



# HINKLE + LANDERS

Certified Public Accountants + Business Consultants

**THIRD JUDICIAL DISTRICT ATTORNEY**

**FINANCIAL STATEMENTS**

**For The Year Ended June 30, 2019**



**STATE OF NEW MEXICO**  
**THIRD JUDICIAL DISTRICT ATTORNEY**  
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**June 30, 2019**

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**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
Official Roster  
June 30, 2019**

**General Fund Attorneys**

<b>Name</b>	<b>Title</b>
Mark D'Antonio	District Attorney
Gerald Byers	Chief Deputy District Attorney
AnneMarie Peterson	Deputy District Attorney
Daniel Sewell	Deputy District Attorney
Debora Gerads	Senior Trial Attorney
Jeanne Quintero	Senior Trial Attorney
Richard Jacquez	Senior Trial Attorney
David James	Senior Trial Attorney
Keythan Park	Senior Trial Attorney
Charles Rogers	Trial Attorney
Arthur Van Haselen	Trial Attorney
Jared Stensrud	Assistant Trial Attorney
Demyra Hover	Assistant Trial Attorney
Carlos Ruvalcaba	Assistant Trial Attorney
Jennifer Smith	Assistant Trial Attorney

**Grant Attorneys**

Tomas Medina	Senior Trial Attorney
Bradley Bartlett	Trial Attorney
Justin Garwood	Trial Attorney
Matthew Ramirez	Trial Attorney
Theodore Markowski	Assistant Trial Attorney

**Administration**

Juliet Lucero	Chief Financial Officer
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## **INDEPENDENT AUDITORS' REPORT**

Brian Colón  
New Mexico State Auditor  
Mark D'Antonio, District Attorney  
State of New Mexico, Office of the District Attorney  
Third Judicial District  
Las Cruces, New Mexico

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the budgetary comparisons for the general fund and major special revenue funds of the Third Judicial District Attorney of the State of New Mexico (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the District'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 misstatements, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2019, and the respective changes in financial position thereof and the respective budgetary comparisons for 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.

**Emphasis of Matters**

As discussed in Note 1, the financial statements of the Third Judicial District Attorney are intended to present the financial position and the changes in financial position and budgetary comparison of only that portion of the financial reporting entity of the State of New Mexico that is attributable to the transactions of the Third Judicial District Attorney. They do not purport to, and do not, present fairly the financial position of the State of New Mexico, as of June 30, 2019, and the changes in its financial position and budgetary comparisons for the years 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.

**Restatement**

As discussed in Note 18 to the financial statements, the 2018 government wide net asset have been restated to correct misstatements in capital asset balances. Our opinion is not modified with respect to these matters.

**Other Matters****Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as described in the table of contents 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Hinkle + Landers, PC  
Albuquerque, NM  
October 30, 2019

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Required Supplementary Information)  
As of June 30, 2019**

The following is an overview of the financial condition for the Office of the Third Judicial District Attorney (the District) for the fiscal year ended June 30, 2019. This narrative highlights the major aspects of the District'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 District's financial highlights for the fiscal year ended June 30, 2019: The assets of the District exceeded its liabilities as of June 30, 2019 by \$300,518 (net position).

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District'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 District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District'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 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 present information on all of the District'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 District is improving or deteriorating. Fund balances increase when 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 7 and page 8 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 District, 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

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Required Supplementary Information)  
As of June 30, 2019**

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 District maintains four other individual governmental funds that are classified as special revenue funds. Information for the general fund and the SWBPI grants fund, HIDTA Fund, Other Grant Fund, and Victim Assistance Fund all of which are considered to be major funds, are presented separately in the governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances.

The New Mexico Legislature makes annual appropriations for the District'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 District 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 13 through 17.

The basic governmental funds financial statements are presented on page 9 through page 12.

*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 governmental funds financial statements. The notes to the financial statements can be found on pages 18 through 32 of this report.

**Governmental Activities**

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

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District'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 \$5,915,266 in the fiscal year-ended June 30, 2019. General Appropriations, net of reversion for FY 2019 were \$5,187,877. Expenditures for governmental functions were \$5,845,815. In the fiscal year-ended June 30, 2019, expenditures for governmental functions exceeded revenues by \$69,451.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3, and a special appropriation was awarded for computer equipment resulting in a restricted balance of \$20,000. There was a reversion of funds to the State General Fund of \$428.



**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Required Supplementary Information)  
As of June 30, 2019**

**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 \$300,518 at the close of the current fiscal year.

<b>Condensed Statements of Net Position</b>		
	<b>2019</b>	<b>2018</b>
<b>Assets:</b>		
Current and other assets	\$ 730,436	629,526
Capital assets, net	182,690	145,397
<b>Total Assets</b>	<b>\$ 913,126</b>	<b>774,923</b>
<b>Liabilities:</b>		
Current liabilities	\$ 442,252	429,626
Long-term liabilities	170,356	152,728
<b>Total Liabilities</b>	<b>612,608</b>	<b>582,354</b>
<b>Net position:</b>		
Net investment in capital assets	182,690	145,397
Restricted	101,334	-
Unrestricted	16,494	47,172
<b>Total net position</b>	<b>300,518</b>	<b>192,569</b>
 <b>Total Net Position and Liabilities</b>	 <b>\$ 913,126</b>	 <b>774,923</b>

The District's activities during the fiscal year increased the District's net position by \$69,451. The change is because total revenues exceeded total expenditures.

