

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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

Clint H. Wellborn
J.B. Mauldin

District Attorney
Fiscal Officer



REPORT OF INDEPENDENT AUDITORS

Clint H. Wellborn, Seventh Judicial District Attorney
and
Mr. Timothy Keller, State Auditor

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of the Office of the District Attorney, Seventh Judicial District, State of New Mexico, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements which collectively comprise the Seventh Judicial District Attorney's basic financial statements as listed in the table of contents. We have also audited the combining statements of fiduciary assets and liabilities of the Seventh Judicial District Attorney agency funds as of June 30, 2017 and 2016.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Seventh Judicial District Attorney, as of June 30, 2017 and 2016, and the respective changes in financial position and the respective budgetary comparisons for the general fund and the major special revenue fund for the years then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each fiduciary fund of the Seventh Judicial District Attorney, as of June 30, 2017 and 2016, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Seventh Judicial District Attorney's basic financial statements and the combining statement of fiduciary assets and liabilities. The accompanying financial information on pages 35 and 36 listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining schedule of changes in assets and liabilities of agency funds and the schedule of cash accounts are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Seventh 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 Seventh 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, 2017 and 2016, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2017, on our consideration of the Seventh Judicial District Attorney's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Seventh District Attorney's internal control over financial reporting and compliance.



Mackie, Reid & Company, P.A.
Certified Public Accountants

Albuquerque, New Mexico
October 18, 2017

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY'S OFFICE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

The Seventh Judicial District Attorney's management discussion and analysis is intended to (1) Assist in focusing on significant issues, (2) Provide an overview of the Agency's financial activity, (3) Outline and identify changes in the Agency's financial position, (4) Identify significant deviations from the approved budget, and (5) Identify fund issues or concerns.

HIGHLIGHTS

Agency

The Seventh Judicial District Attorney's jurisdiction covers Socorro, Sierra, Torrance, and Catron Counties, which is the largest district, area-wise, in the United States. We have full-time offices in Socorro, Truth or Consequences, and Estancia, with the Socorro office also serving Catron County.

Financial

The Seventh Judicial District Attorney's Office is funded by the State General Fund. Appropriated revenues were \$2,402,300 for FY 2014, \$2,504,300 for FY 2015, \$2,506,400 for FY 2016 and \$2,410,200 for FY 2017. For FY 2004 we received a non-recurring Southwest Border Prosecution Initiative federal grant of \$55,000 for federally referred cases that our agency handled. In FY 2005 we received an additional \$13,163 from this grant. A balance of \$15,774 remained for use in FY 2017. The general fund final budget increased 7.64% in FY 2014, increased 4.24% in FY 2015, increased 0.08% in FY 2016 and decreased 3.84% in FY 2017. We expended 97% in FY 2014, 98.03% in FY 2015, 98.8% in FY 2016 and 99.06% of our budget in FY 2017. Actual expenditures on a budgetary basis were \$2,329,131 in FY 2014, \$2,454,986 in FY 2015, \$2,476,000 in FY 2016 and \$2,387,586 in FY 2017.

OVERVIEW OF FINANCIAL STATEMENTS

Government-wide Financial Statements

Government-wide financial statements report information on the Seventh Judicial District Attorney's Office using accounting methods similar to those used in the private sector. All governmental activities will be shown together. The Agency has no business type activities. The statement of net position includes all the agency's assets and liabilities. The statement of activities will depict how net position have changed, and show the overall bottom line for the Agency. These financial statements do not include fiduciary activities as fiduciary resources do not finance government programs. General fixed assets and the Agency's liability for accrued compensated absences are included in the statement of net position. Depreciation expense on fixed assets and the change in the accrued compensated absence liability is reflected in the statement of activities.

Fund Financial Statements

Fund financial statements provide more detailed information about the funds which the Agency uses to separate sources of funding. The Seventh Judicial District Attorney's Office operates primarily from State General Fund money which is allocated to a single fund (governmental fund) at the agency level. This general fund is presented in the format of sources and uses of liquid resources and clearly shows the source of the money and what it is being used for. The Agency has one small fiduciary fund reporting assets of other parties. These funds are purely custodial in nature and thus do not include measurement of the results of operations.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY'S OFFICE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

FINANCIAL ANALYSIS

Analysis of Financial Position

A comparative condensed statement of net position is as follows:

	<u>2017</u>	<u>2016</u>
Total assets	\$ 306,818	\$ 291,460
Total liabilities	\$ 222,399	\$ 221,812
Net position	\$ 84,419	\$ 69,648

Current year total assets include \$146,719 in investment in STO GFIP and \$160,099 of capital assets, net of accumulated depreciation. We do not own any infrastructure assets. Liabilities include normal agency obligations to vendors as accounts payable, accrued payroll and benefits payable, as well as the current year reversion to the State General Fund of \$22,614. In addition, a liability for \$74,633 is reported for accrued compensated absences expected to be paid within one year, and \$16,821 expected to be paid after one year. This is primarily for employees' accrued annual leave.

