

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

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015



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**STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2015**

OFFICIAL ROSTER	1
INDEPENDENT AUDITORS' REPORT	2
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	11
STATEMENT OF ACTIVITIES	12
BALANCE SHEET – GOVERNMENTAL FUNDS	13
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION	14
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	15
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	16
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND (15600)	17
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GRANT FUND (26000)	18
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUND – PRE-PROSECUTION PROGRAM	19
NOTES TO FINANCIAL STATEMENTS	20
SUPPLEMENTARY INFORMATION	
SCHEDULE OF MEMORANDUM OF UNDERSTANDING	36
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUND – PRE-PROSECUTION PROGRAM	37
SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT)	38
INDEPENDENT AUDITORS' 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>	39
SCHEDULE OF FINDINGS AND RESPONSES	41
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS	42
EXIT CONFERENCE	43

**STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY
OFFICIAL ROSTER
YEAR ENDED JUNE 30, 2015**

NAME

TITLE

Kari Brandenburg	District Attorney
Sylvia Martinez	Chief Deputy District Attorney
Deborah DePalo	Chief Deputy District Attorney
Troy Davis	Chief Deputy District Attorney
Jeff Peters	District Office Manager
Letitia Carroll Simms	Deputy District Attorney
Devin Chapman	Deputy District Attorney
Michael Fricke	Deputy District Attorney
Mary Gueldenzoph	Deputy District Attorney
Todd Heisey	Deputy District Attorney
Joseph Holloway	Deputy District Attorney
Guinevere Ice	Deputy District Attorney
Michael Lewis	Deputy District Attorney
Neal Speer	Deputy District Attorney
Lisa Trabaudo	Deputy District Attorney
David Waymire	Deputy District Attorney



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INDEPENDENT AUDITORS' REPORT

Ms. Kari Brandenburg, District Attorney
State of New Mexico
Second Judicial District Attorney
Albuquerque, New Mexico and
Mr. Tim Keller
New Mexico State Auditor
Santa Fe, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information and the budgetary comparisons for the general fund and the major special revenue fund of the State of New Mexico Second Judicial District Attorney (the District Attorney), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District Attorney's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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

Ms. Kari Brandenburg, District Attorney
State of New Mexico, and
Mr. Tim Keller,
New Mexico State Auditor

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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District Attorney as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparisons for the general fund and the major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, the financial statements of the District Attorney are intended to present the financial position and changes in financial position of only that portion of the governmental activities, each major fund, the aggregate remaining fund information and all respective budgetary comparisons of the State of New Mexico that is attributable to the transactions of the District Attorney. They do not purport to, and do not present fairly the financial position of the entire State of New Mexico as of June 30, 2015, and the changes in the financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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 5 through 10 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 District Attorney's financial statements and the budgetary comparisons. The Schedule of Memorandum of Understanding, Schedule of Changes in Fiduciary Assets and Liabilities – Agency fund – Pre-Prosecution Program, and Schedule of Vendor Information for Purchases Exceeding \$60,000, required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Ms. Kari Brandenburg, District Attorney
State of New Mexico, and
Mr. Tim Keller,
New Mexico State Auditor

The Schedule of Memorandum of Understanding and Schedule of Changes in Fiduciary Assets and Liabilities – Agency fund – Pre-Prosecution Program, required by 2.2.2 NMAC are the responsibility of management and were 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 Memorandum of Understanding and Schedule of Changes in Fiduciary Assets and Liabilities – Agency fund – Pre-Prosecution Program are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Vendor Information for Purchases Exceeding \$60,000 as required by 2.2.2.10(A)(2)(g) of the State Audit Rule has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and 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 16, 2015 on our consideration of the 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 District Attorney's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Albuquerque, New Mexico
November 16, 2015

**STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Financial Highlights

The following items are the District Attorney's financial highlights for the fiscal year ended June 30, 2015.

- Net position of the District Attorney increased by \$168,112, or 73%, in FY15 compared to FY14. The increase is a result of the increase in general fund appropriations of \$1,043,600 used to cover most of the expenses for the year. Due to the increase in appropriations, Southwest Border Prosecution Initiative (SWBPI) funds were restricted for future use.
- The District Attorney's office received an additional General Fund appropriation for the 1.75% retirement swap between the employer and employee retirement benefits. The employer will pay an additional 1.75% of the retirement benefit.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District Attorney's basic financial statements. The District Attorney's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the District Attorney's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District Attorney's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District Attorney is improving or deteriorating.

The statement of activities presents information showing how the District Attorney's net position is reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District Attorney, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District Attorney can be divided into one of three categories: governmental funds, proprietary funds and fiduciary funds.

**STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. For this purpose, the District Attorney considers revenues to be available if they are collected within 60 days of the current fiscal period. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District Attorney's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

In addition to the General fund, the District Attorney maintains one other individual governmental fund, which is classified as a special revenue fund. Information for the General fund and the Special Revenue fund, both of which are considered to be major funds, is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

The District Attorney adopts an annual appropriated budget for its General fund. A budgetary comparison statement for the General fund is presented on page 17. In addition, the District Attorney adopts an annual budget for the other fund. A budgetary comparison statement is presented individually for that fund.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District Attorney's own programs. The fiduciary fund is reported on the accrual basis of accounting.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District Attorney's primary government, liabilities exceeded assets by \$62,404.

**STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Financial Analysis of the District Attorney as a Whole

Net Position

Table A-1 summarizes the District Attorney's net position for the fiscal years ending June 30, 2015 and 2014.

**Table A-1
The District Attorney's Net Position**

There is a significant change in net position for fiscal year 2015 as compared to fiscal year 2014. The increase is a result of utilizing the Southwest Border Prosecution Initiative (SWBPI) funds in prior year, and in current year, approximately \$32,000 was received, which was left unexpended with prior year balances. The agency covered shortfalls in other costs during fiscal year 2015.

