



State of New Mexico
Office of the District
Attorney
Ninth Judicial
District

Annual Financial Report
For the Year Ended June 30, 2017



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INTRODUCTORY SECTION

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STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District
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June 30, 2017

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STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District
Official Roster
June 30, 2017

Name

Title

Elected Officials

Andrea Reeb

District Attorney

Administration

Brian Stover

Chief Deputy District Attorney

Jake Boazman

Deputy District Attorney

Steve North

District Office Manager

Leah Schoeffel

Chief Financial Officer

Dennis Usery

Information Systems Manager

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor
Andrea Reeb, District Attorney
Office of the District Attorney, Ninth Judicial District
Clovis, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the budgetary comparisons for the general fund and major special revenue fund of the Office of the District Attorney, Ninth Judicial District (the "District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Emphasis of Matter

As discussed in Note 1, the financial statements of the District are intended to present the financial position and the changes in financial position of the governmental activities and each major fund of the State of New Mexico that is attributed to the transactions of the District. They do not purport to, and do not, present fairly, the

financial position of the State of New Mexico as of June 30, 2017, the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Opinions

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

Other Matters

Required Supplementary Information

Management has omitted the 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 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

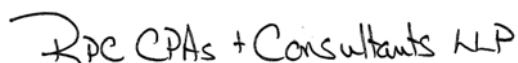
Our audit was conducted for the purpose of forming opinions on the District's financial statements and the budgetary comparisons. Schedule I, required by Section 2.2.2 NMAC, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



RPC CPAs + Consultants, LLP
Albuquerque, New Mexico
October 19, 2017

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**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District
Statement of Net Position
June 30, 2017

Exhibit A-1

	Governmental Activities
Assets	
Current assets:	
Petty cash	\$ 100
Investments in the State Treasurer's General Fund Investment Pool	164,004
Prepaid expenses	160
Total current assets	164,264
Noncurrent assets:	
Capital assets	339,652
Less: accumulated depreciation	(239,170)
Total noncurrent assets	100,482
<i>Total assets</i>	\$ 264,746
Liabilities and net position	
<i>Liabilities</i>	
Current liabilities:	
Accounts payable	\$ 3,485
Accrued expenses	95,482
Current portion of accrued compensated absences	72,983
Total current liabilities	171,950
Noncurrent liabilities:	
Accrued compensated absences	22,989
Total noncurrent liabilities	22,989
<i>Total liabilities</i>	194,939
<i>Net position</i>	
Net investment in capital assets	100,482
Restricted for:	
Special revenue	65,623
Unrestricted	(96,298)
<i>Total net position</i>	69,807
<i>Total liabilities and net position</i>	\$ 264,746

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

STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District
Statement of Activities
For the Year Ended June 30, 2017

Exhibit A-2

	Governmental Activities
<i>Program expenses</i>	
General government	
Administrative services	\$ 2,794,235
Depreciation	30,152
<i>Total program expenses</i>	2,824,387
Net program income	(2,824,387)
<i>General revenues (expenses)</i>	
State General Fund appropriation	2,824,500
Reversion to the State General Fund	(7,131)
<i>Total general revenues (expenses)</i>	2,817,369
Change in net position	(7,018)
Net position - beginning of year	76,825
<i>Net position - end of year</i>	\$ 69,807

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

STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund 16300	Victims Assistance Program 94200	Total
Assets			
Petty cash	\$ 100	\$ -	\$ 100
Investments in the State Treasurer's General Fund Investment Pool	98,381	65,623	164,004
Prepaid expenses	160	-	160
<i>Total assets</i>	\$ 98,641	\$ 65,623	\$ 164,264
Liabilities and fund balances			
<i>Liabilities</i>			
Accounts payable	\$ 3,485	\$ -	\$ 3,485
Accrued expenses	95,482	-	95,482
<i>Total liabilities</i>	98,967	-	98,967
<i>Fund balances</i>			
Nonspendable:			
Prepaid expenses	160	-	160
Spendable:			
Restricted	-	65,623	65,623
Unassigned	(486)	-	(486)
<i>Total fund balances</i>	(326)	65,623	65,297
<i>Total liabilities and fund balances</i>	\$ 98,641	\$ 65,623	\$ 164,264

