



HINKLE + LANDERS

Certified Public Accountants + Business Consultants

**STATE OF NEW MEXICO
TWELFTH JUDICIAL
DISTRICT ATTORNEY**

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

For the Year Ended June 30, 2019

**STATE OF NEW MEXICO
TWELFTH JUDICIAL DISTRICT ATTORNEY
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**STATE OF NEW MEXICO
TWELFTH JUDICIAL DISTRICT ATTORNEY
OFFICIAL ROSTER
As of June 30, 2019**

Name	Title
John P. Sugg	District Attorney
Scot Key	Chief Deputy District Attorney
James Dickens	Chief Deputy District Attorney
Rhonda Sanchez	Chief Financial Officer
Daniel Contreras	IT Administrator
Angelica Herrera-Lucero	Finance Specialist/Human Resources
Rachel Skinner	Office Manager



INDEPENDENT AUDITOR'S REPORT

Mr. John P. Sugg, District Attorney,
Twelfth Judicial District Attorney
Alamogordo, New Mexico
and
Mr. Brian Colón
New Mexico State Auditor
Office of the State Auditor
Santa Fe, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the budgetary comparisons for the general fund and major special revenue funds of the Twelfth Judicial District Attorney of the State of New Mexico (DA), as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the DA's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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 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 each major fund of the DA, as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Financial Statements

As discussed in Note A, the financial statements of the DA are intended to present the financial position, the changes in financial position of the governmental activities and each major fund of the State of New Mexico that is attributed to the transactions of the DA. They do not purport to, and do not, present fairly, the financial position of the State of New Mexico as of June 30, 2019, the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Restatement

As discussed in Note S to the financial statements, the 2019 financial statements have been restated due to a correction of accumulated depreciation. 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 Information

Our audit was conducted for the purpose of forming opinions on the DA's financial statements and the budgetary comparisons. The other schedule listed as other supplementary information in the table of contents, required by Section 2.2.2 NMAC, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other schedule listed as other supplementary information in the table of contents, required by Section 2.2.2 NMAC, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional schedule is 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 10, 2019 on our consideration of the DA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the DA's internal control over financial reporting and compliance.

Hinkle & Landers, P.C.

Hinkle + Landers, PC
Albuquerque, NM
October 10, 2019

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

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statement consists of the following: government-wide financial statements, governmental funds statements and a statement reconciling the government-wide financial statements to the governmental fund statements.

Basic Financial Statements

Government-Wide Financial Statements (Statement of Net Position and Statement of Activities)

Basic financial statements report information about the 12th Judicial District Attorney, 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 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 12th Judicial District Attorney'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 12th Judicial District's significant funds. Funds are accounting devices that the 12th Judicial District uses to keep track of specific sources of funding and spending for particular purposes.

The 12th Judicial District Attorney 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: Total assets of \$256,092 includes cash on deposit with the State Treasurer of \$121,948 receivables of \$38,624 and capital assets of \$95,521.

Total Liabilities: Total Liabilities of \$286,122 includes Accounts Payable of \$3,674, accrued payroll and related liabilities of \$146,033, and compensated absences of \$136,415.

Net Position: Total net position is \$-30,029. Including \$95,521 invested in capital assets, \$10,865 restricted, and \$-136,415 unrestricted.

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

Statement of Financial Position	<u>2019</u>	<u>2018</u>
Assets		
Current and other assets	\$ 198,754	276,739
Capital assets	<u>95,521</u>	<u>104,092</u>
Total assets	<u>\$ 294,275</u>	<u>380,831</u>
Total Liabilities	\$ 324,304	270,552
Net position		
Investment in capital assets	\$ 95,521	104,092
Restricted	<u>10,865</u>	<u>135,936</u>
Unrestricted	<u>(136,415)</u>	<u>(129,749)</u>
Total net position	<u>(30,029)</u>	<u>110,279</u>
Total net position and liabilities	<u>\$ 294,275</u>	<u>380,831</u>

**Results of Operations:
(Statement of Activities)**

Total Revenues: State General Fund appropriations and federal awards provide the majority of the revenues, consisting of \$3,616,053; \$3,284,783 of appropriations and \$331,270 of federal awards, which was used for operational purposes.

Total Expense: Expenses are primarily operational, and include employee salaries and benefits, other operating costs totaling \$3,742,104, depreciation of \$33,214, and reversion to the State General Fund of \$601, for a total of \$3,775,918.

The District had higher expenses related to personnel services and benefits.

Analysis of District Attorney's Overall Results of Operations

Statement of Activities	<u>2019</u>	<u>2018</u>
Revenue		
Program revenue	\$ 331,270	280,528
Appropriations, net reversion	<u>3,284,182</u>	<u>3,106,011</u>
Total revenues	<u>3,615,452</u>	<u>3,386,539</u>
Expenses		
Administrative services	<u>3,742,102</u>	<u>3,308,844</u>
Depreciation	<u>33,214</u>	<u>33,214</u>
Total expenses	<u>3,775,316</u>	<u>3,342,058</u>
(Decrease) in net position	<u>\$ (159,864)</u>	<u>44,481</u>

Total assets decreased due to lower revenue in 2019 which made it necessary to use fund balance for operational expenses. Total liabilities were more in 2019 primarily due to an increase in compensated absences payable, as compared to the prior year. Net position decreased because of reductions in

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

capital assets and an overall loss in operations. Revenues are higher in 2019 primarily because appropriations increased. Expenses are higher due to an increase in money reverted to the state general fund.

