

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

**Financial Statements  
For The Year Ended June 30, 2016**

**(With Independent Auditor's Report Thereon)**

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## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO  
SECOND JUDICIAL DISTRICT ATTORNEY  
June 30, 2016**

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June 30, 2016

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**STATE OF NEW MEXICO  
SECOND JUDICIAL DISTRICT ATTORNEY  
June 30, 2016**

**Official Roster**

<b><u>Name</u></b>	<b><u>Title</u></b>
Kari Brandenburg.....	District Attorney
Sylvia Martinez .....	Chief Deputy District Attorney
Deborah DePalo .....	Chief Deputy District Attorney
Todd Heisey.....	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
Joseph Holloway.....	Deputy District Attorney
Guinevere Ice .....	Deputy District Attorney
Michael Lewis .....	Deputy District Attorney
Neal Speer.....	Deputy District Attorney
John Litchford .....	Deputy District Attorney
David Waymire .....	Deputy District Attorney

**FINANCIAL SECTION**

# Robert J. Rivera, CPA, PC

Certified Public Accountants

6 Calle Medico, Suite 4

Santa Fe, New Mexico 87505-4761

505-983-6002

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## **INDEPENDENT AUDITOR'S REPORT**

Kari Brandenburg, District Attorney  
State of New Mexico  
Second Judicial District Attorney  
Albuquerque, New Mexico  
and

Honorable Timothy 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, 2016, 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 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 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, respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District Attorney as of June 30, 2016, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and major special funds for the year then ended in conformity 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, 2016, 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 viii through xiii 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 Memorandums of Understanding, Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds – Pre-Prosecution Program and Worthless Checks 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.

The Schedule of Memorandums of Understanding and Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds – Pre-Prosecution Program and Worthless Checks 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 Funds – Pre-Prosecution Diversion Program and Worthless Checks 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 11, 2016 on our consideration of the District Attorney's internal control over financial reporting and 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.



Robert J. Rivera, CPA, PC  
Santa Fe, New Mexico  
November 11, 2016

**STATE OF NEW MEXICO  
SECOND JUDICIAL DISTRICT ATTORNEY  
Management's Discussion and Analysis  
June 30, 2016**

The Second Judicial District Attorney's (District Attorney) Management's Discussion and Analysis (MD&A) is designed to provide an overview of the District Attorney's activities and programs for the fiscal year ended June 30, 2016.

**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.

**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, the Grants Special Revenue Fund. Information for the General Fund and the Grants Special Revenue Fund, both of which are considered to be major funds, is

**STATE OF NEW MEXICO**  
**SECOND JUDICIAL DISTRICT ATTORNEY**  
**Management's Discussion and Analysis**  
**June 30, 2016**

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 7. In addition, the District Attorney adopts an annual budget for the Grants Special Revenue Fund. A budgetary comparison statement for the Grants Special Revenue Fund is presented on page 8.

***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.

### **Financial Highlights**

The following is the District Attorney's financial highlights for the fiscal year ended June 30, 2016.

- Net position of the District Attorney decreased by \$(47,045), or 75.3%, in FY16 compared to FY15 from \$(62,404) to \$(109,449). Although State General Fund appropriations decreased by \$118,500, State General Fund expenses decreased in the same amount. Expenditures exceeded revenues by \$(90,453). These expenditures were paid out of existing budgeted fund balance from the prior year. In addition, net prior-period adjustments of \$43,408 to the net position balance at June 30, 2015 were made to adjust accumulated depreciation, due from other state agencies and the federal government, and deferred inflows of revenue recognition in the current year.

### **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 \$109,449.

**STATE OF NEW MEXICO  
SECOND JUDICIAL DISTRICT ATTORNEY  
Management's Discussion and Analysis  
June 30, 2016**

**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, 2016 and 2015.

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

There is an insignificant change in net position for fiscal year 2016 as compared to fiscal year 2015. The decrease is a result of utilizing the Southwest Border Prosecution Initiative (SWBPI) funds and the other unrestricted funds in the current year.

	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Assets</b>				
Current and other assets	\$ 1,689,645	\$ 1,336,394	\$ 353,251	26.4%
Capital assets	<u>172,397</u>	<u>66,482</u>	<u>105,915</u>	<u>159.3%</u>
<b>Total Assets</b>	<u>1,862,042</u>	<u>1,402,876</u>	<u>459,166</u>	<u>32.7%</u>
<b>Liabilities</b>				
Current	<u>1,971,491</u>	<u>1,465,280</u>	<u>506,211</u>	<u>34.5%</u>
<b>Total Liabilities</b>	<u>1,971,491</u>	<u>1,465,280</u>	<u>506,211</u>	<u>34.5%</u>
<b>Net Position</b>				
Net investment in capital assets	172,397	66,482	105,915	159.3%
Restricted	53,577	3,239	50,338	1,054.1%
Unrestricted	<u>(335,423)</u>	<u>(132,125)</u>	<u>(203,298)</u>	<u>153.8%</u>
<b>Total Net Position</b>	<u>(109,449)</u>	<u>(62,404)</u>	<u>(47,045)</u>	<u>75.3%</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 1,862,042</u>	<u>\$ 1,402,876</u>	<u>\$ 459,166</u>	<u>32.7%</u>

**STATE OF NEW MEXICO  
SECOND JUDICIAL DISTRICT ATTORNEY  
Management's Discussion and Analysis  
June 30, 2016**

**Changes in Net Position**

Table A-2 summarizes the District Attorney's changes in net position for fiscal years 2016 and 2015. Governmental activities during the year decreased the District Attorney's net position by \$47,045.

