

**STATE OF NEW MEXICO  
ADMINISTRATIVE OFFICE  
OF THE DISTRICT ATTORNEYS**

**Financial Statements  
June 30, 2014**

**(With Independent Auditor's Report Thereon)**

**ROBERT J. RIVERA, CPA, PC  
CERTIFIED PUBLIC ACCOUNTANTS  
SANTA FE, NEW MEXICO 87505-4761**

## INTRODUCTORY SECTION

**STATE OF NEW MEXICO  
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS  
June 30, 2014**

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**STATE OF NEW MEXICO  
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS  
June 30, 2014**

**Official Roster**

**New Mexico District Attorneys' Association Officers**

Honorable Robert Tedrow ..... President  
11<sup>th</sup> Judicial District Attorney

Honorable Angela "Spence" Pacheco ..... Vice-President  
1<sup>st</sup> Judicial District Attorney

Honorable Jenetta Hicks ..... Treasurer  
5<sup>th</sup> Judicial District Attorney

**Administrative**

Henry R. Valdez ..... Director

Filemon Gonzalez ..... Chief Financial Officer

**FINANCIAL SECTION**

# Robert J. Rivera, CPA, PC

Certified Public Accountants

6 Calle Medico, Suite 4

Santa Fe, New Mexico 87505-4761

(505) 983-6002

Fax (505) 983-6474

## INDEPENDENT AUDITOR'S REPORT

Henry R. Valdez, Director  
State of New Mexico  
Administrative Office of the District Attorneys  
and  
Hector H. Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the State of New Mexico, Administrative Office of the District Attorneys (AODA), as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the AODA's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the AODA's non-major governmental funds, and the budgetary comparisons for all non-major funds presented as supplementary information as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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



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

### **Opinions**

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the AODA, as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund of the AODA as of June 30, 2014, and the respective changes in financial position, and the respective budgetary comparisons for all non-major 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 ix through xv 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 AODA's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of federal awards as required by the Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of federal awards is the responsibility of management and was derived from and relates 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, the Schedule of Expenditures is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with ***Government Auditing Standards***, we have also issued our report dated December 1, 2014, on our consideration of the AODA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and

compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with **Government Auditing Standards** in considering the AODA's internal control over financial reporting and compliance.



Robert J. Rivera, CPA, PC  
Santa Fe, New Mexico  
December 1, 2014

**STATE OF NEW MEXICO**  
**ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS**  
**Management's Discussion and Analysis**  
**June 30, 2014**

The Administrative Office of the District Attorney's (the AODA) Management's Discussion and Analysis provides the reader of the financial statements this narrative overview and analysis of the financial activities of the AODA for the fiscal year ended June 30, 2014.

The AODA was authorized in Chapter 110, Laws of 1984, (Section 36-1-25, NMSA, 1978) and began operating in August 1984. It is supervised by a director who is appointed by a major vote of the elected or appointed district attorneys of the State of New Mexico. The director's responsibility is to provide administrative, educational and planning assistance to district attorneys statewide. This includes, but is not limited to, preparing personnel pay plans, developing a comprehensive data base for case management, preparing and distributing uniform forms and procedures manuals and developing uniform systems for use by district attorneys.

**The Basic Financial Statements**

The annual report consists of four parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, and a section that presents combining statements for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the AODA.

- A. The first two statements are government-wide financial statements that provide both long-term and short-term information about the AODA's overall financial status.
- B. The remaining statements are fund financial statements that focus on individual parts of the AODA, reporting the AODA's operations in more detail than the government-wide statements.
- C. The governmental funds statements tell how general government services (the primary functions of the AODA) were financed in the short term, as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required items, a section with supporting schedules includes the schedule of expenditures of federal awards.

**Government-Wide Financial Statements**

The government-wide financial statements provide information about the AODA as a whole using accounting methods similar to those used by private-sector companies.

The **Statement of Net Position** presents information on all of the AODA's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of the AODA's financial position over time.

The **Statement of Activities** presents information on how the AODA's net position changed during the most recent fiscal year. Changes in net position is reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are included in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation and uncollected accounts receivable.)

The two government-wide statements report the AODA's net position and how it has changed. This is one way to measure the AODA's financial health or position. Over time, increases or decreases in the AODA's net position is an indicator of whether its financial health is improving or deteriorating, respectively.

**STATE OF NEW MEXICO**  
**ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS**  
**Management's Discussion and Analysis**  
**June 30, 2014**

**Government-Wide Financial Statements (Cont'd)**

The government-wide financial statements of the AODA fall into the governmental activities category. State appropriations, federal grants, and proceeds from fees collected by the district attorneys throughout the state, finance these activities.

**The Fund Financial Statements**

The fund financial statements provide more detailed information about the AODA's most significant funds. Funds are accounting devices that the AODA uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law. The State Legislature also establishes other funds to control and manage money for particular purposes or to show that it is properly using certain grants. The AODA's funds are all governmental funds. The **Balance Sheets** and the **Statements of Revenue, Expenditures and Changes in Fund Balance** provide this information.

All of the AODA's basic services are included in the "governmental funds," which focus on (1) how cash and other financial assets that can readily be converted to cash, flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the AODA's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent pages that explains the relationship (or differences) between them.

The AODA maintains its fund structure in the Statewide Human Resources, Accounting and Management Reporting (SHARE) System. The AODA maintains one account which makes up the General Fund (General Operating Account - Fund No. 16800, and four (4) special revenue funds, the Southwest Border Prosecution Initiative Special Revenue Fund (Fund 91680), the ARRA of 2009 Special Revenue Fund (Fund 89000), District Attorney Special Revenue Fund (Fund 11180), and the Violence Against Women Special Revenue Fund (Fund 10830).

**The Budgetary Comparison Statements**

The budget comparison information required by GASB #34 for the General Fund and major special revenue funds that have legally adopted budgets, is presented as a part of the basic financial statements. All other budget comparisons that have legally adopted budgets are presented as required supplemental information. The budgetary comparisons present both the original and final budgets for the reporting period as well as the actual inflows, outflows, and balances on the budgetary basis, which is the modified accrual basis of accounting. In compliance with New Mexico Administrative Code (NMAC) Section 2.2.2.10 O.(1) through (3), the Statement of Revenues and Expenditures - Budget and Actual:

- Includes prior-year fund balance required to balance the budget;
- Has been included as part of the basic financial statements; and,
- Has been included in the auditor's opinion.

**STATE OF NEW MEXICO  
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS  
Management's Discussion and Analysis  
June 30, 2014**

**Financial Analysis of the AODA as a Whole**

**Statement of Net Position - Analysis of Financial Position**

Exhibit A summarizes the AODA's net position for the fiscal years ending June 30, 2014 and 2013. The following condensed financial information was derived from the entity-wide Statement of Net Position for the current and prior-year.

<b><u>Statement of Net Position</u></b>	<b><u>6/30/2014</u></b>	<b><u>6/30/2013</u></b>	<b><u>Increase or (Decrease) Change</u></b>
<b>Assets:</b>			
Current and other assets	\$ 1,293,707	\$ 953,759	\$ 339,948
Capital assets, net	<u>26,903</u>	<u>86,537</u>	<u>(59,634)</u>
 Total assets	 <u>1,320,610</u>	 <u>1,040,296</u>	 <u>280,314</u>
 <b>Liabilities:</b>			
Current liabilities	1,155,514	824,957	330,557
Long-term liabilities	<u>25,978</u>	<u>19,519</u>	<u>6,459</u>
 Total liabilities	 <u>1,181,492</u>	 <u>844,476</u>	 <u>337,016</u>
 <b>Net position:</b>			
Investment in capital assets	26,903	86,537	(59,634)
Unrestricted	<u>112,215</u>	<u>109,283</u>	<u>2,932</u>
 Total net position	 <u>\$ 139,118</u>	 <u>\$ 195,820</u>	 <u>\$ (56,702)</u>

**Assets**

Consists of Investment in State Treasurer General Fund Investment Pool of \$1,289,439, Due from Federal Government of \$4,268, and Capital Assets, net of Accumulated Depreciation of \$26,903. Total assets are \$1,320,610. This represents an increase of \$280,314, or 26.9 % from fiscal year 2013.

**Liabilities**

Consists of current liabilities of \$1,155,514 and long-term liabilities of \$25,978. Total liabilities are \$1,181,492. This represents an increase in liabilities of \$337,016 or 39.9 % from fiscal year 2013.

**Net Position**

Consists of \$26,903 Investment in Capital Assets with no related debt, and Unrestricted Net Position of \$112,215, for a total of \$139,118. This represents a decrease of \$56,702, or 29% from the fiscal year 2013 Net Position balance of \$195,820.

**STATE OF NEW MEXICO**  
**ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS**  
**Management's Discussion and Analysis**  
**June 30, 2014**

**Changes in Net Position - Analysis of Changes in Net Position**

Exhibit B summarizes the AODA's changes in net position for the fiscal years ending June 30, 2014 and 2013. The following condensed financial information was derived from the entity-wide Statement of Activities for the current and prior-year.

<b><u>Changes in Net Position</u></b>	<b><u>6/30/2014</u></b>	<b><u>6/30/2013</u></b>	<b><u>Increase or (Decrease) Change</u></b>
Revenues:			
Program revenues:			
Charges for services	\$ 301,394	\$ 303,967	\$ (2,573)
Miscellaneous	-	87	(87)
Federal grants - operating	<u>692,605</u>	<u>594,614</u>	<u>97,991</u>
Total revenues	<u>993,999</u>	<u>898,668</u>	<u>95,331</u>
Expenses:			
General government	<u>2,504,588</u>	<u>2,438,373</u>	<u>66,215</u>
Total expenses	<u>2,504,588</u>	<u>2,438,373</u>	<u>66,215</u>
Net program (expenses) revenue	<u>(1,510,589)</u>	<u>(1,539,705)</u>	<u>29,116</u>
Transfers:			
State General Fund appropriation	2,058,400	1,840,000	218,400
Operating transfers (out)	(602,398)	(412,441)	(189,957)
Reversions to State General Fund	<u>(4,227)</u>	<u>(7,076)</u>	<u>2,849</u>
Total transfers	<u>1,451,775</u>	<u>1,420,483</u>	<u>31,292</u>
Change in net position	<u>(58,814)</u>	<u>(119,222)</u>	<u>60,408</u>
Net position, beginning (as reported)	195,820	317,154	(121,334)
Restatements:			
Prior-period adjustment	<u>2,112</u>	<u>(2,112)</u>	<u>4,224</u>
Net position, beginning (as restated)	<u>197,932</u>	<u>315,042</u>	<u>(117,110)</u>
Net position, ending	<u>\$ 139,118</u>	<u>\$ 195,820</u>	<u>\$ (56,702)</u>

**STATE OF NEW MEXICO**  
**ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS**  
**Management's Discussion and Analysis**  
**June 30, 2014**

**Changes in Net Position - Analysis of Changes in Net Position (Cont'd)**

**Revenues and Transfers**

Consists of \$3,052,399 (revenues of \$993,999 and transfers of \$2,058,400) for operational purposes. State General Fund appropriations, worthless checks and pre-prosecution fees and federal awards provide the majority of revenue. This represents an increase of \$313,731, or 11% in total revenues and transfers from \$2,738,668 (revenues of \$898,668 and transfers of \$1,840,000 in FY 2013) to \$3,052,399 in FY 2014. This substantial increase is a result of federal grant funding which increased by \$97,991, primarily from the Southwest Border Prosecution Initiative flow-through funding and an increase of \$218,400 in State General Fund appropriations.

