

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT**

**FINANCIAL STATEMENTS AND SCHEDULES
WITH INDEPENDENT AUDITORS'
REPORT THEREON
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
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OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
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**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
OFFICIAL ROSTER
JUNE 30, 2016**

ATTORNEYS

Lemuel L. Martinez	District Attorney
Ron P. Lopez	Chief Deputy District Attorney
R. David Perderson	Deputy District Attorney – Cibola County
Barbara Romo	Deputy District Attorney – Sandoval County
Robert Blanch	Deputy District Attorney – Valencia County

ADMINISTRATIVE STAFF

Brenda Rael	Chief Financial Officer
Reyna Aragon	District Office Manager



Independent Auditors' Report

Honorable Timothy Keller
New Mexico State Auditor
Santa Fe, New Mexico
and
Lemuel L. Martinez, District Attorney
Thirteenth Judicial District Attorney
Bernalillo, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information and the budgetary comparisons for the General Fund and the major special revenue funds of the State of New Mexico, Office of the District Attorney, Thirteenth Judicial District (DA), as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprises the DA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness on the DA'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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the DA as of June 30, 2016, and the respective changes in financial position and the respective budgetary comparisons of the general fund and the 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 4 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information:

Our audit was conducted for the purpose of forming opinions on the DA's financial statements, the combining and individual fund financial statements and the budgetary comparisons. The other schedules required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the financial statements.

These other schedules required by Section 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, these other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Vendor Schedule required by 2.2.2.10(A)(2)(g) NMAC 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 21, 2016 on our consideration of the DA's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the DA's internal control over financial reporting and compliance.

Kubiak Melton & Associates, LLC

Kubiak Melton & Associates, LLC
Auditors – Business Consultants – CPAs

Albuquerque, New Mexico
October 21, 2016

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)
JUNE 30, 2016**

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements consist of the following: government-wide financial statements, governmental funds statements, and a statement reconciling the above mentioned statements.

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

Basic financial statements report information about the Thirteenth Judicial District Attorney as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The basic financial statements report the Thirteenth Judicial District Attorney's net positions 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 Thirteenth Judicial District Attorney's significant funds. Funds are accounting devices that the Thirteenth Judicial District Attorney uses to keep track of specific sources of funding and spending for particular purposes.

The Thirteenth Judicial District Attorney operates on its State General Fund appropriations and a budget which is approved by the State Legislature each year.

Analysis of Financial Position (Statement of Net Position)

Total Assets: Consist of cash of \$775,088 on deposit, accounts receivable of \$52,785 and capital assets, net of accumulated depreciation of \$226,031. Total assets are \$1,053,904.

Total Liabilities: Consist of Total liabilities \$404,059.

Net Position: Consist of \$226,031 invested in capital assets.

Results of Operation (Statement of Activities)

Total Revenues: Consist of \$5,064,700 for operational purposes, State General Fund appropriation.

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)
JUNE 30, 2016**

Total Expenses: Consists of \$5,590,196, mainly for operational, employee salaries and benefits and operating costs purposes and included a restatement of \$22,179, which represented over-reversion of state appropriations in fiscal year 2015.

Changes in Net Assets: The Thirteenth Judicial District Attorney's total operational revenue increased by approximately 0.5% from \$5,037,600 to \$5,064,700. The total operational expenses increased by approximately 10.8% from \$4,836,153 to \$5,358,344.

Analysis of Thirteenth Judicial District Attorney's Overall Financial Position and Results of Operation.

There are significant changes in the Thirteenth Judicial District Attorney's Financial Position (Statement of Net Position) and Operations (Statement of Activities) from prior year. Total assets decreased from \$1,366,374 to \$1,053,904. Net position decreased from \$965,668 to \$649,845.

General Fund Budgetary Highlights

The State Legislature makes annual appropriations to the Thirteenth Judicial District Attorney. Amendments to the budget require approval by the Budget Division of the Department of Finance and Administration (DFA).

Condensed Statements of Net Position

	June 30,		
	2016	2015	Change
ASSETS			
Current and Other Assets	\$ 827,873	\$ 1,043,208	\$ (215,335)
Capital Assets, Net	<u>226,031</u>	<u>323,166</u>	<u>(97,135)</u>
Total Assets	<u>\$ 1,053,904</u>	<u>\$ 1,366,374</u>	<u>\$ (312,470)</u>
LIABILITIES			
Current Liabilities	<u>\$ 404,059</u>	<u>\$ 400,706</u>	<u>\$ 3,353</u>
Total Liabilities	<u>\$ 404,059</u>	<u>\$ 400,706</u>	<u>\$ 3,353</u>
NET POSITION			
Net Investment in Capital Assets	\$ 226,031	\$ 323,166	\$ (97,135)
Restricted	642,309	642,502	(193)
Unrestricted	<u>(218,495)</u>	<u>-</u>	<u>(218,495)</u>
Total Net Position	<u>\$ 649,845</u>	<u>\$ 965,668</u>	<u>\$ (315,823)</u>

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)
JUNE 30, 2016**

**Condensed Statements of Activities
For the Year Ended June 30,**

	<u>2016</u>	<u>2015</u>	<u>Difference</u>
REVENUES			
Program Revenues	\$ 209,673	\$ 5,037,600	\$ (4,827,927)
General Appropriation, Net of Reversion	<u>5,064,700</u>	<u>-</u>	<u>5,064,700</u>
Total Revenues	<u>5,274,373</u>	<u>5,037,600</u>	<u>236,773</u>
 EXPENSES			
Public Safety	<u>5,430,121</u>	<u>4,836,153</u>	<u>(593,968)</u>
Total Expenses	<u>5,430,121</u>	<u>4,836,153</u>	<u>(593,968)</u>
 Increase (Decrease) in Net Position	<u>\$ (155,748)</u>	<u>\$ 201,447</u>	<u>\$ (357,195)</u>

