

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

**Financial Statements
June 30, 2015**

(With Independent Auditor's Report Thereon)

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

INTRODUCTORY SECTION

STATE OF NEW MEXICO
 FIRST JUDICIAL DISTRICT ATTORNEY
 June 30, 2015

Table of Contents

INTRODUCTORY SECTION	<u>Page</u>
Title Page	i
Table of Contents	ii-iv
Official Roster	v
FINANCIAL SECTION	
Independent Auditor’s Report	vi-viii
Management’s Discussion and Analysis	ix-xvi
Basic Financial Statements:	<u>Exhibit</u>
Government-Wide Financial Statements:	
Statement of Net Position	A 1
Statement of Activities	B 2
Fund Financial Statements:	
Balance Sheet - Governmental Funds	C 3
Reconciliation of the Balance Sheet to the Statement of Net Position - Governmental Funds	D 4
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	E 5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities - Governmental Funds	F 6
Budgetary Comparison Statements:	
Statement of Revenues and Expenditures Budget and Actual (Budgetary Basis) - Major Governmental Funds - General Fund (Fund 15500)	G 7

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
June 30, 2015**

Table of Contents

FINANCIAL SECTION (Cont'd)

Basic Financial Statements: (Cont'd)	<u>Page</u>
Notes to Financial Statements	8-28
 Combining and Individual Fund Financial Statements:	
	<u>Statement</u>
Non-Major Governmental Funds	
Combining Balance Sheet	1 29
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	2 30
 Individual Fund Budget Comparison Statements	
Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis) - Major Governmental Funds General Fund (Fund 15500) - All Departments	3 31
Statement of Revenues and Expenditures, Budget and Actual (Budgetary Basis) - Major Governmental Funds - General Fund (Fund 15500) - Department P250 Prosecution	4 32
Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis) - Major Governmental Funds - General Fund (Fund 15500) Department Z30508 (Southwest Border Prosecution Initiative)	5 33

SUPPLEMENTAL SECTION

Supplementary Information

	<u>Schedule</u>
Schedule of Changes in Assets and Liabilities - Agency Funds	1 34
Schedule of Vendor Information for Purchases Exceeding \$60,000 (Excluding Gross Receipts Tax)	2 35

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
June 30, 2015

Table of Contents

OTHER REPORTS	<u>Page</u>
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	36-37
Schedule of Findings and Responses	38
Financial Statement Preparation and Exit Conference	39

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
June 30, 2015**

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

Certified Public Accountants

6 Calle Medico, Suite 4

Santa Fe, New Mexico 87505-4761

(505) 983-6002

Fax (505) 983-6474

INDEPENDENT AUDITOR'S REPORT

Angela "Spence" Pacheco
First Judicial District Attorney
and
Mr. Tim Keller
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, 2015, 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, 2015, 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, 2015, 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, 2015, 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, the combining and individual fund statements, and the budgetary comparisons. The other schedule required by 2.2.2 NMAC, (Schedule of Changes in Assets

and Liabilities - Schedule 1) as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other schedule required by 2.2.2 NMAC, (Schedule of Changes in Assets and Liabilities - Schedule 1) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or 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 Schedule of Changes in Assets and Liabilities (Schedule 1) required by 2.2.2 NMAC is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying Schedule of Vendor Information (Schedule 2), has not been subjected to the auditing procedures applied in the audit of basic financial statements, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with **Government Auditing Standards**, we have also issued our report dated November 4, 2015, 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 4, 2015

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Management's Discussion and Analysis
June 30, 2015**

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, 2015.

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.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Management's Discussion and Analysis
June 30, 2015**

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 2015</u>	<u>FY 2014</u>	<u>Change</u>
<u>Assets</u>			
Investment in the State Treasurer General Fund			
Investment Pool	\$ 119,417	\$ 153,444	\$ (34,027)
Due from other state agencies	15,540	2,403	13,137
Due from federal government	53,300	130,151	(76,851)
Other receivables	-	-	-
Capital assets, net of accumulated depreciation	<u>106,168</u>	<u>156,362</u>	<u>(50,194)</u>
Total assets	<u>294,425</u>	<u>442,360</u>	<u>(147,935)</u>
<u>Liabilities</u>			
Accounts payable and other liabilities	172,830	213,207	(40,377)
Compensated absences payable - current	162,785	153,212	9,573
Compensated absences payable - long-term	<u>61,288</u>	<u>50,986</u>	<u>10,302</u>
Total liabilities	<u>396,903</u>	<u>417,405</u>	<u>(20,502)</u>
<u>Net Position</u>			
Net Investment in capital assets	106,168	156,362	(50,194)
Restricted	15,427	72,791	(57,364)
Unrestricted (deficit)	<u>(224,073)</u>	<u>(204,198)</u>	<u>(19,875)</u>
Total net position	<u>\$ (102,478)</u>	<u>\$ 24,955</u>	<u>\$ (127,433)</u>

