

**STATE OF NEW MEXICO  
OFFICE OF THE DISTRICT ATTORNEY  
FOURTH JUDICIAL DISTRICT**

**FINANCIAL STATEMENTS AND SCHEDULES  
WITH INDEPENDENT AUDITORS'  
REPORT THEREON FOR THE  
FISCAL YEAR ENDED JUNE 30, 2019**

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OFFICE OF THE DISTRICT ATTORNEY  
FOURTH JUDICIAL DISTRICT  
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**STATE OF NEW MEXICO  
OFFICE OF THE DISTRICT ATTORNEY  
FOURTH JUDICIAL DISTRICT  
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**STATE OF NEW MEXICO  
OFFICE OF THE DISTRICT ATTORNEY  
FOURTH JUDICIAL DISTRICT**

**OFFICIAL ROSTER**

**JUNE 30, 2019**

**District Attorney**

Richard Flores	District Attorney
Thomas Clayton	Chief Deputy District Attorney

**Administrative Officials**

Mary Lou Umbarger	Office Manager
Karla Martinez	Chief Financial Officer



## Independent Auditors' Report

Honorable Brian S. Colón, Esq.  
New Mexico State Auditor  
and

Richard D. Flores, District Attorney  
Fourth Judicial District Attorney  
Las Vegas, New Mexico

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, the aggregate remaining fund information and the budgetary comparison for the general fund of the State of New Mexico, Office of the District Attorney, Fourth Judicial District (Office) as of and for the year ended June 30, 2019 and the related notes to the financial statements which collectively comprises the Office'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.

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Office's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness on the Office's internal control. Accordingly, we express no such opinion.

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and the aggregate remaining fund information of the Office as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matters**

As discussed in *Note 1*, the financial statements of the Office are intended to present the financial position and changes in financial position, of only that portion of the governmental activities, the major fund, and the aggregate remaining fund information of the State of New Mexico that is attributable to the transactions of the Office of the District Attorney, Fourth Judicial District. 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 financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified for this matter.

### **Other Matters**

Required Supplementary Information:

The Office has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information:

Our audit was conducted for the purpose of forming opinions on the financial statements and the budgetary comparison. The other schedules required by Section 2.2.2 NMAC listed as other supplemental information in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

These other schedules required by Section 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements of to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, these other schedules required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2019 on our consideration of the Office's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Office's internal control over financial reporting and compliance.

*Kubiak Melton & Associates, LLC*

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

Albuquerque, New Mexico  
November 1, 2019

**STATE OF NEW MEXICO  
OFFICE OF THE DISTRICT ATTORNEY  
FOURTH JUDICIAL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2019**

	<u><b>Governmental Activities</b></u>
<b>ASSETS</b>	
Current Assets	
Investment in State General Fund Investment Pool	\$ 400,547
Travel Advances	2,674
<b>Total Current Assets</b>	<b>403,221</b>
Capital Assets, Net	369,344
<b>Total Assets</b>	<b>\$ 772,565</b>
 <b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	\$ 170,616
Accrued Payroll	121,406
Due to State General Fund	4,868
Compensated Absences Payable, Current	87,709
<b>Total Current Liabilities</b>	<b>384,599</b>
Non-current Liabilities	
Compensated Absences Payable, Non-current	29,236
<b>Total Non-current Liabilities</b>	<b>413,835</b>
 <b>NET POSITION</b>	
Net Investment in Capital Assets	369,344
Unrestricted (Deficit)	(10,614)
<b>Total Net Position</b>	<b>358,730</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 772,565</b>

See Independent Auditors' Report and Notes to Financial Statements



**STATE OF NEW MEXICO  
OFFICE OF THE DISTRICT ATTORNEY  
FOURTH JUDICIAL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Governmental Activities</b>
<b>Program Expenses</b>	
Administrative Services	\$ 2,726,855
Contractual Services	87,899
Other	365,875
Depreciation Expense - Unallocated	97,738
<b>Total Program Expenses</b>	<b>3,278,367</b>
 <b>General Revenues and Transfers</b>	
State General Fund Appropriations	3,247,900
Other Financing Sources	147,122
Loss on Disposal of Capital Assets	(5,719)
Other Financing Uses	(17,708)
Reversion to State General Fund FY 2019	(4,868)
<b>Total General Revenues and Transfers</b>	<b>3,366,727</b>
Change in Net Position	88,360
<b>Net Position, Beginning</b>	<b>291,599</b>
Restatement	(21,229)
Beginning Net Position, As Restated	270,370
<b>Net Position, Ending</b>	<b>\$ 358,730</b>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO**  
**OFFICE OF THE DISTRICT ATTORNEY**  
**FOURTH JUDICIAL DISTRICT**  
**BALANCE SHEET -**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

