

**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, 2019**

**STATE OF NEW MEXICO
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, 2019**

ATTORNEYS

Lemuel L. Martinez	District Attorney
Barbara Romo	Chief Deputy District Attorney - Sandoval County
David Longley	Deputy District Attorney – Cibola County
Vacant	Deputy District Attorney – Sandoval County
Jessica Martinez	Deputy District Attorney – Valencia County

ADMINISTRATIVE STAFF

Lucas Gauthier	District Office Manager / CFO
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Independent Auditors' Report

Honorable Brian S. Colón, Esq.

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 (the Office), as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprises the Office'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 Office'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 Office as of June 30, 2019, 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.

Emphasis of Matters

As discussed in *Note 1*, the financial statements of the Office are intended to present the financial position and changes in financial position, of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of the State of New Mexico that is attributable to the transactions of the Office of the District Attorney, Thirteenth Judicial District. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2019, and the changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified for this matter.

Other Matters

Required Supplementary Information:

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6 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 Office's 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2019 on our consideration of the Office'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 Office's internal control over financial reporting and compliance.

Kubiak Melton & Associates, LLC

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

Albuquerque, New Mexico
October 31, 2019

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)
JUNE 30, 2019**

Management's Discussion and Analysis offers readers of the Thirteenth Judicial District Attorney's (the Attorney) financial statements this narrative overview and analysis of the financial activities of the Attorney for the fiscal year ended June 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Attorney's financial statements, which follow this narrative.

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 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 Attorney's net position and how it has changed.

Fund Financial Statements (Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance)

The fund financial statements provide more detailed information about the Attorney's significant funds. Funds are accounting devices that the Attorney uses to keep track of specific sources of funding and spending for particular purposes.

The 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 \$1,020,339 on deposit and capital assets, net of accumulated depreciation of \$239,361. Total assets are \$1,293,575.

Total Liabilities: Consist of current liabilities \$314,371 and long-term liabilities of \$433,641.

Net Position: Consist of \$239,361 in net investment in capital assets, \$816,913 restricted and a deficit of \$196,340 unrestricted.

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)
JUNE 30, 2019**

Analysis of Thirteenth Judicial District Attorney's overall Financial Position and Results of Operation:

There are 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 \$1,466,524 to \$1,293,575. Net position increased from \$944,290 to \$859,934.

**Condensed Statements of Net Position
June 30,**

	2019	2018	Increase (Decrease)
ASSETS			
Current and Other Assets	\$ 1,054,214	\$ 1,136,912	\$ (82,698)
Capital Assets, Net	239,361	329,612	(90,251)
Total Assets	<u>\$ 1,293,575</u>	<u>\$ 1,466,524</u>	<u>\$ (172,949)</u>
LIABILITIES			
Current & Long-Term Liabilities	\$ 434,565	\$ 522,234	\$ (87,669)
Total Liabilities	<u>\$ 434,565</u>	<u>\$ 522,234</u>	<u>\$ (87,669)</u>
NET POSITION			
Net Investment in Capital Assets	\$ 239,361	\$ 329,612	\$ (90,251)
Restricted	816,913	673,046	143,867
Unrestricted	<u>(197,264)</u>	<u>(58,368)</u>	<u>(138,896)</u>
Total Net Position	<u>\$ 859,010</u>	<u>\$ 944,290</u>	<u>\$ (85,280)</u>

Results of Operation (Statement of Activities):

Total Revenues: Consists of \$5,194,700 State General Fund appropriation, and \$208,400 for other financing sources.

Total Expenses: Consists of \$5,559,018 mainly for operational, employee salaries and benefits and operating costs purposes. There was a general fund reversion of \$18,361 for FY 2019.

