



State of
New Mexico
Office of the
District Attorney
Twelfth Judicial
District

Annual Financial Report
For the Year Ended June 30, 2017

TWELFTH JUDICIAL
DISTRICT ATTORNEY'S OFFICE

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INTRODUCTORY SECTION

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STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
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June 30, 2017

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STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Official Roster
June 30, 2017

Name

Title

Elected Officials

John Sugg

District Attorney

Administration

Scot Key

Chief Deputy District Attorney

James Dickens

Chief Deputy District Attorney

Rhonda Sanchez

Chief Financial Officer

Jameson Mott

IT Administrator

Debra Garcia

Finance Specialist/Human Resources

Dana Scumaci

Office Manager

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor
John Sugg, District Attorney
Office of the District Attorney, Twelfth Judicial District
Alamogordo, 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 Office of the District Attorney, Twelfth Judicial District (the "District") as of and for the year ended June 30, 2017, 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.

Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District'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.

Emphasis of Matter

As discussed in Note 1, the financial statements of the District 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 District. They do not purport to, and do not, present fairly, the financial position of the State of New Mexico as of June 30, 2017, 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.

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 District, as of June 30, 2017, and the respective changes in financial position thereof 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10 through 12 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 inquires 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.

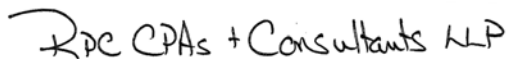
Other Information

Our audit was conducted for the purpose of forming opinions on the District's financial statements and the budgetary comparisons.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2017 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 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.



RPC CPAs + Consultants, LLP
Albuquerque, New Mexico
October 19, 2017

STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Management's Discussion and Analysis
June 30, 2017

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 (Statement of Net Position and Statement of Activities)

Basic financial statements report information about the District, 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 District's net position and how they have 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 District's significant funds. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

The District 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 \$370,267 includes cash on deposit with the State Treasurer (\$214,476), receivables of (\$42,758) and capital assets (\$82,502).

Total Liabilities: Total Liabilities of \$273,938 includes Accounts Payable (\$4,995), accrued payroll and related liabilities (\$128,434), and compensated absences (\$140,509).

Net Position: Total Net Position of \$65,798 includes \$82,502 invested in capital assets and \$124,188 restricted.

Result of Operations: (Statement of Activities)

Total Revenues: State General Fund appropriations and federal awards provide the majority of the revenues, consisting of \$3,327,305: \$2,900,900 for appropriations, \$422,455 for program revenues, which was used for operational purposes, and \$3,950 for gain on asset disposition.

Total Expense: Expenses are primarily operational, and include employee salaries and benefits, other operating costs, and depreciation \$54,954 totaling \$3,315,279.

STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Management's Discussion and Analysis
June 30, 2017

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

	<u>2017</u>	<u>2016</u>
Assets:		
Current and other assets	\$ 257,234	\$ 266,339
Capital assets	82,502	77,772
Total assets	<u>\$ 339,736</u>	<u>\$ 344,111</u>
Total Liabilities	\$ 273,938	\$ 259,808
Net position:		
Net investment in capital assets	82,502	77,772
Restricted	124,188	134,345
Unrestricted	<u>(140,892)</u>	<u>(127,814)</u>
Total net position	<u>65,798</u>	<u>84,303</u>
Total net position and liabilities	<u>\$ 339,736</u>	<u>\$ 344,111</u>
Revenue:		
Program revenue	\$ 422,455	\$ 376,563
Appropriations	2,900,900	2,814,906
Gain (loss) on disposition of assets	3,950	-
Total revenues	<u>3,327,305</u>	<u>3,191,469</u>
Expenses:		
Personnel services	3,260,325	3,226,472
Depreciation	54,954	25,157
Reversion	30,531	-
Total expenses	<u>3,345,810</u>	<u>3,251,629</u>
(Decrease) in net position	<u>\$ (18,505)</u>	<u>\$ (60,160)</u>

Total assets decreased as a result of an overall loss in operations. The District purchased capital assets in the current year as well as had higher expenses related to personnel services and benefits and other expenditures.

STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Management's Discussion and Analysis
June 30, 2017

Analysis of Significant Changes in Individual Funds

We received additional monies in VOCA Grant and HIDTA Grant for FY 17.

Analysis of Significant Budget Variances

The District required 3 budget adjustments during the fiscal year. The agency adjusted the budget in the Southwest Border protection fund to carry forward fund balance. In the agency's general fund, "other costs" were increased by \$166,000 and personnel services were decreased by the same amount. HITDA received additional monies during the year, which created a budget adjustment for an increase to "other costs" in that fund of \$20,750.

Significant Capital Asset and Long-Term Debt Activity

Net capital assets increased as a result of purchasing additional equipment.

