

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
FINANCIAL STATEMENTS AND SCHEDULES  
WITH INDEPENDENT AUDITORS'  
REPORT THEREON  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

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**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
OFFICIAL ROSTER  
JUNE 30, 2017**

**GENERAL FUND ATTORNEYS**

Mark D'Antonio	District Attorney
Gerald Byers	Deputy District Attorney
Heather Chavez	Senior Trial Attorney
Rebecca Duffin	Senior Trial Attorney
Samuel Olmstead	Senior Trial Attorney
Davis Ruark	Senior Trial Attorney
Keythan Park	Senior Trial Attorney
Daniel Sewell	Senior Trial Attorney
Kelly Herson	Trial Attorney
Timothy Nuccio	Trial Attorney
Andrew Apodaca	Assistant Trial Attorney
Bradley Bartlett	Assistant Trial Attorney

**GRANT ATTORNEYS**

Thomas Erickson	Senior Trial Attorney
Raymundo Rojas	Senior Trial Attorney
Tomas Medina	Trial Attorney
Alex Rossario	Trial Attorney
Cassandra Brulotte	Assistant Trial Attorney
Bradley Douglas	Assistant Trial Attorney

**ADMINISTRATIVE STAFF**

Juliet Lucero	Chief Financial Officer
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## **Independent Auditors' Report**

Honorable Timothy Keller  
New Mexico State Auditor  
Santa Fe, New Mexico  
and

Mark D'Antonio, District Attorney  
Third Judicial District Attorney  
Las Cruces, New Mexico

### **Report on 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 funds of the Third Judicial District Attorney (the Attorney), as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprises the Attorney's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Attorney's nonmajor governmental funds for all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2017, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Attorney'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 on the Attorney's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Attorney as of June 30, 2017, and the respective changes in financial position and the respective budgetary comparisons of the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

Required Supplementary Information:

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Other Information:

Our audit was conducted for the purpose of forming opinions on the financial statements, the combining and individual fund financial statements and the budgetary comparisons. The other schedules required by Section 2.2.2 NMAC listed as other supplemental information in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The other schedules required by Section 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the other schedules required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated October 6, 2017 on our consideration of the Attorney's internal control over financial reporting and on our tests of its compliance with certain provision 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 Attorney's internal control over financial reporting and compliance.

*Kubiak Melton & Associates, LLC*

Kubiak Melton & Associates, LLC  
Auditors – Business Consultants – CPAs

Albuquerque, New Mexico,  
October 6, 2017

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Required Supplementary Information)  
JUNE 30, 2017**

The following is an overview of the financial condition for the Office of the Third Judicial District Attorney (the Attorney) for the fiscal year ended June 30, 2017. This narrative highlights the major aspects of the Attorney's financial status for this period, and should be considered in conjunction with the information presented in other sections of this audit report.

**Financial Highlights**

The following items are the Attorney's financial highlights for the fiscal year ended June 30, 2017:

The assets of the Attorney exceeded its liabilities as of June 30, 2017 by \$121,823 (net position).

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Attorney's basic financial statements. The 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. This report also contains other supplementary information in addition to the basic financial statements themselves.

Basic Financial Statements

The basic financial statements are designed to provide readers with a broad overview of the Attorney's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the 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 Attorney is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected revenue and earned but unused vacation leave).

The balance sheets presents information on all of the Attorney's assets and liabilities, with the difference between the two reported as fund balance. Over time, increases or decreases in fund balance may serve as a useful indicator of whether the financial position of the Attorney is improving or deteriorating. Fund balances increase when



**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Required Supplementary Information)  
JUNE 30, 2017**

revenues exceed expenses. Increases to assets without a corresponding increase to liabilities results in increased fund balance, which indicate an improved financial position. The government-wide financial statements can be found at page 10 and page 11 of this report.

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 Attorney, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*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 funds financial statements focus on near-term inflows, outflows and outflows balances of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in determining near-term 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 government's near term financing decisions. Both the governmental funds balance sheet and the governmental funds 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 Attorney maintains four other individual governmental funds that are classified as special revenue funds. Information for the general fund and the SWBPI grants fund, both of which are considered to be major funds, is presented separately in the governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances. Individual fund data for the non-major governmental fund Victim Assistance Fund is provided following the notes to the financial statements.

The New Mexico Legislature makes annual appropriations for the Attorney's general fund. Amendments to the budget require approval by the Budget Division of the Department of Finance and Administration (DFA). Over the course of the fiscal year, the Attorney revised the budget of the special revenue funds several times. Budgetary comparison statements for the general and special revenue major fund are presented on page 16 through 19.

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Required Supplementary Information)  
JUNE 30, 2017**

The basic governmental funds financial statements are presented on page 10 through page 15.

Notes to the Financial Statement

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and governmental funds financial statements. The notes to the financial statements can be found on pages 20 through 36 of this report.

**Analysis of Net Position**

Assets may serve over time as a useful indicator of the Third Judicial District Attorney's financial position. Assets exceeded liabilities by \$121,823 at the close of the current fiscal year.

