



# HINKLE + LANDERS

Certified Public Accountants + Business Consultants

**STATE OF NEW MEXICO  
OFFICE OF THE ELEVENTH JUDICIAL  
DISTRICT ATTORNEY, DIVISION I  
FINANCIAL STATEMENTS  
For The Year Ended June 30, 2019**



**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  
As of June 30, 2019**

**District Attorneys**

<b>Name</b>	<b>Title</b>
Rick Tedrow	District Attorney
Dustin O'Brien	Chief Deputy District Attorney
Brent Capshaw	Chief Deputy District Attorney
Michael Sanchez	Deputy District Attorney
Christopher Spinner	Deputy District Attorney
Brian Decker	Deputy District Attorney
Ned Fuller	Deputy District Attorney
Joe Petrelli	Senior Trial Attorney
Theresa Walker	Senior Trial Attorney
Keith Mandelski	Senior Trial Attorney
Graham Gurnee	Senior Trial Attorney
Ruth Baldwin	Senior Trial Attorney
Kurtis Donisthorpe	Trial Attorney
Mariah McKay	Trial Attorney
B. Tell Ward	Assistant Trial Attorney
Michael Weidel	Assistant Trial Attorney
Suzanne Fortner	Assistant Trial Attorney
Heather Burns	Assistant Trial Attorney

**Administrative Officials**

<b>Name</b>	<b>Title</b>
Jodie Gabehart	District Office Manager
Amy Haun	Financial Manager / CFO
Lori Holesinger	Human Resource Administrator
Darla Evans	IT Administrator
Brittany Hill	Victim-Witness Administrator
Orlinda Ashley	Legal Assistant Supervisor
Ronald Paquin	Lead Investigator



## **INDEPENDENT AUDITOR'S REPORT**

Rick Tedrow, District Attorney  
Eleventh Judicial District, Division I  
and  
Mr. Brian Colón, New Mexico State Auditor  
Office of the State Auditor

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the major fund, and the budgetary comparison for the general fund of the Office of the Eleventh Judicial District Attorney, Division I (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District, as of June 30, 2019, and the respective changes in financial position, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of a Matter**

As discussed in Note A-1, the financial statements of the District are intended to present the financial position and changes in financial position, of only that portion of the governmental activities and the major fund of the State of New Mexico that is attributable to the transactions of the District. They do not purport to, and do not, present fairly the financial position of the State of New Mexico, as of June 30, 2019, 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. Our opinion is not modified with respect to this matter.

**Other Matters****Required Supplementary Information**

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Hinkle + Landers, PC  
Albuquerque, NM  
October 24, 2019

**STATE OF NEW MEXICO  
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For The Year Ended June 30, 2019**

**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 but federal revenue and expenditures are disclosed as part of the Notes to Financial Statements, Note I.

**Basic Financial Statements**

**(Statement of Net Position and Statement of Activities)**

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

**Fund Financial Statements**

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

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

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

**Analysis of Financial Position (Statement of Net Position)**

Total Assets: Cash of \$529,116 on deposit with the State Treasurer, cash on hand of \$250, net receivables of \$49,076 and capital assets of \$66,632. Total assets are \$645,077.

Total Liabilities: Accounts payable \$78,897, accrued payroll \$164,197, and compensated absences expected to be paid within one year of \$187,266. Current liabilities are \$430,360. . Non-current liabilities are compensated absences expected to be paid after one year of \$27,982. Total liabilities are \$458,342.

Net Position: Total net position is \$186,735. Including \$66,632 invested in capital assets, and the remainder is unrestricted.

**Result of Operations (Statement of Activities)**

Total Revenues: Consists of \$4,582,711 for operational purposes. State General Fund appropriations and Federal awards provide the majority of the revenue.

Total Expense: Consists of \$4,565,775 mainly for operational, employee salaries and benefits and operating costs.

