on their regular hourly rate. Exempt and classified employees who are FLSA exempt accumulate compensation time at the same rate as the number of hours worked. Exempt employees could not carry forward unused compensation time into January of the 2014 calendar year. Overtime must be preapproved by management. Payment of this liability can be made by compensated leave time or cash payment. At June 30, 2014, there was no compensation time owed to any employees.

In accordance with GASB 16, accrued compensated absences consist of accumulated annual leave, sick leave between 600 and 720 hours, compensatory leave for employees, including the related employers' matching FICA and Medicare payroll taxes.

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2014

1. Summary of Significant Accounting Policies (Cont'd)

H. Reversions

Unless otherwise indicated by specific legislation, any unexpended balance remaining in SHARE fund 15500 is reverted to the State General Fund. Accordingly, reversions have been recorded in the current year for State General Fund appropriations.

The General Appropriations Act Chapter 227, Laws of 2013, Section 3, Paragraph M, states that “for the purpose of administering the General Appropriations Act of 2012 and approving operating budgets, the State of New Mexico shall follow the modified accrual basis of accounting for governmental funds in accordance with the manual model accounting practices issued by the Department of Finance and Administration.” In accordance with the Department of Finance and Administration’s “Basis of Accounting-Modified Accrual and the Budgetary Basis,” the District Attorney has accrued as accounts payable, amounts owed for goods and services received by June 30, 2014. In addition, any funds appropriated by the legislature for subsequent year use is reflected in the fund balance of the District Attorney’s General Fund as assigned to subsequent year expenditures. The District Attorney had \$72,791 at June 30, 2014, assigned to subsequent year expenditures. Any remaining General Fund - fund balance not reserved is being reverted to the State General Fund. This amounted to \$19,342 at June 30, 2014. All other District Attorney special revenue funds (SHARE fund 25800, SHARE fund 25900, fund SHARE 72200 and SHARE fund 93100) are nonreverting per statutory authority which established these funds.

I. Net Position/Fund Equity/Fund Balances

In the **government-wide financial statements**, net assets consist of three components: investment in capital assets, net of related debt; restricted; and unrestricted. The District Attorney has no debt related to capital assets; therefore, net assets investment in capital assets equal the capital assets, net of related accumulated depreciation. The District Attorney’s financial statements report net position restricted of \$72,791 because it has resources remaining in the net assets that were received or earned with the explicit understanding between the District Attorney and the resource provider (grantor, contributor, other government, or enabling legislation) that the funds would be used for a specific purpose. This was a deficit of \$204,198 at June 30, 2014. Therefore, all remaining net assets that are not related to capital assets are shown as unrestricted.

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definition, was implemented by the District Attorney’s Office for the year ending June 30, 2012. Statement No. 54 replaces the old fund balance terminology (“reserved,” “unreserved,” “designated,” and “undesignated”) with new financial reporting categories for fund balances of governmental funds.

In the **fund financial statements**, governmental fund balances are now divided into five classifications based on the extent to which government is bound to honor constraints on the specific purposes for which amounts in that fund can be spent.

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2014

1. Summary of Significant Accounting Policies (Cont'd)

I. **Net Position/Fund Equity/Fund Balances (Cont'd)**

Non-spendable includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact.

The spendable fund categories can be depicted as follows:

Restricted are amounts that are so due to enabling legislation, constitutional provisions, externally imposed by grantors, contributors, laws or regulations of other governments, or by creditors, such as through debt covenants.

Committed are amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and removal of the constraint would require a formal action by the same authority.

Assigned consists of amounts that are intended to be used for a specific purpose established by the government's highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the general fund, assigned fund balance represents the residual amount in the fund balance.

Unassigned represents the residual amount after all classifications have been considered for the government's general fund, and could report a surplus or a deficit.

Assigned to subsequent year expenditures - fund balance assigned to subsequent year expenditures, \$72,791 in the General Fund is the amount of fund balance available at June 30, 2014. Pursuant to Section 5, Chapter 124, Laws 2009, any unexpended balances remaining at the end of fiscal year 2009 or any year thereafter from revenue received by a district attorney as grants from the United States Department of Justice pursuant to the Southwest Border Prosecution Initiative shall not revert to the State General Fund but shall remain with the recipient district attorney office for expenditure in that or future fiscal years.

2. Investment in the State Treasurer General Fund Investment Pool

State law (Section 8-6-3 NMSA 1978) requires the District Attorney's cash be managed by the New Mexico State Treasurer's Office. Accordingly, the investments of the District Attorney consist of an interest in the General Fund Investment Pool managed by the New Mexico State Treasurer's Office.

