STATE OF NEW MEXICO

ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I

COMPREHENSIVE FINANCIAL ANNUAL REPORT
AND
SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2017
WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

ACCOUNTING & FINANCIAL SOLUTIONS
CERTIFIED PUBLIC ACCOUNTANTS

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INTRODUCTORY SECTION

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STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I

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STATE OF NEW MEXICO

ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I

OFFICIAL ROSTER
June 30, 2017

District Attorneys

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

Administration and Supervisors

Jodie Gabehart	District Office Manager	LaVergne Kovacs	Special Program Director
Lori Holesinger	HR Admin	Orlinda Ashley	Legal Assistant Supervisor
Amy Haun	Financial Manager/ CFO	Tomas Brown	Lead Investigator
Rachon Amick	Financial Specialist Supervisor	Brittany Hill	Victim-Witness Admin.
Darla Evans	IT Administrator		

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FINANCIAL SECTION

FISCAL YEAR 2017

JULY 1, 2016 THROUGH JUNE 30, 2017

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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, 2017, 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, 2017, 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, 2017, 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.

4801 N Butler Ave. Ste 8101
Farmington, NM 87401
afs@afsolutions-cpa.com
Telephone (505) 566-1900
Fax (505) 566-1911

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2017 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
October 23, 2017

4801 N Butler Ave. Ste 8101
Farmington, NM 87401
afs@afsolutions-cpa.com
Telephone (505) 566-1900
Fax (505) 566-1911

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, 2017

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. A 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 Position and Statement of Activities)

Basic financial statements report information about the Eleventh Judicial District Attorney, Division I, as a whole (government-wide); using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government assets, and liabilities. 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 1's significant funds. Funds are accounting devices that the state 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 and their expenditures are tracked using department codes.

Analysis of Financial Position (Statement of Net Position)

Total Assets: Cash of $511,270 on deposit with the State Treasurer, cash on hand of $250, net receivables of $54,848 and capital assets of $107,709. Total assets are $674,077.

Total Liabilities: Accounts Payable $58,317, accrued payroll $143,957, and accrued compensated absences $192,022. Total liabilities are $394,296.

Net Position: Total net position is $279,781. Including $107,709 invested in capital assets, and the remainder is unrestricted.

Result of Operations: (Statement of Activities)

Total Revenues: General Revenue of $3,825,570 and Grant Revenue of $279,219. Total revenues are $3,877,844 for operational purposes. State General Fund appropriations and Federal awards provide the majority of the revenue.

Total Expense: $4,157,063 mainly for operational, employee salaries and benefits and operating costs.

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

		2017	2016
Assets:			
Current and other assets	$	**566,368**	705,949
Capital assets		**107,709**	139,389
Total assets		**674,077**	845,338
Liabilities		**394,296**	463,459
Net position:			
Invested in capital assets		**107,709**	139,389
Unrestricted		**172,072**	242,490
Total net position		**279,781**	381,879
Total Net Position and Liabilities	$	**674,077**	845,338
Revenue:			
Program revenue		**279,219**	259,849
Appropriations (net of reversion)		**3,799,345**	3,607,700
Total revenues		**4,078,564**	3,867,549
Expenses:			
Personnel services		**3,865,186**	3,828,319
Contractual services		**30,016**	65,250
Other costs		**239,224**	267,967
Total expenses		**4,134,426**	4,161,536
Unadjusted Increase (Decrease) in net assets		**(55,862)**	(293,987)

Total assets decreased in 2017 as we disposed of unusable assets, transferred some assets and the use of SWB fund balance for operational expenses during the year was necessary. Total liabilities are lower in 2017 as accounts payable & accrued payroll decreased mostly due to timing. Program revenue is slightly higher due to an increase in federal grant funding, and appropriations increased. Total expenses decreased primarily in the contractual services category.

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 due to disposal of assets and depreciation.

No long-term debt is reported because accrued compensated absences are all reported as due within one year (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 category 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.