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

	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Program Revenues</b>				
Charges for services	\$ 47,479	\$ 70,396	\$ (22,917)	(32.55)%
Operating Grants	799,171	747,407	51,764	6.937%
Miscellaneous	56,795	-	56,795	100%
<b>General Revenues</b>				
General Fund Appropriation	18,411,800	18,150,800	261,000	1.44%
FY15 Reversion	-	(18,910)	18,910	(100%)
Transfers	-	379,500	(379,500)	(100%)
<b>Total Revenues</b>	19,315,245	19,329,193	(13,948)	(0.01%)
<b>Expenses</b>				
General Government	19,405,698	19,161,081	244,617	1.28%
<b>Change in Net Position</b>	(90,453)	168,112	(258,565)	(153.81%)
<b>Beginning Net Position</b>	(18,996)	(230,516)	211,520	91.80%
<b>Ending Net Position</b>	\$ <u>(109,449)</u>	\$ <u>(62,404)</u>	\$ <u>(47,045)</u>	<u>75.30%</u>

The District Attorney's revenue decreased by \$13,948, or 0.1%, from the previous fiscal year. The most significant changes were related to increase in the general fund appropriation for salaries and benefits.

**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 \$609,468. 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.

**STATE OF NEW MEXICO**  
**SECOND JUDICIAL DISTRICT ATTORNEY**  
**Management's Discussion and Analysis**  
**June 30, 2016**

**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 \$18,636,800 and actual revenues received were \$18,656,201, which is a positive variance of \$19,401. The positive variance is due to other state funds budgeted and not received totaling (\$10,476) and federal grants of \$29,877 received in excess of the budgeted amount.

For the General Fund, budgeted expenditures were \$19,136,800 and actual expenditures were \$18,784,569, which is a positive variance of \$352,231. All the State General Fund Appropriation of \$18,411,800 were expended. The positive variance is due to expending less of budgeted prior-year balances.

For the Grants Special Revenue Fund budget, total revenues budgeted were \$658,711, and actual revenues received were \$651,773, which is an immaterial negative variance of (\$6,938). Budgeted expenditures were \$658,711, and actual expenditures \$598,470, which is an immaterial positive variance of \$60,241.

**Capital Assets.** For fiscal year 2016, there was \$65,301 in deletions of capital assets. In addition, the District Attorney purchased \$55,500 in vehicles, \$5,144 in data processing, and \$13,000 in furniture and fixtures. Depreciation expense for the year was \$58,981. In addition, a prior-period adjustment to accumulated depreciation reduced accumulated depreciation by \$91,252.

**Debt.** The Second Judicial District Attorney's Office had a long-term liability for compensated absences at June 30, 2016 amounting to \$797,604 and \$760,482 at June 30, 2015. This was an increase of \$37,122 from the prior year.

**Governmental Accounting and Auditing Environment and Next Year's Budget**

The District Attorney's office operates from State General Fund appropriations, federal and state grants, and other local revenues generated from agreements with Indian pueblos and fees generated from providing the public with information. The following highlights the challenges expected to be faced by the office in 2016.

- The Office of the Second Judicial District Attorney is charged with the prosecution of state criminal charges in Bernalillo County. In fiscal year 2016 the office screened 25,087 alleged felony, misdemeanor and juvenile cases in Bernalillo County and prosecuted 18,799 cases. The primary beneficiaries of those prosecutions are the residents and visitors of the State of New Mexico and Bernalillo County.
- As the county with the largest population in the state, it is the commercial and professional center of the state, which includes the intersection of two major interstate highways and is the hub for both air and rail travel. The Second Judicial District Attorney's office currently employs 110 prosecutors with an average caseload of 253 cases in the past year. These Prosecutors are supported by 179 support staff including secretaries, investigators, victim advocates, paralegals and administrative personnel.

The State's 2017 Budget for the Office of the Second Judicial District Attorney included a decrease in funding of 3.0% or \$551,500 less than FY16 which will affect the salaries and benefits category.

**STATE OF NEW MEXICO  
SECOND JUDICIAL DISTRICT ATTORNEY  
Management's Discussion and Analysis  
June 30, 2016**

The office continues to struggle with clearing officer-involved shooting cases. Reviewing and generating the report on these cases takes untold hours of tedious work. It requires the highest level of experienced attorney to thoughtfully and thoroughly review these cases and generate an appropriate report. Attrition, and health issues and a death among those assigned to do these cases has slowed the pace of report production on these cases. Resources are needed to clear out the backlog of officer-involved shooting cases.

The office continues to work hard to reduce the time it takes to get cases to trial, and to limit the number of cases dismissed under the Supreme Court Case Management Order (CMO), or on speedy trial grounds. As discussed in the "Challenges" section, under the CMO, which applies only in Bernalillo County, prosecutors are now tasked with vastly increased responsibility for securing items of discovery and ensuring that discovery is complete by arraignment and trial in order to move cases forward. The stresses this increased workload and responsibility have put on the office and on individual prosecutors is tremendous. Additional resources in the form of three positions were appropriated in FY 14 to deal with the increased workload associated with the CMO. Those additional resources need to be reauthorized, and even be expanded.

Retention of mid-level employees continues to be a huge issue impacting the office. They are able to attract young and talented individuals, but once they have been gained significant experience, they often leave for better paying government jobs. The Second Judicial District Attorney loses many of its attorneys to the New Mexico Attorney General's office or the United States Attorney's Office. When that happens, the office loses not only a good attorney but invested resources as well.