Requests for Information

This financial report is prepared to provide a general overview of the Attorney's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to:

Chief Financial Officer
P.O. Box 1750
Bernalillo, New Mexico 87004

BASIC FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016**

	Governmental Activities
ASSETS	
Current Assets	
Investment with State Treasurer	\$ 775,088
Due From Other Governments	52,785
Due From State Funds	-
Total Current Assets	827,873
Capital Assets, Net	226,031
Total Assets	\$ 1,053,904
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 46,189
Accrued Payroll and Related Liabilities	143,479
Due to State General Fund	18,074
Compensated Absences (due within one year)	196,317
Total Current Liabilities	404,059
NET POSITION	
Net Investment in Capital Assets	226,031
Restricted	642,309
Unrestricted	(218,495)
Total Net Position	649,845
Total Liabilities and Net Position	\$ 1,053,904

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position for Governmental Activities</u>
Governmental Activities:			
Administrative Services	\$ 5,355,314	\$ 209,673	\$ (5,145,641)
Compensated Absences Expense	40,761	-	(40,761)
Depreciation Expense	<u>171,942</u>	<u>-</u>	<u>(171,942)</u>
Public Safety	5,568,017	209,673	(5,358,344)
General Revenues:			
Transfers:			
State General Fund Appropriations			5,064,700
Other State Funds			-
Reversion to State General Fund			<u>-</u>
Total General Revenues, Special Items and Transfers			<u>5,064,700</u>
Change in Net Position			(293,644)
Net Position, Beginning of Year			965,668
Restatement			<u>(22,179)</u>
Net Position, as Restated			<u>943,489</u>
Net Position, End of Year			<u><u>\$ 649,845</u></u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016**

	<u>General Fund</u>	<u>VAWA 11650</u>	<u>MOU/SWB 11640</u>	<u>94500 Drug Control</u>	<u>Total</u>
ASSETS					
Current Assets					
Investment in State Treasurer	\$ 86,328	\$ 2,596	\$ 668,128	\$ 18,036	\$ 775,088
Due From Other Governments	-	-	52,785	-	52,785
Due From Other Funds	-	-	-	-	-
Total Assets	<u>\$ 86,328</u>	<u>\$ 2,596</u>	<u>\$ 720,913</u>	<u>\$ 18,036</u>	<u>\$ 827,873</u>
LIABILITIES AND FUND BALANCES					
Current Liabilities					
Accounts Payable	\$ 2,923	\$ -	\$ 43,266	\$ -	\$ 46,189
Accrued Payroll	105,545	2,596	35,338	-	143,479
Due To Other Funds	-	-	-	-	-
Other Liabilities	-	-	-	-	-
Due To State General Fund	38	-	-	18,036	18,074
Total Liabilities	<u>108,506</u>	<u>2,596</u>	<u>78,604</u>	<u>18,036</u>	<u>207,742</u>
FUND BALANCES					
Assigned	-	-	642,309	-	642,309
Unassigned	(22,178)	-	-	-	(22,178)
Total Fund Balances	<u>(22,178)</u>	<u>-</u>	<u>642,309</u>	<u>-</u>	<u>620,131</u>
Total Liabilities and Fund Balances	<u>\$ 86,328</u>	<u>\$ 2,596</u>	<u>\$ 720,913</u>	<u>\$ 18,036</u>	<u>\$ 827,873</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2016**

Total Fund Balances for Governmental Funds \$ 620,131

Amounts reported for governmental activities in the statement of net position
are different as follows:

Capital assets used in governmental activities are not financial
resources and therefore are not reported as asset in governmental funds.
These assets consist of:

Capital Assets, Net 226,031

Some liabilities are not due and payable in the current period and
therefore are not reported as liabilities in governmental funds:

Compensated Absences Payable (196,317)

Net Position of Governmental Activities **\$ 649,845**

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	General Fund	VAWA	MOU/SWB 11640	94500 Drug Control	Total
REVENUES					
Intergovernmental Revenue - Federal	\$ -	\$ 59,025	\$ -	\$ -	\$ 59,025
Intergovernmental Revenue - St. & Local	-	-	150,648	-	150,648
Total Revenues	<u>-</u>	<u>59,025</u>	<u>150,648</u>	<u>-</u>	<u>209,673</u>
EXPENDITURES					
General Government					
Personal Services & Benefits	4,503,500	59,025	76,182	-	4,638,707
Contract Services	135,500	-	74,598	-	210,098
Other Costs	425,700	-	80,809	-	506,509
Capital Outlay	-	-	74,807	-	74,807
Total Expenditures	<u>5,064,700</u>	<u>59,025</u>	<u>306,396</u>	<u>-</u>	<u>5,430,121</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(5,064,700)</u>	<u>-</u>	<u>(155,748)</u>	<u>-</u>	<u>(5,220,448)</u>
OTHER FINANCING SOURCES (USES)					
State General Fund Appropriation	5,064,700	-	-	-	5,064,700
Other Financing Sources	-	-	-	-	-
Reversion To State General Fund	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>5,064,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,064,700</u>
Net Change In Fund Balances	-	-	(155,748)	-	(155,748)
Fund Balances, Beginning	<u>(22,178)</u>	<u>-</u>	<u>798,057</u>	<u>-</u>	<u>775,879</u>
Fund Balances, Ending	<u>\$ (22,178)</u>	<u>\$ -</u>	<u>\$ 642,309</u>	<u>\$ -</u>	<u>\$ 620,131</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT
OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Net Change in Fund Balances - Total Governmental Funds \$ (155,748)