Results of Operation

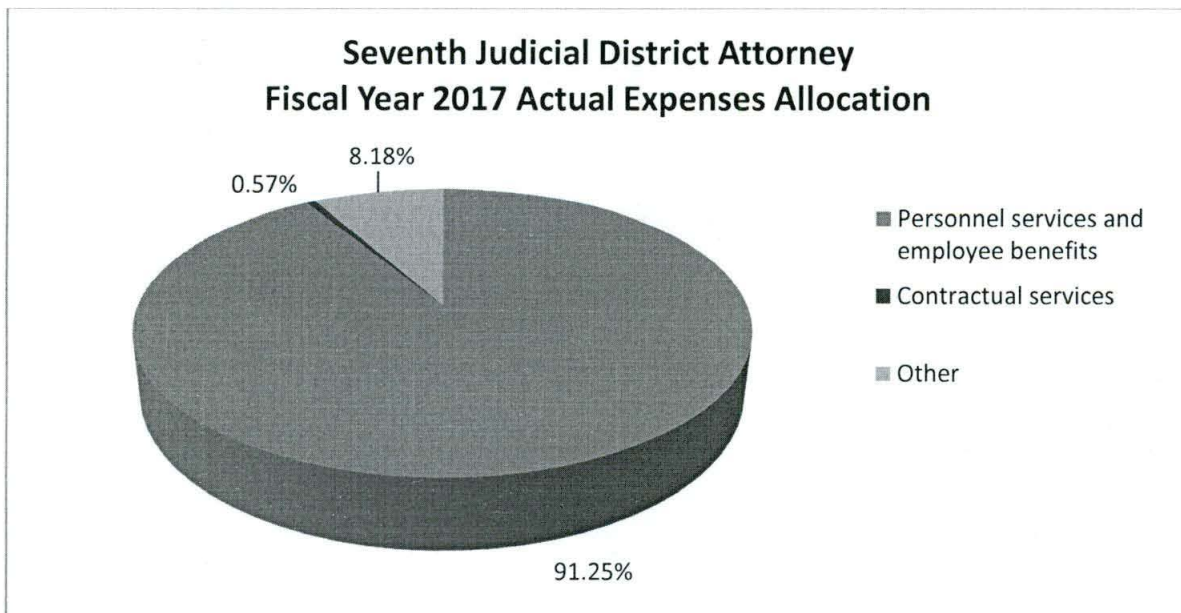
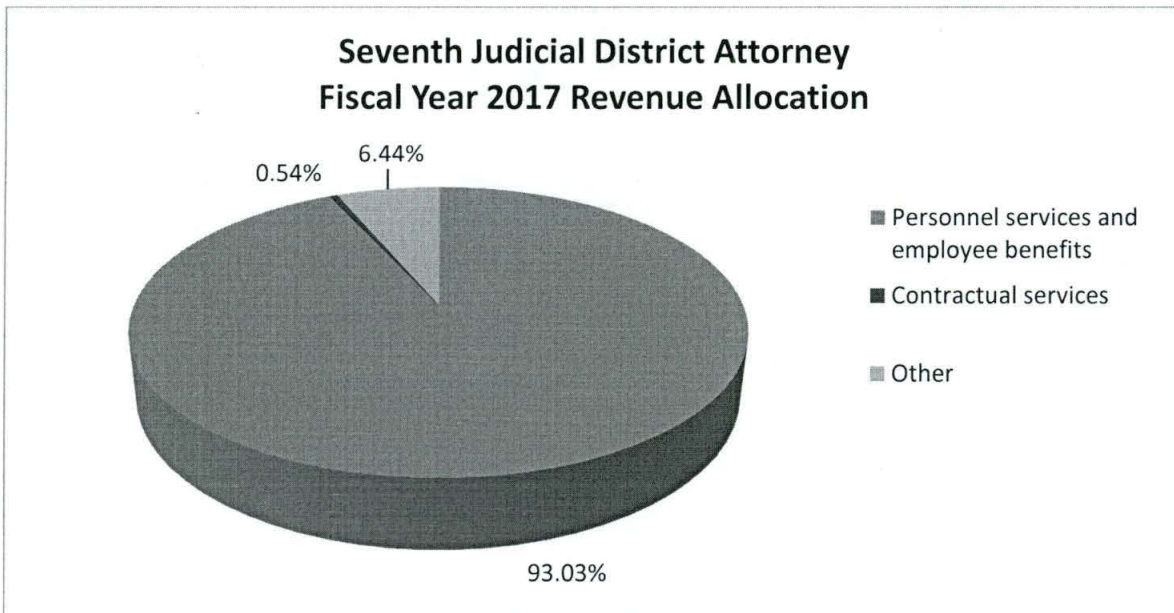
A comparative condensed statement of activities is as follows:

	<u>2017</u>	<u>2016</u>
Total revenues	\$ 2,387,586	\$ 2,470,330
Total expenses	\$ 2,372,815	\$ 2,521,294
Change in net position	\$ 14,771	\$ (50,964)
Net position, beginning of year	\$ 69,648	\$ 120,612
Net position, end of year	\$ 84,419	\$ 69,648

In FY 2017 we had some vacancy savings that was able to be used to purchase a new vehicle. We also purchased two network servers and some laptops but we had no other major expenses. Of these only the vehicle and network servers were capital outlay expenditures. Our revenues were higher than expenses and our net position increased by this amount for FY 2017. Our reversion of \$22,614 to the State general fund increased our total liabilities. While we had a very small increase of 0.6% in revenues from FY 2015 to FY 2016, we had a 3.35% decrease in FY 2017. The economic outlook for the State of New Mexico and the country as a whole continue to remain uncertain.

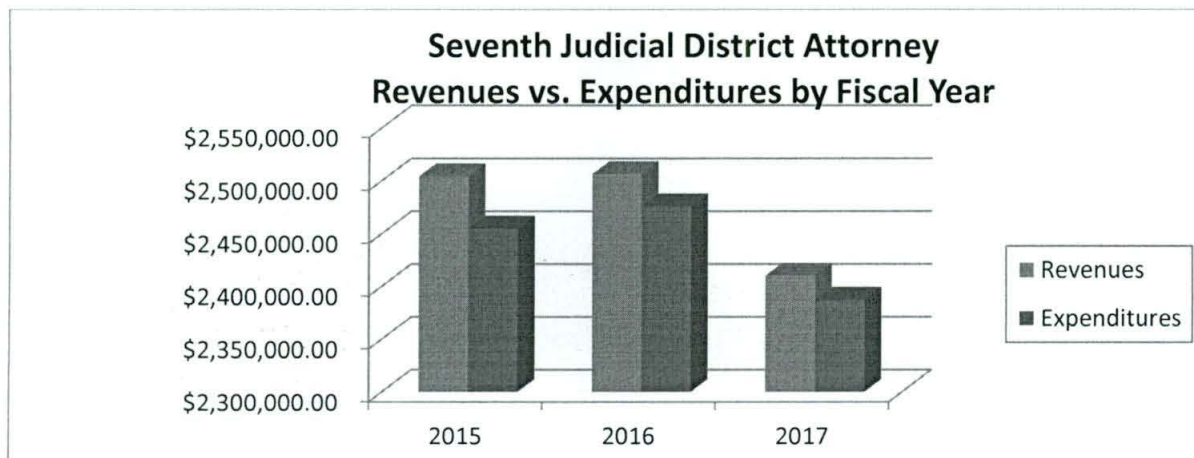
STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY'S OFFICE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

The agency's governmental fund expenditures are divided into three categories: (1) Personnel services and employee benefits, (2) Contractual services, and (3) Other Costs, which include all operational costs (travel, supplies, maintenance, telecommunications, rent of equipment, and capital outlay). The following charts illustrate the revenue and actual expenses allocation for Fiscal Year 2017.



STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY'S OFFICE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

A comparison of revenues and expenditures for the last three fiscal years are illustrated below.