	<u><b>15800 -</b></u> <u><b>General Fund</b></u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Investment in State General Fund Investment Pool	\$ 400,547
Travel Advance	2,674
<b>Total Assets</b>	<u><u>\$ 403,221</u></u>
 <b>LIABILITIES AND FUND BALANCES</b>	
<b>Liabilities</b>	
Accounts Payable	\$ 170,616
Accrued Payroll	121,406
Due to State General Fund	<u>4,868</u>
<b>Total Liabilities</b>	<u>296,890</u>
 <b>FUND BALANCES</b>	
Assigned	106,331
Unassigned	<u>-</u>
<b>Total Fund Balances</b>	<u>106,331</u>
 <b>Total Liabilities and Fund Balances</b>	 <u><u>\$ 403,221</u></u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO  
OFFICE OF THE DISTRICT ATTORNEY  
FOURTH JUDICIAL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2019**

**Total Fund Balances for Governmental Funds** \$ 106,331

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

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

Capital Assets, Net 369,344

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:

Compensated Absences Payable (116,945)

**Net Position of Governmental Activities** \$ 358,730

**STATE OF NEW MEXICO  
OFFICE OF THE DISTRICT ATTORNEY  
FOURTH JUDICIAL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	<b>15800 - General Fund</b>
<b>EXPENDITURES</b>	
Judicial	
Personal Services & Benefits	\$ 2,704,592
Contract Services	87,899
Other Costs	365,875
Capital Outlay	231,788
<b>Total Expenditures</b>	<b>3,390,154</b>
 Excess/(Deficiency)-Revenues over Expenditures	 (3,390,154)
 <b>OTHER FINANCING SOURCES AND (USES)</b>	
General Fund Appropriations	3,247,900
Other Financing Sources	147,122
Reversion to the State General Fund - FY 2019	(4,868)
<b>Total Other Financing Sources and (Uses)</b>	<b>3,390,154</b>
<b>Net Change in Fund Balances</b>	-
Fund Balances, Beginning	127,560
Restatement	(21,229)
Fund Balances, As Restated	106,331
<b>Fund Balances, Ending</b>	<b>\$ 106,331</b>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO  
OFFICE OF THE DISTRICT ATTORNEY  
FOURTH JUDICIAL DISTRICT  
RECONCILIATION OF THE CHANGE IN FUND BALANCE OF THE GOVERNMENTAL  
FUND TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	-
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> <p>Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period these amounts</p>		
Capital Outlay	231,788	
Gain (Loss) on Disposal of Capital Assets	(5,719)	
Transfer of Vehicles to Other Agency	(17,708)	
Depreciation Expense	<u>(97,738)</u>	
Excess of capital outlay over depreciation expense		110,623
<p>Expenses reported in the Statement of Activities that do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:</p>		
(Increase) Decrease in Compensated Absences		<u>(22,263)</u>
<b>Change in Net Position of Governmental Activities</b>	\$	<u><u>88,360</u></u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO  
OFFICE OF THE DISTRICT ATTORNEY  
FOURTH JUDICIAL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) –  
GENERAL FUND (15800)  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Approved Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Expenditures</b>				
Judicial				
Personal Services	\$ 3,207,300	\$ 2,699,300	\$ 2,704,592	\$ (5,292)
Contractual Services	29,400	88,400	87,899	501
Other Costs	158,400	607,400	597,663	9,737
<b>Total Expenditures</b>	<u>3,395,100</u>	<u>3,395,100</u>	<u>3,390,154</u>	<u>4,946</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(3,395,100)</u>	<u>(3,395,100)</u>	<u>(3,390,154)</u>	<u>(4,946)</u>
<b>Other Financing Sources (Uses):</b>				
General Fund Appropriations	3,247,900	3,247,900	3,247,900	-
Other Financing Sources	147,200	147,200	147,122	78
Reversion	-	-	(4,868)	4,868
<b>Total Other Financing Sources (Uses)</b>	<u>\$ 3,395,100</u>	<u>\$ 3,395,100</u>	<u>3,390,154</u>	<u>\$ 4,946</u>
<b>Net Change in Fund Balances</b>			<u>\$ -</u>	

