

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

**Financial Statements
Year Ended June 30, 2019**

(With Independent Auditor's Report Thereon)

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

INTRODUCTORY SECTION

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
June 30, 2019

Table of Contents

INTRODUCTORY SECTION	<u>Page</u>
Title Page.....	i
Table of Contents.....	ii-iii
Official Roster.....	iv
 FINANCIAL SECTION	
Independent Auditor’s Report.....	v-vii
Management’s Discussion and Analysis	viii-xiii
 <u>Basic Financial Statements</u>	
<u>Exhibit</u>	
 <u>Government-Wide Financial Statements</u>	
Statement of Net Position.....	A..... 1
Statement of Activities	B..... 2
 <u>Fund Financial Statement</u>	
 <u>Governmental Funds Financial Statements</u>	
Balance Sheet.....	C..... 3
Reconciliation of the Governmental Funds Balance Sheet..... to the Government-Wide Statement of Net Position	D..... 4
Statement of Revenues, Expenditures and Changes	E..... 5
in Fund Balances	
Reconciliation of the Statement of Revenues, Expenditures and	F..... 6
Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities	
 <u>Budget Comparison Statements – Major Governmental Funds</u>	
Statements of Revenues and Expenditures	G..... 7-9
Budget and Actual (Budget Basis) - General and Special Revenue Funds	
 Notes to Financial Statements.....	 10-26

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
June 30, 2019

Table of Contents

SUPPLEMENTAL SECTION

	<u>Schedule</u>	<u>Page</u>
<u>Supplementary Information</u>		
<u>Budget Comparison Schedules – Non- Major Governmental Funds</u>		
Schedule of Revenues and ExpendituresG.....		27
Budget and Actual (Budget Basis) – Non-Major Special Revenue Funds Capital Outlay Special Revenue Fund		
<u>Other Reports</u>		
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		28-29
Schedule of Findings and Responses		30
Financial Statement Preparation and Exit Conference		31

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
June 30, 2019**

Official Roster

New Mexico District Attorneys' Association Officers

Honorable Dianna Luce Fifth Judicial District Attorney	President
---	-----------

Honorable Andrea Reeb Ninth Judicial District Attorney	Vice-President
---	----------------

Honorable Marco Serna First Judicial District Attorney	Treasurer
---	-----------

Administration Officials

Henry R. Valdez	Director
-----------------	----------

Filemon Gonzalez	Chief Financial Officer
------------------	-------------------------

FINANCIAL SECTION

Robert J. Rivera, CPA, PC

Certified Public Accountants

6 Calle Medico, Suite 4

Santa Fe, New Mexico 87505-4761

(505) 983-6002

Fax (505) 983-6474

INDEPENDENT AUDITORS' REPORT

Henry R. Valdez, Director
Administrative Office of the District Attorneys
and
Honorable Brian S. Colón, Esq.
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, 2019, and the related notes to the financial statements, which collectively comprise the AODA basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the AODA as of June 30, 2019, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, the financial statements of the State of New Mexico – Administrative Office of the District Attorneys are intended to present the financial position, and the changes in financial position of only that portion of the governmental activities, each major fund, the aggregate remaining fund information and the respective budgetary comparisons for the general fund and major special revenue funds that are attributable to the transactions of the AODA. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2019, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages viii through xiii 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 financial statements that collectively comprise the AODA basic financial statements. The individual non-major funds financial statements (Schedule of Revenues and Expenditures – Budget and Actual – Budget Basis -Non-Major Special Revenue Funds) and the Introductory Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Revenues and Expenditures – Budget and Actual – Budget Basis - Non-Major Special Revenue Funds and the Introductory Section are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 Schedule of Revenues and Expenditures – Budget and Actual – Budget Basis - Non-Major Special Revenue Funds) and the Introductory Section are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with **Government Auditing Standards**, we have also issued our report dated October 30, 2019 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 solely 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 effectiveness of the AODA internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with **Government Auditing Standards** in considering the AODA's internal control over financial reporting and compliance.



Robert J. Rivera, CPA, PC
Santa Fe, New Mexico
October 30, 2019

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Management Discussion and Analysis
June 30, 2019

The Administrative Office of the District Attorneys (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, 2019. 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 database 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 statement consists of the following: government-wide financial statements, governmental funds financial statements and financial statements reconciling the government-wide financial statements to the governmental fund financial statements.