Analysis of Overall Agency Position and Result of Operations

The Seventh Judicial District Attorney's financial position remained stable for FY 2017 even though our revenues decreased by \$96,200 from FY 2016 to FY 2017. Our budget continues to primarily fund personal services and employee benefits, as this takes up 91% of our expenditures. Net position increased. This increase was due primarily to decreased expenses and capital asset expenditures being reported as expenses on the Governmental Funds statements, while in the statement of activities the cost of these assets is capitalized. We have still had to leave some positions vacant due to not receiving full funding for them. The State of New Mexico has made some progress towards an economic recovery but with the price of oil and natural gas remaining unstable we anticipate our budget remaining the same or slowly recovering to be able to fully fund the all positions that we have. We remain primarily funded by the State General Fund, with the exception of a \$55,000 FY 2004 SWBPI federal grant and a FY 2005 \$13,163 SWBPI federal grant. Of the \$68,163 of SWBPI funds received we have a balance of \$15,774 remaining. Our general fund appropriation increased from FY 2006 through FY 2009 by an average of 9.7% per year. This came to a halt in FY 2010 and our budget decreased by an average of 4.1% per year from FY 2009 through FY 2012. Our budget was on an increasing trend, increasing by an average of 4.59% over the last three fiscal years but slowing to a 0.08% increase for FY 2016 and then a 3.84% decrease for FY 2017. On an actual budgetary basis the agency's expenditures were \$2,387,586 and revenues were \$2,410,200 for FY 2017. Current budgeted revenues exceeded our current budgeted expenditures by \$22,614, or 0.94%. Or, to look at this from another perspective, we spent 99.06% of our general fund budget. This excess of \$22,614 has been included in the required reversion to the State General Fund.

The final budget changed from the original by \$15,774 after establishing the budget from the fund balance for the remaining SWBPI funds, and decreased by \$74,500 due to enacted reductions from the 2016 legislative special session.

Overall, the Seventh Judicial District Attorney's Office remains financially stable due to careful planning with our staff levels. The State's economic outlook continues to remain uncertain although our FY 2018 budget increased by 2.7%. Although we continue to plan for the possibility of further budget reductions, we are also hoping that we can soon receive and maintain appropriations to fully staff our approved positions, and that we are able to hire qualified individuals in order to continue to effectively and efficiently carry out our mission.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
STATEMENTS OF NET POSITION
JUNE 30, 2017 AND 2016

	Governmental Activities	
	2017	2016
ASSETS		
Investment in State Treasurer's Office General Fund		
Investment Pool	\$ 146,719	\$ 145,726
Capital assets, net of accumulated depreciation	160,099	145,734
Total assets	306,818	291,460
LIABILITIES		
Accounts payable	28,012	24,948
Accrued payroll and related benefits payable	80,319	74,604
Due to State general fund	22,614	30,400
Accrued compensated absences		
Expected to be paid within one year	74,633	75,246
Expected to be paid after one year	16,821	16,614
Total liabilities	222,399	221,812
NET POSITION		
Net investment in capital assets	160,099	145,734
Unrestricted	(75,680)	(76,086)
Total net position	\$ 84,419	\$ 69,648

See accompanying notes to financial statements.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2017 AND 2016

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
PROGRAM EXPENSES		
General government		
Personnel services and employee benefits	\$ 2,178,384	\$ 2,259,482
Contractual services	13,530	13,383
Operating expenses	140,072	205,008
Depreciation	40,829	43,421
Total program expenses	2,372,815	2,521,294
GENERAL REVENUES		
Transfers		
State general fund appropriation	2,410,200	2,506,400
Reversion to State general fund – fiscal years 2017 and 2016	(22,614)	(30,400)
	2,387,586	2,476,000
Asset transfer to State Administrative Office of the District Attorney	-	(5,670)
Total general revenues and transfers	2,387,586	2,470,330
Increase (decrease) in net position	14,771	(50,964)
Net position, beginning of year	69,648	120,612
Net position, end of year	\$ 84,419	\$ 69,648

See accompanying notes to financial statements.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017 WITH
COMPARATIVE 2016 TOTALS

	General Fund	SWBPI Grant Fund	<u>Governmental Funds</u>	
			<u>Total 2017</u>	<u>Total 2016</u>
ASSETS				
Investment in State Treasurer's Office General Fund Investment Pool	\$ <u>130,945</u>	\$ <u>15,774</u>	\$ <u>146,719</u>	\$ <u>145,726</u>
Total assets	\$ <u>130,945</u>	\$ <u>15,774</u>	\$ <u>146,719</u>	\$ <u>145,726</u>
LIABILITIES				
Accounts payable	\$ 28,012	\$ -	\$ 28,012	\$ 24,948
Accrued payroll and related benefits payable	80,319	-	80,319	74,604
Due to State general fund	<u>22,614</u>	<u>-</u>	<u>22,614</u>	<u>30,400</u>
Total liabilities	<u>130,945</u>	<u>-</u>	<u>130,945</u>	<u>129,952</u>
FUND BALANCES				
Assigned	<u>-</u>	<u>15,774</u>	<u>15,774</u>	<u>15,774</u>
Total fund balances	<u>-</u>	<u>15,774</u>	<u>15,774</u>	<u>15,774</u>
Total liabilities and fund balances	\$ <u>130,945</u>	\$ <u>15,774</u>	\$ <u>146,719</u>	\$ <u>145,726</u>
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION				
Total fund balances			\$ 15,774	\$ 15,774
Amounts reported for governmental activities in the statement of net position are different because				
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds			160,099	145,734
Accrued compensated absences are not due and payable in the current period and therefore not reported in the funds			(91,454)	(91,860)
Total net position (Statement of net position)			\$ <u>84,419</u>	\$ <u>69,648</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	SWBPI Grant Fund	Governmental Funds Total
ASSETS			
Investment in State Treasurer's Office General Fund			
Investment Pool	\$ <u>129,952</u>	\$ <u>15,774</u>	\$ <u>145,726</u>
Total assets	\$ <u>129,952</u>	\$ <u>15,774</u>	\$ <u>145,726</u>
LIABILITIES			
Accounts payable	\$ 24,948	\$ -	\$ 24,948
Accrued payroll and related benefits payable	74,604	-	74,604
Due to State general fund	<u>30,400</u>	<u>-</u>	<u>30,400</u>
Total liabilities	<u>129,952</u>	<u>-</u>	<u>129,952</u>
FUND BALANCES			
Assigned	<u>-</u>	<u>15,774</u>	<u>15,774</u>
Total fund balances	<u>-</u>	<u>15,774</u>	<u>15,774</u>
Total liabilities and fund balances	\$ <u>129,952</u>	\$ <u>15,774</u>	\$ <u>145,726</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017 WITH
COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2016