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

Capital Outlay	74,807
Depreciation Expense	(171,942)

Expenses reported 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 Compensated Absences	<u>(40,761)</u>
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Change In Net Position - Governmental Activities \$ (293,644)

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP
BUDGETARY BASIS) - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental Revenue	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Total Revenues	-	-	-	-
Add: Budgeted Fund Balances	-	-		
	<u>-</u>	<u>-</u>		
Expenditures				
Current				
General Government				
Personal Services & Benefits	4,599,000	4,503,500	4,503,500	-
Contract Services	70,500	135,500	135,500	-
Other Costs	425,700	425,700	425,700	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>5,095,200</u>	<u>5,064,700</u>	<u>5,064,700</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures			<u>(5,064,700)</u>	
Other Financing Sources (Uses)				
State General Fund Appropriation	5,095,200	5,064,700	5,064,700	-
Other Financing Sources (Uses)	-	-	-	-
Reversion To State General Fund	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ 5,095,200</u>	<u>\$ 5,064,700</u>	<u>\$ 5,064,700</u>	<u>\$ -</u>
Net Change In Fund Balances			<u>\$ -</u>	

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP
BUDGETARY BASIS) – MOU/SWB
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable)</u>
Revenues				
Intergovernmental Revenue	\$ 147,700	\$ 147,700	\$ 150,648	\$ 2,948
Other	-	-	-	-
Total Revenues	<u>147,700</u>	<u>147,700</u>	<u>150,648</u>	<u>2,948</u>
Add: Budgeted Fund Balances	-	-		
	<u><u>147,700</u></u>	<u><u>147,700</u></u>		
Expenditures				
Current				
General Government				
Personal Services & Benefits	237,700	137,700	76,182	61,518
Contract Services	50,000	100,000	74,598	25,402
Other Costs	85,193	135,193	80,808	54,385
Capital Outlay	<u>74,807</u>	<u>74,807</u>	<u>74,807</u>	<u>-</u>
Total Expenditures	<u><u>447,700</u></u>	<u><u>447,700</u></u>	<u><u>306,395</u></u>	<u><u>141,305</u></u>
Excess (Deficiency) of Revenues Over Expenditures			<u>(155,747)</u>	
Other Financing Sources (Uses)				
State General Fund Appropriation	-	-	-	-
Other Financing Sources (Uses)	-	-	-	-
Reversion To State General Fund	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Change In Fund Balances			<u><u>\$ (155,747)</u></u>	

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP
BUDGETARY BASIS) – VAWA STOP GRANT
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental Revenue	\$ 66,000	\$ 66,000	\$ 59,025	\$ (6,975)
Other	-	-	-	-
Total Revenues	<u>66,000</u>	<u>66,000</u>	<u>59,025</u>	<u>(6,975)</u>
Add: Budgeted Fund Balances	-	-		
	<u><u>66,000</u></u>	<u><u>66,000</u></u>		
Expenditures				
Current				
General Government				
Personal Services & Benefits	66,000	66,000	59,025	6,975
Contract Services	-	-	-	-
Other Costs	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>66,000</u>	<u>66,000</u>	<u>59,025</u>	<u>6,975</u>
Excess (Deficiency) of Revenues Over Expenditures			<u>-</u>	
Other Financing Sources (Uses)				
State General Fund Appropriation	-	-	-	-
Other Financing Sources (Uses)	-	-	-	-
Reversion To State General Fund	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Change In Fund Balances			<u><u>\$ -</u></u>	

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS
AS OF JUNE 30, 2016**

ASSETS	<u>Worthless Check Fees</u>	<u>Pre-Prosecution Diversion Fees</u>	<u>Total</u>
Cash in Bank	\$ <u>4,214</u>	\$ <u>100</u>	\$ <u>4,314</u>
 LIABILITIES			
Deposits Held for Others	\$ <u>4,214</u>	\$ <u>100</u>	\$ <u>4,314</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Thirteenth Judicial District Attorney (DA) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Government Accounting Standards Board, (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the DA's accounting policies are described below.

Financial Reporting Entity

The Attorney is given authority under Section 24 of the New Mexico State Constitution and Sections 36-1-1 through 36-1-27 of the New Mexico State Statutes Annotated, 1978 Compilation, and is a component unit of the state of New Mexico. The District Attorney is elected to serve a four-year term by the qualified voters within the District, which comprises all of Sandoval, Valencia and Cibola County. The function of the Attorney involves criminal prosecutions of violators of state law and civil representation and advice to the counties served and the officers thereof.

The Attorney's basic financial statements include all activities and accounts of the Attorney.

The financial reporting entity consists of the primary government, and other organization 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.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens, on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, activities, or level or services performed or provided by the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide

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financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

The Attorney has no component units.

A. Basis of Accounting- GASB Statement No. 34

The basic financial statements include both government-wide and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as governmental activities.

B. Basis of Presentation - Fund Accounting

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the DA, the primary government, as a whole, without displaying individual funds or fund types. Generally, these statements distinguish between activities that are governmental and those that are considered business-type activities. The DA has no business-type activities; therefore, these statements only reflect governmental activities. Government-wide financial statements exclude information about fiduciary funds and component units that are fiduciary in nature.

The government-wide statements are prepared using the “economic resources” measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place.