The Basic Financial Statements

The annual report consists of two parts-management's discussion and analysis (this section), and the basic financial statements, including the notes to financial statements. 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 overall financial status.
- b) The remaining statements are fund financial statements that focus on individual parts of AODA, reporting the AODA operations in more detail than the government-wide statements.
- c) The governmental funds financial statements tell how general government services (the primary functions of AODA) were financed in the short term, as well as what remains for future spending.

The financial statements also include notes to the financial statements that explain information in the financial statements and provide more detailed data.

Government-Wide Financial Statements
(Statement of Net Position and Statement of Activities)

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 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 financial position over time. The Statement of Activities presents information on how AODA net position changed during the most recent fiscal year. Changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are included in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation and uncollected accounts receivable.) The two government-wide financial statements report the AODA net position and how it has changed. This is one way to measure AODA financial health or position. Over time, increases or decreases in AODA net position is an indicator of whether its financial health is improving or deteriorating, respectively. The government-wide financial statements of AODA fall into category of governmental activities. State appropriations, federal grants, and proceeds from fees collected by the district attorneys throughout the state, finance these activities.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Management Discussion and Analysis
June 30, 2019

Fund Financial Statements

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

The fund financial statements provide more detailed information about AODA most significant funds. Funds are accounting devices that 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. AODA funds are all governmental funds. The Balance Sheets and the Statements of Revenue, Expenditures and Changes in Fund Balances provide this Information.

All of AODA basic services are included in the "governmental funds," in 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 AODA 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. AODA maintains one account which makes up the General Fund (General Operating Account- Fund No. 16800, and three (3) special revenue funds, Southwest Border Prosecution Initiative Special Revenue Fund (Fund 91680), District Attorney Special Revenue Fund (Fund 11180), and Capital Outlay Special Revenue Fund (Fund 89200).

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.

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 balances required to balance the budget;
- Has been included as part of the basic financial statements; and,
- Has been included in the auditor’s opinion

Financial Analysis of the AODA as a Whole
Statement of Net Position- Analysis of Financial Position

Exhibit A summarizes the AODA net position for the fiscal year ended June 30, 2019. The following condensed financial information was derived from the entity-wide Statement of Net Position for the current and prior-year.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Management Discussion and Analysis
June 30, 2019

<u>Statement of Net Position</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>Increase (Decrease) Change</u>	<u>% Change</u>
Assets:				
Current assets	\$ 999,806	\$ 406,298	\$ 593,508	146.1%
Capital assets, net	318,501	257,575	60,926	23.7%
Total assets	<u>1,318,307</u>	<u>663,873</u>	<u>654,434</u>	98.6%
Liabilities:				
Current liabilities	212,502	194,538	17,964	9.2%
Long-term liabilities	33,174	25,838	7,336	28.4%
Total liabilities	<u>245,676</u>	<u>220,376</u>	<u>25,300</u>	11.5%
Net position:				
Invested in capital assets, net	318,501	257,575	60,926	23.7%
Restricted	-	-	-	
Unrestricted	754,130	185,923	568,207	305.6%
Total net position	<u>\$ 1,072,631</u>	<u>\$ 443,498</u>	<u>\$ 629,133</u>	141.9%

Total Assets

Consists of Interest in State Treasurer General Fund Investment Pool of \$874,806, Due from Other State Agencies of \$125,000 and Capital Assets, net of Accumulated Depreciation, of \$318,501. Total assets are \$1,318,307. This represents an increase of \$654,434, or 98.6% from fiscal year 2018. The increase is a result of Capital asset increase due to vehicle purchase of \$74,129, Information technology equipment of \$56,851 and additional special appropriations to the General Fund of \$510,000 for expenditure in FY 2019 and FY 2020.

Total Liabilities

Consists of current liabilities of \$212,052 and long-term liabilities of \$33,174, total liabilities are \$245,676. This represents an increase in liabilities of 11.5% from fiscal year 2018. The reason for the increase of \$25,300 was an increase in accounts payable towards the end of the fiscal year. The change in long-term liabilities is due to an increase in annual and sick leave accruals.

Total Net Position

Consists of \$318,501, Investment in Capital Assets, with no related debt, and Unrestricted Net Position of \$754,130, for a total Net Position of \$1,072,631. This represents an increase of \$629,133 or 141.9% from the FY18 Net Position balance of \$443,498. The primary reason for the increase was additions in capital assets of \$130,980, less current-year depreciation. Also, there remained unrestricted fund balances in the General Fund, Southwest Border Prosecution Initiative Fund and District Attorney Fund.