	General Fund	SWBPI Grant Fund	<u>Governmental Funds</u>	
			<u>Total 2017</u>	<u>Total 2016</u>
EXPENDITURES				
General government				
Current operations				
Personnel services and employee benefits	\$ 2,178,790	\$ -	\$ 2,178,790	\$ 2,251,939
Contractual services	13,530	-	13,530	13,383
Operating expenses	140,072	-	140,072	205,008
Capital outlay	<u>55,194</u>	<u>-</u>	<u>55,194</u>	<u>5,670</u>
Total expenditures	<u>2,387,586</u>	<u>-</u>	<u>2,387,586</u>	<u>2,476,000</u>
Deficiency of revenues over expenditures	<u>(2,387,586)</u>	<u>-</u>	<u>(2,387,586)</u>	<u>(2,476,000)</u>
OTHER FINANCING SOURCES (USES)				
Transfers				
State general fund appropriation	2,410,200	-	2,410,200	2,506,400
Reversion to State general fund – fiscal years 2017 and 2016	<u>(22,614)</u>	<u>-</u>	<u>(22,614)</u>	<u>(30,400)</u>
Total other financing sources (uses)	<u>2,387,586</u>	<u>-</u>	<u>2,387,586</u>	<u>2,476,000</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	<u>-</u>	<u>15,774</u>	<u>15,744</u>	<u>15,744</u>
Fund balances, end of year	\$ <u>-</u>	\$ <u>15,774</u>	\$ <u>15,774</u>	\$ <u>15,774</u>
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES				
Net change in fund balances			\$ -	\$ -
Amounts reported for governmental activities in the statement of activities are different because				
Governmental funds do not report depreciation expense which is recorded in the statement of activities			(40,829)	(43,421)
Governmental funds report capital outlays as expenditures, while in the statement of activities the cost of these assets is capitalized			55,194	5,670
In the statements of activities, cost of assets transferred are included			-	(5,670)
Governmental funds do not report the net change in accrued compensated absences			<u>406</u>	<u>(7,543)</u>
Increase (decrease) in net position (Statement of activities)			\$ <u>14,771</u>	\$ <u>(50,964)</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	General Fund	SWBPI Grant Fund	Governmental Funds Total
EXPENDITURES			
General government			
Current operations			
Personnel services and employee benefits	\$ 2,251,939	\$ -	\$ 2,251,939
Contractual services	13,383	-	13,383
Operating expenses	205,008	-	205,008
Capital outlay	<u>5,670</u>	<u>-</u>	<u>5,670</u>
Total expenditures	<u>2,476,000</u>	<u>-</u>	<u>2,476,000</u>
Deficiency of revenues over expenditures	<u>(2,476,000)</u>	<u>-</u>	<u>(2,476,000)</u>
OTHER FINANCING SOURCES (USES)			
Transfers			
State general fund appropriation	2,506,400	-	2,506,400
Reversion to State general fund – fiscal year 2016	<u>(30,400)</u>	<u>-</u>	<u>(30,400)</u>
Total other financing sources (uses)	<u>2,476,000</u>	<u>-</u>	<u>2,476,000</u>
Net change in fund balances	-	-	-
Fund balances, beginning of year	<u>-</u>	<u>15,774</u>	<u>15,744</u>
Fund balances, end of year	\$ <u><u>-</u></u>	\$ <u><u>15,774</u></u>	\$ <u><u>15,774</u></u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
BUDGETARY COMPARISON SCHEDULE
BUDGET TO ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES				
General government				
Current operations				
Personnel services and employee benefits	\$ 2,316,600	\$ 2,194,100	\$ 2,178,790	\$ 15,310
Contractual services	12,900	13,700	13,530	170
Operating expenses and capital outlay	<u>155,200</u>	<u>202,400</u>	<u>195,266</u>	<u>7,134</u>
Total expenditures	<u>2,484,700</u>	<u>2,410,200</u>	<u>2,387,586</u>	<u>22,614</u>
Deficiency of revenues over expenditures	<u>(2,484,700)</u>	<u>(2,410,200)</u>	<u>(2,387,586)</u>	<u>22,614</u>
OTHER FINANCING SOURCES (USES)				
Transfers				
State general fund appropriation	2,484,700	2,410,200	2,410,200	-
Reversion to State general fund – fiscal year 2017	<u>-</u>	<u>-</u>	<u>(22,614)</u>	<u>(22,614)</u>
Net other financing sources	<u>2,484,700</u>	<u>2,410,200</u>	<u>2,387,586</u>	<u>(22,614)</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
BUDGETARY COMPARISON SCHEDULE
BUDGET TO ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (<u>Unfavorable</u>)
EXPENDITURES				
General government				
Current operations				
Personnel services and employee benefits	\$ 2,360,300	\$ 2,269,600	\$ 2,251,939	\$ 17,661
Contractual services	13,500	14,100	13,383	717
Operating expenses and capital outlay	<u>147,700</u>	<u>222,700</u>	<u>210,678</u>	<u>12,022</u>
Total expenditures	<u>2,521,500</u>	<u>2,506,400</u>	<u>2,476,000</u>	<u>30,400</u>
Deficiency of revenues over expenditures	<u>(2,521,500)</u>	<u>(2,506,400)</u>	<u>(2,476,000)</u>	<u>30,400</u>
OTHER FINANCING SOURCES (USES)				
Transfers				
State general fund appropriation	2,521,500	2,506,400	2,506,400	-
Reversion to State general fund – fiscal year 2016	<u>-</u>	<u>-</u>	<u>(30,400)</u>	<u>(30,400)</u>
Net other financing sources	<u>2,521,500</u>	<u>2,506,400</u>	<u>2,476,000</u>	<u>(30,400)</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
 SEVENTH JUDICIAL DISTRICT ATTORNEY
 BUDGETARY COMPARISON SCHEDULE
 BUDGET TO ACTUAL – SPECIAL REVENUE FUND
 SOUTHWEST BORDER PROSECUTION INITIATIVE GRANT FUND
 YEAR ENDED JUNE 30, 2017

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (<u>Unfavorable</u>)
REVENUES				
Southwest Border Patrol Initiative grant	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
Total revenues	_____ -	_____ -	_____ -	_____ -
EXPENDITURES				
Current operations				
General government	_____ -	15,774	_____ -	15,774
Total expenditures	_____ -	15,774	_____ -	15,774
Deficiency of revenues over expenditures	\$ _____ -	\$ (15,774)	\$ _____ -	\$ 15,774
Prior year fund balance	\$ 15,774			

See accompanying notes to financial statements.

STATE OF NEW MEXICO
 SEVENTH JUDICIAL DISTRICT ATTORNEY
 BUDGETARY COMPARISON SCHEDULE
 BUDGET TO ACTUAL – SPECIAL REVENUE FUND
 SOUTHWEST BORDER PROSECUTION INITIATIVE GRANT FUND
 YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
Southwest Border Patrol Initiative grant	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
Total revenues	_____ -	_____ -	_____ -	_____ -
EXPENDITURES				
Current operations				
General government	_____ -	_ 15,774	_____ -	_ 15,774
Total expenditures	_____ -	_ 15,774	_____ -	_ 15,774
Deficiency of revenues over expenditures	\$ _____ -	\$ (_ 15,774)	\$ _____ -	\$ _ 15,774
Prior year fund balance	\$ <u> 15,774</u>			

See accompanying notes to financial statements.