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 2017 and beyond, the agency will no longer be able to apply for the Southwest Border Grant, which is no longer available. This was a federal grant that provided the agency with a substantial amount to maintain up to 4 additional staff each year. We have been notified that our HIDTA Federal Grants will be cut in half for Fiscal Year 18. However, for FY 16 and FY 17, we have received additional monies from our VOCA and HIDTA Grants.

Agency Contact Information

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

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Statement of Net Position
June 30, 2017

Exhibit A-1

	Governmental Activities
Assets	
Current assets:	
Investments in the State Treasurer's General Fund Investment Pool	\$ 214,476
Due from other state agencies	42,758
Total current assets	257,234
Noncurrent assets:	
Capital assets, net	82,502
Total noncurrent assets	82,502
<i>Total assets</i>	\$ 339,736
Liabilities and net position	
Liabilities	
Current liabilities:	
Accounts payable	\$ 4,995
Accrued expenses	128,434
Current portion of accrued compensated absences	140,509
Total current liabilities	273,938
<i>Total liabilities</i>	273,938
Net position	
Net investment in capital assets	82,502
Restricted for:	
Special revenue	124,188
Unrestricted	(140,892)
<i>Total net position</i>	65,798
<i>Total liabilities and net position</i>	\$ 339,736

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Statement of Activities
For the Year Ended June 30, 2017

Exhibit A-2

	Governmental Activities
Program expenses	
General government:	
Administrative services	\$ 3,260,325
Depreciation	54,954
<i>Total program expenses</i>	3,315,279
Program revenues	
Operating grants and contributions:	
Federal grants	422,455
<i>Total program revenues</i>	422,455
Net program income	(2,892,824)
General Revenues (Expenses)	
State General Fund appropriation	2,900,900
Gains (losses) on disposal of assets	3,950
Reversion to the State General Fund	(30,531)
<i>Total general revenues (expenses)</i>	2,874,319
Change in net position	(18,505)
Net position - beginning of year	84,303
<i>Net position - end of year</i>	\$ 65,798

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund 16600	Violence Against Women's Act (VAWA) 89000	HIDTA 91200
Assets			
Investments in the State Treasurer's General Fund Investment Pool	\$ 133,014	\$ -	\$ -
Due from other state agencies	-	8,825	6,212
<i>Total assets</i>	\$ 133,014	\$ 8,825	\$ 6,212
Liabilities and fund balances			
Liabilities			
Deficiency in SGFIP	\$ -	\$ 8,825	\$ 6,212
Accounts payable	4,963	-	-
Accrued expenses	128,434	-	-
<i>Total liabilities</i>	133,397	8,825	6,212
Fund balances			
Spendable:			
Restricted	-	-	-
Unassigned	(383)	-	-
<i>Total fund balances</i>	(383)	-	-
<i>Total liabilities and fund balances</i>	\$ 133,014	\$ 8,825	\$ 6,212

The accompanying notes are an integral part of these financial statements.

Southwest Border 91300	Victims of Crime Act (VOCA) 91400	Total
\$ 107,260	\$ -	\$ 240,274
<u>-</u>	<u>27,721</u>	<u>42,758</u>
<u>\$ 107,260</u>	<u>\$ 27,721</u>	<u>\$ 283,032</u>
\$ -	\$ 10,761	\$ 25,798
32	-	4,995
<u>-</u>	<u>-</u>	<u>128,434</u>
<u>32</u>	<u>10,761</u>	<u>159,227</u>
107,228	16,960	124,188
<u>-</u>	<u>-</u>	<u>(383)</u>
<u>107,228</u>	<u>16,960</u>	<u>123,805</u>
<u>\$ 107,260</u>	<u>\$ 27,721</u>	<u>\$ 283,032</u>

The accompanying notes are an integral part of these financial statements.

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STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position
June 30, 2017

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

Fund balances - total governmental funds	\$ 123,805
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	82,502
Certain liabilities, including current and long-term portions of accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued compensated absences not due and payable at year end	<u>(140,509)</u>
<i>Total net position of governmental activities</i>	<u><u>\$ 65,798</u></u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Statement of Revenues, Expenditures, and Change in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	General Fund 16600	Violence Against Women's Act (VAWA) 89000	HIDTA 91200
Revenues			
Intergovernmental income:			
Federal operating grants	\$ -	\$ 41,262	\$ 260,064
<i>Total revenues</i>	<u>-</u>	<u>41,262</u>	<u>260,064</u>
Expenditures			
Current:			
Administrative services:			
Personnel services and employee benefits	2,499,167	41,262	239,314
Contractual services	48,135	-	-
Other	267,333	-	20,750
Capital outlay	55,734	-	-
<i>Total expenditures</i>	<u>2,870,369</u>	<u>41,262</u>	<u>260,064</u>
Excess (deficiency) of revenues over expenditures	<u>(2,870,369)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)			
State General Fund appropriation	2,900,900	-	-
Reversion to the State General Fund	(30,531)	-	-
<i>Total other financing sources (uses)</i>	<u>2,870,369</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-
<i>Fund balances - beginning of year</i>	<u>(383)</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ (383)</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Southwest Border 91300	Victims of Crime Act (VOCA) 91400	Total
\$ -	\$ 121,129	\$ 422,455
-	121,129	422,455
-	118,573	2,898,316
261	-	48,396
9,896	2,556	300,535
-	-	55,734
<u>10,157</u>	<u>121,129</u>	<u>3,302,981</u>
<u>(10,157)</u>	<u>-</u>	<u>(2,880,526)</u>
-	-	2,900,900
-	-	<u>(30,531)</u>
-	-	<u>2,870,369</u>
<u>(10,157)</u>	<u>-</u>	<u>(10,157)</u>
<u>117,385</u>	<u>16,960</u>	<u>133,962</u>
<u>\$ 107,228</u>	<u>\$ 16,960</u>	<u>\$ 123,805</u>