	<u>6/30/15</u>	<u>6/30/14</u>	<u>\$ Change</u>	<u>% Change</u>
Assets				
Current and other assets	\$ 1,336,394	\$ 991,560	\$ 344,834	35%
Capital assets	66,482	120,715	(54,233)	-45%
Total Assets	<u>\$ 1,402,876</u>	<u>\$ 1,112,275</u>	<u>\$ 290,601</u>	26%
Liabilities				
Current	<u>\$ 1,465,280</u>	<u>\$ 1,342,791</u>	<u>\$ 122,489</u>	9%
Total Liabilities	1,465,280	1,342,791	122,489	9%
Net Position				
Net investment in capital assets	66,482	120,715	(54,233)	-45%
Restricted	3,239	3,239	-	0%
Unrestricted	<u>(132,125)</u>	<u>(354,470)</u>	<u>222,345</u>	63%
Total Net Position	<u>(62,404)</u>	<u>(230,516)</u>	<u>168,112</u>	73%
Total Liabilities and Net Position	<u>\$ 1,402,876</u>	<u>\$ 1,112,275</u>	<u>\$ 290,601</u>	26%

**STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Changes in Net Position

Table A-2 summarizes the District Attorney's changes in net position for fiscal years 2015 and 2014. Governmental activities during the year increased the District Attorney's net position by \$168,112.

**Table A-2
Changes in the District Attorney's Net Position**

	06/30/15	6/30/14	\$ Change	% Change
Program Revenues				
Charges for services	\$ 70,396	\$ 76,415	\$ (6,019)	-8%
Operating Grants	747,407	753,148	(5,741)	-1%
General Revenues				
General Fund Appropriation	18,150,800	17,107,200	1,043,600	6%
FY15 Reversion	(18,910)	-	(18,910)	100%
Transfers	379,500	143,200	236,300	165%
Total Revenues	<u>19,329,193</u>	<u>18,079,963</u>	<u>1,249,230</u>	7%
Expenses				
General Government	<u>19,161,081</u>	<u>18,225,792</u>	<u>935,289</u>	5%
Change in Net Position	168,112	(145,829)	313,941	215%
Beginning Net Position	<u>(230,516)</u>	<u>(84,687)</u>	<u>(145,829)</u>	172%
Ending Net Position	<u><u>\$ (62,404)</u></u>	<u><u>\$ (230,516)</u></u>	<u><u>\$ 168,112</u></u>	73%

The District Attorney's revenues increased by \$ 1,249,230, or 7%, from the previous fiscal year. The most significant changes were related to increase in the general fund appropriation for salaries and benefits.

**STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Governmental Funds

The focus of the District Attorney's governmental funds is to provide information on near-term inflows and balances of spendable resources. Such information is useful in assessing the District Attorney's financing requirements. In particular, unassigned fund balances may serve as useful measurers of government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District Attorney's governmental funds reported combined ending fund balances of \$680,427. Of the fund balance, the majority is related to unexpended amounts of SWBPI funds and Pueblo MOUs that are not subject to reversion and are classified as spendable and unassigned, to be used in future years to cover budget shortfalls.

Financial Analysis of the District Attorney's Funds

Budget. As mentioned earlier, the District Attorney uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. For the General Fund budget, total revenues budgeted were \$18,748,300 and actual revenues received were \$18,790,511, which is a positive variance of \$42,211. The variance is due to other state funds and federal funds budgeted and not received.

For the General Fund budgeted expenditures, budgeted expenditures were \$18,897,451 and actual expenditures were \$18,530,300, which is a variance of \$367,151. The variance is due to not receiving funding for the expenditures.

Capital Assets. For fiscal year 2015, there was \$4,300 in deletions of fully depreciated assets. In addition, the District Attorney purchased \$83,085 in vehicles, increasing net capital assets as of June 30, 2015.

Debt. The Second Judicial District Attorney's Office had a long-term liability for compensated absences at June 30, 2015 amounting to \$760,482 and \$754,367 at June 30, 2014. This was an increase of \$6,115 from the prior year.

**STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Governmental Accounting and Auditing Environment and Next Year's Budget

The District Attorney's office operates from state general fund appropriations and federal and state grants. The following highlights the challenges expected to be faced by the office in 2016.

- The District Attorney's Office screened over 25,575 criminal cases referred from law enforcement;
- Almost 95% of the budget of the office is directly allocated to staff salaries and benefits;
- The office's staff of 292 is larger than any of the law firms in the state;
- The office's staff is diverse and active in the community, promoting anti-violence initiatives in our schools and supporting dozens of community non-profits through volunteer work.
- The office is the only District Attorney's Office to staff divisions devoted exclusively to addressing Gang Crimes, Methamphetamine Crimes, Organized Crime and Public Corruption;
- Innovative bad check restitution programs recovered over \$76,415 for Bernalillo County businesses;

The State's 2016 Budget Projections include additional funding for 3% increase in salaries and benefits. Retention of our mid-level employees continues to be a huge issue impacting our office. We are able to attract young and talented individuals, but once they have been with us for five years and gained significant experience, they often leave for better paying government jobs.

We are dealing with more sophisticated and demanding jurors. They expect a trial and evidence to replicate what they see on an episode of "CSI". We all know the real world works differently, but we have to address their unreasonable expectations. It is not infrequent that we call witnesses to rebut these unrealistic expectations, again resulting in more training work and effort.