<b>Condensed Statements of Net Position</b>			
<b>June 30,</b>			
	<u>2017</u>	<u>2016</u>	<u>Change</u>
<b>ASSETS</b>			
Current and Other Assets	\$ 551,573	\$ 565,121	\$ (13,548)
Capital Assets, Net	<u>41,622</u>	<u>-</u>	<u>41,622</u>
<b>Total Assets</b>	<u><b>\$ 593,195</b></u>	<u><b>\$ 565,121</b></u>	<u><b>\$ 28,074</b></u>
<b>LIABILITIES</b>			
Current Liabilities	\$ 344,011	\$ 425,961	\$ (81,950)
Long-Term Liabilities	<u>127,361</u>	<u>35,834</u>	<u>91,527</u>
<b>Total Liabilities</b>	<u><b>\$ 471,372</b></u>	<u><b>\$ 461,795</b></u>	<u><b>\$ 9,577</b></u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ 41,622	\$ -	\$ 41,622
Restricted	<b>308,240</b>	315,361	(7,121)
Unrestricted	<u>(228,039)</u>	<u>(212,035)</u>	<u>(16,004)</u>
<b>Total Net Position</b>	<u><b>\$ 121,823</b></u>	<u><b>\$ 103,326</b></u>	<u><b>\$ 18,497</b></u>

The Attorney's activities during the fiscal year increased the Attorney's net position by \$18,497. The change is because total revenues exceeded total expenditures. Total revenues decreased by \$146,839 and the expenses decreased by \$195,332 when compared to the previous year.

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Required Supplementary Information)  
JUNE 30, 2017**

**Condensed Statements of Activities  
For the Year Ended June 30,**

	2017	2016	Difference
<b>REVENUES</b>			
Program Revenues	\$ 660,097	\$ 706,912	\$ (46,815)
General Appropriation, Net of Reversion	<u>4,648,276</u>	<u>4,748,154</u>	<u>(99,878)</u>
<b>Total Revenues</b>	<u>5,308,373</u>	<u>5,455,066</u>	<u>(146,693)</u>
<b>EXPENSES</b>			
Public Safety	<u>5,289,876</u>	<u>5,485,208</u>	<u>(195,332)</u>
<b>Total Expenses</b>	<u>5,289,876</u>	<u>5,485,208</u>	<u>(195,332)</u>
<b>Increase (Decrease) in Net Position</b>	<u>\$ 18,497</u>	<u>\$ (30,142)</u>	<u>\$ 48,639</u>

**Governmental Activities**

The principal operating fund of the Attorney is the General Fund. Revenues are derived primarily from state appropriations.

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

Revenues for governmental functions overall totaled \$5,308,897 in the fiscal year-ended June 30, 2017, which represents a decrease of \$682,332 from the fiscal year-ended June 30, 2016. General Appropriation decreased in fiscal year June 30, 2017 by \$99,500 from the prior year. Expenditures for governmental functions totaled \$5,318,338. This was a decrease of \$170,700 from the fiscal year ended June 30, 2016. In the fiscal year-ended June 30, 2017, expenditures for governmental functions exceeded revenues by \$9,965.

The General Fund is the chief operating fund of the Attorney. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3. There was a reversion of funds to the State General Fund of \$524.

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Required Supplementary Information)  
JUNE 30, 2017**

**Capital Assets**

The Attorney's Capital Assets as of June 30, 2017 and 2016 amounted to \$41,622 and \$0, respectively (net of accumulated depreciation). These capital assets, net includes furniture, fixtures, equipment and vehicles. The following chart shows the breakdown of assets by classification:

<b>Capital Assets, Net</b>		
<b>June 30,</b>		
	<u>2017</u>	<u>2016</u>
Furniture and Fixtures	\$ -	\$ -
Equipment	-	-
Vehicles	<u>41,622</u>	-
<b>Capital Assets, Net</b>	<b><u>\$ 41,622</u></b>	<b><u>\$ -</u></b>

**Economic Conditions**

The Attorney operates from state general fund appropriations; federal and state grants and awards and assistance from local governments for grant match purposes.

**Requests for Information**

This financial report is prepared to provide a general overview of the Attorney's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to:

Chief Financial Officer  
845 N Motel Blvd.  
Second Floor, Suite D  
Las Cruces, New Mexico 88007

## **BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
STATEMENT OF NET POSITION  
JUNE 30, 2017**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current Assets	
Investment with State Treasurer	\$ 361,473
Due From Federal Government	86,488
Due From State Funds	103,612
<b>Total Current Assets</b>	<b>551,573</b>
Capital Assets, Net	41,622
<b>Total Assets</b>	<b>\$ 593,195</b>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	\$ 77,099
Accrued Payroll	170,735
Due To State General Fund	963
Compensated Absences (due within one year)	95,214
<b>Total Current Liabilities</b>	344,011
Non-Current Liabilities	
Compensated Absences	127,361
<b>Total Liabilities</b>	<b>471,372</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	41,622
Restricted	308,240
Unrestricted	(228,039)
<b>Total Net Position</b>	<b>121,823</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 593,195</b>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Governmental Activities</b>
<b>Program Expenses</b>	
General Government	
Public Safety	\$ 5,266,312
Depreciation Expense	10,404
Change in Compensated Absences	13,160
	5,289,876
 <b>Program Revenues</b>	
Federal Grants	536,017
State & Local Grants	124,080
Total Program Revenues	660,097
 <b>Net Program Expense</b>	 (4,629,779)
 <b>General Revenues and Transfers</b>	
State General Fund Appropriations	4,648,800
Other Financing Sources	-
Reversion to State General Fund	(524)
<b>Total General Revenues and Transfers</b>	<b>4,648,276</b>
 Change in Net Position	 18,497
 <b>Net Position - Beginning of Year</b>	 103,326
 <b>Net Position - End of Year</b>	 \$ 121,823

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
BALANCE SHEET -  
GOVERNMENTAL FUNDS  
JUNE 30, 2017**