<b>Condensed Statements of Activities</b>			
	<b>2019</b>	<b>2018</b>	<b>Difference</b>
<b>Revenue:</b>			
Program revenues	\$ 727,389	709,919	17,470
General appropriations, net of reversion	5,187,877	4,673,705	514,172
<b>Total revenues</b>	<b>5,915,266</b>	<b>5,383,624</b>	<b>531,642</b>
<b>Expenses:</b>			
Public safety	5,845,815	5,312,878	532,937
<b>Total expenses</b>	<b>5,845,815</b>	<b>5,312,878</b>	<b>532,937</b>
 <b>Increase (decrease) in net position</b>	 <b>\$ 69,451</b>	 <b>70,746</b>	 <b>(1,295)</b>

**STATE OF NEW MEXICO  
 THIRD JUDICIAL DISTRICT ATTORNEY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 (Required Supplementary Information)  
 As of June 30, 2019**

**Capital Assets**

The District's Capital Assets as of June 30, 2019 and 2018 were \$182,690 and \$145,398, 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>		
	<u>2019</u>	<u>2018</u>
<b>Assets:</b>		
Equipment	\$ 4,753	7,226
Furniture and fixtures	-	-
Vehicles	<u>177,937</u>	<u>138,172</u>
<b>Total Assets</b>	<b>\$ <u>182,690</u></b>	<b><u>145,398</u></b>

**Economic Conditions**

The District 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 District'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

**STATE OF NEW MEXICO  
 THIRD JUDICIAL DISTRICT ATTORNEY  
 GOVERNMENT-WIDE STATEMENT OF NET POSITION  
 As of June 30, 2019**

	<u><b>Governmental Activities</b></u>
<b>ASSETS</b>	
<b>Current Assets</b>	
State general fund investment pool	587,296
Due from state funds	45,948
Due from federal government	<u>97,192</u>
Total current assets	730,436
<b>Noncurrent Assets</b>	
Capital assets, net	<u>182,690</u>
Total assets	<b>\$ <u><u>913,126</u></u></b>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
State general fund investment pool overdraft	\$ 120,714
Accounts payable	62,100
Accrued payroll liabilities	201,664
Due to state general fund	989
Compensated absences payable - expected to be paid within one year	<u>56,785</u>
Total current liabilities	<u>442,252</u>
<b>Noncurrent Liabilities</b>	
Compensated absences payable - expected to be paid after one year	<u>170,356</u>
Total liabilities	<u>612,608</u>
<b>NET POSITION</b>	
Unrestricted	16,494
Net investment in capital assets	182,690
Restricted	<u>101,334</u>
Total net position	<u>300,518</u>
Total liabilities and net position	<b>\$ <u><u>913,126</u></u></b>

See Independent Auditors' Report.  
 The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
 THIRD JUDICIAL DISTRICT ATTORNEY  
 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
 For The Year Ended June 30, 2019**

	<u><b>Governmental Activities</b></u>
<b>Program Expenses</b>	
General government	
Public safety	\$ 5,804,505
Depreciation	<u>41,310</u>
Total program expenses	<u>5,845,815</u>
<b>Program Revenues</b>	
Operating grants and contributions	
Federal grants	<u>727,389</u>
Total program revenues	<u>727,389</u>
Net program income (expense)	(5,118,426)
<b>General Revenues (Expenses)</b>	
State general fund appropriations FY 19	4,961,397
Other financing sources	226,908
Less: reversion to state general fund FY 19	<u>(428)</u>
Total general revenues and net transfers	<u>5,187,877</u>
Change in net position	69,451
Net position, beginning	192,569
Restatement	<u>38,498</u>
Net position, beginning (restated)	<u>231,067</u>
Net position ending	<u><u>\$ 300,518</u></u>

See Independent Auditors' Report.  
 The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of June 30, 2019**

	(15700)	(93400)	(93600)	(48500)	(93300)	(93100)	Total
	General Fund	SWBPI Fund	HIDTA Fund	Other Grant Fund	Victims' Assistance Program	Capital Appropriation Fund	
<b>ASSETS</b>							
State general fund investment pool	\$ 252,952	258,047	-	-	-	76,297	587,296
Due from state funds	-	-	-	-	45,948	-	45,948
Due from federal government	-	-	97,192	-	-	-	97,192
Total assets	<u>\$ 252,952</u>	<u>258,047</u>	<u>97,192</u>	<u>-</u>	<u>45,948</u>	<u>76,297</u>	<u>730,436</u>
<b>LIABILITIES</b>							
State general fund investment pool overdraft	-	-	81,259	6,075	33,380	-	120,714
Accounts payable	58,160	3,940	-	-	-	-	62,100
Accrued payroll liabilities	174,069	-	20,063	1	7,531	-	201,664
Due to state general fund	720	269	-	-	-	-	989
Total liabilities	<u>232,949</u>	<u>4,209</u>	<u>101,322</u>	<u>6,076</u>	<u>40,911</u>	<u>-</u>	<u>385,467</u>
<b>FUND BALANCE</b>							
Restricted	20,000	-	-	-	5,037	76,297	101,334
Assigned	-	253,838	-	-	-	-	253,838
Unassigned	3	-	(4,130)	(6,076)	-	-	(10,203)
Total fund balances	<u>20,003</u>	<u>253,838</u>	<u>(4,130)</u>	<u>(6,076)</u>	<u>5,037</u>	<u>76,297</u>	<u>344,969</u>
Total liabilities and fund balance	<u>\$ 252,952</u>	<u>258,047</u>	<u>97,192</u>	<u>-</u>	<u>45,948</u>	<u>76,297</u>	<u>730,436</u>

See Independent Auditors' Report.  
The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
 THIRD JUDICIAL DISTRICT ATTORNEY  
 GOVERNMENTAL FUNDS  
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION  
 For The Year Ended June 30, 2019**

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

Total fund balance governmental funds	\$	344,969
Capital assets (net of depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the funds		182,690
Certain liabilities, including current and long-term portions of accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds		
Accrued compensated absences not due and payable at year end		(227,141)
Rounding		<u>-</u>
Net position of governmental activities	\$	<u><u>300,518</u></u>

See Independent Auditors' Report.  
 The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
For The Year Ended June 30, 2019**