Analysis of Significant Changes in Individual Funds

The VOCA Fund saw additional monies in 2019 for a Lincoln County Advocate, a Courthouse Comfort Dog for Lincoln County, and two small wish list grants that were awarded. The VAWA Fund saw a decrease in the Grant for 2019 due to the decrease for the third year of the grant. In addition, the Southwest Border Prosecution Initiative Fund did not receive funding in the current year; therefore, fund balance was utilized to pay for current year expenditures.

Analysis of Significant Budget Variances

The table below provides a summary of budget to actual comparisons for the activity in all the major funds for fiscal year 2019. All funding sources, General Fund Appropriations (net of reversion), Other State Appropriations and other revenue sources are included in the analysis. An explanation of the major variances follows.

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
(Including State Appropriation)	\$ 3,284,400	3,284,400	3,284,182	(218)
Expenditures:				
Personal services/employee benefits	\$ 3,318,000	3,342,758	3,306,019	36,739
Contractual services	44,600	179,747	161,620	18,127
Other	205,300	279,388	272,501	6,887
Total Expenditures	\$ 3,567,900	3,801,893	3,740,140	61,753

The District had budget adjustments during the fiscal year. In the District's General fund, "other costs" were increased by \$50,000 and personnel services were decreased by the same amount. No other significant budget variances were made.

Significant Capital Asset and Long-Term Debt Activity

The following table provides a comparison between fiscal year 2019 and 2018 of the District's capital assets:

	<u>2019</u>	<u>2018</u>	<u>Change \$</u>	<u>Change %</u>
Vehicles, net	\$ 74,704	83,118	(8,414)	-10%
Machinery and equipment, net	20,817	20,974	(157)	-1%
Total capital assets, net	\$ 95,521	104,092	(8,571)	-8%

Net capital assets decreased as a result of current year depreciation and the correction of accumulated depreciation which was restated.

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

The only long-term debt is due to compensated absences payable for which the District had no long-term portion in the current year.

General Fund Budgetary Highlights

The State of New Mexico, Office of the District Attorney, Twelfth Judicial District intends to continue to lobby the legislature to increase the funding from the General Fund, and also will continue to seek out sources of federal funds.

The State Legislature makes annual appropriations to the State of New Mexico, Office of the District Attorney, Twelfth Judicial District. 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, Twelfth Judicial District revised its budget. These budget amendments fall into two categories:

1. Increases or reallocation of appropriations to prevent budget overruns.
2. Increases to account for grant increases or new grants.

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

For fiscal year 2019 and beyond, the District will no longer be able to apply for the Southwest Border Prosecution Initiative grant as funding is no longer available. We have received additional monies in fiscal year 2019 related to the VOCA grant to expand on victim advocates in the Lincoln County area, but we have been informed that the VOCA funding is being reduced, so there may be a reduction of grant funds in 2021 and beyond.

Agency Contact Information

12th Judicial District Attorney
1000 New York Ave., Room 101
Alamogordo, NM 88310
Rhonda Sanchez, CFO
575-443-2646

**STATE OF NEW MEXICO
 TWELFTH JUDICIAL DISTRICT ATTORNEY
 GOVERNMENT-WIDE STATEMENT OF NET POSITION
 As of June 30, 2019**

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
State general fund investment pool	\$ 160,130
Due from federal sources	38,624
Total current assets	<u>198,754</u>
Capital assets, net	
Total assets	<u>\$ 95,521</u>
LIABILITIES	
Current Liabilities	
Investment in state general fund investment pool overdraft	\$ 38,182
Accounts payable	3,674
Accrued salaries and employee benefits	146,033
Compensated absences payable - expected to be paid within one year	136,415
Total current liabilities	<u>324,304</u>
Total liabilities	<u>324,304</u>
NET POSITION	
Investment in capital assets	95,521
Restricted	
Case prosecution	10,865
Unrestricted	<u>(136,415)</u>
Total net position	<u>(30,029)</u>
Total liabilities and net position	<u>\$ 294,275</u>

See Independent Auditor's Report
 The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
 TWELFTH JUDICIAL DISTRICT ATTORNEY
 GOVERNMENT-WIDE-STATEMENT OF ACTIVITIES
 For The Year Ended June 30, 2019**

	<u>Governmental Activities</u>
EXPENSES	
General government	
Administrative services	\$ 3,742,102
Depreciation	<u>33,214</u>
Total program expenses	3,775,316
 Program revenues	
Federal operating grants	<u>331,270</u>
Total program revenues	<u>331,270</u>
Net program (expenses)/revenues and changes in net position	<u>(3,444,046)</u>
 REVENUES	
General revenues	
Transfers	
State general fund appropriations FY 19	3,153,300
Less: Reversion to state general fund FY 19	(601)
Other financing sources	<u>131,483</u>
Total transfers	<u>3,284,182</u>
Total general revenues	3,284,182
Change in net position	(159,864)
Beginning net position	110,279
Restatement	<u>19,556</u>
Beginning net position as restated	<u>129,835</u>
Ending net position	<u>\$ (30,029)</u>