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

STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District
Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position
June 30, 2017

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

Fund balances - total governmental funds	\$ 65,297
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	100,482
Certain liabilities, including current and long-term portions of accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued compensated absences not due and payable at year end	<u>(95,972)</u>
<i>Total net position of governmental activities</i>	<u><u>\$ 69,807</u></u>

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

STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District
Statement of Revenues, Expenditures, and Change in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	General Fund 16300	Victims Assistance Program 94200	Total
<i>Revenues</i>			
Miscellaneous	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-
<i>Expenditures</i>			
Current:			
Administrative services:			
Personnel services and employee benefits	2,633,231	-	2,633,231
Contractual services	26,708	-	26,708
Other	147,645	8,295	155,940
Capital outlay	9,785	-	9,785
<i>Total expenditures</i>	2,817,369	8,295	2,825,664
Excess (deficiency) of revenues over expenditures	(2,817,369)	(8,295)	(2,825,664)
<i>Other financing sources (uses)</i>			
State General Fund appropriation	2,824,500	-	2,824,500
Reversion to the State General Fund	(7,131)	-	(7,131)
<i>Total other financing sources (uses)</i>	2,817,369	-	2,817,369
Net change in fund balances	-	(8,295)	(8,295)
Fund balances - beginning of year	(326)	73,918	73,592
<i>Fund balances - end of year</i>	\$ (326)	\$ 65,623	\$ 65,297

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

STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District

Reconciliation of the Statement of Revenues, Expenditures, and Change
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2017

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

Net change in fund balances - total governmental funds	\$ (8,295)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlay	9,785
Depreciation expense	(30,152)
Expenditures 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:	
Decrease in accrued compensated absences	<u>21,644</u>
<i>Change in net position of governmental activities</i>	<u><u>\$ (7,018)</u></u>

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

STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District
Statement of Revenues, Expenditures, and Change in Fund Balance
Budget (GAAP Budgetary Basis) and Actual
General Fund
For the Year Ended June 30, 2017

Exhibit C-1

	Budgeted Amounts		Actual	Variations
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Miscellaneous income	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
<i>Expenditures</i>				
Current:				
Administrative services:				
Personnel services	2,724,100	2,636,700	2,633,231	3,469
Contractual services	32,500	27,500	26,708	792
Other	155,300	150,515	147,645	2,870
Capital outlay	-	9,785	9,785	-
<i>Total expenditures</i>	2,911,900	2,824,500	2,817,369	7,131
Excess (deficiency) of revenues over expenditures	(2,911,900)	(2,824,500)	(2,817,369)	7,131
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
State General Fund appropriation	2,911,900	2,824,500	2,824,500	-
Reversion to the State General Fund	-	-	(7,131)	(7,131)
<i>Total other financing sources (uses)</i>	2,911,900	2,824,500	2,817,369	(7,131)
Net change in fund balance	-	-	-	-
Fund balances - beginning of year	-	-	(326)	(326)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (326)	\$ (326)

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

STATE OF NEW MEXICO

Exhibit C-2

Office of the District Attorney

Ninth Judicial District

Statement of Revenues, Expenditures, and Change in Fund Balance

Budget (GAAP Budgetary Basis) and Actual

Victims Assistance Program Special Revenue Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Miscellaneous income	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Administrative services:				
Personnel services and employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	73,917	73,917	8,295	65,622
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total expenditures</i>	<u>73,917</u>	<u>73,917</u>	<u>8,295</u>	<u>65,622</u>
Excess (deficiency) of revenues over expenditures	<u>(73,917)</u>	<u>(73,917)</u>	<u>(8,295)</u>	<u>65,622</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	73,917	73,917	-	(73,917)
State General Fund appropriation	-	-	-	-
Reversion to the State General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total other financing sources (uses)</i>	<u>73,917</u>	<u>73,917</u>	<u>-</u>	<u>(73,917)</u>
Net change in fund balance	-	-	(8,295)	(8,295)
Fund balances - beginning of year	<u>-</u>	<u>-</u>	<u>73,918</u>	<u>73,918</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,623</u>	<u>\$ 65,623</u>