**STATE OF NEW MEXICO  
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For The Year Ended June 30, 2019**

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

	<u>2019</u>	<u>2018</u>
<b>Assets:</b>		
Current and other assets	\$ 578,445	508,837
Capital assets	<u>66,632</u>	<u>73,050</u>
<b>Total Assets</b>	<b><u>645,077</u></b>	<b><u>581,887</u></b>
<b>Liabilities:</b>		
	<b><u>458,342</u></b>	<u>412,088</u>
<b>Net position:</b>		
Investment in capital assets	66,632	73,050
Unrestricted	<u>120,103</u>	<u>96,749</u>
Total net position	<u>186,735</u>	<u>169,799</u>
<b>Total Net Position and Liabilities</b>	<b>\$ <u>645,077</u></b>	<b><u>581,887</u></b>
<b>Revenue:</b>		
Program revenue	\$ 370,708	245,330
Appropriations (net of reversion)	<u>4,212,003</u>	<u>3,768,790</u>
Total revenues	<b><u>4,582,711</u></b>	<u>4,014,120</u>
<b>Expenses:</b>		
Personnel services	4,224,496	3,821,117
Contractual services	<u>20,031</u>	<u>20,387</u>
Other Costs	<u>321,248</u>	<u>282,599</u>
Total expenses	<u>4,565,775</u>	<u>4,124,103</u>
<b>Increase (decrease) in net position</b>	<b>\$ <u>16,936</u></b>	<b><u>(109,983)</u></b>

The increase in total assets is primarily due to accounts receivable. The increase in total liabilities primarily due to the timing of accounts payable. Program revenue increased as additional HIDTA funding was granted and appropriations increased in FY 2019. Expenses increased due to operating costs; primarily, salary, health insurance and retirement costs.

**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 unusable assets.

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



**STATE OF NEW MEXICO  
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For The Year Ended June 30, 2019**

**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.

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

Increases or reallocation of appropriations to prevent 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**

11th Judicial District Attorney, Division I  
335 South Miller Avenue  
Farmington, NM 87401  
Amy Haun, Financial/CFO  
505-599-9810 X 14177

**STATE OF NEW MEXICO  
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I  
STATEMENT OF NET POSITION  
As of June 30, 2019**

		<b>Governmental Activities</b>
<b><u>ASSETS</u></b>		
<b>Current Assets</b>		
Investments in the state general fund investment pool	\$	529,116
Petty cash		250
Due from federal government		26,567
Due from other state agencies		22,509
Travel advance		<u>3</u>
Total current assets		578,445
 Capital assets, net		 <u>66,632</u>
Total assets	\$	<u><u>645,077</u></u>
 <b><u>LIABILITIES</u></b>		
<b>Current Liabilities</b>		
Accounts payable	\$	78,897
Accrued salaries and employee benefits		164,197
Compensated absences payable - expected to be paid within one year		<u>187,266</u>
Total current liabilities		430,360
 <b>Non-current liabilities</b>		
Compensated absences payable - expected to be paid after one year		<u>27,982</u>
Total liabilities		<u><u>458,342</u></u>
 <b><u>NET POSITION</u></b>		
Net investment in capital assets		66,632
Unrestricted		<u>120,103</u>
Total net position		<u>186,735</u>
Total liabilities and net position	\$	<u><u>645,077</u></u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I  
STATEMENT OF ACTIVITIES  
For The Year Ended June 30, 2019**

	<b>Governmental Activities</b>
<b>EXPENSES</b>	
<b>General government</b>	
Public safety	\$ 4,565,775
<b>REVENUES</b>	
<b>Program revenues</b>	
Operating grants and contracts	370,708
Net program (expenses)/revenue	(4,195,067)
<b>General revenues</b>	
<b>Transfers</b>	
State general fund appropriation FY19	4,071,000
Reversion to state general fund FY19	(46,697)
Other financing sources - compensation allocation appropriation	187,700
Total net transfers	4,212,003
Change in net position	16,936
Net position, beginning	169,799
Net position, ending	\$ 186,735

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I  
BALANCE SHEET – GOVERNMENTAL FUNDS  
As of June 30, 2019**

	<b>(16500) General Fund</b>
<b>ASSETS</b>	
State general fund investment pool	\$ 529,116
Petty cash	250
Due from federal government	26,567
Due from other state agencies	22,509
Travel advance	3
Total assets	578,445
<b>LIABILITIES</b>	
Accounts payable	78,897
Accrued salaries and employee benefits	164,197
Due to state general fund (reversion FY19)	-
Current liabilities	243,094
<b>FUND BALANCE</b>	
Assigned - Southwest border funds	125,400
Unassigned - Sheriff MOU funds	15,444
Unassigned - petty cash	250
Unassigned - Southwest border funds	194,257
Total fund balance	335,351
Total liabilities, deferred inflows of resources and fund balance	\$ 578,445