Requests for Information

This financial report is designed to provide a general overview of the District Attorney's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Chief Financial Officer
Second Judicial District Attorney's Office
520 Lomas Boulevard, Northwest
Albuquerque, New Mexico 87102

**STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY
STATEMENT OF NET POSITION
JUNE 30, 2015**

	Governmental Activities
ASSETS	
Current Assets:	
Investment in State General Fund Investment Pool	\$ 1,096,718
Petty Cash	200
Due from Federal Government	20,863
Due from Other State Agencies	68,537
Due from Local Governments	150,076
Total Current Assets	1,336,394
Noncurrent Assets:	
Capital Assets	440,475
Less Accumulated Depreciation	(373,993)
Total Noncurrent Assets	66,482
Total Assets	1,402,876
LIABILITIES	
Current Liabilities:	
Accounts Payable	124,419
Accrued Payroll	467,140
Due to State General Fund	18,962
Other Liabilities	568
Compensated Absences Payable - Expected to be Paid Within One Year	760,482
Contingency Liability	93,709
Total Current Liabilities	1,465,280
NET POSITION	
Net Investment in Capital Assets	66,482
Restricted	3,239
Unrestricted	(132,125)
Total Net Position	\$ (62,404)

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
 SECOND JUDICIAL DISTRICT ATTORNEY
 STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2015**

	Governmental Activities
EXPENSES	
General Government	\$ 19,161,081
 REVENUES	
Program Revenues:	
Operating Grants	747,407
Charges for Services	70,396
Total Program Revenues	817,803
 Net Program Expense	(18,343,278)
 Transfers:	
State General Fund Appropriation	18,150,800
FY15 Compensation Adjustment Appropriation	379,500
Reversion to State General Fund - FY15	(18,910)
Total Transfers	18,511,390
 CHANGE IN NET POSITION	168,112
 Net Position - Beginning of Year	(230,516)
 NET POSITION - END OF YEAR	\$ (62,404)

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2015**

	<u>15600 General Fund</u>	<u>26000 Grants Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Investment in State General Fund			
Investment Pool	\$ 1,260,992	\$ -	\$ 1,260,992
Petty Cash	200	-	200
Due from Other Funds	-	59,559	59,559
Due from Federal Government	995	19,868	20,863
Due from Other State Agencies	44,877	23,660	68,537
Due from Local Governments	62,500	87,576	150,076
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,369,564</u>	<u>\$ 190,663</u>	<u>\$ 1,560,227</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Overdraft in the Investment in State General Fund			
Investment Pool	\$ -	\$ 164,274	\$ 164,274
Accounts Payable	124,362	57	124,419
Accrued Payroll	444,047	23,093	467,140
Due to Other Funds	59,559	-	59,559
Due to State General Fund	18,962	-	18,962
Other Liabilities	568	-	568
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	647,498	187,424	834,922
 DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	44,878	-	44,878
Total Deferred Inflows of Resources	<u>44,878</u>	<u>-</u>	<u>44,878</u>
 FUND BALANCE			
Restricted for:			
City VIP State Grant	-	3,239	3,239
Assigned	250,000	-	250,000
Unassigned	427,188	-	427,188
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	677,188	3,239	680,427
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,369,564</u>	<u>\$ 190,663</u>	<u>\$ 1,560,227</u>

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
 SECOND JUDICIAL DISTRICT ATTORNEY
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL
 FUNDS TO THE STATEMENT OF NET POSITION
 JUNE 30, 2015**

Total Fund Balances - Governmental Funds (Balance Sheet - Governmental Funds)	\$	680,427
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Amounts reported for governmental activities in the statement of net position are different at June 30, 2015 because:

Under the modified accrual basis of accounting, revenue cannot be recognized until it is available to liquidate liabilities of the current period; under accrual accounting, revenue must be recognized as soon as it is earned, regardless of its availability. Unearned revenue is eliminated in the government-wide financial statements.

Deferred Inflows of Resources - Unavailable Revenue		44,878
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements. These assets consist of:

Capital Assets		440,475
Less Accumulated Depreciation		(373,993)
Total Capital Assets, Net of Accumulated Depreciation		66,482

Some liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds:

Compensated Absences Payable		(760,482)
Contingency Liability		(93,709)
		(854,191)

Net Position of Governmental Activities (Statement of Net Position)	\$	(62,404)
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**STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015**

	15600 General Fund	26000 Grants Fund	Total Governmental Funds
REVENUES			
Federal Grant Revenue	\$ 39,815	\$ 267,225	\$ 307,040
Local Intergovernmental Operating Grants	150,000	322,118	472,118
Charges for Services	70,396	-	70,396
Total Revenues	<u>260,211</u>	<u>589,343</u>	<u>849,554</u>
EXPENDITURES			
Current:			
General Government:			
Personal Services/Employee Benefits	17,421,770	588,242	18,010,012
Contractual Services	126,189	-	126,189
Other Costs	880,346	1,101	881,447
Capital Outlay	83,085	-	83,085
Total Expenditures	<u>18,511,390</u>	<u>589,343</u>	<u>19,100,733</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,251,179)	-	(18,251,179)
OTHER FINANCING SOURCES (USES)			
State General Fund Appropriation	18,150,800	-	18,150,800
FY15 Compensation Adjustment Appropriation	379,500	-	379,500
Reversion to State General Fund - FY15	(18,910)	-	(18,910)
Total Other Financing Sources (Uses)	<u>18,511,390</u>	<u>-</u>	<u>18,511,390</u>
NET CHANGE IN FUND BALANCES	260,211	-	260,211
Fund Balances - Beginning of Year	<u>416,977</u>	<u>3,239</u>	<u>420,216</u>
FUND BALANCES - END OF YEAR	<u>\$ 677,188</u>	<u>\$ 3,239</u>	<u>\$ 680,427</u>

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
 SECOND JUDICIAL DISTRICT ATTORNEY
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2015**

A reconciliation reflecting the differences between the governmental funds net change in fund balances and change in net position reported for governmental activities in the statement of activities is as follows:

Net Change in Fund Balances - Total Governmental Funds	\$	260,211
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay		83,085
Depreciation		(137,318)
		(54,233)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Deferred Inflows of Resources - Unavailable Revenue		(31,751)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated Absences		(6,115)
		(6,115)

