

STATE OF NEW MEXICO
**ELEVENTH JUDICIAL DISTRICT
ATTORNEY, DIVISION I**

COMPREHENSIVE FINANCIAL ANNUAL REPORT
AND
SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2016
WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS



ACCOUNTING & FINANCIAL
SOLUTIONS
CERTIFIED PUBLIC ACCOUNTANTS

THIS PAGE INTENTIONALLY LEFT BLANK

INTRODUCTORY SECTION

THIS PAGE INTENTIONALLY LEFT BLANK

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I

TABLE OF CONTENTS
Year Ended June 30, 2016

| | Page |
|--|------|
| INTRODUCTORY SECTION | |
| Title Page | |
| Table of Contents | iii |
| Official Roster | 1 |
| FINANCIAL SECTION | |
| Independent Auditors' Report | 5 |
| Management's Discussion and Analysis | 8 |
| BASIC FINANCIAL STATEMENTS: | |
| Government-wide Financial Statements: | |
| Statement of Net Position | 13 |
| Statement of Activities | 14 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds | 15 |
| Reconciliation of the Balance Sheet – All Governmental Funds to the Statement of Net Position | 16 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds | 17 |
| Reconciliation of the Statement of Revenue, Expenditures, and Changes In Fund Balance – All Governmental Funds to the Statement of Activities | 18 |
| Major Funds: | |
| Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis): | |
| General Fund | 19 |
| Notes to the Financial Statements | 21 |
| OTHER SUPPLEMENTAL INFORMATION | |
| Schedule of Vendor Information | 41 |
| GOVERNMENTAL REPORTING SECTION | |
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards | 47 |
| Summary Schedule of Prior Year Audit Findings | 49 |
| Schedule of Findings and Responses | 51 |
| REQUIRED DISCLOSURE | 55 |

THIS PAGE INTENTIONALLY LEFT BLANK

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I

OFFICIAL ROSTER
June 30, 2016

District Attorneys

| | | | |
|--------------------|--------------------------------|--------------------|--------------------------|
| Rick Tedrow | District Attorney | John Beckstead | Senior Trial Attorney |
| Dustin O'Brien | Chief Deputy District Attorney | Trevor Maveal | Senior Trial Attorney |
| R. Brent Capshaw | Chief Deputy District Attorney | Keith Mandelski | Senior Trial Attorney |
| David Cowen | Deputy District Attorney | Karen Etcitty | Trial Attorney |
| Michael Sanchez | Deputy District Attorney | Even Cochnar | Trial Attorney |
| Marcus Blais | Deputy District Attorney | Brian Decker | Trial Attorney |
| Ronald Brambl, Jr. | Deputy District Attorney | Kurtis Donisthorpe | Assistant Trial Attorney |
| Chris Spinner | Senior Trial Attorney | Ashley Londy | Assistant Trial Attorney |
| Joseph Petrelli | Senior Trial Attorney | Jacob Maule | Assistant Trial Attorney |

Administration

| | | | |
|-----------------|---------------------------------|----------------|------------------------------|
| Lori Holesinger | HR Administrator | Orlinda Ashley | Legal Assistant Supervisor |
| Amy Haun | Financial Manager/CFO | Tom Brown | Lead Investigator |
| Rachon Amick | Financial Specialist Supervisor | Brittany Hill | Victim-Witness Administrator |
| LaVergne Kovacs | Special Program Director | Darla Evans | IT Administrator |

THIS PAGE INTENTIONALLY LEFT BLANK

FINANCIAL SECTION

FISCAL YEAR 2016

JULY 1, 2015 THROUGH JUNE 30, 2016

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT AUDITORS' REPORT

Tim Keller, State Auditor, and
Rick Tedrow State of New Mexico of
Eleventh Judicial District Attorney, Division I

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 comparisons for the general fund of State of New Mexico, Eleventh Judicial District Attorney, Division I (the District Attorney), as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the District Attorney'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 misstatement, 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 District Attorney'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 State of New Mexico, Eleventh Judicial District Attorney, Division I, as of June 30, 2016, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the District Attorney are intended to present the respective financial position, and the changes in respective financial position, of only that portion of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of the State of New Mexico that is attributable to the transactions of the Eleventh Judicial District Attorney, Division I. They do not purport to and do not present fairly the financial position of the State of New Mexico, as of June 30, 2016, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Tim Keller, State Auditor, and
Rick Tedrow State of New Mexico of
Eleventh Judicial District Attorney, Division I

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8-10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Eleventh Judicial District Attorney, Division I's basic financial statements, and the budgetary comparisons. The other schedules required by 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other schedules required by 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 the auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures and other schedules required by 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 18, 2016 on our consideration of the Eleventh Judicial District Attorney's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Eleventh Judicial District Attorney, Division I's internal control over financial reporting and compliance.

Accounting & Financial Solutions, LLC
Farmington, NM
November 18, 2016

MANAGEMENT'S
DISCUSSION AND ANALYSIS

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I
Management's Discussion and Analysis (UNAUDITED)
For The Year Ended June 30, 2016

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. S Schedule of Expenditures of Federal Awards (SEFA) is not required therefore; a schedule of federal revenue & expenditures is included as item E of the Notes section.

Basic Financial Statements (Statement of Net Assets and Statement of Activities)

Basic financial statements report information about the Eleventh Judicial District Attorney, Division I, 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 Eleventh Judicial District Attorney, Division I's net position and how it has changed.