**Reconciliation of the Governmental Fund Balance To The Statement of Net Position:**

Total fund balance governmental funds	\$ 335,351
Capital assets (net of depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the funds	66,632
Long-term debt reported as accrued compensated absences is not due and payable in the current period and, therefore, are not reported in the funds	(215,248)
Rounding	1
Net position of governmental activities	\$ 186,735

**STATE OF NEW MEXICO  
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS  
For The Year Ended June 30, 2019**

	<b>(16500) General Fund</b>
<b>REVENUES</b>	
Federal funds	\$ <u>370,708</u>
<b>EXPENDITURES</b>	
Current:	
General government:	
Personal services and benefits	4,253,159
Contractual services	20,031
Other costs	296,014
Capital outlay	<u>18,816</u>
<b>Total expenditures</b>	<u>4,588,020</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(4,217,312)</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
State general fund appropriations FY19	4,071,000
Reversion to state general fund FY19	(46,697)
Other financing sources - compensation allocation appropriation	<u>187,700</u>
<b>Net other financing sources</b>	<u>4,212,003</u>
Net change in fund balance	(5,309)
Fund balance, beginning	<u>340,660</u>
Fund balance, ending	\$ <u>335,351</u>

**Reconciliation Of The Statement Of Revenues, Expenditures, and Changes in Fund  
Balances Of Governmental Funds to the Statement of Activities Of Governmental Funds  
To The Statement Of Activities:**

Net change fund balance in governmental funds	\$ (5,309)
Capital outlay is reported as expenditures in governmental funds, however, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.	
Depreciation expense	(25,234)
Capital expenditures capitalized in the government-wide financial statements	18,816
Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
(Increase) decrease in compensated absences	28,663
Rounding	-
Change in net position - governmental activities	\$ <u>16,936</u>

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**GENERAL FUND (16500)**  
**For The Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Federal grants - interagency	\$ 137,700	137,700	136,409	(1,291)
Federal grants - direct	117,100	234,299	234,299	-
Total revenues	<u>254,800</u>	<u>371,999</u>	<u>370,708</u>	<u>(1,291)</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Personal services and benefits	4,245,600	4,272,334	4,253,159	19,175
Contractual services	40,700	30,700	20,031	10,669
Other costs	208,384	308,849	296,014	12,835
Capital outlay	18,816	18,816	18,816	-
Total expenditures	<u>4,513,500</u>	<u>4,630,699</u>	<u>4,588,020</u>	<u>42,679</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,258,700)</u>	<u>(4,258,700)</u>	<u>(4,217,312)</u>	<u>41,388</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
State general fund appropriations FY19	4,071,000	4,071,000	4,071,000	-
Other financing sources - compensation allocation appropriation	187,700	187,700	187,700	-
Less: Reversion to state general fund FY19	-	-	(46,697)	(46,697)
Net other financing sources	<u>4,258,700</u>	<u>4,258,700</u>	<u>4,212,003</u>	<u>(46,697)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(5,309)</u>	<u>(5,309)</u>
Fund balance, beginning	\$ <u>340,660</u>	<u>340,660</u>	<u>340,660</u>	
Fund balance, ending			<u>335,351</u>	

The independent auditor's report and accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended June 30, 2019**

**NATURE OF BUSINESS AND REPORTING ENTITY**

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

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

Section 36-1A-1 through Section 16-1A-15 cited as the "District Attorney Personnel and Compensation Act" established for all District Attorney's a uniform equitable and binding system of personnel administration.

The District is legally separate and fiscally independent of other state agencies, has decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. The District is included in the State of New Mexico Comprehensive Annual Financial Report.

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. Financial Reporting Entity**

The District is part of the judicial branch of the State of New Mexico and these financial statements include all funds and activities over which the District has oversight responsibility. Oversight responsibility includes such aspects as designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The financial reporting entity consists of a primary government and its component units.