At June 30, 2014, the District Attorney had the following invested in the General Fund Investment Pool:

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2014**

2. Investment in the State Treasurer General Fund Investment Pool (Cont'd)

Name of Depository	Account Name	Agency Number	SHARE Fund #	Balance per Depository	Out- standing Warrants	Balance per Books
<u>Governmental Funds</u>						
State Treasurer General Fund Investment Pool:						
State Treasurer Investment Pool	First Judicial D.A. General Operating	25100	15500	\$ 152,498	\$ -	\$ 152,498
State Treasurer Investment Pool	First Judicial D.A. CVRC STOP VAWA	25100	25800	705	-	705
State Treasurer Investment Pool	First Judicial D.A. Federal Grants DOJ Rural	25100	25900	(2,403)	-	(2,403)
State Treasurer Investment Pool	First Judicial D. A. BJA Grant	25100	72200	<u>2,644</u>	<u>-</u>	<u>2,644</u>
Total government funds				<u>\$ 153,444</u>	<u>\$ -</u>	<u>\$ 153,444</u>

All cash is on deposit with the State Treasurer and is invested in the State Treasurer General Fund Investment Pool. The State Treasurer has the power to invest money held in demand deposits and not immediately needed for the operation of state government in securities in accordance with Sections 6-10-10 I through P, NMSA 1978, as amended. The State Treasurer with the advice and consent of the state board of finance can invest money held in demand deposits and investments not immediately needed for the operation of state government in:

- (a) Securities issued by the United States (U.S.) government or by its departments or agencies and direct obligations of the U.S. or are backed by the full faith and credit of the U.S. government or agencies sponsored by the U.S. government;
- (b) Contracts for the present purchase and resale at a specified time in the future, not to exceed one year or, in the case of bond proceeds, not to exceed three years, of specific securities at specified prices at a price differential representing the interest income to be earned by the state. No such contract shall be invested in unless the contract is fully secured by obligations of the United States or other securities backed by the United States having a market value of at least one hundred two percent of the amount of the contract;
- (c) Contracts for the temporary exchange of state-owned securities for the use of broker-dealers, banks or other recognized institutional investors in securities, for periods not to exceed one year for a specified fee rate. No such contract shall be invested in unless the contract is fully secured

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2014

2. Investment in the State Treasurer General Fund Investment Pool (Cont'd)

by exchange of an irrevocable letter of credit running to the state, cash or equivalent collateral of at least one hundred two percent of the market value of the securities plus accrued interest temporarily exchanged. The collateral required for either of the forms of investment in sections (b) and (c) shall be delivered to the fiscal agent of New Mexico or its designee contemporaneously with the transfer of funds or delivery of the securities at the earliest time industry practice permits, but in all cases, settlement shall be on the same-day basis. Neither of the contracts in (b) or (c) shall be invested in unless the contracting bank, brokerage firm or recognized institutional investor has a net worth in excess of five hundred million dollars;

- (d) Any of the following investments in an amount not to exceed forty percent of any fund that the state treasurer invests: (1) commercial paper rated "prime" quality by a national rating service, issued by corporations organized and operating within the U.S.; (2) medium-term notes and corporate notes with a maturity not exceeding five years that are rated A or its equivalent or better by a nationally recognized rating service and that is issued by a corporation organized and operating in the U.S.; or (3) an asset-backed obligation with a maturity not exceeding five years that is rated AAA or its equivalent by a nationally recognized rating service;
- (e) Shares of a diversified investment company registered pursuant to the federal Investment Company Act of 1940 that invests in U.S. fixed income securities or debt instruments authorized pursuant to (a), (b) and (d) above provided that the investment company has total assets under management of at least one billion dollars and the investments made by the State Treasurer pursuant to this paragraph are less than five percent of the assets of the investment company; or,
- (f) Individual, common or collective trust funds of banks or trust companies that invest in U.S. fixed income securities or debt instruments authorized pursuant to (a), (b) and (d) above provided that the investment manager has assets under management of at least one billion dollars and the investments made by the state treasurer pursuant to this paragraph are less than five percent of the assets of the individual, common or collective trust fund.

No public funds can be invested in negotiable securities or loans to financial institutions fully secured by negotiable securities at current market value shall be paid out unless there is a contemporaneous transfer of the securities at the earliest time industry practice permits, but in all cases, settlement shall be on a same-day basis either by physical delivery or, in the case of uncertificated securities, by appropriate book entry on the books of the issuer, to the purchaser or to a reputable third-party safekeeping financial institution acting as agent or trustee for the purchaser, which agent or trustee shall furnish timely confirmation to the purchaser.