**Expenses and Transfers**

Consists of \$3,111,213 (expenses of \$2,504,588 and transfers out of \$602,398) mainly for operational, employee salaries and benefits, operating costs, and flow-through grants to sub-grantees. This represents an increase of total expenses and transfers of \$256,172, or 9%, from \$2,850,814 (expenses of \$2,438,373 and transfers out of \$412,441) in FY 2013 to \$3,106,986. This substantial increase is a result of federal grant expenditures which increased by \$189,957, primarily from the Southwest Border Prosecution Initiative flow-through expenditures to sub-grantees, the increase in spending resulting from additional State General Fund appropriations of \$221,249, the decrease other funds expenditures of \$130,289, and the decrease of \$22,039 in depreciation expense.

**Change of Net Position**

As described above, the AODA's total revenue and transfers increased by \$313,731 and total expenses increased by \$256,172. The increase in the change in net position was \$60,408, which includes a decrease in reversions to the State General Fund by \$2,849.

Total net position decreased from the prior year by \$56,702 from \$195,820 to \$139,118, or 29%. This was the result of the change in net position of (\$60,408) from operations, and a prior-period adjustment of (\$2,112) to the June 30, 2013, net position balance.

**Financial Analysis of the Fund Statements**

As described above, the AODA has five governmental funds. The AODA's General Operating Account (#16800) which is funded through State General Fund appropriations. The other four governmental funds are special revenue funds used to account for specific revenue sources.

The AODA's governmental funds (as presented on the balance sheet in Exhibit C) reported a combined fund balance of \$208,181, which is more than last year's total of \$202,599, an increase of \$5,582. The General Fund of the AODA reflects a zero fund balance. The Southwest Border Prosecution Initiative Special Revenue Fund has \$140,083 of non-reverting balances of federal Southwest Border Prosecution Initiative Program funds which are available for budgeting future operations, and the District Attorney Special Revenue Fund has \$68,098 of non-reverting balances of worthless check and pre-prosecution fees which are available for budgeting future operations per Section 36-1-28, NMSA 1978.

**Capital Assets**

The AODA's capital assets consist of furniture and equipment, data processing equipment, vehicles and software, totaling \$805,169 at June 30, 2014. Accumulated depreciation at June 30, 2014, totaled \$778,266. Capital

**STATE OF NEW MEXICO**  
**ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS**  
**Management's Discussion and Analysis**  
**June 30, 2014**

**Capital Assets (Cont'd)**

assets, net of accumulated depreciation totaled \$26,903 at June 30, 2014. Capital assets decreased by \$23,007 from the previous year, from \$828,176 to \$805,169. The decrease in the net value of capital assets is due to capital asset deletions of \$23,007, and depreciation expense of \$59,633 taken during the current year.

**Infrastructure Assets**

The AODA does not own any infrastructure assets.

**Long-Term Debt**

At the end of the current fiscal year, the AODA had total long-term debt outstanding of \$25,978 comprising of accumulated balances for annual and sick leave eligible for payment to employees upon termination of their employment from the AODA. This was an increase of \$6,459 from the long-term debt outstanding at June 30, 2013 of \$19,519. Employees can receive compensation for a maximum of 240 hours upon severance.

**Budgetary Highlights**

The AODA was appropriated a total of \$2,058,400 from the State General Fund for FY 2014 during the regular 2013 legislative session to be expended in the AODA's general fund 16800. The AODA processed one budget adjustment request (BAR) during FY 2014. Personal services and employee benefits were increased by \$52,284, contractual services were increased by \$32,740, and other costs were decreased by \$84,754. The overall budget remained unchanged.

The Violence Against Women Special Revenue Fund 10830 increased the original FY 2014 budget of \$-0- by \$8,000 resulting from federal grant awards.

The Southwest Border Prosecution Initiative Special Revenue Fund 91680 increased the original FY 2014 budget of \$-0- by \$785,082 resulting from available cash balances at June 30, 2013 of \$119,980, and an increase in federal funding of \$665,822.

The District Attorney Special Revenue Fund 11180 increased the original FY 2014 budget of \$252,900 by \$118,428. The increase was a result of increasing Worthless Check and Pre-prosecution fees by \$338,825 and budgeting of \$84,603 from available cash balances at June 30, 2013. Personal services and employee benefits were increased by \$50,000, contracted services were increased by \$25,000 and other costs were increased by \$43,428.

The ARRA of 2009 Special Revenue Fund 89000 increased the original FY 2014 budget of \$-0- by \$24,984 resulting from federal grant awards through the Office of Justice Programs to be expended in the personal services and employee benefits expense category.

For additional budget information, see exhibits G-I and statements 3-5.



**STATE OF NEW MEXICO  
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS  
Management's Discussion and Analysis  
June 30, 2014**

**Activity Highlights and Next Year's Budget**

The State Legislature makes annual appropriations to the AODA. Amendments to the budget require approval by the Budget Division of the Department of Finance and Administration (DFA). Over the course of the year, the AODA revised its budget several times. These budget amendments fall into four categories:

- Increase from federal awards unknown at the time of original budget submission.
- Re-budgeting of previous fiscal year dollars to be expended in fiscal year 2014.
- Increases or reallocation of appropriations to prevent budget overruns.
- Increases from worthless check and pre-prosecution fees to prevent budget overrun.

The Administrative Office of the District Attorneys' initial FY2015 operating budget is \$2,207,500. This is considerably higher than the FY 2014 adjusted budget of \$2,058,400.

Due to the limited staff and resources, the staff is often required to work additional hours in order to complete tasks which are absolutely necessary to keep the DA network functioning properly. In order to reduce the down time for employees, AODA IT staff must often perform functions such as backing up, upgrading software or hardware, etc., during non-peak hours.

**Contacting the Administrative Office of the District Attorney's Management**

The final report is designed to provide our citizens, taxpayers and creditors with a general overview of the Administrative Office of the District Attorneys' finances and to demonstrate the Administrative Office of the District Attorneys' accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact:

**Administrative Office of the District Attorneys  
625 Silver Ave., Suite 310  
Albuquerque, NM 87102  
Ph. (505) 827-3789  
Fax. (505) 242-3227**

## **BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
**ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS**  
**Statement of Net Position**  
**June 30, 2014**

	<u>Governmental Activities</u>
<b><u>Assets</u></b>	
Investment in State Treasurer General Fund investment pool (note 3)	\$ 1,289,439
Due from federal government (note 15)	4,268
Capital assets (net of accumulated depreciation) (note 6)	<u>26,903</u>
Total assets	<u>\$ 1,320,610</u>
<b><u>Liabilities</u></b>	
Current liabilities:	
Accounts payable	\$ 96,153
Payroll taxes payable	6,315
Payroll benefits payable	12,092
Accrued payroll payable	13,429
Due to other state agencies (note 4)	953,310
Due to State General Fund (note 5)	4,227
Compensated absences payable (note 7)	<u>69,988</u>
Total current liabilities	1,155,514
Long-term liabilities:	
Compensated absences payable (note 7)	<u>25,978</u>
Total liabilities	<u>1,181,492</u>
<b><u>Net Position</u></b>	
Investment in capital assets	26,903
Restricted	-
Unrestricted	<u>112,215</u>
Total net position	<u>139,118</u>
Total liabilities and net position	<u>\$ 1,320,610</u>

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

**STATE OF NEW MEXICO**  
**ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS**  
**Statement of Activities**  
**For the Year Ended June 30, 2014**

	<u>Governmental Activities</u>
<b>Expenses:</b>	
Governmental activities:	
General government	\$ 2,444,955
Depreciation	<u>59,633</u>
Total expenses	<u>2,504,588</u>
<b>Program revenues:</b>	
Charges for services - fees	301,394
Intergovernmental:	
Federal grants-operating	<u>692,605</u>
Total program revenues	<u>993,999</u>
Net program (expenses) revenue	<u>(1,510,589)</u>
<b>General revenue, transfers and special items:</b>	
State General Fund appropriation	2,046,200
Other financing sources-compensation appropriation	12,200
Transfers (out)	(602,398)
Reversion to State General Fund - FY 2014	<u>(4,227)</u>
Total general revenues, transfers and special items	<u>1,451,775</u>
Change in net position (decrease)	<u>(58,814)</u>
Net position, beginning, as reported	195,820
Restatement:	
Prior-period adjustment (note 14)	<u>2,112</u>
Net position, beginning, as restated	<u>197,932</u>
Net position, ending	<u><u>\$ 139,118</u></u>

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

**STATE OF NEW MEXICO**  
**ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2014**

	Major			Non-Major		Total Govern- mental Funds
	(Fund 16800)	(Fund 91680)	(Fund 11180)	Other Funds	Elimina- tions	
	General Fund	SW Border Prosecution Initiative Special Revenue	District Attorney Fund Special Revenue			
<b>Assets</b>						
Investment in the State Treasurer						
General Fund Investment Pool (note 3)	\$ 116,971	\$ 1,095,304	\$ 81,432	\$ -	\$ (4,268)	\$ 1,289,439
Due from federal government (note 15)	-	-	-	4,268	-	4,268
<b>Total assets</b>	<b>\$ 116,971</b>	<b>\$ 1,095,304</b>	<b>\$ 81,432</b>	<b>\$ 4,268</b>	<b>\$ (4,268)</b>	<b>\$ 1,293,707</b>
<b>Liabilities and Fund Balance</b>						
<b>Liabilities:</b>						
Investment in the State Treasurer						
General Fund Investment Pool (note 3)	\$ -	\$ -	\$ -	\$ 4,268	\$ (4,268)	\$ -
Accounts payable	85,381	-	10,772	-	-	96,153
Payroll taxes payable	5,073	436	806	-	-	6,315
Payroll benefits payable	10,865	579	648	-	-	12,092
Accrued payroll payable	11,425	896	1,108	-	-	13,429
Due to other state agencies (note 4)	-	953,310	-	-	-	953,310
Due to State General Fund (note 5)	4,227	-	-	-	-	4,227
<b>Total liabilities</b>	<b>116,971</b>	<b>955,221</b>	<b>13,334</b>	<b>4,268</b>	<b>(4,268)</b>	<b>1,085,526</b>
<b>Fund Balance</b>						
<b>Fund balance:</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	140,083	68,098	-	-	208,181
<b>Total fund balance</b>	<b>-</b>	<b>140,083</b>	<b>68,098</b>	<b>-</b>	<b>-</b>	<b>208,181</b>
<b>Total liabilities and fund balance</b>	<b>\$ 116,971</b>	<b>\$ 1,095,304</b>	<b>\$ 81,432</b>	<b>\$ 4,268</b>	<b>\$ (4,268)</b>	<b>\$ 1,293,707</b>