Governmental Accounting Standards Board Statement (GASBS) No. 14, *The Financial Reporting Entity*, and GASBS No. 39 and 61 (amend 14), *Determining Whether Certain Organizations are Component Units*, establishes standards for defining and reporting on the financial reporting entity. GASBS No. 14 defines the financial reporting entity as consisting of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. This definition of the reporting entity is based primarily on the notion of financial accountability as the "cornerstone of all financial reporting in government." A primary government is any state government or general-purpose local government, consisting of all the organizations that makeup its legal entity. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are, for financial reporting purposes, part of the primary government. The District, therefore, is part of the primary government of the State of New Mexico and its financial data should be included with the financial data of the State. The District does not have any component units.

**STATE OF NEW MEXICO**  
**ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2019**

The summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements for the District have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the District's accounting policies are described below.

The Audit Act, Sections 12-6-1 through 12-6-14, NMSA 1978, requires the financial affairs of every agency to be thoroughly examined and audited each year, and a complete written report to be made. Moreover, the New Mexico State Auditor requires that each agency shall prepare financial statements in accordance with accounting principles generally accepted in the United States of America. As a result, the District has prepared and issued its own audited, agency Annual Financial Report.

**2. Government-Wide and Fund Financial Statements**

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (i.e., the Statement of Net Position and Statement of Activities) report information on all of the non-fiduciary activities of the District. 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 segment is offset by related 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. Other items are not included among program revenues but are reported instead as *general revenues*.

The District includes only one function (general government). Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or 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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues received during the year but are applicable to subsequent years are reported as deferred inflows of resources. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Expenditures incurred during the year that are for the benefit of subsequent years are reported as deferred outflows of resources.



**STATE OF NEW MEXICO  
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended June 30, 2019**

Governmental funds are used to account for the District's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of capital assets, and the servicing of long-term debt. The District has only one fund, which is the General Fund.

**General Fund (16500)**—The general operating fund of the District is used to account for all financial resources except those required to be accounted for in another fund. All appropriations received in this fund are revertible funds if not expended in the appropriate time frame per HB2 (House Bill) General Appropriation Act of 2018, unless otherwise noted.

The District receives funds from various grants and contracts. Activity related to these non-reverting cost reimbursement grants and contracts is included in the General Fund. In fiscal year 2019, these grants included:

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

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

**Southwest Border Prosecution Initiative (SWBPI)**—Federal funds to support the prosecution and detention of federally referred cases. In accordance with the BJA guidelines, funds awarded may be used by jurisdictions for any lawful purpose. The program is designed to assist jurisdictions in meeting their financial burdens associated with the prosecution of federally funded cases. No revenue was recorded in FY 2019 and none is expected to be recorded in the future; however, non-reverting fund balance remains as of June 30, 2019. See note G.

#### **4. Fund Balance Classifications**

**Non-spendable** – Amounts cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts.

**Restricted** – Amounts constrained to specific purposes that are externally imposed or imposed by law through constitutional provisions or enabling legislation.

**Committed** – Amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the District Attorney. The District did not have committed fund balances for the year ended June 30, 2019.

**Assigned** – Constrained by the government's intent to be used for specific purposes but are not restricted or committed.

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

**5. Net Position**

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

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

**6. Spending Policy**

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

**7. Budgetary Data**

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

- a. No later than September 1st, the District prepares a budget appropriation request by category to be presented to the next Legislature.
- b. The appropriation request is submitted to the New Mexico Department of Finance and Administration's Budget Division (DFA) and to the Legislative Finance Committee (LFC).
- c. DFA makes recommendations and adjustments to the appropriation request which then becomes the Governor's proposal to the Legislature.
- d. The LFC holds hearings on the appropriation request, also submitting recommendations and adjustments before presentation to the Legislature.
- e. Both the DFA's and LFC's recommended appropriation proposals are presented to the Legislature for approval of the final budget plan
- f. Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committees. The final outcome of these hearings is incorporated into the General Appropriations Act.