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

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

The Eleventh Judicial District Attorney, Division I 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)

Total Assets: Cash of \$637,786 on deposit with the State Treasurer, cash on hand of \$250, net receivables of \$67,913 and capital assets of \$139,389. Total assets are \$845,338.

Total Liabilities: Net Accounts Payable \$69,711, accrued payroll \$216,282, and accrued compensated absences \$177,466. Total liabilities are \$463,459.

Net Position: Total net position is \$381,879. Including \$139,389 invested in capital assets, and the remainder is unrestricted.

Result of Operations: (Statement of Activities)

Total Revenues: Consists of \$3,612,700 general revenue and \$254,849 grant revenue. Total revenues are \$3,867,549 for operational purposes. State General Fund appropriations and Federal awards provide the majority of the revenue.

Total Expense: Consists of \$4,248,800 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, 2016

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

| | <u>2016</u> | <u>2015</u> |
|--|-----------------------|----------------------|
| Assets: | | |
| Current and other assets | \$ 705,949 | 944,244 |
| Capital assets | <u>139,389</u> | <u>174,421</u> |
| Total assets | <u>845,338</u> | <u>1,118,665</u> |
| Liabilities | <u>463,459</u> | <u>355,455</u> |
| Net position: | | |
| Invested in capital assets | 139,389 | 174,421 |
| Unrestricted | <u>242,490</u> | <u>588,789</u> |
| Total net position | <u>381,879</u> | <u>763,210</u> |
| Total Net Position and Liabilities | \$ <u>845,338</u> | <u>1,118,665</u> |
| Revenue: | | |
| Program revenue | 259,849 | 239,213 |
| Appropriations (net of reversion) | <u>3,607,700</u> | <u>3,464,741</u> |
| Total revenues | <u>3,867,549</u> | 3,703,954 |
| Expenses: | | |
| Personnel services | 3,828,319 | 3,817,109 |
| Contractual services | 65,250 | 25,009 |
| Other costs | <u>267,967</u> | <u>216,162</u> |
| Total expenses | <u>4,161,536</u> | 4,058,280 |
| Unadjusted (Decrease) in net assets | <u>(293,987)</u> | <u>(354,326)</u> |

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I
Management's Discussion and Analysis (UNAUDITED)
For The Year Ended June 30, 2016

Total assets decreased in 2016 as we disposed of unusable assets and the use fund balance for operational expenses during the year was necessary. Total liabilities are higher in 2016 as accounts payable, accrued payroll (90/10 split) and accrued compensated absences all went up mostly due to timing. Program revenue is slightly higher due to an increase in federal grant funding, and appropriations increased. Total expenses increased due to a slight increase in personnel services, a special prosecution contract and the purchase of necessary equipment and assets.

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 decreased even though two vehicles were purchased due to a mass disposal of unusable assets and depreciation.

No long-term debt is reported because accrued compensated absences are all reported as due within one (short-term) for which the Eleventh Judicial District Attorney, Division I will pay out when vacation is taken or employees are terminated.

General Fund Budgetary Highlights

The State of New Mexico, Office of the District Attorney, Eleventh Judicial District, Division I intends to continue to submit budget requests to the legislature for increased General Fund, and will continue to seek out sources of federal funds or other grants and MOUs.

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:

- 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 there are no known facts, decisions, or conditions that are expected to have an effect on the financial position or results of operations. Fiscal Year 2017 budget reductions are concerning and we are hopeful that no further budget reductions are necessary for the state to balance the budget.

Agency Contact Information

Eleventh Judicial District Attorney, Division I
335 South Miller Avenue
Farmington, NM 87401
Amy Haun, CFO
505-599-9810 X 14177

BASIC FINANCIAL STATEMENTS

THIS PAGE INTENTIONALLY LEFT BLANK

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I

STATEMENT OF NET POSITION
 June 30, 2016

| | | <u>Governmental Activities</u> |
|--|-----------|------------------------------------|
| Assets | | |
| Investment in the state treasurer general fund investment pool | \$ | 637,786 |
| Petty Cash | | 250 |
| Other Receivables | | 7 |
| Due from federal government | | 15,188 |
| Due from other state agencies | | 52,718 |
| Non-current: | | |
| Depreciable capital assets, net | | 139,389 |
| Total assets | \$ | <u>845,338</u> |
| Liabilities | | |
| Accounts payable | \$ | 69,681 |
| Due to other funds | | 30 |
| Accrued salaries and wages | | 216,282 |
| Accrued compensated absences | | 177,466 |
| Total liabilities | | <u>463,459</u> |
| Net Position | | |
| Net investment in capital assets | | 139,389 |
| Unrestricted | | 242,490 |
| Total net position | \$ | <u>381,879</u> |
| Total liabilities and fund balance | \$ | <u>845,338</u> |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I

STATEMENT OF ACTIVITIES
 Year Ended June 30, 2016

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expense) Revenue and Changes in Net Position</u> |
|--------------------------------------|---------------------|---------------------------------|---|---|--|
| <u>Primary government:</u> | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Governmental Activities</u> |
| Governmental activities: | | | | | |
| Judicial government: | | | | | |
| Personnel services and benefits | \$ 3,828,319 | \$ - | \$ 244,585 | \$ - | \$ (3,583,734) |
| Contractual services | 65,250 | - | - | - | (65,250) |
| Operating costs | 267,967 | - | 10,264 | - | (257,703) |
| Depreciation expense | 87,344 | - | - | - | (87,344) |
| Total governmental activities | \$ 4,248,880 | \$ - | \$ 254,849 | \$ - | \$ (3,994,031) |
| General revenue: | | | | | |
| | | | | | \$ 3,607,700 |
| | | | | | - |
| | | | | | 5,000 |
| | | | | | \$ 3,612,700 |
| | | | | | (381,331) |
| | | | | | 763,210 |
| | | | | | \$ 381,879 |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION

GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2016

| | General <u>Fund #165</u> |
|---|-----------------------------|
| Assets | |
| Current assets: | |
| Investment in the state treasurer pool | \$ 637,786 |
| Petty Cash | 250 |
| Other Receivable | 7 |
| Due from federal government | 15,188 |
| Due from other state agencies | 52,718 |
| Total assets | <u>\$ 705,949</u> |
| Liabilities and Fund Balance | |
| Current liabilities: | |
| Accounts payable | \$ 69,681 |
| Accrued payroll | 216,282 |
| Due to other state agencies | 30 |
| Total liabilities | <u>285,993</u> |
| Fund balance: | |
| Assigned | 189,910 |
| Unassigned | 230,046 |
| Total fund balance | <u>419,956</u> |
| Total liabilities and fund balance | <u>\$ 705,949</u> |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I

RECONCILIATION OF THE BALANCE SHEET-ALL GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2016

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

| | |
|---|--------------------------|
| Net position - total governmental funds | \$ 419,956 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | |
| Capital assets | 769,438 |
| Accumulated depreciation | (630,049) |
| Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds. | |
| Accrued vacation payable | <u>(177,466)</u> |
| Net position of governmental activities | <u><u>\$ 381,879</u></u> |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I

GOVERNMENTAL FUNDS
 Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2016

| | <u>General Fund #165</u> |
|---|------------------------------|
| Revenues: | |
| Federal grants | \$ 254,849 |
| Miscellaneous | <u>5,000</u> |
| Total revenues | <u>259,849</u> |
| | |
| Expenditures: | |
| Current: | |
| Judicial government: | |
| Personnel services and benefits | 3,820,222 |
| Contractual services | 65,250 |
| Operating costs | 267,967 |
| Capital outlay | <u>52,312</u> |
| Total expenditures | <u>4,205,751</u> |
| | |
| <i>Deficiency of revenues over expenditures</i> | <u>(3,945,902)</u> |
| | |
| Other financing sources: | |
| State appropriations - regular | 3,607,700 |
| | |
| <i>Net change in fund balance</i> | (338,202) |
| | |
| Fund balance at beginning of the year | <u>758,158</u> |
| Fund balance at end of the year | <u>\$ 419,956</u> |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 Year Ended June 30, 2016

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

| | |
|---|--------------|
| Net change in fund balance - total governmental funds | \$ (338,202) |
| <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current year</p> | |
| Capital outlay | 59,173 |
| Depreciation | (94,205) |
| <p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p> | |
| Compensated absences at: | |
| June 30, 2016 | (177,466) |
| June 30, 2015 | 169,369 |
| Loss on asset disposal | - |
| Change in net position of governmental activities | \$ (381,331) |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I

GENERAL FUND

Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 2016

| | Budgeted Amounts | | Actual Amounts | Variance with |
|---|------------------|-------------|-------------------|--|
| | Original | Final | (Budgetary Basis) | Final Budget Positive (Negative) |
| Revenues: | | | | |
| Federal grants | \$ 218,100 | \$ 276,236 | \$ 254,849 | \$ (21,387) |
| Miscellaneous | - | 5,000 | 5,000 | - |
| Total revenues | 218,100 | 281,236 | 259,849 | (21,387) |
| Expenditures: | | | | |
| Current: | | | | |
| Personnel services and benefits | 3,998,500 | 3,968,554 | 3,820,222 | 148,332 |
| Contractual services | 76,100 | 65,500 | 65,250 | 250 |
| Operating costs | 213,800 | 317,482 | 267,967 | 49,515 |
| Total general government | 4,288,400 | 4,351,536 | 4,153,439 | 198,097 |
| Capital outlay: | | | | |
| Equipment | - | - | 52,312 | (52,312) |
| Total expenditures | 4,288,400 | 4,351,536 | 4,205,751 | 145,785 |
| <i>over expenditures</i> | (4,070,300) | (4,070,300) | (3,945,902) | 124,398 |
| Other financing sources: | | | | |
| State appropriations - regular | 3,629,400 | 3,607,700 | 3,607,700 | - |
| <i>Net change in fund balance</i> | (440,900) | (462,600) | (338,202) | 124,398 |
| Beginning cash balance budgeted | 440,900 | 462,600 | - | (462,600) |
| Fund balance at beginning of the year | - | - | 758,158 | 758,158 |
| Fund balance at end of the year | \$ - | \$ - | 419,956 | \$ 419,956 |
| RECONCILIATION TO GAAP BASIS: | | | | |
| Change in deferred revenue | | | - | |
| Fund balance at end of the year (GAAP basis) | | | \$ 419,956 | |

The notes to the financial statements are an integral part of this statement.