Fund Financial Statements

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days in order to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the DA’s actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, reconciliations that briefly explain the

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adjustments necessary to transform the fund based financial statements into the government-wide statements are presented on the page following each fund statement.

The DA's fiduciary fund (agency fund) is presented in the fund financial statements. The agency fund is presented on the accrual basis of accounting. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated in the government-wide financial statements.

The accounts of the DA are organized on a fund basis, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which spending activities are controlled. The following fund types are used by the DA:

Governmental Funds

General Fund - The General Fund is the general operating fund of the District Attorney. It is used to account for all financial resources except those required to be accounted for in another fund. Any unexpended balance remaining in the General Fund at the end of the fiscal year reverts to the General Fund of the State of New Mexico. The SHARE fund number and description of the General Fund of the DA is 16700.

Special Revenue Funds

The Special Revenue Fund accounts for revenue sources that are legally restricted to expenditures for specific purposes. No expenditures can be made from the special revenue fund for operations of the DA. Special revenue funds consist of:

Southwest Border Prosecution Initiative Fund – A Federal Grant awarded through The U.S. Department of Justice, Bureau of Justice Assistance. The grant provides funding to eligible jurisdictions in Arizona, California, New Mexico and Texas to prosecute and resolve felony and misdemeanor cases that occur along the border. These funds do not revert to the State General Fund. Reported under MOU/SWB.

The City of Grants Fund – A Memorandum of Understanding between the City of Grants and the 13th Judicial District Attorney which provides funding to represent the City of Grants in municipal court cases. These funds do not revert to the State General Fund. Reported under MOU/SWB.

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The Pueblo of Acoma Fund – A Memorandum of Understanding between The Pueblo of Acoma and the District Attorney's Office which provides funding to investigate and prosecute state crimes that occur on Pueblo of Acoma lands. These funds do not revert to the State General Fund. Reported under MOU/SWB.

The Pueblo of Santa Ana Fund – A Memorandum of Understanding between the Pueblo of Acoma and the District Attorney's Office which provides funding to investigate and prosecute state crimes that occur on the Pueblo of Santa Ana lands. These funds do not revert to the State General Fund. Reported under MOU/SWB.

VAWA STOP Grant Fund – A Federal Grant award authorized by the Crime Victim Reparation Commission as referenced in the Violence against Women Act. These funds do not revert to the State General Fund.

Fiduciary Funds

Agency Funds - Agency Funds are used to account for assets held by the DA in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The DA collects fines, fees and bonds from litigants. The fines and fees are deposited in the agency fund and then transferred to the State Treasurer for distribution to the benefiting agencies. The SHARE number of the Agency Fund is 106200.

C. Assets, Liabilities, Deferred Outflows / Inflows of Resources and Net Position / Fund Balance

Cash and Investments

The DA's cash and cash equivalents are demand deposits and savings accounts. The fiduciary fund's cash and cash equivalents are demand deposits. The State Treasurer issues separate financial statements which disclose the collateral pledged to secure these deposits. The State Treasurer has the authority to invest money held in demand deposits and not immediately needed for the operation of state government in securities in accordance with Section 6-10-10 I through O. NMSA 1978 as amended.

Inventory

Office supply inventory items are expensed when purchased. Therefore, the financial statements do not reflect inventories of office supplies on hand at June 30, 2016.

Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as inter-fund balance. Advances between funds, as reported in the fund financial statements, are offset by a fund

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balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable from available resources.

Capital Assets

In the government-wide financial statements, property, plant and equipment is accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated assets which are recorded at their estimated fair value at the date of donation. Capital assets with a value exceeding \$5,000 are capitalized and depreciated. Any software acquired with a value exceeding \$5,000 is also included in capital assets and depreciated.

New Mexico Laws of 2005, Chapter 237, Section 1 changed the capitalization threshold for movable chattel and equipment items costing more than \$5,000. Under this new law, items in the capital asset inventory that do not meet the new capitalization threshold continue to be depreciated in future periods until they are fully depreciated. Depreciation is shown over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<u>Assets</u>	<u>Years</u>
Furniture and Fixtures	7
Equipment and Machinery	5
Automotive	5
Data Processing (Including Computer Software)	3

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Long-Term Liabilities

Compensated Absences - The DA's policies regarding annual leave permits employees to accumulate earned, but unused annual leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. In the fund financial statements, governmental funds report only the compensated absences liability payable from expendable available financial resources.

Compensated Absences Payable

Vacation and sick leave earned and not taken is cumulative; however, upon termination of employment, sick pay for such leave hours accumulated up to 600 hours is forfeited, and vacation pay is limited to payment of 240 hours. Vacation leave up to the maximum

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of 240 hours is payable upon separation from service at the employee's current hourly rate. Sick leave is payable semiannually to qualified employees for hours accumulated above 600 hours at a rate equal to 50 percent of their hourly rate, not to exceed 120 hours each semiannual period. Upon retirement, payment for sick leave is limited to 400 hours accumulated in excess of 600 hours at the 50 percent hourly rate. Accrued vacation and sick leave pay are recorded as a liability and as an increase or decrease in expenses in the Government-wide financial statements.

Qualified employees accumulate annual leave as follows:

<u>Years of Service</u>	<u>Hours Earned Per Month</u>
1 Month - 3 Years	10
Over 3 - 7 Years	12
Over 7 - 14 Years	14
Over 14 Years	16

Deferred Outflows / Inflows of Resources

GASB 63 amended previous guidance on deferred revenue in the government-wide financial statements to include deferred outflows, which is the consumption of net position by the government which is applicable to a future reporting period and deferred inflow of resources, which is acquisition of net position by the government which is applicable to a future reporting period. The DA has no deferred outflow or inflow of resources at June 30, 2016.