There is \$15,427 of net position that is subject to external restrictions on how they may be used. The remaining portion of the net position (\$224,073) that does not represent the investment in capital assets of \$106,168 is at a deficit, which is the direct result of the compensated absences payable.

The main factors that caused net position to decrease by (\$127,433) were depreciation expense (\$50,193), an increase in compensated absences payable of \$19,875 from \$204,198 to \$224,073, and a decrease in Reserve for Subsequent Years' appropriations of (\$57,364).

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Management's Discussion and Analysis
June 30, 2015**

Government-Wide Financial Statements (Cont'd)

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

	<u>FY 2015</u>	<u>FY 2014</u>	<u>Change</u>
Revenues and Transfers:			
General Fund appropriation	\$ 5,151,500	\$ 4,835,200	\$ 316,300
Other financing sources-compensation appropriation	110,800	39,700	71,100
Federal revenues	165,436	167,493	(2,057)
Miscellaneous revenue	-	-	-
Reversions to State General Fund	<u>(3,693)</u>	<u>(21,251)</u>	<u>17,558</u>
Total revenues and transfers	<u>5,424,043</u>	<u>5,021,142</u>	<u>402,901</u>
Expenses:			
Personal services and employee benefits	5,053,524	4,715,016	338,508
Contractual services	18,478	17,976	502
Other costs	429,281	415,345	13,936
Depreciation	<u>50,193</u>	<u>40,089</u>	<u>10,104</u>
Total expenses	<u>5,551,476</u>	<u>5,188,426</u>	<u>363,050</u>
Change in net position	(127,433)	(167,284)	39,851
Net position, beginning	<u>24,955</u>	<u>192,239</u>	<u>(167,284)</u>
Net position, ending	<u>\$ (102,478)</u>	<u>\$ 24,955</u>	<u>\$ (127,433)</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 (\$15,427).

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Management's Discussion and Analysis
June 30, 2015**

Government-Wide Financial Statements (Cont'd)

Governmental activities revenue increased significantly by \$385,403. This increase was primarily from General Fund appropriations and the compensation appropriation which increased by \$387,400. Federal grant awards decreased by \$(2,057). Governmental activities expenses increased by \$362,050 or 7.0%, and reversions to the State General Fund decreased by (\$17,558).

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 2015</u>	<u>FY 2014</u>	<u>Change</u>
Fund Balance:			
Assigned to subsequent year expenditures	\$ 15,427	\$ 72,791	\$ (57,364)
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>\$ 15,427</u>	<u>\$ 72,791</u>	<u>\$ (57,364)</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 2015, the District Attorney's Office budget remained unchanged from the original budget of \$5,498,591.

Capital Assets

The District Attorney's investment in capital assets, net of accumulated depreciation is \$106,168. There is no debt related to these capital assets. There were no additions to capital assets for the year. There were no capital assets deleted during the year. Depreciation expense for the year totaled \$50,193. The investment in capital assets, net of accumulated depreciation changed from \$156,362 to \$106,168 for a net decrease of \$50,194.

Long-term Debt

The District Attorney's Office had long-term debt at June 30, 2015, for compensated absences amounting to \$224,073, and \$204,198 at June 30, 2014. This was an increase of \$19,875 from the prior year.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Management's Discussion and Analysis
June 30, 2015**

Governmental Accounting and Auditing Environment and Next Year's (FY 2016) 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 are:

<u>Type</u>	<u>Measure</u>	<u>FY 2016 Target</u>	<u>FY 2017 Target</u>
Outcome	Percent of cases dismissed under the 6-month rule	<1%	<1%
Output	Number of cases dismissed under the 6-month rule	<35	<35
Efficiency	Average time from filing of petition to final disposition, in months	6	6
Efficiency	Average attorney caseload	250	280
Output	Number of cases prosecuted	4,625	4,625
Output	Number of cases referred for screening	7,000	7,000
Output	Number of cases prosecuted per attorney	185	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 3 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.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Management's Discussion and Analysis
June 30, 2015**

FY 15 Issues & Accomplishments:

The First Judicial District Attorney's Office experienced an 8% increase in cases referred in FY 15. FY 15 cases were almost 14% higher than that of FY 13. The First Judicial District Attorney's Office reclassified two vacant victim advocate positions and hired experienced Deputy District Attorneys to ensure it could adequately address the rising caseloads. The First Judicial District Attorney's Office has 32 attorney positions and only 16 secretarial positions, which included 2 supervisory positions as well as Grand Jury personnel.

