

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

**Financial Statements  
June 30, 2015**

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

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

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**STATE OF NEW MEXICO  
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS  
June 30, 2015**

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**STATE OF NEW MEXICO  
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS  
June 30, 2015**

**Official Roster**

**New Mexico District Attorneys' Association Officers**

Honorable Robert Tedrow ..... President  
Eleventh Judicial District Attorney

Honorable Tim Rose  
Tenth Judicial District Attorney ..... Vice-President

Honorable Diana Martwick ..... Treasurer  
Twelfth Judicial District Attorney

**Administrative**

Henry R. Valdez ..... Director

Filemon Gonzalez ..... Chief Financial Officer

**FINANCIAL SECTION**

# Robert J. Rivera, CPA, PC

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(505) 983-6002

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## INDEPENDENT AUDITOR'S REPORT

Henry R. Valdez, Director  
State of New Mexico  
Administrative Office of the District Attorneys  
and  
Mr. Tim Keller  
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, 2015, 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 individual fund financial statements as of and for the year ended June 30, 2015, 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, 2015, 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, 2015, 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 vii through xiv 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 and individual fund financial statements, and the budgetary comparisons. The other schedule required by 2.2.2 NMAC, (Schedule of Vendor Information for Purchases Exceeding \$60,000), as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other schedule, (Schedule of Vendor Information for Purchases Exceeding \$60,000), required by 2.2.2 NMAC 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 auditing standards generally accepted in the United States of America. In our opinion, the other schedule, (Schedule of Vendor Information for Purchases Exceeding \$60,000), required by 2.2.2 NMAC 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 November 17, 2015, 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.

A handwritten signature in black ink that reads "Robert J. Rivera, CPA, PC". The signature is written in a cursive style.

Robert J. Rivera, CPA, PC  
Santa Fe, New Mexico  
November 17, 2015

**STATE OF NEW MEXICO**  
**ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS**  
**Management's Discussion and Analysis**  
**June 30, 2015**

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, 2015.

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.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**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 present 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 supporting schedule (Schedule of Vendor Information for Purchases Exceeding \$60,000) is included.

**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. Change 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.)

**STATE OF NEW MEXICO**  
**ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS**  
**Management's Discussion and Analysis**  
**June 30, 2015**

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

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.

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 three (3) special revenue funds, the Southwest Border Prosecution Initiative Special Revenue Fund (Fund 91680), the 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 Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* 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**  
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**June 30, 2015**

**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, 2015 and 2014. 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>6/30/2015</u></b>	<b><u>6/30/2014</u></b>	<b><u>Increase or (Decrease) Change</u></b>
<b>Assets:</b>			
Current and other assets	\$ 459,311	\$ 1,293,706	\$ (834,395)
Capital assets, net	<u>11,255</u>	<u>26,902</u>	<u>(15,647)</u>
<b>Total assets</b>	<u>470,566</u>	<u>1,320,608</u>	<u>(850,042)</u>
<b>Liabilities:</b>			
Current liabilities	390,427	1,155,514	(765,087)
Long-term liabilities	<u>32,127</u>	<u>25,978</u>	<u>6,149</u>
<b>Total liabilities</b>	<u>422,554</u>	<u>1,181,492</u>	<u>(758,938)</u>
<b>Net position:</b>			
Investment in capital assets	11,255	26,902	(15,647)
Unrestricted	<u>36,757</u>	<u>112,214</u>	<u>(75,457)</u>
<b>Total net position</b>	<u>\$ 48,012</u>	<u>\$ 139,116</u>	<u>\$ (91,104)</u>

**Assets**

Consists of Investment in State Treasurer General Fund Investment Pool of \$452,732, Due from Federal Government of \$6,579, and Capital Assets, net of Accumulated Depreciation of \$11,255. Total assets are \$470,566. This represents a decrease of \$850,044, or 64.37% from FY 2014. The reason for the decrease is the reduction in cash of \$741,000 which was paid out to various district attorney offices from the Southwest Border Prosecution Initiative Special Revenue Fund which was owing at June 30, 2014.

**Liabilities**

Consists of current liabilities of \$390,427 and long-term liabilities of \$32,127. Total liabilities are \$422,554. This represents a decrease in liabilities of \$758,938 or 64.24% from FY 2014. The primary reason for the decrease is because of \$741,000 which was paid out in the amounts owing to district attorney offices from the Southwest Border Prosecution Initiative Special Revenue Fund.