Statement of Activities – Analysis of Changes in Net Position

Exhibit B summarizes the AODA changes in net position for the fiscal year ended June 30, 2019. The following condensed financial information was derived from the entity-wide Statement of Activities for the current and prior-year.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Management Discussion and Analysis
June 30, 2019

<u>Changes in Net Position</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>Increase (Decrease) Change</u>	<u>% Change</u>
Program revenue				
Charges for services	\$ 313,334	\$ 326,493	\$ (13,159)	-4.0%
Miscellaneous revenue	1,515	-	1,515	100.0%
Total program revenue	<u>314,849</u>	<u>326,493</u>	<u>(11,644)</u>	-3.6%
General revenue, transfers and special items:				
State appropriations	2,835,500	2,238,800	596,700	26.7%
Reversion to State General Fund	(22,637)	(9,997)	(12,640)	126.4%
Severance Tax Bond Proceeds	125,000	-	125,000	100.0%
Total general revenue, transfers and special items	<u>2,937,863</u>	<u>2,228,803</u>	<u>709,060</u>	31.8%
Program expenses	<u>2,623,579</u>	<u>2,378,016</u>	<u>245,563</u>	10.3%
Total expenses	<u>2,623,579</u>	<u>2,378,016</u>	<u>245,563</u>	10.3%
Change in net position	629,133	177,280	451,853	254.9%
Beginning net position	<u>443,498</u>	<u>266,218</u>	<u>177,280</u>	66.6%
Ending net position	<u>\$ 1,072,631</u>	<u>\$ 443,498</u>	<u>\$ 629,133</u>	141.9%

Revenues and Transfers

Consists of \$3,275,349 (revenues of \$314,849 and transfers of \$2,960,500) for operational purposes. State General Fund appropriations, worthless checks, pre-prosecution fees, miscellaneous and federal awards provide the majority of revenue. This represents an increase of \$710,056 or 27.7% in total revenues and transfers from \$2,565,293 (revenues of \$326,493 and transfers of \$2,238,800 in FY 2018). This is a result of an increase in fees collected through the District Attorney fund and an increase in FY 2019 Operating budget for the General Fund.

Expense and Transfers

Consist of \$2,646,2168 (expenses of \$2,623,579 and transfers out of \$22,637) mainly for operational employee salaries and benefits, operating costs, contractual services, and flow-through grants to sub-grantees. This represents an increase of total expenses and transfers of \$258,203, or 10.8%, from \$2,388,013 (expenses of \$2,378,016 and transfers out of \$9,997) in FY 2018. The increase in expenses results from increase in personnel services and benefits throughout FY 2019. The increase in transfers-out results from an increase in reversions to State General Fund of \$12,640 from unused State general Fund appropriations.

Change of Net Position

As described above, the AODA total revenue and transfers increased by \$697,416 and total expenses increased by \$258,203. The increase in the change in net position was \$451,853, which includes an increase in reversions to the State General Fund by \$12,640.

Total net position increased from the prior year by \$629,133, from \$443,498 to \$1,072,631, or 141.9%.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Management Discussion and Analysis
June 30, 2019

Financial Analysis of the Fund Statements

As described above, the AODA has four (4) governmental funds. The AODA General Operating Account (#16800) which is funded through State General Fund appropriations. The other three (3) governmental funds are special revenue funds used to account for specific revenue sources.

The AODA's governmental funds (as presented on the balance sheet) reported a combined fund balance of \$854,073, which is more than last year's total of \$274,303, an increase of \$579,770. The General Fund of the AODA reflects a \$510,000 fund balance from additional funding received from the 2019 Legislative Session. This funding was appropriated to be used in FY 2019 and FY 2020, and any remaining balance will be reverted at the end of FY 2020. The AODA did not spend any of the funding in FY 2019. The Southwest Border Prosecution Initiative Special Revenue Fund has \$75,419 of non-reverting balances of federal Southwest Border Prosecution Initiative Program funds which are available for budgeting future operations, and the District Attorney Special Revenue Fund has \$268,654 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 Capital Outlay Special Revenue Fund has a fund balance of zero.