Interest Rate Risk - The New Mexico State Treasurer's Office has an investment policy that limits investment maturities to five years or less on allowable investments. This policy is means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

Credit Risk - The New Mexico State Treasurer pools are not rated.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2014**

2. Investment in the State Treasurer General Fund Investment Pool (Cont'd)

For additional GASB40 disclosure information regarding the investment in the State Treasurer's SGFIP, the reader should see the separate audit report for the State Treasurer's Office for the fiscal year ended June 30, 2014, review the State Treasurer's Investment Policy at <http://www.stonm.org/Investments/InvestmentPolicy>, and review Sections 2.60.4.1 through 2.60.4.15 of the New Mexico Administrative Code, regarding Investment of Deposits of Public Funds Depository Bank Requirements, Collateral Level Requirements, and Custodial Bank Requirements.

General Fund Investment Pool

For cash management and investment purposes, funds of various state agencies are deposited in the State General Fund Investment Pool (the Pool), which is managed by the Office of the New Mexico State Treasurer. Claims on the Pool are reported as assets by the various agencies investing in the Pool.

In June 2012, an independent diagnostic report revealed that the General Fund Investment Pool balances had not been reconciled at a "business unit by fund" level since the inception of the Statewide Human Resources, Accounting, and Management Reporting system (SHARE) system in July 2006. This report, entitled "Current State Diagnostic of Cash Control," also described a difference between Pool bank balances and the corresponding general ledger balances and indicated that the effects of reconciling items were unknown. The report, dated June 20, 2012, is available on the website of the NM Department of Finance and Administration at: http://www.nmdfa.state.nm.us/Cash_Control.aspx.

By state statute, the New Mexico Department of Finance and Administration (DFA) is responsible for the performance of monthly reconciliations with the balances and accounts kept by the State Treasurer. Therefore, under the direction of the State Controller / Financial Control Division Director, the Financial Control Division (FCD) of the New Mexico Department of Finance & Administration undertook action to address the situation. DFA/FCD initiated the Cash Management Remediation Project (Remediation Project) in partnership with the Office of the New Mexico State Treasurer, the New Mexico Department of Information Technology, and a contracted third party with expertise in the Enterprise System Software used by the State.

The Remediation Project objective was to design and implement changes necessary to ensure ongoing completion of timely, accurate and comprehensive reconciliation of the Pool. DFA has or is in the process of implementing all the recommendations resulting for the Remediation Project and has made changes to the State's SHARE system configuration, cash accounting policies and procedures, business practices, and banking structure. This has enabled DFA to complete timely and accurate reconciliation of bank to book balances at the State and Business Unit level on a post-implementation basis, however it did not resolve historical reconciling items. Additional changes recommended by the Project continue to be cascaded through DFA and state agencies to support the Business Unit by Fund accounting requirements.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2014**

2. Investment in the State Treasurer General Fund Investment Pool (Cont'd)

A plan to address historical reconciling items is being assessed and a separate initiative will need to be undertaken to resolve the historical reconciling items. Management considers it unlikely that this separate initiative will be successful in allocating all historical reconciling items to the State entities invested in the Pool. As a result, any remaining differences post specific allocation to Pool participants will be reported in the State General Fund.

Management in FY 2012 recorded a loss contingency of \$101.7 million in the State General Fund based on its estimate of the effect of issues related to the reconciliation of the Pool, that estimate is still current. Because no specific loss amount is determinable, consistent with generally accepted accounting principles, the amount accrued is the minimum amount that management considers to be probable. Ultimately, the loss could exceed the amount accrued, perhaps by a substantial amount.

The District has cash reconciliation policies and procedures in place which are performed on a monthly basis to ensure that the agency's cash balances in the pool, in SHARE are correct and to mitigate the risk that the agency's cash balances in the pool, would not be misstated as of June 30, 2014.