The combination of increased case numbers and new mandates for faster resolution of pending criminal cases have increased the need for personnel, transcripts, expert witnesses, additional investigation and service of subpoenas, and general operational costs required to prosecute crimes effectively.

The Second Judicial District Attorney's Office continues to grow and adjust to the needs of Bernalillo County. Just as the population of the County is growing significantly, so too are the number of cases needing attention by the District Attorney's Office. Additional resources are needed to keep up with the increased demands, and to provide the level of service to the citizens of Bernalillo County which they are entitled to expect.

### **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, 2016**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current Assets:	
Investment in State General Fund Investment Pool	\$ 1,406,721
Investment in State General Fund Investment Pool	47,092
Due from Other State Agencies (note 6)	204,890
Due from Local Governments	30,942
Due from Federal Governments	<u>1,689,645</u>
Total Current Assets	<u>1,689,645</u>
Noncurrent Assets:	
Capital Assets	448,818
Less Accumulated Depreciation	<u>(276,421)</u>
Total Noncurrent Assets	<u>172,397</u>
Total Assets	<u>1,862,042</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	452,593
Accrued Payroll	607,754
Due to State General Fund (note 7)	18,963
Other Liabilities	568
Due to other beneficiaries	300
Compensated Absences Payable - Expected to be Paid Within One Year	797,604
Contingency Liability	<u>93,709</u>
Total Current Liabilities	<u>1,971,491</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	172,397
Restricted (note 2)	53,577
Unrestricted	<u>(335,423)</u>
Total Net Position	<u>\$ (109,449)</u>

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

**STATE OF NEW MEXICO  
SECOND JUDICIAL DISTRICT ATTORNEY  
Statement of Activities  
Year Ended June 30, 2016**

	<u>Governmental Activities</u>
<b>EXPENSES</b>	
General government	\$ <u>19,405,698</u>
<b>REVENUES</b>	
Program revenues:	
Operating Grants	799,171
Charges for Services	47,479
Miscellaneous revenue	<u>56,795</u>
Total Program revenues	<u>903,445</u>
Net Program expense	(18,502,253)
Transfers:	
State General Fund Appropriation	<u>18,411,800</u>
<b>CHANGE IN NET POSITION</b>	<u>(90,453)</u>
Net Position - Beginning of year, as reported	(62,404)
Restatements:	
Prior-period adjustments (Note 14)	<u>43,408</u>
Net Position - Beginning of year, as restated	<u>(18,996)</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ (109,449)</u>

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

**STATE OF NEW MEXICO**  
**SECOND JUDICIAL DISTRICT ATTORNEY**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2016**

	<u>Major Funds</u>			
	<u>15600</u>	<u>26000</u>		<u>Total</u>
	<u>General</u>	<u>Grants</u>		<u>Governmental</u>
	<u>Fund</u>	<u>Special</u>	<u>Eliminations</u>	<u>Funds</u>
	<u>Fund</u>	<u>Revenue</u>		<u>Funds</u>
	<u>Fund</u>	<u>Fund</u>		<u>Funds</u>
<b>ASSETS</b>				
Investment in State General Fund				
Investment Pool	\$ 1,594,113	\$ -	\$ (187,392)	\$ 1,406,721
Due from Other Funds (note 8)	-	59,559	(59,559)	-
Due from Other State Agencies (note 6)	-	47,092	-	47,092
Due from Local Governments	75,000	129,890	-	204,890
Due from Federal Government	-	30,942	-	30,942
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 1,669,113</u>	<u>\$ 267,483</u>	<u>\$ (246,951)</u>	<u>\$ 1,689,645</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Overdraft in the Investment in State				
Investment Pool	\$ -	\$ 187,392	\$ (187,392)	\$ -
Accounts Payable	452,593	-	-	452,593
Accrued Payroll	581,240	26,514	-	607,754
Due to Other Funds (note 8)	59,558	-	(59,559)	(1)
Due to State General Fund (note 7)	18,963	-	-	18,963
Other Liabilities	568	-	-	568
Due to other beneficiaries	300	-	-	300
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>1,113,222</u>	<u>213,906</u>	<u>(246,951)</u>	<u>1,080,177</u>
<b>FUND BALANCE</b>				
Restricted for:				
City VIP State Grant (note 2)	-	53,577	-	53,577
Assigned (note 2)	74,000	-	-	74,000
Unassigned (note 2)	481,891	-	-	481,891
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>555,891</u>	<u>53,577</u>	<u>-</u>	<u>609,468</u>
Total Liabilities and Fund Balances	<u>\$ 1,669,113</u>	<u>\$ 267,483</u>	<u>\$ (246,951)</u>	<u>\$ 1,689,645</u>

The accompanying notes are an integral part of these 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, 2016

<b>Total Fund Balances - Governmental Funds (Balance Sheet - Governmental Funds- Exhibit C)</b>	<b>\$ 609,468</b>
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Amounts reported for governmental activities in the statement of net position are different at June 30, 2016 because:

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	\$ 448,818	
Less Accumulated Depreciation	<u>(276,421)</u>	172,397
Total Capital Assets, Net of Accumulated Depreciation		

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

Compensated Absences Payable	(797,604)	
Contingency Liability	<u>(93,709)</u>	<u>(891,313)</u>

<b>Net Position of Governmental Activities (Statement of Net Position- Exhibit A)</b>	<b>\$ <u>(109,448)</u></b>
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The notes to financial statements are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**SECOND JUDICIAL DISTRICT ATTORNEY**  
**Statement of Revenues, Expenses, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2016**