The First Judicial District Attorney's Office requested an expansion for two additional secretarial support staff for FY 17; adding two experienced secretaries to prepare court filings and documents currently being done by attorneys will increase time for case review and potentially increase prosecutions.

A recurring item that was identified in fiscal year 2014 and remains today is the lack of physical security at the First Judicial District Attorney's Santa Fe office. Since it's incorporation into the Steve Herrera Judicial Complex, a security assessment prepared by Harris Associated Consulting stated "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.

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 funding to incorporate security features to its facility.

In 2015 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 third 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

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Management's Discussion and Analysis
June 30, 2015

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.

Fiscal year 2015 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 aide 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 9 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 2016 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 2016, with the duties of providing front line victim support at the Santa Fe County Magistrate Court.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Management's Discussion and Analysis
June 30, 2015**

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, 2015**

	<u>Governmental Activities</u>
<u>Assets</u>	
Current assets:	
Investment in the State Treasurer General Fund Investment Pool (note 2)	\$ 119,417
Due from other state agencies (note 7)	15,540
Due from federal government (note 12)	53,300
Other receivables, net of allowance for uncollectibles	-
	188,257
Capital assets (note 3)	523,040
Less accumulated depreciation	(416,872)
	106,168
Total assets	\$ 294,425
<u>Liabilities and Net Position</u>	
Liabilities:	
Current liabilities:	
Accounts payable	25,122
Accrued salaries payable	63,751
Payroll taxes payable	27,588
Payroll benefits payable	49,248
Due to State General Fund (note 6)	3,693
Due to other state agencies (note 7)	3,428
Compensated absences payable - current (note 4)	162,785
	335,615
Noncurrent liabilities:	
Compensated absences payable (note 4)	61,288
	396,903
Net Position:	
Net Investment in capital assets (note 3)	106,168
Restricted	15,427
Unrestricted (deficit)	(224,073)
	(102,478)
Total liabilities and net position	\$ 294,425

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, 2015**

	<u>Governmental Activities</u>
Expenses:	
Judicial:	
Personal services and employee benefits	\$ 5,053,524
Contractual services	18,478
Other costs	429,281
Depreciation expense	<u>50,193</u>
Total expenses	5,551,476
Program revenues:	
Federal operating grants	<u>165,436</u>
Net program expense	<u>(5,386,040)</u>
General revenues and transfers:	
State General Fund appropriation (note 8)	5,151,500
Other financing sources-compensation appropriation (note 8)	110,800
Reversion to State General Fund (FY2015) (notes 6)	<u>(3,693)</u>
Total general revenues and transfers	<u>5,258,607</u>
Change in net position	(127,433)
Net position, beginning of year	<u>24,955</u>
Net position, end of year	<u>\$ (102,478)</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, 2015

	<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)	\$ 118,471	\$ 3,349	\$ 121,820	\$ (2,403)	\$ 119,417
Due from other state agencies (note 7)	13,137	2,403	15,540	-	15,540
Due from federal government (note 12)	53,300	-	53,300	-	53,300
	<u>184,908</u>	<u>5,752</u>	<u>190,660</u>	<u>(2,403)</u>	<u>188,257</u>
Total assets	\$ 184,908	\$ 5,752	\$ 190,660	\$ (2,403)	\$ 188,257
<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	25,122	-	25,122	-	25,122
Accrued salaries payable	63,751	-	63,751	-	63,751
Payroll taxes payable	27,588	-	27,588	-	27,588
Payroll benefits payable	49,248	-	49,248	-	49,248
Due to State General Fund (note 6)	3,693	-	3,693	-	3,693
Due to other state agencies (note 7)	79	3,349	3,428	-	3,428
	<u>169,481</u>	<u>5,752</u>	<u>175,233</u>	<u>(2,403)</u>	<u>172,830</u>
Total liabilities	169,481	5,752	175,233	(2,403)	172,830
Fund Balance:					
Assigned to:					
Subsequent year expenditures	15,427	-	15,427	-	15,427
Unassigned	-	-	-	-	-
	<u>15,427</u>	<u>-</u>	<u>15,427</u>	<u>-</u>	<u>15,427</u>
Total fund balance	15,427	-	15,427	-	15,427
Total liabilities and fund balance	\$ 184,908	\$ 5,752	\$ 190,660	\$ (2,403)	\$ 188,257