THIS PAGE INTENTIONALLY LEFT BLANK

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

| NOTE | PAGE |
|---|------|
| I. SUMMARY OF ALL SIGNIFICANT ACCOUNTING POLICIES | |
| A. Reporting Entity | 22 |
| 1. Blended Component Units | |
| 2. Discretely Presented Component Units | |
| B. Government-Wide and Fund Financial Statements | 23 |
| C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation | 23 |
| 1. Major Funds | 27 |
| D. Assets, Liabilities, and Net Position or Equity | 27 |
| II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY | |
| A. Budgetary Information | 31 |
| B. Budgetary Violations | 32 |
| C. Deficit Fund Equity | 32 |
| III. DETAILED NOTES ON ALL FUNDS | |
| A. Cash and Temporary Investments | 32 |
| B. Receivables | 34 |
| C. Capital Assets | 34 |
| D. Compensated Absences | 34 |
| E. Federal Revenue & Expenditures | 35 |
| F. Federal Receivables | 35 |
| G. Reversions | 35 |
| H. Fund Balances | 35 |
| I. Lease Commitments | 36 |
| IV. OTHER INFORMATION | 36 |

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

I. SUMMARY OF ALL SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The District Attorney's primary responsibility is to prosecute and defend the state of New Mexico in all courts of record, in all criminal and civil cases in which the state or any county in the district may be a party. When requested by the Board of County Commissioners (the Board), the District Attorney must represent the counties in the district, and advise all county and state officers. The District Attorney is required to represent the counties in the district before the Supreme Court or Court of Appeals in all civil cases (except those brought in the name of the state) concerning the counties. When the Board is sitting as a Board of Equalization, the District Attorney may also appear before the Board, without a request.

Section 36-1A-1 through 16-1A-15 (the District Attorney Personnel and Compensation Act) established for all district attorneys a uniform, equitable, and binding system of personnel administration. The District Attorney is included in the State of New Mexico Comprehensive Annual Financial Report, but is legally separate and fiscally independent of other state agencies, and has decision-making authority.

The Eleventh Judicial District Attorney is a part of the judicial branch of the State of New Mexico and these financial statements include all funds and activities over which the District Attorney has oversight responsibility. Oversight responsibility includes such aspects as designation of management, the ability to significantly influence operations, and accountability for fiscal matters. Based upon the application of these criteria, no component units or fiduciary units were included in the financial statements. The Eleventh Judicial District Attorney, Division I, is not included in any other government "reporting entity" as described in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*.

Generally Accepted Accounting Principles (GAAP) requires that financial statements present the District Attorney (primary government) and its component units. The District Attorney has no component units that are required to be presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*.

1. Blended Component Units

The District Attorney does not have any component units reported as blended component units.

2. Discretely Presented Component Units

The District Attorney does not have any component units reported as discretely presented component units.

The summary of significant accounting policies of the District Attorney is presented to assist in the understanding of the District Attorney's financial statements. The financial statements and notes are the representation of District Attorney's management who is responsible for their integrity and objectivity. The financial statements of the District Attorney conform to GAAP as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District Attorney. For the most part, the effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

During fiscal year 2016, the District Attorney adopted the following GASB Statements:

- GASB 72, *Fair Value Measurement and Application*, This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, this Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans and Statement 68 for pension plans and pensions that are within their respective scopes.
- GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, This Statement supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement will be effective for the year ended June 30, 2016.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (cont'd)

- GASB 79, *Certain External Investment Pools and Pool Participants*, this Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of Statement No. 31, Accounting and Financial Reporting for Certain Investments and for

External Investment Pools, as amended. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria in this Statement, the pool's participants should measure their investments in that pool at fair value, as provided in paragraph 11 of Statement 31, as amended.

This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2015 (FYE June 30, 2016), except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015 (FYE June 30, 2017). Earlier application is encouraged.

Other accounting standards that the District Attorney is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement will be effective for the year ended June 30, 2017.
- GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, this Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement will be effective for the year ended June 30, 2018.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (cont'd)

- GASB 77, Tax Abatement Disclosures, financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as inter-period equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time.

Financial statement users need information about certain limitations on a government's ability to raise resources. This includes limitations on revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens. Tax abatements are widely used by state and local governments, particularly to encourage economic development. For financial reporting purposes, this Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens.

Although many governments offer tax abatements and provide information to the public about them, they do not always provide the information necessary to assess how tax abatements affect their financial position and results of operations, including their ability to raise resources in the future. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

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

Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients

The gross dollar amount of taxes abated during the period

Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs.

Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose:

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

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015 (FYE June 30, 2017). Earlier application is encouraged.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (cont'd)

- GASB 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans, the objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

Prior to the issuance of this Statement, the requirements of Statement 68 applied to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of that Statement.

This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2015 (FYE June 30, 2017). Earlier application is encouraged.

- GASB 80, Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14, the objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended.

This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016 (FYE June 30, 2017). Earlier application is encouraged.

- GASB 81, Irrevocable Split-Interest Agreements, The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts—or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements—in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016 (FYE June 30, 2018), and should be applied retroactively. Earlier application is encouraged.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (cont'd)

- GASB 82, Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73, the objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016 (FYE June 30, 2017), except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017 (FYE June 30, 2018). Earlier application is encouraged.

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

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

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

The accounts of the Eleventh Judicial District Attorney are organized on a fund basis, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise assets, liabilities, fund equity, revenues and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purpose for which spending activities are controlled.

The government reports the following major governmental fund:

General Fund – The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

D. Assets, Liabilities, and Net Position or Equity

1. *Investment with the state treasurer*

The government's cash and cash equivalents are considered to be demand deposits with the State Treasurer.

2. *Receivables and payables*

Intergovernmental receivable consists of amounts due from various New Mexico State Agencies.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

D. Assets, Liabilities, and Net Position or Equity (cont'd)

3. *Capital assets*

Capital assets, which include property, plant, and equipment (software), are reported in the applicable governmental-wide financial statements. Beginning July 1, 2005, the threshold for defining Capital assets by the government was raised from \$1,000 to assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Software costs have been included with the cost of computer equipment and are capitalized with that equipment. The District Attorney does not develop software for internal use or any other use.