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

STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies

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

It is the duty of the District Attorney to prosecute and defend the state, in all courts of record, in all cases criminal and civil, in which the state or any county in the district may be a party. The District Attorney must represent any county in the district, at the request of the Board of County Commissioners. The District Attorney may also appear before the Board, without being requested to do so, when the Board is sitting as a Board of Equalization. The District Attorney must advise all county and state officers, whenever requested. The District Attorney is required to represent any county in the district before the Supreme Court or the Court of Appeals in all civil cases in which the county may be concerned, but not in suits brought in the name of the state. The District will be included in the State of New Mexico Comprehensive Annual Financial Report (CAFR).

Section 36-1A-1 through Section 36-1A-15 cited as the “DA Personnel and Compensation Act” established for all Districts is a uniform equitable and binding system of personnel administration.

The District 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 is not included in any other governmental “reporting entity” as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*. Included within the reporting entity is the District as described above. Other Executive Branch entities of government are excluded because they are established separately by statutes.

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

During the year ended June 30, 2017, the District adopted GASB Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 (partial)*, No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, No. 77, *Tax Abatement Disclosures*, No. 78 *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, and No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, and No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73*. These five Statements are required to be implemented as of June 30, 2017, if applicable.

GASB Statement No. 73 establishes accounting and financial reporting standards for defined benefit pensions and defined contribution pensions that are not provided to employees of state and local government employers and are not within the scope of Statement 68. A portion of this pronouncement was effective and was implemented for the June 30, 2016 year end, and a portion is effective for June 30, 2017 year end. Effective for June 30, 2017 are the provisions of the statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68. This does not have a material effect on the financial statements of the District, as its pension plan is within the scope of Statement 68.

STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

The objective of GASB Statement No. 74 is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement does not affect the District's financial statements directly; however, the effects on the District's OPEB plan, administered through the New Mexico Retiree Health Care Authority, will be seen in future periods.

GASB Statement No. 77 is intended to improve the usefulness of financial statements prepared by state and local governments – which are intended, among other things, to assist users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources came from and how it uses them, and (4) a government's financial position and economic condition and how they have changed after time – by including information about certain limitations on a government's ability to raise resources. This includes limitations on revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens – such as the encouragement of economic development. For financial reporting purposes, this Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens.

These tax abatements may affect the financial position of the government and its results of operations, including its ability to raise resources in the future. Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments that reduce the reporting government's tax revenues.

This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients;
- The gross dollar amount of taxes abated during the period;
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

For tax abatement agreements entered into by other governments, the following should be disclosed:

- The names of the governments that entered into the agreements;
- The specific taxes being abated; and
- The gross dollar amount of taxes abated during the period.

For the year ended June 30, 2017, GASB Statement No. 77 did not affect the District.

STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

The objective of GASB Statement No. 78 is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement amends the scope and applicability of Statement 68 to exclude certain pensions provided to employees of state or local governmental employers. The District's pension plan does not meet the criteria for exclusion.

The objective of GASB Statement No. 80 is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

A. Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61, and GASB Statement No. 80. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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

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

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

STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

Based upon the application of these criteria, the District has no component units, and is not a component unit of another governmental District.

Based upon the application of these criteria, the District has no component units required to be reported under GASB Statements No. 14, No. 39, No. 61, or No. 80.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities (also known as proprietary or enterprise funds)*, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

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

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

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

All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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

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

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

The District reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The general fund operates under the Statewide Human resources, Accounting, and management REporting system (SHARE) number #16300 and is classified under district regular. These funds are reverting.

The *Victims Assistance Program Special Revenue Fund* was created to account for proceeds from the federal VOCA grant #2-VA-GX-0035 and a Southwest Border grant to provide assistance to victims of crime. The source of these funds is federal, and the funds are non-reverting. The Victims Assistance Program fund operates under the SHARE number #94200.