See Independent Auditor's Report
 The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
TWELFTH JUDICIAL DISTRICT ATTORNEY
BALANCE SHEET - GOVERNMENTAL FUNDS
As of June 30, 2019**

	Major Funds					Total
	Special Revenue Funds					
	16600 General Fund	89000 VAWA	91200 HIDTA	91300 SWBPI	91400 VOCA	
ASSETS						
State general fund investment pool	\$ 149,265	-	-	10,865	-	160,130
Due from federal sources	-	6,708	-	-	31,916	38,624
Total assets	<u>\$ 149,265</u>	<u>6,708</u>	<u>-</u>	<u>10,865</u>	<u>31,916</u>	<u>198,754</u>
LIABILITIES						
Investment in state general fund investment pool overdraft	\$ -	6,708	-	-	31,474	38,182
Accounts payable	3,674	-	-	-	-	3,674
Accrued salaries and employee benefits	145,591	-	-	-	442	146,033
Current liabilities	<u>149,265</u>	<u>6,708</u>	<u>-</u>	<u>-</u>	<u>31,916</u>	<u>187,889</u>
FUND BALANCES						
Restricted	-	-	-	10,865	-	10,865
Unassigned	-	-	-	-	-	-
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,865</u>	<u>-</u>	<u>10,865</u>
Total liabilities and fund balance	<u>\$ 149,265</u>	<u>6,708</u>	<u>-</u>	<u>10,865</u>	<u>31,916</u>	<u>198,754</u>
Total fund balance governmental funds					\$	10,865
Capital assets (net of depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the funds						95,521
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						<u>(136,415)</u>
Net position of governmental activities					\$	<u>(30,029)</u>

**STATE OF NEW MEXICO
TWELFTH JUDICIAL DISTRICT ATTORNEY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE (DEFICITS) - GOVERNMENTAL FUNDS
For The Year Ended June 30, 2019**

	Major Funds					Total
	16600 General Fund	Special Revenue Funds				
		89000 VAWA	91200 HIDTA	91300 SWBPI	91400 VOCA	
REVENUES						
Federal operating grants	\$ -	33,422	124,327	-	173,521	331,270
Total revenues	-	33,422	124,327	-	173,521	331,270
EXPENDITURES						
Current						
General government:						
Personal services and benefits	2,984,500	31,163	124,327	1,091	164,938	3,306,019
Contractual services	109,600	-	-	42,020	10,000	161,620
Other costs	254,699	2,259	-	-	15,543	272,501
Total expenditures	3,348,799	33,422	124,327	43,111	190,481	3,740,140
Excess (deficiency) of revenues over expenditures	(3,348,799)		-	(43,111)	(16,960)	(3,408,870)
OTHER FINANCING SOURCES (USES)						
Inter-agency transfers:						
State general fund appropriations FY 19	3,153,300	-	-	-	-	3,153,300
Reversion to state general fund FY 19	(601)	-	-	-	-	(601)
Other financing sources	131,483	-	-	-	-	131,483
Total other financing sources (uses):	3,284,182	-	-	-	-	3,284,182
Net change in fund balance	(64,617)	-	-	(43,111)	(16,960)	(124,688)
Beginning fund balance	64,617	-	-	53,976	16,960	135,553
Ending fund balance	\$ -	-	-	10,865	-	10,865
Net change in fund balance — governmental funds						\$ (124,688)
Capital outlays are 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						(33,214)
Capital additions						5,087
Expenses reported in the Statement of Activities that do not require the use of current financial resources are not reported as expenditures in governmental funds.						
(Increase) decrease in compensated absences						(7,049)
Change in net position— governmental activities						\$ (159,864)

**STATE OF NEW MEXICO
 TWELFTH JUDICIAL DISTRICT ATTORNEY
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL (MODIFIED GAAP BUDGETARY BASIS)
 GENERAL FUND (16600)
 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>		
EXPENDITURES				
Current:				
General government				
Personal services/employee benefits	\$ 3,034,500	2,984,500	2,984,500	-
Contractual services	44,600	109,600	109,600	-
Other	<u>205,300</u>	<u>255,300</u>	<u>254,699</u>	<u>601</u>
Total expenditures	<u>3,284,400</u>	<u>3,349,400</u>	<u>3,348,799</u>	<u>601</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,284,400)</u>	<u>(3,349,400)</u>	<u>(3,348,799)</u>	<u>601</u>
OTHER FINANCING SOURCES (USES)				
Inter-agency transfers				
State general fund appropriations FY 19	3,153,300	3,153,300	3,153,300	-
Less: Reversion to state general fund FY 19	-	-	(601)	(601)
Other financing sources	131,100	131,500	131,483	(17)
Other financing uses	<u>-</u>	<u>(400)</u>	<u>-</u>	<u>400</u>
Total inter-agency transfers	<u>3,284,400</u>	<u>3,284,400</u>	<u>3,284,182</u>	<u>(218)</u>
Net change in fund balance	\$ <u>-</u>	<u>(65,000)</u>	(64,617)	
Fund balance, beginning			\$ <u>64,617</u>	
Fund balance, ending			\$ <u>-</u>	