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, 2015

Total fund balance for the governmental fund (balance sheet) - (Exhibit C)	\$	15,427
<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.		106,168
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>(224,073)</u>
Net position of governmental activities (statement of net position) - (Exhibit A)	\$	<u><u>(102,478)</u></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, 2015

	Major Fund 15500 General Fund	Non-Major Other Funds	Total Governmental Funds
Revenues:			
Federal grants	\$ 165,436	\$ -	\$ 165,436
Miscellaneous revenue	-	-	-
Total revenues	165,436	-	165,436
Expenditures:			
Judicial:			
Current:			
Personal services and employee benefits	5,033,648	-	5,033,648
Contractual services	18,478	-	18,478
Other costs	429,281	-	429,281
Capital outlay	-	-	-
Total expenditures	5,481,407	-	5,481,407
Excess (deficiency) of revenues over expenditures	(5,315,971)	-	(5,315,971)
Other financing sources (uses):			
State General Fund appropriation (note 8)	5,151,500	-	5,151,500
Other financing sources-compensation appropriation (note 8)	110,800	-	110,800
Reversion to State General Fund - FY 2015 (note 6)	(3,693)	-	(3,693)
Total other financing sources (uses)	5,258,607	-	5,258,607
Net change in fund balance	(57,364)	-	(57,364)
Fund balance, beginning of year	72,791	-	72,791
Fund balance, end of year	\$ 15,427	\$ -	\$ 15,427

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, 2015**

Net change in fund balance - Governmental Funds (Statement of Revenues, Expenditures and Changes in Fund Balance) - (Exhibit E)	\$ (57,364)
--	--------------------

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	\$ -	
Depreciation expense	(50,193)	
	<u> </u>	
Excess of capital outlay expense over depreciation		(50,193)
Rounding		(1)
Net change in long-term and current portions of compensated absences payable		<u>(19,875)</u>
Change in net position of governmental activities (Statement of Activities) - (Exhibit B)		\$ <u>(127,433)</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, 2015

	<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	\$ 5,151,500	\$ 5,151,500	\$ -	\$ 5,151,500	\$ -
Federal grants	163,500	163,500	-	165,436	1,936
Other financing sources - compensation appropriation	110,800	110,800	-	110,800	-
Miscellaneous revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	5,425,800	5,425,800	<u>\$ -</u>	<u>\$ 5,427,736</u>	<u>\$ 1,936</u>
Cash balance budgeted	<u>72,791</u>	<u>72,791</u>			
Total budgeted resources	<u>\$ 5,498,591</u>	<u>\$ 5,498,591</u>			
Expenditures:					
Judicial:					
Current:					
Personal services and employee benefits	\$ 5,092,891	\$ 5,040,016	\$ -	\$ 5,033,648	\$ 6,368
Contractual services	20,900	18,775	-	18,478	297
Other costs	<u>384,800</u>	<u>439,800</u>	<u>-</u>	<u>429,281</u>	<u>10,519</u>
Total expenditures	<u>\$ 5,498,591</u>	<u>\$ 5,498,591</u>	<u>\$ -</u>	<u>\$ 5,481,407</u>	<u>\$ 17,184</u>
Reconciliation of Budgetary Basis to GAAP Basis:				<u>Revenue</u>	<u>Expenditures</u>
Budgetary Basis				\$ 5,427,736	\$ 5,481,407
Adjustments:					
Accounts payable that required approval to pay out of the FY 2015 budget				<u>-</u>	<u>-</u>
GAAP Basis				<u>\$ 5,427,736</u>	<u>\$ 5,481,407</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 2016 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, 2015**

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, 2015**

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, 2015

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, 2015**

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 2015. 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 2015. 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 2015. 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, 2015

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 GASBS 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 "unearned income." 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.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2015**

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

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

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 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.

Governmental Accounting Standards Board Statements (GASBS), GASBS 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, amended previous guidance on unearned income 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 2015, the First Judicial District Attorney adopted the following GASB statement:

GASBS 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 relate to pensions that are provided through pension plans administered as trusts. The requirements of GASBS 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.

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.