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- g. The Act is signed into law by the Governor of the State of New Mexico within the legally prescribed time limit.
- h. The District submits, no later than May 1, to DFA an annual operating budget by category and line item based upon the appropriations made by the Legislature. The DFA - Budget Division reviews and approves the operating budget which becomes effective on July 1.
- i. All subsequent budget adjustments must be approved by the District and the Director of the DFA - Budget Division. The budget for the current year was properly amended.
- j. Legal budget control for expenditures and encumbrances is by program.
- k. Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund.
- l. The budget is adopted on the modified accrual basis of accounting except for payables accrued at the end of the fiscal year that do not get paid by the statutory deadline per Section 6-10- 4 NMSA 1978. Those payables must be paid out of the next year's budget.
- m. With the exception of those amounts encumbered, appropriations lapse at the end of the fiscal year.

**8. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded during the fiscal year in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the General Fund and the Special Revenue Funds. All encumbrances not utilized lapse at year end. Therefore, there is no difference between the modified accrual basis of accounting and the budgetary basis.

**9. Use of Estimates**

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

**10. Investment with the State Treasurer**

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

**11. Receivables**

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

**12. Capital Assets**

Capital assets, which include property, plant, and equipment, are defined by the District as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Information technology equipment including software is being capitalized and included in data processing equipment in accordance with NMAC 2.20.1.9C(5). Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

**13. Compensated Absences**

It is the District’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. Qualified employees accumulated annual leave as follows:

<u>Employment</u>	<u>Per pay period</u>	<u>Per month</u>	<u>Per year</u>
Less than 4 years	4.62 hours	10 hours	120 hours
4 but less than 8 years	5.08 hours	11 hours	132 hours
8 but less than 12 years	5.54 hours	12 hours	144 hours
12 but less than 16 years	6.00 hours	13 hours	156 hours
16 but less than 20 years	6.46 hours	14 hours	168 hours
20 years or more	6.92 hours	15 hours	180 hours

The maximum carryover of accrued annual leave from one calendar year to the next is no more than 240 hours. Any excess must be used before the end of the calendar year or it shall be forfeited. The accrued annual leave of each employee shall be adjusted so that no employee begins a calendar year with more accrued annual leave than the maximum permitted. An employee who separates from the service of the District shall be paid for the employee’s total accrued annual leave not to exceed 240 hours. See the “changes in long term debt” note in this report for the accrued compensated absences payable outstanding as of at June 30, 2019.

**14. Accrued Sick Leave**

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

Expenditures for accumulated sick pay for hours under 600 hours will be recognized as employees take such absences. Accrued vested sick pay is recorded as a liability in the governmental-wide financial statements.

**15. Cost of Operations Not Included in Statement**

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

**B. CASH AND INVESTMENTS POLICY**

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

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As provided for in Chapter 8-6 of the New Mexico Statutes Annotated 1978, the State Treasurer shall receive and keep all monies of the State, except when otherwise provided, and shall disburse the public money upon lawful warrants. The State Treasurer's Office (STO) acts as the state's bank. Agency cash receipts are deposited with STO and pooled in a statewide investment fund, when amounts are greater than immediate needs they are placed into short-term investments. When agencies make payments to vendors and employees they are made from this pool and their claims on the pool reduced. The comprehensive cash reconciliation model which compares aggregated agency claims on the State General Fund Investment Pool to the associated resources held by the State Treasurer's Office is now in its fifth year. This process has been reviewed multiple times by the IPA's performing audits of the General Fund, The Department of Finance and Administration and the State of New Mexico's Comprehensive Annual Financial Report. The reviews have deemed the process to be sound and the District is fully compliant with the requirements of the monthly process.

Investment in the SGFIP and cash accounts of the District at June 30, 2019:

<b>Fund Type</b>	<b>Location</b>	<b>Fund No./ Description</b>	<b>Balance</b>		<b>Outstanding Deposits (Checks)</b>	<b>Balance Per Financial Statements</b>
			<b>Per Depository</b>	<b>Per Deposits</b>		
General	STO	16500	\$ 529,116	-	-	529,116
General	On Site	Cash Box	250	-	-	250
			\$ 529,366	-	-	529,366

\* denotes interest bearing account

**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 a means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

**Credit Risk**

The New Mexico State Treasurer pools are not rated. 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, 2019.

**C. FEDERAL RECEIVABLES**

Federal receivables of \$26,567 are related to cost-reimbursement grant programs. An allowance for doubtful accounts has not been established, as all receivables are considered fully collectible and are expected to be collected within one year.