Net Position: The government-wide financial statements utilize a net position presentation. Net position is categorized as follows:

1. *Net investment in capital assets*, consists of capital assets net of accumulated depreciation and reduced by any outstanding debt. The Court has no outstanding debt relating to capital assets.
2. *Restricted net position*, consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. *Unrestricted net position* are all other net assets that do not meet the definition of restricted net position or invested in capital assets, net of related debt.

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When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the DA first uses restricted resources then unrestricted resources.

Fund Balance: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Court is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Court. These amounts cannot be used for any other purpose unless the Court removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned: This classification includes amounts that are constrained by the Court's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the DA or through the DA delegating this responsibility to the Chief Executive Officer through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned: This classification includes the residual fund balance for the General Fund, or, in other words, all amounts not included in other spendable classifications.

The DA would typically use *restricted* fund balances first, followed by *committed* resources, and then Assigned resources, as appropriate opportunities arise, but

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reserves the right to selectively spend *unassigned* resources first to defer the use of these other classified funds.

D. Budgets and Budgetary Accounting

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

1. By September 1st, the District Attorney prepares a budget appropriations request by category to be presented to the next Legislature.
2. The appropriation request is submitted to the Department of Finance and Administration's Budget Division (DFA) and to the Legislative Finance Committee (LFC).
3. DFA makes recommendations and adjustments to the appropriation request which become the Governor's proposal to the Legislature.
4. LFC holds hearings on the appropriations request, also submitting recommendations and adjustments before presentation to the Legislature.
5. Both the DFA's and LFC's recommended appropriation proposals are presented to the Legislature for approval of the final budget plan.
6. Budgetary control is exercised at the expenditure category level of the District Attorney and changes between category totals and/or fund levels require the approval of the DFA.
7. Formal budgetary integration is employed as a management control device during the year for the General Fund.
8. The District Attorney's budget for the fiscal year ending June 30, 2016, was amended in a legally permissible manner by re-allocating line item category totals as the need arose during the fiscal year. Individual amendments were not material in relation to the original budget.
9. Appropriations lapse at the end of the fiscal year except for those amounts encumbered. Any unspent General Fund appropriations from the State revert back to the State General Fund.
10. Budgets for the General Fund and any Special Revenue Funds are presented on the modified accrual basis of accounting. Encumbrances related to single year

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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 amount subject to reversion. Budgetary comparisons presented for the General Fund and Special Revenue Fund in this report are on the modified accrual basis except for the year end accounts payable that are not paid timely, they must be paid out of next year's budget.

11. There were no budgets adopted and no activity in the non-major funds.

E. Inter-fund transactions

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All inter-fund transactions between governmental funds are eliminated on the government-wide statements. Inter-fund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

F. Use of Estimates

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

G. Interfund Activity

Interfund transactions are treated as transfers and interfund payables and receivables at year end. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

H. Program Revenues

Program revenues are made up of various state grants. There are no other revenue types included in program revenues.

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2. INVESTMENT IN THE STATE TREASURER GENERAL FUND INVESTMENT POOL

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

Section 6-5-21 (J) NMSA 1978 requires the Department of Finance to complete, on a monthly basis, reconciliation with the balances kept by the State Treasurer and adopt and promulgate rules regarding reconciliation for state agencies.

The following is a summary of the cash balances of the District Attorney with the New Mexico State Treasurer:

Fund Name	Agency #	Fund #	Amount
General Fund	26300	16700	\$ 86,328
MOU	26300	11640	668,128
VAWA Stop Grant	26300	11650	2,596
Total	26300	94500	18,036
			<u>\$ 775,088</u>

Custodial Credit Risk-Deposit

Custodial Credit Risk is the risk that in the event of a bank failure, the DA's deposits may not be returned. The DA does not have a policy for custodial credit risk. As of June 30, 2016, none of the DA's bank balances totaling \$775,088 was exposed to custodial credit risk. Since all of the bank accounts are considered to be under the State Treasurer's control, the bank accounts are appropriately collateralized.

Section 6-10-17, NMSA 1978 compilation requires that banks or savings and loans provide additional collateral on funds held that exceed the FDIC insurance limit. These excess funds are required to be fifty percent collateralized. The collateralization of the DA's bank accounts is monitored by the State Treasurer's Office. The State Treasurer issues separate financial statements which disclose the collateral pledged to secure these deposits. Any collateralization required to secure the accounts held by the State Treasurer is the responsibility of the State Treasurer's office.

The District Attorney deposits its funds from the worthless check fees and pre-prosecution diversion fees in a local bank in accordance with state statute.

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Fiduciary fund types include trust and agency funds which are used to account for assets held by the District in the capacity of trustee or agent.

Agency trust funds are used to account for assets held as an agent for other government units, individuals and other funds; they are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation.

The agency trust fund is used to account for activities in which the Thirteenth Judicial District Attorney is acting in an agency capacity for the Administrative Office of the District Attorneys, District Attorney Fund.

Cost reimbursements or processing fees are received from clients/offenders as authorized in the Pre-prosecution Division Act and the Worthless Checks Act.

All amounts collected are payable to the Administrative Office of the District Attorneys.

The following schedule is presented to comply with the requirements of New Mexico State Statute 12-6-5, NMSA, 1978, as interpreted by the New Mexico State Auditor's Rule 2 NMAC 2.2.