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

**STATE OF NEW MEXICO**  
**ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2014**

**Total fund balance for the governmental funds (balance sheet) - (Exhibit C)**                         \$     208,181

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

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

Furniture and equipment	\$     26,678	
Data processing equipment	505,597	
Vehicles	220,780	
Software	52,114	
Accumulated depreciation	<u>(778,266)</u>	26,903

Some liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance sheet. These liabilities consist of:

Compensated absences payable		<u>(95,966)</u>
------------------------------	--	-----------------

**Net position of governmental activities (statement of net position) - (Exhibit A)**                         \$     139,118

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

**STATE OF NEW MEXICO**  
**ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balance - Governmental Funds**  
**For the Year Ended June 30, 2014**

	Major			Non-Major	Total Governmental Funds
	(Fund 16800)	(Fund 91680)	(Fund 11180)	Other Funds	
	General Fund	SW Border Prosecution Initiative Special Revenue	District Attorney Fund Special Revenue		
<b>Revenues:</b>					
Fees:					
Worthless check fees	\$ -	\$ -	\$ 34,738	\$ -	\$ 34,738
Pre-prosecution fees	-	-	266,656	-	266,656
Intergovernmental:					
Federal funds - operating	-	665,822	-	26,783	692,605
Miscellaneous	-	-	-	-	-
Total revenues	<u>-</u>	<u>665,822</u>	<u>301,394</u>	<u>26,783</u>	<u>993,999</u>
<b>Expenditures:</b>					
Current:					
General government:					
Personal services and employee benefits	1,182,331	39,641	100,867	19,595	1,342,434
Contractual services	258,430	-	3,852	7,188	269,470
Other	613,412	3,680	213,268	-	830,360
Capital outlay	-	-	-	-	-
Total expenditures	<u>2,054,173</u>	<u>43,321</u>	<u>317,987</u>	<u>26,783</u>	<u>2,442,264</u>
Excess (deficiency) of revenues over expenditures	<u>(2,054,173)</u>	<u>622,501</u>	<u>(16,593)</u>	<u>-</u>	<u>(1,448,265)</u>
<b>Other financing sources (uses):</b>					
Transfers in (out):					
State General Fund appropriation	2,046,200	-	-	-	2,046,200
Other financing sources-compensation appropriation	12,200	-	-	-	12,200
Other financing (uses)-transfers out	-	-	-	-	-
Other financing (uses)	-	(602,398)	-	-	(602,398)
Reversion to State General Fund - FY 2014	<u>(4,227)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,227)</u>
Total other financing sources (uses)	<u>2,054,173</u>	<u>(602,398)</u>	<u>-</u>	<u>-</u>	<u>1,451,775</u>
Net change in fund balances (decrease)	<u>-</u>	<u>20,103</u>	<u>(16,593)</u>	<u>-</u>	<u>3,510</u>
Fund balance, beginning, as reported	-	119,980	84,691	(1,806)	202,865
Restatement:					
Prior-period adjustment (note 14)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,806</u>	<u>1,806</u>
Fund balance, beginning, as restated	<u>-</u>	<u>119,980</u>	<u>84,691</u>	<u>-</u>	<u>204,671</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 140,083</u>	<u>\$ 68,098</u>	<u>\$ -</u>	<u>\$ 208,181</u>

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

**STATE OF NEW MEXICO**  
**ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balance of Governmental Funds**  
**to the Government-Wide Statement of Activities**  
**June 30, 2014**

<b>Net change in fund balance - Governmental Funds - (Exhibit E)</b>		\$ 3,510
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> <p>Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over the estimated useful lives as depreciation expense.</p> <p>In the current period, these amounts are:</p>		
Depreciation expense	(59,633)	
Capital outlay additions	-	(59,633)
<p>Some items reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:</p>		
Increase in compensated absences		(2,691)
<b>Changes in net position of governmental activities - (Exhibit B)</b>		<b>\$ <u>(58,814)</u></b>

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



**STATE OF NEW MEXICO**  
**ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS**  
**Statement of Revenues and Expenditures - Budget and Actual (Budget Basis)**  
**Major Governmental Funds**  
**General Fund - Operating Account (Fund 16800)**  
**For the Year Ended June 30, 2014**

	<u>Original Approved Budget</u>	<u>Final Approved Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>				
General Fund appropriations	\$ 2,058,400	\$ 2,058,400	\$ 2,058,400	\$ -
Miscellaneous revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	2,058,400	2,058,400	<u>\$ 2,058,400</u>	<u>\$ -</u>
Cash balance re-budgeted	<u>-</u>	<u>-</u>		
Total budgeted revenues	<u>\$ 2,058,400</u>	<u>\$ 2,058,400</u>		
<b>Expenditures:</b>				
Current:				
General government:				
Personal services and employee benefits	\$ 1,132,000	\$ 1,184,284	\$ 1,182,331	\$ 1,953
Contractual services	227,200	259,670	258,430	1,240
Other	<u>699,200</u>	<u>614,446</u>	<u>613,412</u>	<u>1,034</u>
Total expenditures	2,058,400	2,058,400	2,054,173	4,227
Other financing uses:				
Reversion to State General Fund FY - 2014	<u>-</u>	<u>-</u>	<u>4,227</u>	<u>(4,227)</u>
Total expenditures and other financing uses	<u>\$ 2,058,400</u>	<u>\$ 2,058,400</u>	<u>\$ 2,058,400</u>	<u>\$ -</u>
<b>Reconciliation of GAAP basis to budget basis:</b>				
GAAP basis:		<u>\$ 2,058,400</u>	<u>\$ 2,054,173</u>	
Adjustments:				
None		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 2,058,400</u>	<u>\$ 2,054,173</u>	

## Note:

The actual expenditures on the budget basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2015 budget.

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

**STATE OF NEW MEXICO**  
**ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS**  
**Statement of Revenues and Expenditures - Budget and Actual (Budget Basis)**  
**Major Governmental Funds**  
**Southwest Border Prosecution Initiative Special Revenue Fund (Fund 91680)**  
**For the Year Ended June 30, 2014**

	<u>Original Approved Budget</u>	<u>Final Approved Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>				
Federal grants	\$ -	\$ 665,822	\$ 665,822	\$ -
Total revenues	-	665,822	<u>\$ 665,822</u>	<u>\$ -</u>
Cash balance re-budgeted	-	119,980		
Total budgeted revenues	<u>\$ -</u>	<u>\$ 785,802</u>		
<b>Expenditures:</b>				
Current:				
General government:				
Personal services and employee benefits	\$ -	\$ 114,634	\$ 39,641	\$ 74,993
Contractual services	-	10,000	-	10,000
Other	-	57,364	3,680	53,684
Other financing uses	-	603,084	-	603,084
Total expenditures	<u>\$ -</u>	<u>\$ 785,082</u>	<u>\$ 43,321</u>	<u>\$ 741,761</u>
<b>Reconciliation of GAAP basis to budget basis:</b>				
GAAP basis		\$ 665,822	\$ 645,719	
Adjustments:		-		
Due to other state agencies (other financing uses)		-	(602,398)	
Budget basis		<u>\$ 665,822</u>	<u>\$ 43,321</u>	

**Note:**

The actual expenditures on the budget basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2015 budget.

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

STATE OF NEW MEXICO  
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS  
Statement of Revenues and Expenditures - Budget and Actual (Budget Basis)  
Major Governmental Funds  
District Attorney Special Revenue Fund (Fund 11180)  
For the Year Ended June 30, 2014

	Original Approved Budget	Final Approved Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Court fines & forfeitures -				
Worthless check fees	\$ 52,900	\$ 57,974	\$ 34,738	\$ (23,236)
Other penalties -				
Pre-prosecution fees	200,000	228,751	266,656	37,905
Miscellaneous revenue	-	-	-	-
 Total revenues	 252,900	 286,725	 \$ 301,394	 \$ 14,669
 Cash balance re-budgeted	 -	 84,603		
 Total budgeted revenues	 \$ 252,900	 \$ 371,328		
<b>Expenditures:</b>				
Current:				
General government:				
Personal services and employee benefits	\$ 52,900	\$ 102,900	\$ 100,867	\$ 2,033
Contractual services	-	25,000	3,852	21,148
Other	200,000	243,428	213,268	30,160
 Total expenditures	 \$ 252,900	 \$ 371,328	 \$ 317,987	 \$ 53,341
<b>Reconciliation of GAAP basis to budget basis:</b>				
GAAP basis		\$ 301,394	\$ 317,987	
Adjustments:				
None		-	-	
 Budget basis		 \$ 301,394	 \$ 317,987	

## Note:

The actual expenditures on the budget basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2015 budget.

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

**STATE OF NEW MEXICO**  
**ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS**  
**Notes to the Financial Statements**  
**June 30, 2014**

**1. History and Organization**

The Administrative Office of the District Attorneys (AODA) was authorized in Chapter 110, Laws of 1984, (Section 36-1-25, NMSA, 1978) and began operating in August 1984. It is supervised by a director who is appointed by a majority vote of the elected or appointed district attorneys of the State of New Mexico. The director may, with legislative appropriations, appoint necessary personnel and assign their duties. The director's responsibility is to provide administrative, educational and planning assistance to the district attorneys statewide. This includes, but is not limited to, preparing personnel pay plans, developing a comprehensive data base for case management, preparing and distributing uniform forms and procedures manuals and developing uniform systems for use by district attorneys' offices. Section 36-1-26 (G) provides that the AODA shall also prosecute conflict of interest and other cases at the request of an elected or appointed district attorney. Beginning July 1, 1984, New Mexico district attorneys were authorized to collect and deposit with the State Treasurer two classes of revenue in the district attorney fund administered by the AODA. The two classes of revenue are as follows:

- A. Processing fees assessed against persons who are convicted of violating Section 30-36-4, NMSA 1978, of the Worthless Check Act (Section 30-36-1 to Section 30-36-10); and,
- B. Cost paid by defendants referred to a pre-prosecution diversion program in accordance with the provisions of the Pre-prosecution Diversion Act (Section 31-16A-1 to Section 31-16A-8, NMSA 1978), to the extent public or private funds permit. The program includes individual counseling and guidance; required restitution where applicable to the extent practical and may require public service. The district attorney may refer clients for treatment and rehabilitation. Based on financial circumstances, the defendant is required to reimburse the district attorney for costs related to participation in the program.