	<b>General Fund - 15700</b>	<b>SWBPI Fund - 93400</b>	<b>HIDTA Fund - 93600</b>	<b>Other Grant Fund - 48500</b>	<b>Non-Major Funds</b>	<b>Total</b>
<b>ASSETS</b>						
Current Assets						
Investment With State Treasurer	\$ 212,886	\$ 311,499	\$ -	\$ -	\$ -	\$ 524,385
Due From Federal Government	-	-	86,488	-	-	86,488
Due From State Funds	-	-	-	64,107	39,505	103,612
<b>Total Assets</b>	<u>\$ 212,886</u>	<u>\$ 311,499</u>	<u>\$ 86,488</u>	<u>\$ 64,107</u>	<u>\$ 39,505</u>	<u>\$ 714,485</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Current Liabilities						
Overdraft of the Investment in State						
General Fund Investment Pool	\$ -	\$ -	\$ 70,953	\$ 63,208	\$ 28,751	\$ 162,912
Accounts Payable	67,022	8,405	228	-	1,444	77,099
Accrued Payroll	144,898	-	15,982	5,691	4,164	170,735
Due To State General Fund	963	-	-	-	-	963
<b>Total Liabilities</b>	<u>212,883</u>	<u>8,405</u>	<u>87,163</u>	<u>68,899</u>	<u>34,359</u>	<u>411,709</u>
<b>FUND BALANCES</b>						
Assigned	-	303,094	-	-	5,146	308,240
Unassigned	3	-	(675)	(4,792)	-	(5,464)
<b>Total Fund Balances</b>	<u>3</u>	<u>303,094</u>	<u>(675)</u>	<u>(4,792)</u>	<u>5,146</u>	<u>302,776</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 212,886</u>	<u>\$ 311,499</u>	<u>\$ 86,488</u>	<u>\$ 64,107</u>	<u>\$ 39,505</u>	<u>\$ 714,485</u>

See Independent Auditors' Report and Notes to Financial Statements



**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2017**

Total Fund Balances for Governmental Funds \$ 302,776

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

Capital assets used in governmental activities are not financial  
resources and therefore are not reported as asset in governmental funds.  
These assets consist of:

Capital Assets, Net 41,622

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

Compensated Absences Payable (222,575)

**Net Position of Governmental Activities** **\$ 121,823**

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>General Fund - 15700</b>	<b>SWBPI Fund - 93400</b>	<b>HIDTA Fund - 93600</b>	<b>Other Grant Fund - 48500</b>	<b>Non-Major Funds</b>	<b>Total</b>
<b>REVENUES</b>						
Intergovernmental Revenue - Federal	\$ -	\$ -	\$ 424,020	\$ -	\$ 111,997	\$ 536,017
Intergovernmental Revenue - St. & Local	-	-	-	124,080	-	124,080
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>424,020</u>	<u>124,080</u>	<u>111,997</u>	<u>660,097</u>
<b>EXPENDITURES</b>						
General Government						
Personal Services & Benefits	4,159,950	6,687	417,619	126,924	-	4,711,180
Contract Services	18,913	3,764	-	-	97,785	120,462
Other Costs	417,387	114	6,401	-	10,768	434,670
Capital Outlay	52,026	-	-	-	-	52,026
<b>Total Expenditures</b>	<u>4,648,276</u>	<u>10,565</u>	<u>424,020</u>	<u>126,924</u>	<u>108,553</u>	<u>5,318,338</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(4,648,276)</u>	<u>(10,565)</u>	<u>-</u>	<u>(2,844)</u>	<u>3,444</u>	<u>(4,658,241)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
State General Fund Appropriation	4,648,800	-	-	-	-	4,648,800
Other Financing Sources	-	-	-	-	-	-
Reversion To State General Fund	(524)	-	-	-	-	(524)
<b>Total Other Financing Sources (Uses)</b>	<u>4,648,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,648,276</u>
<b>Net Change In Fund Balances</b>	-	(10,565)	-	(2,844)	3,444	(9,965)
Fund Balances, Beginning	<u>3</u>	<u>313,659</u>	<u>(675)</u>	<u>(1,948)</u>	<u>1,702</u>	<u>312,741</u>
<b>Fund Balances, Ending</b>	<u>\$ 3</u>	<u>\$ 303,094</u>	<u>\$ (675)</u>	<u>\$ (4,792)</u>	<u>\$ 5,146</u>	<u>\$ 302,776</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT  
OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

**Net Change in Fund Balances - Total Governmental Funds** \$ (9,965)

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

Depreciation Expense	(10,404)
Capital Outlay	52,026

Expenses reported in the Statement of Activities that do not require  
the use of current financial resources and therefore are not  
reported as expenditures in the governmental funds:

Compensated Absences Expense	<u>(13,160)</u>
------------------------------	-----------------

**Change In Net Position - Governmental Activities** \$ 18,497

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP  
BUDGETARY BASIS) - GENERAL FUND - 15700  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental Revenue	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Add: Budgeted Fund Balances	<u>-</u>	<u>-</u>		
	<u>-</u>	<u>-</u>		
<b>Expenditures</b>				
Current				
General Government				
Personal Services & Benefits	4,356,000	4,159,950	4,159,950	-
Contract Services	19,000	19,000	18,913	87
Other Costs	<u>273,800</u>	<u>469,850</u>	<u>417,387</u>	<u>52,463</u>
Total Expenditures	<u>4,648,800</u>	<u>4,648,800</u>	<u>4,596,250</u>	<u>52,550</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>			<u>(4,596,250)</u>	
<b>Other Financing Sources (Uses)</b>				
State General Fund Appropriation	4,648,800	4,648,800	4,648,800	-
Other Financing Sources (Uses)	-	-	-	-
Reversion To State General Fund	-	-	(524)	(524)
Total Other Financing Sources (Uses)	<u>\$ 4,648,800</u>	<u>\$ 4,648,800</u>	<u>\$ 4,648,276</u>	<u>\$ (524)</u>
Expenditures Budget Actual			4,596,250	
Expenditures Modified Accrual			<u>4,648,276</u>	
<b>Capital Outlay</b>			<u>\$ (52,026)</u>	