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

| <u>Assets</u> | <u>Years</u> |
|------------------------|--------------|
| Improvements | 20 |
| Furniture and Fixtures | 10 |
| Automobiles | 5 |
| Equipment | 5 |
| Computers | 3 |

4. *Compensated absences*

It is the District Attorney's policy to permit certain employees to accumulate earned but unused vacation and sick pay benefits. These benefits are accrued when incurred in the government-wide financial statements. Annual leave is accumulated as follows:

| <u>Employment</u> | <u>Per year</u> |
|-------------------------|-----------------|
| Less than 4 years | 120 hours |
| Between 4 and 8 years | 132 hours |
| Between 8 and 12 years | 144 hours |
| Between 12 and 16 years | 156 hours |
| More than 16 years | 168 hours |

The maximum amount that may carry over to the next year is 240 hours. Any excess must be used before the end of the calendar year or it shall be forfeited. Upon termination, an employee shall be paid for their total annual leave not to exceed 240 hours.

5. *Accrued Sick Leave*

Earned sick pay benefits are computed in accordance with State Statutes. Employees who have over 600 hours of accumulated sick leave can receive payment for the hours over 600 hours up to 120 hours on July 1, and January 1 of each year. However, the sick leave will be paid at fifty percent (50%) payment for up to 120 hours, for the hours over 600 hours of accumulated sick leave. Therefore, the only sick leave which has been accrued represents the hours earned at the end of the fiscal year over 600 hours.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

D. Assets, Liabilities, and Net Position or Equity (cont'd)

6. *Reversions to the State of New Mexico*

General Fund: The General Fund of the District Attorney is the operating fund. It is used to account for all financial resources except those required to be accounted for in another fund. Unused state appropriation and revenue accounts revert to the State of New Mexico General Fund at the end of each fiscal year per HB2 General Appropriation Act of 2015, under Laws, 2008 Ch. 3.

The District Attorney receives various non-reverting grants and contracts which are included in the General Fund. These funds are not subject to reversion back to the State of New Mexico. In fiscal year 2016, these grants included:

HIDTA – High Intensity Drug Trafficking Area – 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.

SWBPI – Southwest Border Prosecution Initiative – The program assists jurisdictions in meeting their financial responsibilities associated with the prosecution of federally funded cases. These are federal funds to support the prosecution and detention of federally referred cases. Awarded funds may be used for any lawful purpose, in accordance with BJA guidelines.

VOCA – Victims of Crime Act – Enacted in 1984, VOCA is the central source of federal financial support for direct services to victims of crimes. 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.

VAWA – Violence Against Women Act – 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.

7. *Cost of operations not included in statement*

San Juan County provides the cost of building space and related expense.

8. *Fund balance*

a. Non-Spendable

The non-spendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

b. Restricted

Fund balance is reported as restricted when constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

c. Committed

Amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action of the Legislature and the Executive branches should be reported as committed fund balance. The committed amounts cannot be used for any other purpose unless the Legislature or Executive branches remove or change the specified use by taking the same type of action it employed to previously commit those amounts.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

D. Assets, Liabilities, and Net Position or Equity (cont'd)

d. Assigned

Assigned fund balance includes (a) all remaining amounts, except for negative balances, that are reported in governmental funds, other than the general fund, that are not classified as non-spendable and are neither restricted nor committed and (b) amounts in the general fund that are constrained by the District Attorney's intent to be used for specific purposes, but are neither restricted nor committed. Intent, and removal of, is expressed by the District Attorney. .

e. Unassigned

The remaining fund balance, after all other classifications, within the general fund is reported as unassigned fund balance. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In governmental funds other than the general fund, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, a negative fund balance will be reported as unassigned fund balance.

When committed, assigned, and unassigned resources are available for use, it is the District Attorney's policy to use committed first followed by assigned and unassigned resources as they are needed.

9. *Net Position*

Net Position is presented on the statement of Net Position and may be presented in any of three components.

a. Net investment in capital assets

This component of Net Position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. That portion of the debt is included in restricted for capital projects.

b. Restricted Net Position

Net Position is reported as being restricted when the restriction is either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

c. Unrestricted Net Position

Unrestricted Net Position consists of Net Position that does not meet the definition of "net investment in capital assets" or "restricted."

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

In the governmental environment, Net Position often is designated to indicate that management does not consider them to be available for general operations. In contrast to restricted Net Position, these types of constraints on resources are internal and management can remove or modify them. However, enabling legislation established by the reporting government should not be construed as an internal constraint.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

D. Assets, Liabilities, and Net Position or Equity (cont'd)

10. *Encumbrances*

Encumbrances follow the modified accrual basis of accounting. Outstanding valid encumbrances are classified as accounts payable if they are normally paid before 30 days after the end of the fiscal year. After this deadline, the agency may still make the expenditure for a prior year accounts payable; however, they must first obtain DFA's permission to pay prior year bills. "Permission to pay prior year bills" is a penalty under law for not paying bills timely. It penalizes an agency by mandating that they charge an expenditure of one fiscal year to the subsequent fiscal year's budget.

11. *Estimates*

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Budgets for the General, Special Revenue, and Capital Projects are prepared by management and are prepared on the Non-GAAP modified accrual basis of accounting except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline, that must be paid out of the next year's budget.