The various district attorneys are located in the thirteen judicial districts throughout the state. The Eleventh Judicial District Attorney has two divisions. Subsequent to collection of fees and costs as described above, the various district attorneys submit (on at least a monthly basis) the funds to the State Treasurer for deposit into the district attorney fund (AODA district attorney fund cash account -SHARE Fund 11180). Money in the fund is appropriated to the AODA for the sole purpose of meeting necessary expenses incurred in the operation of the AODA. As indicated in Section 36-1-28, these two revenue sources shall not revert to the State General Fund at the end of any fiscal year.

**2. Summary of Significant Accounting Policies**

The financial statements of the Administrative Office of the District Attorneys have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental units. The AODA applies all relevant Governmental Accounting Standards Board (GASB) statements. The more significant of the AODA's accounting policies are described below:

**A. Financial Reporting Entity**

The State of New Mexico Administrative Office of the District Attorneys (AODA) is a legally separate and fiscally independent of other state agencies. Although the Director serves at the pleasure of the thirteen district attorneys, that person has decision-making authority, the power to manage the activities of the AODA, the responsibility to significantly influence operations and primary accountability for fiscal matters. The AODA is not included in any other governmental "reporting entity" as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*. Included within the reporting entity is the AODA as described above.

**STATE OF NEW MEXICO**  
**ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS**  
**Notes to the Financial Statements**  
**June 30, 2014**

**2. Summary of Significant Accounting Policies (Cont'd)**

**A. Reporting Entity and Component Units (Cont'd)**

In evaluating how to define the AODA for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only criterion for including a potential component unit within the reporting entity, is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the AODA is able to exercise oversight responsibilities. Based upon the application of these criteria, the AODA does not have any component units. Other Executive Branch entities of government are excluded because they are established separately by statutes.

Additionally the AODA is not included in any other governmental "reporting entity." However, the AODA is included in the state-wide Comprehensive Annual Financial Report (CAFR).

The AODA is a user organization of the *Statewide Human Resource, Accounting, and Management Reporting System (SHARE)*. The service organization is the Department of Finance and Administration (DFA).

**B. Government-Wide Financial Statements**

The AODA's basic financial statements include both government-wide financial statements (based on the AODA as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic statement) categorize primary activities as either governmental or business type, excluding fiduciary funds or component units that are fiduciary in nature. The AODA is a single purpose government entity and has no business type activities. In the government-wide Statement of Net Position, the governmental activities are presented on a consolidated basis and are reflected on the full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. The AODA's net position is reported in three parts; investment in capital assets, net of related debt; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (general government), which are otherwise supported by general government revenues and program revenues. The Statement of Activities reduces gross expense (including depreciation expense on capital assets) by related program revenues, operating and capital grants. Program revenue must be directly associated with the function (general government). Program revenue must be directly associated with the function (general government).

The net cost by function is normally covered by general revenue and program revenue. Since the AODA only has one program, it does not employ indirect cost allocation. Program revenue consists of federal and state grants and fees generated from the worthless check and pre-prosecution collections in the District Attorney's Special Revenue Fund 11180.

**STATE OF NEW MEXICO**  
**ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS**  
**Notes to the Financial Statements**  
**June 30, 2014**

**2. Summary of Significant Accounting Policies (Cont'd)**

**B. Government-Wide Financial Statements (Cont'd)**

The appropriation from the State General Fund not included among program revenues is reported instead as "transfers-in." The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. In exchange transactions, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. In nonexchange transactions, revenues and expenses are recognized in accordance with the requirements of GASB 33, *Accounting and Financial Reporting for Nonexchange Transactions*, as amended. The revenue recognition policy for grants is when the eligibility requirements have been met, and costs have been incurred. Capital assets are reported at historical cost and depreciated over their estimated useful lives. Depreciation expense is reported in the Statement of Activities.

The focus of government-wide financial statements is more on the sustainability of the AODA as an entity and the change in the AODA's net position resulting from the current year's activities.

Restricted net position are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net position not otherwise classified as restricted, are shown as unrestricted. Generally, the AODA would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**C. Fund Financial Statements**

Emphasis is on the major funds of the governmental category. Non-major funds are summarized into a single column. The AODA's major funds are its General Fund, the Southwest Border Prosecution Initiative Special Revenue Fund and the District Attorney Special Revenue Fund.

**Governmental fund financial statements** are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This reporting is deemed more appropriate to demonstrate legal and covenant compliance, to demonstrate the source and use of liquid resources and to demonstrate how the AODA's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are reported on a different measurement focus and basis of accounting than the government-wide statements governmental column, a reconciliation is presented on the page following each statement, which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

The financial transactions of the AODA are recorded in individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, expenditures or expenses and other financing sources or uses. Government resources are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

**STATE OF NEW MEXICO**  
**ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS**  
**Notes to the Financial Statements**  
**June 30, 2014**

**2. Summary of Significant Accounting Policies (Cont'd)**

**C. Fund Financial Statements (Cont'd)**

The following fund types and individual funds are used by the AODA:

**GOVERNMENTAL FUND TYPES**

All governmental fund types are accounted for on a spending or financial flow measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of available spendable resources. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period. Revenues are recognized as soon as they are both measurable and available. Due to their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures of fund liabilities.

**General Fund**

**General Fund (Operating Account Fund #16800 - reverting)** - The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is funded primarily through State General Fund appropriations and unused appropriations revert to the State General Fund.

**Special Revenue Funds**

**Violence Against Women Act (VAWA) Special Revenue Fund #10830 - (non-reverting)** The Violence Against Women Act of 1994 Special Revenue Fund is used to account for funds authorized pursuant to 42 U.S.C. 13701 through 14040. The Act provides funds toward investigation and prosecution of violent crimes against women, imposes automatic and mandatory restitution on those convicted, and allows civil redress in cases prosecutors chose to leave un-prosecuted. Funding is through the U.S. Department of Justice and is on a reimbursement basis.

**ARRA of 2009 Special Revenue Fund #89000 - (non-reverting)** The ARRA of 2009 Special Revenue Fund is used to account for funds authorized by the FY 09 Recovery Act (BJA-Rural Law Enforcement) Pub. L. No. 111-5,123 Stat. 115,130. The purpose of the grant is to combat crime and drugs and facilitating rural justice information system. Funding is through the U.S. Department of Justice and is on a reimbursement basis.

**District Attorney Special Revenue Fund #11180 - (non-reverting)** The District Attorney Fund is used to account for funds authorized by Section 36-1-28 NMSA 1978 and is used for general operations. The District Attorney Fund is funded through worthless check and pre-prosecution fees (non-reverting revenue sources per Section 36-1-28).

**STATE OF NEW MEXICO**  
**ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS**  
**Notes to the Financial Statements**  
**June 30, 2014**

**2. Summary of Significant Accounting Policies (Cont'd)**

**C. Basic Financial Statements - Fund Financial Statements (Cont'd)**

**GOVERNMENTAL FUND TYPES (Cont'd)**

**Special Revenue Funds (Cont'd)**

**Southwest Border Prosecution Initiative Special Revenue Fund #91680 - (non-reverting)** The Southwest Border Prosecution Initiative Program (SWBPI) Special Revenue Fund is used to account for funds received from the US Department of Justice, Bureau of Justice Assistance, pursuant to Public Law 106-246, as amended by Public Law 106-554. The fund supports the prosecution and detention of federally referred cases in four states, including Arizona, California, New Mexico and Texas. In accordance with the BJA guidelines, funds awarded may be used by jurisdictions for any lawful purpose.

The source of these funds is federal, and the funds are non-reverting to the State General Fund. These funds are reimbursement for specific categories of expenses associated with the handling and processing of federally initiated controlled substances cases along the Southwest Border with the prosecution of criminal cases declined by local U.S. Attorneys' offices.

AODA submits reimbursement claims on behalf of the various NM district attorney's and funds flow through the AODA to the various district attorney's offices. While funds from the SWBPI federal payments may be used by applicant jurisdictions for any purpose not otherwise prohibited by federal law, using funds for the support and enhancement of prosecutorial and detention services is encouraged. The "unassigned" fund balance of the fund is available to the AODA for administrative purposes and is not restricted.

**Other fund information**

The following Special Revenue Funds were closed during the fiscal year:

1. Ed Byrne Memorial Justice Assistance Special Revenue Fund #10850
2. Statewide Automated Victim Information Notification Fund #10860
3. Statewide Automated Victim Information Notification Enhancement Fund #94600

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

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

The **government-wide financial statements** are reported using the "economic resources" measurement focus and the accrual basis of accounting. The AODA applies the provisions of all relevant pronouncements of the Governmental Accounting Standards Board (GASB). Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.



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**2. Summary of Significant Accounting Policies (Cont'd)**

**D. Measurement Focus, Basis of Accounting and Financial/Statement Presentation (Cont'd)**

The **governmental fund financial statements** are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues and other governmental fund financial resource increments are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available to finance expenditures of the current fiscal period; available meaning collectible within the current period or soon enough thereafter, 60 days, to be used to pay liabilities of the current period. Revenues from grants that are restricted for specific uses are recognized as revenues and as receivables when the related costs are incurred. Contributions and other monies held by other state and local agencies are recorded, as a receivable at the time the money is made available to the specific fund. All other revenues are recognized when they are received and are not susceptible to accrual.

Expenditures generally are recorded when a liability is incurred, under accrual accounting. An exception to this general rule is that accumulated unpaid annual, compensatory and certain sick leave are recorded only when payment is due. Only the portion of current compensated absences related to payments due to retired or terminated employees as of June 30, 2014, but not paid until after the end of the fiscal year is included in the fund financial statements. Also, general capital asset acquisitions are reported as expenditures in governmental funds. However, in the government-wide financial statements, both current and long-term are accrued. Expenditures charged to federal programs are recorded utilizing the cost principles described by the various funding sources.

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

The AODA allocates expenses to restricted or unrestricted resources based on the budgeted source of funds. It is the AODA's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

GASB 63 amended previous guidance on deferred revenue in the government-wide financial statements to include deferred outflows of resources, which is the consumption of net assets by the government that is applicable to a future reporting period and deferred inflow of resources, which is acquisition of net assets by the government that is applicable to a future reporting period.

During fiscal year 2014, the Administrative Office of the District Attorney adopted the following GASB statement:

- GASB 66, *Technical Corrections: an amendment to GASB Statements No. 10 and No. 62*, resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. This Statement is effective for the year ended June 30, 2014.