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO  
 THIRD JUDICIAL DISTRICT ATTORNEY  
 STATEMENT OF REVENUES AND EXPENDITURES  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP  
 BUDGETARY BASIS) - SWBPI FUND - 93400  
 FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
<b>Revenues</b>				
Intergovernmental Revenue - Federal	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Add: Budgeted Fund Balances	<u>-</u>	<u>-</u>		
	<u>-</u>	<u>-</u>		
<b>Expenditures</b>				
Current				
General Government				
Personal Services & Benefits	95,200	60,200	6,687	53,513
Contract Services	-	15,000	3,764	11,236
Other Costs	-	20,000	114	19,886
Total Expenditures	<u>95,200</u>	<u>95,200</u>	<u>10,565</u>	<u>84,635</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>			<u>(10,565)</u>	
<b>Other Financing Sources (Uses)</b>				
State General Fund Appropriation	-	-	-	-
Reversion To State General Fund	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP  
BUDGETARY BASIS) – HIDTA FUND - 93600  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable)</u>
<b>Revenues</b>				
Intergovernmental Revenue - Federal	\$ 417,600	\$ 425,323	\$ 424,020	\$ (1,303)
Other	-	-	-	-
Total Revenues	<u>417,600</u>	<u>425,323</u>	<u>424,020</u>	<u>(1,303)</u>
Add: Budgeted Fund Balances	-	-		
	<u>417,600</u>	<u>425,323</u>		
<b>Expenditures</b>				
Current				
General Government				
Personal Services & Benefits	417,600	417,623	417,619	4
Contract Services	-	-	-	-
Other Costs	-	7,700	6,401	1,299
Total Expenditures	<u>417,600</u>	<u>425,323</u>	<u>424,020</u>	<u>1,303</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>			<u>-</u>	
<b>Other Financing Sources (Uses)</b>				
State General Fund Appropriation	-	-	-	-
Reversion To State General Fund	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO  
 THIRD JUDICIAL DISTRICT ATTORNEY  
 STATEMENT OF REVENUES AND EXPENDITURES  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP  
 BUDGETARY BASIS) – OTHER GRANT FUND - 48500  
 FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
<b>Revenues</b>				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue - Local	138,200	138,200	124,080	(14,120)
Total Revenues	<u>138,200</u>	<u>138,200</u>	<u>124,080</u>	<u>(14,120)</u>
Add: Budgeted Fund Balances	<u>-</u>	<u>-</u>		
	<u>138,200</u>	<u>138,200</u>		
<b>Expenditures</b>				
Current				
General Government				
Personal Services & Benefits	138,200	138,200	126,924	11,276
Contract Services	-	-	-	-
Other Costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>138,200</u>	<u>138,200</u>	<u>126,924</u>	<u>11,276</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>			<u>(2,844)</u>	
<b>Other Financing Sources (Uses)</b>				
State General Fund Appropriation	-	-	-	-
Reversion To State General Fund	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

Financial Reporting Entity

The Attorney is given authority under Section 24 of the New Mexico State Constitution and Sections 36-1-1 through 36-1-27 of the New Mexico State Statutes Annotated, 1978 Compilation, and is a component unit of the state of New Mexico. The District Attorney is elected to serve a four-year term by the qualified voters within the District, which comprises all of Doña Ana County. The function of the Attorney involves criminal prosecutions of violators of state law and civil representation and advice to the counties served and the officers thereof.

The Attorney's basic financial statements include all activities and accounts of the Attorney.

The financial reporting entity consists of the primary government, and other organization 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.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens, on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, activities, or level or services performed or provided by the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

The Attorney has no component units.



**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

The government-wide financial statements report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses have a given function or identifiable activity is offset by program revenues. Direct expenses are those that are a clearly identifiable activity with a specific function or identifiable activity. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a function or identifiable activity and 2) grants and contributions that are restricted to meeting the operational requirement of a particular function or identifiable activity. State appropriations and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. State appropriations are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Neither fiduciary funds nor component units that are fiduciary in nature are included. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Attorney considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is made.

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**Governmental Funds** – Governmental funds are those through which most governmental functions are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they are paid. The difference between governmental fund assets and liabilities is reported as fund balance. The Attorney reports the following major governmental funds:

**General Fund** – The general fund is the general operating fund of the Attorney. It is used to account for all financial resources except those required to be accounted for in another fund. Any unencumbered balance remaining in the general fund at the end of the fiscal year reverts to the general fund of the State of New Mexico. The Share account number and description for the general fund of the Attorney is 15700 – Third Judicial District Attorney Regular.

**SWBPI Grants Fund** – This fund is used to account for proceeds from the Southwest Border Prosecution Initiative (SWBPI) and the expenditures there from. The SWBPI reimbursements are from the United States Department of Justice. The authority for the creation and maintenance of the fund is the requirement of the funding sources to maintain a separate fund. The fund balance is non-reverting to the state of New Mexico's general fund as the source of revenues is the federal government. The Attorney has determined that the SWBPI grants fund is a major fund whose SHARE fund number is 93400.

**High Intensity Drug Trafficking Area (HIDTA) Fund** – The HIDTA fund is used to account for proceeds from the Office of National Drug Control Policy – High Intensity Drug Trafficking Area Grant, and the expenditures there from. The authority for the creation and maintenance of the fund is the requirement of the federal government to maintain a separate fund. The fund balance is non-reverting to the state of New Mexico's general fund as the source of revenues is the federal government. The Attorney has determined that the HIDTA fund is a major fund whose Share fund number is 93600.

