



HINKLE + LANDERS

Certified Public Accountants + Business Consultants

**ELEVENTH JUDICIAL DISTRICT
ATTORNEY, DIVISION 1**

FINANCIAL STATEMENTS

For The Year Ended June 30, 2015

**STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I
Independent Auditor's Report and
Financial Statements
For The Year Ended June 30, 2015**

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**STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I
Official Roster
As of June 30, 2015**

Name	Title
Robert P. Tedrow	District Attorney
Dustin O'Brien	Chief Deputy District Attorney
Ryan (Kip) Keil	Deputy District Attorney
Marcus Blais	Senior Trial Attorney
Brian Decker	Associate Trial Attorney
Lori Holesinger	Human Resources Coordinator
John Beckstead	Senior Trial Attorney
Kurtis Donisthorpe	Associate Trial Attorney
Evan Cochnar	Assistant Trial Attorney
Ronald Brambl, Jr.	Deputy District Attorney
Jennifer Shavers	Associate Trial Attorney
Trevor Maveal	Assistant Trial Attorney
Christopher Spinner	Senior Trial Attorney
Shellie Patscheck	Senior Trial Attorney
Joseph Petrelli	Senior Trial Attorney
Jodie Gabehart	District Office Manager
Rachon Amick	Finance Specialist Supervisor
Melissa Mathews	Senior Secretary
Emily Schwartz	IS Assistant
Joely Baker	Clerk Specialist
Roy "Dean" Beck	Special Program Director
Gaye Grogan	Program Administrator
Orlinda Ashley	Supervising Secretary
Michelle Gabaldon	Senior Secretary
Debra Eaton	Senior Secretary
Holly Wayne	Clerk Specialist
Nikki Tafoya	Clerk Specialist
Amy Roberts	Senior Secretary
Richard B. Capshaw	Chief Deputy District Attorney
Darla Evans	IS Administrator
Regina Jaeger	Senior Secretary
Melissa Gurule	Prosecution Specialist
Terica Hill	Administrative Secretary
Ja'Nece Avery	Senior Secretary
TazreAna Arellano	Clerk Specialist
Herberta Shorty	Administrative Secretary
Mia Anderson	Senior Secretary
Patricia Serrano	Victim Advocate
Brittany Hill	Victim Advocate Coordinator
April Reed	Victim Advocate

**STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I
Official Roster
As of June 30, 2015**

Name	Title
Thomas Brown	Lead Investigator
Olga Soto	Investigator
Laura Smith	Administrative Secretary
Cylinda Cortez	Senior Secretary
Amy Haun	Chief Financial Officer
Erica Wells	Prosecution Specialist
Kayla Lattin	Clerk Specialist
Vicki Pauly	Victim Advocate
Cheri Murphy	Victim Advocate
Amber McGaha	Victim Advocate
Dominique DiNallo	Clerk Specialist
Janiece Garcia	Clerk Specialist
KayaRyan Brown	Clerk Apprentice
Casey McKim	Clerk Apprentice
Jordan Montoya	Clerk Apprentice
Tegan Woosley	Clerk Apprentice
Audrianna McDonald-Perez	Clerk Apprentice
Zachariah King	Clerk Apprentice
Kendra Mitchell	Clerk Apprentice
Wyatt Hardy	Clerk Apprentice
Michael P. Sanchez	Deputy District Attorney
Etheline McCray	Senior Secretary
Kathleen Mathieson	Senior Secretary
Kayla Williams	Senior Secretary
Stephanie McDonald	Senior Secretary
LaVergne Kovacs	Program Administrator
David Cowen	Deputy Trial Attorney



INDEPENDENT AUDITOR’S REPORT

Mr. Robert P. Tedrow, District Attorney,
State of New Mexico, Office of the District Attorney
Eleventh Judicial District, Division I and
Mr. Tim Keller, New Mexico State Auditor
Office of the State Auditor
Santa Fe, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund of the Eleventh Judicial District Attorney of the State of New Mexico (DA), as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the DA’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the DA, as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters**Required Supplementary Information**

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

Other Information

Our audit was conducted for the purpose of forming opinions on the DA's financial statements and the budgetary comparisons. The Schedule of Expenditures of federal awards as required by Office of Management and *Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the other schedule required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The schedule of vendor information, which is required by the State Auditor Rule 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 November 12, 2015 on our consideration of the DA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the DA's internal control over financial reporting and compliance.

Hinkle & Landers, P.C.

Hinkle + Landers, PC
Albuquerque, NM
November 12, 2015

**STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For The Year Ended June 30, 2015**

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements consist of the following: government-wide financial statements, governmental funds statements and a reconciling statement for all as well as a Schedule of Expenditures of Federal Awards (SEFA).

Basic Financial Statements

(Statement of Net Position and Statement of Activities)

Basic financial statements report information about the 11th Judicial District Attorney, Div. 1, as a whole; using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government assets, deferred outflows, liabilities and deferred inflows. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The basic financial statements report the 11th Judicial District Attorney, Div. 1's net position and how they have changed.

Fund Financial Statements

(Balance Sheet & Statement of Revenues, Expenditures and Changes in Fund Balance)

The fund financial statements provide more detailed information about the 11th Judicial District, Division 1's significant funds. Funds are accounting devices that the 11th Judicial District, Div. 1 uses to keep track of specific sources of funding and spending for particular purposes.

The 11th Judicial District Attorney, Division 1 operates on State General Fund appropriations, federal grant awards, and local government revenues. Income sources or programs are tracked using department codes.

Analysis of Financial Position (Statement of Net Position)

<u>Total Assets:</u>	Cash of \$895,878 on deposit with the State Treasurer, cash on hand of \$250, net receivables of \$48,116 and capital assets of \$174,421. Total assets are \$1,118,655.
<u>Total Liabilities:</u>	Accounts payable \$23,097, due to state general fund \$1,259, accrued payroll \$161,730, and compensated absences \$169,369. Total liabilities are \$355,455.
<u>Net Position:</u>	Total net position is \$763,210. Including \$174,421 invested in capital assets, and the remainder is unrestricted.

Result of Operations (Statement of Activities)

<u>Total Revenues:</u>	Consists of \$3,778,154 for operational purposes. State General Fund appropriations and Federal awards provide the majority of the revenue.
<u>Total Expense:</u>	Consists of \$4,058,280 mainly for operational, employee salaries and benefits and operating costs.

**STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For The Year Ended June 30, 2015**

**Analysis of District Attorney's Overall Financial Position
and Result of Operations (Condensed)**

	<u>2015</u>	<u>2014</u>
Assets:		
Current and other assets	\$ 944,244	1,254,665
Capital assets	<u>174,421</u>	<u>144,796</u>
Total Assets	<u>1,118,665</u>	<u>1,399,461</u>
Liabilities:		
	<u>355,455</u>	<u>356,125</u>
Net position:		
Investment in capital assets	174,421	144,796
Unrestricted	<u>588,789</u>	<u>898,540</u>
Total net position	<u>763,210</u>	<u>1,043,336</u>
Total Net Position and Liabilities	\$ <u>1,118,665</u>	<u>1,399,461</u>
Revenue:		
Program revenue	\$ 239,213	486,174
Appropriations (net of reversion)	<u>3,464,741</u>	<u>3,364,748</u>
Total revenues	<u>3,703,954</u>	<u>3,850,922</u>
Expenses:		
Personnel services	3,817,109	3,704,021
Contractual services	25,009	23,149
Other Costs	<u>216,162</u>	<u>233,786</u>
Total expenses	<u>4,058,280</u>	<u>3,960,956</u>
Increase (decrease) in net position	\$ <u>(354,326)</u>	<u>(110,034)</u>

Total assets decreased due to spending of SWBPI fund balance for employee salaries. Total liabilities decreased slightly in 2015 primarily due to lower accrued salaries and employee benefits, as compared to the prior year. Program revenue decreased as new SWBPI funding was not available and expenses increased due to increased operating costs; primarily, salary, health insurance and retirement costs. Net position decreased due to spending of SWBPI fund balance.

Analysis of Significant Changes in Individual Funds

No significant changes in funds occurred.

Analysis of Significant Budget Variances

No significant budget variances occurred.

Significant Capital Asset and Long-Term Debt Activity

Capital assets increased due to the purchase of two fleet vehicles.

The only long-term debt is compensated absences payable which the Eleventh Judicial District Attorney, Division I, will pay out when vacation is taken or employees are terminated.

**STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For The Year Ended June 30, 2015**

General Fund Budgetary Highlights

The State of New Mexico, Office of the District Attorney, Eleventh Judicial District, Division I intends to continue to lobby the legislature to increase the funding for the General Fund, and also will continue to seek out sources of federal funds or other grants and MOU's.

The State Legislature makes annual appropriations to the State of New Mexico, Office of the District Attorney, Eleventh Judicial District Division I. Amendments to the budget require approval by the Budget Division of the Department of Finance and Administration (DFA). Over the course of the year, the State of New Mexico, Office of the District Attorney, Eleventh Judicial District Division I revised its budget. These budget amendments fall into two categories:

Increases or reallocation of appropriations to prevent budget overruns
Increases to revenue for grant increases or new funds

Currently Known Facts Expected to Have a Significant Effect on the Agency Financials

At the time of this report, the Eleventh Judicial District Attorney, Division I has been notified that federal SWBPI fund are no longer available. We are asking the legislature to fund two of the key positions that have been funded with this fund balance and fear our fund balance will not support these positions past FY16 unless other funding is awarded.

Agency Contact Information

11th Judicial District Attorney, Division I
335 South Miller Avenue
Farmington, NM 87401
Amy Haun, CFO
505-599-9810 X14177

**STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I
GOVERNMENT-WIDE STATEMENT OF NET POSITION
As of June 30, 2015**

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Investments in the State General Fund Investment Pool	\$ 895,878
Petty cash	250
Due from federal government	10,349
Due from other state agencies	<u>37,767</u>
Total current assets	944,244
Capital assets, net	<u>174,421</u>
Total assets	<u><u>\$ 1,118,665</u></u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 23,097
Due to the state general fund	1,259
Accrued salaries and employee benefits	161,730
Compensated absences payable - expected to be paid within one year	<u>147,351</u>
Total current liabilities	333,437
Non-current liabilities	
Compensated absences payable - expected to be paid after one year	<u>22,018</u>
Total liabilities	<u>355,455</u>
NET POSITION	
Unrestricted	588,789
Net investment in capital assets	<u>174,421</u>
Total net position	<u>763,210</u>
Total liabilities and net position	<u><u>\$ 1,118,665</u></u>

**STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2015**

	<u>Governmental Activities</u>
EXPENSES	
General government	
Public safety	\$ (4,058,280)
REVENUES	
Program revenues	
Operating grants and contracts	<u>239,213</u>
Net program (expenses)/revenue and changes in net position	<u>(3,819,067)</u>
General revenues	
Transfers	
State general fund appropriation FY15	3,466,000
Reversion to state general fund FY15	(1,259)
Transfers - Compensation allocation appropriation	<u>74,200</u>
Total net transfers	<u>3,538,941</u>
Change in net position	(280,126)
Net position, beginning	<u>1,043,336</u>
Net position ending	<u><u>\$ 763,210</u></u>

**STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I
BALANCE SHEET – GOVERNMENTAL FUNDS
As of June 30, 2015**

	(16500) General Fund
ASSETS	
State General Fund Investment Pool	\$ 895,878
Petty cash	250
Due from federal government	10,349
Due from other state agencies	37,767
Due from local governments	-
Total assets	<u>\$ 944,244</u>
LIABILITIES	
Accounts payable	\$ 23,097
Accrued salaries and employee benefits	161,730
Due to State General Fund (reversion FY15)	1,259
Current liabilities	<u>186,086</u>
FUND BALANCE	
Committed - MOU's	15,444
Assigned	506,400
Unassigned - petty cash	250
Unassigned - Southwest Border funds	<u>236,064</u>
Total fund balance	<u>758,158</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 944,244</u>
Reconciliation of the Governmental Fund Balance To The Statement of Net Position:	
Total fund balance governmental funds	\$ 758,158
Capital assets (net of depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the funds	174,421
Long-term debt reported as accrued compensated absences is not due and payable in the current period and, therefore, are not reported in the funds	(169,369)
Some revenue is deferred in the funds but accrued as revenue in the government-wide statements and added to net position	-
Rounding	<u>1</u>
Net position of governmental activities	<u>\$ 763,210</u>

**STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
For The Year Ended June 30, 2015**

	(16500) General Fund
REVENUES	
Federal funds	\$ 234,213
Contracts and miscellaneous revenue	5,000
	239,213
EXPENDITURES	
Current	
General government:	
Personal services and benefits	3,813,489
Contractual services	25,009
Other costs	198,897
Capital outlay	46,890
	4,084,285
OTHER FINANCING SOURCES (USES)	
State general fund appropriations FY15	3,466,000
Reversion to state general fund FY15	(1,259)
Transfers - Compensation allocation appropriation	74,200
Net other financing sources	3,538,941
Net change in fund balance	(306,131)
Fund balance, beginning	1,064,289
Fund balance, ending	\$ 758,158
 Reconciliation Of The Statement Of Revenues, Expenditures, and Changes in Fund Balances Of Governmental Funds to the Statement of Activities Of Governmental Funds To The Statement Of Activities:	
Net change fund balance in governmental funds	\$ (306,131)
Capital outlay is reported as expenditures in governmental funds, however, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.	
Depreciation expense	(17,265)
Capital expenditures capitalized in the government-wide financial statements	46,890
Some items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds, deferred inflows	-
Prior year deferred inflows	-
Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds (Increase) decrease in compensated absences	(3,619)
Rounding	(1)
Change in net position - governmental activities	\$ (280,126)