STATE OF NEW MEXICO
 SEVENTH JUDICIAL DISTRICT ATTORNEY
 STATEMENTS OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 JUNE 30, 2017 AND 2016

	<u>Agency Funds</u>	
	<u>2017</u>	<u>2016</u>
ASSETS		
Cash	\$ 1,599	\$ 1,574
Due from participants	<u>14,595</u>	<u>15,650</u>
Total assets	\$ <u>16,194</u>	\$ <u>17,224</u>
LIABILITIES		
Due to Administrative Office of the District Attorney	\$ 14,595	\$ 15,650
Held for participants	<u>1,599</u>	<u>1,574</u>
Total liabilities	\$ <u>16,194</u>	\$ <u>17,224</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

1. NATURE OF OPERATIONS AND REPORTING ENTITY

The Seventh Judicial District Attorney (“District Attorney”) is an elective office established by the Constitution of the State of New Mexico, Article VI, Section 24. The District Attorney is elected to a four year term. Functions of the District Attorney are defined in Section 36-1-1 through 36-1-26, NMSA 1978. The Seventh Judicial District serves the New Mexico counties of Socorro, Torrance, Catron, and Sierra and has full time offices in Socorro, Truth or Consequences and Estancia. Financing of the District Attorney is by State of New Mexico appropriation.

It is the duty of the District Attorney to (a) prosecute and defend the state, in all courts of record of the counties of their district, all cases, criminal and civil, in which the state or any county in their district may be a party or may be interested; (b) represent the county before the board of county commissioners of any county in their district in all matters before the board whenever requested to do so by the board, and the District Attorney may appear before the board when sitting as a board of equalization (county valuation protests board) without request; (c) advise all county and state officers whenever requested; and (d) represent any county in their district in all civil cases in which the county may be concerned in the supreme court or court of appeals, but not in suits brought in the name of the state.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accordance with accounting principles generally accepted in the United States of America (“GAAP”). 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, or whether the activity is conducted within the geographic boundaries of the government and is generally available to 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. Based upon the application of these criteria, there are no component units included in the reporting entity.

The District Attorney is legally separate and fiscally independent of other state agencies, has decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

The District Attorney is an agency of the State of New Mexico and is included in the State of New Mexico Comprehensive Annual Financial Report. These financial statements present the financial position and results of operations of only those funds over which the District Attorney has oversight responsibility.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the District Attorney have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"). The GASB is responsible for establishing GAAP for state and local governments through its pronouncements.

These statements include:

- Presentation of a management discussion and analysis ("MD&A") which provides an analysis of the District Attorney's overall financial position and results of operations.
- Presentation of financial statements prepared using full accrual accounting for all of the District Attorney's activities including reporting capital assets and related depreciation.

Other significant accounting policies of the District Attorney are discussed below.

A. Government-Wide and Fund Financial Statements

The District Attorney's basic financial statements include both government-wide and fund financial statements. The government-wide statements (the statements of net position and the statements of activities) report information on the District Attorney as a whole. The separate fund financial statements provide reports on the financial condition and results of operations for major individual funds. The District Attorney's activities are all governmental activities, which include the classification of activities as a judicial government.

The government-wide focus is on the sustainability of the District Attorney as an entity and the changes in the District Attorney's net position resulting from current year's activities. The statements of net position incorporate long-term assets and receivables and deferred outflows of resources as well as long-term debt and obligations and deferred inflows of resources. The District Attorney's net position is reported in three parts - invested in capital assets net of related debt and deferred inflows of resources, if any, restricted net position (none at June 30, 2017 or 2016), and unrestricted net position.

The government-wide statements of activities demonstrate the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with specific functions. The statements of activities report the gross and net cost of the District Attorney's judicial government program. The judicial government function is primarily supported by a general revenue source - the annual State of New Mexico appropriation.

The governmental fund statements are presented on a current financial resource measurement focus and the modified accrual basis of accounting. This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the District Attorney's actual experience conforms to the budget plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, reconciliations which briefly explain the differences between the governmental fund financial statements and the government-wide financial statements are presented for each statement.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Government-Wide and Fund Financial Statements (continued)

The District Attorney's fiduciary funds (agency funds) are presented in the fund financial statements. Since by definition these assets are being held for the benefit of third parties and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

B. Fund Accounting

The District Attorney uses funds to report on its financial position and results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets and deferred outflows of resources, liabilities and deferred inflows of resources, fund balances, revenues and expenditures and other financing sources or uses. The District Attorney's resources are allocated to and accounted for in individual funds based upon the purpose for which spending activities are controlled. The various funds are grouped in the financial statements into fund types and categories as follows

Governmental Funds

General Fund (16100) - This fund is the operating fund of the District Attorney. 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.

SWBPI Grant Fund (94000) - This special revenue fund accounts for prior year grant funds provided by the Southwest Border Prosecution Initiative to support the prosecution and detention of federally referred cases. Remaining funds under the program may be used for any lawful purpose, and are available for general expenditure. Any unexpended balances remaining at the end of the fiscal year do not revert, but remain for expenditure in future fiscal years, and this is the criteria for establishing this special revenue fund.

The District Attorney has elected to consider this special revenue fund as a major fund regardless of size.

Fiduciary Funds (Agency Funds) (96790)

Agency Funds are used to account for assets held by the District Attorney in a temporary fiduciary relationship involving only custodial or modest management responsibilities. Agency funds are not "operating" funds but are purely custodial and thus do not involve a measurement of results of operations. At June 30, 2017 and 2016, the District Attorney had two such funds:

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (continued)

Worthless Check Fund - This fund is used to account for fees charged for monies collected from individuals issuing checks which are not redeemable by the bank, for either insufficient funds or other reasons. The fund is an administratively established fund, as authorized by Article 30-36-10, NMSA 1978.

Pre-Prosecution Diversion Program -This fund is used to account for fees charged to participants in the pre-prosecution diversion program of the District Attorney. The fund is an administratively established fund, as authorized by Article 31-16A-1 to 31-16A-8, NMSA 1978. This fund includes the Drug Testing Program, which was established to account for fees collected from participants to defray the costs of testing for controlled substances. The fund is an administratively established fund as authorized by Article 30-31-1, NMSA 1978.

C. Basis of Accounting

The government-wide and fiduciary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flow.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenue is considered available if it is collected within 60 days of the current fiscal year end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting include recording employees' annual leave when paid.

D. Budgets and Budgetary Accounting

The New Mexico State Legislature makes annual appropriations to the District Attorney. Legal compliance is monitored through the establishment of a budget and a financial control system, which permits a budget to actual expenditure comparison. Appropriations lapse at the end of the fiscal year. The District Attorney's general fund is a reverting fund.