STATE OF NEW MEXICO
TWELFTH JUDICIAL DISTRICT ATTORNEY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (MODIFIED GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUND
VIOLENCE AGAINST WOMEN'S ACT (VAWA) (89000)
For The Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Federal sources	\$ 33,100	33,422	33,422	-
Total revenues	33,100	33,422	33,422	-
EXPENDITURES				
Current:				
General government				
Personal services	33,100	31,163	31,163	-
Other costs	-	2,259	2,259	-
Total expenditures	33,100	33,422	33,422	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Net change in fund balance	-	-	-	
Fund balance, beginning			\$ -	
Fund balance, ending			\$ -	

See Independent Auditor's Report
 The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TWELFTH JUDICIAL DISTRICT ATTORNEY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (MODIFIED GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUND
HIGH INTENSITY DRUG TRAFFICKING AREA (HIDTA) (91200)
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>		
REVENUES				
Federal sources	\$ 124,300	124,327	124,327	-
Total revenues	<u>124,300</u>	<u>124,327</u>	<u>124,327</u>	<u>-</u>
EXPENDITURES				
Current:				
General government				
Personal services/employee benefits	124,300	124,327	124,327	-
Total expenditures	<u>124,300</u>	<u>124,327</u>	<u>124,327</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	-	
Fund balance, beginning			\$ -	
Fund balance, ending			<u>\$ -</u>	

See Independent Auditor's Report
 The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TWELFTH JUDICIAL DISTRICT ATTORNEY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (MODIFIED GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUND
SOUTHWEST BORDER PROSECUTION INITIATIVE (SWBPI) (91300)
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>		
EXPENDITURES				
Current:				
General government				
Personal services/employee benefits	\$ -	26,280	1,091	25,189
Contractual services	-	<u>55,147</u>	<u>42,020</u>	<u>13,127</u>
Total expenditures	-	<u>81,427</u>	<u>43,111</u>	<u>38,316</u>
Excess (deficiency) of revenues over (under) expenditures	-	<u>(81,427)</u>	<u>(43,111)</u>	<u>38,316</u>
Net change in fund balance	\$ <u>-</u>	<u>(81,427)</u>	(43,111)	
Fund balance, beginning			<u>53,976</u>	
Fund balance, ending			<u>\$ 10,865</u>	

See Independent Auditor's Report
 The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TWELFTH JUDICIAL DISTRICT ATTORNEY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (MODIFIED GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUND
VICTIMS OF CRIME ACT (VOCA) (91400)
For The Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Federal sources	\$ 126,100	213,317	173,521	(39,796)
Total revenues	126,100	213,317	173,521	(39,796)
EXPENDITURES				
Current:				
General government				
Personal services/employee benefits	126,100	176,488	164,938	11,550
Contractual services	-	15,000	10,000	5,000
Other	-	21,829	15,543	6,286
Total expenditures	126,100	213,317	190,481	22,836
Excess (deficiency) of revenues over (under) expenditures	-	-	(16,960)	(16,960)
Net change in fund balance	\$ -	-	(16,960)	
Fund balance, beginning			\$ 16,960	
Fund balance, ending			\$ -	

See Independent Auditor's Report
The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
TWELFTH JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

A. NATURE OF BUSINESS AND REPORTING ENTITY

The DA is an elective office established by the Constitution of the State of New Mexico, Article VI, Section 24 and is elected for a four-year term. He or she has decision-making authority, the power to designate management, and the responsibility to significantly influence operations and primary accountability for fiscal matters. The DA serves Lincoln and Otero Counties.

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

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

The DA is legally separate and fiscally independent of other state agencies, has decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. The DA is not included in any other governmental “reporting entity” as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*. Included within the reporting entity is the DA as described above. Other Executive Branch entities of government are excluded because they are established separately by statutes.

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

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP and GASB Statement 14.

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

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens.

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A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the DA is able to exercise oversight responsibility. Based on the application of these criteria, there are no component units identified or excluded from the reporting entity.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basic Financial Statements

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

The basic financial statements include both government-wide (based on the DA as a whole) and fund financial statements. The reporting model focus is on either the DA as a whole or major individual fund (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type activities. In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reflected on a full accrual, economic resources measurement focus basis, which incorporates long-term assets, deferred outflows and receivables as well as long-term debt and obligations. The DA did not have any business-type activities during the year ended June 30, 2019.

For its government-wide activities, the DA has elected to apply all applicable GASB pronouncements. 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.

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

Grant revenues are recognized as soon as the eligibility requirements are met.

This government-wide focus is more on the sustainability of the DA as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The governmental fund statements are presented on a current financial resource and modified accrual basis of accounting. This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the DA's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column on the governmental wide presentation.

STATE OF NEW MEXICO
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For the Year Ended June 30, 2019

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with specific function or segment. *Program revenues* derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry as a whole and include operating grants and contracts that are restricted to meeting the operational necessities of a particular compliance grant requirement.

2. Basis of Presentation

The financial transactions of the DA are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund balance, revenues, expenditures and other financing sources or uses. Government resources are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by the type and reported by generic classification the accompanying financial statements.

The reporting model, GASB Statement No. 34, sets forth minimum criteria for the determination of major funds based on a percentage of the assets, deferred outflows, liabilities, deferred inflows, revenues or expenditures. The general fund is always considered a major fund. The DA has elected to consider all their special revenue funds as major funds regardless of size. Major individual governmental funds are reported as separate columns in the fund financial statements.