	(15700)	(93400)	(93600)	(48500)	(93300)	(93100)	
	General Fund	SWBPI Fund	HIDTA Fund	Other Grant Fund	Victims' Assistance Program	Capital Appropriation Fund	Total
<b>REVENUES</b>							
Intergovernmental revenue - federal	\$ -	-	501,686	45,000	180,705	-	727,391
Total revenues	-	-	501,686	45,000	180,705	-	727,391
<b>EXPENDITURES</b>							
Current							
General government:							
Personal services and benefits	4,494,388	1,010	501,686	45,000	163,750	-	5,205,834
Contractual services	244,191	-	-	-	-	-	244,191
Other costs	312,897	3,041	-	-	16,955	-	332,893
Capital outlay	22,396	-	-	-	-	-	22,396
Total expenditures	5,073,872	4,051	501,686	45,000	180,705	-	5,805,314
<b>OTHER FINANCING SOURCES (USES)</b>							
State general fund appropriations FY19	4,885,100	-	-	-	-	76,297	4,961,397
Other financing sources	209,200	-	-	-	-	-	209,200
Less: reversion to state general fund FY19	(428)	-	-	-	-	-	(428)
Net other financing sources	5,093,872	-	-	-	-	76,297	5,170,169
Net change in fund balance	20,000	(4,051)	-	-	-	76,297	92,246
Fund balance, beginning	3	257,889	(4,130)	(6,076)	5,037	-	252,723
Restatement	-	-	-	-	-	-	-
Fund balance, beginning (restated)	3	257,889	(4,130)	(6,076)	5,037	-	252,723
Fund balance, ending	\$ 20,003	253,838	(4,130)	(6,076)	5,037	76,297	344,969

See Independent Auditors' Report.  
The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
 THIRD JUDICIAL DISTRICT ATTORNEY  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 For The Year Ended June 30, 2019**

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

Net change fund balance in governmental funds	\$	92,246
<p>Capital outlay is reported as expenditures in governmental funds, however, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.</p>		
Depreciation expense		(41,310)
Other financing source- transfer of capital assets		17,708
Capital expenditures capitalized in the government-wide financial statements		22,396
<p>Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds</p>		
(Increase) decrease in compensated absences		(21,590)
Rounding		1
Change in net position - governmental activities	\$	69,451

See Independent Auditors' Report.  
 The accompanying notes are an integral part of these financial statements.



**STATE OF NEW MEXICO  
 THIRD JUDICIAL DISTRICT ATTORNEY  
 STATEMENT OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 GENERAL FUND (15700)  
 For The Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Federal funds	\$ -	-	-	-
Contracts and miscellaneous revenue	-	-	-	-
Total revenues	-	-	-	-
<b>EXPENDITURES</b>				
Current:				
General government				
Personal services and benefits	4,786,600	4,494,388	4,494,388	-
Contractual services	18,800	244,619	244,191	428
Other costs	246,504	312,897	312,897	-
Capital outlay	22,396	22,396	22,396	-
Total expenditures	5,074,300	5,074,300	5,073,872	428
Excess (deficiency) of revenues over (under) expenditures	(5,074,300)	(5,074,300)	(5,073,872)	428
<b>OTHER FINANCING SOURCES (USES):</b>				
State general fund appropriations FY 19	4,865,100	4,865,100	4,885,100	20,000
Other financing sources	209,200	209,200	209,200	-
Less: reversion to state general fund FY 19	-	-	(428)	(428)
Net other financing sources	5,074,300	5,074,300	5,093,872	19,572
Net change in fund balance	-	-	20,000	20,000
Fund balance, beginning	-	-	3	3
Fund balance, ending	\$ -	-	20,003	20,003

See Independent Auditors' Report.  
 The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
 THIRD JUDICIAL DISTRICT ATTORNEY  
 STATEMENT OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 SWBPI SPECIAL REVENUE FUND (93400)  
 For The Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>REVENUES</b>				
Federal funds	\$ -	-	-	-
Contracts and miscellaneous revenue	-	-	-	-
Total revenues	-	-	-	-
<b>EXPENDITURES</b>				
Current:				
General government				
Personal services and benefits	53,500	38,500	1,010	37,490
Contractual services	-	-	-	-
Other costs	-	15,000	3,041	11,959
Capital outlay	-	-	-	-
Total expenditures	53,500	53,500	4,051	49,449
Excess (deficiency) of revenues over (under) expenditures	(53,500)	(53,500)	(4,051)	49,449
<b>OTHER FINANCING SOURCES (USES):</b>				
State general fund appropriations FY19	-	-	-	-
Other financing sources	-	-	-	-
Less: reversion to state general fund FY19	-	-	-	-
Net other financing sources	-	-	-	-
Net change in fund balance	(53,500)	(53,500)	(4,051)	49,449
Fund balance, beginning	-	-	257,889	257,889
Fund balance, ending	\$ (53,500)	(53,500)	253,838	307,338

See Independent Auditors' Report.  
 The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
 THIRD JUDICIAL DISTRICT ATTORNEY  
 STATEMENT OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 HIDTA SPECIAL REVENUE FUND (93600)  
 For The Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>REVENUES</b>				
Federal funds	\$ 418,500	567,666	501,686	(65,980)
Contracts and miscellaneous revenue	-	-	-	-
Total revenues	<u>418,500</u>	<u>567,666</u>	<u>501,686</u>	<u>(65,980)</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Personal services and benefits	418,500	567,666	501,686	65,980
Contractual services	-	-	-	-
Other costs	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>418,500</u>	<u>567,666</u>	<u>501,686</u>	<u>65,980</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
State general fund appropriations FY19	-	-	-	-
Other financing sources	-	-	-	-
Less: reversion to state general fund FY19	-	-	-	-
Net other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

See Independent Auditors' Report.  
 The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
 THIRD JUDICIAL DISTRICT ATTORNEY  
 STATEMENT OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 OTHER GRANT FUND SPECIAL REVENUE FUND (48500)  
 For The Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>REVENUES</b>				
Federal funds	\$ 45,000	45,000	45,000	-
Contracts and miscellaneous revenue	-	-	-	-
Total revenues	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Personal services and benefits	45,000	45,000	45,000	-
Contractual services	-	-	-	-
Other costs	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
State general fund appropriations FY19	-	-	-	-
Other financing sources	-	-	-	-
Less: reversion to state general fund FY19	-	-	-	-
Net other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>(6,076)</u>	<u>(6,076)</u>
Fund balance, ending	<u>\$ -</u>	<u>-</u>	<u>(6,076)</u>	<u>(6,076)</u>