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)
JUNE 30, 2019**

Condensed financial comparisons for the current and prior fiscal year:

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

	2019	2018	Increase (Decrease)
REVENUES			
Program and Other Revenues	\$ 99,501	\$ 100,646	\$ (1,145)
Other Financing Sources	208,400		208,400
General Appropriation	5,175,415	4,793,958	381,457
Total Revenues	5,483,316	4,894,604	588,712
 EXPENSES			
Public Safety	5,559,018	4,586,339	(972,679)
Loss on Sale of Assets	9,578	-	(9,578)
Total Expenses	5,568,596	4,586,339	(982,257)
 Increase (Decrease) in Net Position	\$ (85,280)	\$ 308,265	\$ (393,545)

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).

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, 2019**

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Investment in State General Fund Investment Pool	\$ 1,020,339
Due From Other Governments	33,875
Total Current Assets	<u>1,054,214</u>
Capital Assets, Net	<u>239,361</u>
Total Assets	<u>\$ 1,293,575</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 82,050
Accrued Payroll and Related Liabilities	176,505
Due to State General Fund	924
Compensated Absences Payable, Current	55,816
Total Current Liabilities	<u>315,295</u>
Non-Current Liabilities	
Compensated Absences Payable, Non-Current	<u>119,270</u>
Total Liabilities	<u>434,565</u>
NET POSITION	
Net Investment in Capital Assets	239,361
Restricted	816,913
Unrestricted	<u>(197,264)</u>
Total Net Position	<u>859,010</u>
Total Liabilities and Net Position	<u>\$ 1,293,575</u>

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, 2019**

	Governmental Activities
Program Expenses	
General Government	
Personal Services & Benefits	\$ 4,712,622
Contract Services	155,538
Other Costs	582,762
Depreciation Expense - Unallocated	108,096
Total Program Expenses	5,559,018
 Program Revenues	
State & Local Grants	99,501
Total Program Revenues	99,501
 Net Program Expense	 (5,459,517)
 General Revenues and Transfers	
State General Fund Appropriations	5,194,700
Other Financing Sources	208,400
Loss on Disposal of Assets	(9,578)
Reversion to State General Fund FY2019	(19,285)
Total General Revenues and Transfers	5,374,237
 Change in Net Position	 (85,280)
 Net Position - Beginning of Year	 944,290
 Net Position - End of Year	 \$ 859,010

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, 2019**

	General Fund 16700	MOU/SWB 11640	Total
ASSETS			
Current Assets			
Investment in State General Fund Investment Pool	\$ 211,768	\$ 808,571	\$ 1,020,339
Due From Other Governments	-	33,875	33,875
Total Assets	\$ 211,768	\$ 842,446	\$ 1,054,214
 LIABILITIES AND FUND BALANCES			
Current Liabilities			
Accounts Payable	\$ 76,433	\$ 5,617	\$ 82,050
Accrued Payroll and Related Benefits	156,589	19,916	176,505
Due to State General Fund	924	-	924
Total Liabilities	233,946	25,533	259,479
 FUND BALANCES			
Assigned	-	816,913	816,913
Unassigned	(22,178)	-	(22,178)
Total Fund Balances	(22,178)	816,913	794,735
Total Liabilities and Fund Balances	\$ 211,768	\$ 842,446	\$ 1,054,214

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, 2019**

Total Fund Balances for Governmental Funds \$ 794,735

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 239,361

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

Compensated Absences Payable (175,086)