**Net Position**

Consists of \$11,255 Investment in Capital Assets with no related debt, and Unrestricted Net Position of \$36,757, for a total of \$48,012. This represents a decrease of \$91,104, or 64.49% from the FY 2014 Net Position balance of \$139,116. The primary reason for the decrease was from the expenditure of \$72,440 unrestricted fund balances of the Southwest Border prosecution Initiative and District Attorney Special Revenue funds. In addition, capital assets decreased by \$15,647 as a result of depreciation expense, and compensated absences payable increased by \$3,018.

**STATE OF NEW MEXICO**  
**ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS**  
**Management's Discussion and Analysis**  
**June 30, 2015**

**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, 2015 and 2014. 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>6/30/2015</u></b>	<b><u>6/30/2014</u></b>	<b><u>Increase or (Decrease) Change</u></b>
Revenues:			
Program revenues:			
Charges for services	\$ 303,988	\$ 301,394	\$ 2,594
Miscellaneous	-	-	-
Federal grants - operating	<u>9,097</u>	<u>692,605</u>	<u>(683,508)</u>
Total revenues	<u>313,085</u>	<u>993,999</u>	<u>(680,914)</u>
Expenses:			
General government	<u>2,605,480</u>	<u>2,504,588</u>	<u>100,892</u>
Total expenses	<u>2,605,480</u>	<u>2,504,588</u>	<u>100,892</u>
Net program (expenses) revenue	<u>(2,292,395)</u>	<u>(1,510,589)</u>	<u>(781,806)</u>
Transfers:			
State General Fund appropriation	2,207,500	2,058,400	149,100
Operating transfers (out)	-	(602,398)	602,398
Reversions to State General Fund	<u>(6,209)</u>	<u>(4,227)</u>	<u>(1,982)</u>
Total transfers	<u>2,201,291</u>	<u>1,451,775</u>	<u>749,516</u>
Change in net position	<u>(91,104)</u>	<u>(58,814)</u>	<u>(32,290)</u>
Net position, beginning (as reported)	139,118	195,820	(56,702)
Restatements:			
Prior-period adjustment	<u>(2)</u>	<u>2,110</u>	<u>(2,112)</u>
Net position, beginning (as restated)	<u>139,116</u>	<u>197,930</u>	<u>(58,814)</u>
Net position, ending	<u>\$ 48,012</u>	<u>\$ 139,116</u>	<u>\$ (91,104)</u>

**STATE OF NEW MEXICO**  
**ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS**  
**Management's Discussion and Analysis**  
**June 30, 2015**

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

**Revenues and Transfers**

Consists of \$2,520,585 (revenues of \$313,085 and transfers of \$2,207,500) for operational purposes. State General Fund appropriations, worthless checks and pre-prosecution fees and federal awards provide the majority of revenue. This represents a decrease of (\$531,814), or 17.42% in total revenues and transfers from \$3,052,399 (revenues of \$993,999 and transfers of \$2,058,400 in FY 2014) to \$2,520,585 in FY 2015. This substantial decrease is a result of federal grant funding which decreased by (\$683,508), primarily from the Southwest Border Prosecution Initiative flow-through funding and an increase of \$149,100 in State General Fund appropriations.

**Expenses and Transfers**

Consists of \$2,611,689 (expenses of \$2,605,480 and transfers out of \$6,209) mainly for operational, employee salaries and benefits, and operating costs. This represents a decrease of total expenses and transfers of \$499,524, or 16.06%, from \$3,111,213 (expenses of \$2,504,588 and transfers out of \$602,398) in FY 2014 to \$2,611,689. This substantial decrease is a result of federal grant expenditures which decreased by (\$602,398), 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 \$149,100, the increase in reversion to the State General Fund of \$1,982, and the decrease of (\$43,986) in depreciation expense.

**Change of Net Position**

As described above, the AODA's total revenue and transfers decreased by (\$531,814) and total expenses decreased by (\$499,524). The decrease in the change in net position was (\$32,290), which includes an increase in reversions to the State General Fund by \$1,982.

Total net position decreased from the prior year by \$91,104 from \$139,116 to \$48,012, or 65.49%. This was the result of the change in net position of (\$91,104) from operations, and a prior-period adjustment of (\$2) to the June 30, 2014, net position balance.

**Financial Analysis of the Fund Statements**

As described above, the AODA has four governmental funds. The AODA's General Operating Account (16800) which is funded through State General Fund appropriations. The other three 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 \$135,741, which is less than last year's total of \$208,181, a decrease of (\$72,440). The General Fund of the AODA reflects a zero fund balance. The Southwest Border Prosecution Initiative Special Revenue Fund (91680) has \$83,921 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 (11180) has \$51,820 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. The Violence Against Women Special Revenue Fund (10830) has a negative balance (\$6,579) resulting from federal grant expenditures which were not reimbursed by the funding source, the Federal Bureau of Justice Assistance.