The accompanying notes are an integral part of these financial statements.

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STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District

Reconciliation of the Statement of Revenues, Expenditures, and Change
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2017

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

Net change in fund balances - total governmental funds	\$ (10,157)
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Governmental funds report capital outlays as expenditures. However, in
the Statement of Activities, the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense:

Capital outlay	55,734
Depreciation expense	(54,954)

Revenues in the Statement of Activities that do not provide current
financial resources are not reported as revenue in the funds:

Gain on disposition of capital assets	3,950
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Expenditures in the Statement of Activities that do not require the use of
current financial resources and therefore are not reported as expenditures
in the governmental funds:

Increase in accrued compensated absences	<u>(13,078)</u>
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<i>Change in net position of governmental activities</i>	<u><u>\$ (18,505)</u></u>
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The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Statement of Revenues, Expenditures, and Change in Fund Balance
Budget (GAAP Budgetary Basis) and Actual
General Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues				
Intergovernmental income:				
Federal operating grants	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current:				
Administrative services:				
Personnel services and employee benefits	2,695,500	2,524,500	2,499,167	25,333
Contractual services	44,400	49,400	48,135	1,265
Other	105,266	271,266	267,333	3,933
Capital outlay	55,734	55,734	55,734	-
<i>Total expenditures</i>	<u>2,900,900</u>	<u>2,900,900</u>	<u>2,870,369</u>	<u>30,531</u>
Excess (deficiency) of revenues over expenditures	<u>(2,900,900)</u>	<u>(2,900,900)</u>	<u>(2,870,369)</u>	<u>30,531</u>
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
State General Fund appropriation	2,900,900	2,900,900	2,900,900	-
Reversion to the State General Fund	-	-	(30,531)	(30,531)
<i>Total other financing sources (uses)</i>	<u>2,900,900</u>	<u>2,900,900</u>	<u>2,870,369</u>	<u>(30,531)</u>
Net change in fund balance	-	-	-	-
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(383)</u>	<u>(383)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (383)</u>	<u>\$ (383)</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Statement of Revenues, Expenditures, and Change in Fund Balance
Budget (GAAP Budgetary Basis) and Actual
Violence Against Women's Act (VAWA) Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues				
Intergovernmental income:				
Federal operating grants	\$ 41,200	\$ 41,262	\$ 41,262	\$ -
<i>Total revenues</i>	<u>41,200</u>	<u>41,262</u>	<u>41,262</u>	<u>-</u>
Expenditures				
Current:				
Administrative services:				
Personnel services and employee benefits	41,200	41,262	41,262	-
Contractual services	-	-	-	-
Other	-	-	-	-
<i>Total expenditures</i>	<u>41,200</u>	<u>41,262</u>	<u>41,262</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
State General Fund appropriation	-	-	-	-
Reversion to the State General Fund	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Statement of Revenues, Expenditures, and Change in Fund Balance
Budget (GAAP Budgetary Basis) and Actual
High Intensity Drug Trafficking Area (HIDTA) Special Revenue Fund
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances Favorable (Unfavorable) Final to Actual</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental income:				
Federal operating grants	\$ 239,300	\$ 260,064	\$ 260,064	\$ -
<i>Total revenues</i>	<u>239,300</u>	<u>260,064</u>	<u>260,064</u>	<u>-</u>
Expenditures				
Current:				
Administrative services:	-	-	-	-
Personnel services and employee benefits	239,300	239,314	239,314	-
Contractual services	-	-	-	-
Other	-	20,750	20,750	-
<i>Total expenditures</i>	<u>239,300</u>	<u>260,064</u>	<u>260,064</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
State General Fund appropriation	-	-	-	-
Reversion to the State General Fund	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Statement of Revenues, Expenditures, and Change in Fund Balance
Budget (GAAP Budgetary Basis) and Actual
Southwest Border Fund (SBF) Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues				
Intergovernmental income:				
Federal operating grants	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current:				
Administrative services:				
Personnel services and employee benefits	30,000	30,000	-	30,000
Contractual services	20,000	20,000	261	19,739
Other	59,690	59,690	9,896	49,794
<i>Total expenditures</i>	<u>109,690</u>	<u>109,690</u>	<u>10,157</u>	<u>99,533</u>
Excess (deficiency) of revenues over expenditures	<u>(109,690)</u>	<u>(109,690)</u>	<u>(10,157)</u>	<u>99,533</u>
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	109,690	109,690	-	(109,690)
State General Fund appropriation	-	-	-	-
Reversion to the State General Fund	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>109,690</u>	<u>109,690</u>	<u>-</u>	<u>(109,690)</u>
Net change in fund balance	-	-	(10,157)	(10,157)
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>117,385</u>	<u>117,385</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,228</u>	<u>\$ 107,228</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Statement of Revenues, Expenditures, and Change in Fund Balance
Budget (GAAP Budgetary Basis) and Actual
Victims of Crime Act (VOCA) Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues				
Intergovernmental income:				
Federal operating grants	\$ 126,200	\$ 129,052	\$ 121,129	\$ (7,923)
<i>Total revenues</i>	<u>126,200</u>	<u>129,052</u>	<u>121,129</u>	<u>(7,923)</u>
Expenditures				
Current:				
Administrative services:				
Personnel services and employee benefits	126,200	126,200	118,573	7,627
Contractual services	-	-	-	-
Other	-	2,852	2,556	296
<i>Total expenditures</i>	<u>126,200</u>	<u>129,052</u>	<u>121,129</u>	<u>7,923</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
State General Fund appropriation	-	-	-	-
Reversion to the State General Fund	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>16,960</u>	<u>16,960</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,960</u>	<u>\$ 16,960</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies

The District Attorney (the “District”) is an elective office established by the Constitution of the State of New Mexico, Article VI, Section 24 and is elected for a four (4) 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.

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. The District will be included in the State of New Mexico Comprehensive Annual Financial Report (CAFR).

Section 16-1A-15 through Section 36-1A-1 cited as the “DA Personnel and Compensation Act” established for all Districts is 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 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 District 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 District is presented to assist in the understanding of the District’s financial statements. The financial statements and notes are the representation of District’s management who is responsible for their integrity and objectivity. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units.

During the year ended June 30, 2017, the District adopted GASB Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 (partial)*, No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, No. 77, *Tax Abatement Disclosures*, No. 78 *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, and No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, and No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73*. These five Statements are required to be implemented as of June 30, 2017, if applicable.

GASB Statement No. 73 establishes accounting and financial reporting standards for defined benefit pensions and defined contribution pensions that are not provided to employees of state and local government employers and are not within the scope of Statement 68. A portion of this pronouncement was effective and was implemented for the June 30, 2016 year end, and a portion is effective for June 30, 2017 year end. Effective for June 30, 2017 are the provisions of the statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68. This does not have a material effect on the financial statements of the District, as its pension plan is within the scope of Statement 68.

STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

The objective of GASB Statement No. 74 is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement does not affect the District's financial statements directly; however, the effects on the District's OPEB plan, administered through the New Mexico Retiree Health Care Authority, will be seen in future periods.

GASB Statement No. 77 is intended to improve the usefulness of financial statements prepared by state and local governments – which are intended, among other things, to assist users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources came from and how it uses them, and (4) a government's financial position and economic condition and how they have changed after time – by including information about certain limitations on a government's ability to raise resources. This includes limitations on revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens – such as the encouragement of economic development. For financial reporting purposes, this Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens.

These tax abatements may affect the financial position of the government and its results of operations, including its ability to raise resources in the future. Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments that reduce the reporting government's tax revenues.

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

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients;
- The gross dollar amount of taxes abated during the period;
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

For tax abatement agreements entered into by other governments, the following should be disclosed:

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

GASB Statement No. 77 did not have an effect on the District.

STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

The objective of GASB Statement No. 78 is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement amends the scope and applicability of Statement 68 to exclude certain pensions provided to employees of state or local governmental employers. The District's pension plan does not meet the criteria for exclusion.

The objective of GASB Statement No. 80 is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

A. Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) 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.

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61, and GASB Statement No. 80. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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.

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 government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

Based upon the application of these criteria, the District has no component units, and is not a component unit of another governmental District.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities (also known as proprietary or enterprise funds)*, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

In the government-wide Statement of Net Position, the governmental activities column (a) is presented on a consolidated basis, and (b) is reported on the full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts: net investment in capital assets, restricted net position, and unrestricted net position.

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 a specific function or segment. *Program revenues* include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

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

STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the District's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues are categorized as (a) program-specific operating grants, which include revenues received from state and federal sources such as general fund appropriations to be used as specified within each program grant agreement, and (b) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The District does not currently employ indirect cost allocation systems.

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

Under the requirements of GASB Statement No. 34, the District is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following, which include funds that were not required to be presented as major but were at the discretion of management.

The District reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The general fund operates under the Statewide Human resources, Accounting, and management Reporting system (SHARE) number #16600 and is classified under district regular. These funds are reverting.

STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

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

The *Violence Against Women's Act (VAWA) Special Revenue Fund* was 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 and Reinvestment Act (ARRA) and approved for acceptance by the District Attorney. The VAWA fund operates under the SHARE number #89000. These funds are non-reverting.

The *High Intensity Drug Trafficking Area (HIDTA) Special Revenue Fund* was created to account for proceeds from the Office of National Drug Control Policy- HIDTA grant. The authority for the creation and maintenance of the fund is the requirement of the federal government to maintain a separate fund. The HIDTA fund operates under the SHARE number #91200. These funds are non-reverting.

The *Southwest Border Prosecution Initiative (SWBPI)* fund operates under the SHARE number #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.

The *Victims of Crime Act (VOCA) Special Revenue Fund* was funded to assist victims of violent crimes and is administered at the federal level through the U.S. Department of Justice. Enacted in 1984, VOCA is the central source of federal financial support for direct services 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. The VOCA fund operates under the SHARE number #91400. These funds are non-reverting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

D. Assets, Liabilities, and Net Position or Fund Balance

Deposits and investments: The District's cash and cash equivalents consist of noninterest bearing demand deposits held on deposit with the State Treasurer. Collateral pledged to secure these deposits is located in the State Treasurer's financial statements in accordance with GASB Statement No. 40.

STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position or Fund Balance (continued)

Receivables and payables: Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Payables are comprised of unpaid vendor and supplier invoices and are recognized when incurred.

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 furniture, fixtures, and 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.

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

Machinery and equipment	3-7
Vehicles	5

Accrued expenses: Accrued expenses are comprised of accrued payroll and payroll expenditures based on amounts earned by the employees through June 30, 2017, along with the applicable Public Employees Retirement Association (PERA) and other pension costs.

Compensated absences: The District permits employees to accumulate a limited amount of earned but unused vacation leave based on employment classification and length of employment. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends.

Qualified employees are entitled to accumulate annual and sick leave according to a graduated leave schedule depending on the length of service. No more than thirty (30) working days, or two hundred forty (240) hours of annual leave, may be carried forward from one year to the next. All excess annual leave shall be forfeited if not used. 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, those hours will be paid out at fifty percent of the employee's regular hourly wage. There is no limit to the amount of sick leave that an employee may accumulate. Compensatory time is paid out as it is incurred.

STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position or Fund Balance (continued)

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide Statement of Net Position.

Pensions: 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.

The net pension liability is a long-term liability that is not directly related to or expected to be paid from the District's governmental funds and therefore not reported in the District's Statement of Net Position. Information concerning the net 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 the State Controller, Room 166, Bataan Memorial Building 407 Galisteo Street, Santa Fe, New Mexico, 87501.

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the New Mexico PERA and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net position or fund balance classification policies and procedures:

Fund balance classification policies and procedures: For restricted fund balances, the District includes amounts that can be spent only for the specific purposes stipulated by statute, ordinance, resolution, or enabling legislation. Fund balances in this category represent the remaining amount that is restricted for future use in the specific fund.

For committed fund balances, the District includes amounts for specific purposes by formal action of the District Attorney of the Twelfth Judicial District.

For assigned fund balances, the District includes amounts that are intended to be spent for specific purposes, but are not restricted or committed.

Regarding the District's spending policies, in all cases, restricted, then committed, and then assigned fund balances are to be expended, in that order, prior to expenditures of any general (unassigned) funds designated for supplementing any given department. In this manner, only after restricted, committed, or assigned funds are expended will the District Attorney permit general unassigned funds be spent to meet a specific fund's objectives.

STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position or Fund Balance (continued)

Restricted Fund Balance: At June 30, 2017, the restricted fund balance on the governmental funds balance sheet is made up of \$124,188 for the restricted purposes as defined by each fund.

Equity is classified as net position and displayed in three components:

- a. *Net investment in capital assets:*
This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any related debt attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net position:*
Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position:*
All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

E. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in the District’s financial statements include the depreciation on capital assets and the current portion of compensated absences.

NOTE 2. Stewardship, Compliance, and Accountability

Budgetary Information

The New Mexico State Legislature makes annual appropriations to the District Attorney. 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.

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

- a. No later than September 1st, the District submits to the Judiciary Budget Office (JBO), Legislative Finance Committee (LFC), and DFA an appropriation request for the fiscal year commencing the following July. The appropriation includes proposed expenditures and the means of financing them.

STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Notes to the Financial Statements
June 30, 2017

NOTE 2. Stewardship, Compliance, and Accountability (continued)

- b. Appropriation request hearings are scheduled by the JBO. Recommendations are made by the JBO to the Supreme Court for its approval. The Supreme Court approved appropriation request is then submitted to the Legislature as the Supreme Court's recommended appropriation request for the District.
- c. 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.
- d. The Act is signed into law by the Governor of the State of New Mexico within the legally prescribed time limit. The District 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 1st.
- e. The legal level of budgetary control is at the appropriation program level.
- f. Formal budgetary integration is employed as a management control device during the fiscal year for the general fund and the special revenue funds.
- g. The budgets for the general fund and the special revenue funds are adopted on the modified accrual basis of accounting, which is 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. Accounts payable accrued at the end of the fiscal year that does not get paid by statutory deadline (Section 6-10-4, NMSA 1978) must be paid out of next year's budget.
- h. All subsequent budget adjustments must be approved by the Director of the DFA- Budget Division.
- i. The District's budget for the fiscal year ending June 30, 2017, was amended in a legally permissible manner by increasing or reallocating appropriation unit totals as the need arose during the fiscal year.
- j. The District's general fund is a reverting fund (funds revert back to the State General Fund) and is required to be reverted by September 30th of each year.
- k. Appropriations lapse at the end of the fiscal year except for those amounts encumbered beginning with the year ended June 30, 2017.
- l. Encumbrances related to single year appropriations lapse at year end. The portion of an encumbrance representing goods and services received by the last day of the fiscal year should be reclassified as accounts payable. Any remaining encumbrances related to single year appropriations must be reclassified as unreserved fund balance and a liability recorded to recognize any amounts subject to reversion.
- m. 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. The District has no encumbered funds outstanding as of June 30, 2017.

STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Notes to the Financial Statements
June 30, 2017

NOTE 2. Stewardship, Compliance, and Accountability (continued)

The budgetary information presented in these financial statements has been amended in accordance with the above procedures. These amendments resulted in the following changes:

Budgeted Funds	Excess (deficiency) of revenues over expenditures	
	Original Budget	Final Budget
	Governmental funds:	
General Fund	\$ (2,900,900)	\$ (2,900,900)
VAWA	-	-
HIDTA	-	-
SBF	(109,690)	(109,690)
VOCA	-	-

The accompanying Statements of Revenues, Expenditures, and Change in Fund Balance Budget (GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

NOTE 3. Deposit and Investments

State law (Section 8-6-3, NMSA 1978) requires the District’s cash to be managed by the New Mexico State Treasurer’s Office. Accordingly, the investments of the District consist of an interest in the General Fund Investment Pool managed by the New Mexico State Treasurer’s Office.

In June 2012 an independent expert diagnostic report revealed that statewide cash balances in the SHARE general ledger accounts had not been reconciled to the State General Fund Investment Pool maintained at the State Treasurer’s Office since the implementation of SHARE in July 2006. Since then, State Controller/Financial Control Division Director, the Financial Control Division of the New Mexico Department of Finance and Administration (DFA/FCD), has taken an aggressive action toward appropriate resolution.

Phase I of the Cash Management Remediation Project (completed in May 2013) implemented statewide business process changes and corrected numerous SHARE system configurations. As a result of the changes and corrections, DFA/FCD was able to begin reconciling activity reported by the state’s fiscal agent bank to the SHARE general ledger on a point-forward basis beginning February 1, 2013.

On July 11, 2014, DFA/FCD commenced the Historical Cash Reconciliation Project (Phase II) in partnership with Deloitte & Touche, LLP. The scope of this project was July 1, 2006 (SHARE implementation) to January 31, 2013 (the point at which DFA/FCD began reconciling cash activity as noted in the paragraph above). An effort in late 2014 was made to reconcile transactions but was unsuccessful in part due to incomplete data sets. The absence of all required data suggests that future efforts would be equally inconclusive, and therefore, do not merit additional energy.

STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Notes to the Financial Statements
June 30, 2017

NOTE 3. Deposit and Investments (continued)

While the results of the Historical Cash Reconciliation Project did not yield the hope for closure, significant progress was made in the overall reconciliation process, and the FCD now has an operational model that effectively compares statewide claims against the State General Fund Investment Pool and resources held at the State Treasurer's Office. This process has been operational since March of 2015.

This process has now been reviewed by the independent public auditors performing audits of the General Fund, the Department of Finance and Administration, and the State of New Mexico's Comprehensive Annual Financial Report for fiscal year 2015. Each review of the process deemed it to be adequate and the findings related to the cash reconciliation were significantly reduced or eliminated. Successfully addressing this issue allowed the Department to reinstate \$100 million that had been reserved as a loss contingency.

For 2017, the following assertions are provided:

The calculated difference between resources maintained by the State Treasurer's Office and the agency claims has remained stable and within a narrow and acceptable range (less than \$200 thousand standard deviation) over the last twelve months.

Resources are sufficient to cover claims, and there is no need to adjust any specific business unit claim on the State General Fund Investment Pool.

All claims will be honored at face value.

The District has policies and procedures in place to ensure that the cash balances in SHARE are correct to the extent that the District has controls (i.e. collection, depositing, reconciling, bank statement validation, and documentation of outstanding reconciling items) of the cash it receives and transfers to the state general fund and other state agencies pursuant to the state statute. Daily and monthly reconciliations procedures are in place to review all transactions of the District and to ensure that the information is correct and reported properly within the SHARE system. This reconciliation provides assurance to management that the balance reflected in the State General Fund Investment Pool account is accurate at the end of the reporting period.