The District Attorney submits to the New Mexico Department of Finance and Administration ("DFA") an appropriation request and operating budget in accordance with New Mexico state law. Budget adjustments are also submitted to DFA. The budget and all budget adjustments made during the year have been approved by DFA. Expenditures may not legally exceed the budget at the appropriation program level. The District Attorney may request category transfers among personal services and employee benefits, contractual services, operating expense and capital outlay. The budgets as presented in the financial statements are both the original appropriation and the final authorized amounts as legally revised during the year.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and Budgetary Accounting (Continued)

The budgets for the general fund and special revenue funds are presented on the modified accrual basis of accounting except for accounts payable at the end of the fiscal year that do not get paid on a timely basis and must be paid out of the next year's budget. Encumbrances related to single year appropriations lapse at year end. Encumbrances representing goods and services received by year end are reported as accounts payable. Remaining encumbrances, if any, are reclassified as unreserved fund balance and a liability recorded to recognize any amount subject to reversion.

E. Capital Assets

Capital assets, which include furniture, equipment and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District Attorney as assets which have a cost of \$5,000 or more at date of acquisition. The District Attorney has no capitalized computer software costs. Donated capital assets are recorded at the fair market values as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives with no salvage value. The District Attorney estimates the useful lives of capital assets as follows:

Furniture and Equipment	10 years
Computer equipment and software	5 years
Vehicles	5 years

F. Compensated Absences

Qualified employees are entitled to accumulate annual leave which is payable to the employee upon termination or retirement. Employees earn annual leave as follows:

<u>Years Of Service</u>	<u>Hours Earned Per Month</u>
To 4 years	10
Over 4 to 8 Years	11
Over 8 to 12 Years	12
Over 12 to 14 Years	13
Over 16 years	14

The maximum accrual of annual leave is 240 hours. The maximum accrued annual leave may be carried forward into the beginning of the next calendar year and any excess is lost. At June 30, 2017 and 2016, accrued annual leave totaled \$90,306 and \$90,583, respectively.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Compensated Absences (Continued)

Qualified employees are entitled to accumulate sick leave. Existing legislation provides for the payment to employees for accumulated sick leave under certain conditions. Employees who have over 600 hours of accumulated sick leave can receive payment for the hours over 600 on July 1 and January 1 of each year. This sick leave is paid at fifty percent of the employee's regular hourly wage. At retirement, employees can receive fifty percent payment for up to 240 hours for the hours over 600 hours of accumulated sick leave. Employees who terminate receive no payment for accumulated sick leave. Therefore, sick leave which has been accrued represents the hours earned at June 30, 2017 and 2016 over 600 hours. The District Attorney had two employees with accumulated sick leave in excess of 600 hours at June 30, 2017 and 2016, which amounted to \$1,148 and \$1,277, respectively.

G. Pensions

As further described in Note 7, the District Attorney participates in a public employee retirement system administered by the Public Employees Retirement Association ("PERA"). GASB addresses accounting and financial reporting for pensions that are provided to employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements that meet the characteristics defined in standards. The standards generally requires employers to recognize a liability for their proportionate share of net pension liability and to recognize as pension expense and to report deferred outflows of resources and deferred inflows of resources related to pensions for their proportionate share of PERA's pension expense and collective deferred outflows of resources and deferred inflows of resources. However, certain agencies that are part of the State of New Mexico primary reporting entity whose activities are solely accounted for using the governmental fund category of funds, including the District Attorney, are not required to report a fund proportionate share of the collective net pension liability or other pension-related measures described above.

H. Risk Management

The District Attorney is exposed to various risks of loss related to damage to and destruction of property, errors and omissions injuries to employees, and natural disasters. The District Attorney participates in the State of New Mexico risk management program, which provides liability and property, vehicle, and workers compensation insurance.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Fund Balances/Net Position

The District Attorney reports fund balances in the following categories:

- Nonspendable - amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.
- Restricted - amounts that are restricted to specific purposes either externally imposed by creditors, grantors, or laws or regulations or imposed by law through constitutional provisions or enabling legislation.
- Committed - amounts that can only be used for specific purposes pursuant to formal action of the District Attorney.
- Assigned - amounts that the District Attorney intends to be used for specific purposes, but are neither restricted nor committed.
- Unassigned - remaining fund balances not restricted, committed, or assigned.

Net position represents the excess of assets over liabilities of the District Attorney at June 30, 2017 and 2016. Net position consists of the District Attorney's compensated absences payable and unrevolving monies in the SWBPI grant fund. It is expected that the compensated absences payable will be financed by future state appropriations.

The District Attorney records restricted net assets when there are legal limitations imposed on their use by law. If restricted and unrestricted assets are available for the same purpose, then restricted net assets will be used before unrestricted net assets. If committed, assigned, and unassigned amounts are available for the same purpose, then committed amounts will be used first, followed by assigned amounts, then unassigned amounts.

J. Use of Estimates

The preparation of the District Attorney's financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and of revenues and expenditures during the reporting period and, when applicable, disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

K. New Accounting Standard

In June, 2015, the Government Accounting Standards Board issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, ("GASB 75") which addresses accounting and financial reporting for postemployment benefits other than pensions ("OPEB") that are provided to the employees of state and local governmental employers. The new standard will be effective for periods beginning after June 15, 2017. The new standard will change accounting and financial reporting, including disclosures, for the District Attorney's participation in the New Mexico Retiree Health Care Fund ("RHCA"), a cost sharing multiple-employer defined benefit postemployment healthcare plan.

While the District Attorney has not yet determined the impact of this standard on its financial statements and disclosures, the District Attorney expects the effect of adopting the standard will be material.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

3. CASH AND INVESTMENT IN STATE TREASURER'S OFFICE GENERAL FUND INVESTMENT POOL

For cash management and investment purposes, funds of various state agencies, including the District Attorney, are deposited in the General Fund Investment Pool ("the Pool"), which is managed by the Office of the New Mexico State Treasurer. Claims on the Pool are reported as assets by agencies investing in the Pool.

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

At June 30, 2017 and 2016, the District Attorney had balances of \$146,719 and \$145,726, respectively invested in the General Fund Investment Pool.

Interest Rate Risk - The New Mexico State Treasurer's Office has an investment policy that limits investment maturities to five years or less on allowable investments. This policy is the means of managing exposure to fair value losses arising from increasing interest rates. The investment activity of the State Treasurer's Office is reported to the State Board of Finance monthly.

Credit Risk - The New Mexico State Treasurer's Office General Fund Investment Pool is not rated.

For additional disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2017.

Cash reflected in agency funds is held by a private financial institution. At June 30, 2017 and 2016, the carrying amount of the District Attorney accounts is \$1,599 and \$1,574, respectively, and the deposit amount is \$1,774 and \$1,799, respectively.