**Capital Assets**

The AODA's capital assets consist of furniture and equipment, data processing equipment, vehicles and software, totaling \$805,168 at June 30, 2015. Accumulated depreciation at June 30, 2015, totaled \$(793,913). Capital

**STATE OF NEW MEXICO**  
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**Management's Discussion and Analysis**  
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**Capital Assets (Cont'd)**

assets, net of accumulated depreciation totaled \$11,255 at June 30, 2015. Capital assets decreased by \$15,647 from the previous year, from \$26,902 to \$11,255. The decrease in the net value of capital assets is due to depreciation expense of \$15,647 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 \$32,127 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 \$6,149 from the long-term debt outstanding at June 30, 2014, of \$25,978. Employees can receive compensation for a maximum of 240 hours upon severance.

**Budgetary Highlights**

The AODA was appropriated a total of \$2,207,500 from the State General Fund for FY 2015 during the regular 2014 legislative session to be expended in the AODA's general fund (16800). The AODA processed two budget adjustment request (BAR) during FY 2015. Personal services and employee benefits were increased by \$108,000, contractual services were increased by \$500, and other costs were decreased by (\$108,500). The overall budget remained unchanged.

The Violence Against Women Special Revenue Fund (10830) original FY 2015 budget of \$10,000 remained unchanged.

The Southwest Border Prosecution Initiative Special Revenue Fund (91680) original FY 2015 budget of \$569,308 remained unchanged.

The District Attorney Special Revenue Fund (11180) increased the original FY 2015 budget of \$252,900 by \$113,269. The increase was a result of increasing Worthless Check and Pre-prosecution fees by \$6,776 and budgeting of \$68,098 from available cash balances at June 30, 2014. Personal services and employee benefits were increased by \$1,000, contracted services were increased by \$15,000 and other costs were increased by \$97,269.

For additional budget information, see Exhibits G-I and Statement 1.

**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 2015.
- Increases or reallocation of appropriations to prevent budget overruns.
- Increases from worthless check and pre-prosecution fees to prevent budget overrun.

**STATE OF NEW MEXICO  
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS  
Management's Discussion and Analysis  
June 30, 2015**

**Activity Highlights and Next Year's Budget (Cont'd)**

The Administrative Office of the District Attorneys' initial FY2016 operating budget is \$2,634,315. The FY 2015 adjusted budget was \$3,152,977.

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, 2015**

	<u>Governmental Activities</u>
<b><u>Assets</u></b>	
Investment in State Treasurer General Fund investment pool (note 3)	\$ 452,732
Due from federal government (note 14)	6,579
Capital assets (net of accumulated depreciation) (note 6)	<u>11,255</u>
Total assets	<u>\$ 470,566</u>
<b><u>Liabilities</u></b>	
Current liabilities:	
Accounts payable	\$ 68,231
Payroll taxes payable	7,626
Payroll benefits payable	13,536
Accrued payroll payable	15,658
Due to other state agencies (note 4)	212,310
Due to State General Fund (note 5)	6,209
Compensated absences payable (note 7)	<u>66,857</u>
Total current liabilities	390,427
Long-term liabilities:	
Compensated absences payable (note 7)	<u>32,127</u>
Total liabilities	<u>422,554</u>
<b><u>Net Position</u></b>	
Investment in capital assets	11,255
Restricted	-
Unrestricted	<u>36,757</u>
Total net position	<u>48,012</u>
Total liabilities and net position	<u>\$ 470,566</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, 2015**

	<u>Governmental Activities</u>
<b>Expenses:</b>	
Governmental activities:	
General government	\$ 2,589,833
Depreciation	<u>15,647</u>
Total expenses	<u>2,605,480</u>
<b>Program revenues:</b>	
Charges for services - fees	303,988
Intergovernmental:	
Federal grants-operating	<u>9,097</u>
Total program revenues	<u>313,085</u>
Net program (expenses) revenue	<u>(2,292,395)</u>
<b>General revenue, transfers and special items:</b>	
State General Fund appropriation	2,173,600
Other financing sources-compensation appropriation	33,900
Transfers (out)	-
Reversion to State General Fund - FY 2015	<u>(6,209)</u>
Total general revenues, transfers and special items	<u>2,201,291</u>
Change in net position (decrease)	<u>(91,104)</u>
Net position, beginning, as reported	139,118
Restatement:	
Prior-period adjustment - rounding	<u>(2)</u>
Net position, beginning, as restated	<u>139,116</u>
Net position, ending	<u><u>\$ 48,012</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, 2015**