Agency Contact Information

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

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO

ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I

STATEMENT OF NET POSITION

June 30, 2017

		Governmental Activities
Assets		
Investment in the state treasurer general fund investment pool	$	511,270
Petty Cash		250
Due from federal government		14,115
Due from other state agencies		40,733
Non-current:		
Depreciable capital assets, net		107,709
Total assets		674,077
Liabilities		
Accounts payable		58,317
Accrued salaries and wages		143,957
Accrued compensated absenses		192,022
Total liabilities		394,296
Net Position		
Net investment in capital assets		107,709
Unrestricted		172,072
Total net position	$	279,781

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, 2017

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contibutions	Governmental Activities
Primary government:					
Governmental activities:					
Judicial government:					
Personnel services and benefits	$ 3,879,742	$ -	$ 268,955	$ -	$ (3,610,787)
Contractual services	30,016	-	-	-	(30,016)
Operating costs	214,518	-	10,264	-	(204,254)
Depreciation expense	32,787	-	-	-	(32,787)
Total governmental activities	$ 4,157,063	$ -	$ 279,219	$ -	$ (3,877,844)

General revenue:	
State appropriations - regular	3,878,700
Transfers Out	(49,825)
Total general revenues	3,828,875
Transfers - reversions	(53,130)
Change in net position	(102,099)
Net position - beginning	381,880
Net position - ending	$ 279,781

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
Balance Sheet
June 30, 2017

		General Fund #165
Assets		
Current assets:		
Investment in the state treasurer pool	$	511,270
Petty Cash		250
Due from federal government		14,115
Due from other state agencies		40,733
Total assets	$	566,368
Liabilities and Fund Balance		
Current liabilities:		
Accounts payable	$	58,317
Accrued payroll		143,957
Total liabilities		202,274
Fund balance:		
Assigned		189,910
Unassigned		174,184
Total fund balance		364,094
Total liabilities and fund balance	$	566,368

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, 2017

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

Net position - total governmental funds	$	364,094
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets		696,009
Accumulated depreciation		(588,300)
Long-term liabililities, are not due and payable in the current period and therefore are not reported in the funds.		
Accrued vacation payable		(192,022)
Net position of governmental activities	$	279,781

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, 2017

	General Fund #165
Revenues:	
Federal grants	$ 279,219
Expenditures:	
Current:	
Judicial government:	
Personnel services and benefits	3,865,186
Contractual services	30,016
Operating costs	214,518
Capital outlay	50,931
Total expenditures	4,160,651
Deficiency of revenues over expenditures	(3,881,432)
Other financing sources and uses:	
State appropriations - regular	3,878,700
Reversions - fiscal year	(53,130)
Total other financing sources and uses	3,825,570
Net change in fund balance	(55,862)
Fund balance at beginning of the year	419,956
Fund balance at end of the year	$ 364,094

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2017

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

Net change in fund balance - total governmental funds	$	(55,862)
Govermental funds report capital outlays as expenditures. However, in the statement of activites 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 oulays in the current year		
Capital outlay		24,706
Depreciation		(32,787)
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.		
Compensated absences at:		
June 30, 2017		(192,022)
June 30, 2016		177,466
Transfer to another agency		(23,600)
Change in net position of governmental activities	$	(102,099)

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, 2017

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Revenues:				
Federal grants	$ 267,834	$ 267,834	$ 279,219	$ 11,385
Expenditures:				
Current:				
Personnel services and benefits	3,964,500	3,896,500	3,865,186	31,314
Contractual services	69,200	39,200	30,016	9,184
Operating costs	165,600	285,834	265,449	20,385
Total expenditures	4,199,300	4,221,534	4,160,651	60,883
Excess (deficiency) of revenues over expenditures	(3,931,466)	(3,953,700)	(3,881,432)	72,268
Other financing sources and uses:				
State appropriations - regular	3,878,700	3,878,700	3,878,700	-
Reversions - fiscal year	-	-	(53,130)	(53,130)
Total other financing sources and uses	3,878,700	3,878,700	3,825,570	(53,130)
Net change in fund balance	(52,766)	(75,000)	(55,862)	19,138
Beginning cash balance budgeted	52,766	75,000	-	(75,000)
Fund balance at beginning of the year	-	-	419,956	419,956
Fund balance at end of the year	$ -	$ -	364,094	$ 364,094
RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			-	
Fund balance at end of the year (GAAP basis)			$ 364,094	

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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.

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 2017, the District Attorney adopted the following GASB Statements:

- **GASB Statement No. 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 Statement No. 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.

  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.

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

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

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.

➢ **GASB Statement No. 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.

➢ **GASB Statement No. 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.

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

➢ **GASB Statement No. 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.

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

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

- **GASB Statement No. 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.

- **GASB Statement No. 82**, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73, t*he 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.

- **GASB Statement No. 83**, *Certain Asset Retirement Obligations* - This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

  This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

  This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. The best estimate should include probability weighting of all potential outcomes, when such information is available or can be obtained at reasonable cost. If probability weighting is not feasible at reasonable cost, the most likely amount should be used. This Statement requires that a deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement.