**For the Office, Budgetary Basis is GAAP Basis.**

**STATE OF NEW MEXICO  
OFFICE OF THE DISTRICT ATTORNEY  
FOURTH JUDICIAL DISTRICT  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
JUNE 30, 2019**

**ASSETS**

Cash in Bank	\$ 2,442
Total Assets	<u>\$ 2,442</u>

**LIABILITIES**

Deposits Held for Others	\$ 2,442
Total Liabilities	<u>\$ 2,442</u>

**STATE OF NEW MEXICO  
OFFICE OF THE DISTRICT ATTORNEY  
FOURTH JUDICIAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

Financial Reporting Entity

The Office of the District Attorney, Fourth Judicial District (Office) operates under Article 6, Section 24, NMSA 1978 Compilation. The District Attorney is elected to a four-year term. The Office serves San Miguel, Mora and Guadalupe counties. It is the duty of the District Attorney to prosecute and defend the state, in all courts of record, in all cases criminal and civil, in which the state or any county in the district may be a party. Funding of the Office is by state appropriation.

The Office is a part of the primary government of the State of New Mexico and these financial statements include all funds and activities over which the Office has oversight responsibility. The Office has decision-making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters. The Office is part of the primary government of the State of New Mexico and its financial data is included in the State of New Mexico's audited Comprehensive Annual Financial Report which is inclusive of all agencies of the primary government. The Office has no component units that are required to be reported in its financial statements.

The accounting policies of the Office conform to generally accepted accounting principles (GAAP) as applicable to governments. A summary of the Office's significant accounting policies follows:

**A. Basis of Accounting- GASB Statement No. 34**

The basic financial statements include both government-wide and fund financial statements. The reporting model focus is on either the Office as a whole or on major individual funds. Both the government-wide and fund financial statements categorize primary activities as governmental activities.

**B. Basis of Presentation - Fund Accounting**

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Office, the primary government, as a whole, without displaying individual funds or fund types. Generally, these statements distinguish between activities that are governmental and those that are considered business-type activities. The Office has no business-type activities; therefore, these statements only reflect governmental activities. Government-wide financial statements exclude information about fiduciary funds and component units that are fiduciary in nature.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place.

See Independent Auditors' Report



**STATE OF NEW MEXICO  
OFFICE OF THE DISTRICT ATTORNEY  
FOURTH JUDICIAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

*Fund Financial Statements*

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days in order to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the Office's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, reconciliations that briefly explain the adjustments necessary to transform the fund based financial statements into the government-wide statements are presented on the page following each fund statement.

The Office's fiduciary fund (agency fund) is presented in the fund financial statements. The agency fund is presented on the accrual basis of accounting. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated in the government-wide financial statements.

The accounts of the Office are organized on a fund basis, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which spending activities are controlled.

The following fund types are used by the Office:

**General Fund (15800)** – The general fund is the operating fund of the Office. It is used to account for all financial resources except those required to be accounted for in another fund. All appropriations received in this fund are revertible funds if not expended in the appropriate time frame. The Office receives all State of New Mexico appropriations in their General Fund. The SHARE number and description of the General Fund of the District Attorney is #15800 – Fourth Judicial District Attorney

**Agency Fund (96760)** – Used to account for the Pre-Prosecution Diversion Program and the Worthless Checks Program. Used to account for activities in which the District Attorney is acting in an agency capacity for the Administrative Office of the District Attorneys. Cost reimbursements or processing fees are received from clients/offenders as authorized in the Pre-prosecution Diversion Act (31-16A-1 through 31-16A-8 NMSA, 1978) and the Worthless Check Act (Section 30-36-1 through 30-36-10 NMSA, 1978). All amounts collected are payable to the Administrative Office of the District Attorneys.

See Independent Auditors' Report

**STATE OF NEW MEXICO  
OFFICE OF THE DISTRICT ATTORNEY  
FOURTH JUDICIAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

**B. Basis of Presentation - Fund Accounting (continued)**

Fund Balance Classification: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Office is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Office. These amounts cannot be used for any other purpose unless the Office removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned: This classification includes amounts that are constrained by the Office's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Office or through the Office delegating this responsibility to the Chief Financial Officer through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned: This classification includes the residual fund balance for the General Fund, or, in other words, all amounts not included in other spendable classifications.

The Office would typically use *restricted* fund balances first, followed by *committed* resources, and then *assigned* resources, as appropriate opportunities arise, but reserves the right to selectively spend *unassigned* resources first to defer the use of these other classified funds.