Capital Assets

The AODA capital assets consist of furniture and equipment, data processing equipment, vehicles and software, totaling \$1,053,821 at June 30, 2019. Accumulated depreciation at June 30, 2019, totaled \$735,320. Capital assets, net accumulated depreciation totaled \$318,501, at June 30, 2019. The increase of \$60,926 in the net value of capital assets is the result of two vehicle purchases totaling \$74,129 and information technology purchases totaling \$56,851, current year depreciation expense of \$70,054 and the deletion of five vehicles and corresponding accumulated depreciation totaling \$133,888.

Infrastructure Assets

The AODA does not own any infrastructure assets.

Long-Term Debt

At the end of the current fiscal year, AODA had total long-term debt outstanding of \$33,174 comprised 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 \$7,336 from the long-term debt outstanding at June 30, 2018, of \$25,838. Employees can receive compensation for a maximum of 240 annual leave hours upon termination.

Budgetary Highlights

The AODA was appropriated \$2,771,200 from the State General Fund and other appropriations for compensation of \$64,300. In addition, \$125,000 was appropriated for the Capital Outlay Fund for expenditure in FY 2019 during from the regular 2018 legislative session. During the 2019 Legislative Session, the AODA was appropriated additional funding to be used in FY 2019 and FY 2020 in the amount of \$510,000. The AODA processed one budget adjustment request (BAR) for the AODA's general fund during FY 2019. The Personnel Services and Employee Benefits expenditure category increased by \$16,000, Contractual Services expenditure category increased by \$45,000, and the Other expenditure category decreased by \$61,000.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Management Discussion and Analysis
June 30, 2019

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 various fund budgets a few times. These budget amendments fell into three categories:

- Re-budgeting of previous fiscal year dollars to be expended in fiscal year 2019.
- Increases or reallocation of appropriations to prevent budget overruns.

Due to the limited staff and resources, the staff is often required to work additional hours in order to complete tasks, which are necessary to keep the AODA network functioning properly. In order to reduce the downtime 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 Attorneys' 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
2929 Coors Blvd., Suite 310
Albuquerque, NM 87120
Phone: 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, 2019

	<u>Governmental Activities</u>
<u>Assets</u>	
Interest in State Treasurer General Fund investment pool (note 3)	\$ 874,806
Due from other state agencies	125,000
Capital assets (net of accumulated depreciation) (note 6)	<u>318,501</u>
Total assets	<u>\$ 1,318,307</u>
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	\$ 96,436
Payroll taxes payable	8,266
Payroll benefits payable	16,718
Accrued payroll payable	24,313
Compensated absences payable (note 7)	<u>66,769</u>
Total current liabilities	212,502
Long-term liabilities:	
Compensated absences payable (note 7)	<u>33,174</u>
Total liabilities	<u>245,676</u>
<u>Net Position</u>	
Investment in capital assets (note 6)	318,501
Restricted	-
Unrestricted	<u>754,130</u>
Total net position	<u>1,072,631</u>
Total liabilities and net position	<u>\$ 1,318,307</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, 2019

	<u>Governmental Activities</u>
Expenses:	
Governmental activities:	
General government	\$ 2,553,525
Depreciation	<u>70,054</u>
Total expenses	<u>2,623,579</u>
Program revenues:	
Charges for services - fees	313,334
Miscellaneous	<u>1,515</u>
Total program revenues	<u>314,849</u>
Net program (expenses) revenue	<u>(2,308,730)</u>
General revenue, transfers and special items:	
State General Fund appropriation - FY 2019 (note 13 and 15)	2,771,200
Other State appropriation - compensation - FY 2019 (note 13 and 15)	64,300
Severance Tax Bond proceeds - capital outlay FY 2019 (note 13 and 15)	125,000
Reversion to State General Fund - FY 2019 (note 5)	<u>(22,637)</u>
Total general revenues, transfers and special items	<u>2,937,863</u>
Change in net position (decrease)	629,133
Net position, beginning	<u>443,498</u>
Net position, ending	<u>\$ 1,072,631</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, 2019