	Major			Non-Major		Total Govern- mental Funds
	(Fund 16800)	(Fund 11180)	(Fund 91680)	(Fund 10830)		
	General Fund	District Attorney Fund Special Revenue	SW Border Prosecution Initiative Special Revenue	Violence Against Women	Elimina- tions	
<b><u>Assets</u></b>						
Investment in the State Treasurer						
General Fund Investment Pool (note 3)	\$ 104,860	\$ 58,220	\$ 296,231	\$ -	\$ (6,579)	\$ 452,732
Due from federal government (note 14)	-	-	-	6,579	-	6,579
Total assets	<u>\$ 104,860</u>	<u>\$ 58,220</u>	<u>\$ 296,231</u>	<u>\$ 6,579</u>	<u>\$ (6,579)</u>	<u>\$ 459,311</u>
<b><u>Liabilities and Fund Balance</u></b>						
Liabilities:						
Investment in the State Treasurer						
General Fund Investment Pool (note 3)	\$ -	\$ -	\$ -	\$ 6,579	\$ (6,579)	\$ -
Accounts payable	64,867	3,364	-	-	-	68,231
Payroll taxes payable	6,705	921	-	-	-	7,626
Payroll benefits payable	12,750	786	-	-	-	13,536
Accrued payroll payable	14,329	1,329	-	-	-	15,658
Due to other state agencies (note 4)	-	-	212,310	-	-	212,310
Due to State General Fund (note 5)	6,209	-	-	-	-	6,209
Total liabilities	<u>104,860</u>	<u>6,400</u>	<u>212,310</u>	<u>6,579</u>	<u>(6,579)</u>	<u>323,570</u>
<b><u>Fund Balance</u></b>						
Fund balance:						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	51,820	83,921	-	-	135,741
Total fund balance	<u>-</u>	<u>51,820</u>	<u>83,921</u>	<u>-</u>	<u>-</u>	<u>135,741</u>
Total liabilities and fund balance	<u>\$ 104,860</u>	<u>\$ 58,220</u>	<u>\$ 296,231</u>	<u>\$ 6,579</u>	<u>\$ (6,579)</u>	<u>\$ 459,311</u>

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, 2015**

	<u>Major</u>			<u>Non-Major</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
	<u>(Fund 16800)</u>	<u>(Fund 91680)</u>	<u>(Fund 11180)</u>	<u>(Fund 10830)</u>	
	<u>General</u> <u>Fund</u>	<u>SW Border</u> <u>Prosecution</u> <u>Initiative</u> <u>Special</u> <u>Revenue</u>	<u>District</u> <u>Attorney</u> <u>Fund</u> <u>Special</u> <u>Revenue</u>	<u>Violence</u> <u>Against</u> <u>Women</u>	
<b>Revenues:</b>					
Fees:					
Worthless check fees	\$ -	\$ -	\$ 28,861	\$ -	\$ 28,861
Pre-prosecution fees	-	-	275,127	-	275,127
Intergovernmental:					
Federal funds - operating	-	-	-	9,097	9,097
Total revenues	<u>-</u>	<u>-</u>	<u>303,988</u>	<u>9,097</u>	<u>313,085</u>
<b>Expenditures:</b>					
Current:					
General government:					
Personal services and employee benefits	1,317,974	1,654	102,061	-	1,421,689
Contractual services	227,048	6,702	2,520	4,315	240,585
Other	656,269	47,806	215,685	4,782	924,542
Capital outlay	-	-	-	-	-
Total expenditures	<u>2,201,291</u>	<u>56,162</u>	<u>320,266</u>	<u>9,097</u>	<u>2,586,816</u>
Excess (deficiency) of revenues over expenditures	<u>(2,201,291)</u>	<u>(56,162)</u>	<u>(16,278)</u>	<u>-</u>	<u>(2,273,731)</u>
<b>Other financing sources (uses):</b>					
Transfers in (out):					
State General Fund appropriation	2,173,600	-	-	-	2,173,600
Other financing sources-compensation appropriation	33,900	-	-	-	33,900
Reversion to State General Fund - FY 2015	<u>(6,209)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,209)</u>
Total other financing sources (uses)	<u>2,201,291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,201,291</u>
Net change in fund balances (decrease)	-	(56,162)	(16,278)	-	(72,440)
Fund balance, beginning	<u>-</u>	<u>140,083</u>	<u>68,098</u>	<u>-</u>	<u>208,181</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 83,921</u>	<u>\$ 51,820</u>	<u>\$ -</u>	<u>\$ 135,741</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, 2015**