**STATE OF NEW MEXICO  
OFFICE OF THE DISTRICT ATTORNEY  
FOURTH JUDICIAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

**C. Assets, Liabilities, Deferred Outflows / Inflows of Resources and Net Position / Fund Balance**

Investment in the State General Fund Investment Pool

The Office's cash and cash equivalents are demand deposits. Deposits are non-interest-bearing. The total carrying value of the deposits is shown in *Note 2*. All governmental funds allotted to the Office are held on deposit with the State Treasurer General Fund Investment Pool. *Note 2* describes the carrying value of the investment. The State Treasurer issues separate financial statements which disclose the collateral pledged to secure these deposits.

Capital Assets

In the government-wide financial statements, property, plant and equipment is accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated assets which are recorded at their estimated fair value at the date of donation. Capital assets with a value exceeding \$5,000 are capitalized and depreciated. Any software acquired with a value exceeding \$5,000 is also included in capital assets and depreciated.

New Mexico Laws of 2005, Chapter 237, Section 1 changed the capitalization threshold for movable chattel and equipment items costing more than \$5,000. Under this new law, items in the capital asset inventory that do not meet the new capitalization threshold continue to be depreciated in future periods until they are fully depreciated. Depreciation is shown over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Machinery & Equipment	6 years
Data Processing Equipment & Software	3 years
Furniture and Fixtures	7 years
Vehicles	5 years

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

Long-Term Liabilities

Compensated Absences - The Office's policies regarding annual leave permits employees to accumulate earned, but unused annual leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements.

In the fund financial statements, governmental funds report only the compensated absences liability payable from expendable available financial resources. \$29,236 of the compensated absences was long-term at June 30, 2019.

**STATE OF NEW MEXICO  
OFFICE OF THE DISTRICT ATTORNEY  
FOURTH JUDICIAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

**C. Assets, Liabilities, Deferred Outflows / Inflows of Resources and Net Position / Fund Balance (continued)**

**Deferred Outflows / Inflows of Resources**

GASB 63 amended previous guidance on deferred revenue in the government-wide financial statements to include deferred outflows, which is the consumption of net assets by the government which is applicable to a future reporting period and deferred inflow of resources, which is acquisition of net assets by the government which is applicable to a future reporting period. The Office has no deferred outflow or inflow of resources at June 30, 2019.

**Government-Wide Statements**

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

1. *Net investment in capital assets*, consists of capital assets net of accumulated depreciation and reduced by any outstanding debt. The Office has no outstanding debt relating to capital assets.
2. *Restricted net position*, consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. *Unrestricted net position*, is all other net position that do not meet the definition of restricted or net investment in capital assets.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Office Fourth uses restricted resources then unrestricted resources.

**D. Budgets and Budgetary Accounting**

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

1. No later than September 1, the Office submits to the Legislative Finance Committee (LFC) and the Department of Finance and Administration (DFA) an appropriation request for the fiscal year commencing the following July. The appropriation includes proposed expenditures and the means of financing them.
2. Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committees. The final outcome of these hearings is incorporated into the General Appropriations Act. The Act is signed into law by the Governor of the State of New Mexico within the legally prescribed time limit.

See Independent Auditors' Report

**STATE OF NEW MEXICO  
OFFICE OF THE DISTRICT ATTORNEY  
FOURTH JUDICIAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

**D. Budgets and Budgetary Accounting (continued)**

3. The Office submits, no later than May 1, to DFA, an annual operating budget by category and line item based upon the appropriations made by the Legislature. DFA- Budget Division reviews and approves the operating budget which becomes effective in July. All subsequent budget adjustments must be approved by the Director of DFA – Budget Division. The current year budget was revised in a legal manner.

4. Legal budget control for expenditures is by appropriation unit and formal budgetary integration is employed as a management control device during the fiscal year for the Governmental Funds.

5. The budget for this state agency is adopted on the modified accrual basis of accounting except for the accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline (Section 6-10-4 NMSA 1978), that must be paid out of the next year’s budget.

6. Appropriations lapse at the end of the fiscal year unless specifically re-appropriated by the Legislature. Unexpended amounts within the General Fund revert to the State General Fund.

**E. Compensated Absences Payable**

Vacation and sick leave earned and not taken is cumulative; however, upon termination of employment, sick pay for such leave hours accumulated up to 600 hours is forfeited, and vacation pay is limited to payment of 240 hours. Vacation leave up to the maximum of 240 hours is payable upon separation from service at the employee’s current hourly rate.