In the governmental fund financial statements, per GASB Statement No. 54, fund balances are classified as nonspendable, restricted or unrestricted (committed, assigned or unassigned). Restricted represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches of the State. Assigned fund balance is constrained by the Legislature's and Executive Branch's intent to be used for specific purposes or in some cases by legislation. See Note 10 for additional information about fund balances.

The following are the DA's major funds:

General Fund (16600) — The fund accounts for all financial resources of the general government, except those required to be accounted for in another fund. The DA receives all State of New Mexico appropriations in the General Fund, and these appropriations are revertible if not expended in the appropriate time frame.

Violence Against Women's Act (VAWA) (89000) — Created to assist States, 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. This federal program encourages the development and implementation of effective, victim-centered law enforcement, prosecution, and court strategies to address violent crimes against women and the development and enhancement of victim services in cases involving violent crimes against women. The authority for the creation of the fund is American Recovery

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NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

and Reinvestment Act (ARRA) and approved for acceptance by the District Attorney. The funds are non-reverting.

High Intensity Drug Trafficking Areas (HIDTA) (91200) – This fund was created to account for proceeds from the Office of National Drug Control Policy High Intensity Drug Trafficking Areas (HIDTA) grant. This fund supports federally funded activities 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 High Intensity Drug Trafficking Areas. The funds are non-reverting.

Southwest Border Prosecution Initiative (SWBPI) (91300) – This fund supports the prosecution and detention of federally referred cases in four states, including Arizona, California, Texas, and New Mexico. In accordance with Bureau of Justice Assistance (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. The source of these funds is federal, and the funds are non-reverting.

Victims of Crime Act (VOCA) (91400) – 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. While minimal federal requirements must be met, each state is given great discretion in awarding specific sub-grants. The funds are non-reverting.

3. Basis of Accounting

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

The statement of net position and the statement of activities are prepared using the *economic resources* measurement focus and the *accrual basis* of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. By definition, the resources of fiduciary funds are not available to support DA programs; therefore, fiduciary funds are excluded from the government-wide financial statements.

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

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exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "transfers in or out from other funds."

We both restricted and unrestricted resources are available for use, it is the DA's policy to use restricted sources first, then unrestricted resources as needed.

4. Budgetary Data

The New Mexico State Legislature makes annual appropriations to the DA. Legal compliance is monitored through the establishment of a budget (modified-accrual basis) and a financial control system, which permits a budget to actual expenditure comparison. Expenditures may not legally exceed appropriations for each budget at the appropriation unit level.

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

The DA follows these procedures in establishing the budgetary date reflected in the financial statements:

1. By September 1st, the DA prepares a budget request by appropriation unit to be presented to the next Legislature.
2. The appropriation request is submitted to the Department of Finance and Administration's Budget Division (DFA) and to the Legislature.
3. DFA makes recommendations and adjustments to the appropriation request, which become the Governor's proposal to the Legislature.
4. Legislative Finance Committee (LFC) holds hearings on the appropriation request, also submitting recommendations and adjustments before presentation to the Legislature.
5. Both the DFA's and LFC's recommended appropriation proposals are presented to the Legislature for approval of the final budget plan.
6. Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committees. The final outcomes of these hearings are incorporated into the General Appropriations Act.
7. The DA's budget for the fiscal year ending June 30, 2019, was amended in a legally permissible manner by increasing or reallocating appropriation unit totals as the need arose

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during the fiscal year. Individual amendments were not material in relation to the original budget.

8. The Act is signed into law by the Governor of the State of New Mexico within the legally prescribed time limit. The DA submits, no later than May 1st, to DFA an annual operating budget by category and line item based upon the appropriations made by the Legislature. The DFA - Budget Division reviews and approves the operating budget which becomes effective on July 1.
9. All subsequent budget adjustments must be approved by the DA and the Director of the DFA - Budget Division. The budget for the current year was properly amended.
10. Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund and the Special Revenue Funds.
11. The budget for the General Fund and the Special Revenue Funds are not adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). The budgets do not include prior year encumbrances paid in the current year in the budgetary amounts except as presented out in Note K of this report.
12. Appropriations lapse at the end of the fiscal year beginning with the year ended June 30, 2019. The DA's General Fund is a reverting fund (funds revert to the State General Fund).
13. Appropriations lapse at the end of the year except for those amounts encumbered.
14. If there are appropriations for multiple years and related funds are encumbered, there is a reservation of fund balance for encumbrances in the financial statements. This State Agency has no encumbered funds outstanding as of June 30, 2019.
15. The legal level of budgetary control is at the appropriation program level.

5. Encumbrances

Encumbrances outstanding at year-end related to single year appropriations are classified as unreserved fund balance and as an expense recorded to recognize any amounts subject to reversion to the State General Fund.

6. Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as: *Investment in capital assets* (net of related debt), *restricted* and *unrestricted*.

- a. *Investment in Capital Assets* (net of related debt) - is intended to reflect the portion of net position which is 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. The DA did not have any related debt during the year ended June 30, 2019.
- b. *Restricted Net Position* - reflects the portion of net position that has third party limitations on its' use.
- c. *Unrestricted (Deficit) Net Position* - represents the net position of the DA that is not restricted for any project or other purpose.

7. GASB Statement #54

In February 2009, the GASB issued Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The fund balance amounts for governmental funds have been reclassified in accordance with GASB Statement 54.