<b>Net change in fund balance - Governmental Funds - (Exhibit E)</b>		\$ (72,440)
<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	(15,647)	
Capital outlay additions	-	(15,647)
<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		(3,018)
Rounding		1
<b>Changes in net position of governmental activities - (Exhibit B)</b>		<b>\$ <u>(91,104)</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, 2015

	<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	\$ 2,173,600	\$ 2,173,600	\$ 2,173,600	\$ -
Miscellaneous revenue	<u>33,900</u>	<u>33,900</u>	<u>33,900</u>	<u>-</u>
Total revenues	2,207,500	2,207,500	<u>\$ 2,207,500</u>	<u>\$ -</u>
Cash balance re-budgeted	<u>-</u>	<u>-</u>		
Total budgeted revenues	<u>\$ 2,207,500</u>	<u>\$ 2,207,500</u>		
<b>Expenditures:</b>				
Current:				
General government:				
Personal services and employee benefits	\$ 1,214,200	\$ 1,322,200	\$ 1,317,974	\$ 4,226
Contractual services	226,600	227,100	227,048	52
Other	<u>766,700</u>	<u>658,200</u>	<u>656,269</u>	<u>1,931</u>
Total expenditures	2,207,500	2,207,500	2,201,291	6,209
Other financing uses:				
Reversion to State General Fund FY - 2015	<u>-</u>	<u>-</u>	<u>6,209</u>	<u>(6,209)</u>
Total expenditures and other financing uses	<u>\$ 2,207,500</u>	<u>\$ 2,207,500</u>	<u>\$ 2,207,500</u>	<u>\$ -</u>
<b>Reconciliation of GAAP basis to budget basis:</b>				
GAAP basis:		<u>\$ 2,207,500</u>	<u>\$ 2,207,500</u>	
Adjustments:				
None		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 2,207,500</u>	<u>\$ 2,207,500</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 2016 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, 2015**

	<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	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	<u>\$ -</u>	<u>\$ -</u>
Cash balance re-budgeted	<u>569,308</u>	<u>569,308</u>		
Total budgeted revenues	<u>\$ 569,308</u>	<u>\$ 569,308</u>		
<b>Expenditures:</b>				
Current:				
General government:				
Personal services and employee benefits	\$ 74,993	\$ 49,993	\$ 1,654	\$ 48,339
Contractual services	10,000	15,000	6,702	8,298
Other	53,684	73,684	47,806	25,878
Other financing uses	<u>430,631</u>	<u>430,631</u>	<u>218,479</u>	<u>212,152</u>
Total expenditures	<u>\$ 569,308</u>	<u>\$ 569,308</u>	<u>\$ 274,641</u>	<u>\$ 294,667</u>
<b>Reconciliation of GAAP basis to budget basis:</b>				
GAAP basis		\$ -	\$ 56,162	
Adjustments:				
Due to other state agencies (other financing uses)		<u>-</u>	<u>218,479</u>	
Budget basis		<u>\$ -</u>	<u>\$ 274,641</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 2016 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, 2015**

	<u>Original Approved Budget</u>	<u>Final Approved Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>				
Court fines & forfeitures -				
Worthless check fees	\$ 52,900	\$ 59,676	\$ 28,861	\$ (30,815)
Other penalties -				
Pre-prosecution fees	<u>200,000</u>	<u>238,395</u>	<u>275,127</u>	<u>36,732</u>
Total revenues	252,900	298,071	<u>\$ 303,988</u>	<u>\$ 5,917</u>
Cash balance re-budgeted	<u>-</u>	<u>68,098</u>		
Total budgeted revenues	<u>\$ 252,900</u>	<u>\$ 366,169</u>		
<b>Expenditures:</b>				
Current:				
General government:				
Personal services and				
employee benefits	\$ 102,500	\$ 103,500	\$ 102,061	\$ 1,439
Contractual services	-	15,000	2,520	12,480
Other	<u>150,400</u>	<u>247,669</u>	<u>215,685</u>	<u>31,984</u>
Total expenditures	<u>\$ 252,900</u>	<u>\$ 366,169</u>	<u>\$ 320,266</u>	<u>\$ 45,903</u>
<b>Reconciliation of GAAP basis to budget basis:</b>				
GAAP basis		<u>\$ 303,988</u>	<u>\$ 320,266</u>	
Adjustments:				
None		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 303,988</u>	<u>\$ 320,266</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 2016 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, 2015**

**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, 2015**

**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, 2015**

**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 GASBS 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, 2015**

**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 or 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**

**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).

**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.

**STATE OF NEW MEXICO**  
**ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS**  
**Notes to the Financial Statements**  
**June 30, 2015**

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)

**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.

**Other fund information**

The following Special Revenue Fund was closed during the fiscal year:

1. ARRA of 2009 Special Revenue Fund #10850

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.