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

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2015**

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

E. Capital Assets (Cont'd)

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. Deferred Inflows/Outflows of Resources

GASBS 65, *Items Previously Reported as Assets and Liabilities*, became effective for financial statements for period beginning after December 15, 2012. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This statement amends the net assets reporting requirements in GASBS 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure of net position, rather than net assets. The First District Attorney has made the change.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2015**

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

G. 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.
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 Appropriations Acts of 2010, allows all agencies to request category transfers between 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 63, Laws 2014, Section 3, Paragraph L, 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 account payable at June 30, 2015 that did not get paid by the statutory deadline after the end of the fiscal year. The cash to pay such a payable is reverting to the State General Fund on September 30, 2015, 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 no exceptions at June 30, 2015, which will be paid out of the FY 2016 budget.
8. The original budget differs from the final budgets presented in the budget comparison exhibits and statements by amendments made during the fiscal year.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2015**

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

G. Budgets and Budgetary Accounting (Cont'd)

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.

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 GASBS 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.

H. 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 2016. It is an estimate management determined by applying a percentage to the June 30, 2015 liability. The percentage used was determined by comparing the amount actually paid out during fiscal year 2015 compared to the liability balance at June 30, 2014.

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.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2015**

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

H. Accrued Compensated Absences Payable

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 2015 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, 2015, there was no compensation time owed to any employees.

In accordance with GASBS 16, *Accounting for Compensated Absences*, 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.

I. 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 63, Laws of 2014, Section 3, Paragraph L, states that "for the purpose of administering the General Appropriations Act of 2014, 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." 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, 2015. 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 \$15,427 at June 30, 2015, assigned to subsequent year expenditures. Any remaining General Fund - fund balance not assigned to subsequent year expenditures is reverted to the State General Fund. This amounted to \$3,693 at June 30, 2015. All other District Attorney special revenue funds (SHARE fund 25800, SHARE fund 25900 and SHARE fund 72200) are nonreverting per statutory authority which established these funds.

J. 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

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2015

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

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

equal the capital assets, net of related accumulated depreciation of \$106,168. The District Attorney's financial statements report net position restricted of \$15,427 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. All remaining net assets that are not related to capital assets or that are restricted by the resource provider, are shown as unrestricted. This was a deficit of (\$224,073) at June 30, 2015.

The District Attorney follows Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*.

Governmental fund balances are 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.

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, \$15,427 in the General Fund is the amount of fund balance available at June 30,

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2015**

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

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

2015. 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 General Fund Investment Pool (SGFIP)

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 State General Fund Investment Pool managed by the New Mexico State Treasurer's Office.

At June 30, 2015, the District Attorney had the following invested in the State General Fund Investment Pool:

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	\$ 118,471	\$ -	\$ 118,471
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>\$ 119,417</u>	<u>\$ -</u>	<u>\$ 119,417</u>

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2015**

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

Pooled cash and investments of \$119,417 are on deposit with the New Mexico State Treasurer. In general, state statutes require that all deposits held by the State Treasurer be collateralized at a minimum level of 50 percent.

The June 30, 2015, New Mexico State Treasurer's General Fund Investment audited financial statements were not available as of November 5, 2015. Based on the State Treasurer's unaudited information, the management of the First Judicial District Attorney has presented pooled cash and investments at a value which approximates fair value as required by GASBS 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

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.

For additional GASBS 40, *Deposits and Investment Risk Disclosures*, 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, 2015, 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.

State General Fund Investment Pool

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

As communicated by the DFA in prior letters and memoranda, recorded agency claims against the SGFIP and fiduciary resources held at the State Treasurer's Office to fulfill those claims were not reconciled from the inception of SHARE, July 2006, through January 2013. A late 2014 effort to reconcile transactions which occurred during this period, also referred to as the Historical Cash Reconciliation Project, was unsuccessful in part due to incomplete data sets.

The absence of all required data suggests that future efforts would be equally inconclusive and therefore not meriting additional energy.

While the results of the Historical Cash Reconciliation Project did not yield the hope for closure, significant progress has been made in the overall reconciliation process and the Financial Control Division (FCD) now has an operational model that effectively compares statewide claims against the SGFIP and resources held at the State Treasurer's Office. This process has been operational since

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2015**

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

March 2015, and the FCD has data points for seven consecutive months beginning with January 2015 business. As a result, FCD is able to make the following representation:

- a. The established allowance recorded within the General Operating Reserve Fund is sufficient to accommodate the current calculated difference between resources held in the SGFIP and agency claims;
- b. The calculated difference between resources maintained by State Treasurer's Office and the agency claims has remained stable during the past seven months (February 2015 through August 2015) in which the process has been employed;
- c. The entirety of any adjustment will be applied against the allowance established in the General Operating Reserve Fund. No portion of the adjustment will be allocated to any specific business unit that participates in the SGFIP.