Change in Net Position - Governmental Activities	\$	168,112
		168,112

**STATE OF NEW MEXICO
 SECOND JUDICIAL DISTRICT ATTORNEY
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCE – BUDGET AND ACTUAL – GENERAL FUND (15600)
 YEAR ENDED JUNE 30, 2015**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts - Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES				
Federal Funds	\$ 15,000	\$ 15,000	\$ 39,815	\$ 24,815
General Fund	18,000,800	18,000,800	18,150,800	150,000
Other State Funds	432,500	582,500	449,896	(132,604)
Interagency Transfers	150,000	150,000	150,000	-
Total Revenues	<u>\$ 18,598,300</u>	<u>\$ 18,748,300</u>	18,790,511	<u>\$ 42,211</u>
 Budgeted Fund Balance	 <u>\$ 117,400</u>	 <u>\$ 149,151</u>	 -	 <u>\$ (149,151)</u>
 EXPENDITURES				
Current:				
General Government:				
Personal Services/				
Employee Benefits	\$ 17,630,000	\$ 17,515,000	17,421,770	\$ 93,230
Contractual Services	95,700	279,651	126,189	153,462
Other Costs	990,000	1,102,800	982,341	120,459
Total Expenditures	<u>\$ 18,715,700</u>	<u>\$ 18,897,451</u>	<u>18,530,300</u>	<u>\$ 367,151</u>
 NET CHANGE IN FUND BALANCE			 <u>\$ 260,211</u>	

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
 SECOND JUDICIAL DISTRICT ATTORNEY
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCE – BUDGET AND ACTUAL – GRANT FUND (26000)
 YEAR ENDED JUNE 30, 2015**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts - Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES				
Federal Funds	\$ 273,700	\$ 273,700	267,225	\$ (6,475)
General Fund	-	-	-	-
Other State Funds	264,100	342,516	322,118	(20,398)
Interagency Transfers	-	-	-	-
Total Revenues	<u>\$ 537,800</u>	<u>\$ 616,216</u>	<u>589,343</u>	<u>\$ (26,873)</u>
EXPENDITURES				
Current:				
General Government:				
Personal Services/ Employee Benefits	\$ 537,700	\$ 613,516	588,242	\$ 25,274
Contractual Services	-	-	-	-
Other Costs	100	2,700	1,101	1,599
Total Expenditures	<u>\$ 537,800</u>	<u>\$ 616,216</u>	<u>589,343</u>	<u>\$ 26,873</u>
NET CHANGE IN FUND BALANCE			<u>\$ -</u>	

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES –
AGENCY FUND – PRE-PROSECUTION PROGRAM
JUNE 30, 2015**

ASSETS

Cash in Authorized Bank Account	\$ -
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Total Assets	<u>\$ -</u>
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LIABILITIES

Deposits Held for Others	\$ -
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Total Liabilities	<u>\$ -</u>
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See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 DEFINITION OF REPORTING ENTITY

The State of New Mexico Second Judicial District Attorney (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. The Second Judicial District Attorney serves Bernalillo County.

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-I through Section 16-1A-I 5, cited as the "District Attorney Personnel and Compensation Act," established for all district attorneys a uniform, equitable and binding system of personnel administration.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Reporting Entity

The financial statements for the District Attorney have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

Governmental Accounting Standards Board Statement (GASBS) 14, *The Financial Reporting Entity*, and GASBS 39 and 61 (amend 14), *Determining Whether Certain Organizations are Component Units*, establishes standards for defining and reporting on the financial reporting entity.

**STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Reporting Entity (Continued)

GASBS 14 defines the financial reporting entity as consisting of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. This definition of the reporting entity is based primarily on the notion of financial accountability as the "cornerstone of all financial reporting in government."

A primary government is any state government or general-purpose local government, consisting of all the organizations that make up its legal entity. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are, for financial reporting purposes, part of the primary government. The District Attorney, therefore, is part of the primary government of the State of New Mexico, and its financial data should be included with the financial data of the State.

The Audit Act, Sections 12-6-1 through 12-6-14, NMSA 1978, requires the financial affairs of every agency to be thoroughly examined and audited each year, and a complete written report to be made. Moreover, the New Mexico State Auditor requires that each agency shall prepare financial statements in accordance with accounting principles generally accepted in the United States of America. As a result, the District Attorney has prepared and issued its own audited, agency Annual Financial Report.

Included within the District Attorney for this purpose are the following: all of the programs that are administered and/or controlled by the District Attorney have been included.

No entities were noted that should be considered component units of the District Attorney. No entities were specifically excluded from the District Attorney because no entities were noted as meeting any of the criteria for potential inclusion.

Basic Financial Statements

The basic financial statements include both government-wide (based on the District Attorney as a whole) and fund financial statements. The reporting model focus is on either the District Attorney as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type activities. In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reflected on a full accrual, economic resources basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. The District Attorney did not have any business-type activities during the year ended June 30, 2015.

**STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements (Continued)

The government-wide Statement of Activities reflects both the gross and net cost per functional category, which are otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function or a business-type activity. Charges for services in the General Fund relate to charges for copies. The District Attorney includes only one function (general government). The net cost (by function or business-type activity) is normally covered by general revenues (intergovernmental revenues or other revenue, etc.). The District Attorney does not currently employ indirect cost allocation systems. The District Attorney's policy is to utilize restricted assets first when both unrestricted and restricted assets are available for expenditures.

This government-wide focus is more on the sustainability of the District Attorney as an entity and the change in aggregate financial position resulting from the activities of the current fiscal period.

Emphasis here is on the major funds in either the governmental or business-type categories. Non-major funds (by category) or fund type are summarized into a single column. The General Fund is required to be a major program, and the Grants Special Revenue Fund has been determined to be a major fund. The District Attorney has one fiduciary fund, not included in the government-wide financial statements. Fiduciary funds and component units that are similar to fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are presented using the economic resources measurement focus and the accrual basis of accounting.