The District Attorney did not purchase, hold or sell investments during the fiscal year ended June 30, 2016.

3. RECEIVABLES

As of June 30, 2016, the DA had amounts due from other governments totaling \$52,785.

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4. CAPITAL ASSETS

The following schedule shows the changes in capital assets during the year ended June 30, 2016:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Capital Assets being Depreciated:				
Furniture and Fixtures	\$ 25,846	\$ -	\$ -	\$ 25,846
Data Processing Equipment	24,954			24,954
Office Equipment	25,252	-	-	25,252
Vehicles	<u>635,711</u>	<u>74,807</u>	<u>(71,463)</u>	<u>639,055</u>
Total	<u>711,763</u>	<u>74,807</u>	<u>(71,463)</u>	<u>715,107</u>
Less Accumulated Depreciation for:				
Furniture and Fixtures	(25,846)	-	-	(25,846)
Data Processing Equipment	(11,201)	(13,753)	-	(24,954)
Office Equipment	(25,252)			(25,252)
Vehicles	<u>(326,298)</u>	<u>(158,189)</u>	<u>71,463</u>	<u>(413,024)</u>
Total	<u>(388,597)</u>	<u>(171,942)</u>	<u>71,463</u>	<u>(489,076)</u>
Capital Assets, Net	<u>\$ 323,166</u>	<u>\$ 246,749</u>	<u>\$ -</u>	<u>\$ 226,031</u>

Depreciation expense was \$171,942 for the year ended June 30, 2016.

5. DUE TO STATE GENERAL FUND

In accordance with NMAC 2.2.2.12A(6); the Due to State General Fund consists of a \$0 reversion that will be remitted to the state general fund for the fiscal year ending June 30, 2016.

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6. LONG-TERM DEBT

Long-term debt consists only of compensated absences payable, paid by general funds.

	Balance 06/30/15	Additions	Deletions	Balance 06/30/16	Due Within One Year
Compensated Absences	\$ 155,556	\$ 172,331	\$ (131,570)	\$ 196,317	\$ 196,317

Compensated absences will be paid using the general fund and grant funds where allowable.

7. OPERATING LEASES

The Thirteenth Judicial District Attorney has the following leases that can be terminated, with no penalty to the DA if the Legislature does not approve funding.

1. Lease with LexisNexis, contract ends December 31, 2017. 48 Monthly payments of \$1,358.
2. Lease with Ricoh, contract ends June 30, 2020. 48 Monthly payments of \$446.
3. Lease with Ricoh, contract ended June 30, 2020. 48 monthly payments of \$207.
4. Lease with Lenovo, 36 monthly payments of \$2,184.

Schedule of future lease payments for the next five years:

Year	Lease Payment
2017	\$ 42,330
2018	34,044
2019	34,044
2020	7,836
2021	-
Total	\$ 118,254

Rent expense was \$108,316 for the year ended June 30, 2016.

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8. PENSION PLAN – Public Employees Retirement Association

Plan Description

Substantially all of the Office’s full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA’s website at www.pera.state.nm.us.

Funding Policy

Plan members are required to contribute 9% of their gross salary. The Office is required to contribute 16.59% of the gross covered salary. The contribution requirements of plan members and the Tenth Judicial District Office are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The District Attorney’s contributions to PERA for the fiscal years ending June 30, 2016, 2015, and 2014 were \$536,194, \$486,962, and \$471,356, respectively, which equal the amount of the required contributions for each fiscal year.

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

Plan Description

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

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made

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contributions as a participant in the Retiree Health Care Act 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) and former legislators who served at least two years.

The RHCA issues a publicly stand-alone financial report that includes financial statements for the postemployment healthcare plan. The report can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104 Albuquerque, New Mexico 87107.

Funding Policy

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date. 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 employees after January 1, 1998 are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plans 3, 4 or 5; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2016, the statutes required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employers that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2016, the statute required each participating employer to contribute 2% of each participating employee's annual salary; each participating employee was required to contribute 1% of their salary. In addition,

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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 Attorney contributions to the RHCA for the years ended June 30, 2016, 2015 and 2014 were \$63,120, \$57,343, and \$56,918, respectively, which equal the required contributions for each year.

10. DEFERRED COMPENSATION PLAN

The State of New Mexico offers state, local government and school district employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan available to all State employees and those local government and school district employees whose employers have elected participation in the plan permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

There are employees that are making contributions to the Deferred Compensation Plan. Neither the District Attorney nor the State of New Mexico make any contributions to the deferred compensation plan. All contributions withheld from participants by the District Attorney have been paid to the New Mexico Public Employees' Retirement Association, which administers the plan.

11. GASB 68 – FINANCIAL REPORTING AND DISCLOSURE FOR MULTIPLE-EMPLOYER COST SHARING PENSION PLANS BY EMPLOYERS

Compliant with the requirements of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, the State of New Mexico has implemented the standard for the fiscal year ending June 30, 2016.

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

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from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo, Santa Fe, New Mexico 87501.

12. STATEWIDE CASH RECONCILIATION

In June 2012 an independent diagnostic report revealed that the State's cash balances have not been reconciled since the inception of the Statewide Human resources, Accounting, and management Reporting system (SHARE) system in July of 2006. Per the directive issued by the Office of the State Auditor on October 30, 2012, a note disclosure relating to this issue is required for all New Mexico state agencies for financial statements issued for the fiscal year ended June 30, 2016.

In conjunction with this directive, the DA has provided copies of the required reports to the Independent Auditors. In addition, the DA has explained to the Independent Auditors the policies and procedures the DA has in place to ensure that the DA's cash balances in SHARE are correct.