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

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

This Statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. In addition, it requires a government to evaluate all relevant factors at least annually to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays. A government should remeasure an ARO only when the result of the evaluation indicates there is a significant change in the estimated outlays. The deferred outflows of resources should be reduced and recognized as outflows of resources (for example, as an expense) in a systematic and rational manner over the estimated useful life of the tangible capital asset.

A government may have a minority share (less than 50 percent) of ownership interest in a jointly owned tangible capital asset in which a nongovernmental entity is the majority owner and reports its ARO in accordance with the guidance of another recognized accounting standards setter. Additionally, a government may have a minority share of ownership interest in a jointly owned tangible capital asset in which no joint owner has a majority ownership, and a nongovernmental joint owner that has operational responsibility for the jointly owned tangible capital asset reports the associated ARO in accordance with the guidance of another recognized accounting standards setter. In both situations, the government's minority share of an ARO should be reported using the measurement produced by the nongovernmental majority owner or the nongovernmental minority owner that has operational responsibility, without adjustment to conform to the liability measurement and recognition requirements of this Statement.

In some cases, governments are legally required to provide funding or other financial assurance for their performance of asset retirement activities. This Statement requires disclosure of how those funding and assurance requirements are being met by a government, as well as the amount of any assets restricted for payment of the government's AROs, if not separately displayed in the financial statements. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018 (FYE June 30, 2019). Earlier application is encouraged.

- **GASB Statement No. 84**, Fiduciary Activities – This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

  The requirements of this Statement are effective for reporting periods beginning after December 15, 2018 (FYE June 30, 2020). Earlier application is encouraged. Changes adopted to conform to the provisions of this Statement should be applied retroactively by restating financial statements, if practicable, for all prior periods presented. If restatement for prior periods is not practicable, the cumulative effect, if any, of applying this Statement should be reported as a restatement of beginning net position (or fund balance or fund net position, as applicable) for the earliest period restated. In the first period that this Statement is applied, the notes to the financial statements should disclose the nature of the restatement and its effect. Also, the reason for not restating prior periods presented should be disclosed.

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

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

- **GASB Statement No. 85**, Omnibus 2017 – The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

  Specifically, this Statement addresses the following topics:

  Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation

  Reporting amounts previously reported as goodwill and "negative" goodwill • Classifying real estate held by insurance entities

  Measuring certain money market investments and participating interest earning investment contracts at amortized cost

  Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus

  Recognizing on-behalf payments for pensions or OPEB in employer financial statements

  Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB

  Classifying employer-paid member contributions for OPEB

  Simplifying certain aspects of the alternative measurement method for OPEB

  Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

  The requirements of this Statement are effective for reporting periods beginning after June 15, 2017 (FYE June 30, 2018). Earlier application is encouraged

- **GASB Statement No. 86**, Certain Debt Extinguishment Issues – The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

  In-Substance Defeasance of Debt Using Only Existing Resources Statement No. 7, Advance Refundings Resulting in Defeasance of Debt, requires that debt be considered defeased in substance when the debtor irrevocably places cash or other monetary assets acquired with refunding debt proceeds in a trust to be used solely for satisfying scheduled payments of both principal and interest of the defeased debt. The trust also is required to meet certain conditions for the transaction to qualify as an in-substance defeasance. This Statement establishes essentially the same requirements for when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish the debt. However, in financial statements using the economic resources measurement focus, governments should recognize any difference between the reacquisition price (the amount required to be placed in the trust) and the net carrying amount of the debt defeased in substance using only existing resources as a separately identified gain or loss in the period of the defeasance. Governments that defease debt using only existing resources should provide a general description of the transaction in the notes to financial statements in the period of the defeasance. In all periods following an in-substance defeasance of debt using only existing resources, the amount of that debt that remains outstanding at period-end should be disclosed.

  Prepaid Insurance Related to Extinguished Debt – For governments that extinguish debt, whether through a legal extinguishment or through an in-substance defeasance, this Statement requires that any remaining prepaid insurance related to the extinguished debt be included in the net carrying amount of that debt for the purpose of calculating the difference between the reacquisition price and the net carrying amount of the debt.

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

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

Additional Disclosure for All In-Substance Defeasance Transactions – One of the criteria for determining an in-substance defeasance is that the trust hold only monetary assets that are essentially risk-free. If the substitution of essentially risk-free monetary assets with monetary assets that are not essentially risk-free is not prohibited, governments should disclose that fact in the period in which the debt is defeased in substance. In subsequent periods, governments should disclose the amount of debt defeased in substance that remains outstanding for which that risk of substitution exists.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017 (FYE June 30, 2018). Earlier application is encouraged.

- **GASB Statement No. 87**, *Leases* - The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

  Definition of a Lease - A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

  The provisions of this Statement are effective for reporting periods beginning after December 15, 2019 (FYE June 30, 2021).