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, 2015, but not paid until after the end of the fiscal year is

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

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

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, *Accounting and Financial Reporting for Non-Exchange Transactions*, 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 unearned income 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.

*GASBS 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, amended previous guidance on unearned income 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 2015, the Administrative Office of the District Attorney adopted the following GASB statement:

*GASBS 68, Accounting and Financial Reporting for Pensions*. The statement replaces the requirements of GASBS 27, *Accounting for Pensions by State and Local Governments*, and the requirements of GASBS 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts. The requirements of GASBS 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, or fiscal year 2015.

**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.



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

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.

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 2015.
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 GASBS 34, footnote 53, the budgetary comparison statements for major funds have been included as part of the basic financial statements.

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

**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 (Unearned Income)**

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, unearned income 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.

**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

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

**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, 2015, 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.

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 GASBS 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.

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

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

*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 as required by Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*. The financial reporting categories for fund balances of governmental funds are as follows:.

Governmental fund balances are 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.

**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.

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

**L. Reversions to State General Fund**

Any unexpended State General Fund appropriation balance remaining in SHARE fund #16800, is generally reverted to the State General Fund. The General Appropriations Act, Chapter 63, Laws of 2014, Section 3 Paragraph L, unexpended balances in agency accounts remaining at the end of fiscal year 2015 shall revert to the State General Fund by October 1, 2015, unless otherwise indicated in the General Appropriation Act of 2014 or otherwise provided by law. There were unexpended balances in the General Fund Account (Fund #16800) of \$6,209, 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)**

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

Cash on deposit with the State Treasurer in the General Fund Investment Pool at June 30, 2015, consists of the following:

Name of Depository	Account Name	Fund Type	Agency Number	SHARE Fund Number	Type of Account	Interest Bearing	Depository Balance at 06/30/2015	Reconciled Balance at 6/30/2015
<b>State Treasurer General Fund Investment Pool:</b>								
NM State Treasurer	Administrative Office of the District Attorneys'	General	26400	16800	State Treasury	No	\$ 104,860	\$ 104,860
NM State Treasurer	Southwest Border Prosecution Initiative	Special Revenue	26400	91680	State Treasury	No	296,231	296,231
NM State Treasurer	Violence Against Women	Special Revenue	26400	10830	State Treasury	No	(6,579)	(6,579)
NM State Treasurer	District Attorney Fund	Special Revenue	26400	11180	State Treasury	No	58,220	58,220
Total Governmental Fund Types							<u>\$ 452,732</u>	<u>\$ 452,732</u>

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

Pooled cash and investments of \$104,004 are on deposit with the New Mexico State Treasurer. In general, state statute requires that all deposits held by the State Treasurer be collateralized at a minimum level of 50%.

The June 30, 2015, New Mexico State Treasurer's General Fund Investment audited financial statements were not available as of November 17, 2015. Based on the State Treasurer's unaudited information, the management of AODA has presented pooled cash and investments at a value which approximates fair value as required by GASBS 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

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.

For additional GASBS 40, *Deposits and Investment Risk Disclosures*, disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2015.

**State General Fund Investment Pool**

For cash management and investment purposes, funds of various state agencies are deposited in the State General Fund Investment Pool (SGFIP), 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.

As communicated by the DFA in prior letters and memoranda, recorded agency claims against the State General Fund Investment Pool and fiduciary resources held at the State Treasurer's Office to fulfill those claims were not reconciled from the inception of SHARE, July 2006, through January 2013. A late 2014 effort to reconcile transactions which occurred during this period, also referred to as the Historical Cash Reconciliation Project, was unsuccessful in part due to incomplete data sets. The absence of all required data suggests that future efforts would be equally inconclusive and therefore not meriting additional energy.