Sick leave is payable semiannually to qualified employees for hours accumulated above 600 hours at a rate equal to 50 percent of their hourly rate, not to exceed 120 hours each semiannual period. Upon retirement, payment for sick leave is limited to 400 hours accumulated in excess of 600 hours at the 50 percent hourly rate. Accrued vacation and sick leave pay are recorded as a liability and as an increase or decrease in expenses in the Government-wide financial statements.

Qualified employees accumulate annual leave as follows:

<u>Employment</u>	<u>Per Pay Period</u>	<u>Per Month</u>	<u>Per Year</u>
Less than 4 years	4.62 hours	10	120 hours
4 but less than 8 years	5.08 hours	11	132 hours
8 but less than 12 years	5.54 hours	12	144 hours
12 but less than 16 years	6.00 hours	13	156 hours
16 but less than 20 years	6.46 hours	14	168 hours
20 years or more	6.92 hours	15	180 hours

See Independent Auditors’ Report

**STATE OF NEW MEXICO  
OFFICE OF THE DISTRICT ATTORNEY  
FOURTH JUDICIAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

The maximum accrued annual leave of 240 hours may be carried forward into the beginning of the next calendar year and any excess is lost.

In addition, the Office allows FLSA non-exempt employees to accumulate compensatory leave in certain approved circumstances. Compensatory leave may be carried forward into the next calendar year and any unused portion is paid at termination to non-exempt employees under the Federal Labor Standards Act.

**F. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**G. Interfund Activity**

Interfund transactions are treated as transfers and interfund payables and receivables at year end. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

**H. Program Revenues**

Program revenues consist of various state grants when applicable. There are no other revenue types included in program revenues.

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

Investment in the State Treasurer General Fund Investment Pool at year end are classified as follows:

<b><u>Governmental Fund</u></b>	<b><u>Bank Balance</u></b>	<b><u>Book Balance</u></b>
Investment in State General Fund		
Investment Pool (SHARE Fund 15800)	\$ 400,547	\$ 400,547
<b>Total Governmental Fund</b>	<u>400,547</u>	<u>400,547</u>
<b><u>Agency Fund</u></b>		
Wells Fargo	<u>2,442</u>	<u>2,442</u>
<b>Total Agency Fund</b>	2,442	<u>\$ 2,442</u>
Less: FDIC Insurance	<u>(2,442)</u>	
<b>Total Uninsured Public Funds</b>	<u>\$ -</u>	

See Independent Auditors' Report

**STATE OF NEW MEXICO  
OFFICE OF THE DISTRICT ATTORNEY  
FOURTH JUDICIAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

**Custodial Credit Risk-Deposit**

Custodial Credit Risk is the risk that in the event of a bank failure, the Office's deposits may not be returned. The Office does not have a policy for custodial credit risk. As of June 30, 2019, none of the Office's bank balance was exposed to custodial credit risk. Since all of the bank accounts are considered to be under the State Treasurer's control, the bank accounts are over collateralized.

**Collateral Pledged by Financial Institutions**

Section 6-10-17, NMSA 1978 compilation requires that banks or savings and loans provide additional collateral on funds held that exceed the FDIC insurance limit. These excess funds are required to be fifty percent collateralized. The collateralization of the Office's bank accounts is monitored by the State Treasurer's Office. The State Treasurer issues separate financial statements which disclose the collateral pledged to secure these deposits.

**State General Fund Investment Pool Reconciliation**

As provided for in Chapter 8-6 of the New Mexico Statutes Annotated 1978, the State Treasurer shall receive and keep all monies of the state, except where otherwise provided, and shall disburse the public money upon lawful warrants. The State Treasurer's Office (STO) acts as the state's bank.

Agency cash receipts are deposited with STO and pooled in a statewide investment fund, when amounts are greater than immediate needs they are placed into short-term investments. When agencies make payments to vendors and employees they are made from this pool and their claims on the pool are reduced.

The comprehensive cash reconciliation model which compares aggregated agency claims on the State General Fund Investment Pool to the associated resources held by the State Treasurer's Office has been completed for fiscal year 2019. The process has been previously reviewed by the IPAs performing audits of the General Fund, the Department of Finance and Administration and the State of New Mexico's Comprehensive Annual Financial Report. These reviews have deemed the process sound and the Department fully compliant with the reconciliation requirements.

It is asserted that as of June 30, 2019, resources held in the pool were equivalent to the corresponding business unit claims on those resources. It is also asserted that all claims as recorded in the SHARE system shall be honored at face value.