	<u>Major Funds</u>		<u>Total Governmental Fund</u>
	<u>15600 General Fund</u>	<u>26000 Grants Special Revenue Fund</u>	
<b>REVENUES</b>			
Federal grant revenue	\$	\$ 309,357	\$ 309,357
Local intergovernmental operating grants	44,877	184,637	229,514
Charges for services	150,000	47,479	197,479
Other revenue	56,795	110,300	167,095
Total revenues	<u>251,672</u>	<u>651,773</u>	<u>903,445</u>
<b>EXPENDITURES</b>			
Current:			
General Government:			
Personal Services/Employee Benefits	17,010,300	592,781	17,603,081
Contractual Services	114,800	-	114,800
Other Costs	1,579,645	5,689	1,585,334
Capital Outlay	80,024	-	80,024
Total expenditures	<u>18,784,769</u>	<u>598,470</u>	<u>19,383,239</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
State General Fund Appropriation	18,411,800	-	18,411,800
Total other financing sources (uses)	<u>18,411,800</u>	<u>-</u>	<u>18,411,800</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(121,297)</u>	<u>53,303</u>	<u>(67,994)</u>
Fund Balances - Beginning of Year	677,188	3,239	680,427
Restatements:			
Prior-period adjustments (note 14)	-	(2,965)	(2,965)
Fund Balances - Beginning of year, as restated	<u>677,188</u>	<u>274</u>	<u>677,462</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 555,891</u>	<u>\$ 53,577</u>	<u>\$ 612,433</u>

The accompanying notes are an integral part of these 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, 2016**

A reconciliation reflecting the difference 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:

<b>Net Change in Fund Balances - Governmental Funds- (Statement of Revenues, Expenses, and Changes in Fund Balances- Exhibit E)</b>	<b>\$ (67,994)</b>
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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	\$ 73,644	
Depreciation	<u>(58,981)</u>	14,663

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as use expenditures in governmental funds.

Compensated Absences	<u>(37,122)</u>
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<b>Change in Net Position - Governmental Activities- (Statement of Activities- Exhibit B)</b>	<b>\$ <u>(90,453)</u></b>
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The notes to financial statements are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**SECOND JUDICIAL DISTRICT ATTORNEY**  
**Statement of Revenues and Expenditures Budget and Actual (Budget Basis)**  
**Major Governmental Funds**  
**General Fund (Fund 15600)**  
**Year Ended June 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budget Basis</u>	<u>Variance with Budget Positive (Negative)</u>
<b>Revenues:</b>				
Federal grants	\$ 15,000	\$ 15,000	\$ 44,877	\$ 29,877
State General Fund appropriations	18,522,700	18,411,800	18,411,800	-
Other financing sources	60,000	60,000	56,795	(3,205)
Interagency transfers	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
 Total revenues	 18,747,700	 18,636,800	 \$ <u>18,663,472</u>	 \$ <u>26,672</u>
 Cash balance budgeted	 <u>100,000</u>	 <u>500,000</u>		
 Total budgeted revenue	 \$ <u>18,847,700</u>	 \$ <u>19,136,800</u>		
<b>Expenditures:</b>				
Current:				
Judicial:				
Personal services and employee benefits	\$ 17,736,200	\$ 17,260,300	\$ 17,010,300	\$ 250,000
Contractual services	124,000	129,000	114,800	14,200
Other costs (includes capital outlay)	<u>987,500</u>	<u>1,747,500</u>	<u>1,659,469</u>	<u>88,031</u>
 Total expenditures	 \$ <u>18,847,700</u>	 \$ <u>19,136,800</u>	 \$ <u>18,784,569</u>	 \$ <u>352,231</u>
 <b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
			<u>Revenue</u>	<u>Expenditures</u>
Budgetary Basis			\$ 18,663,472	\$ 18,784,569
Reduction of petty cash			<u>-</u>	<u>200</u>
 <b>GAAP Basis</b>			 \$ <u>18,663,472</u>	 \$ <u>18,784,769</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 2017 budget.

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

STATE OF NEW MEXICO  
 SECOND JUDICIAL DISTRICT ATTORNEY  
 Statement of Revenues and Expenditures Budget and Actual (Budget Basis)  
 Major Governmental Funds  
 Grants Special Revenue Fund (Fund 26000)  
 Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budget Basis</u>	<u>Variance with Budget Positive (Negative)</u>
<b>Revenues:</b>				
Federal grants	\$ 186,900	\$ 186,900	\$ 179,523	\$ (7,377)
Local intergovernmental operating grants	86,800	129,295	129,834	539
Charges for services	-	78,416	47,479	(30,937)
Other grants	264,100	264,100	110,300	(153,800)
Intra-state warrants-other	<u>-</u>	<u>-</u>	<u>184,637</u>	<u>184,637</u>
 Total revenues	 537,800	 658,711	 <u>\$ 651,773</u>	 <u>\$ (6,938)</u>
 Cash balance budgeted	 <u>-</u>	 <u>-</u>		
 Total budgeted revenue	 <u>\$ 537,800</u>	 <u>\$ 658,711</u>		

**Expenditures:**

Current:				
Judicial:				
Personal services and employee benefits	\$ 537,800	\$ 658,711	\$ 592,781	\$ 65,930
Contractual services	-	-	-	-
Other costs (includes capital outlay)	<u>-</u>	<u>-</u>	<u>5,689</u>	<u>(5,689)</u>
 Total expenditures	 <u>\$ 537,800</u>	 <u>\$ 658,711</u>	 <u>\$ 598,470</u>	 <u>\$ 60,241</u>

**Reconciliation of Budgetary Basis to GAAP Basis:**

	<u>Revenue</u>	<u>Expenditures</u>
Budgetary Basis	\$ 651,773	\$ 598,470
None	<u>-</u>	<u>-</u>
 <b>GAAP Basis</b>	 <u>\$ 651,773</u>	 <u>\$ 598,470</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 2017 budget.