**Other Grants Fund** – The Other Grants fund is used to account for grant proceeds from the County of Doña Ana, New Mexico to prevent fraud and exploitation of older adults in Doña Ana County. It is also used to account for the DWI and Domestic Violence Prosecutions grant funds received from the City of Las Cruces. The authority for the creation and maintenance of the fund is the requirement of the funding sources to maintain a separate fund. The fund balance is non-reverting to the state of New Mexico's general fund as the source of revenues are from the County of Doña Ana and the City of Las Cruces. The Attorney has determined that the Other Grants fund is a major fund whose SHARE account fund is 48500.

See Independent Auditors' Report

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

The Attorney reports the following non-major governmental funds:

**Victim Assistance Fund** – The Victim Assistance fund is used to account for the grant proceeds from the Victims of Crime Act (VOCA), and the Rural Domestic Violence & Child Victimization Enforcement grants, and the expenditures there from. The authority for the creation of the VOCA grant comes from Congress and is administered at the federal level through the U.S. Department of Justice Office for Victims of Crime. The state agencies sub-grant to the organizations that provide direct services to the Victims of crime. It is administered by the U. S. Department of Justice’s Office on Violence Against Women. The authority for the creation of the Rural Domestic Violence and Child Victimization Enforcement Grant comes from Congress and is administered by the U.S. Department of Justice’s Office on Violence Against Women. The authority for the creation and maintenance of the fund is the requirement of the funding sources to maintain a separate fund. The fund balance is non-reverting to the state of New Mexico’s general fund as the source of revenues is the federal government. The Attorney has determined that the Victim Assistance fund is a non-major fund whose Share fund number is 93300.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government’s risk management and various other functions of the government elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: federal, state and local grants. There are no other revenue types included program revenues.

The governmental funds types and agency funds for financial statement purposes follow the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues and other governmental funds financial resource increments are recognized in the accounting period in which they become measurable and available to pay liabilities of the current period (amounts collected within 60 days after year end).

Grant revenues are recognized as revenues when the related costs are incurred. All other revenues are recognized when they are received and are not susceptible to accrual, because they are usually not measurable until payment is actually received.

Expenditures are recorded as liabilities when they are incurred, except for unmatured interest on general long term debt which is recognized when due, and certain compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

See Independent Auditors’ Report

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use unrestricted resources first, and then restricted resources as they are recorded.

**C. Budgets and Budgetary Accounting**

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

1. No later than September 1, the Office submits to the Legislative Finance Committee (LFC) and the Department of Finance and Administration (DFA) an appropriation request for the fiscal year commencing the following July. The appropriation includes proposed expenditures and the means of financing them.
2. 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. The Act is signed into law by the Governor of the State of New Mexico within the legally prescribed time limit.
3. The Office 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. DFA-Budget Division reviews and approves the operating budget which becomes effective in July. All subsequent budget adjustments must be approved by the Director of DFA – Budget Division. The current year budget was revised in a legal manner.
4. Legal budget control for expenditures is by appropriation unit and formal budgetary integration is employed as a management control device during the fiscal year for the Governmental Funds.
5. The budget for this state agency is adopted on the modified accrual basis or accounting except for the accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline (Section 6-10-4 NMSA 1978), that must be paid out of the next year's budget.
6. Appropriations lapse at the end of the fiscal year unless specifically reappropriated by the Legislature. Unexpended amounts within the General Fund revert to the State General Fund.

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**D. Assets, Liabilities, Deferred Outflows / Inflows of resources and Net Position / Fund Balance**

**Investment in the State Treasurer Investment Pool:** The Attorney does not control any cash accounts. The State Treasurer has final authority on all cash disbursements and receives all cash receipts. Therefore, the Attorney had an investment with the State Treasurer for their share of the cash pool. The State Treasurer issues separate financial statements which disclose the collateral pledged to secure these deposits.

**Receivables and Payables:** Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as inter-fund balance. Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable from available resources.

**Interfund Activity:** Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

**Capital Assets:** Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets including computer software are defined by the government as assets with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government-wide statements. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets life are not capitalized. Costs other than personnel expenses for computer software developed internally are capitalized and depreciated over its useful life. Purchased software is recorded at historical cost.

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

Depreciation is provided over the assets' estimated useful life using the straight-line method of depreciation. The range of estimated useful life by type of asset is as follows:

<u>Assets</u>	<u>Years</u>
Furniture and Fixtures	7
Equipment and Machinery	5
Automotive	5
Data Processing (Including Computer Software)	3

In the fund financial statements, capital assets used in governmental funds operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**Compensated Absences:** The Attorney's employees may accumulate limited amounts of vacation pay which are payable to the employee upon termination or retirement. For governmental funds, expenditures are recognized during the period in which vacation costs become payable from available, expendable resources. A liability for amounts earned but not payable from available, expendable resources is reported in the government-wide financial statements.

Qualified employees accumulate annual leave at a rate of:

<u>Years of Service</u>	<u>Hours Earned per Month</u>	<u>Days Earned per Month</u>	<u>Days Maximum Actual</u>
Less than 4 year	10	1.250	30
4-8 years	11	1.375	30
8-12 years	12	1.500	30
12-16 years	13	1.625	30
Beyond 16 years	14	1.750	30

A maximum of 240 hours of accrued annual leave may be carried forward into the beginning of the next calendar year and any excess is lost. When employees terminate, they are compensated for accumulated unpaid annual leave as of the date of termination, up to the aforementioned maximums.

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

The Attorney employees may accumulate limited amounts of sick leave. For governmental funds, expenditures are recognized during the period in which sick leave costs are paid from available, expendable resources.