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND (16500)
For The Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Federal funds	\$ 206,200	226,707	234,213	7,506
Contracts and miscellaneous revenue	-	35,409	5,000	(30,409)
Total revenues	<u>206,200</u>	<u>262,116</u>	<u>239,213</u>	<u>(22,903)</u>
EXPENDITURES				
Current:				
General government				
Personal services and benefits	4,026,300	4,018,643	3,813,489	205,154
Contractual services	26,500	25,500	25,009	491
Other costs	200,000	217,683	198,897	18,786
Capital outlay	-	46,890	46,890	-
Total expenditures	<u>4,252,800</u>	<u>4,308,716</u>	<u>4,084,285</u>	<u>224,431</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,046,600)</u>	<u>(4,046,600)</u>	<u>(3,845,072)</u>	<u>201,528</u>
OTHER FINANCING SOURCES (USES):				
State general fund appropriations FY15	3,466,000	3,466,000	3,466,000	-
Transfers - Compensation allocation appropriation	74,200	74,200	74,200	-
Less: Reversion to state general fund FY15	-	-	(1,259)	(1,259)
Net other financing sources	<u>3,540,200</u>	<u>3,540,200</u>	<u>3,538,941</u>	<u>(1,259)</u>
Net change in fund balance	<u>(506,400)</u>	<u>(506,400)</u>	<u>(306,131)</u>	<u>200,269</u>
Fund balance, beginning	\$ <u>1,064,289</u>	<u>1,064,289</u>	<u>1,064,289</u>	
Fund balance, ending			<u><u>758,158</u></u>	

**STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS
As of June 30, 2015**

	<u>Agency Fund</u>
ASSETS	
Cash in authorized bank account	\$ <u> -</u>
TOTAL ASSETS	\$ <u> -</u>
LIABILITIES	
Due to others	\$ <u> -</u>
TOTAL LIABILITIES	\$ <u> -</u>

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NATURE OF BUSINESS AND REPORTING ENTITY

The DA is an elective office established by the Constitution of the State of New Mexico, Article VI, Section 24. The DA is elected to a four-year term. Functions of the DA are defined in Section 36-1-1 through 36-1-26 NMSA 1978 as amended. The Eleventh Judicial District operates from two separate offices located in Farmington and Gallup, and serves all of San Juan and McKinley Counties. On July 1, 1984, the State of New Mexico appropriated money from the General Fund to run the Office of Division I and Division II as separate legal entities. These financial statements include the operation of the Eleventh Judicial Division I (Farmington, New Mexico), a department of the State of New Mexico, the primary government.

It is the duty of the DA 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 DA must represent any county in the district, at the request of the Board of County Commissioners. The DA may also appear before the Board, without being requested to do so, when the Board is sitting as a Board of Equalization. The DA must advise all county and state officers, whenever requested. The DA 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.

Section 36-1A-1 through Section 16-1A-15 cited as the “DA Personnel and Compensation Act” established for all DA’s a uniform equitable and binding system of personnel administration.

The DA 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 DA is included in the State of New Mexico Comprehensive Annual Financial Report.

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 GAAP and GASB Statement 14.

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 DA is able to exercise oversight responsibility. Based on the application of these criteria, there are no component units identified or excluded from the reporting entity.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basic Financial Statements – GASB Statement No. 34

The financial statements of the DA have been prepared in conformity with accounting principles generally accepted (GAAP) in the United States of America as applied to governmental units. The Governmental Account Standards Board (GASB) is the accepted Standard-setting body for establishing governmental Accounting and financial reporting principles. The GASB periodically updates its

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the DA's accounting policies are described below.

General Revenues (General Fund appropriation, transfers-in from other state agencies, Federal aid, etc.) normally cover the net cost (by function). Historically, the previous model did not summarize or present net cost by function or activity.

This government-wide focus is more on the sustainability of the DA as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements are similar to the financial statements presented in the previous accounting model.

The governmental fund statements are presented on a current financial resource and 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 DA's actual experience conforms to the budget of fiscal plan. Since the governmental fund statements are presented on a different focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following each statement, which briefly explains the adjustment necessary to transform the fund based financial statements in to the governmental column on the government-wide presentation.

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 specific function or segment. *Program revenues* derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry as a whole and include operating grants and contracts that are restricted to meeting the operational necessities of a particular compliance grant requirement. The DA allocates its indirect costs to each of its programs based on an indirect cost allocation plan.

2. Basis of Presentation

The financial transactions of the DA are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, expenditures and other financing sources or uses.

Government resources are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by the type and reported by generic classification the accompanying financial statements.

GASB Statement No. 34 sets forth minimum criteria for the determination of major funds based on a percentage of the assets, deferred outflows, liabilities, deferred inflows, revenues or expenditures. The general fund is always considered a major fund. The DA has only one fund, which is the General Fund.

GASB Statement 54

The fund balance amounts for governmental funds included in this report have been reclassified in accordance with GASB 54. As a result, in the governmental fund financial statements, fund balances previously reported as reserved and unreserved are now reported according to a hierarchy of classifications established in GASB 54, which are based on the extent to which the DA is bound to honor constraints on the specific purpose for which amounts in that fund can be spent.

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GASB 54 fund balance classifications include:

Non-spendable – amounts cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact;

Restricted – amounts constrained to specific purposes that are externally imposed or imposed by law through constitutional provisions or enabling legislation;

Committed – amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislature and the Executive branches;

Assigned – constrained by the government’s intent to be used for specific purposes;

Unassigned – the residual classification for remaining amounts after all other classifications have been considered.

Net Position

The government-wide financial statements utilize a net position presentation. Net Position is categorized as: *Net investment in capital assets* (net of related debt), *restricted* and *unrestricted*. *Net investment in Capital Assets* (net of related debt) is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost. Restricted net position reflects the portion of net position that has third party limitations on their use. *Unrestricted (Deficit) Net Position* represents net position of the DA that is not restricted for any project or other purpose.