See Independent Auditors' Report.  
 The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
 THIRD JUDICIAL DISTRICT ATTORNEY  
 STATEMENT OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 VAP SPECIAL REVENUE FUND (93300)  
 For The Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u> <u>Basis)</u>	<u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>REVENUES</b>				
Federal funds	\$ 168,400	185,409	180,705	(4,704)
Contracts and miscellaneous revenue	-	-	-	-
Total revenues	<u>168,400</u>	<u>185,409</u>	<u>180,705</u>	<u>(4,704)</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Personal services and benefits	168,400	168,400	163,750	4,650
Contractual services	-	-	-	-
Other costs	-	17,009	16,955	54
Capital outlay	-	-	-	-
Total expenditures	<u>168,400</u>	<u>185,409</u>	<u>180,705</u>	<u>4,704</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
State general fund appropriations FY 19	-	-	-	-
Other financing sources	-	-	-	-
Less: reversion to state general fund FY 19	-	-	-	-
Net other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>5,037</u>	<u>5,037</u>
Fund balance, ending	<u>\$ -</u>	<u>-</u>	<u>5,037</u>	<u>5,037</u>

See Independent Auditors' Report.  
 The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended June 30, 2019**

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

The District Attorney is an elective office established by the Constitution of the State of New Mexico, Article VI, Section 24 and is elected for a four (4) year term. He or she has decision-making authority, the power to designate management, and the responsibility to significantly influence operations and primary accountability for fiscal matters.

The Office of the District Attorney, Third Judicial District (the “District”) operates under Article 6 Section 24, NMSA 1978. The District is a legally separate and fiscally dependent agency of the State of New Mexico, and these financial statements include all funds and activities over which the District Attorney has oversight responsibility. The District will be included in the State of New Mexico Comprehensive Annual Financial Report (CAFR).

This summary of significant accounting policies of the District is presented to assist in the understanding of the District’s financial statements. The financial statements and notes are the representation of District’s management who is responsible for their integrity and objectivity. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units.

***A. Financial Reporting Entity***

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) 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.

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61. Blended component units, although legally separate entities, are in substance, part of the government’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

**STATE OF NEW MEXICO  
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For The Year Ended June 30, 2019**

Based upon the application of these criteria, the District has no component units required to be reported under GASB Statements No. 14, No. 39, or No. 61.

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities (also known as proprietary or enterprise funds)*, which rely to a significant extent on fees and charges for support.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts: net investment in capital assets, restricted net position, and unrestricted net position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

The District's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as set forth or adopted by GASB and the Financial Accounting Standards Board (FASB), and their predecessors, the National Council on Governmental Accounting (NCGA) and the Accounting Principles Board (APB), respectively. Generally accepted accounting principles for local governments include those principles prescribed by the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*.

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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THIRD JUDICIAL DISTRICT ATTORNEY  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended June 30, 2019**

Governmental fund 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 government considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. All other revenue items are considered to be measurable and available only when cash is received by the government.

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the District's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues are categorized as (a) program-specific operating grants, which include revenues received from state and federal sources such as general fund appropriations to be used as specified within each program grant agreement, and (b) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The District does not currently employ indirect cost allocation systems.

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

Under the requirements of GASB Statement No. 34, the District is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following, which include funds that were not required to be presented as major but were at the discretion of management:

The District reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The general fund operates under the Statewide Human resources, Accounting, and management REporting system (SHARE) number 15700 and is classified under Third Judicial District Attorney.

The *Southwest Border Prosecution Initiative (SWBPI) Special Revenue Fund* was created 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.

The *High Intensity Drug Trafficking Area (HIDTA) Special Revenue Fund* was created 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



**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
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For The Year Ended June 30, 2019**

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.

The *Other Grants Fund Special Revenue Fund* was created 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.

The *Victim Assistance Fund Special Revenue Fund* was created 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.

The Capital Appropriation Fund Capital Projects *Fund* was created to account for capital appropriations of information technology and security and surveillance. The fund balance is non-reverting to the state of New Mexico's general. The Attorney has determined that the Capital Appropriation Fund is a major fund whose SHARE account fund is 93100.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

**D. Assets, Liabilities, and Net Position or Fund Balance**

**Deposits and investments:** The District's cash and cash equivalents consist of noninterest bearing demand deposits held on deposit with the State Treasurer. Collateral pledged to secure these deposits is located in the State Treasurer's financial statements in accordance with GASB Statement No. 40.

**Receivables and payables:** 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. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a 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.

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All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Payables are comprised of unpaid vendor and supplier invoices and are recognized when incurred.

**Capital assets:** Capital assets, which include property, plant, and equipment, are defined by the District as assets with an initial, individual cost of more than \$5,000 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. Information technology equipment including software is being capitalized and included in furniture, fixtures, and equipment in accordance with NMAC 2.20.1.9C(5). 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 lives are not capitalized. Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Furniture and fixtures	7
Equipment and machinery	5
Vehicles	5
Data processing	3

**Accrued expenses:** Accrued expenses are comprised of accrued payroll and payroll expenditures based on amounts earned by the employees through June 30, 2019, along with the applicable Public Employees Retirement Association (PERA) and other pension costs.

**Compensated absences:** The District permits employees to accumulate a limited amount of earned, but unused vacation leave based on employment classification and length of employment. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends.

Qualified employees are entitled to accumulate annual and sick leave according to a graduated leave schedule depending on the length of service. No more than thirty (30) working days, or two hundred forty (240) hours of annual leave, may be carried forward from one year to the next. All excess annual leave shall be forfeited if not used. There is no limit to the amount of sick leave that an employee may accumulate.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts vested, or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide Statement of Net Position.

**Pensions:** The District, 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. The net pension liability is a long-term liability that is not directly related to or expected to be paid from the District's governmental funds and therefore not reported in the District's Statement of Net Position. Information concerning the net

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pension liability, pension expense, and pension-related deferred inflows and outflows of resources of the primary government will be contained in the General Fund and the CAFR and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building 407 Galisteo Street, Santa Fe, New Mexico, 87501.