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**2. Summary of Significant Accounting Policies (Cont'd)**

**D. Measurement Focus, Basis of Accounting and Financial/Statement Presentation (Cont'd)**

- GASB 67, *Financial Reporting for Pension Plans — an amendment of GASB Statement No. 25*, establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans. This Statement is effective for the year ended June 30, 2014.
- GASB 70, *Accounting and Financial Reporting for Nonexchange Financial*, the requirements of this Statement will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This Statement is effective for the year ended June 30, 2014.

**E. Budgets and Budgetary Accounting**

The State Legislature makes annual appropriations to the AODA which lapse at fiscal year end. Legal compliance is monitored through the establishment of a budget and a financial control system, which permits a budget-to-actual expenditure comparison. Expenditures may not legally exceed appropriations for each budget at the appropriation unit level.

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

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

1. No later than September 1, the AODA prepares and submits to the Legislative Finance Committee (LFC) and the Budget Division of the Department of Finance and Administration (DFA) an appropriation request for the fiscal year commencing July 1. The appropriation request includes proposed expenditures and the means of financing them.
2. Budget hearings are scheduled before the New Mexico House of Appropriations and Senate Finance Committees. The final outcome of those hearings are incorporated into the state's General Appropriations Act.
3. The Act is signed into law by the Governor of the State of New Mexico within the legally prescribed time limit, at which time the approved budget becomes a legally binding document.
4. No later than May 1, the AODA submits to DFA an annual operating budget by appropriation unit and object code based upon the appropriation made by the Legislature. The DFA Budget Division reviews and approves the operating budget which becomes effective on July 1.

All subsequent budgetary adjustments must be approved by the Director of the DFA Budget Division and by the LFC.

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**2. Summary of Significant Accounting Policies (Cont'd)**

**E. Budgets and Budgetary Accounting (Cont'd)**

5. Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund and Special Revenue Funds.
6. Budgetary control is exercised by the AODA at the appropriation unit level. Budget Adjustment Requests (BARs) are approved by the DFA Budget Division.
7. The budget for the General Fund and all special revenue funds is adopted on a modified accrual basis of accounting (General Appropriations Act, Chapter 227, Laws of 2013, Section 3, Paragraph M) except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline (Section 6-10-4 NMSA 1978) that must be paid out of next year's budget. A reconciliation of budgetary basis to GAAP basis will be necessary if any accounts payable at the end of the fiscal year are not paid by the statutory deadline. The AODA has included such reconciliation for fiscal year 2014.
8. The original budgets differ from the final budgets presented in the budget comparison statements by amendments made during the fiscal year.
9. Appropriations lapse at the end of the fiscal year except for those amounts related to unexpended valid encumbrances for multi-year appropriations.

In accordance with the requirements of Section 2.2.2.10.A (2) (b) of 2.2.2 NMAC Requirements for Contracting and Conducting Audits of Agencies and the allowance made by GASB 34, footnote 53, the budgetary comparison statements for major funds have been included as part of the basic financial statements.

**F. Cash (Investment in the State General Fund Investment Pool)**

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

**G. Federal Grants Receivable (Deferred Revenue)**

Various reimbursement procedures are used for federal awards received by the AODA. Consequently, timing differences between expenditures and program reimbursements can exist at any time during the fiscal year. Receivable balances at fiscal year-end represent an excess of modified accrual basis expenditures over cash reimbursements received to date. Conversely, deferred revenue balances represent an overdraw of cash (advances) in excess of modified accrual basis expenditures. Generally, receivable or deferred balances caused by differences in the timing of cash reimbursements and expenditures will be reversed or returned to the grantor in the remaining grant period.

Determining the amount of expenditures reimbursable by the federal government, in some cases, requires management to estimate allowable costs to be charged to the federal government. As a result of this and other issues, management provides an allowance for potential contractual allowances for federal revenue. Any changes in these estimates are recorded in the period that the estimate is changed.

Certain federal program funds are passed through the AODA to subgrantee organizations.

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**2. Summary of Significant Accounting Policies (Cont'd)**

**H. Capital Assets**

Capital assets of the AODA include data processing equipment, furniture and fixtures, equipment and automobiles. The AODA does not have any infrastructure. Capital assets are defined in Section 12-6-10 NMSA 1978, amended effective June 19, 2005. The capitalization threshold of movable chattels and equipment is items costing more than \$5,000 are capitalized.

Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. Computer software which is purchased with data processing computer equipment is included as part of the capitalized computer equipment in accordance with 2.20.1.9 C (5). The cost of maintenance and repairs that do not add to the asset value or materially extend assets lives are not capitalized. The AODA does not undertake major capital projects involving interest costs during the construction phase. There is no debt related to the capital assets. Capital assets of the AODA are depreciated using zero salvage value and the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Furniture and equipment	6
Data processing equipment	3
Vehicles	5
Software	3

**I. Accrued Compensated Absences - Annual and Sick Leave**

Qualified employees accumulate annual leave as follows:

<u>Years of Service</u>	<u>Hours Earned Per Month</u>	<u>Days Earned Per Month</u>	<u>Days of Maximum Accrual</u>
1-3	6.67	0.83	30
4-6	8.00	1.00	30
7-10	9.99	1.25	30
11-14	12.00	1.50	30
15th/Beyond	13.33	1.67	30

Thirty (30) days of accrued annual leave may be carried forward into the beginning of the next calendar year and any excess is forfeited. When employees terminate, they are compensated for accumulated annual leave as of the date of termination, up to a maximum of thirty (30) days. Accrued annual leave is recorded as a non-current liability in the government-wide financial statements.

Employees who have over 600 hours of accumulated sick leave can receive payment for hours over 600, up to 120 hours on July 1 or January 1 of each year. However, sick leave is paid at fifty percent of the employee's regular hourly wage. At retirement, employees can receive fifty percent payment for up to 400 hours for the hours over 600 hours of accumulated sick leave. Therefore, the only leave which has been accrued represents the hours earned at June 30, 2014, over 600 hours up to 120 hours per employee. Expenditures for accumulated sick pay for hours under 600 hours will be recognized as employees take such absences. Accrued vested sick pay is recorded as a non-current liability in the government-wide financial statements.

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**2. Summary of Significant Accounting Policies (Cont'd)**

**I. Accrued Compensated Absences - Annual and Sick Leave (Cont'd)**

Fair Labor Standards Act (FLSA) nonexempt employees accumulate compensation time at the rate of 1.5 times the number of hours worked, in excess of forty hours per week, based on their regular hourly rate. Exempt and classified employees who are FLSA exempt accumulate compensation time at the same rate as the number of hours worked. Overtime must be pre-approved by management. Payment of this liability can be made by compensated leave time or cash payment.

In accordance with GASB 16, accrued compensated absences consist of accumulated annual leave, sick leave between 600 and 720, and compensatory leave for employees, including the related employers' matching FICA and Medicare payroll taxes.

**J. Net Position/Fund Equity/Fund Balances**

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

*Investment in Capital Assets* - is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

*Restricted Assets* - are liquid assets (generated from revenues and not bond proceeds appropriations), which have third-party (statutory enabling legislation or granting agency) limitation on their use, and which are legally enforceable as to their use.

*Unrestricted Assets* - represent unrestricted liquid assets.

The **fund financial statements** utilize a fund balance presentation. Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definition, was implemented by the AODA for the year ending June 30, 2014. Statement No. 54 replaces the old fund balance terminology ("reserved," "unreserved," "designated," and "undesignated") with new financial reporting categories for fund balances of governmental funds.

Governmental fund balances are now divided into five classifications based on the extent to which government is bound to honor constraints on the specific purposes for which amounts in that fund can be spent.

**Non-spendable** includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact.

The spendable fund categories can be depicted as follows:

**Restricted** are amounts that are so due to enabling legislation, constitutional provisions, externally imposed by grantors, contributors, laws or regulations of other governments, or by creditors, such as through debt covenants.

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**2. Summary of Significant Accounting Policies (Cont'd)**

**J. Net Position/Fund Equity/Fund Balances (Cont'd)**

**Committed** are amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and removal of the constraint would require a formal action by the same authority.

**Assigned** consists of amounts that are intended to be used for a specific purpose established by the government's highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the general fund, assigned fund balance represents the residual amount in the fund balance.

**Unassigned** represents the residual amount after all classifications have been considered for the government's general fund, and could report a surplus or a deficit.

**K. Use of Estimates**

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

**L. Reversions to State General Fund**

Any unexpended State General Fund appropriation balances remaining in SHARE funds #16800, and #64500 are generally reverted to the State General Fund. The General Appropriations Act, Chapter 227, Laws of 2013, Section 3E, unexpended balances in agency accounts remaining at the end of fiscal year 2014 shall revert to the State General Fund by October 1, 2014, unless otherwise indicated in the General Appropriation Act of 2013 or otherwise provided by law. There were unexpended balances in the General Fund Account (Fund #16800) of \$4,227, which will be reverted to the State General Fund.

In addition, unexpended balances of special appropriations are reverted when required by law.

**3. Cash (Investment in the State Treasurer General Fund Investment Pool)**

*Investment in the State Treasurer General Fund Investment Pool.* All funds allotted to the AODA are held by the New Mexico State Treasurer. Deposits are non-interest bearing. Money deposited by the AODA with the State Treasurer is pooled and invested by the State Treasurer. The State Treasurer deposits monies with New Mexico financial institutions in denominations which generally are in excess of the \$250,000 in insurance coverage provided by federal agencies. Accordingly, the State Treasurer requires that depository financial institutions provide additional collateral for such investments. The collateral generally is in the form of marketable debt securities and is required in amounts ranging from 50% to 102% of the par value of the investment dependent upon the institutions operating results and capital. Collateral for the fiscal account is required in amounts equal to 50% of the average investment balance. Separate financial statements of the State Treasurer indicate collateral categories of risk and market value of purchased investments. All collateral is held in third-party safekeeping. Cash on deposit with the State Treasurer in the General Fund Investment Pool at June 30, 2014, consists of the following:

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**3. Cash (Investment in the State Treasurer General Fund Investment Pool) (Cont'd)**

Name of Depository	Account Name	Fund Type	Agency Number	SHARE Fund Number	Type of Account	Interest Bearing	Depository Balance at 06/30/2014	Reconciled Balance at 6/30/2014
<b>State Treasurer General Fund Investment Pool:</b>								
NM State Treasurer	Administrative Office of the District Attorneys'	General	26400	16800	State Treasury	No	\$ 116,971	\$ 116,971
NM State Treasurer	Southwest Border Prosecution Initiative	Special Revenue	26400	91680	State Treasury	No	1,095,304	1,095,304
NM State Treasurer	Violence Against Women	Special Revenue	26400	10830	State Treasury	No	(4,268)	(4,268)
NM State Treasurer	District Attorney Fund	Special Revenue	26400	11180	State Treasury	No	<u>81,432</u>	<u>81,432</u>
Total Governmental Fund Types							<u>\$ 1,289,439</u>	<u>\$ 1,289,439</u>

Cash accounts on deposit with the New Mexico State Treasurer do not require collateral to be pledged because they are deposits with another governmental entity. The AODA is not authorized to make investments. However, certain cash accounts are authorized to earn interest and are deposited by DFA into the New Mexico State Treasurer's Office Interest Bearing Pool. The pool invests in repurchase agreements secured at 102% by U. S. Treasury notes and bills, certificates of deposit and other interest bearing instruments. Because all monies are held by another governmental entity, Governmental Accounting Standards Board Statement # 3, "Deposit with Financial Institutions Investments (Including Repurchase Agreements)," and "Reverse Purchase Agreements," is not applicable. Deposits do not have to be classified according to custodial credit risk.