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

1. No later than September 1, the District Attorney submits to the Legislative Finance Committee (LFC), and the Department of Finance and Administration (DFA) an appropriation request for the fiscal year commencing the following July 1. The appropriation request includes proposed expenditures and the means of financing them.
2. Appropriation request hearings are scheduled by the LFC. Recommendations are made by the DFA to the LFC for their approval. The LFC approved appropriation request is then submitted to the Legislature as the Governor's proposal to the Legislature.
3. 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.
4. The Governor of the State of New Mexico, within the legally prescribed time limit, signs the Act into law.
5. The District Attorney submits, no later than May 1, to DFA an annual operating budget by category and line item based upon the appropriation made by the Legislature. The DFA – Budget Division reviews and approves the operating budget, which becomes effective on July 1. All subsequent budget adjustments must be approved by the District Attorney and the director of the DFA – Budget Division. The budget was amended in a legal manner for the current year.
6. Legal budget control for expenditure and encumbrances is by category.
7. Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund.
8. The budget for the General and Special Revenue Funds is adopted on a modified accrual basis of accounting except for payables accrued at the end of the fiscal year that do not get paid by statutory deadlines that must be paid out of the next year's budget.
9. With the exception of those amounts encumbered, appropriations lapse at the end of the fiscal year.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont'd)

B. Budgetary Violations

The District Attorney did not have any budgetary violations during the year ended June 30, 2016.

C. Deficit Fund Equity

There were not any deficit fund balances as of June 30, 2016.

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Temporary Investments

At June 30, 2016, the District Attorney maintained separate cash accounts for its various funds. The District Attorney maintains an investment account with the New Mexico State Treasurer's Office (STO), in the State Treasurer General Fund Investment Pool (STGFIP). The balances of these accounts are as follows:

| | Investment in the State Treasurer General Fund Investment Pool |
|------------|---|
| General | \$ 637,786 |
| Petty Cash | <u>250</u> |
| | <u>\$ 638,036</u> |

Funds of various state agencies are deposited into the STGFIP to optimize state cash management and investment practices and to be compliant with Statute 6-10-3 (NMSA 1978). STGFIP is managed by the STO. Claims on the STGFIP are reported by the various agencies as financial assets.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District Attorney's deposit may not be returned to it. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping account receipt be issued, to the State of New Mexico for at least one half of the amount on deposit with the institution. Detail of pledged collateral specific to this agency is unavailable because the bank commingles pledged collateral for all state funds it holds. The collateralization of the District Attorney's accounts, however, is monitored by the State Treasures Office – Collateral Bureau. The State Treasure issues separate financial statements that disclose the collateral pledged to secure deposits.

The District Attorney has provided copies of the referenced diagnostic reports to the Independent Public Accountant (IPA) and has explained and provided copies to the IPA what policies and procedures are in place that ensures that cash balances in Statewide Human Resource Accounting and Management Reporting System (SHARE) are correct to the extent that the District Attorney has control (i.e. collections, deposits, reconciling, and documentation of outstanding reconciling items) of the cash it receipts and transfers to the state general fund and other agencies pursuant to state statute.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

III. DETAILED NOTES ON ALL FUNDS (cont'd)

A. Cash and Temporary Investments (cont'd)

The District Attorney has no bank account. To the extent possible, the District Attorney does reconcile all transfers that come into its possession including those receipts that are statutorily mandated to be sent to the state general fund. The cash transactions processed by the District Attorney flow through the STGFIP. Since the SHARE was implemented, the District Attorney recognized 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 District Attorney. The reconciliation occurs each month and any required adjustments are forwarded to the Department of Finance, Financial Control Division for correction. Monthly reconciliation procedures throughout the Fiscal Year include, but are not limited to, validation of: allotments, deposits, expenditures, all journal entries, operating transfers, payroll expenditures/liabilities by fund, and review of outstanding warrants within the District Attorney's statewide case management system. The District Attorney reports the timely completion of the reconciliation process to District Attorney Management monthly and conducts monthly management budget reviews to ensure that all cash deposits and financial transactions are accurately recorded and posted to SHARE system. This monthly internal reconciliation of cash receipts and disbursements flowing through the District Attorney's share of the STGFIP provides management assurance that the balance reflected in the STGFIP account is accurate as of the end of the reporting period. In addition, the District Attorney reconciles other asset and liability accounts on the Balance Sheet of each fund type. This process also provides additional assurance that transactions affecting the District Attorney's share in the STGFIP account are correct.

Update for Fiscal Year 2016: The Financial Control Division (FCD) in collaboration with the State Treasurer's Office (STO), implemented a comprehensive reconciliation model that compared aggregated agency claims on the STGFIP to the associated resources held by the STO. This process now has been reviewed by the independent public accountants performing audits of the General Fund, the Department of Finance and Administration and the State of New Mexico's Comprehensive Annual Financial Report for fiscal year 2015. Each review of the process deemed it to be adequate and the findings related to Cash Reconciliation were significantly reduced or eliminated. Successfully addressing this issue allowed the Department to reinstate \$100M that had been reserved as a loss contingency.

For FY 2016 the following assertions are provided:

1. The calculated difference between resources maintained by STO and the agency claims has remained stable and within a narrow and acceptable range (<\$200k standard deviation) over the last twelve months;
2. Resources are sufficient to cover claims and there is no need to adjust any specific business unit claim on the STGFIP;
3. All claims will be honored at face value.

The District Attorney has cash reconciliation policies and procedures in place which are performed on a monthly basis to ensure that the agency's cash balances in SHARE are correct and to mitigate the risk that the agency's cash balances would be misstated as of June 30, 2016.