Net Position of Governmental Activities \$ 859,010

**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, 2019**

	<u>General Fund 16700</u>	<u>MOU/SWB 11640</u>	<u>Total</u>
REVENUES			
Intergovernmental Revenue - St. & Local	\$ -	\$ 99,501	\$ 99,501
Total Revenues	<u>-</u>	<u>99,501</u>	<u>99,501</u>
EXPENDITURES			
General Government			
Personal Services & Benefits	4,632,556	39,834	4,672,390
Contract Services	142,148	13,390	155,538
Other Costs	581,688	1,074	582,762
Capital Outlay	<u>27,423</u>	<u>-</u>	<u>27,423</u>
Total Expenditures	<u>5,383,815</u>	<u>54,298</u>	<u>5,438,113</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(5,383,815)</u>	<u>45,203</u>	<u>(5,338,612)</u>
OTHER FINANCING SOURCES (USES)			
State General Fund Appropriation	5,194,700	-	5,194,700
Other Financing Sources	208,400	-	208,400
Reversion To State General Fund FY2019	<u>(19,285)</u>	<u>-</u>	<u>(19,285)</u>
Total Other Financing Sources (Uses)	<u>5,383,815</u>	<u>-</u>	<u>5,383,815</u>
Net Change In Fund Balances	-	45,203	45,203
Fund Balances, Beginning	<u>(22,178)</u>	<u>771,710</u>	<u>749,532</u>
Fund Balances, Ending	<u>\$ (22,178)</u>	<u>\$ 816,913</u>	<u>\$ 794,735</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, 2019**

Net Change in Fund Balances - Total Governmental Funds \$ 45,203

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period these amounts are:

Capital Outlay	27,423	
Depreciation Expense	(108,096)	
Loss on Disposal of Assets	<u>(9,578)</u>	
Excess (Deficit) of capital outlay over depreciation expense		(90,251)

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) Decrease in Compensated Absences		<u>(40,232)</u>
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Change In Net Position - Governmental Activities \$ (85,280)

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) –
GENERAL FUND (16700)
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current				
General Government				
Personal Services & Benefits	\$ 4,888,400	\$ 4,718,400	\$ 4,632,556	\$ 85,844
Contract Services	96,800	146,800	142,148	4,652
Other Costs	<u>417,900</u>	<u>537,900</u>	<u>609,111</u>	<u>(71,211)</u>
Total Expenditures	<u>5,403,100</u>	<u>5,403,100</u>	<u>5,383,815</u>	<u>19,285</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>(5,403,100)</u>	 <u>(5,403,100)</u>	 <u>(5,383,815)</u>	 <u>(19,285)</u>
 Other Financing Sources (Uses)				
State General Fund Appropriation	5,194,700	5,194,700	5,194,700	-
Other Financing Sources (Uses)	208,400	208,400	208,400	-
Reversion To State General Fund	<u>-</u>	<u>-</u>	<u>(19,285)</u>	<u>(19,285)</u>
Total Other Financing Sources (Uses)	<u>\$ 5,403,100</u>	<u>\$ 5,403,100</u>	<u>5,383,815</u>	<u>\$ (19,285)</u>
Net Change in Fund Balance			<u>\$ -</u>	

Budgetary Basis is GAAP Basis

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) –
SOUTHWEST BORDER (11640)
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental Revenue	\$ -	\$ -	\$ 99,501	\$ 99,501
Total Revenues	<u>-</u>	<u>-</u>	<u>99,501</u>	<u>99,501</u>
Expenditures				
Current				
General Government				
Personal Services & Benefits	445,200	445,200	39,834	405,366
Contract Services	105,000	105,000	13,390	91,610
Other Costs	<u>214,000</u>	<u>214,000</u>	<u>1,074</u>	<u>212,926</u>
Total Expenditures	<u>764,200</u>	<u>764,200</u>	<u>54,298</u>	<u>709,902</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(764,200)</u>	<u>(764,200)</u>	<u>45,203</u>	<u>(610,401)</u>
Other Financing Sources (Uses)				
State General Fund Appropriation	-	-	-	-
Other Financing Sources (Uses)	-	-	-	-
Reversion To State General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Net Change in Fund Balance			<u>\$ 45,203</u>	

Budgetary Basis is GAAP Basis

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS
AS OF JUNE 30, 2019**

	Worthless Check & Pre- Prosecution Diversion Fees - 10620
ASSETS	
Cash in Bank	<u>\$ 3,418</u>
LIABILITIES	
Deposits Held for Others	<u>\$ 3,418</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
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Thirteenth Judicial District Attorney (the Office) 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 Office's accounting policies are described below.