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

**STATE OF NEW MEXICO**  
**SECOND JUDICIAL DISTRICT ATTORNEY**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Fund - Pre-Prosecution Diversion Program and Worthless Checks Program**  
**June 30, 2016**

**Assets**

Cash in banks:		
Pre-Prosecution Diversion Program and Worthless Checks Program	\$	-
Total assets		-

**Liabilities**

Assets held for others		-
Total liabilities		-
Total net assets	\$	-

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

**STATE OF NEW MEXICO**  
**SECOND JUDICIAL DISTRICT ATTORNEY**  
**Notes to Financial Statements**  
**June 30, 2016**

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

**2. Summary of Significant Accounting Policies**

**A. 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.

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**  
**SECOND JUDICIAL DISTRICT ATTORNEY**  
**Notes to Financial Statements**  
**June 30, 2016**

**2. Summary of Significant Accounting Policies** (cont'd)

**A. Financial Reporting Entity** (cont'd)

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.

**B. 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 fund (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, 2016.

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

**STATE OF NEW MEXICO  
SECOND JUDICIAL DISTRICT ATTORNEY  
Notes to Financial Statements  
June 30, 2016**

**2. Summary of Significant Accounting Policies** (cont'd)

**B. Financial Reporting Entity** (cont'd)

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 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.

**C. 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:

**STATE OF NEW MEXICO  
SECOND JUDICIAL DISTRICT ATTORNEY  
Notes to Financial Statements  
June 30, 2016**

**2. Summary of Significant Accounting Policies** (cont'd)

**C. Basis of Presentation** (cont'd)

**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 Special Revenue Fund (SHARE Fund 26000)** – The Grants Special Revenue 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, 2016.

**Pre-Prosecution Diversion Program and Worthless Checks 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. As authorized in the Pre-Prosecution Diversion Act (13-16A-1 through 31-16A-8 NMSA 1978) and the Worthless Check Act (Section 30-36-1 through 30-36-10NMSA 1978). Fees are remitted to the State Treasurer payable to 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

**STATE OF NEW MEXICO**  
**SECOND JUDICIAL DISTRICT ATTORNEY**  
**Notes to Financial Statements**  
**June 30, 2016**

**2. Summary of Significant Accounting Policies** (cont'd)

**C. Basis of Presentation** (cont'd)

**Modified Accrual Basis** (cont'd)

most circumstances should be reported as advances by the provider and unearned revenue by the recipient.

**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, 2016. Expenditures are recognized when the related fund liability is incurred.

**GASB Statements Adopted**

During fiscal year 2016, the District Attorney adopted the following GASB statements:

*GASBS 72, Fair Value Measurement and Application.* The Statement is to provide guidance for determining a fair value measurement for financial reporting purposes, and for applying fair value to certain investments and disclosures related to all fair value measurements. This statement will not have a material impact on the District Attorney's financial statements.

*GASB 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and no authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The Statement will not have a material impact on the District Attorney's financial statements.

**D. Budgetary Accounting**

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

1. No later than September 1<sup>st</sup>, 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, 2016**

**2. Summary of Significant Accounting Policies** (cont'd)

**D. Budgetary Accounting** (cont'd)

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 timelimit.
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.

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.

**STATE OF NEW MEXICO  
SECOND JUDICIAL DISTRICT ATTORNEY  
Notes to Financial Statements  
June 30, 2016**

**2. Summary of Significant Accounting Policies** (cont'd)

**E. 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.

**F. Assets, Liabilities, and Equity**

**Cash**

At June 30, 2016, the District Attorney had 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

**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,

**STATE OF NEW MEXICO  
SECOND JUDICIAL DISTRICT ATTORNEY  
Notes to Financial Statements  
June 30, 2016**

**2. Summary of Significant Accounting Policies** (cont'd)

**F. Assets, Liabilities, and Equity** (cont'd)

**Compensated Absences Payable** (cont'd)

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.

**Governmental Fund Balances**

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

No spendable – Amounts that cannot be spent either because they are in a no spendable 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.

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 \$481,891 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 of \$74,000 related to amounts budgeted for FY17.

**Net Position**

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

**STATE OF NEW MEXICO  
SECOND JUDICIAL DISTRICT ATTORNEY  
Notes to Financial Statements  
June 30, 2016**

**2. Summary of Significant Accounting Policies** (cont'd)

**F. Assets, Liabilities, and Equity** (cont'd)

**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, 2016.

**Restricted** represents the unexpended portion of grants from various local, state and federal grantors which are restricted as to use. The District Attorney had \$53,577 in restricted net position by enabling legislation as of June 30, 2016.

**Unrestricted Net Position** represents the amounts of the District Attorney at June 30, 2016 that are not restricted for specific purposes.

**G. 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.

**H. 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, 2016.

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

**STATE OF NEW MEXICO**  
**SECOND JUDICIAL DISTRICT ATTORNEY**  
**Notes to Financial Statements**  
**June 30, 2016**

**2. Summary of Significant Accounting Policies** (cont'd)

**H. Pensions** (cont'd)

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.

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.

**I. 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, 2016.

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 did not have any unavailable revenue at June 30, 2016.