Interest Rate Risk

The New Mexico State Treasurer's Office has an investment policy that limits investment maturities to five years or less on allowable investments. This policy is means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

Credit Risk

Credit Risk for Investments is the risk that an issuer or other party to an investment will not fulfill its obligations. The STGFIP is not rated for credit risk.

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2016.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

III. DETAILED NOTES ON ALL FUNDS (cont'd)

B. Receivables

Intergovernmental receivables as of the year end for the government's individual major funds and non-major funds in the aggregate, include the following:

| | | | |
|-----------------------------------|----|---------------|--|
| Refund from Employee | \$ | 7 | |
| Due from State Agencies (Federal) | | 52,718 | |
| Due from Federal Government | | <u>15,188</u> | |
| Total Receivables | \$ | <u>67,913</u> | |

An allowance for doubtful accounts has not been established. All receivables are expected to be collectible.

C. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|--------------------|------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets being depreciated: | | | | |
| Data processing equipment | \$ 153,789 | \$ 6,862 | \$ 36,149 | \$ 124,502 |
| Furniture, fixtures, and equipment | 42,201 | - | - | 42,201 |
| Automobiles | <u>585,198</u> | <u>52,311</u> | <u>34,774</u> | <u>602,735</u> |
| Total capital assets being depreciated | <u>781,188</u> | <u>59,173</u> | <u>70,923</u> | <u>769,438</u> |
| Less accumulated depreciation for: | | | | |
| Data processing equipment | (146,028) | (8,976) | (36,149) | (118,855) |
| Furniture, fixtures, and equipment | (12,442) | (3,896) | - | (16,338) |
| Automobiles | <u>(448,297)</u> | <u>(81,332)</u> | <u>(34,774)</u> | <u>(494,855)</u> |
| Total accumulated depreciation | <u>(606,767)</u> | <u>(94,204)</u> | <u>(70,923)</u> | <u>(630,048)</u> |
| Total capital assets, net | <u>\$ 174,421</u> | <u>\$ (35,031)</u> | <u>\$ -</u> | <u>\$ 139,390</u> |

The Schedule of Capital Assets Used by Source, and the Schedule of Changes in Capital Assets by Function and Activity have not been prepared because the detailed information is unavailable.

D. Compensated Absences

Changes in compensated absences – During the year ended June 30, 2016 the following changes occurred in liabilities:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Ending Balance</u> | <u>Amount Due Within One Year</u> |
|-----------------------|------------------------------|------------------|--------------------|---------------------------|---------------------------------------|
| Compensated absences: | | | | | |
| Compensated vacation | \$ 169,448 | \$ 152,221 | \$ 144,203 | \$ 177,466 | \$ 177,466 |

The liability of compensated absences is liquidated with resources from the general fund.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

III. DETAILED NOTES ON ALL FUNDS (cont'd)

E. Federal Revenue & Expenditures

| | Federal Revenue | Federal Expenditures |
|-------|--------------------|-------------------------|
| SWBPI | \$ - | \$ 331,934 |
| VOCA | 77,500 | 77,500 |
| VOCA | 31,917 | 31,917 |
| VAWA | 38,926 | 38,926 |
| HIDTA | 106,507 | 106,507 |
| | \$ 254,850 | \$ 586,784 |

F. Federal Receivables

Federal receivables of \$67,906 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.

G. Reversions

Section 6-5-10 NMSA 1978 requires all unreserved, undesignated fund balances in reverting funds and accounts revert to the STGFIP within ten days of the audit report. Reverting funds and non-reverting SWBPI and MOU funds are combined. 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.

H. Fund Balances

The District Attorney's fund balances represent: 1) Restricted due to constraints placed on the use of resources externally imposed by creditors, grantors, contributors or laws and regulations or imposed by law through constitutional provisions. 2) Committed for specific purposes pursuant to constraints imposed by the formal action of the Legislature and the Executive branches. 3) Assigned by the District Attorney for specific purposes but are neither restricted nor committed. A summary by fund type for the year ended June 30, 2016 is as follows:

| | |
|-------------------------|------------|
| Assigned - MOU funds | \$ 15,444 |
| Assigned - SWBPI funds | 174,466 |
| Unassigned - SWBPI | 229,796 |
| Unassigned - Petty cash | 250 |
| Total | \$ 419,956 |

The General Fund consists of MOU and SWBPI reverting funds. As of June 30, 2016, \$189,910 is considered assigned because it had been budgeted in the 2016 budget. Petty cash is also non-reverting.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

III. DETAILED NOTES ON ALL FUNDS (cont'd)

I. Lease Commitments

During the fiscal year 2012, the District Attorney entered into an operating lease for the telephone system. If the New Mexico Legislature does not grant sufficient appropriation for the lease, it may be terminated with sixty days' notice. The District Attorney may also terminate the lease if it determines that it is necessary to protect the interests of the State of New Mexico. Lease expense for the year ended June 30, 2016 was \$19,264. Future lease commitments are as follows:

| | Lease | |
|--------------------|-----------------|--------------|
| <u>Fiscal Year</u> | <u>Payments</u> | |
| 2017 | \$ | 6,421 |
| 2018 | | - |
| | \$ | <u>6,421</u> |

IV. OTHER INFORMATION

A. Risk Management

The District Attorney is exposed to various risk of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees or others; or acts of God. The District Attorney is insured through Risk Management Division of the General Services Department, which is accounted for as an internal service fund of the State of New Mexico. In general, Risk Management Division responds to suits against the state and state agencies; manages fund to provide unemployment compensation, tort liability insurance, workman's compensation, and general and property insurance, and attempts to reduce the number of suits against the state and state agencies through the risk management process. The actuarial gains and losses of Risk Management Division were not available and are not included in this report. However, the District Attorney would not be liable for more than the annual premiums.