The government-wide statement of net position reports no restricted net position, except what is related to an MOU. If there were other restricted net position amounts they should be reviewed for consideration of being restricted by enabling legislation. Legal enforceability means that a government can be compelled by an external party-such as citizens, public interest groups, or the judiciary-to use resources created by enabling legislation only for the purposes specified by the legislation. Generally, the enforceability of an enabling legislation restriction is determined by professional judgment, which may be based on actions such as analyzing the legislation to determine if it meets the qualifying criteria for enabling legislation, reviewing determinations made for similar legislation of the government or other governments, or obtaining the opinion of legal counsel. However, enforceability cannot ultimately be proven unless tested through the judicial process, which may never occur. The determination of legal enforceability should be based on the underlying facts and circumstances surrounding each individual restriction. The determination that a particular restriction is not legally enforceable may lead a government to reevaluate the legal enforceability of similar enabling legislation restrictions, but should not necessarily lead a government to conclude that all enabling legislation restrictions are unenforceable.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or the balance sheet for the governmental funds will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The DA has no deferred outflows of resources during fiscal year 2015 on the government- wide or fund financials.

In addition to liabilities, the statement of net position and/or the balance sheet for the governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position

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that applied to a future period and so will not be recognized until then. The DA has no deferred inflows of resources during fiscal year 2015 on the government- wide or fund financials.

3. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The statement of net position and the statement of activities are prepared 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 the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. By definition, the resources of fiduciary funds are not available to support DA programs. Therefore, fiduciary funds are excluded from the government-wide financial statements.

All governmental funds are accounted for using the *modified accrual basis* of accounting and the *current financial resources measurement focus*. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which is considered to be within sixty days of year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB Statement No. 33, which was also adopted as of July 1, 2001 by the DA, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements including time requirements, are met, resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as advances by the provider and deferred revenue by the recipient.

4. Budgetary Data

The New Mexico State Legislature makes annual appropriations to the DA. 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. Expenditures may not legally exceed appropriations for each budget at the appropriation unit level.

Budgeted appropriation unit amounts may be amended upon approval from the Budget Division of the State of New Mexico Department of Finance and Administration 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 DA follows these procedures in establishing the budgetary date reflected in the financial statements:

1. By September 1st, the DA prepares a budget request by appropriation unit to be presented to the next Legislature.
2. The appropriation request is submitted to the Department of Finance and Administration's Budget Division (DFA) and to the Legislature.
3. DFA makes recommendations and adjustments to the appropriation request, which become the Governor's proposal to the Legislature.
4. Legislative Finance Committee (LFC) holds hearings on the appropriation request, also submitting recommendations and adjustments before presentation to the Legislature.

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5. Both the DFA's and LFC's recommended appropriation proposals are presented to the Legislature for approval of the final budget plan.
6. Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committees. The final outcomes of these hearings are incorporated into the General Appropriations Act.
7. The DA's budget for the fiscal year ending June 30, 2015 was amended in a legally permissible manner by increasing or reallocating appropriation unit totals as the need arose during the fiscal year.
8. The Act is signed into law by the Governor of the State of New Mexico within the legally prescribed time limit. The DA 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 1.
9. All subsequent budget adjustments must be approved by the DA and the Director of the DFA - Budget Division. The budget for the current year was properly amended.
10. Legal budget control for expenditures and encumbrances is by category of line item, and the legal level of budgetary control is at the appropriation program level.
11. Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund and the Special Revenue Funds.
12. Appropriations lapse at the end of the fiscal year beginning with the year ended June 30, 2015. The DA's General Fund is a reverting fund (funds revert back to the State General Fund), with the exception of funds appropriated in the General Fund for the Southwest Border Prosecution Initiative.
13. Appropriations lapse at the end of the year except for those amounts encumbered.
14. The budget for the General Fund is presented on the modified accrual basis of accounting. 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 amount subject to reversion. Budgetary comparisons presented for the General fund in this report is on the modified accrual budgetary basis, which does not conform to accounting principles generally accepted in the United States of America as encumbrances are treated as expenditures. This procedure conforms to Department of Finance and Administration and state requirements.
15. The budget for this State Agency is adopted on the modified accrual basis of accounting except for accounts payable accrued at the end of the fiscal year that do not get paid by statutory deadline (Section 6-10-4 NMSA 1978), that must be paid out of next year's budget.

5. Governmental Funds

General Fund (16500)—The general operating fund of the DA 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 per HB2 (House Bill) General Appropriation Act of 2015, under Laws, 2008 Ch. 3.

The DA receives funds from various grants and contracts, and therefore, the funds are not subject to reversion back to the State of New Mexico. Activity related to these non-reverting grants and contracts is included in the General Fund. In fiscal year 2015, these grants included:

Southwest Border Prosecution Initiative (SWBPI)—Federal funds to support the prosecution and detention of federally referred cases. In accordance with the BJA guidelines, funds awarded may be used by jurisdictions for any lawful purpose. The program is designed to assist jurisdictions in meeting their financial burdens associated with the prosecution of federally funded cases.

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High Intensity Drug Trafficking Area (HIDTA)—To reduce drug availability by eliminating or disrupting drug trafficking organizations, reduce the harmful consequences of drug trafficking and improve the efficiency and effectiveness of law enforcement organizations and their efforts within designated areas.

Victims of Crime Act (VOCA)—Enacted in 1984, the Victims of Crime Act (VOCA) is the central source of federal financial support for direct services to victim of crime. VOCA is administered at the federal level through the U.S. Department of Justice, Office for Victims of Crime, which annually awards a grant to each state, the District of Columbia and U.S. Territories, to support victim assistance services for victims and survivors of domestic violence, sexual assault, child abuse, drunk driving, homicide, and other crimes. Each state has a designated VOCA assistance agency to administer VOCA grants. Those state agencies, in turn, sub-grant to organizations that provide direct services to victims of crime. Minimal federal requirements must be met, and each state is given great discretion in awarding specific sub-grants.

Violence Against Women Act (VAWA)— To assist State, Indian tribal governments, tribal courts, State and local courts, and units of local government to develop and strengthen effective law enforcement and prosecution strategies to combat violent crimes against women, and to develop and strengthen victim services in cases involving crimes against women. The program encourages the development and implementation of effective, victims-centered law enforcement, prosecution and court strategies to address violent crimes against women and the development and enhancement of victim services in cases involving violent crimes against women.

Agency Fund (96820)—The DA also has one fiduciary fund (trust and agency funds) which is used to account for assets held by the DA in a trustee capacity, or as an agent for individuals, private organizations, other governmental units. Trust and agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The following are the DA's fiduciary programs at June 30, 2015:

Pre-Prosecution Program—Fees charged to individuals in the pre-prosecution program, in accordance with agreements between the program participant and the DA attorney. Fees are remitted to the State Treasurer for the account of the Administration Office of the DAs.

Worthless Check Fund—Fees charged upon the collection of worthless checks. Fees are paid by persons who write the useless check. Fees are remitted to the State Treasurer for the account of the Administration Office of the DAs.

It should be noted that the agency fund was closed out during FY15.

6. Spending Policy

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the State's policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the State's policy to spend committed resources first.