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 #16500 – 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.

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

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.

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:

Assets	Years
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:

Employment	**Per year**
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.

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.

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.

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.

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, 2017.

C. Deficit Fund Equity

There were not any deficit fund balances as of June 30, 2017.

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Temporary Investments

At June 30, 2017, 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	$ 511,270
Petty Cash	250
	$ 511,520

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.

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.

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, 2017.

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, 2017.

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:

Due from State Agencies (Federal)	$ 40,733
Due from Federal Government	14,115
Total Receivables	$ 54,848

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

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

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets being depreciated:				
Data processing equipment	$ 124,502	$ 24,706	$ 25,829	$ 123,379
Furniture, fixtures, and equipment	42,201	-	-	42,201
Automobiles	602,735	-	72,306	530,429
Total capital assets being depreciated	769,438	24,706	98,135	696,009
Less accumulated depreciation for:				
Data processing equipment	(118,855)	(3,583)	(25,829)	(96,609)
Furniture, fixtures, and equipment	(16,338)	(3,880)	-	(20,218)
Automobiles	(494,855)	(25,324)	(48,706)	(471,473)
Total accumulated depreciation	(630,048)	(32,787)	(74,535)	(588,300)
Total capital assets, net	$ 139,390	$ (8,081)	$ 23,600	$ 107,709

Total depreciation expense for the year ended June 30, 2017 was $32,787.

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, 2017 the following changes occurred in liabilities:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due Within One Year
Compensated absences:					
Compensated vacation	$ 177,466	$ 142,547	$ 127,991	$ 192,022	$ 192,022

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

E. Federal Revenue & Expenditures

	Federal Revenue	Federal Expenditures
SWBPI	$ -	$ 73,360
VOCA	44,867	44,867
VOCA	87,911	87,911
VAWA	37,700	37,700
HIDTA	108,741	108,741
	$ 279,219	$ 352,579

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

F. Federal Receivables

Federal receivables of $54,848 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.

Due from State Agencies (Federal)	$ 40,733
Due from Federal Government	14,115
Total Receivables	$ 54,848

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. Transfers to Other State Agencies

Vehicle	$	23,600
Equipment		26,225
	$	49,825

I. 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, 2017 is as follows:

Assigned - MOU funds	$ 15,444
Assigned - SWBPI	251,500
Unassigned	96,900
Unassigned - Petty cash	250
Total	$ 364,094

The General Fund consists of MOU and SWBPI non-reverting funds. As of June 30, 2017, $266,944 is considered assigned because it had been budgeted in the 2017 budget. Petty cash is also non-reverting.

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

J. 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, 2017 was $6,421. The District Attorney's Office purchases a phone system.

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, 2017, 2016 and 2015 were $433,846, $424,284, and $428,650, respectively, which equal the amount of the required contributions for each fiscal year.

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.

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, 2017, 2016 and 2015 were $52,248, $49,945, and $50,477, 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, 2017:

Agency Number	Share Fund Number	Description	In	Out
34101	85300	General Fund Appropriation	$ 3,878,700	$ 3,878,700
26300	16700	13th Judicial DA	-	23,600
26400	16800	Administrative Office of the DA	-	26,225
			$ 3,878,700	$ 3,928,525

E. Reversions

The following is a list of reversions for the year ended June 30, 2017:

General	$ 53,130

F. Subsequent Events

Subsequent events were evaluated through October 23, 2017, which is the date the financial statements were available to be issued.

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COMPLIANCE SECTION

Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

Schedule of Findings and Responses:

Summary of Auditor's Results

Financial Statement Findings

Summary Schedule of Prior Year Audit Findings

Required Disclosure

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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, 2017, 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 October 23, 2017.

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.

4801 N Butler Ave. Ste 8101
Farmington, NM 87401
afs@afsolutions-cpa.com
Telephone (505) 566-1900
Fax (505) 566-1911

ACCOUNTING & FINANCIAL
SOLUTIONS
CERTIFIED PUBLIC ACCOUNTANTS

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
October 23, 2017

4801 N Butler Ave. Ste 8101
Farmington, NM 87401
afs@afsolutions-cpa.com
Telephone (505) 566-1900
Fax (505) 566-1911

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2017

PRIOR YEAR AUDIT FINDINGS

NOT RESOLVED

No audit findings to report.

RESOLVED

No audit findings to report.

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.

REQUIRED DISCLOSURES

Year Ended June 30, 2017

The financial statements were prepared by the independent public accountants.

An exit conference was held October 26 2017, 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