STATE OF NEW MEXICO
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Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

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

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

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

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

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

Capital assets: Capital assets, which include property, plant, and equipment, are defined by the District as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Information technology equipment including software is being capitalized and included in furniture, fixtures, and equipment in accordance with NMAC 2.20.1.9C(5). Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Machinery and equipment	3-12
Furniture and fixtures	3-12
Vehicles	5

Accrued expenses: Accrued expenses are comprised of accrued payroll and payroll expenditures based on amounts earned by the employees through June 30, 2017, along with the applicable Public Employees Retirement Association (PERA) and other pension costs.

STATE OF NEW MEXICO
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NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position or Fund Balance (continued)

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

Qualified employees are entitled to accumulate annual and sick leave according to a graduated leave schedule depending on the length of service. No more than thirty (30) working days, or two hundred forty (240) hours of annual leave, may be carried forward from one year to the next. All excess annual leave shall be forfeited if not used. Employees who have over 600 hours of accumulated sick leave can receive payment for the hours over 600 up to 120 hours on July 1st and January 1st of each year. However, those hours will be paid out at fifty percent of the employee's regular hourly wage.

There is no limit to the amount of sick leave that an employee may accumulate. Compensatory time is paid out as it is incurred.

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

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

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

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

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

STATE OF NEW MEXICO
Office of the District Attorney
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NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position or Fund Balance (continued)

Net position or fund balance classification policies and procedures:

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

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

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

Restricted Fund Balance: At June 30, 2017, the restricted fund balance on the governmental funds balance sheet is made up of \$65,623 for the restricted purpose as defined by each fund.

Non-spendable Fund Balance: The non-spendable fund balance classification includes amounts that cannot be spent because they are not either spendable form or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, inventories and prepaid amounts. At June 30, 2017, the non-spendable amount is \$160.

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

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

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

STATE OF NEW MEXICO
Office of the District Attorney
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Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

E. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in the District's financial statements include the depreciation on capital assets and the current portion of compensated absences.

NOTE 2. Stewardship, Compliance, and Accountability

Budgetary Information

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

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

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

- a. No later than September 1st, the District submits to the Judiciary Budget Office (JBO), Legislative Finance Committee (LFC), and DFA an appropriation request for the fiscal year commencing the following July. The appropriation includes proposed expenditures and the means of financing them.
- b. Appropriation request hearings are scheduled by the JBO. Recommendations are made by the JBO to the Supreme Court for its approval. The Supreme Court approved appropriation request is then submitted to the Legislature as the Supreme Court's recommended appropriation request for the District.
- c. Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committees. The final outcome of these hearings is incorporated into the General Appropriations Act.
- d. The Act is signed into law by the Governor of the State of New Mexico within the legally prescribed time limit. The District submits, no later than May 1st, to DFA an annual operating budget by category and line item based upon the appropriations made by the Legislature. The DFA- Budget Division reviews and approves the operating budget which becomes effective on July 1st.
- e. The legal level of budgetary control is at the appropriation program level.
- f. Formal budgetary integration is employed as a management control device during the fiscal year for the general fund and the special revenue funds.

STATE OF NEW MEXICO
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Notes to the Financial Statements
June 30, 2017

NOTE 2. Stewardship, Compliance, and Accountability (continued)

- g. The budgets for the general fund and the special revenue funds are adopted on the modified accrual basis of accounting, which is a basis consistent with accounting principles generally accepted in the United States of America (GAAP). The budgets do not include prior year encumbrances paid in the current year in the budgetary amounts. Accounts payable accrued at the end of the fiscal year that does not get paid by statutory deadline (Section 6-10-4, NMSA 1978) must be paid out of next year's budget.
- h. All subsequent budget adjustments must be approved by the Director of the DFA- Budget Division.
- i. The District's budget for the fiscal year ending June 30, 2017, was amended in a legally permissible manner by increasing or reallocating appropriation unit totals as the need arose during the fiscal year.
- j. The District's general fund is a reverting fund (funds revert back to the State General Fund) and is required to be reverted by September 30th of each year.
- k. Appropriations lapse at the end of the fiscal year except for those amounts encumbered beginning with the year ended June 30, 2017.
- l. Encumbrances related to single year appropriations lapse at year end. The portion of an encumbrance representing goods and services received by the last day of the fiscal year should be reclassified as accounts payable. Any remaining encumbrances related to single year appropriations must be reclassified as unreserved fund balance and a liability recorded to recognize any amounts subject to reversion.
- m. If there are appropriations for multiple years and related funds are encumbered, there is a reservation of fund balance for encumbrances in the financial statements. The District has no encumbered funds outstanding as of June 30, 2017.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures. These amendments resulted in the following changes:

	Excess (deficiency) of revenues over expenditures	
	Original Budget	Final Budget
Budgeted Funds		
Governmental funds:		
General Fund	\$ (2,911,900)	\$ (2,824,500)
Victims Assistance Program	(73,917)	(73,917)

The accompanying Statements of Revenues, Expenditures, and Change in Fund Balance Budget (GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

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Notes to the Financial Statements
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NOTE 3. Deposit and Investments

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

In June 2012 an independent expert diagnostic report revealed that statewide cash balances in the SHARE general ledger accounts had not been reconciled to the State General Fund Investment Pool maintained at the State Treasurer's Office since the implementation of SHARE in July 2006. Since then, State Controller/Financial Control Division Director, the Financial Control Division of the New Mexico Department of Finance and Administration (DFA/FCD), has taken an aggressive action toward appropriate resolution.

Phase I of the Cash Management Remediation Project (completed in May 2013) implemented statewide business process changes and corrected numerous SHARE system configurations. As a result of the changes and corrections, DFA/FCD was able to begin reconciling activity reported by the state's fiscal agent bank to the SHARE general ledger on a point-forward basis beginning February 1, 2013.

On July 11, 2014, DFA/FCD commenced the Historical Cash Reconciliation Project (Phase II) in partnership with Deloitte & Touche, LLP. The scope of this project was July 1, 2006 (SHARE implementation) to January 31, 2013 (the point at which DFA/FCD began reconciling cash activity as noted in the paragraph above). An effort in late 2014 was made to reconcile transactions but was unsuccessful in part due to incomplete data sets. The absence of all required data suggests that future efforts would be equally inconclusive, and therefore, do not merit additional energy.

While the results of the Historical Cash Reconciliation Project did not yield the hope for closure, significant progress was made in the overall reconciliation process, and the FCD now has an operational model that effectively compares statewide claims against the State General Fund Investment Pool and resources held at the State Treasurer's Office. This process has been operational since March of 2015.

This process has now been reviewed by the independent public auditors performing audits of the General Fund, the Department of Finance and Administration, and the State of New Mexico's Comprehensive Annual Financial Report for fiscal year 2017. Each review of the process deemed it to be adequate and the findings related to the cash reconciliation were significantly reduced or eliminated. Successfully addressing this issue allowed the Department to reinstate \$100 million that had been reserved as a loss contingency.

For 2017, the following assertions are provided:

The calculated difference between resources maintained by the State Treasurer's Office and the agency claims has remained stable and within a narrow and acceptable range (less than \$200 thousand standard deviation) over the last twelve months.

Resources are sufficient to cover claims, and there is no need to adjust any specific business unit claim on the State General Fund Investment Pool.

All claims will be honored at face value.

STATE OF NEW MEXICO
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Notes to the Financial Statements
June 30, 2017

NOTE 3. Deposit and Investments (continued)

The District has policies and procedures in place to ensure that the cash balances in SHARE are correct to the extent that the District has controls (i.e. collection, depositing, reconciling, bank statement validation, and documentation of outstanding reconciling items) of the cash it receives and transfers to the state general fund and other state agencies pursuant to the state statute. Daily and monthly reconciliations procedures are in place to review all transactions of the District and to ensure that the information is correct and reported properly within the SHARE system. This reconciliation provides assurance to management that the balance reflected in the State General Fund Investment Pool account is accurate at the end of the reporting period.