**STATE OF NEW MEXICO  
OFFICE OF THE DISTRICT ATTORNEY  
FOURTH JUDICIAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 3: CAPITAL ASSETS**

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

<b><u>Capital Assets being Depreciated:</u></b>	<b>Balance, June 30, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Adjustments</b>	<b>Balance, June 30, 2019</b>
Machinery & Equipment	\$ 176,399	\$ 58,749	\$ -	\$ (27,780)	\$ 207,368
Data Processing Equipment & Software	108,436	22,006	-	(31,330)	99,112
Furniture and Fixtures	73,168	-	-	(21,931)	51,237
Vehicles	<u>392,510</u>	<u>151,033</u>	<u>(111,203)</u>	<u>(46,195)</u>	<u>386,145</u>
<b>Total Capital Assets being Depreciated</b>	<u>750,513</u>	<u>231,788</u>	<u>(111,203)</u>	<u>(127,236)</u>	<u>743,862</u>
<b>Less: Accumulated Depreciation for:</b>					
Machinery & Equipment	137,140	13,787	-	(34,799)	116,128
Data Processing Equipment & Software	76,438	13,345	-	(22,369)	67,414
Furniture and Fixtures	57,051	4,583	-	(18,697)	42,937
Vehicles	<u>221,163</u>	<u>66,023</u>	<u>(110,660)</u>	<u>(28,487)</u>	<u>148,039</u>
<b>Total Accumulated Depreciation</b>	<u>491,792</u>	<u>97,738</u>	<u>(110,660)</u>	<u>(104,352)</u>	<u>374,518</u>
<b>Capital Assets, Net</b>	<u>\$ 258,721</u>	<u>\$ 134,050</u>	<u>\$ (543)</u>	<u>\$ (22,884)</u>	<u>\$ 369,344</u>

Current year depreciation expense is \$97,738 and has not been allocated to any function on the Statement of Activities.

During fiscal year 2019, the Office donated two vehicles to the Third Judicial District Attorney's Office. The net book value of the vehicles donated was \$17,708 and recorded as other financing uses on the statement of activities. The Office also disposed of capital assets with a net book value of \$5,719 and has recorded those disposals as loss on disposal of capital assets on the statement of activities.



**STATE OF NEW MEXICO  
OFFICE OF THE DISTRICT ATTORNEY  
FOURTH JUDICIAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 4: COMPENSATED ABSENCES PAYABLE**

The following is a summary of changes in compensated absences:

	<b>Balance, June 30, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance, June 30, 2019</b>	<b>Amount Due Within One Year</b>
Compensated Absences	\$ 94,682	\$ 64,224	\$ 41,961	\$ 116,945	\$ 87,709

The Office's general fund resources have been used to liquidate accrued compensated absences in the past. The Office had no other debt activity during the year.

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

The Office owed \$4,868 to the State General Fund as of June 30, 2019 for its FY2019 reversion.

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

The FY 2019 reversion to the State General Fund in the Statement of Revenues, Expenditures and Changes in Fund Balances consists of a \$4,868 reversion owed to the state general fund for fiscal year ending June 30, 2019.

**NOTE 7: OPERATING LEASES**

The Office leases office equipment under operating leases with third-party vendors. The contracts for leases include annual non-appropriation clauses which can terminate the respective leases. Lease expense under these leases amounted to \$24,167 for the year ended June 30, 2019. Annual future minimum lease payments are as follows:

<b>Year Ending</b>	<b>Amount</b>
2020	\$ 18,525
2021	18,296
2022	12,812
2023	11,715
2024	3,251
<b>Total</b>	<b>\$ 64,599</b>

**STATE OF NEW MEXICO  
OFFICE OF THE DISTRICT ATTORNEY  
FOURTH JUDICIAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 8: PERA RETIREMENT PLAN**

Plan Description

Substantially all of the Office'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 9% of their gross salary. The Office is required to contribute 16.59% of the gross covered salary. The contribution requirements of plan members and the Fourth Judicial District Office are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Office's contributions to PERA for the years ending June 30, 2019, 2018, and 2017 were \$306,582, \$303,939, and \$313,932, respectively, equal to the amount of the required contributions for each year.

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

Compliant with the requirements of Government Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions, the State of New Mexico has implemented the standard for the fiscal year ending June 30, 2016.