While the results of the Historical Cash Reconciliation Project did not yield the hope for closure, significant progress has been made in the overall reconciliation process and the Financial Control Division (FCD) now has an operational model that effectively compares statewide claims against the SGFIP and resources held at the State Treasurer's Office. This process has been operational since March 2015 and the FCD has data points for seven consecutive months beginning with January 2015 business. As a result, FCD is able to make the following representation:

- a. The established allowance recorded within the General Operating Reserve Fund is sufficient to accommodate the current calculated difference between resources held in the SGFIP and agency claims;
- b. The calculated difference between resources maintained by STO and the agency claims have remained stable during the past seven months (February 2015 through August 2015) in which the process has been employed;

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

**State General Fund Investment Pool (Cont'd)**

- c. The entirety of any adjustment will be applied against the allowance established in the General Operating Reserve Fund. No portion of the adjustment will be allocated to any specific business unit that participates in the SGFIP.

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, 2015.

**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	\$ 44,878
Due to 11th, Div. II District Attorney's Office	Southwest Border Prosecution Initiative	<u>167,432</u>
Total - Due to other state agencies		<u>\$ 212,310</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, 2015:

**General Fund 16800**

Cash (Investment in the State General Fund Investment Pool) balance, June 30, 2015	\$ 104,860
Less: Accounts payable, June 30, 2015	(64,867)
Payroll benefits payable, June 30, 2015	(12,750)
Payroll taxes payable, June 30, 2015	(6,705)
Accrued payroll payable, June 30, 2015	<u>(14,329)</u>
Due to State General Fund, June 30, 2015	<u>\$ 6,209</u>

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

FY 2015 unexpended State General Fund appropriation	<u>\$ 6,209</u>
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**6. Capital Assets**

The capital asset activity for the governmental activities for the year ended June 30, 2015, is as follows:

	<b>Adjusted Balance 06/30/2014</b>	<b>Additions</b>	<b>(Deletions)</b>	<b>Balance 06/30/2015</b>
<b>Capital assets -</b>				
Furniture and equipment	\$ 33,221	\$ -	\$ -	\$ 33,221
Data processing equipment	502,564	-	-	502,564
Vehicles	254,430	-	-	254,430
Software	14,953	-	-	14,953
	<u>805,168</u>	<u>-</u>	<u>-</u>	<u>805,168</u>
<b>Accumulated depreciation -</b>				
Furniture and equipment	(33,221)	-	-	(33,221)
Data processing equipment	(495,581)	(2,276)	-	(497,857)
Vehicles	(234,511)	(13,371)	-	(247,882)
Software	(14,953)	-	-	(14,953)
	<u>(778,266)</u>	<u>(15,647)</u>	<u>-</u>	<u>(793,913)</u>
Net investment in capital assets	<u>\$ 26,902</u>	<u>\$ (15,647)</u>	<u>\$ -</u>	<u>\$ 11,255</u>

The AODA does not have any debt related to capital assets. Depreciation expense for the year was \$15,647 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:

	<b>Balance 06/30/2014</b>	<b>Increase</b>	<b>(Decrease)</b>	<b>Balance 06/30/2015</b>
Compensated absences payable-current	\$ 69,988	\$ 50,352	\$ (53,483)	\$ 66,857
Compensated absences payable-long-term	25,978	24,042	(17,893)	32,127
Total compensated absences payable	<u>\$ 95,966</u>	<u>\$ 74,394</u>	<u>\$ (71,376)</u>	<u>\$ 98,984</u>

Compensated absences payable is paid from the General Fund #16800.



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**8. Operating Leases**

The AODA leases certain office space and equipment under lease 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, 2015, were \$153,292. 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>
2016	\$ 122,339
2017	126,144
2018	62,219
2019	<u>23,622</u>
Total	<u>\$ 334,324</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 \$51,820 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 \$83,921 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, 2015, 2014 and 2013, were \$156,112, \$161,268, and \$142,757, respectively, equal to the amount of the required contributions for each year.

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**10. Pension Plan - Public Employees Retirement Association (Cont'd)**

**Financial Reporting and Disclosure for Multiple-Employer Cost Sharing Pension Plans by Employers**

Compliant with the requirements of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, the State of New Mexico has implemented the standard for the fiscal year ending June 30, 2015.

The AODA, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Disclosure requirements for governmental funds apply to the primary government as a whole, and as such, this information will be presented in the Component Appropriation Funds Annual Financial Report (General Fund) and the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico. Information concerning the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources of the primary government will be contained in the General Fund and the CAFR and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

**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).

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

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, 2015, 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, 2015, 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, 2015, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The AODA's contributions to the RHCA for the years ended June 30, 2015, 2014, and 2013, were \$19,942, \$19,745, and \$18,933 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, 2014, through June 30, 2015.