All investments are on deposit with the State Treasurer, and cash is on deposit with four financial institutions. For additional GASB Statement No. 40 disclosure information regarding cash held by the New Mexico State Treasurer, a separate audit report is issued by the New Mexico State Treasurer's Office for the most recent fiscal year end.

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

Interest Rate Risk- Investments Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The State Treasurer's Office has an investment policy that limits investment maturities to five (5) years or less on allowable investments. This policy is a means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

At June 30, 2017, cash and investments consisted of the following:

	<u>SHARE Fund #</u>	<u>Maturities</u>	<u>Balance Per Treasurer</u>	<u>Reconciling Items</u>	<u>Reconciled Balance</u>
General Fund					
Petty cash			\$ 100	\$ -	\$ 100
Investments in the State Treasurer's General Fund Investment Pool	16300	<180 days	98,381	-	98,381
Special Revenue Funds					
Investments in the State Treasurer's General Fund Investment Pool Victims Assistance Program	94200	<180 days	<u>65,623</u>	<u>-</u>	<u>65,623</u>
			<u>\$ 164,104</u>	<u>\$ -</u>	<u>\$ 164,104</u>

STATE OF NEW MEXICO
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Notes to the Financial Statements
June 30, 2017

NOTE 4. Interagency Transfers

The District had the following transfers for the fiscal year ended June 30, 2017:

<u>Transfer From</u>	<u>SHARE Fund No.</u>	<u>Transfer To</u>	<u>SHARE Fund No.</u>	<u>Agency No.</u>	<u>Amount</u>
State General Fund	85300	General Fund	16300	25900	\$ 2,824,500
General fund	16300	State General Fund	85300	25900	7,131

The District did not have any interagency receivables for the fiscal year ended June 30, 2017.

NOTE 5. Capital Assets

Capital asset activity for the year ended June 30, 2017, is summarized as follows:

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
Capital assets being depreciated:				
Machinery and equipment	\$ 256,165	\$ -	\$ 178,446	\$ 77,719
Furniture and fixtures	1,034	-	1,034	-
Vehicles	291,813	9,785	39,665	261,933
Total capital assets being depreciated	<u>549,012</u>	<u>9,785</u>	<u>218,111</u>	<u>339,652</u>
Less: accumulated depreciation				
Machinery and equipment	233,948	4,797	178,446	60,299
Furniture and fixtures	1,034	-	1,034	-
Vehicles	193,181	25,355	39,665	178,871
Total accumulated depreciation	<u>428,163</u>	<u>30,152</u>	<u>218,111</u>	<u>239,170</u>
Total capital assets, net of depreciation	<u>\$ 120,849</u>	<u>\$ (20,367)</u>	<u>\$ -</u>	<u>\$ 100,482</u>

Depreciation expense for the year ended June 30, 2017 was \$30,152 and was charged to the general government function.

STATE OF NEW MEXICO
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NOTE 6. Long-term Liabilities

Long-term liabilities for the year ended June 30, 2017 are summarized as follows:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Due Within</u> <u>One Year</u>
Accrued compensated absences	\$ 117,616	\$ 152,884	\$ 174,528	\$ 95,972	\$ 72,983

NOTE 7. Pension Plan - Public Employee Retirement Association

Plan Description. The Public Employees Retirement Fund (PERA) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions; and offers twenty-four (24) different types of coverage within the PERA plan. All assets accumulated 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 this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund 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 of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

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 fiscal year ending June 30, 2017. The District, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA).

Disclosure requirements including schedules of required supplementary information and related notes for governmental funds apply to the primary government as a whole, and as such this information will be presented in the Component Appropriation Funds Annual Financial Report General Fund and the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico. The net pension liability is a long-term liability that is not directly related to or expected to be paid from the District's enterprise funds and therefore not reported in the District's Statement of Net Position. Information concerning the net pension liability, pension expense, and pension-related deferred inflow and outflow of resources of the primary government will be contained in the General Fund and the CAFR and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building 407 Galisteo Street, Santa Fe, New Mexico, 87501.