Financial Reporting Entity

The Office 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 Office involves criminal prosecutions of violators of state law and civil representation and advice to the counties served and the officers thereof.

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

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 financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. The Office has no component units.

A. Basis of Accounting- GASB Statement No. 34

The basic financial statements include both government-wide and fund financial statements. The reporting model focus is on either the Office as a whole or on major individual funds. Both the government-wide and fund financial statements categorize primary activities as governmental activities.

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation - Fund Accounting

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Office, 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 Office 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 Office’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 adjustments necessary to transform the fund based financial statements into the government-wide statements are presented on the page following each fund statement.

The Office’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.

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation - Fund Accounting (continued)

The accounts of the Office 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 Governmental fund types are used by the Office:

General Fund - The General Fund is the general operating fund of the Office. 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 Office is 16700.

Southwest Border Prosecution Initiative Fund, Fund 11640 – 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, Fund 11640 – 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.

The Pueblo of Acoma Fund, Fund 11640 – 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, Fund 11640 – 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.

Fiduciary Funds

Agency Funds - Agency Funds are used to account for assets held by the Office 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 Office 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 10620, Worthless Check Fund.

**STATE OF NEW MEXICO
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THIRTEENTH JUDICIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation - Fund Accounting (continued)

Fund Balance Classification: 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 Office 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:

Non-spendable: the non-spendable balance includes amounts that cannot be spent because they are not in spendable form or legally, contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash; it also includes the long-term amount of interfund loans.

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 Office. These amounts cannot be used for any other purpose unless the Office 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 Office’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Office or through the Office 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.

Governmental fund equity is classified as fund balance per GASB Statement 54, effective for financial statements for periods beginning after June 15, 2010. The Office would typically use *restricted* fund balances first, followed by *committed* resources, and then *assigned* resources, as appropriate opportunities arise, but reserves the right to selectively spend *unassigned* resources first to defer the use of these other classified funds. The Office would typically use *restricted* fund balances first, followed by *committed* resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend *unassigned* resources first to defer the use of these other classified funds.

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Investment in the State Treasurer General Fund Investment Pool

The Office'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.

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 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:

Assets	Years
Furniture and Fixtures	7
Data Processing Equipment (Including Software)	3
Office Equipment	5
Vehicles	5

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.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Long-Term Liabilities

Compensated Absences - The Office'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.

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

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 the acquisition of net position by the government which is applicable to a future reporting period. The Office has no deferred outflows or inflows of resources at June 30, 2019.

**STATE OF NEW MEXICO
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Net Position Classification

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 Office 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.

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

D. Budgets and Budgetary Accounting

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

1. By September 1st, the Office 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.

**STATE OF NEW MEXICO
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and Budgetary Accounting (continued)

7. Formal budgetary integration is employed as a management control device during the year for the General Fund.

8. The Office's budget for the fiscal year ending June 30, 2019, 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 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 Funds 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.

E. 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.

F. 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.

G. Program Revenues

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

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 2. INVESTMENT IN THE STATE TREASURER GENERAL FUND INVESTMENT POOL

The following is a summary of the cash balances of the Office with the New Mexico State Treasurer and the Office's bank:

	<u>Bank Balance</u>	<u>Book Balance</u>
<u>Governmental Funds</u>		
Investment in State General Fund		
Investment Pool (SHARE Fund 16700)	\$ 211,768	\$ 211,768
Investment Pool (SHARE Fund 11640)	<u>808,571</u>	<u>808,571</u>
Total Governmental Funds	<u><u>1,020,339</u></u>	<u><u>1,020,339</u></u>
<u>Agency Funds</u>		
US Bank	<u>3,900</u>	<u>3,418</u>
Total - Agency Fund	<u><u>3,900</u></u>	<u><u>3,418</u></u>
Total Cash	3,900	<u>\$ 1,023,757</u>
Less: FDIC Insurance	<u>(3,900)</u>	
Total Uninsured Public Funds	<u><u>\$ -</u></u>	

Custodial Credit Risk-Deposit

Custodial Credit Risk is the risk that in the event of a bank failure, the Office's deposits may not be returned. The Office does not have a policy for custodial credit risk. As of June 30, 2019, none of the Office's bank balances 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.