	Major Funds			Non-Major Funds	Total Govern- mental Funds
	Special Revenue Funds				
	(Fund 16800)	(Fund 11180)	(Fund 91680)	(Fund 89200)	
General	District Attorney Fund	SW Border Prosecution Initiative	Capital Outlay		
Assets					
Interest in State Treasurer					
General Fund Investment Pool (note 3)	\$ 642,922	\$ 281,465	\$ 75,419	\$ -	\$ 999,806
Due from other state agencies	-	-	-	125,000	125,000
Total assets	<u>\$ 642,922</u>	<u>\$ 281,465</u>	<u>\$ 75,419</u>	<u>\$ 125,000</u>	<u>\$ 1,124,806</u>
Liabilities and Fund Balance					
Liabilities:					
Interest in State Treasurer	\$	\$	\$	\$	\$
General Fund Investment Pool (note 3)	-	-	-	125,000	125,000
Accounts payable	83,625	12,811	-	-	96,436
Payroll taxes payable	8,266	-	-	-	8,266
Payroll benefits payable	16,718	-	-	-	16,718
Accrued payroll payable	24,313	-	-	-	24,313
Total liabilities	<u>132,922</u>	<u>12,811</u>	<u>-</u>	<u>125,000</u>	<u>270,733</u>
Fund Balance					
Fund balance:					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned (note 9)	510,000	268,654	75,419	-	854,073
Unassigned	-	-	-	-	-
Total fund balance	<u>510,000</u>	<u>268,654</u>	<u>75,419</u>	<u>-</u>	<u>854,073</u>
Total liabilities and fund balance	<u>\$ 642,922</u>	<u>\$ 281,465</u>	<u>\$ 75,419</u>	<u>\$ 125,000</u>	<u>\$ 1,124,806</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, 2019

	Major Funds			Non-Major Funds	Total Govern- mental Funds
	Special Revenue Funds				
	(Fund 16800)	(Fund 11180)	(Fund 91680)	(Fund 89200)	
General	District Attorney Fund	SWBorder Prosecution Initiative	Capital Outlay Fund		
Revenues:					
Fees:					
Worthless check fees	\$ -	\$ 6,606	\$ -	\$ -	\$ 6,606
Pre-prosecution fees	-	306,728	-	-	306,728
Miscellaneous	-	1,516	-	-	1,516
Total revenues	<u>-</u>	<u>314,850</u>	<u>-</u>	<u>-</u>	<u>314,850</u>
Expenditures:					
Current:					
General government:					
Personal services and employee benefits	1,340,564	-	-	-	1,340,564
Contractual services	319,212	16,618	5,000	-	340,830
Other	591,958	185,129	3,504	79,978	860,569
Capital outlay	51,129	34,829	-	45,022	130,980
Total expenditures	<u>2,302,863</u>	<u>236,576</u>	<u>8,504</u>	<u>125,000</u>	<u>2,672,943</u>
Excess (deficiency) of revenues over expenditures	<u>(2,302,863)</u>	<u>78,274</u>	<u>(8,504)</u>	<u>(125,000)</u>	<u>(2,358,093)</u>
Other financing sources (uses):					
Inter-agency transfers in (out):					
State General Fund appropriation - FY 2019	2,771,200	-	-	-	2,771,200
Other State appropriation - compensation - FY 2019	64,300	-	-	-	64,300
Severance tax bond proceeds - FY 2019	-	-	-	125,000	125,000
Reversion to State General Fund - FY 2019 (note 5)	(22,637)	-	-	-	(22,637)
Total other financing sources (uses)	<u>2,812,863</u>	<u>-</u>	<u>-</u>	<u>125,000</u>	<u>2,937,863</u>
Net change in fund balances (decrease)	510,000	78,274	(8,504)	-	579,770
Fund balance, beginning	<u>-</u>	<u>190,380</u>	<u>83,923</u>	<u>-</u>	<u>274,303</u>
Fund balance, end of year	<u>\$ 510,000</u>	<u>\$ 268,654</u>	<u>\$ 75,419</u>	<u>\$ -</u>	<u>\$ 854,073</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
Year Ended June 30, 2019**

Net change in fund balance - Governmental Funds - (Exhibit E) \$ 579,770

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

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over the estimated useful lives as depreciation expense.