**D. REVERSIONS**

Section 6-5-10 NMSA 1978 requires all unreserved, undesignated fund balances in reverting funds and accounts revert to the State General Fund within ten days of the audit report. Reverting 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.

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

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**E. INTERAGENCY TRANSFERS**

Transfers to and from other state agencies, for the year ended June 30, 2019, are as follows:

<u>SHARE Fund</u>	<u>Title</u>	<u>Transfer Out</u>	<u>Transfer In</u>
* 85300	Department of Finance and Administration	\$ -	4,071,000
** 62000	Department of Finance and Administration		187,700
*** 85300	Department of Finance and Administration	(46,697)	-
		<u>\$ (46,697)</u>	<u>4,258,700</u>

- \* SGF Appropriation as per Laws 2018
- \*\* SGF Compensation Allocation Appropriation
- \*\*\* SGF Reversion FY 2019

**F. INTERAGENCY RECEIVABLES / PAYABLES**

Receivables due from other state agencies as of June 30, 2019, include:

<u>Due to</u>		<u>Due from</u>		
<u>Fund No.</u>	<u>Amount</u>	<u>Fund No.</u>	<u>Agency Name</u>	<u>Purpose</u>
16500	\$ 22,509	91602	NM Crime Victims Reparation Commission	Cost-reimbursement grant
	<u>\$ 22,509</u>			

The District did not have payables due to other state agencies as of June 30, 2019.

**G. FUND BALANCES**

The District's fund balances represent: 1) Restricted purposes, which include balances that are legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; 2) Committed purposes, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches; 3) Assigned purposes, which includes balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed. A summary of the nature and purpose of these reserves by fund type at June 30, 2019 includes:

Assigned - SWBPI Funds	\$ 125,400
Unassigned - SWBPI	194,257
Unassigned - Sheriff MOU funds	15,444
Unassigned - Petty cash	<u>250</u>
	<u>\$ 335,351</u>

The General Fund's consists of SWBPI and MOU non-reverting funds. As of June 30, 2019, \$125,400 is considered assigned because it had been budgeted in the District's fiscal year 2019 budget. Petty cash is also non-reverting.

**H. RECONCILIATION BETWEEN BUDGETARY BASIS AND GAAP BASIS**

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

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**I. FEDERAL REVENUE AND EXPENDITURES**

Federal revenue and expenditures are as follows:

<u>Federal Grant</u>	<u>Federal Revenue</u>	<u>Federal Expenditures</u>
SWBPI	\$ -	5,310
VOCA	136,409	136,409
HIDTA	234,299	234,299
Total	<u>\$ 370,708</u>	<u>376,018</u>

**J. COMPENSATED ABSENCES**

The amount recorded as a long-term liability in the government-wide statements for compensated absences consists of accrued annual leave and accrued sick leave. A summary of changes in long-term debt for the year ended June 30, 2019 is as follows:

	<u>2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>2019</u>	<u>Due Within One Year</u>
Compensated absences payable	\$ 243,911	167,846	(196,509)	215,248	187,266

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

**K. RISK MANAGEMENT**

The District is exposed to various risks of losses related to torts; theft of or damage to, or destruction of assets, errors and omissions; injuries to employees or others; or acts of God. The District Attorney is insured through the Risk Management Division of the General Services Division, which is accounted for as an internal service fund of the State of New Mexico. The District has coverage for workers' compensation, auto liability, general liability, civil rights, property and contents, and fidelity bonds. Management believes that any potential loss would be adequately covered by insurance and would not result in any material adverse effect on the financial condition of the District.

**L. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019 is as follows:

<u>Governmental Activities</u>	<u>2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>2019</u>
<b>Capital assets depreciated</b>				
Data processing equipment	\$ 83,883	18,816	(14,779)	<b>87,920</b>
Furniture and equipment	38,795	-	-	<b>38,795</b>
Vehicles	530,429	-	(33,857)	<b>496,572</b>
Total capital assets	653,107	18,816	(48,636)	<b>623,287</b>
<b>Less accumulated depreciation</b>				
Data processing equipment	(63,426)	(6,314)	14,779	<b>(54,961)</b>
Furniture and equipment	(20,692)	(3,880)	-	<b>(24,572)</b>
Vehicles	(495,939)	(15,040)	33,857	<b>(477,122)</b>
Total accumulated depreciation	(580,057)	(25,234)	48,636	<b>(556,655)</b>
<b>Total capital assets, net</b>	<u>\$ 73,050</u>	<u>(6,418)</u>	<u>-</u>	<u><b>66,632</b></u>

The District is a single function organization and depreciation is recorded to its only activity, public safety. Depreciation expense for the year ended June 30, 2019 was \$25,234.