**3. 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

**STATE OF NEW MEXICO**  
**SECOND JUDICIAL DISTRICT ATTORNEY**  
**Notes to Financial Statements**  
**June 30, 2016**

**3. State General Fund Investment Pool** (cont'd)

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 forward. This process now has been reviewed by the independent public accountants performing audits of the State General Fund, the DFA, and the State of New Mexico's Comprehensive Annual Financial Report for the fiscal year 2015. Each review of the process deemed it to be adequate and the findings related to cash reconciliations were significantly reduced or eliminated.

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 District Attorney has established daily and monthly procedures that mitigate the risk of misstatement of the District Attorney's balances within the Pool.

**District Attorney's Interest in State General Fund Investment Pool**

At June 30, 2016, the District Attorney had the following invested in the State General Fund Investment Pool:

State General Fund Investment Pool	<u>\$1,406,721</u>
------------------------------------	--------------------

**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, 2016.

**STATE OF NEW MEXICO  
SECOND JUDICIAL DISTRICT ATTORNEY  
Notes to Financial Statements  
June 30, 2016**

**4. Capital Assets**

A summary of changes in the capital assets for the year ended June 30, 2016 is as follows:

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Adjustments/ Deletions</u>	<u>Balance June 30, 2016</u>
Capital Assets:				
Furniture and Equipment	\$ -	\$ 13,000	\$ -	\$ 13,000
Data Processing Equipment	17,786	5,144	-	22,930
Vehicles	<u>422,689</u>	<u>55,500</u>	<u>(65,301)</u>	<u>412,888</u>
Total Capital Assets	<u>440,475</u>	<u>73,644</u>	<u>(65,301)</u>	<u>448,818</u>
Less Accumulated Depreciation for:				
Furniture and Equipment	-	(1,621)	-	(1,621)
Data Processing Equipment	(17,786)	(2,001)	-	(19,787)
Vehicles	<u>(356,207)</u>	<u>(55,359)</u>	<u>156,553</u>	<u>(255,013)</u>
Total Accumulated Depreciation	<u>(373,993)</u>	<u>(58,981)</u>	<u>156,553</u>	<u>(276,421)</u>
Capital Assets, Net	<u>\$ 66,482</u>	<u>\$ 14,663</u>	<u>\$ 91,252</u>	<u>\$ 172,397</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 \$55,981. All capital assets owned are depreciable.

**5. Compensated Absences Payable**

A summary of changes in the compensated absences payable for the year ended June 30, 2016 is as follows:

	<u>Balance June 30, 2015</u>	<u>Increase</u>	<u>Adjustments/ (Decrease)</u>	<u>Balance June 30, 2016</u>	<u>Amounts Due Within One Year</u>
Compensated absences	<u>\$ 760,482</u>	<u>\$ 810,596</u>	<u>\$ (773,474)</u>	<u>\$ 797,604</u>	<u>\$ 797,604</u>

Of the \$797,604, 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 is expected to continue to do so in the future.

**STATE OF NEW MEXICO  
SECOND JUDICIAL DISTRICT ATTORNEY  
Notes to Financial Statements  
June 30, 2016**

**6. 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, 2016 the District Attorney had no amounts classified as due to other state agencies. The due from other state agencies balances at June 30, 2016 consisted of the following:

2nd DA Fund No.	Agency	Other Agency's Fund No.	Amount
26000	Crime Victims Reparation Commission	91602	\$ <u>47,092</u>
Total All Funds			\$ <u><u>47,092</u></u>

**7. Due To State General Fund**

Amounts payable to the State General Fund are a result of the following as of June 30, 2016.

FY16 Reversion to State General Fund	\$ -
Prior Year payable to State General Fund	<u>18,963</u>
Total Due to State General Fund, June 30 2016	\$ <u><u>18,963</u></u>

**8. Interfund Receivables and Payables**

The amount due from the General Fund 15600 in the Grants Special Revenue Fund 26000 is a result of payroll transactions being paid by Fund 26000 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 Fund	26000	\$ <u>59,559</u>	General Fund	15600	\$ <u>59,559</u>
Total		\$ <u><u>59,559</u></u>	Total		\$ <u><u>59,559</u></u>

**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

**STATE OF NEW MEXICO  
SECOND JUDICIAL DISTRICT ATTORNEY  
Notes to Financial Statements  
June 30, 2016**

**9. Pension Plan – Public Employees Retirement Association (cont'd)**

**Plan Description** (cont'd)

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, 2016, 2015 and 2014 were \$2,064,003, \$2,109,698, and \$1,937,359, respectively, equal to the amount of the required contributions for each fiscal year.

**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 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.

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.

**STATE OF NEW MEXICO  
SECOND JUDICIAL DISTRICT ATTORNEY  
Notes to Financial Statements  
June 30, 2016**

**10. Post-Employment Benefits – State Retiree Health Care Plan** (cont'd)

**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](http://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, 2016, 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, 2016, 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, 2016, 2015 and 2014 were \$242,972, \$248,486, and \$233,159, respectively, which equal the required contributions for each year.

**11. 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.

**STATE OF NEW MEXICO  
SECOND JUDICIAL DISTRICT ATTORNEY  
Notes to Financial Statements  
June 30, 2016**

**11. Contingencies** (cont'd)

**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, 2016. The liability that DoIT is attempting to charge the District Attorney totals \$93,709 as of June 30, 2016 and has been recorded as a contingent liability on the government-wide financial statements.