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NOTE 8. Post-Employment Benefits - State Retiree Health Care Plan

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

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

Eligible retirees are: 1) retirees who make contributions to the fund for at least five (5) years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two (2) years; and 4) former governing authority members who served at least four (4) years.

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

Funding Policy. The Retiree Health Care Act (Section 10-7C-13, NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five (5) dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100.00% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

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.

STATE OF NEW MEXICO
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NOTE 8. Post-Employment Benefits - State Retiree Health Care Plan (continued)

The Act (Section 10-7C-15, NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal member cover plans 3, 4, or 5; municipal fire member cover plan 3, 4, or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2017, the statutes required each participating employer to contribute 2.50% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.00% of each participating employee's annual salary; and each participating employee was required to contribute 1.00% of their salary. In addition, pursuant to Section 10-7C-15(G), NMSA 1978, at the first session of the legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1, NMSA 1978 and the employer and employee contributions to the Authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2017, 2016, and 2015 were \$36,768, \$36,185, and \$35,575, respectively.

NOTE 9. Risk Management

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

NOTE 10. Reversions

The Due to State General Fund in the Statement of Net Position includes \$7,131 from 2017 for State General Fund reversion that will be remitted to the State General Fund. The reversion amounts include only state appropriations.

NOTE 11. Contingent Liabilities

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

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NOTE 12. Federal and State Grants

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

NOTE 13. Commitments

The District entered into no agreements with contractors and architects for various construction projects for the year ended June 30, 2017.

NOTE 14. Concentrations

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

NOTE 15. Subsequent Events

The District has evaluated events subsequent to June 30, 2017 that would possibly require adjustment or disclosure in these financial statements, through October 19, 2017, the date that these financial statements were available to be issued.

No events have occurred subsequent to June 30, 2017 that would require adjustment or modification to the contents of these statements.

NOTE 16. Other Required Individual Fund Disclosures

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

A. Deficit fund balance of individual funds. The District had a deficit fund balances as of June 30, 2017 in the following fund:

General Fund	\$(326)
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B. Excess of expenditures over budgeted amounts. The District had no funds exceeding budgetary authority as of June 30, 2017.

C. Designated cash appropriations exceeding prior year available balances. The District had no funds exceeding available balances as of June 30, 2017 .

STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District
Notes to the Financial Statements
June 30, 2017

NOTE 17. Subsequent Pronouncements

In June 2015, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The District is still evaluating how this pronouncement will affect the financial statements.

In March 2016, GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In November 2016, GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In January 2017, GASB Statement No. 84, *Fiduciary Activities*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In March 2017, GASB Statement No. 85, *Omnibus 2017*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The District is still evaluating how this pronouncement will affect the financial statements.

In May 2017, GASB Statement No. 86, *Certain Debt Extinguishment Issues*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. This Statement addresses a variety of topics including issues related to in-substance defeasance of debt using only existing resources. The District does not expect the pronouncement to have a material effect on the financial statements.

In June 2017, GASB Statement No. 87, *Leases*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

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SUPPORTING SCHEDULES

STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District
Schedule of Joint Powers Agreements
June 30, 2017

The District entered into a joint power agreement with various agencies in Curry, Quay, De Baca, Roosevelt, and Guadalupe counties as well as the New Mexico State Police regarding the creation of the Region V Task Force.

Participants	Office of the District Attorney, Ninth Judicial District (the "District"), Curry County, City of Clovis, City of Texico, Village of Melrose, Quay County, City of Tucumcari, City of Logan, Village of San Jon, De Baca County, City of Ft. Sumner, Roosevelt County, City of Portales, Eastern New Mexico University, Village of Elida, Guadalupe County, City of Santa Rosa, Village of Vaughn, and the New Mexico State Police.
Responsible party	All
Description	To state the general understanding between the involved parties with regards to the development, implementation, and operation of a drug enforcement task force to be named the Region V Task Force
Begin date	February 3, 2006
End date	Indefinitely
Estimated amount of project	Unknown
Amount contributed in fiscal year	Unknown
Audit responsibility	All
Fiscal agent	City of Clovis
Agency where the entity reports	Department of Finance and Administration

See independent auditors' report.