7. Encumbrances

If the New Mexico State Legislature provides a new appropriation for a specific encumbrance, it is carried forward to a new appropriation period to be charged against the new budget. If the Legislature does not provide a new appropriation for an encumbrance, the encumbrance is no longer authorized.

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8. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

9. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments.

10. Receivables

Receivables consist of amounts due from federal, and other state and local governments. No allowance for doubtful accounts is established, since all amounts are considered collectible in the subsequent fiscal year.

11. Capital Assets

Property, plant and equipment including software, purchased or acquired is carried at historical cost or estimated historical cost. Contributed 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. Other costs incurred for repairs and maintenance is expensed as incurred. The State's capitalization policy, i.e., the dollar value above which asset acquisitions including software are added to the capital accounts, was changed to \$5,000 as of July 1, 2005 from \$1,000. Assets with historical cost under \$5,000 and over \$1,000 that capitalized prior to July 1, 2005 remain on the DA's capital assets schedule. However, all capital outlay purchases may not necessarily be capitalized. The DA does not capitalize any interest in regards to its capital assets. Computer software which has been developed for internal use and which meets the capitalization minimum of \$5,000 is capitalized and depreciated in accordance with the DA depreciation guidelines. There is no related debt which relates to capital assets.

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

<u>Asset Type</u>	<u>Years</u>
Data processing equipment	5
Furniture and equipment	10
Vehicles	5

12. Accrued Compensated Absences

Qualified employees accumulated annual leave as follows:

<u>Employment</u>	<u>Per pay period</u>	<u>Per month</u>	<u>Per year</u>
Less than 4 years	4.62 hours	10 hours	120 hours
4 but less than 8 years	5.08 hours	11 hours	132 hours
8 but less than 12 years	5.54 hours	12 hours	144 hours
12 but less than 16 years	6.00 hours	13 hours	156 hours
16 years or more	6.46 hours	14 hours	168 hours

The maximum carryover of accrued annual leave from one calendar year to the next is no more than 240 hours. Any excess must be used before the end of the calendar year or it shall be forfeited. The accrued annual leave of each employee shall be adjusted so that no employee begins a calendar year with more accrued annual leave than the maximum permitted. An employee who separates from the service of the DA shall be paid for the employee's total accrued annual leave not to exceed 240 hours.

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See the “changes in long term debt” note in this report for the accrued compensated absences payable outstanding as of at June 30, 2015.

13. Accrued Sick Leave

In accordance with Section 10-7-10, NMSA 1978, employees who have accumulated 600 hours of unused sick leave are entitled to be paid for additional unused sick leave at a rate equal to fifty percent (50%) of their hourly rate of pay for up to 120 hours of sick leave. Payment for unused sick leave may be made only once per fiscal year on either the payday immediately following the first full pay period in January or the first full pay period in July. Immediately prior to retirement from the service, employees who have accumulated more than 600 hours of unused sick leave are entitled to be paid up to 400 hours of unused sick leave over and above the accumulated 600 hours of unused sick leave, at a rate equal to (50%) of their hourly rate. Upon separation of employment, accrued sick leave shall be forfeited except as previously noted.

Expenditures for accumulated sick pay for hours under 600 hours will be recognized as employees take such absences. Accrued vested sick pay is recorded as a liability in the governmental-wide financial statements. As of June 30, 2015, four employees of the DA’s office have accrued leave benefits in excess of 600 hours.

B. CASH AND INVESTMENTS POLICY

All of the DA’s investments are on deposit with the State Treasurer in the State Treasurer’s General Fund Investment Pool (GFIP). Cash is on deposit with one financial institution, with the exception of petty cash which is maintained on-site. In general, state statutes require that all deposits held by the State Treasurer be collateralized at a minimum level of 50 percent. Collateral pledged to secure these deposits is monitored by the State Treasurer's Office (STO). The STO issues separate financial statements that disclose the collateral pledged to secure these deposits. The State Treasurer has the power to invest money held in demand deposits and not immediately needed for the operation of state government in securities in accordance with Sections 6-10-10 I through P, NMSA 1978 as amended. The State Treasurer, with the advice and consent of the State Board of Finance, can invest money held in demand deposits and investments not immediately needed for operation of state government in:

- (a) Securities issued by the United States (U.S.) government or by its departments or agencies and direct obligations of the U.S. or are backed by the full faith and credit of the U.S. government or agencies sponsored by the U.S. government;
- (b) Contracts for the present purchase and resale at a specified time in the future, not to exceed one year or, in the case of bond proceeds, not to exceed three years, of specific securities at specified prices at a price differential representing the interest income to be earned by the state. No such contract shall be invested in unless the contract is fully secured by obligations of the United States of other securities backed by the United States having a market value of at least one hundred two percent of the amount of the contract;
- (c) Contracts for the temporary exchange of state-owned securities for the use of broker-dealers, banks or other recognized institutional investors in securities, for periods not to exceed one year for a specified fee rate. No such contract shall be invested in unless the contract is fully secured by exchange of an irrevocable letter of credit running to the state, cash or equivalent collateral of at least one hundred two percent of the market value of the securities plus accrued interest temporarily exchanged. The collateral required for either of the forms of investment in sections (b) and (c) shall be delivered to the fiscal agent of New Mexico or its designee contemporaneously with the transfer of funds or delivery of the securities at the earliest time industry practice permits, but in all cases, settlement shall be on a same-day basis. Neither of the contracts in (b) or (c) shall be invested in unless the contracting bank, brokerage firm or recognized institutional investor has a net worth in excess of five hundred million dollars;
- (d) Any of the following investments in an amount not to exceed forty percent of any fund that the state treasurer invests:

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- (1) commercial paper rated "prime" quality by a national rating service, issued by corporations organized and operating within the U.S.;
- (2) medium-term notes and corporate notes with a maturity not exceeding five years that are rated A or its equivalent or better by a nationally recognized rating service and that are issued by a corporation organized and operating in the U.S.; or
- (3) an asset-backed obligation with a maturity not exceeding five years that is rated AAA or its equivalent by a nationally recognized rating service;
- (e) Shares of a diversified investment company registered pursuant to the federal Investment Company Act of 1940 that invests in U.S. fixed income securities or debt instruments authorized pursuant to (a), (b), and (d) above provided that the investment company has total assets under management of at least one billion dollars and the investments made by the State Treasurer pursuant to this paragraph are less than five percent of the assets of the investment company; or,
- (f) Individual, common or collective trust funds of banks or trust companies that invest in U.S. fixed income securities or debt instruments authorized pursuant to (a), (b), and (d) above, provided that the investment manager has assets under management of at least one billion dollars and the investments made by the state treasurer pursuant to this paragraph are less than five percent of the assets of the individual, common or collective trust fund.