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As a result, in the governmental fund financial statements, fund balances previously reported as reserved and unreserved are now reported as nonspendable, restricted, or unrestricted (committed, assigned or unassigned).

8. Net Position Restricted by Enabling Legislation

The government-wide statement of net position reports restricted net position. All the restricted net position is considered restricted by enabling legislation under the alternative dispute resolution and domestic relations mediation act and the grants. The enabling legislation has been determined to be legally enforceable. 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.

9. Fund Balance

The DA’s fund balance is classified under the following GASB Statement 54 components:

- **Nonspendable:** Nonspendable fund balance classification includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. The DA has no amounts in the category of nonspendable fund balance for the year ended June 30, 2019.
- **Restricted:** Restricted fund balance represents amounts constrained to specific purposes that are externally imposed or imposed by law through constitutional provisions or enabling legislation (such as taxpayers, grantors, bondholders, and higher levels of government). The DA’s restricted funds in the Southwest Border Prosecution Initiation Fund represent special revenue funds held for case prosecution for the year ended June 30, 2019.

The DA’s restricted fund balances by fund, for the year ended June 30, 2019, are as follows:

<u>Fund Name</u>	<u>Fund Number</u>	<u>Restriction</u>	<u>Amount</u>
Southwest Border Prosecution Initiative (SWBPI)	91300	Case prosecution	\$ <u>10,865</u>

- **Committed:** Committed fund balance is constrained to specific purposes by the highest level of decision-making authority (the New Mexico Legislature and Governor). The DA does not have any committed fund balance for the year ended June 30, 2019.

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- **Assigned:** Assigned fund balance is constrained by the Legislature and Executive branch's intent to be used by the government for specific purposes or in some cases by legislation. Intent can be expressed by the governing body or an official or body to which the governing body delegates authority. The DA does not have any assigned fund balance for the year ended June 30, 2019.
- **Unassigned:** Unassigned fund balance is the residual classification for the general fund. The DA does not currently have a minimum fund balance policy. Unassigned fund balance is also made up of petty cash that is used for general operations. The DA doesn't have unassigned fund balance, because all unassigned, unexpended funds revert back to the State General Fund.

10. 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.

11. 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, deferred outflows, liabilities, deferred inflows and disclosure of contingent assets, deferred outflows, liabilities and deferred inflows 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.

12. Cash and Cash Equivalents

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

13. 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.

14. Capital Assets

Property and equipment including software, purchased or acquired is carried at historical cost or estimated historical cost. Contributed assets are recorded at the fair market values as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The State's capitalization policy, i.e., the dollar value above which asset acquisitions including software are added to the capital accounts is \$5,000. However, all capital outlay purchases may not necessarily be capitalized. The DA does not capitalize any interest in regard to its capital assets. Computer software which has been developed for internal use and which meets the capitalization minimum of \$5,000 is capitalized and depreciated in accordance with the DA depreciation guidelines. There is no related debt relating to capital assets.

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Property and equipment are depreciated using the straight-line method over the following estimated useful lived:

	<u>Years</u>
Furniture and equipment	3 - 7
Vehicles	5

15. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applied to a future period and so will not be recognized as an expense or expenditure until then. The DA has no items that meet this criterion. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applied to a future period and so will not be recognized until then. The DA has no items that meet this criterion.

16. Accrued Compensated Absences

Qualified employees accumulated annual leave as follows:

<u>Years of Service</u>	<u>Hours Earned per Month</u>	<u>Days Earned per Month</u>	<u>Days of Maximum Accrual</u>
1 month - 3 years	10	1 1/4	30
Over 3 - 7 years	12	1 1/2	30
Over 7 - 14 years	14	1 3/4	30
Over 14 years	16	2	30

The maximum accrued annual leave may be carried forward into the beginning of the next calendar year and any excess is lost. When employees terminate, they are compensated for accumulated unpaid annual leave as of the date of termination, up to the aforementioned maximums at their current hourly rate. At June 30, 2019, accrued compensated absences payable for accumulated annual leave totaled \$136,415.

17. Accrued Sick Leave

Chapter 150 Laws of 1983 provides for the payment to employees for accumulated sick leave under certain conditions. Employees who have over 600 hours of accumulated sick leave can receive payment for the hours over 600 up to 120 hours on July 1st and January 1st of each year. However, sick leave is paid at fifty percent of the employee's regular hourly wage. At retirement, employees can receive fifty percent payment for up to 400 hours for the hours over 600 hours of accumulated sick leave. Employees who terminate receive no payment for accumulated sick leave. Therefore, the only sick leave which has been accrued represents the hours earned at June 30, 2019 over 600 hours. In accordance with GASB 16, accrued compensated absences consisted of accumulated annual leave and related salary payments (employers' matching FICA and Medicare payroll taxes).

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 Activities Funds. As of June 30, 2019, the DA has no accrued leave benefits in excess of 600 hours.

18. Interfund Activity

Interfund transactions are treated as transfers. Transfers between governmental funds are netted

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as part of the reconciliation to the government-wide financial statements.

19. GASB 77 Disclosure

The DA has no tax abatement agreements as of June 30, 2019, and therefore no disclosures under GASB 77 are required.