**STATE OF NEW MEXICO**  
**ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS**  
**Notes to the Financial Statements**  
**June 30, 2015**

**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	\$ 33,900	Compensation appropriation
34100/85300	26400/16800	<u>2,173,600</u>	State General Fund appropriation
		<u>\$ 2,207,500</u>	
26400/16800	34100/85300	<u>\$ (4,227)</u>	Reversion to State General Fund - Operating Fund - FY2014
26400/91680	25200/15600	\$ (31,751)	SWBPI-2nd DA
26400/91680	25300/15700	(173,743)	SWBPI-3rd DA
26400/91680	25500/15900	(97,673)	SWBPI-5th DA
26400/91680	25600-16000	(14,519)	SWBPI-6th DA
26400/91680	26100/16500	(287,740)	SWBPI-11th DA, Div. I
26400/91680	26500/16900	-	SWBPI-11th DA, Div. II
26400/91680	26200/16600	(72,595)	SWBPI-12th DA
26400/91680	26300/16700	<u>(62,979)</u>	SWBPI-13th DA
		<u>\$ (741,000)</u>	
26400/16800	35000/36503	\$ (120)	Defensive driving fees
26400/16800	35000/35603	(823)	Insurance premiums
26400/16800	35000/35903	(893)	Insurance premiums
26400/16800	35000/35703	<u>(21,590)</u>	Insurance premiums
		<u>\$ (23,426)</u>	
26400/16800	13100/79100	<u>\$ (250)</u>	Legislative bill locator
26400/11180	35000/80603	\$ (525)	FY 2016 appropriation books
25200/15200	26400/11180	<u>440</u>	Change account
		<u>\$ (85)</u>	
78000/91602	26400/10830	\$ 2,459	VAWA grant receipts
78000/91602	26400/10830	<u>60</u>	VAWA grant receipts
		<u>\$ 2,519</u>	

**STATE OF NEW MEXICO  
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS  
Notes to the Financial Statements  
June 30, 2015**

**14. Due From Federal Government**

The following amounts are due from the U.S. Department of Justice at June 30, 2015, from various federal grants.

<u>Grant Name</u>	<u>Fund No.</u>	<u>Amount</u>
Violence Against Women	10830	\$6,579

**15. Subsequent Events Review**

A review of subsequent events through November 17, 2015, which is the date the financial statements were available for issuance, revealed no significant subsequent events which require disclosure.

**SUPPLEMENTAL SECTION**

**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, 2015**

	<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	\$ 10,000	\$ 10,000	\$ 9,097	\$ (903)
Total revenues	10,000	10,000	<u>\$ 9,097</u>	<u>\$ (903)</u>
Cash balance re-budgeted	<u>-</u>	<u>-</u>		
Total budgeted revenues	<u>\$ 10,000</u>	<u>\$ 10,000</u>		
<b>Expenditures:</b>				
Current:				
General government:				
Personal services and employee benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	5,200	5,200	4,315	885
Other	<u>4,800</u>	<u>4,800</u>	<u>4,782</u>	<u>18</u>
Total expenditures	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 9,097</u>	<u>\$ 903</u>
<b>Reconciliation of GAAP basis to budget basis:</b>				
GAAP basis:		<u>\$ 9,097</u>	<u>\$ 9,097</u>	
Adjustments:				
None		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 9,097</u>	<u>\$ 9,097</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 2016 budget.

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

## **Supplementary Information**



**STATE OF NEW MEXICO  
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS  
SCHEDULE OF VENDOR INFORMATION**

**For Purchases Exceeding \$60,000 (excluding GRT)**

**Prepared by: Filemon Gonzalez Title: Chief Financial Officer Date: October 8, 2015**

The Administrative Office of the District Attorney's Office did not have any vendor purchases exceeding \$60,000 (excluding GRT) for the fiscal year ended June 30, 2015.

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

## OTHER REPORTS

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## 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  
Mr. Tim Keller  
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, 2015, and the related notes to the financial statements, which collectively comprise the AODA's basic financial statements, and the individual funds and related budgetary comparisons of the AODA, presented as supplemental information, and have issued our report thereon dated November 17, 2015.

#### **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 control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### 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  
November 17, 2015

**STATE OF NEW MEXICO**  
**ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2015**

**I. PRIOR-YEAR AUDIT FINDINGS**

a. Repeated in current-year

None

b. Resolved and not included in current-year

None

**II. CURRENT-YEAR FINDINGS PERTAINING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED**

None

**STATE OF NEW MEXICO  
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS  
Financial Statement Preparation and Exit Conference  
June 30, 2015**

**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 November 17, 2015, 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  
Tiffany Gurule, Financial Specialist

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

Robert J. Rivera, CPA