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

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

**STATE OF NEW MEXICO  
OFFICE OF THE DISTRICT ATTORNEY  
FOURTH JUDICIAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 9: DEFERRED COMPENSATION**

The State of New Mexico offers state, local government and school district employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all State employees and those local government and school district employees whose employers have elected to participate in the plan and permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

There are employees that are making contributions to a Deferred Compensation Plan. Neither the Office nor the State of New Mexico contributes to the Deferred Compensation Plan. All contributions withheld from participants by the Office have been paid to the New Mexico Public Employee's Retirement Association, which administers the plan.

**NOTE 10: POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN**

Plan Description

The Office contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents.

The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which the event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

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.

**STATE OF NEW MEXICO  
OFFICE OF THE DISTRICT ATTORNEY  
FOURTH JUDICIAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 10: POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN  
(CONTINUED)**

Funding Policy

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plans 3, 4 or 5; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, the statutes required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employers that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2% of each participating employee's annual salary; each participating employee was required to contribute 1% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the Fourth 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 Office's contributions to the RHCA for the years ended June 30, 2019, 2018 and 2017 were \$36,090, \$35,778 and \$36,955, respectively, which equal the required contributions for the year.

**STATE OF NEW MEXICO  
OFFICE OF THE DISTRICT ATTORNEY  
FOURTH JUDICIAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 10: POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN  
(CONTINUED)**

Post-employment Benefits – State Retiree Health Care Plan GASB No. 75

Compliant with the requirements of Government Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State of New Mexico has implemented this standard for the fiscal year ended June 30, 2018.

The Office, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple-employer defined benefit postemployment health care plan that provides comprehensive group health insurance for persons who have retired from certain public service positions in New Mexico. The other postemployment benefits (OPEB) Plan is administered by the Retiree Health Care Authority of the State of New Mexico. Overall, total OPEB liability exceeds OPEB Plan net position resulting in a net OPEB liability.

The State has determined the State's share of the net OPEB liability to be a liability of the State as a whole, rather than any agency or department of the State and the liability will not be reported in the department or agency level financial statements of the State. All required disclosures will be presented in the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico. Information concerning the net liability, benefit expense, and benefit related deferred inflows and deferred outflows of resources of the primary government will be contained in the State of New Mexico Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2019 and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 401 Galisteo Street, Santa Fe, New Mexico, 87501.

**NOTE 11: RISKS OF LOSS**

The Office obtains coverage through Risk Management Division of the State of New Mexico General Services Department. This coverage includes liability and civil rights, property, vehicle, employer bond, workers' compensation, group insurance and state unemployment. This coverage is designed to satisfy the requirements of the State Tort Claims Act. All employees of the Office are covered by a blanket fidelity bond of a \$5,000,000 coverage limit with a \$1,000 deductible per occurrence by the State of New Mexico for the period July 1, 2018 through June 30, 2019.

**NOTE 12: CONTINGENT LIABILITIES**

The Office is party to various claims and lawsuits arising in the normal course of business. Management and the Office's attorney are unaware of any material pending or threatened litigation, claims or assessments against the Office which are not covered by the Office's insurance as described in *Note 11*.

**NOTE 13: RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS FINANCIAL STATEMENTS**

For the Office, the budget and actual (budgetary basis) is the same as GAAP basis.

See Independent Auditors' Report

**STATE OF NEW MEXICO  
OFFICE OF THE DISTRICT ATTORNEY  
FOURTH JUDICIAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 14: NEW ACCOUNTING STANDARDS**

The Office reviewed subsequent pronouncements to June 30, 2019 issued by GASB noting the following statements that may have a potential material effect on the Office's financial statements in subsequent periods.

**GASB 82**

GASB Statement No. 82, *Fiduciary Activities* (GASB 82) establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 82 is effective for periods beginning after December 15, 2018 (FY 2020).

**GASB 87**

GASB Statement No. 87, *Leases* (GASB 87) establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB 87 is effective for periods beginning after December 15, 2019 (FY 2021) with earlier application encouraged.

**NOTE 15: RESTATEMENT**

The Office had a restatement of \$21,229 during fiscal year 2019 as result of removing inventory from their books as directed by the Department of Finance and Administration.

**NOTE 16: SUBSEQUENT EVENTS REVIEW**

A review of subsequent events through November 1, 2019, which is the date the financial statements were available for issuance, revealed no significant subsequent events which require disclosure in the financial statements.