B. Retirement Plan

Plan Description

Substantially all of the District Attorney's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

Funding Policy

Plan members are required to contribute 8.92% of their salary. The District Attorney is required to contribute 16.99% of the gross covered salary. The contribution requirements of plan members and the District Attorney are established state statute under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The District Attorney's contributions to PERA for the years ending June 30, 2016, 2015 and 2014 were \$424,284, \$428,650, and \$415,552, respectively, which equal the amount of the required contributions for each fiscal year.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

IV. OTHER INFORMATION (cont'd)

C. Post-Retirement Health Care Benefits

Plan Description

The District Attorney contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are:

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

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to:

Retiree Health Care Authority
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; and each participating employee was required to contribute 1.25% of their salary.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

IV. OTHER INFORMATION (cont'd)

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 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2016, 2015 and 2014 were \$49,945, \$50,477, and \$50,181, respectively, which equal the required contributions for each year.

D. Inter-Agency Transfers

The following is a list of inter-agency transfers for the year ended June 30, 2016:

| <u>Agency Number</u> | <u>Share Fund Number</u> | <u>Description</u> | <u>In</u> | <u>Out</u> |
|----------------------|--------------------------|----------------------------|-----------|--------------|
| 24100 | 165000 | General Fund Appropriation | \$ - | \$ 3,607,700 |

E. Reversions

The following is a list of reversions for the year ended June 30, 2016:

| | |
|---------|------|
| General | \$ - |
|---------|------|

F. Subsequent Events

Subsequent events were evaluated through November 18, 2016, which is the date the financial statements were available to be issued.

OTHER SUPPLEMENTAL INFORMATION

THIS PAGE INTENTIONALLY LEFT BLANK

STATE OF NEW MEXICO
 ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I
 SCHEDULE OF VENDOR INFORMATION
 For the Year Ended June 30, 2016

Prepared by (Agency Staff Name): Amy Haun Title: Procurement Officer Date: November 1, 2016

| <i>Agency Number</i> | <i>Agency Name</i> | <i>Agency Type</i> | <i>RFB#/RFP# (If applicable)</i> | <i>Type of Procurement</i> | <i>Vendor Name</i> | <i>Did Vendor Win Contract?</i> | <i>\$ Amount of Awarded Contract</i> | <i>\$ Amount of Amended Contract</i> | <i>Physical address of vendor (City, State)</i> | <i>Did the Vendor provide documentation of eligibility for in-state preference?</i> | <i>Did the Vendor provide documentation of eligibility for veterans' preference?</i> | <i>Brief Description of the Scope of Work</i> | <i>If the procurement is attributable to a Component Unit, Name of Component Unit</i> |
|----------------------|--------------------|--------------------|----------------------------------|----------------------------|--------------------|---------------------------------|--------------------------------------|--------------------------------------|---|---|--|---|---|
|----------------------|--------------------|--------------------|----------------------------------|----------------------------|--------------------|---------------------------------|--------------------------------------|--------------------------------------|---|---|--|---|---|

NONE - See the Other Reports

THIS PAGE INTENTIONALLY LEFT BLANK

GOVERNMENTAL REPORTING SECTION

THIS PAGE INTENTIONALLY LEFT BLANK

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

THIS PAGE INTENTIONALLY LEFT BLANK

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

INDEPENDENT AUDITORS' REPORT

Tim Keller, State Auditor
Rick Tedrow State of New Mexico of
Eleventh Judicial District Attorney, Division I

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund, of the Eleventh Judicial District Attorney, Division I as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Eleventh Judicial District Attorney's basic financial statements of Eleventh Judicial District Attorney, Division I and have issued our report thereon dated November 18, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered Eleventh Judicial District Attorney, Division I'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 Eleventh Judicial District Attorney, Division I's internal control. Accordingly, we do not express an opinion on the effectiveness of Eleventh Judicial District Attorney, Division I'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 Eleventh Judicial District Attorney, Division I's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Tim Keller, State Auditor
Rick Tedrow State of New Mexico of
Eleventh Judicial District Attorney, Division I

Compliance and other matters

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

Purpose of this Report

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

Accounting & Financial Solutions, LLC
Farmington, NM
November 18, 2016

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2016

PRIOR YEAR AUDIT FINDINGS

NOT RESOLVED

No audit findings to report.

RESOLVED

No audit findings to report.

THIS PAGE INTENTIONALLY LEFT BLANK

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2016

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Eleventh Judicial District Attorney.
2. There were no significant deficiencies disclosed during the audit of the financial statements in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. There were no significant deficiencies considered to be material weaknesses.
3. There were no instances of noncompliance material to the financial statements of Eleventh Judicial District Attorney disclosed during the audit.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

No findings to report.

THIS PAGE INTENTIONALLY LEFT BLANK

REQUIRED DISCLOSURE

THIS PAGE INTENTIONALLY LEFT BLANK

REQUIRED DISCLOSURES

Year Ended June 30, 2016

The financial statements were prepared by the independent public accountants.

An exit conference was held November 18, 2016, during which the audit findings were discussed. The exit conference was attended by the following individuals:

ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I

| | |
|--------------|-----------------------|
| Rick Tedrow. | District Attorney |
| Amy Haun | Financial Manager/CFO |

ACCOUNTING & FINANCIAL SOLUTIONS, LLC

| | |
|-----------------|---------|
| Terry Ogle, CPA | Partner |
|-----------------|---------|