**Deferred Outflows / Inflows of Resources:** GASB 63 amended previous guidance on deferred revenue in the government-wide financial statements to include deferred outflows and deferred inflows. Deferred outflows of resources are the consumption of net position by the government which is applicable to a future reporting period. Deferred inflow of resources are the acquisition of net position by the government which is applicable to a future reporting period. The Attorney has no deferred outflows or inflows of resources at June 30, 2017.

**Net Position:** The government-wide financial statements utilize a net position presentation. Net position is categorized as follows:

*Net Investment in Capital Assets* - In the fund financial statements, investment in capital assets is reported net of depreciation and related debt.

*Restricted Net Position* – This category reflects the portion of net position that have third party limitations on their use.

*Unrestricted Net Position* – This category reflects net position of the Agency, not restricted for any project or other purpose.

**Fund Balance:** During 2009, GASB adopted Statement No. 54 to clarify the fund balance reporting guidelines of GASB 54. The fund balance reporting established by GASB 54 must be followed by all five of the governmental-type funds used by state and local governments. Based on the requirements of GASB 54, the total fund balance can be conceptually separated into two primary components: 1) Non-spendable fund balance and 2) Spendable fund balance. Fund balance is reported in these five classifications:

*Non-spendable* – the non-spendable balance includes amounts that cannot be spent because they are not in spendable form or legally, contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash; it also includes the long-term amount of interfund loans.

*Restricted* – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

*Committed* – This fund balance amount has spending limitations that are constrained by the government’s highest level of decision-making authority.

*Assigned* – The assigned fund balance classification is intended to be used for specific purposes such as special revenue funds, capital project funds, debt service funds and permanent funds.

*Unassigned* – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amount not contained in other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

**Estimates:** 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2: INVESTMENT IN THE STATE TREASURER GENERAL FUND INVESTMENT POOL**

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

Section 6-5-21 (J) NMSA 1978 requires the Department of Finance to complete, on a monthly basis, reconciliation with the balances kept by the State Treasurer and adopt and promulgate rules regarding reconciliation for state agencies.

At June 30, 2017, the Department had the following invested in the General Fund Investment Pool:

General Fund Investment Pool - \$361,473.

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



**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 2: INVESTMENT IN THE STATE TREASURER GENERAL FUND INVESTMENT POOL (CONTINUED)**

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, 2017.

**NOTE 3: GRANTS RECEIVABLE**

Amounts due from governmental grants as of June 30, 2017, consisted of the following:

<u>Fund</u>	<u>Due From Federal Government</u>	<u>Due From State Funds</u>	<u>Total</u>
SWBPI	\$ -	\$ -	\$ -
HIDTA Grant Fund	86,488	-	86,488
Other Grant Fund	-	64,107	64,107
Victim Assistance Grant Fund	-	39,505	39,505
<b>Total</b>	<u>\$ 86,488</u>	<u>\$ 103,612</u>	<u>\$ 190,100</u>

All amounts due from grants are expected to be fully collected as of June 30, 2017.

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2017 was as follows:

	<b>Balance June 30, 2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2017</b>
<b>Capital Assets being Depreciated:</b>				
Furniture and Fixtures	\$ 12,213	\$ -	\$ -	\$ 12,213
Equipment	100,653	-	-	100,653
Vehicles	<u>366,456</u>	<u>52,026</u>	<u>(96,840)</u>	<u>321,642</u>
<b>Total</b>	<u>479,322</u>	<u>52,026</u>	<u>(96,840)</u>	<u>434,508</u>
<b>Less Accumulated Depreciation for:</b>				
Furniture and Fixtures	12,213	-	-	12,213
Equipment	100,653	-	-	100,653
Vehicles	<u>366,456</u>	<u>10,404</u>	<u>(96,840)</u>	<u>280,020</u>
<b>Total</b>	<u>479,322</u>	<u>10,404</u>	<u>(96,840)</u>	<u>392,886</u>
<b>Capital Assets, Net</b>	<u>\$ -</u>	<u>\$ 41,622</u>	<u>\$ -</u>	<u>\$ 41,622</u>

Depreciation expense for June 30, 2017 was \$10,404 and was unallocated to any function.

**NOTE 5: COMPENSATED ABSENCES**

The following is a summary of changes in compensated absences:

<b>Description</b>	<b>Balance 6/30/2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 6/30/2017</b>	<b>Due within One Year</b>
Compensated Absences	\$ 209,415	\$ 95,214	\$ 82,054	\$ 222,575	\$ 95,214

The compensated absences are to be paid in 2017 as 89.5% by the General fund; 10.8% by the HIDTA fund; 3.9% by the SWBPI fund and Victim Assistance fund and 3.9% by the other grant fund.

**NOTE 6: DUE TO STATE GENERAL FUND**

As of June 30, 2017, \$963 was due to the State General Fund for stale dated warrants.

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 7: REVERSION TO STATE GENERAL FUND**

The Reversion to the State General Fund in the Statement of Revenues, Expenditures and Changes in Fund Balances consists of a \$524 reversion that was remitted to the state general fund for fiscal year ending June 30, 2017.

**NOTE 8: FUND BALANCES**

Fund balance is classified as non-spendable, restricted, committed, assigned and unassigned based primarily on the extent the Attorney is bound to observe constraints imposed upon the use of resources in the government funds and all other governmental funds as follows:

<b>Fund Balances</b>	<b>Amount</b>
<b>Assigned for:</b>	
Grants	
SWBPI Fund	\$ 303,094
Victim's Assistance Program	5,146
<b>Total Committed</b>	308,240
<b>Unassigned for:</b>	
HITDA Fund	(675)
Other Grants Fund	(4,792)
General Fund	3
<b>Total Fund Balance</b>	<b>\$ 302,776</b>

**NOTE 9: OPERATING LEASES**

The Attorney has the following leases, which can be terminated due to lack of funding from the legislature appropriation with no penalty to the agency:

- A lease for a postage meter entered into on July 1, 2017, which requires 60 monthly payments. The lease expires on June 30, 2022.
- A lease for telephone equipment was entered into on June 1, 2015, which requires 19 monthly payments of \$591.25. The lease expired on August 31, 2016.
- A lease for telephone equipment was entered into on September 1, 2016, which requires 26 monthly payments of \$591.25. The lease expires on October 31, 2018.
- A lease for a copier machine was entered into on July 1, 2014, which requires 48 monthly payments of \$1,859. The lease expired on June 30, 2017.