3. Changes in Capital Assets

Summaries of changes in capital assets and related accumulated depreciation follow:

	Balance 6/30/2013	Additions	Deletions	Balance 6/30/2014
Capital Assets - Historical Cost				
Data processing equip.	\$ 50,399	\$ 5,215	\$ (18,560)	\$ 37,054
Furniture and fixtures	92,580	-	(37,646)	54,934
Equipment	33,238	-	-	33,238
Automobiles	360,351	82,749	(45,286)	397,814
Total capital assets	<u>\$ 536,568</u>	<u>\$ 87,964</u>	<u>\$ (101,492)</u>	<u>\$ 523,040</u>
Related Accumulated Depreciation				
Data processing equip.	\$ 46,581	\$ 1,880	\$ (18,560)	\$ 29,901
Furniture and fixtures	65,837	5,400	(37,646)	33,591
Equipment	32,517	105	-	32,622
Automobiles	283,146	32,704	(45,286)	270,564
Total accumulated depreciation	<u>\$ 428,081</u>	<u>\$ 40,089</u>	<u>\$ (101,492)</u>	<u>\$ 366,678</u>
Capital Assets, Net of Accumulated				
Data processing equip.	\$ 3,818	\$ 3,335	\$ -	\$ 7,153
Furniture and fixtures	26,743	(5,400)	-	21,343
Equipment	721	(105)	-	616
Automobiles	77,205	50,045	-	127,250
Net capital assets	<u>\$ 108,487</u>	<u>\$ 47,875</u>	<u>\$ -</u>	<u>\$ 156,362</u>

Depreciation expense for the fiscal year was \$40,089.

STATE OF NEW MEXICO
 FIRST JUDICIAL DISTRICT ATTORNEY
 Notes to Financial Statements
 June 30, 2014

4. **Changes in Compensated Absences Payable**

A summary of changes in the current and long-term portion of compensated absences follows:

	<u>Balance</u> <u>6/30/2013</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Balance</u> <u>06/30/2014</u>
Current - Due Within One Year				
Compensated absences payable	\$ 149,442	\$ 179,188	\$ (175,418)	\$ 153,212
Long-Term - Due After One Year				
Compensated absences payable	<u>36,371</u>	<u>59,634</u>	<u>(45,019)</u>	<u>50,986</u>
Total				
Compensated absences payable	<u>\$ 185,813</u>	<u>\$ 238,822</u>	<u>\$ (220,437)</u>	<u>\$ 204,198</u>

Compensated absences are paid with state General Fund appropriations from the District Attorney's General Fund - SHARE Fund 15500.

5. **Operating Leases**

The District Attorney has various operating leases primarily for office space and equipment which can be terminated if the state legislature does not appropriate money to the District Attorney. Operating lease expenditures for these leases for the year ended June 30, 2014, totaled \$29,969.

Minimum future annual rental payments under all operating leases are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Amount</u>
2015	\$ 23,151
2016	23,151
2017	23,001
2018	1,248
2019	<u>1,040</u>
Total	<u>\$ 71,591</u>

6. **Due to State General Fund**

Federal funds are co-mingled with reverting state General Fund appropriations by the District Attorney; however, federal funds are separately tracked in the District Attorney's accounting records. The following is a summary of the amount due to the state General Fund at June 30, 2014, from the General Operating Account (Fund 15500):

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2014**

6. Due to State General Fund (Cont'd)

Cash Balance - June 30, 2014 (Fund 15500)	\$	152,498
Add:		
Due from federal government - HIDTA -June 30, 2014		130,150
Other receivables - June 30, 2014		302
Less:		
Accounts payable - June 30, 2014		(78,842)
Adjustment to accounts payable for expenses to be paid out of FY 2014 budget		
Accrued payroll - June 30, 2014		(50,642)
Payroll taxes payable- June 30, 2014		(21,621)
Payroll benefits payable - June 30, 2014		(38,895)
Due to other state agencies - June 30, 2014		(515)
Other receivables (uncollectible status) - June 30, 2014		(302)
Reserve for subsequent year's appropriation (SWBPI) - June 30, 2014		<u>(72,791)</u>
Due to State General Fund - June 30, 2014	\$	<u>19,342</u>
Source of reversion amounts by budget fiscal year and other miscellaneous items are:		
FY 2014	\$	18,288
Prior-year expenses charged to FY 2014 budget		2,616
Statel-dated warrants		45
Over-reversion of "other receivables"-never collected in prior years		(970)
Other receivables (uncollectible status) - June 30, 2014		<u>302</u>
Reversion to State General Fund - June 30, 2014		20,281
Over-reversion of FY 2013 amount due to the state general fund		<u>(939)</u>
Due to State General Fund - June 30, 2014	\$	<u>19,342</u>