## **SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**  
**OFFICE OF THE DISTRICT ATTORNEY**  
**FOURTH JUDICIAL DISTRICT**  
**SCHEDULE OF CASH ACCOUNTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Type</b>	<b>Bank Balance</b>	<b>Financial Statement Balance</b>
<b><u>General Fund (15500)</u></b>			
State Treasurer General Fund Investment Pool	Checking	\$ 400,547	\$ 400,547
<b><u>Agency Fund (96760)</u></b>			
Wells Fargo	Checking	2,442	2,442
<b>Total</b>		\$ 402,989	\$ 402,989



**STATE OF NEW MEXICO**  
**OFFICE OF THE DISTRICT ATTORNEY**  
**FOURTH JUDICIAL DISTRICT**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Balance at June 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2019</u>
<b><u>Pre-Prosecution Diversion Program and Worthless Checks Program Fees</u></b>				
<b>ASSETS</b>				
Cash in Bank	\$ 1,963	\$ 19,649	\$ 19,170	\$ 2,442
<b>Total Assets</b>	<u>\$ 1,963</u>	<u>\$ 19,649</u>	<u>\$ 19,170</u>	<u>\$ 2,442</u>
<b>LIABILITIES</b>				
Deposits Held for Others	\$ 1,963	\$ 19,649	\$ 19,170	\$ 2,442
<b>Total Liabilities</b>	<u>\$ 1,963</u>	<u>\$ 19,649</u>	<u>\$ 19,170</u>	<u>\$ 2,442</u>

**STATE OF NEW MEXICO  
OFFICE OF THE DISTRICT ATTORNEY  
FOURTH JUDICIAL DISTRICT  
SCHEDULE OF OPERATING TRANSFERS  
FOR THE YEAR ENDED JUNE 30, 2019**

	From Agency / Fund	Description	To Agency / Fund	TRANSFER	
				In	Out
(1)	34101/85300	Department of Finance and Administration	25400/15800	\$ 3,247,900	\$ -
(2)	34100/85300	Department of Finance and Administration	25400/15800	147,122	-
(3)	25400/15800	Third Judicial District Attorney	25300/15700	-	17,708
(4)	25400/15800	State General Fund	34101/85300	-	4,868
				<u>\$ 3,395,022</u>	<u>\$ 22,576</u>

- (1) State General Fund Appropriation as per Laws 2018
- (2) State General Fund Appropriation as per Laws 2018, section 8 Compensation Appropriations
- (3) Transfer of Vehicles to the Third Judicial District Attorney
- (4) Reversion to State General Fund - FY 2019



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

Honorable Brian S. Colón, Esq.  
New Mexico State Auditor

and

Richard D. Flores, District Attorney  
Fourth Judicial District Attorney  
Las Vegas, 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, the major fund, the aggregate remaining fund information and the budgetary comparison of the general fund, of the State of New Mexico, Office of the District Attorney, Fourth Judicial District (Office) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements, and have issued our report dated November 1, 2019.

Internal Control Over Financial Reporting

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

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

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Office's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Office's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Kubiak Melton & Associates, LLC*

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

Albuquerque, New Mexico  
November 1, 2019

**STATE OF NEW MEXICO  
OFFICE OF THE DISTRICT ATTORNEY  
FOURTH JUDICIAL DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2019**

**Section I. Summary of Audit Results**

Financial Statements:

- |  |            |
|--|------------|
| 1. Type of Auditors' Report Issued:                      | Unmodified |
| 2. Internal Control Over Financial Reporting:            |            |
| a. Material weaknesses identified?                       | No         |
| b. Significant deficiencies identified?                  | No         |
| c. Noncompliance material to financial statements noted? | No         |

**Section II. Current Year Findings**

There are no current year findings.

**Section III. Status of Prior Year Findings**

There are no prior year findings.

**STATE OF NEW MEXICO  
OFFICE OF THE DISTRICT ATTORNEY  
FOURTH JUDICIAL DISTRICT  
EXIT CONFERENCE  
JUNE 30, 2019**

The contents of this report were discussed at an exit conference held November 1, 2019.

The Office of the District Attorney, Fourth Judicial District, was represented by:

- Thomas Clayton, Chief Deputy District Attorney
- Mary Lou Umbarger, Office Manager
- Karla Martinez, Chief Financial Officer

The firm of Kubiak Melton & Associates, LLC was represented by:

- Daniel O. Trujillo, Member – Director of Audit

The audited financial statements of the Office of the District Attorney, Fourth Judicial District, were prepared from the original books and records provided by and with the assistance of the management of the Office and Kubiak Melton and Associates, LLC.