The District Attorney has cash reconciliation policies and procedures in place which are performed on a monthly basis to ensure that the agency's cash balances in SHARE are correct and to mitigate the risk that the agency's cash balances would be misstated as of June 30, 2015.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2015**

3. Changes in Capital Assets

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

	<u>Balance</u> <u>6/30/2014</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2015</u>
Capital Assets - Historical Cost					
Data processing equip.	\$ 37,054	\$ -	\$ -	\$ -	\$ 37,054
Furniture and fixtures	54,934	-	-	-	54,934
Equipment	33,238	-	-	-	33,238
Automobiles	397,814	-	-	-	397,814
Total capital assets	<u>\$ 523,040</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 523,040</u>
Related Accumulated Depreciation					
Data processing equip.	\$ 29,901	\$ 1	\$ 2,103	\$ -	\$ 32,005
Furniture and fixtures	33,591	-	5,263	-	38,854
Equipment	32,622	-	105	-	32,727
Automobiles	270,564	-	42,722	-	313,286
Total accumulated depreciation	<u>\$ 366,678</u>	<u>\$ 1</u>	<u>\$ 50,193</u>	<u>\$ -</u>	<u>\$ 416,872</u>
Depr.					
Data processing equip.	\$ 7,153	\$ (1)	\$ (2,103)	\$ -	\$ 5,049
Furniture and fixtures	21,343	-	(5,263)	-	16,080
Equipment	616	-	(105)	-	511
Automobiles	127,250	-	(42,722)	-	84,528
Net capital assets	<u>\$ 156,362</u>	<u>\$ (1)</u>	<u>\$ (50,193)</u>	<u>\$ -</u>	<u>\$ 106,168</u>

Depreciation expense for the fiscal year was \$50,193.

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>06/30/2014</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Balance</u> <u>06/30/2015</u>
Current - Due Within One Year				
Compensated absences payable	\$ 153,212	\$ 179,140	\$ (169,567)	\$ 162,785
Long-Term - Due After One Year				
Compensated absences payable	50,986	67,439	(57,137)	61,288
Total				
Compensated absences payable	<u>\$ 204,198</u>	<u>\$ 246,579</u>	<u>\$ (226,704)</u>	<u>\$ 224,073</u>

Compensated absences are paid to employees of the District Attorney utilizing funding from State General Fund through the District Attorney's General Fund - SHARE Fund 15500.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2015**

5. Operating Leases

The District Attorney has various operating leases primarily for office 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, 2015, totaled \$29,979.

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

<u>Year Ending June 30</u>	<u>Amount</u>
2016	\$ 22,824
2017	22,674
2018	22,524
2019	22,316
2020	<u>21,276</u>
Total	<u>\$111,614</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, 2015, from the General Operating Account (Fund 15500):

Cash Balance - June 30, 2015 (Fund 15500)	\$ 118,471
Add:	
Due from federal government - HIDTA -June 30, 2015	53,300
Due from other state agencies- VOCA-June 30, 2015	13,137
Other receivables - June 30, 2015	970
Less:	
Accounts payable - June 30, 2015	(25,122)
Accrued payroll - June 30, 2015	(63,751)
Payroll taxes payable- June 30, 2015	(49,248)
Payroll benefits payable - June 30, 2015	(27,588)
Due to other state agencies - June 30, 2015	(79)
Other receivables (uncollectible status) - June 30, 2015	(970)
Assigned to subsequent year's expenditures (SWBPI) - June 30, 2015	<u>(15,427)</u>
Due to State General Fund - June 30, 2015	<u>\$ 3,693</u>
Source of reversion amounts by budget fiscal year and other miscellaneous items are:	
FY 2015 budget balance	\$ 4,391
Other receivables (uncollectible status) - June 30, 2015	302
Over-reversion of FY 2013 amount due to the state general fund	(986)
Fy 2012 receipts held in suspense	<u>(14)</u>
Due to State General Fund - June 30, 2015	<u>\$ 3,693</u>