Custodial credit risk is the risk that in the event of bank failure the District Attorney's deposits may not be returned. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized by securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agency but not in the District Attorney's name. At June 30, 2017, cash is fully insured by the Federal Deposit Insurance Corporation and the District Attorney has no custodial credit risk.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

4. CAPITAL ASSETS

The following is a summary of changes in the capital assets for the year ended June 30, 2017:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
Operating assets				
Vehicles	\$ 457,523	\$ 44,194	\$ -	\$ 501,717
Furniture and equipment	<u>67,471</u>	<u>11,000</u>	<u>17,121</u>	<u>61,350</u>
Total capital assets	<u>524,994</u>	<u>55,194</u>	<u>17,121</u>	<u>563,067</u>
Less accumulated depreciation				
Vehicles	311,789	40,733	-	352,522
Furniture and equipment	<u>67,471</u>	<u>96</u>	<u>17,121</u>	<u>50,446</u>
	<u>379,260</u>	<u>40,829</u>	<u>17,121</u>	<u>402,968</u>
Net capital assets	\$ <u>145,734</u>	\$ <u>14,365</u>	\$ <u>-</u>	\$ <u>160,099</u>

At June 30, 2017, the District Attorney has no idle assets.

The following is a summary of changes in the capital assets for the year ended June 30, 2016:

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
Operating assets				
Vehicles	\$ 457,523	\$ -	\$ -	\$ 457,523
Furniture and equipment	<u>67,471</u>	<u>5,670</u>	<u>5,670</u>	<u>67,471</u>
Total capital assets	<u>524,994</u>	<u>5,670</u>	<u>5,670</u>	<u>524,994</u>
Less accumulated depreciation				
Vehicles	268,368	43,421	-	311,789
Furniture and equipment	<u>67,471</u>	<u>-</u>	<u>-</u>	<u>67,471</u>
	<u>335,839</u>	<u>43,421</u>	<u>-</u>	<u>379,260</u>
Net capital assets	\$ <u>189,155</u>	\$ (<u>37,751</u>)	\$ <u>5,670</u>	\$ <u>145,734</u>

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

5. TRANSFERS

The District Attorney (DFA agency 25700, fund 16100) received the fiscal year 2017 annual appropriation in the amount of \$2,410,200 and the fiscal year 2016 annual appropriation in the amount of \$2,506,400.

At June 30, 2017 and 2016, appropriation amounts not paid or represented by valid accounts payable or accrued payroll and related benefits payable revert to the New Mexico State general fund. Reported reversions for the years ended June 30, 2017 and 2016 amounted to \$22,614 and \$30,400, respectively. The total amount due to the State general fund (DFA agency 34101, fund 85300) is \$22,614 and \$30,400, respectively, at June 30, 2017 and 2016.

During the year ended June 30, 2016, the District Attorney acquired network security hardware totaling \$5,670 for the Administrative Office of District Attorneys (DFA agency 26400, fund 16800) for the benefit of all District Attorneys in the State of New Mexico. The expenditure is recorded as \$5,670 in capital outlay in the statement of revenues, expenditures, and changes in fund balances and a transfer out in the statement of activities.

6. ACCRUED COMPENSATED ABSENCES

The following is a summary of changes in accrued compensated absences for the fiscal year ended June 30, 2017 which will be liquidated in the general fund:

	Balance June 30, <u>2016</u>	<u>Increase</u>	<u>Decrease</u>	Balance June 30, <u>2017</u>	Due within <u>one year</u>
Compensated absences	\$ <u>91,860</u>	\$ <u>86,828</u>	\$ <u>87,234</u>	\$ <u>91,454</u>	\$ <u>74,633</u>

The following is a summary of changes in accrued compensated absences for the fiscal year ended June 30, 2016 which will be liquidated in the general fund:

	Balance June 30, <u>2015</u>	<u>Increase</u>	<u>Decrease</u>	Balance June 30, <u>2016</u>	Due within <u>one year</u>
Compensated absences	\$ <u>84,317</u>	\$ <u>83,966</u>	\$ <u>76,423</u>	\$ <u>91,860</u>	\$ <u>75,246</u>

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

7. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

General Information about the Pension Plan

The District Attorney, as a 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”). Certain pension plan disclosure requirements for governmental funds apply to the primary government as a whole, and as such, this information is presented in the State of New Mexico Component Appropriation Funds Annual Financial Report (“General Fund”) and the Comprehensive Annual Financial Report (“CAFR”) of the State of New Mexico.

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

Plan Description

All of the District Attorney’s full-time employees participate in the Public Employees Retirement Fund (“plan”), a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). PERA is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative. The plan provides for twenty four different types of coverage including retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. All assets accumulated in the plan may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of the plan. Certain coverage plans are only applicable to a specific division within the plan. Eligibility for membership in the plan is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7 NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions governing the State Police Pension Fund (Section 29-7-1 through Section 29-4-11, NMSA 1978), each employee and elected official of every affiliated public employer is required to be a member in the plan.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <https://www.saonm.org> using the audit search function for agency 366.

Benefits Provided

For a description of the benefits provided and recent changes to the benefits, see note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2016 available at <https://www.pera.state.nm.us>

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

7. PENSION PLAN -PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Contributions

The contribution requirements of plan members and the District Attorney are established under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The contribution requirements may be amended by acts of the legislature of the State of New Mexico. District Attorney plan members are required to contribute 8.92% of their salary. The District Attorney is required to contribute 16.99% of the gross covered salary for each of the years ended June 30, 2017 and 2016, respectively. The PERA coverage option that applies to the District Attorney is "State Plan 3". The District Attorney's contributions to PERA for the years ending June 30, 2017, 2016, 2015, and 2014 were \$255,565, \$ 254,007, \$241,710, and \$227,436, respectively, which equal the amount of the statutorily required contributions for each fiscal year.

8. POST EMPLOYMENT BENEFITS – STATE OF NEW MEXICO RETIREE HEALTH CARE PLAN

Plan Description

The District Attorney contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit 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 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 the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

8. 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 <https://www.nmrhca.state.nm.us>.

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

The Retiree Health Care Act (Section 10-7C-15, NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4, or 5; municipal fire member coverage plan 3, 4, or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during each of the fiscal years ended June 30, 2017 and 2016, the statute requires each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during each of the fiscal years ended June 30, 2017 and 2016, the statute requires 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, the New Mexico State legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District Attorney's contributions to the RHCA for the years ended June 30, 2017, 2016, and 2015 were \$30,085, \$29,900, and \$28,457, respectively, which equal the required contribution for each year.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

9. OPERATING LEASES

The District Attorney leases certain office equipment with required monthly payments ranging from 36 to 60 months. The leases are subject to an annual appropriation clause which commits the District Attorney only for each fiscal year. Expenditures under these leases amounted to \$10,455 and \$12,355 for the years ended June 30, 2017 and 2016, respectively. Minimum lease payments under these operating leases as of June 30, 2017 are as follows:

2018		\$	7,257
2019			1,658
2020			732
2021			732
2022			732
Thereafter			<u>61</u>
		\$	<u>11,172</u>

10. RELATED PARTY TRANSACTIONS

During each of the years ended June 30, 2017 and 2016, the District Attorney transferred \$12,600 to the New Mexico Department of Information Technology (DFA Agency 36100, fund 20370) for services. The amounts are reported in operating expenses in the statements of activities and the statements of revenues, expenditures, and changes in fund balances.