7. Due To/Due From State Agencies

	Purpose	Due From	Due To
<u>Fund 15500-General Fund</u>			
Due to Department of Finance and Admin.	Payroll tax and employee benefits liability errors-SHARE	\$ -	\$ 79
Due to State Personnel Office	Correcting payroll tax errors	-	437
<u>Fund 25800-CVRC-STOP VAWA Grant Fund</u>			
Due to Department of Finance and Admin.	Payroll tax and employee benefits liability errors-SHARE	-	705
<u>Fund 72200-Bureau of Justice Assist. Grant Fund</u>			
Due to Department of Finance and Admin.	Payroll tax and employee benefits liability errors-SHARE	-	2,644
<u>Fund 25900-DOJ Rural Grant Fund</u>			
Due from Department of Finance and Admin.	Payroll tax and employee benefits liability errors-SHARE	<u>2,403</u>	<u>-</u>
		<u>\$ 2,403</u>	<u>\$ 3,865</u>

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2014**

8. Transfers In/Out

The District Attorney had the following actual cash transfers in/out during the fiscal year:

<u>Transferring Agency</u>	<u>Agency No.</u>	<u>From Fund No.</u>	<u>To Fund No.</u>	<u>Transfer Amount</u>	<u>Purpose of Transfer</u>
DFA	34100	83000	15500	\$ 4,835,200	Appropriation allotment- State General Fund
DFA	34100	85300	15500	39,700	Compensation appropriation- State General Fund
First District Attorney	25100	15500	85300	(3,053)	FY 2013 - Reversion to State General Fund
				<u>\$ 4,871,847</u>	

9. Pension Plan - Public Employees Retirement Association

Plan Description. Substantially all of the District's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy. Plan members are required to contribute 8.92% (ranges from 6.28% to 18.15% depending upon the plan, i.e., state general, municipal police, municipal fire, municipal detention officer) of their gross salary. The District is required to contribute 16.59% (ranges from 7.0% to 25.72% depending upon the plan) of the gross covered salary. The contribution requirements of plan members and the District are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District Attorney's contributions to PERA for the fiscal years ending June 30, 2014, 2013 and 2012 were \$542,192, \$475,248, and \$409,833, respectively, which equal the amount of the required contributions for each fiscal year.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2014**

10. Post Employment Benefits - State Retiree Health Care Plan

Plan Description. The District contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan.

That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2014**

10. Post Employment Benefits - State Retiree Health Care Plan (Cont'd)

member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2014, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2014, 2013, and 2012, were \$65,471, \$63,027, and \$56,066, respectively, which equal the required contributions for each year.

11. Risk Management and Litigation

The District Attorney is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. Section 15-7-2, NMSA 1978 requires the General Services Department, Risk Management Division (RMD) to be responsible for the acquisition and administration of all insurance purchased by the state. Since 1977, various state statutes have been passed which allow RMD to insure, self-insure or use a combination of both. For the past several years, the RMD has elected to self-insure, and has not obtained liability coverage from commercial insurance companies. The RMD has effectively managed risk through various employee education and prevention programs. Risk management expenditures for the District Attorney are accounted for in the General Fund. Any claims are processed through RMD.

There are no pending or known threatened legal proceedings involving material matters to which the District Attorney is a party.

12. Due From Federal Government

During fiscal year 2014, the District Attorney was awarded funding from the High Intensity Drug Trafficking Areas (HIDTA) program through the Office of National Drug Control Policy totaling \$120,086. At June 30, 2014, expenses totaling \$120,086 had not been reimbursed.

The District Attorney was also awarded funding from the NM Crime Victims Reparation Commission (CVRC) for a VOCA - Victim Assistance Grant totaling \$54,250. At June 30, 2014, expenses totaling \$10,065 had not been reimbursed.

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2014

13. Net Position Deficit

GASB #34 requires capital assets, net of accumulated depreciation, and the inclusion of long-term debt resulting in an unrestricted net position deficit of (\$204,198). This deficit is created by compensated absences liabilities of (\$204,198) which will be paid from State General Fund appropriations in future years.

14. Subsequent Events Review

A review of subsequent events through November 7, 2014, which is the date the financial statements were available for issuance, revealed no significant subsequent events which require disclosure.

15. Subsequent Accounting Standard Pronouncements

Statement No. 68, Accounting and Financial Reporting for Pensions. The statement replaces the requirements of GASBS 27, Accounting for Pensions by State and Local Governmental Employers, and the requirements of GASBS 50 Pension Disclosures, as they related to pensions that are provided through pension plans administered as trusts. The requirements of Statements 27 and 50 remain applicable for pensions that are covered by GASBS 68. This statement is effective for financial statements for fiscal years beginning after June 15, 2014. This will require the District to recognize a liability for the proportionate share of the unfunded net pension liability for PERA.