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**M. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

*Plan Description:* Compliant with the requirements of Government Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions, the State of New Mexico has implemented the standard for the fiscal year ending June 30, 2019.

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

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

*Funding Policy:* Plan members are required to contribute 8.92% of their gross salary. The District is required to contribute 16.99% of the gross covered salary. The contribution requirements of plan members and the District are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to PERA for the fiscal years ending June 30, 2019, 2018, and 2017 were \$493,277, \$449,430, and \$433,846 respectively, which equal the amount of the required contributions for each fiscal year.

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

Compliant with the requirements of Government Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State of New Mexico has implemented this standard for the fiscal year ended June 30, 2018.

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

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

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



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*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](http://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, 2019, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2019, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the Legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act

The District's contributions to the RHCA for the years ended June 30, 2019, 2018 and 2017 were \$58,067, \$51,546 and \$52,248, respectively, which equal the required contributions for each year.

**O. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

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

- A. No funds that maintained a deficit fund balance as of June 30, 2019.
- B. No funds exceeded approved budgetary authority for the year ended June 30, 2019.

**P. CONCENTRATIONS**

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

**Q. CONTINGENT LIABILITIES**

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that

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may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the government.



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

Rick Tedrow, District Attorney  
Eleventh Judicial District, Division I  
and  
Mr. Brian Colón, New Mexico State Auditor  
Office of the State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the budgetary comparison of the general fund of the Office of the District Attorney, Eleventh Judicial District, Division I, of the State of New Mexico (District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 24, 2019.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

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

October 24, 2019

**Purpose of This Report**

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

*Hinkle & Landers, P.C.*

Hinkle + Landers, PC  
Albuquerque, NM  
October 24, 2019

**STATE OF NEW MEXICO  
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended June 30, 2019**

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of report independent auditor issued on financial statements	<b>Unmodified</b>	
Internal control over financial reporting:		
a. Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b. Significant deficiency(ies) identified that not considered to be a material weakness(es)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
c. Noncompliance material to the financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**STATE OF NEW MEXICO  
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended June 30, 2019**

**SECTION II - SUMMARY OF FINDINGS**

<b>Reference</b>	<b>Findings</b>	<b>Status of Prior Year Findings</b>	<b>Type of Finding*</b>
<b>Prior year</b>			
NONE	N/A	N/A	N/A
<b>Current year</b>			
NONE	N/A	N/A	N/A

\* Legend for Type of Findings

- A.** Material Weakness in Internal Control Over Financial Reporting.
- B.** Significant Deficiency in Internal Control Over Financial Reporting.
- C.** Finding That Does Not Rise to the Level of Significant Deficiency (Other Matters) Involving Internal Control Over Financial Reporting.
- D.** Non-compliance with State Audit Rule, NM State Statutes, NMAC, or other entity compliance.
- E.** Instance of Material Non-Compliance.

**STATE OF NEW MEXICO  
ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I  
EXIT CONFERENCE  
For The Year Ended June 30, 2019**

**EXIT CONFERENCE**

An exit conference was held in a closed session on October 24, 2019, at the District Attorney's Offices in Farmington, New Mexico. In attendance were the following:

Representing the Eleventh Judicial District Attorney, Division I:

Robert P. Tedrow  
Amy Haun, CGFM

District Attorney  
CFO

Representing Hinkle + Landers, PC:

Farley Vener, CPA, CFE, CGMA  
Maclen Enriquez, CPA

Managing Shareholder  
Senior Audit Manager

**FINANCIAL STATEMENTS**

The financial statements of the District as of June 30, 2019, were substantially prepared by Hinkle + Landers, PC, however, the financial statements are the responsibility of management.