**12. Commitments – Operating Leases**

The District Attorney leased certain equipment under operating leases with various terms. Total rental expenditures for the year ended June 30, 2016 for this lease were \$135,012. Future minimum payments as of June 30, 2016 under these operating leases with a term greater than one year were as follows:

Year Ended June 30	Amount
2017	\$ 141,478
2018	56,527
2019	48,475
2020	48,475
2021	16,158
Total	\$ 311,113

**STATE OF NEW MEXICO  
SECOND JUDICIAL DISTRICT ATTORNEY  
Notes to Financial Statements  
June 30, 2016**

**13. Subsequent Events Review**

A review of subsequent events through November 11, 2016, which is the date the financial statements were available for issuance, revealed no significant subsequent events which require disclosure.

**14. Prior – Period Adjustments to Net Position/ Fund Balances**

	Net Position	Fund Balance
A. An adjustment to accumulated depreciation related to capital assets was required as of June 30, 2015. The adjustment was made to decrease accumulated depreciation by \$91,252 to agree with the District Attorney's capital asset records.	\$ 91,252	\$ -
B. Deferred inflow of revenues recognized in current period- Southwest Border Program (General Fund 1500)	(44,879)	-
C. Due from Other State Agencies (VOCA Grant) overstated as of June 30, 2015 (Grants Special Revenue Fund 26000).	(113)	(113)
D. Due from Federal Government (HIDTA Grant) overstated as of June 30, 2015 (Grants Special Revenue Fund 26000).	<u>(2,852)</u>	<u>(2,852)</u>
	<u>\$ 43,408</u>	<u>\$ (2,965)</u>

**SUPPLEMENTAL SECTION**

**STATE OF NEW MEXICO  
SECOND JUDICIAL DISTRICT ATTORNEY  
SCHEDULE OF MEMORANDUMS OF UNDERSTANDING  
JUNE 30, 2016**

Participants/ Description	Responsible Party	Beginning	Ending	Project Amount	District Attorney Portion	Current Year Contributions	Audit Responsibility
Second Judicial District Attorney/ Pueblo of Laguna	Second Judicial District Attorney	9/3/2003	Ongoing	N/A \$	- \$	-	Second Judicial District Attorney
Second Judicial District Attorney/ Pueblo of Isleta	Second Judicial District Attorney	12/19/2003	Ongoing	N/A \$	- \$	-	Second Judicial District Attorney
Second Judicial District Attorney/ Pueblo of Sandia	Second Judicial District Attorney	3/31/2004	Ongoing	N/A \$	- \$	-	Second Judicial District Attorney
Second Judicial District Attorney/ City of Albuquerque	Second Judicial District Attorney	10/16/2015	Ongoing	N/A \$	- \$	-	Second Judicial District Attorney
Second Judicial District Attorney/ County of Bernalillo	Second Judicial District Attorney	7/1/2015	6/30/2016	N/A \$	- \$	-	Second Judicial District Attorney District Attorney

STATE OF NEW MEXICO  
**SECOND JUDICIAL DISTRICT ATTORNEY**  
 Schedule of Operating Transfers  
 Year Ended June 30, 2016

<u>General Fund</u> <u>Fund 15600</u>	<u>From</u> <u>Fund No.</u>	<u>To</u> <u>Fund No.</u>	<u>Transfers</u>	
			<u>In</u>	<u>Out</u>
(1) Department of Finance and Administration State General Fund Appropriation	85300	15600	\$ 18,522,700	\$ -
(2) Department of Finance and Administration State General Fund Approp. Reduction	15600	85300	-	110,900
(3) General Services Department Information Technology	15600	20360	-	102,200
(4) General Services Department GSD insurance premiums	15600	35903	-	35,176
(5) General Services Department Insurance Premiums - Public Liability	15600	35603	-	3,055
(6) General Services Department Insurance Premiums - Unemployment Comp.	15600	35303	-	14,512
(7) General Services Department Insurance Premiums	15600	35703	-	122,559
(8) General Services Department Defensive driving	15600	80603	-	510
(9) Secretary of State Notary public	15600	79900	-	320
(10) Public Employee's Retirement Association Adjustment	15600	60605	-	1,927
(11) Second Judicial District Court Payroll adjustment	15600	14200	-	6
(12) Public Defender Department Reimburse terminal leave payout	17510	15600	382	-
(13) Administrative Office of the District Attorney's Reimbursement for payment error	15600	11180	-	5,995
(14) Administrative Office of the District Attorney's Transfer of Southwest Border Protection initiative funds	91680	15600	44,877	-
(15) Administrative Office of the District Attorney's Deposit correction	11180	15600	120	-
(16) Crime Victims Reparation Commission Transfer of VOCA funds	91602	15600	65,465	-
(17) Crime Victims Reparation Commission Payment for contractual services	91602	15600	40,822	-
			<u>\$ 18,674,366</u>	<u>\$ 397,160</u>

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

STATE OF NEW MEXICO  
 SECOND JUDICIAL DISTRICT ATTORNEY  
 Schedule of Changes in Assets and Liabilities  
 Agency Funds  
 Year Ended June 30, 2016