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 9: OPERATING LEASES (CONTINUED)**

- A lease for a copier machine was entered into on July 1, 2017, which requires 48 monthly payments of \$2,004. The lease expires on June 30, 2021.
- A lease for printers was entered into on July 1, 2014, which requires 36 monthly payments of \$2,644.51. The lease expired on June 30, 2017.
- A lease for printers was entered into on July 1, 2017, which requires 36 monthly payments of \$2,644.51. The lease expires on June 30, 2020.

The annual future lease commitments are as follows:

<u>Year</u>	<u>Lease Payment</u>
2018	\$ 65,835
2019	61,619
2020	59,510
2021	27,776
2022	3,728
Thereafter	-
<b>Total</b>	<b><u>\$ 218,468</u></b>

The lease expense for the year ended June 30, 2017 was \$62,036.

**NOTE 10: PERA RETIREMENT PLAN**

Compliant with the requirements of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, the State of New Mexico has implemented the standard for the fiscal year ending June 30, 2017.

The Attorney, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Disclosure requirements for governmental funds apply to the primary government as a whole, and as such, this information will be presented in the Component Appropriation Funds Annual Financial Report (General Fund) and the Comprehensive Annual Financial Report (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.

See Independent Auditors' Report

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 10: PERA RETIREMENT PLAN (CONTINUED)**

Plan Description:

Substantially all of the Attorney's full-time employees participate in a public employee retirement system authorized under the Public Employees' Retirement Act (Chapter 10, Article II NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing, multiple-employer defined benefit public retirement plan. The plan provides for retirement, 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. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on the PERA website, [www.pera.state.nm.us](http://www.pera.state.nm.us).

Funding Policy:

Plan members are required to contribute 9% of their gross salary. The Office is required to contribute 16.59% of the gross covered salary. The contribution requirements of plan members and the Tenth Judicial District Office are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Office's contributions to PERA for the years ending June 30, 2017, 2016, and 2015 were \$555,662, \$603,984, and \$603,291, respectively, equal to the amount of the required contributions for each year.

**NOTE 11: POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE**

Plan Description

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

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which the 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.

See Independent Auditors' Report

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

Funding Policy

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](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 employees 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 plans 3, 4 or 5; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, the statutes 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 employers that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2017, the statute required each participating employer to contribute 2% of each participating employee's annual salary; each participating employee was required to contribute 1% 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.

See Independent Auditors' Report

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

The Attorney's contributions to the RHCA for the years ended June 30, 2017, 2016 and 2015, respectively, were \$65,409, \$70,861 and \$70,804, respectively, which equal the required contributions for the year.

**NOTE 12: RISK OF LOSS**

The Attorney is insured through the Risk Management Division of the General Services Department, which is accounted for as an internal service fund of the State of New Mexico. In general, Risk Management Division responds to suits against the State and state agencies, manages funds to provide unemployment compensation, tort liability insurance, workman's compensation, general and property insurance, and attempt to reduce the number of suits against the state and state agencies through the risk management process. The actuarial gains and losses of Risk Management Division were not available and are not included in this report. However, the Attorney is not liable for more than the premiums paid.

**NOTE 13: DISCLOSURE OF FINANCIAL INTEREST**

There were no related party transactions during the fiscal year ended June 30, 2017.

**NOTE 14: DEFICIT FUND BALANCE**

At June 30, 2017, the Third Judicial District Attorney reported deficit fund balances in:

- HIDTA Fund (93600) - \$675
- Other Grant Fund (48500) - \$4,792

**NOTE 15. CONTINGENT LIABILITIES**

The Attorney is party to various claims and lawsuits arising in the normal course of business. Management and the Attorney's attorney are unaware of any material pending or threatened litigation, claims or assessments against the Attorney which are not covered by the Attorney's insurance as described in Note 13.

**NOTE 16. FEDERAL AND STATE GRANTS**

In the normal course of operations, the Attorney receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

See Independent Auditors' Report

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 17: RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS FINANCIAL STATEMENTS**

Where the budgetary revenues and expenditures differed from the modified accrual revenues and expenditures, the reconciliation is shown at the bottom of the related budget and actual statement.

**NOTE 18: SUBSEQUENT EVENTS**

A review of subsequent events through October 6, 2017, which is the date the financial statements were available for issuance, revealed no significant subsequent events which require disclosure in the financial statements.