Collateral Pledged by Financial Institutions

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 Office'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.

Agency Fund Cash

The Office deposits its funds from the worthless check fees and pre-prosecution diversion fees in a local bank in accordance with state statute. All amounts collected are payable to the Administrative Office of the District Attorneys.

**STATE OF NEW MEXICO
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 2. INVESTMENT IN THE STATE TREASURER GENERAL FUND INVESTMENT POOL
(CONTINUED)**

State General Fund Investment Pool Reconciliation

As provided for in Chapter 8-6 of the New Mexico Statutes Annotated 1978, the State Treasurer shall receive and keep all monies of the state, except where otherwise provided, and shall disburse the public money upon lawful warrants. The State Treasurer's Office (STO) acts as the state's bank. Agency cash receipts are deposited with STO and pooled in a statewide investment fund, when amounts are greater than immediate needs they are placed into short-term investments. When agencies make payments to vendors and employees they are made from this pool and their claims on the pool are reduced.

The comprehensive cash reconciliation model which compares aggregated agency claims on the State General Fund Investment Pool to the associated resources held by the State Treasurer's Office has been completed for fiscal year 2019. The process has been previously reviewed by the IPAs performing audits of the General Fund, the Department of Finance and Administration and the State of New Mexico's Comprehensive Annual Financial Report. These reviews have deemed the process sound and the Department fully compliant with the reconciliation requirements.

It is asserted that as of June 30, 2019, resources held in the pool were equivalent to the corresponding business unit claims on those resources. It is also asserted that all claims as recorded in the SHARE system shall be honored at face value.

NOTE 3. DUE FROM OTHER GOVERNMENTS

As of June 30, 2019, the Office had amounts \$33,875 due from other governments. Amounts due from other governments are expected to be fully collectable.

**STATE OF NEW MEXICO
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FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 4. CAPITAL ASSETS

The following schedule shows the changes in capital assets during the year ended June 30, 2019:

	<u>Balance 6/30/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2019</u>
Capital Assets being Depreciated:				
Furniture and Fixtures	\$ 12,464	\$ -	\$ -	\$ 12,464
Data Processing Equipment	13,972	9,318	-	23,290
Office Equipment	5,550	-	-	5,550
Vehicles	<u>861,606</u>	<u>50,305</u>	<u>68,698</u>	<u>843,213</u>
Total	<u>893,592</u>	<u>59,623</u>	<u>68,698</u>	<u>884,517</u>
Less Accumulated Depreciation for:				
Furniture and Fixtures	12,464	-	-	12,464
Data Processing Equipment	13,972	311	-	14,283
Office Equipment	5,550	-	-	5,550
Vehicles	<u>531,994</u>	<u>107,785</u>	<u>26,920</u>	<u>612,859</u>
Total	<u>563,980</u>	<u>108,096</u>	<u>26,920</u>	<u>645,156</u>
Capital Assets, Net	<u>\$ 329,612</u>	<u>\$ (48,473)</u>	<u>\$ 41,778</u>	<u>\$ 239,361</u>

Depreciation expense was \$108,096 for the year ended June 30, 2019 and has not been allocated to any function on the Statement of Activities.

During FY 2019, the Office acquired one vehicle valued at \$50,305, by paying \$18,105 in cash and receiving trade-in value of \$32,200. The \$18,105 was the amount of capital outlay and the \$50,305 was the amount of capital asset addition related to this transaction. There was a loss of \$9,578 for this transaction related to disposal of the vehicle traded in. This loss is shown on the Statement of Activities.