The governmental fund statements are presented on a current financial resources and modified accrual basis of accounting. This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the District Attorney's actual experience conforms to 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' governmental activities column, a reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column on the governmental-wide presentation.

Inter-fund accounts have been eliminated in the government-wide financial statements.

**STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The financial transactions of the District Attorney are maintained on the basis of 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, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the accompanying financial statements. The various funds are reported by generic classification within the financial statements.

GASB Statement 34 sets forth minimum criteria for the determination of major funds based on a percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or governmental and enterprise combined. Due to the fund structure of the District Attorney, the General Fund and the Grant Special Revenue Fund have been classified as major funds after considering the relevant criteria. Only individual governmental or individual enterprise funds can be considered for major fund status.

Governmental Fund Types - The focus of Governmental Fund measurement (in the Fund Financial Statements) is based upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the Governmental Funds of the District Attorney.

The District Attorney reports the following major governmental funds:

General Fund (SHARE Fund 15600) - The General Fund is the general operating fund of the District Attorney and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is funded primarily by an appropriation from the State General Fund, and any unused funds from the appropriations at the end of the fiscal year revert back to the State General Fund. The General Fund is also used to account for the activities of various programs of the District Attorney. The funds related to these programs are non-reverting.

Special Revenue Fund:

Grants Fund (SHARE Fund 26000) – The Grants Fund is used to account for the activities of the various federal and local grants of the District Attorney. These funds are non-reverting.

The District Attorney also has one fiduciary fund (agency fund), which accounts for assets held by the District Attorney in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The following is the one fiduciary fund at June 30, 2015.

**STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Pre-Prosecution Program (SHARE Fund 10370) - Fees charged to individuals in the pre-prosecution program, in accordance with agreements between the program participant and the District Attorney. Fees are remitted to the State Treasurer for the account of the Administrative Office of the District Attorneys.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

Modified Accrual Basis - All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which is considered to be within sixty days of year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB Statement 33, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements including time requirements, are met. Resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as advances by the provider and unearned revenue by the recipient.

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 appropriation request by category to be presented to the next Legislature.
2. The appropriation request is submitted to the New Mexico 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 then becomes the Governor's proposal to the Legislature.
4. The LFC holds hearings on the appropriation request, also submitting recommendations and adjustments before presentation to the Legislature.

**STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Accounting (Continued)

5. Both the DFA's and LFC's recommended appropriation proposals are presented to the Legislature for approval of the final budget plan.
6. Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committees. The final outcome of these hearings is incorporated into the General Appropriations Act.
7. The Act is signed into law by the Governor of the State of New Mexico within the legally prescribed time limit.
8. The District Attorney submits, no later than May 1, to DFA an annual operating budget by category and line item based upon the appropriations made by the Legislature. The DFA - Budget Division reviews and approves the operating budget which becomes effective on July 1.
9. All subsequent budget adjustments must be approved by the District Attorney and the Director of the DFA - Budget Division. The budget for the current year was properly amended.
10. Legal budget control for expenditures and encumbrances is by category of line item.
11. Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund and the Special Revenue Funds.
12. The budget is adopted on a modified accrual basis of accounting that is consistent with accounting principles generally accepted in the United States of America. This change was implemented with the laws of 2004, Chapter 114, Section 3, paragraph N and paragraph O. It is effective for fiscal years beginning July 1, 2004. However, there is a statutory exception per the General Appropriation Act, Laws of 2006, Chapter 109, Section 3, Subsections N and O. The budget is adopted on the modified accrual basis of accounting except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline per Section 6-10-4 NMSA 1978. Those accounts payable must be paid out of the next year's budget.

Each year the Legislature approves multiple year appropriations, which the State considers as continuing appropriations. The Legislature authorizes these appropriations for two to five years; however, it does not identify the authorized amount by the fiscal year. Consequently, the appropriation is budgeted in its entirety the first year the Legislature authorizes it. The unexpended portion of the budget is carried forward as the next year's beginning budget balance until either the project period has expired or the appropriation has been fully expended. The budget presentations in these financial statements are consistent with this budgeting methodology.

**STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Accounting (Continued)

13. Appropriations lapse at the end of the fiscal year except for those amounts recorded as vouchers payable and salaries payable. The District Attorney's General Fund is a reverting fund for its state appropriations. The Special Revenue Funds are not reverting because they are funds received from grantor agencies.

Cash

At June 30, 2015, the District Attorney had a negative cash balance in fund 26000. Fund 26000 tracks the activities of the various federal and local grants of the District Attorney which are reimbursable to the District Attorney. The negative cash balance is caused by the nature of the grants being reimbursed to the District Attorney.

Capital Assets

Property, plant and equipment, including software, purchased or acquired is carried at historical cost or estimated historical cost. Contributed assets are recorded at the fair market values as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The State's capitalization policy, i.e., the dollar value above which asset acquisitions including software are added to the capital accounts, is \$5,000. However, all capital outlay purchases may not necessarily be capitalized. The District Attorney does not capitalize any interest in regards to its capital assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives with no salvage value. The District Attorney utilizes Internal Revenue Service guidelines to estimate the useful lives on capital assets as follows:

Furniture and Equipment	7 years
Vehicles	5 years
Data Processing Equipment, Including Software	3 years

Encumbrances Accounting

Encumbrances accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded during the fiscal year in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the General Fund and the Special Revenue Funds. All encumbrances not utilized lapse at year end. Therefore, there is no difference between the modified accrual basis of accounting and the budgetary basis.

**STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences Payable

Vacation and sick leave earned and not taken is cumulative; however, upon termination of employment, sick pay for such leave hours accumulated up to 600 hours is forfeited, and vacation pay is limited to payment for 240 hours. Vacation leave up to the maximum of 240 hours is payable upon separation from service at the employee's current hourly rate. Sick leave is payable semiannually to qualified employees for hours accumulated above 600 hours at a rate equal to 50 percent of their hourly rate, not to exceed 120 hours each semiannual period. Upon retirement, payment for sick leave is limited to 400 hours accumulated in excess of 600 hours at the 50 percent hourly rate. The compensated absences payable is included in the government-wide financial statements.

Employees are entitled to accumulate annual leave at a rate based on appointment date and length of continuous service. A maximum of 240 hours may be carried forward after the pay period beginning in December and ending in January. Employees are entitled to accrue sick leave at the rate of 3.69 hours per pay period. There is no limit to the amount of sick leave which an employee may accumulate.

Pensions

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards governing accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

In January 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Compliant with the requirements of Government Accounting Standards Board Statement No. 68 and No. 71, *Accounting and Financial Reporting for Pensions*, the State of New Mexico has implemented the standards for the fiscal year ending June 30, 2015.

The State of New Mexico Second Judicial 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). Overall, Total pension liability exceeds Plan net position resulting in a Net pension liability.

**STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions (Continued)

The State has determined the State's share of the net pension liability to be a liability of the State as a whole, rather than any agency or department of the State and will not be reported in the department or agency level financial statements of the State. All required disclosures will be presented in the Comprehensive Annual Financial Report (CAFR) 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 State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District Attorney did not have any items that qualified for reporting in this category as of June 30, 2015.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District Attorney had unavailable revenue that amounted to \$44,878 at June 30, 2015.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows.

Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches of the State.

STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Balances (Continued)

Assigned – Amounts that are constrained by the Legislature’s and Executive Branch’s intent to be used for specific purposes or, in some cases, by legislation.

Unassigned – All amounts not included in other spendable classifications.

The General Fund (15600) had an unassigned fund balance of \$427,188 related to Southwest Border and Pueblo MOU funds that is for use in future years to cover budget shortfalls and is not subject to reversion. These funds have been classified as unassigned. In addition, the General Fund (15600) had an assigned fund balance related to amounts budgeted for FY16.

Revenues, Expenditures and Expenses

Substantially all governmental fund revenues are accrued. Grant revenue is recognized when the related eligibility requirements are met. No allowance for doubtful accounts was necessary because all accounts receivable were considered collectible at June 30, 2015. Expenditures are recognized when the related fund liability is incurred.

Net Position

The government-wide financial statements utilize a net position presentation. Net Positions are categorized as invested in capital assets, restricted and unrestricted.

Net Investment in Capital Assets is intended to reflect the portion of net position which is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost. The District Attorney did not have any related debt at June 30, 2015.

Restricted represents the unexpended portion of grants from various local, state and federal grantors which are restricted as to use. The District Attorney had \$3,242 in restricted net position by enabling legislation as of June 30, 2015.

Unrestricted Net Position represents the amounts of the District Attorney at June 30, 2015 that are not restricted for specific purposes.

NOTE 3 CASH AND INVESTMENT ACCOUNTS

Cash Accounts

The District Attorney has the following cash accounts at June 30, 2015:

Petty Cash	\$ <u>200</u>
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**STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4 STATE GENERAL FUND INVESTMENT POOL

Compliant with statute 6-10-3 (NMSA 1978), and to optimize state cash management and investment practices, funds of various state agencies are deposited in the State General Fund Investment Pool (SGFIP). This pool is managed by the New Mexico State Treasurer's Office (STO). Claims on the SGFIP are reported as financial assets by the various agencies investing in the SGFIP.

Agency claims against the SGFIP and fiduciary resources held at STO to fulfill those claims were not reconciled from the inception of SHARE (the State's centralized accounting system), in July 2006, through January 2013, which caused uncertainty as to the validity of the claims and the ability of fiduciary resources to fulfill those claims. As a result of business process and systems configuration changes made during the Cash Management Remediation Project Phase I the Department of Finance and Administration's Financial Control division began reconciling transactional activity reported by the State's fiscal agent bank to the SHARE general ledger on a point-forward basis beginning February 1, 2013. In March 2015, the Financial Control Division implemented a reconciliation process that compares statewide agency claims against the resources held in the SGFIP at STO. This process is known as the claims to resources reconciliation. The claims to resources reconciliation process has been applied to fiscal year-end 2014 and the months from January 2015 through June 2015.

Agency claims on the SGFIP will be honored in their entirety. Any adjustment necessary to the claims balance will be applied against the General Operating Reserve. No portion of the adjustment shall be allocated to any specific agency that participates in the SGFIP. In addition, the Department has established daily and monthly procedures that mitigate the risk of misstatement of the Department's balances within the Pool.

District Attorney's Interest in State General Fund Investment Pool

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

State General Fund Investment Pool	<u>\$ 1,096,718</u>
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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 a 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 GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2015.

**STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 5 CAPITAL ASSETS

A summary of changes in the capital assets for the year ended June 30, 2015 is as follows:

	Balance June 30, 2014	Additions	Adjustments/ Deletions	Balance, June 30, 2015
Capital Assets:				
Furniture and Equipment	\$ -	\$ -	\$ -	\$ -
Data Processing Equipment	17,786	-	-	17,786
Vehicles	343,904	83,085	(4,300)	422,689
Total Capital Assets	<u>361,690</u>	<u>83,085</u>	<u>(4,300)</u>	<u>440,475</u>
Less Accumulated Depreciation for:				
Furniture and Equipment	-	-	-	-
Data Processing Equipment	(15,043)	(2,743)	-	(17,786)
Vehicles	(225,932)	(134,575)	4,300	(356,207)
Total Accumulated Depreciation	<u>(240,975)</u>	<u>(137,318)</u>	<u>4,300</u>	<u>(373,993)</u>
Capital Assets, Net	<u>\$ 120,715</u>	<u>\$ (54,233)</u>	<u>\$ -</u>	<u>\$ 66,482</u>

The District Attorney is a single function entity, and all depreciation has been allocated to its only activity, general government, in the amount of \$137,318. All capital assets owned are depreciable.