The District entered into a joint power agreement with various agencies within Curry and Roosevelt counties regarding the creation of the Major Crimes Unit.

Participants	Office of the District Attorney, Ninth Judicial District (the "District"), Curry County and Roosevelt County.
Responsible party	All
Description	To state the general understanding between the involved parties to facilitate the expertise of highly skilled law enforcement officers from those political subdivisions of District crimes in Curry or Roosevelt counties, New Mexico.
Begin date	May 16, 2005 and updated July 20, 2015
End date	Indefinitely
Estimated amount of project	Unknown
Amount contributed in fiscal year	Unknown
Audit responsibility	All
Fiscal agent	Curry County
Agency where the entity reports	Department of Finance and Administration

See independent auditors' report.

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COMPLIANCE SECTION



**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***

INDEPENDENT AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor
Andrea Reeb, District Attorney
Office of the District Attorney, Ninth Judicial District
Clovis, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the budgetary comparisons of the general fund and major special revenue fund, of the Office of the District Attorney, Ninth Judicial District (the "District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 19, 2017.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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 District'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*.

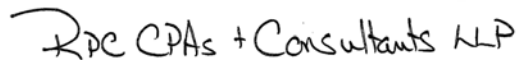
We noted a certain other matter that is required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 Findings as item NM 2017-001.

District's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.



RPC CPAs + Consultants, LLP
Albuquerque, New Mexico
October 19, 2017

STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District
Schedule of Findings and Responses
June 30, 2017

Section I - Summary of Auditors' Results

Financial Statements:

1.	Type of auditors' report issued	Unmodified
2.	Internal control over financial reporting:	
a.	Material weaknesses identified?	None noted
b.	Significant deficiencies identified not considered to be material weaknesses?	None noted
c.	Noncompliance material to the financial statements noted?	None noted

Section II - Prior Year Audit Findings

None

Section III - Financial Statement Findings

None

Section IV – Section 12-6-5 NMSA 1978 Findings

NM 2017-001 – Travel and Per Diem – Other Noncompliance

Condition: During our testwork over Travel and Per Diem, we noted that in 1 out of 5 items tested, the District paid actual meal expenses for the employee of \$39.60 for the 24-hour period travel day. This meal reimbursement amount exceeded the statutory rate of \$30.00 per 24-hour period.

Criteria: The Per Diem and Mileages Act, NMAC 2.42.2.11 (C) states that a public officer or an employee may elect to be reimbursed actual expenses for lodging and meals in lieu of per diem where overnight travel is required. Actual expenses for meals are limited to a maximum of \$30.00 for in-state travel and \$45.00 for out-of-state travel for a 24-hour period pursuant to Section 10-8-5 (D) NMSA 1978.

Effect: The District overpaid an employee for actual meal expenses for a 24-hour period.

Cause: The District incorrectly paid actual meal expenses over the \$30.00 limit due to not considering the 24-hour period starting at the time of travel, but rather considering distinct 24-hour periods each calendar day the employee traveled.

Auditors' Recommendations: We recommend that the District more closely monitor their reimbursements and travel periods in order to verify proper payment of per diem and mileage reimbursements.

Agency's Response: The District took immediate action to resolve the finding. The Chief Financial Officer will more closely monitor future reimbursements to ensure proper payment of per diem and mileage.

STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District
Other Disclosures
June 30, 2017

Exit Conference

An exit conference was held on October 19, 2017. In attendance were the following:

Representing the Office of the District Attorney, Ninth Judicial District

Andrea Reeb	District Attorney
Leah Schoeffel	Chief Financial Officer

Representing RPC CPAs + Consultants, LLP

Jack Kirkland, CPA	Partner
Alan D. Bowers, Jr., CPA	Partner
Benjamin E. Martinez	Staff Accountant

Auditor Prepared Financial Statements

RPC CPAs + Consultants, LLP prepared the GAAP-basis financial statements and footnotes for the Office of the District Attorney, Ninth Judicial District from the original books and records provided to them by the management of the District. The responsibility for the financial statements remains with the District.