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2015**

7. Due to/Due From Other State Agencies

	Purpose	Due From	Due To
<u>Fund 15500-General Fund</u>			
Due From NM Crime Victims Reparation Commission - VOCA Grant	VOCA Grant	\$ 13,137	\$ -
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	-	
<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	2,403	-
		\$ 15,540	\$ 3,428

8. Cash Transfers In/Out

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

Transferring Agency	Agency No.	From Fund No.	To Fund No.	Transfer Amount	Purpose of Transfer
Department of Finance and Administration	34100	83000	15500	\$ 5,151,500	Appropriation allotment- State General Fund
Department of Finance and Administration	34100	85300	15500	110,800	Compensation appropriation- State General Fund
First District Attorney	25100	15500	35000	(1,104)	Defensive Driving State Printing
First District Attorney	25100	15500	35000	20,735	GSD Risk Insurance Premium
First District Attorney	25100	15500	37800	(437)	Correct payroll liabilities
Seventh District Attorney	25700	16101	15500	30,000	Personnel costs for public integrity cases
Department of Public Safety	78000	91602	15500	32,213	VOCA contracts
First District Attorney	25100	15500	85300	(19,342)	FY 2014 - Reversion to State General Fund
				\$ 5,324,365	

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2015**

9. Pension Plan - Public Employees Retirement Association

Plan Description. Substantially all of the District Attorney'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, 2015, 2014 and 2013 were \$602,602, \$542,192, and \$475,248, respectively, which equal the amount of the required contributions for each fiscal year.

Financial Reporting and Disclosure for Multiple-Employer Cost Sharing Pension Plans by Employers

Compliant with the requirements of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, the State of New Mexico has implemented the standard for the fiscal year ending June 30, 2015.

The District Attorney, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Disclosure requirements for governmental funds apply to the primary government as a whole, and as such, this information will be presented in the Component Appropriation Funds Annual Financial Report (General Fund) and the Comprehensive Annual Financial Report (CAR) of the State of New Mexico. Information concerning the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources of the primary government will be contained in the General Fund and the CAFR and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2015**

10. Post Employment Benefits - State Retiree Health Care Plan

Plan Description. The District Attorney 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.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2015**

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

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 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, 2015, 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, 2015, 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, 2015, 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 Attorney's contributions to the RHCA for the years ended June 30, 2015, 2014, and 2013, were \$70,961, \$65,471, and \$63,027, 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. All employees of the District are covered by a blanket fidelity bond of a \$5,000,000 coverage limit with a \$1,000 deductible per occurrence by the State of New Mexico. The policy period is from July 1, 2014 through June 30, 2015.

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

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2015**

12. Due From Federal Government

During fiscal year 2015, 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, 2015, expenses totaling \$53,300 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 \$43,400. At June 30, 2015, expenses totaling \$13,137 had not been reimbursed.

13. Net Position Deficit

GASBS 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, requires capital assets, net of accumulated depreciation, and the inclusion of long-term debt in the Government-wide Statement of Net Position. This results in an unrestricted net position deficit of (\$224,073). This deficit is created by compensated absences payable (annual and sick leave) of (\$224,073) which will be paid from State General Fund appropriations to the District Attorney in future years.

14. Subsequent Events Review

A review of subsequent events through November 4, 2015, which is the date the financial statements were available for issuance, revealed no significant subsequent events which require disclosure.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

STATE OF NEW MEXICO
 FIRST JUDICIAL DISTRICT ATTORNEY
 Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2015

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

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, 2015

	Special Revenue Funds			Total Non-Major Governmental Funds
	Fund 72200 Bureau of Justice Assistance Grant	Fund 25800 CVRC- Stop VAWA Grant	Fund 25900 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, 2015

	<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	\$ 5,151,500	\$ 5,151,500	\$ -	\$ 5,151,500	\$ -
Federal grants	163,500	163,500	-	165,436	1,936
Other financing sources - compensation appropriation	110,800	110,800	-	110,800	-
Total revenues	5,425,800	5,425,800	<u>\$ -</u>	<u>\$ 5,427,736</u>	<u>\$ 1,936</u>
Cash balance budgeted	<u>72,791</u>	<u>72,791</u>			
Total budgeted resources	<u>\$ 5,498,591</u>	<u>\$ 5,498,591</u>			
Expenditures:					
Judicial:					
Current:					
Personal services and employee benefits	\$ 5,092,891	\$ 5,040,016	\$ -	\$ 5,033,648	\$ 6,368
Contractual services	20,900	18,775	-	18,478	297
Other costs	384,800	439,800	-	429,281	10,519
Total expenditures	<u>\$ 5,498,591</u>	<u>\$ 5,498,591</u>	<u>\$ -</u>	<u>\$ 5,481,407</u>	<u>\$ 17,184</u>