Interest Rate Risk - The New Mexico State Treasurer's Office has an investment policy that limits investment maturities to five years or less on allowable investments. This policy is means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

Credit Risk - The New Mexico State Treasurer pools are not rated.

The State Treasurer has the power to invest money held in demand deposits and not immediately needed for the operation of state government in securities in accordance with Sections 6-10-10 I through P, NMSA 1978, as amended. The State Treasurer with the advice and consent of the state board of finance can invest money held in demand deposits and investments not immediately needed for the operation of state government in:

- (a) Securities issued by the United States (U.S.) government or by its departments or agencies and direct obligations of the U.S. or are backed by the full faith and credit of the U.S. government or agencies sponsored by the U.S. government;

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**3. Cash (Investment in the State Treasurer General Fund Investment Pool) (Cont'd)**

- (b) Contracts for the present purchase and resale at a specified time in the future, not to exceed one year or, in the case of bond proceeds appropriations, not to exceed three years, of specific securities at specified prices at a price differential representing the interest income to be earned by the state. No such contract shall be invested in unless the contract is fully secured by obligations of the United States or other securities backed by the United States having a market value of at least one hundred two percent of the amount of the contract;
- (c) Contracts for the temporary exchange of state-owned securities for the use of broker-dealers, banks or other recognized institutional investors in securities, for periods not to exceed one year for a specified fee rate. No such contract shall be invested in unless the contract is fully secured by exchange of an irrevocable letter of credit running to the state, cash or equivalent collateral of at least one hundred two percent of the market value of the securities plus accrued interest temporarily exchanged. The collateral required for either of the forms of investment in sections (b) and (c) shall be delivered to the fiscal agent of New Mexico or its designee contemporaneously with the transfer of funds or delivery of the securities at the earliest time industry practice permits, but in all cases, settlement shall be on the same-day basis. Neither of the contracts in (b) or (c) shall be invested in unless the contracting bank, brokerage firm or recognized institutional investor has a net worth in excess of five hundred million dollars;
- (d) Any of the following investments in an amount not to exceed forty percent of any fund that the state treasurer invests: (1) commercial paper rated "prime" quality by a national rating service, issued by corporations organized and operating within the U.S.; (2) medium-term notes and corporate notes with a maturity not exceeding five years that are rated A or its equivalent or better by a nationally recognized rating service and that are issued by a corporation organized and operating in the U.S.; or (3) an asset-backed obligation with a maturity not exceeding five years that is rated AAA or its equivalent by a nationally recognized rating service;
- (e) Shares of an open-ended diversified investment company registered pursuant to the federal Investment Company Act of 1940 that invests in U.S. fixed income securities or debt instruments authorized pursuant to (a), (b) and (d) above provided that the investment company has total assets under management of at least one billion dollars and the investments made by the State Treasurer pursuant to this paragraph are less than five percent of the assets of the investment company; or,
- (f) Individual, common or collective trust funds of banks or trust companies that invest in U.S. fixed income securities or debt instruments authorized pursuant to (a), (b) and (d) above provided that the investment manager has assets under management of at least one billion dollars and the investments made by the state treasurer pursuant to this paragraph are less than five percent of the assets of the individual, common or collective trust fund.

No public funds can be invested in negotiable securities or loans to financial institutions fully secured by negotiable securities at current market value shall be paid out unless there is a contemporaneous transfer of the securities at the earliest time industry practice permits, but in all cases, settlement shall be on a same-day basis either by physical delivery or, in the case of uncertificated securities, by appropriate book entry on the books of the issuer, to the purchaser or to a reputable third-party safekeeping financial institution acting as agent or trustee for the purchaser, which agent or trustee shall furnish timely confirmation to the purchaser.

For additional disclosure information regarding the investment in the State Treasurer's SGFIP, the reader should see the separate audit report for the State Treasurer's Office for the fiscal year ended June 30, 2014, review the State Treasurer's Investment Policy at <http://www.stonm.org/Investments/InvestmentPolicy>, and review Sections



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**3. Cash (Investment in the State Treasurer General Fund Investment Pool) (Cont'd)**

2.60.4.1 through 2.60.4.15 of the New Mexico Administrative Code, regarding Investment of Deposits of Public Funds Depository Bank Requirements, Collateral Level Requirements, and Custodial Bank Requirements.

**General Fund Investment Pool**

For cash management and investment purposes, funds of various state agencies are deposited in the State General Fund Investment Pool (the Pool), which is managed by the Office of the New Mexico State Treasurer. Claims on the Pool are reported as assets by the various agencies investing in the Pool.

In June 2012, an independent diagnostic report revealed that the General Fund Investment Pool balances had not been reconciled at a "business unit by fund" level since the inception of the Statewide Human Resources, Accounting, and Management Reporting system (SHARE) system in July 2006. This report, entitled "Current State Diagnostic of Cash Control," also described a difference between Pool bank balances and the corresponding general ledger balances and indicated that the effect of reconciling items were unknown. The report, dated June 20, 2012, is available on the website of the New Mexico Department of Finance and Administration at: [http://www.nmdfa.state.nm.us/Cash\\_Control.aspx](http://www.nmdfa.state.nm.us/Cash_Control.aspx).

By state statute, the New Mexico Department of Finance and Administration (DFA) is responsible for the performance of monthly reconciliations with the balances and accounts kept by the State Treasurer. Therefore, under the direction of the State Controller / Financial Control Division Director, the Financial Control Division (FCD) of the New Mexico Department of Finance & Administration undertook action to address the situation. DFA/FCD initiated the Cash Management Remediation Project (Remediation Project) in partnership with the Office of the New Mexico State Treasurer, the New Mexico Department of Information Technology, and a contracted third party with expertise in the Enterprise System Software used by the State.

The Remediation Project objective was to design and implement changes necessary to ensure ongoing completion of timely, accurate and comprehensive reconciliation of the Pool. DFA has or is in the process of implementing all the recommendations resulting for the Remediation Project and has made changes to the State's SHARE system configuration, cash accounting policies and procedures, business practices, and banking structure. This has enabled DFA to complete timely and accurate reconciliation of bank to book balances at the State and Business Unit level on a post-implementation basis, however it did not resolve historical reconciling items. Additional changes recommended by the Project continue to be cascaded through DFA and state agencies to support the Business Unit by Fund accounting requirements.

A plan to address historical reconciling items is being assessed and a separate initiative will need to be undertaken to resolve the historical reconciling items. Management considers it unlikely that this separate initiative will be successful in allocating all historical reconciling items to the State entities invested in the Pool. As a result, any remaining differences post specific allocation to Pool participants will be reported in the State General Fund.

Management in FY 2012 recorded a loss contingency of \$101.7 million in the State General Fund based on its estimate of the effect of issues related to the reconciliation of the Pool, that estimate is still current. Because no specific loss amount is determinable, consistent with generally accepted accounting principles, the amount accrued is the minimum amount that management considers to be probable. Ultimately, the loss could exceed the amount accrued, perhaps by a substantial amount.

The District has cash reconciliation policies and procedures in place which are performed on a monthly basis to ensure that the agency's cash balances in the pool, in SHARE are correct and to mitigate the risk that the agency's cash balances in the pool, would not be misstated as of June 30, 2014.

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**3. Cash (Investment in the State Treasurer General Fund Investment Pool) (Cont'd)**

The AODA has cash reconciliation policies and procedures in place which are performed on a monthly basis to ensure that the agency's cash balances in SHARE are correct and to mitigate the risk that the agency's cash balances would be misstated as of June 30, 2014.

**4. Due From/To Other State Agencies**

The following are short-term amounts owed between other state agencies and are classified as due from other state agencies:

**Fund 91680-Southwest Border Prosecution**

<u>Initiative</u>	<u>Purpose</u>	<u>Due To</u>
Due to 2nd District Attorney's Office	Southwest Border Prosecution Initiative	\$ 76,629
Due to 3rd District Attorney's Office	Southwest Border Prosecution Initiative	173,743
Due to 5th District Attorney's Office	Southwest Border Prosecution Initiative	97,673
Due to 6th District Attorney's Office	Southwest Border Prosecution Initiative	14,519
Due to 11th, Div. I District Attorney's Office	Southwest Border Prosecution Initiative	287,740
Due to 11th, Div. II District Attorney's Office	Southwest Border Prosecution Initiative	167,431
Due to 12th District Attorney's Office	Southwest Border Prosecution Initiative	72,595
Due to 13th District Attorney's Office	Southwest Border Prosecution Initiative	<u>65,980</u>
Total - Due to other state agencies		<u>\$ 956,310</u>

**5. Due to State General Fund (Reversions)**

The following is a summary of the determination of the amount due to the State General Fund at June 30, 2014:

**General Fund 16800**

Cash (Investment in the State General Fund Investment Pool) balance, June 30, 2014	\$ 116,971
Less: Accounts payable, June 30, 2014	(85,381)
Payroll benefits payable, June 30, 2014	(10,865)
Payroll taxes payable, June 30, 2014	(5,073)
Accrued payroll payable, June 30, 2014	<u>(11,425)</u>
Due to State General Fund, June 30, 2014	<u>\$ 4,227</u>

The sources of the reversion amounts by budget fiscal year and appropriation:

FY 2014 unexpended State General Fund appropriation	<u>\$ 4,227</u>
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**6. Capital Assets**

The capital asset activity for the governmental activities for the year ended June 30, 2014, is as follows:

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Balance</u> <u>06/30/2014</u>
<b>Capital assets -</b>				
Furniture and equipment	\$ 26,678	\$ -	\$ -	\$ 26,678
Data processing equipment	528,604	-	(23,007)	505,597
Vehicles	220,780	-	-	220,780
Software	52,114	-	-	52,114
	<u>828,176</u>	<u>-</u>	<u>(23,007)</u>	<u>805,169</u>
<b>Accumulated depreciation -</b>				
Furniture and equipment	(29,403)	-	-	(29,403)
Data processing equipment	(470,937)	(39,545)	23,007	(487,475)
Vehicles	(214,396)	(20,088)	-	(234,484)
Software	(26,904)	-	-	(26,904)
	<u>(741,640)</u>	<u>(59,633)</u>	<u>23,007</u>	<u>(778,266)</u>
Net investment in capital assets	<u>\$ 86,536</u>	<u>\$ (59,633)</u>	<u>\$ -</u>	<u>\$ 26,903</u>

The AODA does not have any debt related to capital assets. Depreciation expense for the year was \$59,633 and is considered a general government expense.