C. CASH AND INVESTMENTS POLICY WITH STATE TREASURER AND BANKING INSTITUTIONS

General Fund Investment Pool

The DA has an interest in the State General Fund Investment Pool allocated between their funds operating under the oversight of SHARE and the State Treasurers Office. The cash transactions processed by the DA flow through the state general fund investment pool.

The DA developed internal reconciliation procedures to ensure that cash receipts and disbursements recorded in the SHARE system are in fact transactions that have been initiated by the DA. Monthly reconciliation procedures throughout the fiscal year, include, but are not limited to validation of: allotments, deposits, expenditures, all general entries, operating transfers, payroll expenditures/payroll liabilities and a review of outstanding warrants. The DA conducts ongoing tracking of all cash deposits and financial transactions to ensure that they are accurately recorded and posted to the SHARE system. This monthly internal reconciliation of cash receipts and disbursements flowing through the DA share of the state general fund investment pool provides management assurance that the balance reflected in State General Fund Investment Pool account is accurate as of the end of the reporting period.

Credit Risk for Investments

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

Interest Rate Risk for Investments

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

Investments in the State Treasurer General Fund Investment Pool

Please see the State Treasurer's annual audit report for the GASB 40 disclosure of the investments. That report may be obtained by writing to the New Mexico State Treasurer's Office, P.O. Box 608, Santa Fe, NM 87504-0608.

The following is a summary of the investment and cash balances of the DA. The investments are with the New Mexico State Treasurer as reported by the New Mexico Department of Finance and Administration (DFA) at fair value:

Fund Type	Location	SHARE No./ Description	Per Depository	Warrants/ Checks	Financial Statements
General	STO	16600	\$ 149,265	-	149,265
Special revenue	STO	89000	(6,708)	-	(6,708)
Special revenue	STO	912000	-	-	-
Special revenue	STO	913000	10,865	-	10,865
Special revenue	STO	914000	(31,474)	-	(31,474)
Total investments on deposit with State Treasurer			\$ 121,948	-	121,948

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There were no deposits in transit as of June 30, 2019. The Office of the State Treasurer (STO) accounts are interest bearing accounts, but no interest income was allocated to the DA.

The New Mexico State Treasurer monitors the collateral for deposits held by it for other state entities, which would include the investment account of the DA. The Office of the State Treasurer has its own separate annual independent audit in which the collateral pledged to secure these deposits is disclosed. By law, the DA is not permitted to have any investments other than what is held at the State Treasurer's Office and the DA did not have any other investments during the year ended June 30, 2019. There is no credit risk at the DA 's level since the cash and cash equivalents amount is under the contract of the New Mexico State Treasurer.

D. RECEIVABLES

Federal receivables of \$38,624 are related to cost-reimbursement grant programs. An allowance for doubtful accounts has not been established, as all receivables are considered fully collectible.

E. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30 includes:

	Balance 2018	Additions	Deletions	Restatement	Balance 2019
Capital assets being depreciated:					
Vehicles	\$ 337,310	-	-	-	337,310
Machinery and equipment	290,573	5,087	-	-	295,660
Total capital assets	627,883	5,087	-	-	632,970
Less accumulated depreciation:					
Vehicles	(254,192)	(27,970)	-	19,556	(262,606)
Machinery and equipment	(269,599)	(5,244)	-	-	(274,843)
Total accumulated depreciation	(523,791)	(33,214)	-	19,556	(537,449)
Capital assets, net	\$ 104,092	(28,127)	-	19,556	95,521

The DA is a single function organization and all depreciation is recorded to its only activity, general government, in the amount of \$33,214.

F. COMPENSATED ABSENCES

A summary of changes in long-term debt for the year ended June 30 is as follows:

	Balance 2018	Additions	Deletions	Balance 2019	Due Within One Year
Compensated absences	\$ 129,366	170,072	(163,023)	136,415	136,415

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

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For the Year Ended June 30, 2019**

G. 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.

The DA's reversion of funds totaled \$601 as of June 30, 2019. All amounts in the General Fund, of the DA's fund balance revert, except when approved for carryover, on the Balance Sheet - Governmental Funds statement, as noted in the table of contents.

H. DUE TO/FROM OTHER STATE AGENCIES

As of June 30, 2019, the following is due to the DA from other state agencies for federal grants:

Due From Other Agencies				
Due to SHARE Fund No.	Amount	Due from SHARE Fund No.	Agency Name	Purpose
VAWA	\$ 6,708	78000-91602	Crime Victims	Cost-Reimbursement
89000			Reparation Commission	Grant
VOCA	31,916	78000-91602	Crime Victims	Cost-Reimbursement
91400			Reparation Commission	Grant
	\$ 38,624			

I. INTERFUND RECEIVABLES AND PAYABLES AND INTERFUND TRANSFERS

Interfund receivables and payables reflect short-term (current) borrowings among the DA's funds in the normal course of business. The DA had no due to/from other funds as of June 30, 2019. Additionally, the DA had no interfund transfers as of June 30, 2019.

J. LEASES

The DA has office equipment leases which can terminate with no penalty to the DA if the Legislature does not appropriate funds to the DA. All leases may terminate at any time with sixty days' notice if the NM Legislature does not grant sufficient appropriation for the lease or if the DA decides that termination is necessary to protect the best interests of the State of New Mexico. All of the lease agreements are for 12-month periods, therefore future minimum payments are not disclosed.

Lease and related expenditures for the year ended June 30, 2019 were \$17,166.