During the years ended June 30, 2017 and 2016, the District Attorney transferred \$21,028 and \$36,397, respectively, to the General Services Department of the State of New Mexico (Agency 35000, fund 17400) primarily for insurance premiums. The amounts are reported in operating expenses in the statements of activities and the statements of revenues, expenditures, and changes in fund balances.

During the year ended June 30, 2016, the District Attorney acquired network security software licenses totaling \$49,729 for the Administrative Office of District Attorneys (DFA Agency 26400, fund 16800) for the benefit of all District Attorneys in the State of New Mexico. The amounts are reported in operating expenses in the statements of activities and the statements of revenues, expenditures, and changes in fund balances.

11. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 18, 2017, the date which the financial statements were available to be issued.

STATE OF NEW MEXICO
 SEVENTH JUDICIAL DISTRICT ATTORNEY
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 JUNE 30, 2017 WITH
 COMPARATIVE 2016 TOTALS

	<u>Worthless Check Fund</u>	<u>Pre- prosecution Diversion Program Fund</u>	<u>Total Agency Funds</u>	
			<u>2017</u>	<u>2016</u>
ASSETS				
Cash	\$ -	\$ 1,599	\$ 1,599	\$ 1,574
Due from participants	<u>-</u>	<u>14,595</u>	<u>14,595</u>	<u>15,650</u>
Total assets	\$ <u><u>-</u></u>	\$ <u><u>16,194</u></u>	\$ <u><u>16,194</u></u>	\$ <u><u>17,224</u></u>
LIABILITIES				
Due to Administrative Office of the District Attorney	\$ -	\$ 14,595	\$ 14,595	\$ 15,650
Held for participants	<u>-</u>	<u>1,599</u>	<u>1,599</u>	<u>1,574</u>
Total liabilities	\$ <u><u>-</u></u>	\$ <u><u>16,194</u></u>	\$ <u><u>16,194</u></u>	\$ <u><u>17,224</u></u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
 SEVENTH JUDICIAL DISTRICT ATTORNEY
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 JUNE 30, 2016

	<u>Worthless Check Fund</u>	<u>Pre- prosecution Diversion Program Fund</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ -	\$ 1,574	\$ 1,574
Due from participants	<u>-</u>	<u>15,650</u>	<u>15,650</u>
Total assets	\$ <u><u>-</u></u>	\$ <u><u>17,224</u></u>	\$ <u><u>17,224</u></u>
LIABILITIES			
Due to Administrative Office of the District Attorney	\$ -	\$ 15,650	\$ 15,650
Held for participants	<u>-</u>	<u>1,574</u>	<u>1,574</u>
Total liabilities	\$ <u><u>-</u></u>	\$ <u><u>17,224</u></u>	\$ <u><u>17,224</u></u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
OF AGENCY FUNDS
YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
WORTHLESS CHECK FUND				
<u>Assets</u>				
Cash	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
<u>Liabilities</u>				
Due to Administrative Office of the District Attorney	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
PRE-PROSECUTION DIVERSION PROGRAM FUND				
<u>Assets</u>				
Cash	\$ 1,574	\$ 500	\$ 475	\$ 1,599
Due from participants	<u>15,650</u>	<u>8,080</u>	<u>9,135</u>	<u>14,595</u>
Total	\$ <u>17,224</u>	\$ <u>8,580</u>	\$ <u>9,610</u>	\$ <u>16,194</u>
<u>Liabilities</u>				
Held for participants	\$ 1,574	\$ 500	\$ 475	\$ 1,599
Due to Administrative Office of the District Attorney	<u>15,650</u>	<u>8,080</u>	<u>9,135</u>	<u>14,595</u>
Total	\$ <u>17,224</u>	\$ <u>8,580</u>	\$ <u>9,610</u>	\$ <u>16,194</u>
TOTAL AGENCY FUNDS				
<u>Assets</u>				
Cash	\$ 1,574	\$ 500	\$ 475	\$ 1,599
Due from participants	<u>15,650</u>	<u>8,080</u>	<u>9,135</u>	<u>14,595</u>
Total	\$ <u>17,224</u>	\$ <u>8,580</u>	\$ <u>9,610</u>	\$ <u>16,194</u>
<u>Liabilities</u>				
Held for participants	\$ 1,574	\$ 500	\$ 475	\$ 1,599
Due to Administrative Office of the District Attorney	<u>15,650</u>	<u>8,080</u>	<u>9,135</u>	<u>14,595</u>
Total	\$ <u>17,224</u>	\$ <u>8,580</u>	\$ <u>9,610</u>	\$ <u>16,194</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
SCHEDULE OF CASH ACCOUNTS
JUNE 30, 2017

	<u>Type of Account</u>	<u>Financial Statement Balance June 30, 2017</u>	<u>Treasurer/ Bank Balance June 30, 2017</u>
<u>First State Bank of Socorro</u>			
Drug Testing Trust Account	Non-interest bearing checking	\$ <u>1,599</u>	\$ <u>1,774</u>
<u>New Mexico State Treasurer</u>			
DA Seventh District	Non-interest bearing checking	\$ 130,945	\$ 129,969
SWBPI	Non-interest bearing checking	<u>15,774</u>	<u>15,774</u>
		\$ <u>146,719</u>	\$ <u>145,743</u>



REPORT OF INDEPENDENT AUDITORS
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*

Clinton H. Wellborn, Seventh Judicial District Attorney
and
Mr. Timothy Keller, State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of the Office of the District Attorney, Seventh Judicial District, State of New Mexico, as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise the Seventh Judicial District Attorney's basic financial statements. We have also audited the combining statement of fiduciary assets and liabilities of the Seventh Judicial District Attorney agency funds as of June 30, 2017. We have issued our report thereon dated October 18, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Seventh Judicial District Attorney's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Mackie, Reid & Company, P.A.
Certified Public Accountants

Albuquerque, New Mexico
October 18, 2017

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2017

Prior Year Finding Reported Not Repeated

There were no prior year findings

Current Year Findings

There were no current year findings

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

An exit conference was held on October 19, 2017 and the contents of this report were discussed. Present at the exit conference were:

Seventh Judicial District Attorney
Clint H. Wellborn, District Attorney
J. B. Mauldin, Fiscal Officer

Mackie, Reid & Company
Jim Van Der Geest, CPA

Financial Statement Preparation

The District Attorney's financial statements were prepared substantially by the independent auditor, Mackie, Reid & Company, PA. However, the financial statements are the responsibility of management.