**7. Changes in Long-Term Debt-Compensated Absences Payable**

A summary of changes in the current and long-term portion of compensated absences payable follows:

	<u>Balance</u> <u>06/30/2013</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Balance</u> <u>06/30/2014</u>
Compensated absences payable-current	\$ 73,757	\$ 55,160	\$ (58,929)	\$ 69,988
Compensated absences payable-long-term	19,519	20,474	(14,015)	25,978
Total compensated absences payable	<u>\$ 93,276</u>	<u>\$ 75,634</u>	<u>\$ (72,944)</u>	<u>\$ 95,966</u>

Compensated absences payable is paid from the general fund #16800.

**STATE OF NEW MEXICO  
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS  
Notes to the Financial Statements  
June 30, 2014**

**8. Operating Leases**

The AODA leases certain office space and equipment under least agreements with terms ranging from one year to five years with options to renew for additional one to seven year terms. Expenditures for operating leases and other rentals for the year ended June 30, 2014, were \$115,408. Future minimum lease rental payments under these operating leases are as follows (this does not include month-to-month rental payments):

<u>Year Ending June 30</u>	<u>Amount</u>
2015	\$ 73,914
2016	73,914
2017	73,914
2018	<u>          -</u>
Total	<u>\$221,742</u>

**9. Fund Balances (Deficits)**

As described in the Summary of Significant Accounting Policies, governmental fund balances are now divided into five classifications based on the extent to which government is bound to honor constraints on the specific purposes for which amounts in that fund can be spent.

The “unassigned” fund balance for the District Attorney Fund represents the amount of \$60,098 available for budgeting future operations from non-reverting Worthless Check and Pre-Prosecution Diversion Program funds per Section 36-1-28, NMSA, 1978. Federal Southwest Border Prosecution Initiative Program Special Revenue Funds amounting to \$140,083 is also available for budgeting future operations for administrative purposes.

**10. Pension Plan - Public Employees Retirement Association**

**Plan Description.** Substantially all of the AODA’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](http://www.pera.state.nm.us).

**Funding Policy.** Plan members are required to contribute 8.92 % (ranges from 6.28% to 18.15% depending upon the plan, i.e., state general, state hazardous duty, state police and adult correctional officers, municipal general, municipal police, municipal fire, municipal detention officer) of their gross salary. The AODA is required to contribute 16.59% (ranges from 7.0% to 25.72% depending upon the plan) of the gross covered salary. The contribution requirements of plan members and the AODA are established in State statutes under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The AODA’s employer contributions to PERA for the years ending June 30, 2014, 2013 and 2012, were \$161,268, \$142,757, and \$123,954, respectively, equal to the amount of the required contributions for each year.

**STATE OF NEW MEXICO**  
**ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS**  
**Notes to the Financial Statements**  
**June 30, 2014**

**11. Post Employment Benefits - State Retiree Health Care Plan**

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

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

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, the statute 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 employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2014, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee

**STATE OF NEW MEXICO  
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS  
Notes to the Financial Statements  
June 30, 2014**

**11. Post Employment Benefits - State Retiree Health Care Plan (Cont'd)**

contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The AODA's contributions to the RHCA for the years ended June 30, 2014, 2013, and 2012, were \$19,745, \$18,933, and \$16,903, respectively, which equals the required contributions for the fiscal year.

**12. Insurance Coverage - Risk Management**

The AODA obtains coverage through Risk Management Division of the State of New Mexico General Services Department. This coverage includes liability and civil rights, property, vehicle, employer bond, workers' compensation, group insurance and state unemployment. These coverages are designed to satisfy the requirements of the State Tort Claims Act. All employees of the AODA are covered by blanket fidelity bond up to \$5,000,000 with a \$1,000 deductible per occurrence by the State of New Mexico for the period July 1, 2013, through June 30, 2014.

**13. Transfers To/From Other State Agencies**

<u>From Agency/Fund</u>	<u>To Agency/Fund</u>	<u>Amount</u>	<u>Purpose</u>
34100/85300	26400/16800	\$ <u>2,058,400</u>	State General Fund appropriation
26400/16800	34100/85300	\$ <u>(7,076)</u>	Reversion to State General Fund - Operating Fund - FY2013
26400/91680	25200/15600	-	SWBPI-2nd DA
26400/91680	25300/15700	(64,675)	SWBPI-3rd DA
26400/91680	25500/15900	(179,372)	SWBPI-5th DA
26400/91680	25600-16000	-	SWBPI-6th DA
26400/91680	26100/16500	(422,740)	SWBPI-11th DA, Div. I
26400/91680	26500/16900	-	SWBPI-11th DA, Div. II
26400/91680	26200/16600	(103,899)	SWBPI-12th DA
26400/91680	26300/16700	-	SWBPI-13th DA
		<u>\$ (770,686)</u>	

**STATE OF NEW MEXICO  
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS  
Notes to the Financial Statements  
June 30, 2014**

**14. Prior-period Adjustment to Net Position/Fund Balance**

**Net Position**

Net position, June 30, 2013 (as reported)	\$ 202,559
Add: Overstatement - due from federal government:	
Statewide Automated Victim Information Notification Fund 10860	306
ARRA of 2009 Fund 89000	1,806
Net position, June 30, 2013 (as restated)	\$ 204,671

**Fund Balances (Governmental funds)**

**Statewide Automated Victim Information Notification - Fund 10860**

Fund balance, June 30, 2013 (as reported)	\$ (306)
Add: Overstatement - due from the federal government at June 30, 2013	306
Fund balance, June 30, 2013 (as restated)	\$ -

**ARRA of 2009 - Special Revenue Fund - Fund 89000**

Fund balance, June 30, 2013 (as reported)	\$ (1,806)
Add: Overstatement - due from the federal government at June 30, 2013	1,806
Fund balance, June 30, 2013 (as restated)	\$ -

**15. Due From Federal Government**

The following amounts are due from the U.S. Department of Justice at June 30, 2014, from various federal grants.

<u>Grant Name</u>	<u>Fund No.</u>	<u>Amount</u>
Violence Against Women	10830	\$ 4,268

**16. Subsequent Events Review**

A review of subsequent events through December 1, 2014, which is the date the financial statements were available for issuance, revealed no significant subsequent events which require disclosure.

**17. Change in Accounting Principle**

Due to the implementation of GASBS 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, in fiscal year 2013, the AODA has reclassified "net assets" in the financial statements as "net position."

**STATE OF NEW MEXICO**  
**ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS**  
**Notes to the Financial Statements**  
**June 30, 2014**

**18. Subsequent Accounting Standard Pronouncements**

Statement No. 68, Accounting and Financial Reporting for Pensions. The statement replaces the requirements of GASBS 27, Accounting for Pensions by State and Local Governmental Employers, and the requirements of GASBS 50 Pension Disclosures, as they related to pensions that are provided through pension plans administered as trusts. The requirements of Statements 27 and 50 remain applicable for pensions that are covered by GASBS 68. This statement is effective for financial statements for fiscal years beginning after June 15, 2014. This will require the District to recognize a liability for the proportionate share of the unfunded net pension liability for PERA.

Statement No. 69, Government Combinations and Disposals of Government Operations. This statement establishes accounting and financial reporting standards related to government mergers, acquisitions, and transfers of operations. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013 (year ended June 30, 2015) and should be applied on a prospective basis.

Statement No. 70, Accounting and Financial Reporting for Non-exchange Financial Guarantees. This statement establishes accounting and financial reporting standards for financial guarantees that are non-exchange transactions extended or received by a state or local government. A non-exchange financial guarantee is a guarantee of an obligation of a legally separate entity or individual, including a blended or discretely presented component unit, which requires the guarantor to indemnify a third-party obligation holder under specified conditions. This statement is effective for financial statements for reporting periods beginning after June 15, 2013. The District has reviewed the statement and has determined that this does not apply to the District.

GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (Amendment to GASB 68)*, improve accounting and financial reporting by addressing an issue in Statement No. 68, *Accounting and Financial Reporting for Pensions*, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities. This Statement will be effective at the implementation of GASB 68.



**SUPPLEMENTAL INFORMATION SECTION**  
**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
 ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS  
 Combining Balance Sheet  
 Non-Major Governmental Funds  
 June 30, 2014

	Non-Major			Total Non-Major Governmental Funds
	(Fund 10830)	(Fund 10860)	(Fund 89000)	
	Violence Against Women	Statewide Auto. Victim Information Notification	ARRA of 2009	
<b>Assets</b>				
Investment in the State Treasurer General				
Fund Investment Pool	\$ -	\$ -	\$ -	\$ -
Due from other state agencies	-	-	-	-
Due from federal government (note 15)	4,268	-	-	4,268
Total assets	\$ 4,268	\$ -	\$ -	\$ 4,268
<b>Liabilities and Fund Equity</b>				
<b>Liabilities:</b>				
Investment in the State Treasurer General				
Fund Investment Pool-deficit (note 3)	\$ 4,268	\$ -	\$ -	\$ 4,268
Payroll taxes payable	-	-	-	-
Payroll benefits payable	-	-	-	-
Accrued payroll payable	-	-	-	-
Due to other state agencies	-	-	-	-
Total liabilities	4,268	-	-	4,268
<b>Fund Equity:</b>				
Unassigned	-	-	-	-
Total fund equity	-	-	-	-
Total liabilities and fund equity	\$ 4,268	\$ -	\$ -	\$ 4,268

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

STATE OF NEW MEXICO  
 ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS  
 Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balances  
 Non-Major Governmental Funds  
 Year Ended June 30, 2015

	Non-Major			Total Non-Major Governmental Funds
	(Fund 10830)	(Fund 10860)	(Fund 89000)	
	Violence Against Women	Statewide Auto. Victim Information Notification	ARRA of 2009	
<b>Revenues:</b>				
Federal funds	\$ 7,188	\$ -	19,595	\$ 26,783
Total revenues	<u>7,188</u>	<u>-</u>	<u>19,595</u>	<u>26,783</u>
<b>Expenditures:</b>				
Judicial:				
Current:				
Personal services and employee benefits	-	-	19,595	19,595
Contractual services	7,188	-	-	7,188
Other costs	-	-	-	-
Total expenditures	<u>7,188</u>	<u>-</u>	<u>19,595</u>	<u>26,783</u>
Change in fund balance	-	-	-	-
Other financing sources (uses):				
Transfers in (out):				
Operating transfer (out) to General Fund	-	-	-	-
Operating transfer in from General Fund	-	-	1,806	1,806
Net change in fund balances (decrease)	<u>-</u>	<u>-</u>	<u>1,806</u>	<u>1,806</u>
Fund balance, beginning of year, as reported	-	(306)	(1,806)	(2,112)
Restatement:				
Prior-period adjustment (note 14)	-	306	-	306
Fund balance, beginning of year, as restated	<u>-</u>	<u>-</u>	<u>(1,806)</u>	<u>(1,806)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
**ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS**  
**Non-Major Governmental Funds**  
**Combining of All Non-Major Special Funds**  
**Statement of Revenues and Expenditures**  
**Budget and Actual (Budget Basis)**  
**Year Ended June 30, 2014**