In the current period, these amounts are:

Depreciation expense	(70,054)	
Capital outlay additions	<u>130,980</u>	60,926

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:

(Increase) in compensated absences		(11,562)
------------------------------------	--	----------

Rounding		<u>(1)</u>
----------	--	------------

Changes in net position of governmental activities - (Exhibit B) \$ 629,133

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, 2019

	Original Approved Budget	Final Approved Budget	Actual Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
General Fund appropriations	\$ 2,325,500	\$ 2,835,500	\$ 2,835,500	\$ -
Total revenues	2,325,500	2,835,500	\$ 2,835,500	\$ -
Cash balance re-budgeted	-	-		
Total budgeted revenues	\$ 2,325,500	\$ 2,835,500		
Expenditures:				
Current:				
General government:				
Personal services and employee benefits	\$ 1,329,900	\$ 1,345,900	\$ 1,340,564	\$ 5,336
Contractual services	280,400	835,400	319,212	516,188
Other	715,200	654,200	643,087	11,113
Total expenditures	2,325,500	2,835,500	2,302,863	532,637
Other financing uses:				
Reversion to State General Fund FY - 2019	-	-	22,637	(22,637)
Total expenditures and other financing uses	\$ 2,325,500	\$ 2,835,500	\$ 2,325,500	\$ 510,000
Reconciliation of GAAP basis to budget basis:				
GAAP basis:		\$ 2,835,500	\$ 2,325,500	
Adjustments:				
None		-	-	
Budget basis		\$ 2,835,500	\$ 2,325,500	

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 2020 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, 2019

	<u>Original Approved Budget</u>	<u>Final Approved Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
Federal grants	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	<u>\$ -</u>	<u>\$ -</u>
Cash balance re-budgeted	-	<u>83,923</u>		
Total budgeted revenues	<u>\$ -</u>	<u>\$ 83,923</u>		
Expenditures:				
Current:				
General government:				
Personal services and employee benefits	\$ -	\$ 25,000	\$ -	\$ 25,000
Contractual services	-	15,000	5,000	10,000
Other	-	<u>43,923</u>	<u>3,504</u>	<u>40,419</u>
Total expenditures	<u>\$ -</u>	<u>\$ 83,923</u>	<u>\$ 8,504</u>	<u>\$ 75,419</u>
Reconciliation of GAAP basis to budget basis:				
GAAP basis		<u>\$ -</u>	<u>\$ 8,504</u>	
Adjustments:				
None		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ -</u>	<u>\$ 8,504</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 2020 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, 2019

	Original Approved Budget	Final Approved Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:				
Court fines & forfeitures -				
Worthless check fees	\$ 23,300	\$ 23,300	\$ 6,606	\$ (16,694)
Other penalties -				
Pre-prosecution fees	243,400	243,400	306,738	63,338
Miscellaneous revenue	-	-	1,515	1,515
Total revenues	\$ 266,700	\$ 266,700	\$ 314,859	\$ 48,159
Cash balance re-budgeted	-	190,380		
Total budgeted revenues	\$ 266,700	\$ 457,080		
Expenditures:				
Current:				
General government:				
Personal services and				
employee benefits	\$ 112,100	\$ 112,100	\$ -	\$ 112,100
Contractual services	16,900	66,900	16,618	50,282
Other	137,700	278,080	219,958	58,122
Total expenditures	\$ 266,700	\$ 457,080	\$ 236,576	\$ 220,504
Reconciliation of GAAP basis to budget basis:				
GAAP basis		\$ 314,859	\$ 236,576	
Adjustments:				
None		-	-	
Budget basis		\$ 314,859	\$ 236,576	

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 2020 budget.

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

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to Financial Statements
June 30, 2019

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 database 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, or 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 Interest in State General Fund Investment Pool fund 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 (GAAP) in the United States of America as applied to governmental units. The AODA applies all relevant Governmental Accounting Standards Board (GASB) statements. The more significant of the AODA 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

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to Financial Statements
June 30, 2019

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

A. Financial Reporting Entity (cont'd)

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.

In evaluating how to define the AODA for financial reporting purposes, management has considered all potential component units. The decision to include 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 Resources, Accounting and Management Reporting System (SHARE). The service organization is the Department of Finance and Administration (DFA).

B. Government-Wide Financial Statements

The AODA 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 net position is reported in three parts; investment in capital assets, net of related debt; restricted net position; and unrestricted net position.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to Financial Statements
June 30, 2019

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

B. Government-Wide Financial Statements (cont'd)

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).

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).

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 non-exchange transactions, revenues and expenses are recognized in accordance with the requirements of GASB 33, *Accounting and Financial Reporting for Non-exchange 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 as historical cost and depreciation 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 is that with constraints placed on its use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations or other governments, or 2) imposed by law through constitutional provisions or enabling legislations. Net position not otherwise classified as restricted, is presented 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 major funds are its General Fund, Southwest Border Prosecution Initiative Special Revenue Fund and the District Attorney Special Revenue Fund.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to Financial Statements
June 30, 2019

1. **Summary of Significant Accounting Policies** (cont'd)

C. Fund Financial Statements (cont'd)

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 resource and to demonstrate how the AODA 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.