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the New Mexico PERA and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Net position or fund balance classification policies and procedures:**

*Fund balance classification policies and procedures:* For restricted fund balances, the District includes amounts that can be spent only for the specific purposes stipulated by statute, ordinance, resolution, or enabling legislation. Fund balances in this category represent the remaining amount that is restricted for future use in the specific fund.

For committed fund balances, the District includes amounts for specific purposes by formal action of the District Attorney of the Third Judicial District.

For assigned fund balances, the District includes amounts that are intended to be spent for specific purposes but are not restricted or committed.

Regarding the District's spending policies, in all cases, restricted, then committed, and then assigned fund balances are to be expended, in that order, prior to expenditures of any general (unassigned) funds designated for supplementing any given department. In this manner, only after restricted, committed, or assigned funds are expended will the District Attorney permit general unassigned funds be spent to meet a specific fund's objectives.

*Restricted Fund Balance:* At June 30, 2019, the restricted fund balance on the governmental funds balance sheet is made up of \$101,341 see note 19.

Equity is classified as net position and displayed in three components:

- a. *Net investment in capital assets:*  
This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any related debt attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net position:*  
Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position:*  
All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

**STATE OF NEW MEXICO  
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**Capital Appropriations**

The District received special appropriations for a capital project to purchase computer equipment. The funds were received entirely in the year of the appropriation, but the capital project may take several years to complete. Special appropriations revenue is recognized in the year appropriated as it is measurable, available and has no eligibility requirements. Severance tax and general obligation bond proceed appropriations are generally recognized as revenue when the funds are expended as this is when the applicable eligibility requirements are met, however the District considers the receipt of special appropriations as meeting the eligibility requirements and therefore recognizes the revenue upon receipt. If not spent during the year received, the appropriations are then restricted and included as part of non-reverting fund balance.

**E. Use of 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. Significant estimates in the District's financial statements include the depreciation on capital assets and the current portion of compensated absences.

**NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

*Budgetary Information*

The New Mexico State Legislature makes annual appropriations to the District Attorney. Legal compliance is monitored through the establishment of a budget (modified accrual basis) and a financial control system, which permits a budget to actual expenditure comparison.

Budgeted appropriation unit amounts may be amended upon approval from the Budget Division of the State of New Mexico Department of Finance and Administration (DFA) within the limitation as specified in the General Appropriation Act. The budget amounts shown in the financial statements are both the original appropriation and the final authorized amounts as legally revised during the year.

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

- a) No later than September 1st, the District submits to the Judiciary Budget Office (JBO), Legislative Finance Committee (LFC), and DFA an appropriation request for the fiscal year commencing the following July. The appropriation includes proposed expenditures and the means of financing them.
- b) Appropriation request hearings are scheduled by the JBO. Recommendations are made by the JBO to the Supreme District for its approval. The Supreme Court approved appropriation request is then submitted to the Legislature as the Supreme Court's recommended appropriation request for the District.
- c) 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.
- d) The Act is signed into law by the Governor of the State of New Mexico within the legally prescribed time limit. The District Attorney submits, no later than May 1st to DFA an annual

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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 1st.

- e) The legal level of budgetary control is at the appropriation program level.
- f) Formal budgetary integration is employed as a management control device during the fiscal year for the general fund and the special revenue funds.
- g) The budgets for the general fund and the special revenue funds are adopted on the modified accrual basis of accounting, which is not a basis consistent with accounting principles generally accepted in the United States of America (GAAP). The budgets do not include prior year encumbrances paid in the current year in the budgetary amounts. Accounts payable accrued at the end of the fiscal year that does not get paid by statutory deadline (Section 6-10-4, NMSA 1978) must be paid out of next year's budget.
- h) All subsequent budget adjustments must be approved by the Director of the DFA-Budget Division.
- i) The District Attorney's budget for the fiscal year ending June 30, 2019, was amended in a legally permissible manner by increasing or reallocating appropriation unit totals as the need arose during the fiscal year. Individual amendments were not material in relation to the original budget.
- j) The District's general fund is a reverting fund (funds revert back to the State General Fund) and are required to be reverted by September 30th of each year, with the exception of special appropriations which are for multiple years.
- k) Appropriations lapse at the end of the fiscal year except for those amounts encumbered beginning with the year ended June 30, 2019.
- l) Any remaining encumbrances related to single year appropriations are subject to be removal and possibly budgeted for the subsequent year's appropriation.
- m) If there are appropriations for multiple years and/or funds that are encumbered, there is a reservation of fund balance based on GASB 54 requirements.

**NOTE 3. DEPOSIT AND INVESTMENTS**

**Investments in the State Treasurer's General Fund Investment Pool**

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

For further information regarding the SGFIP, please see the State Treasurer's annual audit report and specifically refer to the GASB 40 disclosure of the investments. That report may be obtained by writing to the New Mexico State Treasurer's Office, P.O. Box 608, Santa Fe, NM 87504-0708.

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At June 30, 2019, the District had the following invested in the SGFIP:

<u>Fund Name</u>	<u>Location</u>	<u>Fund No./ Description</u>	<u>Balance Per Depository</u>	<u>Outstanding Deposits</u>	<u>(Checks)</u>	<u>Balance Per Financial Statements</u>
General	STO	15700	\$ 252,952	-	-	252,952
SWBPI	STO	93400	258,047	-	-	258,047
HIDTA	STO	93600	(81,259)	-	-	(81,259)
OGF	STO	48500	(6,075)	-	-	(6,075)
VAP	STO	93300	(33,380)	-	-	(33,380)
CP	STO	93100	76,297	-	-	76,297
			<u>\$ 466,582</u>	<u>-</u>	<u>-</u>	<u>466,582</u>

There were no deposits in transit as of June 30, 2019. The Office of the State Treasurer (STO) accounts are interest bearing accounts, but no interest income was allocated to the District.