Statement No. 69, Government Combinations and Disposals of Government Operations. This statement establishes accounting and financial reporting standards related to government mergers, acquisitions, and transfers of operations. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013 (year ended June 30, 2015) and should be applied on a prospective basis.

Statement No. 70, Accounting and Financial Reporting for Non-exchange Financial Guarantees. This statement establishes accounting and financial reporting standards for financial guarantees that are non-exchange transactions extended or received by a state or local government. A non-exchange financial guarantee is a guarantee of an obligation of a legally separate entity or individual, including a blended or discretely presented component unit, which requires the guarantor to indemnify a third-party obligation holder under specified conditions. This statement is effective for financial statements for reporting periods beginning after June 15, 2013. The District has reviewed the statement and has determined that this does not apply to the District.

GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (Amendment to GASB 68)*, improve accounting and financial reporting by addressing an issue in Statement No. 68, *Accounting and Financial Reporting for Pensions*, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities. This Statement will be effective at the implementation of GASB 68.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2014**

16. Special Appropriations

The District Attorney received the following special appropriations during the current and previous years. The District Attorney expended the balance of the appropriation (\$194,604) during the current year.

<u>Agency/Fund</u>	<u>Amount</u>	<u>Unexpended Appropriation</u>		<u>Purpose</u>
		<u>Balance</u>	<u>Lapses</u>	
25100/15500	\$ 224,900	-	6/30/2014	To prosecute a fraud case affecting the City and County of Santa Fe, NM. Laws 2013, Ch. 227, Sec. 5

17. Prior-period Adjustment- Restatement to Net Position and Fund Balance

The net position/fund balance of the General Fund 15500 was restated by (\$970) at June 30, 2013, to reflect an adjustment to "Other Receivables" which has been determined to be uncollectible. This amount had previously been reverted to the State General Fund in a prior-year.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

STATE OF NEW MEXICO
 FIRST JUDICIAL DISTRICT ATTORNEY
 Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2014

	<u>Special Revenue Funds</u>			<u>Total Non-Major Governmental Funds</u>
	<u>Fund 72200</u>	<u>Fund 25800</u>	<u>Fund 25900</u>	
	<u>Bureau of Justice Assistance Grant</u>	<u>CVRC- Stop VAWA Grant</u>	<u>DOJ Rural Grant</u>	
<u>Assets</u>				
Investment in the State Treasurer General Fund Investment Pool (note 2)	\$ 2,644	\$ 705	\$ -	\$ 3,349
Due from other state agencies (note 7)	-	-	2,403	2,403
Total assets	\$ 2,644	\$ 705	\$ 2,403	\$ 5,752
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Investment in the State Treasurer General Fund Investment Pool-deficit (note 2)	\$ 2,644	\$ -	\$ 2,403	\$ 2,403
Due to other state agencies (note 7)	-	705	-	3,349
Total liabilities	2,644	705	2,403	5,752
Fund Balances:				
Unassigned	-	-	-	-
Total fund balances	-	-	-	-
Total liabilities and fund balances	\$ 2,644	\$ 705	\$ 2,403	\$ 5,752

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

STATE OF NEW MEXICO
 FIRST JUDICIAL DISTRICT ATTORNEY
 Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balances
 Non-Major Governmental Funds
 Year Ended June 30, 2014

	Special Revenue Funds			Total Non-Major Governmental Funds
	Fund 72200	Fund 25800	Fund 25900	
	Bureau of Justice Assistance Grant	CVRC- Stop VAWA Grant	DOJ Rural Grant	
Revenues:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Judicial:				
Current:				
Personal services and employee benefits	-	-	-	-
Other costs	-	-	-	-
Total expenditures	-	-	-	-
Change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