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

GOVERNMENTAL TYPE FUNDS

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.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to Financial Statements
June 30, 2019

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

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

GOVERNMENTAL FUND TYPES (cont'd)

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, This 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.

Capital Outlay Special Revenue Fund (#89200) - The Capital Outlay Special Revenue Fund is used to account for funds derived from severance tax bond proceeds authorized by Laws 2018 Chapter 89, Section 4. The funds are to be used to purchase information technology hardware and software.

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.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to Financial Statements
June 30, 2019

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

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

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 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 recourse 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. Contribution 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, 2018, but not paid until after the end of the fiscal year is included in the fund financial statements. Also, general capital assets 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 costs principles described by the various funding sources. In applying the “susceptible to accrual” concept to intergovernmental revenues pursuant to GASB Statement No. 33, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements including time, requirements, are met. Resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as advances by the provider and deferred revenue by the recipient. The AODA allocates expenses to restricted or unrestricted based on the budgeted source of funds. It is the AODA policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

E. Budgets and Budgetary Accounting

The New Mexico 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

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to Financial Statements
June 30, 2019

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

E. Budgets and Budgetary Accounting (cont'd)

within the limitation as specified in the General Appropriation Act. The budget amounts shown in the financial statements are both the original appropriation and the final authorized amounts as legally revised during the year. The AODA follows these procedures in establishing the budgetary data reflected in the financial statements:

1. No later than September 1st, the AODA prepares and submits to the Legislative Finance Committee (LFC) and the Budget Division of the Department of Finance and Administration 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 Appropriations and Senate Finance Committees. The final outcome of these hearings is incorporated into the 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, as which time the approved budget becomes a legally binding document.
4. No later than May 1st, the AODA submits to DFA an annual operating budget by category and line item based upon the appropriations made by the Legislature. The DFA Budget Division reviews and approves the operating budget, which becomes effective on July 1.
5. All subsequent budget adjustments must be approved by the Director of the DFA Budget Division and by the LFC.
6. Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund and the Special Revenue Funds.
7. The budgets for the General Fund and all Special Revenue Funds are adopted on a modified accrual basis of accounting (General Appropriations Act, Laws of 2017, 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 statutory deadline. The AODA has included such reconciliation for fiscal year 2019.
8. The original budget differs 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 appropriation.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to Financial Statements
June 30, 2019

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

E. Budgets and Budgetary Accounting (cont'd)

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

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

State law (Section 8-6-3 NMSA 1978) requires the AODA's cash to 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. Due from Other State Agencies

Various reimbursement procedures are used for federal awards received by the AODA. Consequently, timing differences between expenditures and program reimbursements can exist at any time during the fiscal year. Receivable balances at fiscal year-end represent an excess of modified accrual basis expenditures over cash reimbursements received to date. Conversely, deferred revenue balances represent an overdraw of cash (advances) in excess of modified accrual basis expenditures. Generally, receivable or deferred balances caused by differences in the timing of cash reimbursements and expenditures will be reversed or returned to the grantor in the remaining grant period. Determining the amount of expenditures reimbursable by the federal government, in some cases, requires management to estimate allowable costs to be charged to the federal government. 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 NMDA 1978, amended effective June 19, 2005. The capitalization threshold of movables chattels and equipment 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 of materially extend assets lives are not capitalized. The AODA does not undertake major capital projects involving interest costs during 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:

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to Financial Statements
June 30, 2019

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

H. Capital Assets (cont'd)

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

I. Accrued Compensated Absences – Annual and Sick Leave

Qualified employees accumulated annual leave as follows:

Years of Service	Hours Earned Per Month	Days Earned Per Month	Days of Maximum Accrual
1-3	6.67	.83	30
4-6	8.00	1.00	30
7-10	9.99	1.25	30
11-14	12.00	1.50	30
15 th /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, 2019, over 600 hours up to 120 hours per employee. Expenditures for accumulated sick pay for hours under 600 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 GASB 16, accrued compensated absences consist of accumulated annual leave, sick leave between 600 and 720, and compensatory leave for employees, including the related employers' matching FICA and Medicare payroll taxes.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to Financial Statements
June 30, 2019

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

J. Net Position/Fund Equity/Fund Balances

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

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

Restricted Assets - are liquid assets (generated from revenues and not bond proceeds appropriations), which have a 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. GASB 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 now divided into five classifications based on the extent to which government is bound to honor constraints on specific purposes for which amounts in that fund can be spent.