No public funds can be invested in negotiable securities or loans to financial institutions fully secured by negotiable securities at current market value shall be paid out unless there is a contemporaneous transfer of the securities at the earliest time industry practice permits, but in all cases, settlement shall be on a same-day basis either by physical delivery or, in the case of uncertificated securities, by appropriate book entry on the books of the issuer, to the purchaser or to a reputable third-party safekeeping financial institution acting as agent or trustee for the purchaser, which agent or trustee shall furnish timely confirmation to the purchaser. For additional GASB 40 disclosure information regarding cash/investments held by the State Treasurer, see the separate audit report for the State Treasurer's Office for the fiscal year ended June 30, 2015.

General Fund Investment Pool Not Reconciled

In June 2012 an independent expert diagnostic report revealed that the General Fund Investment Pool balances have not been reconciled at the business unit/fund level since the inception of the Statewide Human resources, Accounting, and management Reporting (SHARE) system in July of 2006. The Department of Finance and Administration (DFA) has commissioned two reports that address statewide cash reconciliation issues. They are (1) *Current State of Diagnostic of Cash Controls*, dated June 20, 2012 prepared by Deloitte Consulting, LLP and (2) *Cash Management Plan and Business Processes*, dated October 11, 2012, also prepared by Deloitte Consulting, LLP. The Diagnostic reports are available in the Resources section of the Cash Control page of the NM DFA's website: www.nmdfa.state.nm.us/Cash_Control.aspx.

The General Fund Investment Pool is the State of New Mexico's main operating account. State revenues such as income taxes, sales taxes, rents and royalties, and other recurring revenues are credited to the General Fund Investment Pool. The fund also comprises numerous State agency accounts whose assets, by statute (Section 8-6-3 NMSA 1978), must be held at the State Treasury.

DFA has commenced the Cash Management Remediation Project (Remediation Project) in partnership with the New Mexico State Treasurer's Office, the New Mexico Department of Information Technology, and a contracted third party PeopleSoft Treasury expert. The purpose of the Remediation Project is to design and implement the changes necessary to reconcile the General Fund Investment Pool in a manner that is complete, accurate, and timely. The Remediation Project will make changes to the State's current SHARE system configuration, cash accounting policies and procedures, business practices, and banking structure. The scheduled implementation date for the changes associated with the Remediation Project was February 1, 2013. An approach and plan to address the population of

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historical reconciling items has been developed during the Remediation Project, and a separate initiative has been undertaken to resolve the historical reconciling items. It is DFA's responsibility to perform the monthly reconciliation of the General Fund Investment Pool.

Per the directive issued by the Office of the State Auditor on October 31, 2012, a note disclosure relating to this issue is required for all State of New Mexico state agencies for financial statements issued for fiscal year ended June 30, 2012 and continues into 2015.

That directive instructed agencies to do the following:

1. Explain to the agency's IPA what policies and procedures the agency has in place to ensure that the agency's cash balances in SHARE are correct; and
2. Disclose to the IPA any communications with DFA Cash Control Bureau regarding monthly cash reconciliation issues including unreconciled items, errors and corrections submitted; and
3. Disclose in the agency notes to the financial statements the facts about the statewide cash reconciliation at the end of the fiscal year, and what the agency's policies and procedures were during the fiscal year ended 2015 to mitigate the risk that the agency's cash balances would be misstated as of June 30, 2015.

To the extent possible the DA does informally reconcile all deposits and transfers that come into its possession. The cash transactions processed by the DA flow through the state general fund investment pool. Since SHARE was implemented, the DA recognized potential concerns related to the statewide cash reconciliation issue and in response, developed internal reconciliation procedures to ensure that cash receipts and disbursements recorded in the SHARE system are in fact transactions that have been initiated by the DA. The reconciliation occurs each month and any required adjustments are forwarded to the Financial Control Division at DFA for correction. The monthly reconciliation procedures throughout the Fiscal Year, include, but are not limited to validation of: allotments, deposits, expenditures, all general entries, operating transfers, payroll expenditures/payroll liabilities by fund, and review of outstanding warrants of the Department. This monthly internal reconciliation of cash receipts and disbursements flowing through the DA's share of the state general fund investment pool provides management assurance that the balance reflected in State General Fund Investment Pool account is accurate as of the end of the reporting period. In addition, the DA reconciles other asset and liability accounts on the Balance Sheet of each fund type. This process also provides additional assurance that transactions affecting the DA's share in the State General Fund Investment Pool account are accurate.

Compliant with statute 6-10-3 (NMSA 1978), and to optimize state cash management and investment practices, funds of various state agencies are deposited in the State General Fund Investment Pool (SGFIP). This pool is managed by the New Mexico State Treasurer's Office (STO). Claims on the SGFIP are reported as financial assets by the various agencies investing in the SGFIP.

Agency claims against the SGFIP and fiduciary resources held at STO to fulfill those claims were not reconciled from the inception of SHARE (the State's centralized accounting system), in July 2006, through January 2013, which caused uncertainty as to the validity of the claims and the ability of fiduciary resources to fulfill those claims. As a result of business process and systems configuration changes made during the Cash Management Remediation Project Phase I the Department of Finance and Administration's Financial Control division began reconciling transactional activity reported by the State's fiscal agent bank to the SHARE general ledger on a point-forward basis beginning February 1, 2013. In March 2015, the Financial Control Division implemented a reconciliation process that compares statewide agency claims against the resources held in the SGFIP at STO. This process is known as the claims to resources reconciliation. The claims to resources reconciliation process has

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been successfully applied to fiscal year-end 2014 and the months from January 2015 through June 2015. While work remains, the results are encouraging and the following assertions can be made:

1. The difference between statewide agency claims against the SGFIP and fiduciary resources held at STO to fulfill those claims has remained within a relatively narrow range over the periods in which the reconciliation process has been used;
2. Agency claims on the SGFIP will be honored in their entirety. Any adjustment necessary to the claims balance will be applied against the General Operating Reserve. No portion of the adjustment shall be allocated to any specific agency that participates in the SGFIP.

Credit Risk for Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The GFIP is not rated for credit risk.

Interest Rate Risk for Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The DA does not have an investment policy that limits investment interest rate risk.

Custodial Credit Risk-Deposits

Custodial credit risk is the risk that in the event of a bank failure, the DA's deposits may not be returned. In general, state statutes require that all deposits held by financial institutions be collateralized at a minimum level of 50 percent. As noted in the following table, since the financial institutional balances held in the DA's name did not exceed \$250,000, they are fully insured by the Federal Deposit Insurance Corporation (FDIC) and pledged collateral is not required. The DA's credit risk is zero for these bank accounts.