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

STATE OF NEW MEXICO
 FIRST JUDICIAL DISTRICT ATTORNEY
 Statement of Revenues and Expenditures
 Budget and Actual (Budgetary Basis)
 Major Governmental Funds
 General Fund (Fund 15500) - All Departments
 For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Prior Years' Activity</u>	<u>Actual Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
State General Fund appropriation	\$ 5,060,100	\$ 5,060,100	\$ 224,900	\$ 4,835,200	\$ -
Federal grants	163,500	165,500	-	167,492	1,992
Other financing sources - compensation appropriation	39,700	39,700	-	39,700	-
Miscellaneous revenue	-	-	-	-	-
	<u>5,263,300</u>	<u>5,265,300</u>	<u>\$ 224,900</u>	<u>\$ 5,042,392</u>	<u>\$ 1,992</u>
Total revenues					
Cash balance budgeted	<u>74,221</u>	<u>74,221</u>			
Total budgeted resources	<u>\$ 5,337,521</u>	<u>\$ 5,339,521</u>			
Expenditures:					
Judicial:					
Current:					
Personal services and employee benefits	\$ 4,935,407	\$ 4,784,907	\$ 8,256	\$ 4,696,631	\$ 80,020
Contractual services	18,000	18,000	-	17,976	24
Other costs	384,114	536,614	22,040	503,541	11,033
	<u>5,337,521</u>	<u>5,339,521</u>	<u>30,296</u>	<u>5,218,148</u>	<u>91,077</u>
Total expenditures					

Reconciliation of Budgetary Basis to GAAP Basis:	<u>Revenue</u>	<u>Expenditures</u>
Budgetary Basis	\$ 5,042,392	\$ 5,218,148
Adjustments:		
Accounts payable that required approval to pay out of the FY 2014 budget	-	(232)
GAAP Basis	<u>\$ 5,042,392</u>	<u>\$ 5,217,916</u>

Note:

The actual expenditures on the budgetary basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2015 budget.

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

STATE OF NEW MEXICO
 FIRST JUDICIAL DISTRICT ATTORNEY
 Statement of Revenues and Expenditures
 Budget and Actual (Budgetary Basis)
 Major Governmental Funds
 General Fund (Fund 15500) - Department P250 Prosecution
 For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State General Fund appropriation	\$ 4,835,200	\$ 4,835,200	\$ 4,835,200	\$ -
Federal grants	163,500	165,500	167,492	1,992
Other financing sources-compensation appropriation	39,700	39,700	39,700	-
Miscellaneous revenue	-	-	-	-
	<u>5,038,400</u>	<u>5,040,400</u>	<u>\$ 5,042,392</u>	<u>\$ 1,992</u>
Total revenues				
Cash balance budgeted	-	-		
Total budgeted resources	<u>\$ 5,038,400</u>	<u>\$ 5,040,400</u>		
Expenditures:				
Judicial:				
Current:				
Personal services and employee benefits	\$ 4,695,600	\$ 4,545,100	\$ 4,529,887	\$ 15,213
Contractual services	18,000	18,000	17,976	24
Other costs	324,800	477,300	474,249	3,051
Total expenditures	<u>\$ 5,038,400</u>	<u>\$ 5,040,400</u>	<u>\$ 5,022,112</u>	<u>\$ 18,288</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Budgetary Basis			<u>Revenue</u>	<u>Expenditures</u>
			\$ 5,042,392	\$ 5,022,112
Adjustments:				
Accounts payable that required approval to pay out of the FY 2014 budget			-	(232)
GAAP Basis			<u>\$ 5,042,392</u>	<u>\$ 5,021,880</u>

Note:

The actual expenditures on the budgetary basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2015 budget.

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

STATE OF NEW MEXICO
 FIRST JUDICIAL DISTRICT ATTORNEY
 Statement of Revenues and Expenditures
 Budget and Actual (Budgetary Basis)
 Major Governmental Funds
 General Fund (Fund 15500) - Department Z30508 (Southwest Border Prosecution Initiative)
 For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State General Fund appropriation	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
Miscellaneous revenue	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	-	-	\$ -	\$ -
	<hr/>	<hr/>		
Cash balance budgeted	74,221	74,221		
	<hr/>	<hr/>		
Total budgeted resources	\$ 74,221	\$ 74,221		
	<hr/>	<hr/>		
Expenditures:				
Judicial:				
Current:				
Personal services and employee benefits	\$ 64,807	\$ 64,807	\$ -	\$ 64,807
Contractual services	-	-	-	-
Other costs	9,414	9,414	1,432	7,982
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	\$ 74,221	\$ 74,221	\$ 1,432	\$ 72,789
	<hr/>	<hr/>	<hr/>	<hr/>

Reconciliation of Budgetary Basis to GAAP Basis:		<u>Revenue</u>	<u>Expenditures</u>
Budgetary Basis		\$ -	\$ 1,432
Adjustments:			
Accounts payable that required approval to pay out of the FY 2014 budget		<hr/>	<hr/>
		-	-
GAAP Basis		<hr/>	<hr/>
		\$ -	\$ 1,432

Note:

The actual expenditures on the budgetary basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2015 budget.