	<u>Original Approved Budget</u>	<u>Final Approved Budget</u>	<u>Actual Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>				
Federal funds	\$ -	\$ 32,984	\$ 26,783	\$ (6,201)
Total revenues	-	32,984	<u>26,783</u>	<u>(6,201)</u>
Cash balance re-budgeted	-	-		
Total budgeted revenues	<u>\$ -</u>	<u>\$ 32,984</u>		
<b>Expenditures:</b>				
Current:				
General government:				
Personal services and employee benefits	\$ -	\$ 24,984	\$ 19,595	\$ 5,389
Contractual services	-	8,000	7,188	812
Other	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ 32,984</u>	<u>\$ 26,783</u>	<u>\$ 6,201</u>
<b>Reconciliation of GAAP basis to budget basis:</b>				
GAAP basis:		<u>Revenues</u>	<u>Expenditures</u>	
		\$ 26,783	\$ 26,783	
Adjustments:				
None		-	-	
Budget basis		<u>\$ 26,783</u>	<u>\$ 26,783</u>	

Note: The actual expenditures on the budget basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2015 budget.

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

**STATE OF NEW MEXICO**  
**ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS**  
**Non-Major Governmental Funds**  
**Violence Against Women Special Revenue Fund (Fund 10830)**  
**Statement of Revenues and Expenditures**  
**Budget and Actual (Budget Basis)**  
**Year Ended June 30, 2014**

	<u>Original Approved Budget</u>	<u>Final Approved Budget</u>	<u>Actual Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>				
Federal funds	\$ -	\$ 8,000	\$ 7,188	\$ (812)
Total revenues	-	8,000	<u>\$ 7,188</u>	<u>\$ (812)</u>
Cash balance re-budgeted	-	-		
Total budgeted revenues	<u>\$ -</u>	<u>\$ 8,000</u>		
<b>Expenditures:</b>				
Current:				
General government:				
Personal services and employee benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	-	8,000	7,188	812
Other	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ 8,000</u>	<u>\$ 7,188</u>	<u>\$ 812</u>
<b>Reconciliation of GAAP basis to budget basis:</b>				
GAAP basis:		<u>Revenues</u>	<u>Expenditures</u>	
		\$ 7,188	\$ 7,188	
Adjustments:				
None		-	-	
Budget basis		<u>\$ 7,188</u>	<u>\$ 7,188</u>	

Note: The actual expenditures on the budget basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2015 budget.

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

**STATE OF NEW MEXICO**  
**ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS**  
**Non-Major Governmental Funds**  
**ARRA of 2009 Special Revenue Fund (Fund 89000)**  
**Statement of Revenues and Expenditures**  
**Budget and Actual (Budget Basis)**  
**Year Ended June 30, 2014**

	<u>Original Approved Budget</u>	<u>Final Approved Budget</u>	<u>Actual Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>				
Federal funds	\$ -	\$ 24,984	\$ 19,595	\$ (5,389)
Total revenues	-	24,984	<u>\$ 19,595</u>	<u>\$ (5,389)</u>
Cash balance re-budgeted	-	-		
Total budgeted revenues	<u>\$ -</u>	<u>\$ 24,984</u>		
<b>Expenditures:</b>				
Current:				
General government:				
Personal services and employee benefits	\$ -	\$ 24,984	\$ 19,595	\$ 5,389
Contractual services	-	-	-	-
Other	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ 24,984</u>	<u>\$ 19,595</u>	<u>\$ 5,389</u>

<b>Reconciliation of GAAP basis to budget basis:</b>	<u>Revenues</u>	<u>Expenditures</u>
GAAP basis:	\$ 19,595	\$ 19,595
Adjustments:		
None	-	-
Budget basis	<u>\$ 19,595</u>	<u>\$ 19,595</u>

Note: The actual expenditures on the budget basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2015 budget.

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

**OTHER SUPPLEMENTAL SECTION**

**STATE OF NEW MEXICO**  
**ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS**  
**Schedule of Expenditures of Federal Awards**  
**For Year Ending June 30, 2014**

Federal Grantor/Pass Through Grantor/Program Title	Federal Catalog of Domestic Assist. Number	Pass- Through Entity/Grant Identifying Number	Award Amount	Federal Expenditures	To Sub- recipients
<b>U.S. Department of Justice:</b>					
<b>Office of Justice Programs</b>					
Stop Violence Against Women	16.588	2014-WF-902	\$ 8,000	\$ 7,188	\$ -
<b>Office of Justice Programs</b>					
ARRA of 2009					
Combat Crimes and Drugs: Facilitating	16.810	2009-SD-B9-0192	24,984	19,595	-
<b>Bureau of Justice Assistance</b>					
Southwest Border Prosecution Initiative - Direct flow-through	MAJOR	16.755	2009BWBXO8803833	1,379,441	645,719
				602,398	
Total U.S. Department of Justice				<u>672,502</u>	<u>602,398</u>
Total Expenditure of Federal Awards				<u>\$ 672,502</u>	<u>\$ 602,398</u>

See accompanying notes to the schedule of expenditures of federal awards.



STATE OF NEW MEXICO  
 ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS  
 Notes to the Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2014

1. **Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of the Administrative Office of the District Attorneys (AODA) under programs of the federal government for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of AODA, it is not intended to and does not present the financial position, changes in assets, or cash flows of AODA.

2. **Reconciliation of Schedule to Basic Financial Statements**

Expenditures per schedule of expenditures of federal awards	\$ 672,502
Add:	
Net increase in fund balance Southwest Border Prosecution-Administration	<u>20,103</u>
Federal revenues per the fund financial statements (exhibit E)	<u>\$ 692,605</u>

3. **Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the accrual basis of accounting.

**INTERNAL CONTROL AND COMPLIANCE SECTION**

# Robert J. Rivera, CPA, PC

Certified Public Accountants

6 Calle Medico, Suite 4

Santa Fe, New Mexico 87505-4761

(505) 983-6002

Fax (505) 983-6474

## 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 AUDITOR'S REPORT

Henry R. Valdez, Director  
State of New Mexico  
Administrative Office of the District Attorneys  
and  
Hector H. Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds of the State of New Mexico, Administrative Office of the District Attorneys (AODA), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the AODA's basic financial statements, and the combining and individual funds and related budgetary comparisons of the AODA, presented as supplemental information, and have issued our report thereon dated December 1, 2014.

#### **Internal Control Over Financial Reporting**

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

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

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

### Compliance and Other Matters

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

### Purpose of this Report

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



Robert J. Rivera, CPA, PC  
Santa Fe, New Mexico  
December 1, 2014

**FEDERAL FINANCIAL ASSISTANCE SECTION**

# Robert J. Rivera, CPA, PC

Certified Public Accountants

6 Calle Medico, Suite 4

Santa Fe, New Mexico 87505-4761

(505) 983-6002

Fax (505) 983-6474

## REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

### INDEPENDENT AUDITOR'S REPORT

Henry R. Valdez, Director  
State of New Mexico  
Administrative Office of the District Attorneys  
and  
Hector H. Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico

#### **Report on Compliance for Each Major Federal Program**

We have audited the Administrative Office of the District Attorney's (AODA) compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of AODA's major federal programs for the year ended June 30, 2014. AODA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of AODA's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining on a test basis, evidence about AODA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of AODA's compliance.

#### **Opinion on Each Major Federal Program**

In our opinion, the Administrative Office of the District Attorneys complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

## **Report on Internal Control Over Compliance**

Management of AODA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered AODA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of AODA's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Purpose of This Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Robert J. Rivera, CPA, PC  
Santa Fe, New Mexico  
December 1, 2014

STATE OF NEW MEXICO  
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2014

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an **unmodified opinion** on the basic financial statements and the individual fund financial statements of the State of New Mexico, Administrative Office of the District Attorneys.
2. **No significant deficiencies** were disclosed during the audit of the financial statements of the State of New Mexico, Administrative Office of the District Attorneys. **No material weakness** are reported.
3. **No instances of noncompliance material to the financial statements** of the State of New Mexico, Administrative Office of the District Attorneys, which would be required to be reported in accordance with **Government Auditing Standards**, were disclosed during the audit.
4. **No significant deficiencies in internal control over major federal award programs** of the State of New Mexico, Administrative Office of the District Attorney's were disclosed during the audit. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for the State of New Mexico, Administrative Office of the District Attorneys expresses an **unmodified opinion on all major federal programs**.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule. There were none.
7. The programs tested as major programs including the following:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
	<u>US Department of Justice</u>
16.755	Southwest Border Prosecution Initiative Program

8. The threshold for distinguishing between Type A and B programs was \$300,000
9. The Administrative Office of the District Attorneys was determined to be a low-risk auditee.



**STATE OF NEW MEXICO  
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2014**

**B. FINANCIAL STATEMENT FINDINGS**

None

**C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

	<u>Findings</u>	<u>Questioned Costs</u>
<b>Funding Agency: U.S. Department of Justice</b> <i>Bureau of Justice Assistance</i>		
<b>Title:</b> Southwest Border Prosecution Initiative Program	None	None
<b>CFDA Number:</b> 16.755		
<b>Award Number:</b> 2009 BWBX08803833		
<b>Award Year:</b> June 30, 2014		

STATE OF NEW MEXICO  
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2014

D. STATUS OF PRIOR-YEAR AUDIT FINDINGS

<u>Description</u>	<u>Status</u>
2010-1 Reconciliation of Accounting Records (SHARE)	Resolved

**OTHER**

**STATE OF NEW MEXICO  
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS  
June 30, 2014**

**Financial Statement Preparation**

The financial statements were prepared by the AODA staff with the assistance of the independent certified public accountant performing the audit. Management is responsible for ensuring that the books and records adequately support the preparation of financial statements in accordance with generally accepted accounting principles and that records are current and in balance. Management has reviewed and approved the financial statements.

\* \* \* \* \*

**Exit Conference**

An exit conference was held on December 9, 2014, to discuss the audit. The following individuals were in attendance:

**State of New Mexico - Administrative Office of the District Attorneys**

Henry R. Valdez, Director  
Filemon Gonzalez, Chief Financial Officer

**Audit Firm (Robert J. Rivera, CPA, PC)**

Robert J. Rivera, CPA