The Department of Finance and Administration (DFA) has commissioned two reports that address state wide cash reconciliation issues. They are (1) Current State Diagnostic of Cash Control, dated June 20, 2012 prepared by Deloitte Consulting, LLP and (2) Cash Management Planning and Business Processes, dated October 11, 2012, also prepared by Deloitte Consulting LLP. These reports are available on the DFA website (http://nmdfa.state.nm.us/Cash_Control.aspx).

The Thirteenth Judicial District Attorney monitors cash receipts and cash deposits regularly. The DA verifies and reconciles to the Trial Balance on a monthly basis with SHARE generated reports.

The Independent Auditors confirm that the DA has performed these procedures with respect to cash reconciliations. Therefore, it is determined that there is little risk of misstatement of the DAs cash accounts due to the issue raised here regarding statewide cash reconciliations to the SHARE system.

For the year ended June 30, 2016, the following assertions are provided by the Department of Finance and Administration in a letter addressed to State Agency Chief Financial Officers on August 8, 2016:

1. The Calculated difference between resources maintained by STO and the agency claims has remained stable and within a narrow and acceptable range (<\$200 thousand standard deviation) over the last twelve months;
2. Resources are sufficient to cover claims and there is no need to adjust any specific business unit claim on the SGFIP.

See Independent Auditors' Report

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

3. All claims will be honored at face value.

13. RISK MANAGEMENT

The DA is exposed to various risks of loss relating to torts, thefts of, damage to, and destruction of property, errors and omissions and natural disasters. The DA participates with other New Mexico State agencies in the Coverage obtained through the State of New Mexico Risk Management Division of the General Services Department.

The General Services Department, Risk Management Division, is responsible for the acquisition and administration of all insurance purchased by the State. Various statutes have been passed which allow the Risk Management Division to insure, self-insure or use a combination of both in all areas of insurance.

The insurance programs apply to all State Agencies as defined by the Tort Claims Act. Risk Management Division provides coverage in the following three major areas:

- 1) Liability and Civil Rights protection for claims made by others against the State.
- 2) Coverage to protect the State property and assets.
- 3) Fringe benefits coverage to the State employees.

14. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS FINANCIAL STATEMENTS

The DA had no adjusting entries concerning revenue or expenditure accounts in Fiscal Year 2016. Therefore, there are no reconciling items.

15. RESTATEMENT

In the June 30, 2015 audit report, the DA reported a receivable of \$22,179. The client identified that as a negative fund balance for the General Fund that was caused by an over reversion in a previous year. Therefore, the net position is restated to reflect the negative fund balance for the General Fund.

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

16. DEFICIT FUND BALANCE

The general fund, fund 16700, had a deficit fund balance of \$22,178 at June 30, 2016.

17. SUBSEQUENT EVENTS

A review of subsequent events through October 21, 2016, which is the date the financial statements were available for issuance, revealed no significant subsequent events which require disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
FIDUCIARY FUND DESCRIPTIONS
JUNE 30, 2016**

FIDUCIARY FUNDS

WORTHLESS CHECK FUND - Fees charged upon the collection of worthless checks. Fees are paid by persons who write the useless check. Fees are remitted to the State Treasurer for the account of the Administration Office of the District Attorneys.

PRE-PROSECUTION DIVERSION PROGRAM - Fees charged to individuals in the pre-prosecution diversion program, in accordance with agreements between the program participant and the district attorney. Fees are remitted to the State Treasurer for the account of the Administration Office of the District Attorneys.

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
FIDUCIARY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Balance at June 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2016</u>
Worthless Check Charges:				
ASSETS				
Cash in Bank	\$ 30	\$ 2,339	\$ 2,269	\$ 100
Total Assets	<u>\$ 30</u>	<u>\$ 2,339</u>	<u>\$ 2,269</u>	<u>\$ 100</u>
LIABILITIES				
Deposits Held for Others	\$ 30	\$ 2,269	\$ 2,339	\$ 100
Total Liabilities	<u>\$ 30</u>	<u>\$ 2,269</u>	<u>\$ 2,339</u>	<u>\$ 100</u>
Pre-Prosecution Diversion Fees:				
ASSETS				
Cash in Bank	\$ 3,490	\$ 47,201	\$ 46,477	\$ 4,214
Total Assets	<u>\$ 3,490</u>	<u>\$ 47,201</u>	<u>\$ 46,477</u>	<u>\$ 4,214</u>
LIABILITIES				
Deposits Held for Others	\$ 3,490	\$ 46,477	\$ 47,201	\$ 4,214
Total Liabilities	<u>\$ 3,490</u>	<u>\$ 46,477</u>	<u>\$ 47,201</u>	<u>\$ 4,214</u>
Total:				
ASSETS				
Cash in Bank	\$ 3,520	\$ 49,540	\$ 48,746	\$ 4,314
Total Assets	<u>\$ 3,520</u>	<u>\$ 49,540</u>	<u>\$ 48,746</u>	<u>\$ 4,314</u>
LIABILITIES				
Deposits Held for Others	\$ 3,520	\$ 48,746	\$ 49,540	\$ 4,314
Total Liabilities	<u>\$ 3,520</u>	<u>\$ 48,746</u>	<u>\$ 49,540</u>	<u>\$ 4,314</u>

See Independent Auditors' Report

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT ATTORNEY
SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000
(excluding GRT)
FOR THE YEAR ENDED JUNE 30, 2016