NOTE 5. REVERSION TO STATE GENERAL FUND

The Reversion to the State General Fund in the Statement of Revenues, Expenditures and Changes in Fund Balances consists of the \$19,285 reversion. \$18,361 was remitted to the state general fund for fiscal year ending June 30, 2019 and \$924 is owed to the State General Fund as of June 30, 2019.

**STATE OF NEW MEXICO
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 6. COMPENSATED ABSENCES

The following is a summary of the changes in compensated absences:

	Balance 06/30/2018	Additions	Deletions	Balance 06/30/2019	Due Within One Year
Compensated Absences	\$ 134,854	\$ 55,816	\$ (15,584)	\$ 175,086	\$ 55,816

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

NOTE 7. OPERATING LEASES

The Office has the following leases that can be terminated, with no penalty to the Office if the Legislature does not approve funding.

- Lease with Ricoh, contract ends June 30, 2020, 48 monthly payments of \$446.
- Lease with Ricoh, contract ends June 30, 2020. 48 Monthly payments of \$207.
- Lease with Lenovo, contract ends June 30, 2019. 36 monthly payments of \$2,184.
- Renewed lease with Lenovo, contract ends September 7, 2020. 12 monthly payments of \$1,441.
- Lease with Real Time Network, contract ends September 30, 2021. 60 monthly payments of \$1,285.
- Lease with Thomson Reuters, contract ends January 22, 2023. 62 monthly payments of \$1,400.

Schedule of future lease payments for the next five years:

Year	Lease Payment
2020	\$ 55,228
2021	37,834
2022	22,488
2023	12,700
2024	-
Total	\$ 128,250

Rent and lease expense was \$76,215 for the year ended June 30, 2019.

**STATE OF NEW MEXICO
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 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 Office's contributions to PERA for the fiscal years ending June 30, 2019, 2018, and 2017 were \$559,021, \$445,317, and \$485,162, respectively, which equal the amount of the required contributions for each fiscal year.

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

**STATE OF NEW MEXICO
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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

Plan Description

The Office 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 by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and /or voluntary benefits like dental, vision, supplemental life insurance and long-term care policies.

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

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FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 9. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

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, 2019, 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, 2019, 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, 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 Office contributions to the RHCA for the years ended June 30, 2019, 2018 and 2017 were \$65,805, \$52,421, and \$57,113, respectively, which equal the required contributions for each year.

Postemployment Benefits – State Retiree Health Care Plan – GASB No. 75

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

The Office, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple-employer defined benefit postemployment health care plan that provides comprehensive group health insurance for persons who have retired from certain public service positions in New Mexico. The other postemployment benefits (OPEB) Plan is administered by the Retiree Health Care Authority of the State of New Mexico. Overall, total OPEB liability exceeds OPEB Plan net position resulting in a net OPEB liability. The State has determined the State's share of the net OPEB liability to be a liability of the State as a whole, rather than any agency or department of the State and the liability will not be reported in the department or agency level financial statements of the State. All required disclosures will be presented in the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico.

Information concerning the net liability, benefit expense, and benefit-related deferred inflows and deferred outflows of resources of the primary government will be contained in the State of New Mexico Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2019 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
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 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 Office nor the State of New Mexico make any contributions to the deferred compensation plan. All contributions withheld from participants by the Office have been paid to the New Mexico Public Employees' Retirement Association, which administers the plan.

NOTE 11. RISK MANAGEMENT

The Office 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 Office 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.

NOTE 12. RECONCILIATION OF BUDGET AND ACTUAL (BUDGETARY BASIS) TO GAAP BASIS FINANCIAL STATEMENTS

For the Office, budgetary basis is GAAP basis.

NOTE 13. DEFICIT FUND BALANCE

The general fund, fund 16700, had a deficit fund balance of \$21,254 at June 30, 2019.

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 14. CONTINGENT LIABILITIES

The Office is party to various claims and lawsuits arising in the normal course of business. Management and the Office's attorney are unaware of any material pending or threatened litigation, claims or assessments against the Office which are not covered by the Office's insurance as described in *Note 11*.