## **SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUES FUNDS  
JUNE 30, 2017**

	<b>Victim Assistance Funds - 93300</b>
<b>ASSETS</b>	
Current Assets	
Due From State Funds	\$ 39,505
<b>Total Assets</b>	<b><u>\$ 39,505</u></b>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities	
Overdraft in the Investment in State General Fund Investment Pool	\$ 28,751
Accounts Payable	1,444
Accrued Payroll	4,164
Due to State General Fund	-
<b>Total Liabilities</b>	<b><u>34,359</u></b>
<b>FUND BALANCES</b>	
Assigned	5,146
<b>Total Fund Balances</b>	<b><u>5,146</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 39,505</u></b>

See Independent Auditors' Report

**STATE OF NEW MEXICO  
 THIRD JUDICIAL DISTRICT ATTORNEY  
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES – NONMAJOR SPECIAL REVENUES FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Victim Assistance Funds - 93300</b>
<b>Revenues</b>	
Intergovernmental Revenue - Federal - (Pass Through)	\$ 111,997
Intergovernmental Revenue - State & Local	-
<b>Total Revenues</b>	111,997
 <b>EXPENDITURES</b>	
Current	
General Government	
Personal Services & Benefits	97,785
Other Costs	10,768
<b>Total Expenditures</b>	108,553
 Excess (Deficiency) of Revenues over Expenditures	3,444
 <b>OTHER FINANCING SOURCES (USES)</b>	
State General Fund Appropriation	-
Reversion To State General Fund	-
<b>Total Other Financing Sources (Uses)</b>	-
 <b>Net Change In Fund Balances</b>	3,444
Fund Balances, Beginning	1,702
<b>Fund Balances, Ending</b>	\$ 5,146

See Independent Auditors' Report

## **SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO  
 THIRD JUDICIAL DISTRICT ATTORNEY  
 SCHEDULE OF OPERATING TRANSFERS  
 FOR THE YEAR ENDED JUNE 30, 2017**

	<u>FUND</u>	<u>TITLE</u>	<u>TRANSFER</u>	
			<u>In</u>	<u>Out</u>
(1)	85300	Department of Finance and Administration	\$ 4,648,800	
(2)	85300	Department of Finance and Administration		\$ (524)

- (1) State General Fund Appropriation as per Laws 2016, Chapter 179
- (2) Reversion to State General Fund

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
SCHEDULE OF JOINT POWERS AGREEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

<b>DWI and Domestic Violence Prosecutions</b>	
<b>Participants:</b>	City of Las Cruces, New Mexico and Third Judicial District Attorney's Office
<b>Responsible Party:</b>	Third Judicial District Attorney's Office
<b>Description:</b>	To establish two prosecutor positions to assist with DWI and Domestic Violence prosecutions.
<b>Period:</b>	7/1/2016 through 6/30/2017, renewable annually
<b>Project Costs:</b>	\$147,000 in salaries
<b>Third Judicial Distributions:</b>	The District Attorney agrees to create two prosecutor positions within the District Attorney's Office for DWI and Domestic Violence prosecutions funded by the City of Las Cruces for \$147,000 in salaries.
<b>Audit Responsibility:</b>	Third Judicial District Attorney's Office

## **COMPLIANCE SECTION**



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

Honorable Timothy Keller  
New Mexico State Auditor  
Santa Fe, New Mexico  
and  
Mark D'Antonio, District Attorney  
Third Judicial District Attorney  
Las Cruces, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and the major special revenue funds of the Third Judicial District Attorney (Attorney) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Attorney's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Attorney, presented as supplemental information, and have issued our report dated October 6, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Attorney's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the Attorney's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Office's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Attorney'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: FS 2017-001.

#### The Attorney's Response to Findings

The Attorney's response to the findings identified in our audit is presented in the accompanying schedule of findings and responses. The Attorney's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

#### 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 Attorney's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Kubiak Melton & Associates, LLC*

Kubiak Melton & Associates, LLC  
Auditors – Business Consultants – CPAs

Albuquerque, New Mexico  
October 6, 2017

STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2017

**Section I – Financial Statement Findings**

**2017-001 — Internal Controls over Purchase Cards (P-Cards) – Other-Noncompliance - Other**

**Condition:** During our test work of disbursements, we noted that two of seventeen P-card purchases occurred prior to authorization. The amount of the purchases totaled \$45.77.

*Management's Progress:* This will be corrected by December 31, 2017.

**Criteria:** NMAC 6.20.2.17 states that each governmental entity shall establish and implement written policies and procedures for purchasing, which shall be in compliance with the procurement code Section 13-1-21, NMSA 1978.

**Effect:** The District Attorney did not comply with NMSA 1978 Section 13-1-21 and NMAC 6.20.2.17. In addition, the proper disbursement internal controls were not monitored, which increases the risk of misuse of funding by the District Attorney.

**Cause:** The District did not maintain necessary documents to monitor the P-card process, and failed to follow disbursement internal controls when processing checks for purchase card payments.

**Auditors' Recommendations:** We recommend the District Attorney implement a procurement policy in relation to purchase card use, in accordance with NMSA 1978 Section 13-1-21, that monitors the p-card holders' usage, and ensures that proper authorization is being performed before purchase card transactions are executed.

**Management's Response:** Management will ensure the procurement policy is adhered to by ensuring all approvals are in place prior to proceeding with a purchase. This will take place by December 31, 2017.

**Responsible Party:** The responsible parties for P-Card purchases are the CPO, CFO and District Attorney.

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
STATUS OF PRIOR YEAR AUDIT FINDINGS  
JUNE 30, 2017**

**Section II – Status of Prior Year Findings**

There were no prior year audit findings.

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
EXIT CONFERENCE  
JUNE 30, 2017**

An exit conference was held on October 6, 2017. In attendance were the following:

Representing the Third Judicial District Attorney:

Mark D'Antonio, District Attorney  
Juliet Lucero, Chief Financial Officer  
Gerald Byers, Deputy District Attorney

Representing Kubiak Melton & Associates, LLC:

Andrew Quintana, CPA  
Shi Lu, Audit Associate

**Preparation of Financial Statements**

The audited financial statements of the Third Judicial District Attorney were prepared by the independent certified public accountants performing the audit. Management is responsible for ensuring the books and records to adequately support the preparation of the financial statements in accordance with generally accepted accounting principles and that the information is current and in balance. Management has reviewed and approved the financial statements as presented.