Prepared by: Brenda Rael Title: CFO Date: October 13, 2016

<i>RFB#/ RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the procurement documentation, of <u>ALL</u> Vendor(s) that responded</i>	<i>In-State/ Out-of- State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in- state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

See Independent Auditors' Report

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT ATTORNEY
SCHEDULE OF OPERATING TRANSFERS
FOR THE YEAR ENDED JUNE 30, 2016**

	SHARE Fund	TITLE	TRANSFER	
			IN	OUT
(1)	16700	Department of Finance and Administration	\$ 5,064,700	\$ -
(2)	16700	Department of Finance and Administration	-	-

(1) State General Fund Appropriation as per Laws of 2015, Chapter 179

(2) General Fund reversion

See Independent Auditors' Report

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
MEMORANDUMS OF UNDERSTANDING
FOR THE YEAR ENDED JUNE 30, 2016**

The Thirteenth Judicial District has the following Memorandums of Understanding in effect for the year ended June 30, 2016:

MOU with the Pueblo of Acoma

Participants:	Thirteenth DA's Office and Acoma Pueblo
Party Responsible for Operations:	Thirteenth DA's Office
Description:	For prosecution of state crimes committed on Pueblo Lands
Beginning and Ending Dates:	4/23/2003, renewable annually
Total Amount of Project:	\$50,000 per year
Portion Applicable to Agency:	All
Amount Contributed by the 13th DA in FY 2016:	\$50,000
Audit Responsibility:	Thirteenth DA's Office
Fiscal Agent:	N/A
Name of Agency where revenues and expenditures are reported:	Thirteenth DA's Office

MOU with the City of Grants

Participants:	Thirteenth DA's Office and City of Grants
Party Responsible for Operations:	Thirteenth DA's Office
Description:	13th DA will serve as attorney for the City
Beginning and Ending Dates:	7/1/1998, renewable annually
Total Amount of Project:	\$10,200 per year
Portion Applicable to Agency:	All
Amount Contributed by the 13th DA in FY 2016:	\$10,200
Audit Responsibility:	Thirteenth DA's Office
Fiscal Agent:	N/A
Name of Agency where revenues and expenditures are reported:	Thirteenth DA's Office

MOU with the Santa Ana Pueblo

Participants:	Thirteenth DA's Office and Santa Ana Pueblo
Party Responsible for Operations:	Thirteenth DA's Office
Description:	For prosecution of state crimes committed on Pueblo Lands
Beginning and Ending Dates:	3/9/2000, renewable annually
Total Amount of Project:	\$87,500
Portion Applicable to Agency:	All
Amount Contributed by the 13th DA in FY 2016:	\$87,500
Audit Responsibility:	Thirteenth DA's Office
Fiscal Agent:	N/A
Name of Agency where revenues and expenditures are reported:	Thirteenth DA's Office

See Independent Auditors' Report

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

Honorable Timothy Keller
New Mexico State Auditor
Santa Fe, New Mexico
and
Lemuel L. Martinez, District Attorney
Thirteenth Judicial District Attorney
Bernalillo, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and the major special revenue funds, of the State of New Mexico, Office of the District Attorney, Thirteenth Judicial District (DA) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report dated October 21, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the DA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and responses as item FS 2016-001.

The DA's Response to Finding

The DA's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The DA's response was not subjected to the auditing procedures applied in the audit of financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Kubiak Melton & Associates, LLC

Kubiak Melton & Associates, LLC
Auditors – Business Consultants – CPAs

Albuquerque, New Mexico
October 21, 2016

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2016**

Section I – Current Year Financial Statement Findings

2016-001 – Disposition of Capital Assets – Other Non-compliance

Condition: The Attorney’s Office did not provide written notification to the New Mexico State Auditor’s Office informing them of the disposition of assets as required by law.

Criteria: In accordance Sections 13-6-1 and 13-6-2 NMSA 1978 govern the disposition of obsolete, worn-out or unusable tangible personal property owned by state agencies, local public bodies, school districts, and state educational institutions. Pursuant to Subsection A of Section 13- 6-4 NMSA 1978, municipalities are exempt from this requirement. At least 30 days prior to any disposition of property on the agency inventory list described below in Subsection U of 2.2.2.10 NMAC, written notification of the official finding and proposed disposition duly sworn and subscribed under oath by each member of the authority approving the action must be sent to the state auditor.

Cause: The Attorney’s Office was unfamiliar with whom to address the letter to regarding the notification of disposition of assets.

Effect: The Attorney’s Office is out of compliance with the law by not notifying the State Auditor’s Office of assets being disposed of.

Auditor’s Recommendation: We have provided a copy of the law to The Attorney’s Office and requested that they disseminate that information throughout the organization.

Management’s Response: The Thirteenth Judicial District Attorney’s Office has acknowledged Sections 13-6-1 and 13-6-2 and has informed staff responsible for disposition of property and will comply with this law in the future.

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2016**

Section II – Status of Prior Year Findings

There were no Prior Year Findings

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2016**

An exit conference was held on October 21, 2016. In attendance were the following:

Representing the Thirteenth Judicial District Attorney:

Lemuel Martinez, District Attorney
Reyna Aragon, District Office Manager
Brenda Rael, CFO

Representing Kubiak Melton & Associates, LLC:

Daniel O. Trujillo, CPA, CFE, CGFM, CGMA

Preparation of Financial Statements

The audited financial statements of the Thirteenth Judicial District Attorney were prepared by the independent certified public accountants performing the audit. Management is responsible for ensuring the books and records to adequately support the preparation of the financial statements in accordance with generally accepted accounting principles and that the information is current and in balance. Management has reviewed and approved the financial statements as presented.