**Custodial Credit Risk—Investment Accounts**

The Office of the State Treasurer (STO) monitors the collateral for deposits it holds, which would include the investment accounts of the District. Therefore, collateralization of the District’s accounts is the responsibility of the STO. The STO has its own separate annual independent audit in which the collateral pledged to secure these deposits is disclosed. By law, the District is not permitted to have any investments other than what is held at the State Treasurer’s Office and the District did not have any other investments during the year ended June 30, 2019. There is no custodial risk at the District’s level since the District’s investments are under the contract of the Office of the State Treasurer.

**Concentration of Credit Risk- Investments**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The State General Fund Investment Pool is not rated for credit risk.

**Interest Rate Risk- Investments**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The State Treasurer’s Office has an investment policy that limits investment maturities to five (5) 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.

**NOTE 4. RECEIVABLES/ DUE FROM**

The District’s outstanding receivables at June 30, 2019 consist of the following:

<u>Fund Name</u>	<u>Fund No./ Description</u>	<u>Due From Federal Government</u>	<u>Due From State Funds</u>	<u>Total</u>
HIDTA	93600	\$ 97,192	-	97,192
VAP	93300	-	45,948	45,948
		<u>\$ 97,192</u>	<u>45,948</u>	<u>143,140</u>

All amounts due from grants are expected to be fully collectible as of June 30, 2019.

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended June 30, 2019**

**NOTE 5. DUE TO STATE GENERAL FUND**

As of June 30, 2019, \$989 was due to the State General Fund for stale dated warrants.

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019, is summarized as follows:

<u>Governmental Activities</u>	<u>2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfer</u>	<u>Restatement</u>	<u>2019</u>
<b>Capital assets depreciated</b>						
Equipment	\$ 76,616	-	-	-	12,850	<b>89,466</b>
Furniture and fixtures	12,213	-	-	-	(2,306)	<b>9,907</b>
Vehicles	347,921	22,396	(46,186)	17,708	(6,837)	<b>335,002</b>
Total capital assets	436,750	22,396	(46,186)	17,708	3,707	<b>434,375</b>
<b>Less accumulated depreciation</b>						
Equipment	(69,390)	(2,717)	-	-	(12,606)	<b>(84,713)</b>
Furniture and fixtures	(12,213)	-	-	-	2,306	<b>(9,907)</b>
Vehicles	(209,749)	(38,593)	46,186	-	45,091	<b>(157,065)</b>
Total accumulated depreciation	(291,352)	(41,310)	46,186	-	34,791	<b>(251,685)</b>
<b>Total capital assets, net</b>	<b>\$ 145,398</b>	<b>(18,914)</b>	<b>-</b>	<b>17,708</b>	<b>38,498</b>	<b>182,690</b>

Depreciation expense for the year ended June 30, 2019 was \$41,310, and was allocated to general government.

**NOTE 7. INTERAGENCY TRANSFERS**

The District made the following transfers for the fiscal year ended June 30, 2019:

<u>Transfer From</u>	<u>Transfer from</u>	<u>Transfer to</u>	<u>Reference</u>	<u>Amount</u>
State General Fund	34101-85300	15700	Laws of 2018, Chapter 73, section 3	\$ 4,885,100
State General Fund	34100-62000	15700	Laws of 2018, Chapter 73, section 3	209,200
Fourth Judicial District Court	25400-15800	15700	Transfer of capital assets	17,708
State General Fund	34101-85300	15700	Laws of 2018, Chapter 73, section 3	76,297
General fund	34101-85300	15700	General Fund Appropriation Reversion	(428)
Total Other Financial Sources (Uses)				<b>\$ 5,187,877</b>

Capital appropriations are as follows:

<u>Description</u>	<u>SHARE Identifier #</u>	<u>Original Appropriation</u>	<u>Appropriation Period</u>	<u>Expenditures To Date</u>	<u>Outstanding Encumbrances</u>	<u>Unencumbered Balances</u>
<b>Fund 15700 General Fund</b>						
Laws of 2019, 54th Legislature, 1st Session, Chapter 27B	ZD9370	\$ 20,000	07/01/2019-6/30/2020	-	-	20,000
<b>Total Capital Appropriations</b>		<b>20,000</b>		<b>-</b>	<b>-</b>	<b>20,000</b>

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended June 30, 2019**

**NOTE 8. LONG-TERM LIABILITIES**

Long-term liabilities for the year ended June 30, 2019 are summarized as follows:

		<u>2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>2019</u>	<u>Due Within One Year</u>
Compensated absences payable	\$	205,551	129,831	(108,241)	227,141	56,785

The compensated absences are to be paid in 2019 as 89.5% by the General Fund, 10.8% by the HIDTA Fund, 3.9% by the SWBPI fund, and 3.9% by the other grant fund.

**NOTE 9. PENSION PLAN – PUBLIC EMPLOYEE RETIREMENT ASSOCIATION**

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

**Funding Policy:** Plan members are required to contribute 8.92% of their gross salary. The District is required to contribute 16.99% of the gross covered salary. The contribution requirements of plan members and the District are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District’s contributions to PERA for the fiscal years ending June 30, 2019, 2018, and 2017 were \$592,185, \$549,647, and \$555,662, respectively, which equal the amount of the required contributions for each fiscal year.

**NOTE 10. PENSION PLAN – STATE RETIREE HEALTH CARE PLAN**

**Plan Description.** The District contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA board was established by the Retiree Health Care Act (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 (5) 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 (2) years; and 4) former governing authority members who served at least four (4) years.



**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended June 30, 2019**

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 (5) 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 100.00% 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 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 member cover plans 3, 4, or 5; municipal fire member cover 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, 2019, the statutes required each participating employer to contribute 2.50% 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, 2019, the statute required each participating employer to contribute 2.00% of each participating employee's annual salary; and each participating employee was required to contribute 1.00% 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's contributions to the RHCA for the years ended June 30, 2019, 2018, and 2017 were \$69,711, \$64,708, and \$65,409, respectively.