All investments are on deposit with the State Treasurer, and cash is on deposit with four financial institutions. For additional GASB Statement No. 40 disclosure information regarding cash held by the New Mexico State Treasurer, a separate audit report is issued by the New Mexico State Treasurer's Office for the most recent fiscal year end.

Concentration of Credit Risk- Investments Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The State General Fund Investment Pool is not rated for credit risk.

Interest Rate Risk- Investments Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The State Treasurer's Office has an investment policy that limits investment maturities to five (5) 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.

STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Notes to the Financial Statements
June 30, 2017

NOTE 3. Deposit and Investments (continued)

At June 30, 2017, cash and investments consisted of the following:

	<u>SHARE Fund #</u>	<u>Maturities</u>	<u>Balance (Overdraft) Per Treasurer</u>	<u>Reconciling Items</u>	<u>Reconciled Balance</u>
General Fund					
Investments in the State Treasurer's General Fund Investment Pool	16600	<180 days	\$ 133,014	\$ -	\$ 133,014
Special Revenue Funds					
Investments in the State Treasurer's General Fund Investment Pool:					
Violence Against Women's Act	89000	<180 days	(8,825)	-	(8,825)
HIDTA	91200	<180 days	(6,212)	-	(6,212)
SBF	91300	<180 days	107,260	-	107,260
VOCA	91400	<180 days	<u>(10,761)</u>	-	<u>(10,761)</u>
			<u>\$ 214,476</u>	<u>\$ -</u>	<u>\$ 214,476</u>

NOTE 4. Interagency Receivable, Payables, and Transfers

The District had the following interagency receivable and payables for the fiscal year ended June 30, 2017:

<u>Share Fund #</u>	<u>Due From</u>	<u>Share Fund #</u>	<u>Due To</u>	<u>Amount</u>
91602	Crime Victims Reparation Act Fund	89000	Violence Against Women's Act Fund	\$ 8,825
91202	High Intensity Drug Traffic Fund	91200	HIDTA Fund	6,212
91602	Crime Victims Reparation Act Fund	91400	Victims of Crime Act Fund	<u>27,721</u>
				<u>\$ 42,758</u>

The District had no operating transfers for the fiscal year ended June 30, 2017.

STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Notes to the Financial Statements
June 30, 2017

NOTE 5. Capital Assets

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

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
Capital assets being depreciated				
Machinery and equipment	\$ 392,334	\$ -	\$ -	\$ 392,334
Vehicles	273,455	59,684	33,929	299,210
	<u>665,789</u>	<u>59,684</u>	<u>33,929</u>	<u>691,544</u>
Total capital assets being depreciated				
Less: accumulated depreciation				
Machinery and equipment	355,036	20,345	-	375,381
Vehicles	232,981	34,609	33,929	233,661
	<u>588,017</u>	<u>54,954</u>	<u>33,929</u>	<u>609,042</u>
Total accumulated depreciation				
Total capital assets, net of depreciation	<u>\$ 77,772</u>	<u>\$ 4,730</u>	<u>\$ -</u>	<u>\$ 82,502</u>

Depreciation expense for the year ended June 30, 2017 was \$54,954 and was charged to the general government function.

NOTE 6. Long-term Liabilities

Long-term liabilities for the year ended June 30, 2017 are summarized as follows:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Due Within</u> <u>One Year</u>
Accrued compensated absences	\$ 127,431	\$ 320,346	\$ 307,268	\$ 140,509	\$ 140,509

STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Notes to the Financial Statements
June 30, 2017

NOTE 7. Pension Plan – Public Employee Retirement Association

Plan Description. The Public Employee Retirement Fund (PERA) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Office, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions; and offers twenty-four (24) different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978).

Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978); the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978); the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978);, and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

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 fiscal year ending June 30, 2017. 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 including schedules of required supplementary information and related notes 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. The net pension liability is a long-term liability that is not directly related to or expected to be paid from the District's enterprise funds and therefore not reported in the District's Statement of Net Position. Information concerning the net pension liability, pension expense, and pension-related deferred inflow and outflow 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 the State Controller, Room 166, Bataan Memorial Building 407 Galisteo Street, Santa Fe, New Mexico, 87501.

STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Notes to the Financial Statements
June 30, 2017

NOTE 8. Post-Employment Benefits – State Retiree Health Care Plan

Plan Description. The District contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA board was established by the Retiree Health Care Act (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 (5) 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 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 (2) years; and 4) former governing authority members who served at least four (4) years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to 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 (5) 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 100.00% 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.

STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Notes to the Financial Statements
June 30, 2017

NOTE 8. Post-Employment Benefits – State Retiree Health Care Plan (continued)

The 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 member cover plans 3, 4, or 5; municipal fire member cover 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, 2017, the statutes 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, 2017, the statute required each participating employer to contribute 2.00% of each participating employee's annual salary; and each participating employee was required to contribute 1.00% of their salary. In addition, pursuant to Section 10-7C-15(G), NMSA 1978, at the first session of the legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1, NMSA 1978 and the employer and employee contributions to the Authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2017, 2016, and 2015 were \$38,989, \$39,761, and \$36,854, respectively.

NOTE 9. Risk Management

The District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of property; errors and omissions; injuries to employees; and natural disasters. The District participates in the State of New Mexico Risk Management Program (Risk Management), which provides liability and physical damage insurance for the District, for the risks of loss mentioned above, except for injuries to employees. For risks of loss related to injuries to employees, the District has not obtained coverage from a commercial insurance company but has effectively managed risk through various employee education and prevention programs. The premiums for Risk Management are based on payroll and other expenditures, and are not directly related to claims filed. The policies are retrospectively rated and premiums may be adjusted after year end, based on the ultimate level of expenditures.

NOTE 10. Reversions

The Due to State General Fund in the Statement of Net Position includes \$30,531 from 2017 that was remitted to the State General Fund as of June 30, 2017. The reversion amounts include only state appropriations. Grant revenues accounted for in the special revenue funds are non-reverting.

NOTE 11. Contingent Liabilities

The District is party to various litigation and other claims in the ordinary course of business. The District is unaware of any material pending or threatened litigation, claims, or assessments against the District that are not covered by the District's insurance.

STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Notes to the Financial Statements
June 30, 2017

NOTE 12. Federal and State Grants

In the normal course of operations, the District receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

NOTE 13. Commitments

The District entered into no agreements with contractors and architects for various construction projects for the year ended June 30, 2017.

NOTE 14. 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. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

NOTE 15. Subsequent Events

The District has evaluated events subsequent to June 30, 2017 that would possibly require adjustment or disclosure in these financial statements, through October 19, 2017, the date that these financial statements were available to be issued.

No events have occurred subsequent to June 30, 2017 that would require adjustment or modification to the contents of these statements.

NOTE 16. Other Required Individual Fund Disclosures

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

A. Deficit fund balance of individual funds. The District had a deficit fund balance as of June 30, 2017 in the following fund:

General Fund	\$(383)
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B. Excess of expenditures over budgeted amounts. The District had no funds exceeding budgetary authority as of June 30, 2017.

C. Designated cash appropriations exceeding prior year available balances. The District had no funds exceeding available balances as of June 30, 2017.

STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Notes to the Financial Statements
June 30, 2017

NOTE 17. Subsequent Pronouncements

In June 2015, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The District is still evaluating how this pronouncement will affect the financial statements.

In March 2016, GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In November 2016, GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In January 2017, GASB Statement No. 84, *Fiduciary Activities*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In March 2017, GASB Statement No. 85, *Omnibus 2017*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The District is still evaluating how this pronouncement will affect the financial statements.

In May 2017, GASB Statement No. 86, *Certain Debt Extinguishment Issues*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. This Statement addresses a variety of topics including issues related to in-substance defeasance of debt using only existing resources. The District does not expect the pronouncement to have a material effect on the financial statements.

In June 2017, GASB Statement No. 87, *Leases*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

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COMPLIANCE SECTION

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

INDEPENDENT AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor
John Sugg, District Attorney
Office of the District Attorney, Twelfth Judicial District
Alamogordo, 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, and the budgetary comparisons of the general fund and major special revenue funds, of the Office of the District Attorney, Twelfth Judicial District (the "District") as of and for the year ended June 30, 2017, 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 19, 2017.

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 opinion 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 District'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 have not been 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 matter that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the 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.

RPC CPAs + Consultants LLP

RPC CPAs + Consultants, LLP
Albuquerque, New Mexico
October 19, 2017

STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Schedule of Findings and Responses
June 30, 2017

Schedule I

Section I - Summary of Auditors' Results

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | None noted |

Section II - Prior Year Audit Findings

None noted

Section III - Financial Statement Findings

None noted

STATE OF NEW MEXICO
Office of the District Attorney
Twelfth Judicial District
Other Disclosures
June 30, 2017

Exit Conference

An exit conference was held on October 23, 2017. In attendance were the following:

Representing the Office of the District Attorney, Twelfth Judicial District

John Sugg	District Attorney
Rhonda Sanchez	Chief Financial Officer
Debra Garcia	Finance Specialist
Dana Scumaci	District Office Manager
Rachel Skinner	Secretary to the District Attorney

Representing RPC CPAs + Consultants, LLP

Ben A. Martinez, CPA	Manager
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Auditor Prepared Financial Statements

RPC CPAs + Consultants, LLP prepared the GAAP-basis financial statements and footnotes for the Office of the District Attorney, Twelfth Judicial District from the original books and records provided to them by the management of the District. The responsibility for the financial statements remains with the District.