Reconciliation of Budgetary Basis to GAAP Basis:

	<u>Revenues</u>	<u>Expenditures</u>
Budgetary Basis	\$ 5,427,736	\$ 5,481,407
Adjustments:		
None	<u>-</u>	<u>-</u>
GAAP Basis	<u>\$ 5,427,736</u>	<u>\$ 5,481,407</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 2016 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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State General Fund appropriation	\$ 5,151,500	\$ 5,151,500	\$ 5,151,500	\$ -
Federal grants	163,500	163,500	165,436	1,936
Other financing sources-compensation appropriation	<u>110,800</u>	<u>110,800</u>	<u>110,800</u>	<u>-</u>
Total revenues	5,425,800	5,425,800	<u>\$ 5,427,736</u>	<u>\$ 1,936</u>
Cash balance budgeted	<u>-</u>	<u>-</u>		
Total budgeted resources	<u>\$ 5,425,800</u>	<u>\$ 5,425,800</u>		
Expenditures:				
Judicial:				
Current:				
Personal services and employee benefits	\$ 5,060,100	\$ 4,977,225	\$ 4,977,224	\$ 1
Contractual services	20,900	18,775	18,478	297
Other costs	<u>344,800</u>	<u>429,800</u>	<u>428,341</u>	<u>1,459</u>
Total expenditures	<u>\$ 5,425,800</u>	<u>\$ 5,425,800</u>	<u>\$ 5,424,043</u>	<u>\$ 1,757</u>
Reconciliation of Budgetary Basis to GAAP Basis:			<u>Revenues</u>	<u>Expenditures</u>
Budgetary Basis			\$ 5,427,736	\$ 5,424,043
Adjustments:				
None			<u>-</u>	<u>-</u>
GAAP Basis			<u>\$ 5,427,736</u>	<u>\$ 5,424,043</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 2016 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, 2015

	<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	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	-	-	<u>\$ -</u>	<u>\$ -</u>
Cash balance budgeted	<u>72,791</u>	<u>72,791</u>		
Total budgeted resources	<u>\$ 72,791</u>	<u>\$ 72,791</u>		
Expenditures:				
Judicial:				
Current:				
Personal services and employee benefits	\$ 32,791	\$ 62,791	\$ 56,424	\$ 6,367
Contractual services	-	-	-	-
Other costs	<u>40,000</u>	<u>10,000</u>	<u>940</u>	<u>9,060</u>
Total expenditures	<u>\$ 72,791</u>	<u>\$ 72,791</u>	<u>\$ 57,364</u>	<u>\$ 15,427</u>
Reconciliation of Budgetary Basis to GAAP Basis:			<u>Revenues</u>	<u>Expenditures</u>
Budgetary Basis			\$ -	\$ 57,364
Adjustments:				
None			<u>-</u>	<u>-</u>
GAAP Basis			<u>\$ -</u>	<u>\$ 57,364</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 2016 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, 2015

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

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>
<u>Assets</u>				
Cash in banks (note 2)	\$ -	\$ 18,505	\$ (18,505)	\$ -
Total assets	<u>\$ -</u>	<u>\$ 18,505</u>	<u>\$ (18,505)</u>	<u>\$ -</u>
<u>Liabilities</u>				
Due to other state agencies	\$ -	\$ 18,505	\$ (18,505)	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ 18,505</u>	<u>\$ (18,505)</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
 FIRST JUDICIAL DISTRICT ATTORNEY
 SCHEDULE OF VENDOR INFORMATION

For Purchases Exceeding \$60,000 (excluding GRT)

Prepared by: Lucas Gauthier Title: Chief Financial Officer Date: October 9, 2015

The First Judicial District Attorney did not have any vendor purchases exceeding \$60,000 (excluding GRT) for the fiscal year ended June 30, 2015

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</i>	<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Robert J. Rivera, CPA, PC

Certified Public Accountants

6 Calle Medico, Suite 4

Santa Fe, New Mexico 87505-4761

(505) 983-6002

Fax (505) 983-6474

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
Honorable Tim Keller
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, 2015, 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 4, 2015.

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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

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 4, 2015

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Schedule of Findings and Responses
June 30, 2015**

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, 2015**

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 November 4, 2015, 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