**NOTE 11. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of property; errors and omissions; injuries to employees; and natural disasters. The District participates in the State of New Mexico Risk Management Program (Risk Management), which provides liability and physical damage insurance for the District, for the risks of loss mentioned above, except for injuries to employees. For risks of loss related to injuries to employees, the District has not obtained coverage from a commercial insurance company but has effectively managed risk through various employee education and prevention programs. The premiums for Risk Management are based on payroll and other expenditures and are not directly related to claims filed. The policies are retrospectively rated, and premiums may be adjusted after year end, based on the ultimate level of expenditures.

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended June 30, 2019**

**NOTE 12. CONTINGENT LIABILITIES**

The District is party to various litigation and other claims in the ordinary course of business. The District is unaware of any material pending or threatened litigation, claims, or assessments against the District that are not covered by the District's insurance.

**NOTE 13. FEDERAL AND STATE GRANTS**

In the normal course of operations, the District 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.

**NOTE 14. CONCENTRATIONS**

The District depends on financial resources flowing from, or associated with, both the federal government and the State of New Mexico. Because of this dependency, the District is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

**NOTE 15. COMMITMENTS**

The District entered into no agreements with contractors and architects for various construction projects for the year ended June 30, 2019.

**NOTE 16. OPERATING LEASES**

The District 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 of \$310.69. The lease expires on June 30, 2022.
- A lease for telephone equipment was entered into on September 1, 2016, which requires 26 monthly payments of \$527.04. The lease expires on October 31, 2018.
- A lease for copiers was entered into on July 1, 2017, which requires 48 monthly payments of \$2,004.00. The lease expires on June 30, 2021.
- A lease for a printer was entered into on July 1, 2017, which requires 36 monthly payments of \$2,664.51. The lease expires on June 30, 2020.

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended June 30, 2019**

The future annual lease commitments are as follows:

<u>Fiscal Year</u>	<u>Lease Payments</u>
2020	\$ 59,510
2021	27,776
2022	<u>3,728</u>
	<u>\$ 91,014</u>

Lease expenditures were \$63,385 for the year ended June 30, 2019.

**NOTE 17. STATE GENERAL FUND (REVERSIONS)**

Reversions to the State General Fund by the Office are based on the definitions of reverting funds.

Reverting Funds - All funds that are not identified by law as non-reverting, such funds are those in excess of budgeted appropriated expenditures.

The reversion to the State General Fund was approximately \$428 for the year ended June 30, 2019.

**NOTE 18. RESTATEMENT**

Beginning government wide net assets were restated as follows:

<u>Description</u>	<u>Fund</u>	<u>Reason</u>	<u>Amount</u>
Net position/Fund balance	Government Wide	Correct capital asset balances	\$ <u>38,498</u>
			\$ <u>38,498</u>

**NOTE 19. FUND BALANCES**

<u>Fund Balances</u>	<u>Amount</u>
<b>Restricted for:</b>	
Victims' Assistance Program	\$ 5,037
Information technology	67,297
Security and surveillance	9,000
Computer equipment	<u>20,000</u>
Total restricted	101,334
<b>Assigned for:</b>	
Grants	
SWBPI Fund	<u>253,838</u>
Total assigned	253,838
<b>Unassigned for:</b>	
HIDTA Fund	(4,130)
Other Grants Fund	(6,076)
General Fund	<u>3</u>
Total unassigned	<u>(10,203)</u>
Total fund balance	<u>\$ 344,969</u>

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended June 30, 2019**

**NOTE 20. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

Generally accepted accounting principles require certain information concerning individual funds including:

- a) Deficit fund balance of individual funds. The District had a deficit fund balance of \$4,130 in the HIDTA Fund (93600) as of June 30, 2019. The District had a deficit fund balance of \$6,076 in the Other Grant Fund (48500) as of June 30, 2019.
- b) Excess of expenditures over budgeted amounts. The District did not have any funds exceeding budgetary authority as of June 30, 2019.



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

Brian Colón  
New Mexico State Auditor  
Mark D’Antonio, District Attorney  
State of New Mexico, Office of the District Attorney  
Third Judicial District  
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, and the budgetary comparisons of the general fund and major special revenue funds, of the Office of the District Attorney, Third Judicial District (the “District”) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated October 30, 2019.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we considered to be a significant deficiency: 2019-001.

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

October 30, 2019

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances 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 items: 2019-002 and 2019-003.

**Response to Findings**

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The District's responses were 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**

This 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 the audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this information is not suitable for any other purpose.



Hinkle + Landers, PC  
Albuquerque, NM  
October 30, 2019

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended June 30, 2019**

**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of report independent auditor issued on financial statements **Unmodified**

Internal control over financial reporting:

- a. Material weakness(es) identified? Yes No
- b. Significant deficiency(ies) identified that not considered to be a material weakness(es)? Yes No
- c. Noncompliance material to the financial statements noted? Yes No

**Summary Schedule of Current and Prior Audit Findings**

<b>Reference</b>	<b>Findings</b>	<b>Status of Prior/Current Year Findings</b>	<b>Type of Finding*</b>
<b>Prior year</b>			
None			
<b>Current year</b>			
2019-001	FUND BALANCES	Current	B
2019-002	PROCUREMENT VIOLATION	Current	G
2019-003	24 HOUR DEPOSIT REQUIREMENT	Current	G

\* Legend for Type of Findings

- A. Material Weakness in Internal Control Over Financial Reporting
- B. Significant Deficiency in Internal Control Over Financial Reporting
- C. Finding that Does Not Rise to the Level of a Significant Deficiency (Other Matters)  
Involving Internal Control Over Financial Reporting
- D. Material Weakness in Internal Control Over Compliance of Federal Awards
- E. Significant Deficiency in Internal Control Over Compliance of Federal Awards
- F. Instance of Noncompliance to Federal Awards
- G. Non-compliance with State Audit Rule, NM State Statutes, NMAC or other entity compliance

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended June 30, 2019**

**PRIOR YEAR AUDIT FINDINGS**

None

**CURRENT YEAR AUDIT FINDINGS**

**2019-001 – FUND BALANCES**

**Type of Finding: B**

**Statement of Condition**

The Individual funds for HIDTA, Other Grant Fund and Victims' Assistance Program were created for tracking cost reimbursement grants. At June 30, 2018, the HIDTA fund had a deficit fund balance of \$4,130, The Other Grant Fund had a deficit fund balance of \$6,076, and the Victims' Assistance Program had a positive fund balance of \$5,037. Also noted, the Victims' Assistance Program had an outstanding receivable in the amount of \$8,069 as of 6/30/18 that was not resolved from the prior year and appears to be a double post of revenue and receivables prior to 7/1/18. Finance has been working to resolve these matters with DFA.