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Ending Balance</u>
<b><u>Pre-prosecution Diversion</u></b>				
<b><u>Assets</u></b>				
Cash in bank	\$ <u>          -</u>	\$ <u>      20,319</u>	\$ <u>    (20,319)</u>	\$ <u>          -</u>
<b><u>Liabilities</u></b>				
Assets held for others	\$ <u>          -</u>	\$ <u>      20,319</u>	\$ <u>    (20,319)</u>	\$ <u>          -</u>
<b><u>Worthless Check Program</u></b>				
<b><u>Assets</u></b>				
Cash in Bank	\$ <u>          -</u>	\$ <u>      8,273</u>	\$ <u>    (8,273)</u>	\$ <u>          -</u>
<b><u>Liabilities</u></b>				
Assets held for others	\$ <u>          -</u>	\$ <u>      8,273</u>	\$ <u>    (8,273)</u>	\$ <u>          -</u>
<b><u>Total Agency Funds</u></b>				
<b><u>Assets</u></b>				
Cash in Bank	\$ <u>          -</u>	\$ <u>     28,592</u>	\$ <u>    (28,592)</u>	\$ <u>          -</u>
<b><u>Liabilities</u></b>				
Assets held for others	\$ <u>          -</u>	\$ <u>     28,592</u>	\$ <u>    (28,592)</u>	\$ <u>          -</u>

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

**STATE OF NEW MEXICO**  
**SECOND JUDICIAL DISTRICT ATTORNEY**  
**SCHEDULE OF VENDOR INFORMATION**  
**For Purchases Exceeding \$60,000 (excluding GRT)**  
**Prepared by: Lucas Gauthier      Title: CFO      Date: November 11, 2016**

The Second Judicial District Attorney's Office did not have any vendor purchases exceeding \$60,000 (excluding GRT) for the fiscal year ended June 30, 2016.

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the Procurement Documentation of ALL vendors(s) that responded</i>	<i>In-State/ Out-of-State Vendor (Y or N)</i>	<i>Brief Description of the Scope of Work</i>
N/A	N/A	N/A	N/A	N/A	N/A	N/A

## OTHER REPORTS

# Robert J. Rivera, CPA, PC

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## REPORT ON INTERANL 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

Kari Brandenburg, District Attorney  
State of New Mexico  
Second Judicial District Attorney  
Albuquerque, New Mexico  
and  
Honorable Timothy Keller  
New Mexico State Auditor  
Santa Fe, New Mexico

We have audited, 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, the financial statements of the governmental activities, the major fund and the budgetary comparison of the general fund, of the New Mexico Medical Board (Board) as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated November 11, 2016.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinion 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.

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Board's financial statements are free of 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 one 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 2016-001.

## **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 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 11, 2016

**STATE OF NEW MEXICO  
SECOND JUDICIAL DISTRICT ATTORNEY  
Schedule of Findings and Responses  
June 30, 2016**

**I. PRIOR – YEAR FINANCIAL STATEMENT AUDIT FINDINGS**

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

**Condition:** During internal control test work over cash receipts, the following issues were noted:

- 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 no deposited within the 24 hours of receipt.

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

**Finding 2016-001 Failure to Revert Unexpended State General Fund Appropriation to the State General Fund (Compliance and Other Matters)**

**Condition**

As of June 30, 2015, and June 30, 2016 the District Attorney had a liability of \$18,962 owing to the State General Fund resulting from unexpended balances in state general fund appropriations for fiscal year 2015. This amount should have been transferred to the State General Fund by October 1, 2015.

**Criteria**

Section 3 of the General Appropriations Act of 2014, being Laws 2014, Chapter 3, requires any unencumbered general fund balances in agency accounts remaining at the end of fiscal year 2015 shall be reverted to the general fund by October 1, 2015, unless otherwise indicated.

There was no indication in the General Appropriations Act that general fund balance should not revert.

In addition, Section 6-5-10 NMSA 1978, requires “all unreserved, undesignated fund balances in reverting funds and accounts as reflected in the central accounting system as of June 30 shall revert by September 30, to the general fund. The division may adjust the reversion within forty-five days of release of the audit report for that fiscal year.”

**Cause**

The District Attorney was aware of the reverting requirements but failed to meet the reversion deadlines due to an oversight.

**STATE OF NEW MEXICO  
SECOND JUDICIAL DISTRICT ATTORNEY  
Schedule of Findings and Responses  
June 30, 2016**

**II. CURRENT-YEAR FINDINGS PERTAINING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED (cont'd)**

**Effect**

The District Attorney did not comply with the provisions of the General Appropriation Acts of 2014 nor with the provisions of Section 6-5-10, NMSA 1978.

**Recommendations**

We recommend that the District Attorney comply with the reversion provisions of the annual General Appropriations Act and as required by Section 6-5-10, NMSA 1978.

**District Attorney Response**

We agree with the auditor's comments, and the following actions will be taken to ensure compliance;

1. On or before October 1 of each fiscal year, unless specified otherwise by the General Appropriations Act of that fiscal year, the agency's Chief Financial Officer will process an operating transfer in the amount it has determined owed to the State General Fund.
2. Within forty-five (45) days after the release of the Annual Financial Audit, if it was determined that the agency's had not reverted the appropriate amount back to the State General Fund, the agency's Chief Financial Officer will process an additional Operating Transfer for the amount that was not reverted.

**STATE OF NEW MEXICO  
SECOND JUDICIAL DISTRICT ATTORNEY  
Financial Statement of Preparation and Exit Conference  
June 30, 2016**

**Financial Statement Preparation**

The financial statements and notes to the financial statements were prepared by the independent certified public accountants performing the audit. Management is responsible for ensuring that the books and records adequately support the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and that the records are current and in balance. Management has reviewed and approved the financial statements and notes to the financial statements.

**Exit Conference**

An exit conference was held on November 29, 2016, to discuss audit. The following individuals were in attendance:

**Second Judicial District Attorney**

Ms. Kari Brandenburg, District Attorney  
Mr. Lucas Gauthier, Chief Financial Officer

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

Robert J. Rivera, CPA, PC