Investments and cash accounts of the DA at June 30, 2015:

Fund Type	Location	Fund No./ Description	Balance	Outstanding		Balance Per
			Per Depository	Deposits	(Checks)	Financial Statements
General	STO	16500	\$ 895,878	-	-	895,878
General	On Site	Cash Box	250	-	-	250
			<u>\$ 896,128</u>	<u>-</u>	<u>-</u>	<u>896,128</u>

* denotes interest bearing account

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

C. FEDERAL RECEIVABLES

Federal receivables of \$10,349 are related to cost-reimbursement grant programs. An allowance for doubtful accounts has not been established, as all receivables are considered fully collectible and are expected to be collected within one year.

D. REVERSIONS

Section 6-5-10 NMSA 1978 requires all unreserved, undesignated fund balances in reverting funds and accounts revert to the State General Fund within ten days of the audit report. Non-reverting SWBPI and MOU funds are commingled with the DA's reverting funds. SWBPI and MOU revenues and expenditures are tracked by department within the general fund and this activity is reviewed to determine the calculation of the reversion.

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MOU funds referred to above are funds from the DA's memorandum of understanding with the Bloomfield Police Department. These funds are non-reverting pursuant to House Bill 2 citation: Laws of 2012, Chapter 19, Section 5(4)).

E. INTERAGENCY TRANSFERS

Transfers to and from other state agencies, for the year ended June 30, 2015, are as follows:

	Out	In
Laws 2014, 1st Session, Ch 227, Sec 8, DFA (Fund #853) State General Fund Appropriation	\$ -	3,466,000
Sec 8 DFA		74,200
DFA (Fund #853) State General Fund Appropriation FY15 reversion to State General Fund	(1,259)	-
	\$ (1,259)	3,540,200

F. INTERAGENCY RECEIVABLES / PAYABLES

Receivables due from other state agencies as of June 30, 2015, include:

Due to		Due from		
Fund No.	Amount	SHARE FUND	Agency Name	Purpose
16500	\$ 37,767	78000	NM Crime Victims Reparation Commission	Cost-reimbursement grant
	\$ 37,767			

Payables due to other state agencies as of June 30, 2015, include:

Due to		Due from		
Fund No.	Amount	SHARE FUND	Agency Name	Purpose
34100	\$ 1,259	16500	DFA	FY15 Reversion
	\$ 1,259			

G. FUND BALANCES

The DA's fund balances represent: 1) Restricted purposes, which include balances that are legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; 2) Committed purposes, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches; 3) Assigned purposes, which includes balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed. A summary of the nature and purpose of these reserves by fund type at June 30, 2015 includes:

Committed - Sheriff MOU funds	\$ 15,444
Assigned - SWBPI Funds	
Appropriated for term positions	506,400
Unassigned - SWBPI	236,064
Unassigned - Petty cash	250
	\$ 758,158

**STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2015**

The general fund's fund balance is comprised of SWBPI and Sheriff MOU funds, and of this amount, \$521,844 is considered assigned because it has been budgeted in the DA's fiscal year 2015 budget. The SWBPI, Sheriff MOU and Petty cash funds are non-reverting.

H. RECONCILIATION BETWEEN BUDGETARY BASIS AND GAAP BASIS

Because the DA keeps their budget on the modified GAAP basis, a reconciliation of the budget financial statements to the fund financial statements is not necessary. However, reconciliation is necessary if accounts payable (per balance sheet) are paid out of subsequent year budgeted funds.

I. COMPENSATED ABSENCES

The amount recorded as a long-term liability in the government-wide statements for compensated absences consists of accrued annual leave and accrued sick leave. A summary of changes in long-term debt for the year ended June 30, 2015 is as follows:

	<u>2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>2015</u>	<u>Due Within One Year</u>
Compensated absences payable \$	165,749	207,520	(203,900)	169,369	147,351

Prior year compensated absences have been liquidated by the general fund.

J. CONTINGENCIES

The DA is a party to various claims and other legal matters coming about in their normal course of business. The DA does not believe that the results of all claims and other legal matters, individually or in the aggregate will have a material adverse effect on its operations or financial positions.

Risk of loss

The DA, as a "State Agency" defined in the New Mexico Tort Claims Act, is insured through the Risk Management Division of the General Services Department, which is accounted for as an internal service fund of the State of New Mexico. The DA pays annual premiums to the Risk Management Division for coverage provided in the following areas:

1. Liability and civil rights protection for claims made by others against the State of New Mexico;
2. Coverage to protect the State of New Mexico's property and assets; and
3. Fringe benefit coverage for State of New Mexico employees.

The actuarial gains and losses of Risk Management Division were not available and were not included in this report. At June 30, 2015, the DA had no claims for which the Risk Management Division has returned as not covered that would become the responsibility of the DA.

K. LEASE COMMITMENTS

The DA entered into an operating lease for the use of a telephone system during the fiscal year 2012. Lease expense for the year ended June 30, 2015 was \$19,264. Future lease commitments are as follows:

<u>Fiscal Year</u>	<u>Lease Payments</u>
2016	\$ 19,264
2017	6,421
2018	-
	<u>\$ 25,685</u>

All leases may be terminated at any time with sixty days notice if the New Mexico Legislature does not grant sufficient appropriation for the lease or if the DA decides that termination is necessary to protect the best interests of the State of New Mexico.

**STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2015**

L. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 is as follows:

Governmental Activities	2014	Additions	Deletions	2015
Capital assets depreciated				
Data processing equipment	\$ 153,789	-	-	153,789
Furniture and equipment	42,201	-	-	42,201
Vehicles	538,308	46,890	-	585,198
Total capital assets	734,298	46,890	-	781,188
Less accumulated depreciation				
Data processing equipment	(143,708)	(2,320)	-	(146,028)
Furniture and equipment	(8,562)	(3,880)	-	(12,442)
Vehicles	(437,232)	(11,065)	-	(448,297)
Total accumulated depreciation	(589,502)	(17,265)	-	(606,767)
Total capital assets, net	\$ 144,796	29,625	-	174,421

The DA is a single function organization and depreciation is recorded to its only activity, public safety. Depreciation expense for the year ended June 30, 2015 was \$17,265.

M. PERA PENSION PLAN

Plan Description: Compliant with the requirements of Government Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions, the State of New Mexico has implemented the standard for the fiscal year ending June 30, 2015.

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

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

Funding Policy: Plan members are required to contribute 8.92% of their gross salary. The DA is required to contribute 16.99% of the gross covered salary. The contribution requirements of plan members and the DA are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The DA's contributions to PERA for the fiscal years ending June 30, 2015, 2014 and 2013 were \$428,650, \$415,552 and \$353,387, respectively, which equal the amount of the required contributions for each fiscal year.

N. POST-EMPLOYMENT BENEFITS—STATE RETIREE HEALTH CARE PLAN

Plan Description. The DA contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit post-employment 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.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

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

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

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

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 the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; 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, 2013, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% 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 NSA 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 DA's contributions to the RHCA for the years ended June 30, 2015, 2014 and 2013 were \$50,477, \$50,181 and \$46,867, respectively, which equal the required contributions for each year.

**STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2015**

O. JOINT POWER AGREEMENT AND MEMORANDUM OF UNDERSTANDING

The DA has no joint power agreements. There is one memorandum of understanding as follows:

1) Participant:	DA and the City of Bloomfield
Responsible Party:	DA
Description:	DA staff manages DWI cases for Bloomfield police department
Term:	Renewable annually, for an indefinite time
Amount Involved:	\$5,000
Revenue/Expenditures Reported:	Revenue reported by DA, expense reported by City
Audit Responsibility:	Both parties should have the contract reviewed
Fiscal Agent:	Not applicable

P. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

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

A. No funds that maintained a deficit fund balance as of June 30, 2015.

B. No funds exceeded approved budgetary authority for the year ended June 30, 2015.

Q. CONCENTRATIONS

The DA depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Mexico. Because of this dependency, the DA is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

R. EVALUATION OF SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued. The DA recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The DA's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before financial statements are available to be issued. The DA has evaluated subsequent events through November 12, 2015, which is the date the financial statements were available to be issued.

**STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended June 30, 2015**

	Balance June 30, 2014	Receipts	Disburse- ments	Balance June 30, 2015
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
WORTHLESS CHECKS AND PRE-PROSECUTION DIVERSION				
ASSETS				
Cash in authorized bank account	\$ 1,326	67,346	(68,672)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
LIABILITIES				
Due to others	\$ 1,326	67,346	(68,672)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

**STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2015**

Federal Grantor / Pass-Through Program Title	Federal CFDA Number	Pass-Through / Grantor No.	Grant Award Expended
<u>INDIRECT</u>			
U.S. Department of Justice, Passed through New Mexico Department of Public Safety, Southwest Border Prosecution Initiative (SWBPI)	16.755 *	n/a	\$ 291,417
U.S. Department of Justice, passed through New Mexico Crime Victims Reparation Commission (VOCA)	16.575	2015-VA-GX-0059	78,282
U.S. Department of Justice, Passed through New Mexico Crime Victims Reparation Commission - STOP Violence Against Women (VAWA)	16.588	2012-WF-AX-0023	<u>49,425</u>
Total U.S. Department of Justice			419,124
<u>DIRECT</u>			
Executive Office of the President, passed through the Office of National Drug Control Policy, High Intensity Drug Trafficking Area (HIDTA) Operation Up the Ladder Cooperative Agreement	95.001		<u>106,506</u>
Total federal awards expended			\$ <u>525,630</u>
Reconciliation to Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds			
Federal grant revenue per fund financial statements			\$ 234,213
Plus fund balance budgeted - General Fund - SWBPI			<u>291,417</u>
Total federal funds available			525,630
Total federal awards expended per SEFA			<u>525,630</u>
Difference			-

* Major Program

Notes to Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The above Schedule of Federal Awards includes the federal grant activity of the Eleventh Judicial District Attorney, Div I and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

Note 2. Subrecipients

The Agency did not provide any federal awards to subrecipients during the year.

Note 3. Non-Cash Federal Assistance

Except as noted above the Agency did not receive any non-cash federal assistance, federal loan or loan guarantees, or federal insurance benefits during the fiscal year ended June 30, 2015.

**STATE OF NEW MEXICO
 ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I
 SCHEDULE OF VENDOR INFORMATION
 For The Year Ended June 30, 2015**

RFB#/RFP#	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address per the procurement documentation, of <u>ALL</u> Vendor(s) that responded	In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A	Brief Description of the Scope of Work
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NONE



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

Mr. Robert P. Tedrow, District Attorney,
State of New Mexico, Office of the District Attorney
Eleventh Judicial District, Division I
and
Mr. Tim Keller, New Mexico State Auditor
Office of the State Auditor
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the budgetary comparison of the general fund of the District Attorney, Eleventh Judicial District, Division I, of the State of New Mexico (DA) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the DA’s basic financial statements and have issued our report thereon dated November 12, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the DA’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 DA’s internal control. Accordingly we do not express an opinion on the effectiveness of the DA’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 over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. 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 were not identified.

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

November 12, 2015

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the DA'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

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

Hinkle & Landers, P.C.

Hinkle + Landers, PC
Albuquerque, NM
November 12, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Mr. Robert P. Tedrow, District Attorney,
State of New Mexico, Eleventh Judicial District, Division I
And
Mr. Tim Keller, New Mexico State Auditor
Santa Fe, New Mexico

Report on Compliance for Each Major Federal Program

We have audited District Attorney, Eleventh Judicial District, Division I, of the State of New Mexico (DA) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the DA's major federal programs for the year ended June 30, 2015. The DA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the DA's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the DA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the DA's compliance.

Opinion on Each Major Federal Program

In our opinion, the DA, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

November 12, 2015

Report on Internal Control Over Compliance

Management of the DA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the DA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the DA's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Hinkle + Landers, P.C.
Albuquerque, NM
November 12, 2015

**STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2015**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified ?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Non-compliance material to financial statements noted?	No

Federal Awards

Internal control	
Material weakness identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditor’s report issued on major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>	<u>Funding Source</u>
16.755	Southwest Border Prosecution Initiative	Department of Justice

Dollar threshold used to distinguish between A and B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2015**

SUMMARY OF FINDINGS

<u>Reference</u>	<u>Findings</u>	<u>Status of Prior/Current Year Findings</u>	<u>Type of Finding*</u>
Prior year			
2013-001 [13-01]	Cash receipts not deposited timely	Resolved	C, G
Current year			
NONE			

* Legend for Type of Findings

- A. Material Weakness in Internal Control Over Financial Reporting
- B. Significant Deficiency in Internal Control Over Financial Reporting
- C. Other Matters Involving Internal Control Over Financial Reporting
- D. Material Weakness in Internal Control Over Compliance of Federal Awards
- E. Significant Deficiency in Internal Control Over Compliance of Federal Awards
- F. Instance of Noncompliance to Federal Awards
- G. Compliance with State Audit Rule

**STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I
EXIT CONFERENCE
For The Year Ended June 30, 2015**

EXIT CONFERENCE

An exit conference was held in a closed session on November 12, 2015, at the DA's Offices in Farmington, New Mexico. In attendance were the following:

Representing the Eleventh Judicial District Attorney, Division I:

Robert P. Tedrow
Amy Haun, CGFM

District Attorney
CFO

Representing Hinkle + Landers, PC:

Farley Vener, CPA, CFE
Maclen Enriquez

Managing Shareholder
Audit Manager

FINANCIAL STATEMENTS

The financial statements of the DA as of June 30, 2015, were substantially prepared by Hinkle + Landers, PC, however, the financial statements are the responsibility of management.