These proposed adjustments have not been made as they are immaterial to the financial statements and await DFA's review.

**Criteria**

Revenue recognition rules per GASB 33 and allocation of state appropriation funds to the program/fund when needed. The District's policy is to expend restricted funds before unrestricted funds. Also, the general rules for reimbursable grants is revenues should match expenditures and that fund balance is expected to be zero for these types of programs.

**Cause**

The District was aware of these matters that occurred prior to fiscal year 2019. Due to time constraints and the amount of research required to resolve the fund balances and receivable, this appears to be an ongoing process with DFA.

**Effect**

Prior to fiscal year 2019, the expenses were not allocated to the correct funds, which has led to deficit fund balances.

**Recommendation**

The District should adhere to the approved budget, monitor fund balances monthly, and allocate payroll expenses appropriately throughout the year.

**View of Responsible Officials and Corrective Action Plan**

The District is currently in the process of researching these areas with DFA. Due to the audit deadline these items will be resolved in the subsequent years' audit

**Finding resolved timeline:**

June 30, 2019

**Designation of employee position responsible for meeting this deadline:**

CFO



**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended June 30, 2019**

**2019-002 – PROCUREMENT VIOLATION**

**Type of Finding: G**

**Statement of Condition**

During our review of procurement by the District for the fiscal year, we noted one instance out of a population of one, totaling \$250,000 for the procurement of union related legal services. Requests for proposal were sent out based on the approved vendor list but not advertised in the newspaper.

**Criteria**

NMAC 1.4.1.32 Public Notice Request for Proposal states, “Procurements of professional services by other central purchasing offices. When procuring professional services, central purchasing offices other than the state purchasing agent shall provide the following notice: (1)the RFP or a notice thereof shall be published not less than 10 calendar days prior to the date set for the receipt of proposals; it is recommended, however, that the time period between the published date and the date set for receipt of proposals be no less than 20 days; the RFP or notice shall be published at least once in a newspaper of general circulation in the area in which the central purchasing office is located; if there is no newspaper of general circulation in the area, such other notice may be given as is commercially reasonable; and (2) a copy of the RFP and notice shall be delivered to the state purchasing agent not less than 15 calendar days prior to the date set for the issuance; the state purchasing agent shall distribute the RFP or notice to prospective offerors who have registered with the state purchasing agent's office in accordance with the terms of Subsection B of 1.4.1.17 NMAC of this rule and Subsection A of this Section; and (3)a copy of the RFP shall be made available for public inspection at the central purchasing office.”

**Effect**

Inadequate internal control oversight and accounting practices can heighten the potential for fraud or misappropriation of funds. Also, the District may not have obtained the best price. In addition, the District does not appear to be in compliance with its procedure manual on emergency procurements.

**Cause**

In the year ended June 30, 2019, certain members of the organization attempted to unionize. In an attempt to prevent a threat to the function of government, the District entered into an emergency procurement to solicit specialized legal services in regard to unionization. The District determined that unionization of the office would negatively impact the functioning of government.

**Recommendation**

The District should review its procedure manual before making invitations to bid and requests for proposal, and should maintain proper documentation in the procurement files.

**View of Responsible Officials and Corrective Action Plan**

The District will work closely with the Chief Procurement Officer to ensure proper purchasing guidelines are adhered to.

**Corrective Action Plan Timeline**

This will be implemented and followed for any procurement of professional services from this date going forward.

**Designation of Employee Position Responsible for Meeting Deadline**

District Office Manager

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended June 30, 2019**

**2019-003 – 24 HOUR DEPOSIT REQUIREMENT**

**Type of Finding: G**

**Statement of Condition**

During testing of deposits for the PPD program to the AODA, 80 deposits from the PPD Department were selected. Review of a total of 80 deposits; resulted in identifying 70 of the deposits were not made timely; within 24 hours.

**Criteria**

NMSA 1978. Section 6-10-3, the “24-hour deposit rule” requires all public money received by any state official or agency, “unless otherwise specified by statutory exception,” be deposited into the state treasury before the close of the next succeeding business day after the receipt of the money.

Internal controls have to be implemented and be adequate to mitigate the risks associated with the collection and deposit of cash.

**Cause**

The PPD department was not aware of this standard.

**Effect**

The District is not in compliance with state statute. Untimely deposits may cause the District to be at risk of misappropriations of funds.

**Recommendation**

We recommend that the PPD department implement controls to ensure monies are deposited by the close of the next business day.

**View of Responsible Officials and Corrective Action Plan**

The agency will implement a 24-hour deposit policy which will involve the PPD Officer, CFO, court runner and District Office manager, to ensure deposits are made daily.

**Finding resolved timeline:**

This will be implemented and followed for any deposits from this date going forward.

**Designation of employee position responsible for meeting this deadline:**

CFO and District Office Manager

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
EXIT CONFERENCE  
For The Year Ended June 30, 2019**

**EXIT CONFERENCE**

An exit conference was held in a closed session on October 30, 2019, at the District's Offices in Las Cruces, New Mexico. In attendance were the following:

Representing the Third Judicial District Attorney:

Mark D'Antonio  
Juliet Lucero

District Attorney  
Chief Financial Officer

Representing Hinkle + Landers, PC:

Farley Vener, CPA, CFE, CGMA  
Jacob Conner

Managing Shareholder  
Audit Manager

**FINANCIAL STATEMENTS**

The financial statements of the District as of June 30, 2019, were substantially prepared by Hinkle + Landers, PC, however, the financial statements are the responsibility of management.