K. RECONCILIATION BETWEEN BUDGETARY BASIS AND GAAP BASIS

The DA had no amounts expensed in fiscal year 2019 and paid out of fiscal year 2020's budget.

L. CONTINGENCIES

Risk Management

The DA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The DA is insured through the Risk Management Division of the General Services Department, which is accounted for as an internal service

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For the Year Ended June 30, 2019**

fund of the State of New Mexico. In general, Risk Management Division responds to suits against the State and state agencies, manages funds to provide unemployment compensation, tort liability insurance, workers' 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 were not included in this report. However, the Court is not liable for more than the premiums paid.

M. CONCENTRATIONS

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

N. COMMITMENTS

The DA has no commitments for the year ended June 30, 2019.

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

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

Funding Policy. Plan members are required to contribute 8.92% of their gross salary. The DA is required to contribute 16.99% of the gross covered salary. The contribution requirements of plan members and the DA are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The DA's contributions to PERA for the fiscal years ending June 30, 2019, 2018 and 2017 were \$383,309, \$354,430, and \$331,203, respectively, which equal the amount of the required contributions for each fiscal year.

P. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

Plan Description. 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 the standard for the fiscal year ending June 30, 2018.

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For the Year Ended June 30, 2019

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

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

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

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

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January, 1, 1998 are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4, or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2019, the statute required each participating employer to contribute 2.50% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 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

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 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 2019**

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 DA's contributions to the RHCA for the years ended June 30, 2019, 2018 and 2017 were \$45,122, \$41,723, and \$38,989, respectively, which equal the required contributions for each year.

Q. JOINT POWER AGREEMENTS

The DA did not have any joint power agreements for the year ended June 30, 2019.

R. DETERMINATION OF SINGLE AUDIT

The DA recorded federal revenues of \$331,270, and spent \$331,270 in federal funds. Therefore, the DA was not required under Uniform Guidance to have a single audit conducted for the year ended June 30, 2019.

S. RESTATEMENT

During fiscal year 2019 the following restatement was made to the government-wide net position:

Governmental-Wide Restatement	
<u>Purpose</u>	<u>Amount</u>
To correct accumulated depreciation balance	\$ <u>19,556</u>

T. 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.

**STATE OF NEW MEXICO
 TWELFTH JUDICIAL DISTRICT ATTORNEY
 SCHEDULE OF INTERAGENCY TRANSFERS
 For The Year Ended June 30, 2019**

Description	Agency Transferred From	From Fund	To Fund	Reference	Appropriation Period	Amount Transferred In
General Fund Appropriation	DFA	34101-85300	16600	Laws 2018, 2nd Session, Chapter 73, Section 4	FY 19	\$ 3,153,300
Other Financing Sources	DFA	34100-62000	16600	Laws 2018, 2nd Session, Chapter 73, Section 8	FY 19	131,100
Other Financing Sources	DFA	34100-62000	16600	Laws 2019, Chapter 271, Section 6, Item 13	FY 19	383
Total Transfers In						\$ <u>3,284,783</u>

Description	Agency Transferred To	From Fund	To Fund	Reference	Appropriation Period	Amount Transferred Out
General Fund Reversion	DFA	16600	34101-85300	Reversion of FY 19	FY 19	\$ <u>601</u>



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

Ms. John P. Sugg, District Attorney,
Twelfth Judicial District Attorney
and
Mr. Brian Colón
New Mexico State Auditor
Office of the State Auditor
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the budgetary comparisons for the general fund and major special revenue funds of the Twelfth Judicial District Attorney, of the State of New Mexico (DA) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the DA’s basic financial statements, and have issued our report thereon dated October 10, 2019.

Internal Control Over Financial Reporting

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

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

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

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

October 10, 2019

Compliance and Other Matters

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

Purpose of This Report

The 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 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.



Hinkle + Landers, PC
Albuquerque, NM
October 10, 2019

**STATE OF NEW MEXICO
TWELFTH JUDICIAL DISTRICT ATTORNEY
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2019**

SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of report independent auditor issued on financial statements **Unmodified**

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that not considered to be a material weakness(es)? Yes No
- Noncompliance material to the financial statements noted? Yes No

SUMMARY OF FINDINGS

A summary schedule of the status of current and prior year findings are as follows:

<u>Reference #</u>	<u>Finding</u>	<u>Status of Prior Year Findings</u>	<u>Type of Finding</u>
Prior Year Findings			
2018-001	Internal Control over Accruals	Resolved	A

Current Year Findings

None

* Legend for Type of Findings

- A.** Material Weakness in Internal Control Over Financial Reporting.
- B.** Significant Deficiency in Internal Control Over Financial Reporting.
- C.** 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
TWELFTH JUDICIAL DISTRICT ATTORNEY
EXIT CONFERENCE
For the Year Ended June 30, 2019**

An exit conference was held in a closed session on October 10, 2019. In attendance were:

John P. Sugg	District Attorney
Rhonda Sanchez	Chief Financial Officer
Angelica Herrera-Lucero	Financial Specialist/Human Resources
Rachel Skinner	Office Manager
Farley Vener, CPA, CFE, CGMA	Independent Auditor, Hinkle + Landers, PC
Katelyn Constantin	Independent Auditor, Hinkle + Landers, PC

FINANCIAL STATEMENTS

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