NOTE 6 COMPENSATED ABSENCES PAYABLE

A summary of changes in the compensated absences payable for the year ended June 30, 2015 is as follows:

	Balance June 30, 2014	Increase	Adjustments/ (Decrease)	Balance, June 30, 2015	Amounts Due Within One Year
Compensated Absences	<u>\$ 754,367</u>	<u>\$ 732,417</u>	<u>\$ (726,302)</u>	<u>\$ 760,482</u>	<u>\$ 760,482</u>

Of the \$760,482, all has been classified as a current liability in the Statement of Net Position. In prior years, the General Fund has been used to liquidate compensated absences, and it is expected to continue to do so in the future.

NOTE 7 DUE TO AND FROM OTHER STATE AGENCIES

Transactions that occur among state agencies under legislative mandate, exchange transactions and other situations are accounted for in the financial statements as due from and due to other state agencies. As of June 30, 2015 the District Attorney had no amounts classified as due to other state agencies. The due from other state agencies balances at June 30, 2015 consisted of the following:

**STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 DUE TO AND FROM OTHER STATE AGENCIES (CONTINUED)

Due from Other State Agencies

2nd DA Fund No.	Agency	Other Agency's Fund No.	Amount
26000	Crime Victims Reparation Commission	91602	\$ 23,660
15600	Administrative Office of the District Attorneys	91680	44,877
	Total All Funds		<u>\$ 68,537</u>

NOTE 8 DUE TO STATE GENERAL FUND

Amounts payable to the State General fund are a result of the following as of June 30, 2015,

FY15 Reversion to State General Fund	18,910
Other amount payable to State General Fund	52
Total Due to State General Fund, June 30 2015	<u>\$ 18,962</u>

NOTE 9 INTERFUND RECEIVABLES AND PAYABLES

The amount due from fund 15600 to fund 26000 is a result of payroll transactions being paid by Fund 15600 on behalf of Fund 15600.

<u>Amounts Due From Other Funds</u>			<u>Amounts Due To Other Funds</u>		
<u>Fund Name</u>	<u>Fund No.</u>	<u>Amount</u>	<u>Fund Name</u>	<u>Fund No.</u>	<u>Amount</u>
Grants	26000	<u>\$ 59,559</u>	General Fund	15600	<u>\$ 59,559</u>
Total		<u>\$ 59,559</u>	Total		<u>\$ 59,559</u>

**STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 10 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, New Mexico 87504-2123. The report is also available on PERA's website at <http://www.pera.state.nm.us>.

Funding Policy

The contribution requirements of plan members and the District Attorney 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 years ended June 30, 2015, 2014 and 2013 were \$2,021,786, \$1,745,548 and \$1,578,663, respectively, equal to the amount of the required contributions for each fiscal year.

NOTE 11 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 post employment 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.

**STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

**NOTE 11 POST EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

Plan Description (Continued)

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the post employment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer 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, 2013, 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 \$248,486, \$233,159, and \$231,501, respectively, which equal the required contributions for each year.

**STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 12 CONTINGENCIES

The District Attorney is a party to various claims and other legal matters which arise in the normal course of business. The District Attorney does not believe that the results of all claims and other legal matters individually or in the aggregate will have a material adverse effect on its operations or financial position.

Risk of Loss

The District Attorney is exposed to various risks of losses related to torts; theft of or damage to, or destruction of assets, errors and omissions; injuries to employees or others; or acts of God. The Second Judicial District Attorney maintains commercial insurance through the Risk Management Division for coverage for workers' compensation, auto liability, general liability, civil rights, property and contents, and fidelity bonds. Management believes that any potential loss would be adequately covered by insurance and would not result in any material adverse effect on the financial condition of the District Attorney.

Security Bond

The District Attorney and its employees are covered under a blanket bond held with Hartford Fire Insurance Company. The policy, purchased by the Risk Management Division of the General Services Department, covers loss through employee dishonesty and expires annually. There are no pending or known threatened legal proceedings involving material matters to which the District Attorney is party.

Contingent Liabilities (Claims and Judgments)

During fiscal year 2013, the District Attorney entered into phone services with TAMCO (ShoreTel) and discontinued using phone services provided by the Department of Information Technology (DoIT). However, the District Attorney was still charged for phone services from DoIT after services with TAMCO had begun. The District Attorney has been in continued disputes over the fees. There has been no resolution to the disputes as of June 30, 2015. The liability that DoIT is attempting to charge the District Attorney totals \$93,709 as of June 30, 2015 and has been recorded as a contingent liability on the government-wide financial statements.

NOTE 13 COMMITMENTS – OPERATING LEASES

The District Attorney leased certain equipment under operating leases with various terms. Total rental expenditures for the year ended June 30, 2015 for this lease were \$196,852. Future minimum payments as of June 30, 2015 under these operating leases with a term greater than one year were as follows:

Year Ending June 30,	Amount
2016	\$ 172,566
2017	172,566
2018	11,490
Total	\$ 356,622

**STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY
SCHEDULE OF MEMORANDUM OF UNDERSTANDING
JUNE 30, 2015**

The following is a list of Memoranda of Understanding the District Attorney has entered into:

Participants/ Description	Responsible Party	Dates of Agreement		Project Amount	District Attorney Portion	Current Year Contributions	Audit Responsibility
		Beginning	Ending				
Second Judicial District Attorney/ Pueblo of Laguna	Second Judicial District Attorney	09/03/03	Ongoing	N/A	\$ -	\$ -	Second Judicial District Attorney
Second Judicial District Attorney/ Pueblo of Isleta	Second Judicial District Attorney	12/14/05	Ongoing	N/A	\$ -	\$ -	Second Judicial District Attorney
Second Judicial District Attorney/ Pueblo of Sandia	Second Judicial District Attorney	03/31/04	Ongoing	N/A	\$ -	\$ -	Second Judicial District Attorney
Second Judicial District Attorney/ City of Albuquerque	Second Judicial District Attorney	10/1/2014	Ongoing	N/A	\$ -	\$ -	Second Judicial District Attorney
Second Judicial District Attorney/ County of Bernalillo	Second Judicial District Attorney	10/1/2014	6/30/2015	N/A	\$ -	\$ -	Second Judicial District Attorney

**STATE OF NEW MEXICO
 SECOND JUDICIAL DISTRICT ATTORNEY
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES –
 AGENCY FUND – PRE-PROSECUTION PROGRAM
 YEAR ENDED JUNE 30, 2015**

	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015
ASSETS				
Cash in Authorized Bank Account	\$ -	\$ 41,173	\$ (41,173)	\$ -
LIABILITIES				
Total Liabilities	\$ -	\$ (41,173)	\$ 41,173	\$ -

* Currently, the District Attorney deposits funds on a daily basis to a bank account held by the Administrative Office of the District Attorney. In the past, funds were held in a bank account under the District Attorney, and then the funds would be transferred to the Administrative Office of the District Attorney on a monthly basis. At year-end, the District Attorney was not in possession of any funds related to the Pre-Prosecution agency fund.

STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY
SCHEDULE OF VENDOR INFORMATION FOR PURCHASES
EXCEEDING \$60,000 (EXCLUDING GRT)
YEAR ENDED JUNE 30, 2015

<i>RFB#/RF P#</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 <u>ALL</u> 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>
As of June 30, 2015, there were no purchases requiring an RFP or RFB.								

**INDEPENDENT AUDITORS' 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***

Ms. Kari Brandenburg, District Attorney
State of New Mexico
Second Judicial District Attorney
Albuquerque, New Mexico and
Mr. 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, and the budgetary comparisons of the general fund and the major special revenue fund of the State of New Mexico Second Judicial District Attorney (District Attorney), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District Attorney's basic financial statements, and have issued our report thereon dated November 16, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 District Attorney's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

Ms. Kari Brandenburg, District Attorney
State of New Mexico, and
Mr. Tim Keller,
New Mexico State Auditor

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 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2015-001.

Second Judicial District Attorney's Response to Findings

The District Attorney's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The District Attorney's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 result 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.



CliftonLarsonAllen LLP

Albuquerque, New Mexico
November 16, 2015

**STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2015**

Section II – Financial Statement Findings

Finding 2015-001 Internal Controls Over Cash Receipts (Compliance and Other Matters)

Condition: During our internal control test work over cash receipts, we noted the following issues:

- One deposit, out of 22 tested, in which the deposit slip was completed incorrectly, resulting in the recording of a deposit that was \$50 less than the cash received by the agency.
- One out of 22 deposits tested, in the amount of \$406, was not deposited within 24 hours of receipt.

Criteria: According to the Manual of Model Accounting Practices (MAPs), section FIN 2.2 states that all state agencies are required to validate all deposits to safeguard cash and to allow independent verification. In addition, per NMSA 1978 6-10-3, all state agencies shall deposit cash within 24 hours of receipt

Cause: Lack of review surrounding the cash receipts deposited into the agency's bank account; management oversight.

Effect: The lack of review over cash receipts received by the Agency to the deposit slip caused the bank account to be understated by \$50. Non-compliance with the Public Money Act.

Auditor's Recommendation: We recommend that management establish controls necessary to ensure that all cash received is recorded and deposited accurately and timely in the agency's bank account.

Management's Response: Effective immediately, the Financial Specialist position will review all deposit slips with the supporting documentation daily. In addition, effective immediate the Financial Specialist will deposit all funds received daily to ensure compliance with the Public Money Act.

**STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2015**

Section II – Financial Statement Findings

Finding 2013-003 Financial Statement Close (Material Weakness) - Resolved

Condition: During test work over accounts receivable for fund 26000, it was noted that revenue for the Probation Violation Grant (PVG), in the amount of approximately \$112,000, was not recorded into the proper fund. This caused the 26000 fund to have excess expenses over revenue in a reimbursement fund. In addition, during our search for unrecorded liabilities, we noted a voucher that was not accrued in the general fund in the amount of \$16,929.

Finding 2014-001 Pre-Prosecution Probation Cash Receipts (Significant Deficiency) - Resolved

Condition: During a walkthrough of the Pre-Prosecution Probation receipt process, we noted that cash receipt logs were not being reviewed or reconciled by an individual independent of the receiving process. In addition, pre-numbered receipts were not being provided to the payee upon the receipt of payment.

**STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY
EXIT CONFERENCE
YEAR ENDED JUNE 30, 2015**

An exit conference was held with the District Attorney on November 18, 2015. The conference was held in a closed meeting to preserve the confidentiality of the audit information prior to the official release of the financial statements by the State Auditor. In attendance were:

STATE OF NEW MEXICO SECOND JUDICIAL DISTRICT ATTORNEY

Ms. Kari Brandenburg, District Attorney
Mr. Jeff Peters, Office Manager
Ms. Carmen Roybal, Chief Financial Officer

CLIFTONLARSONALLEN LLP

Matt Bone, CPA, CGFM, CGMA, Principal
Cammie Archuleta, Senior Associate

PREPARATION OF FINANCIAL STATEMENTS

The financial statements presented in this report have been prepared by the independent auditor, and reviewed and approved by the management of State of New Mexico Second Judicial District Attorney. The responsibility of the financial statements lies with management, as addressed in the Independent Auditor's Report.