NOTE 15. FEDERAL, STATE AND LOCAL GRANTS

In the normal course of operations, the Office receives grant funds from various federal, state agencies and local governments. 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 16. NEW ACCOUNTING STANDARDS

The Office reviewed subsequent pronouncements to June 30, 2019 issued by GASB noting the following statements that may have a potential material effect on the Office's financial statements in subsequent periods.

GASB 82

GASB Statement No. 82, *Fiduciary Activities* (GASB 82) establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 82 is effective for periods beginning after December 15, 2018 (FY 2020).

GASB 87

GASB Statement No. 87, *Leases* (GASB 87) establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB 87 is effective for periods beginning after December 15, 2019 (FY 2021) with earlier application encouraged.

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 17. SUBSEQUENT EVENTS

A review of subsequent events through October 31, 2019, 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, 2019**

FIDUCIARY FUNDS

WORTHLESS CHECK FUND (Fund 10620) - 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 (Fund 10620) - 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, 2019

	Balance at June 30, 2018	Additions	Deductions	Balance at June 30, 2019
<u>Worthless Checks & Pre-Prosecution Diversion Fees:</u>				
ASSETS				
Cash in Bank	\$ 4,351	\$ 35,048	\$ 35,981	\$ 3,418
Total Assets	\$ 4,351	\$ 35,048	\$ 35,981	\$ 3,418
LIABILITIES				
Deposits Held for Others	\$ 4,351	\$ 35,048	\$ 35,981	\$ 3,418
Total Liabilities	\$ 4,351	\$ 35,048	\$ 35,981	\$ 3,418

See Independent Auditors' Report

SUPPORTING SCHEDULES

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT ATTORNEY
SCHEDULE OF OPERATING TRANSFERS
FOR THE YEAR ENDED JUNE 30, 2019**

	From Agency / Fund	Description	To Agency / Fund	TRANSFER	
				In	Out
(1)	34101/85300	Department of Finance and Administration	26300/16700	\$ 5,194,700	\$ -
(2)	34100/85300	Department of Finance and Administration	26300/16700	208,400	-
(3)	26300/16700	State General Fund	34101/85300	-	(19,285)
				<u>\$ 5,403,100</u>	<u>\$ (19,285)</u>

(1) State General Fund Appropriation as per Laws 2018

(2) State General Fund Appropriation as per Laws 2018, section 8 Compensation Appropriation

(3) Reversion to State General Fund - FY 2019

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
MEMORANDUMS OF UNDERSTANDING
FOR THE YEAR ENDED JUNE 30, 2019**

The Thirteenth Judicial District has the following Memorandums of Understanding in effect for the year ended June 30, 2019:

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:	\$12,000 per year
Portion Applicable to Agency:	All
Amount Contributed by the 13th DA in FY 2019:	\$12,000
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 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 2019:	\$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

COMPLIANCE SECTION



INDEPENDENT AUDITORS' 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

Honorable Brian S. Colón, Esq.
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 (the Office) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements, and have issued our report dated October 31, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Office'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 Office's internal control. Accordingly, we do not express an opinion on the effectiveness of the Office'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 Office'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 Office'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 instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Office'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 31, 2019

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019**

Section I. Summary of Audit Results

Financial Statements:

- | | |
|--|------------|
| 1. Type of Auditors' Report Issued: | Unmodified |
| 2. Internal Control Over Financial Reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | No |
| c. Noncompliance material to financial statements noted? | No |

Section II. Current Year Financial Statement Findings

There are no current year findings.

Section III. Status of Prior Year Findings

There are no prior year findings.

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
THIRTEENTH JUDICIAL DISTRICT
EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2019**

An exit conference was held on October 31, 2019. In attendance were the following:

Representing the Thirteenth Judicial District Attorney:

Lemuel Martinez, District Attorney
Lucas Gauthier, District Office Manager / 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 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.