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

STATE OF NEW MEXICO
 FIRST JUDICIAL DISTRICT ATTORNEY
 Statement of Revenues and Expenditures
 Multi-Year Budget and Actual (Budgetary Basis)
 Major Governmental Funds
 General Fund (Fund 15500) - Department Z30507 (2013 and 2014 Special Appropriation)
 Multi-Year Budget
 For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Prior Years' Activity</u>	<u>Actual Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
State General Fund appropriation	\$ 224,900	\$ 224,900	\$ 224,900	\$ -	\$ -
Federal grants	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-
	<u>224,900</u>	<u>224,900</u>	<u>\$ 224,900</u>	<u>\$ -</u>	<u>\$ -</u>
Total revenues					
Cash balance budgeted	<u>-</u>	<u>-</u>			
Total budgeted resources	<u>\$ 224,900</u>	<u>\$ 224,900</u>			
Expenditures:					
Judicial:					
Current:					
Personal services and employee benefits	\$ 175,000	\$ 175,000	\$ 8,256	\$ 166,744	\$ -
Contractual services	-	-	-	-	-
Other costs	<u>49,900</u>	<u>49,900</u>	<u>22,040</u>	<u>27,860</u>	<u>-</u>
Total expenditures	<u>\$ 224,900</u>	<u>\$ 224,900</u>	<u>\$ 30,296</u>	<u>\$ 194,604</u>	<u>\$ -</u>
Reconciliation of Budgetary Basis to GAAP Basis:					
Budgetary Basis				<u>\$ -</u>	<u>\$ 194,604</u>
Adjustments:					
Accounts payable that required approval to pay out of the FY 2014 budget				<u>-</u>	<u>-</u>
GAAP Basis				<u>\$ -</u>	<u>\$ 194,604</u>

Note:

The actual expenditures on the budgetary basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2015 budget.

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

SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
 FIRST JUDICIAL DISTRICT ATTORNEY
 Schedule of Changes in Assets and Liabilities
 Agency Funds
 Year Ended June 30, 2014

**Worthless Check and
 Pre-Prosecution Fees
 Agency Fund:**

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
<u>Assets</u>				
Cash in banks (note 2)	\$ -	\$ 18,335	\$ (18,335)	\$ -
Total assets	\$ -	\$ 18,335	\$ (18,335)	\$ -
<u>Liabilities</u>				
Due to other state agencies	\$ -	\$ 18,335	\$ (18,335)	\$ -
Total liabilities	\$ -	\$ 18,335	\$ (18,335)	\$ -

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

Robert J. Rivera, CPA, PC

Certified Public Accountants

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

Angela "Spence" Pacheco
First Judicial District Attorney
and
Mr. Hector Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund of the State of New Mexico, First Judicial District Attorney, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the State of New Mexico, First Judicial District Attorney's basic financial statements, and the combining and individual funds and related budgetary comparisons of the State of New Mexico, First Judicial District Attorney, presented as supplemental information, and have issued our report thereon dated November 7, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State of New Mexico, First Judicial District Attorney's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of New Mexico, First Judicial District Attorney's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of New Mexico, First Judicial District Attorney's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of New Mexico, First Judicial District Attorney's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under **Government Auditing Standards**.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with **Government Auditing Standards** in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Robert J. Rivera, CPA, PC
Santa Fe, New Mexico
November 7, 2014

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Schedule of Findings and Responses
June 30, 2014**

I. PRIOR-YEAR AUDIT FINDINGS

a. Repeated in current-year

None

b. Resolved and not included in current-year

None

**II. CURRENT-YEAR FINDINGS PERTAINING TO THE FINANCIAL STATEMENTS WHICH ARE
REQUIRED TO BE REPORTED**

None

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Preparation of Financial Statements
and Exit Conference
June 30, 2014**

Preparation of Financial Statements

The audited financial statements were prepared by the First Judicial District Attorney's staff with the assistance of the independent certified public accountant performing the audit. Management is responsible for ensuring that the books and records adequately support the preparation of financial statements in accordance with generally accepted accounting principles and that records are current and in balance. Management has reviewed and approved the financial statements.

The District Attorney's Office has prepared the Management's Discussion and Analysis.

Exit Conference

An exit conference was held on December 10, 2014, to discuss the audit. The following individuals were in attendance:

First Judicial District Attorney

Angela "Spence" Pacheco, District Attorney
Lucas Gauthier, Chief Financial Officer

Audit Firm (Robert J. Rivera, CPA, PC)

Robert J. Rivera, CPA
William J. Valdes