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

These spendable fund categories can be depicted as follows:

Restricted are amount that are so due to enabling legislation, constitutional provisions, externally imposed by grants, contributors, laws or regulation 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 much be narrower than the general fund, assigned fund balance represents the residual amount in the fund balance.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to Financial Statements
June 30, 2019

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

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

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 America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

L. Reversions to State General Fund

Any unexpended State General Fund appropriation balances remaining in SHARE fund 16800 are generally reverted to the State General Fund. The General Appropriations Act, Chapter 73, Laws 2018, Section 3, Paragraph E, unexpended balances in agency accounts remaining at the end of fiscal year 2019 shall revert to the State General Fund by October 1, 2019, unless otherwise indicated in the General Appropriation Act of 2018 or otherwise provided by law. There were unexpended balances in the General Fund Account (Fund #16800) of \$22,637, which were reverted to the State General Fund. In addition, unexpended balances of special appropriations are reverted when required by law.

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

Section 8-6-3, NMSA 1978, requires that, for cash management and investment purposes, the funds of various state agencies be maintained by the New Mexico State Treasurer's Office. Accordingly, the funds of the AODA consists of Interest in the State General Fund Investment Pool (the pool) managed by the New Mexico State Treasurer's Office. Claims on the Pool are reported as assets by the various agencies inventing the Pool. As of June 30, 2019, resources held in the Pool were equivalent to the corresponding business unit claims on those resources. All claims are recorded in SHARE shall be honored at face value. For additional disclosure information regarding the investment in the State Treasurer's SGFIP, the reader should see the separate audit report for the State Treasurer's Office for the fiscal year ended June 30, 2018, review the State Treasurer's Investment Policy at:

<http://www.stonm.org/investments/investmentpolicy>, and review sections 2.60.4.1 through 20.60.4.15 of the New Mexico Administrative Code, regarding Investment of Deposits of Public Funds Depository Bank Requirements, Collateral Level Requirements, and Custodial Bank Requirements. The AODA Interest in the State Treasurer's General Fund Investment Pool at June 30, 2019 consists of the following:

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to Financial Statements
June 30, 2019**

3. Cash (Interest in the State Treasurer General Fund Investment Pool) (cont'd)

Account Name	Fund Type	Agency Number	SHARE		Type of Account	Interest Bearing	Depository Balance at 06/30/2019	Reconciled Balance at 6/30/2019
			Fund Number					
AODA	General	26400	16800		SGFIP	No	\$ 665,559	\$ 642,922
SWBPI	Special Revenue	26400	91680		SGFIP	No	75,419	75,419
VAWA	Special Revenue	26400	89200		SGFIP	No	(125,000)	(125,000)
DA Fund	Special Revenue	26400	11180		SGFIP	No	<u>281,465</u>	<u>281,465</u>
							<u>\$ 897,443</u>	<u>\$ 874,806</u>

The AODA has cash reconciliation policies and procedures in place, which are performed on a monthly basis to ensure that agency's cash balances in SHARE are correct to mitigate the risk that the agency's cash balances would be misstated as of June 30, 2019.

4. State General Fund Investment Pool-Reconciliation

Compliant with statute 6-10-3 NMSA 1978, and to optimize state cash management and investment practices, funds of various state agencies are deposited in the State General Fund Investment Pool (SGFIP0. This pool is managed by the New Mexico State Treasurer's Office (STO). Claims on the SGFIP are reported as financial assets by the various agencies investing in the SGFIP.

To the extent possible, the AODA does reconcile all fines, fees and transfers that come into its possession including those receipts that are statutorily mandated to be sent to the state general fund. The cash transactions processed by the AODA flow through the state general fund investment pool. Since SHARE was implemented, the AODA recognized the statewide cash reconciliation issue and in response, developed internal reconciliation procedures to ensure that cash receipts and disbursements recorded in the SHARE system are in fact transactions that have been initiated by the AODA. The reconciliation occurs each month and any required adjustments are forwarded to the Financial Control Division of the DFA for correction. Monthly reconciliation procedures throughout the Fiscal Year, include, but are not limited to validation of: allotments, deposits, expenditures, all general entries, operating transfers, payroll expenditures/payroll liabilities by fund, and review of outstanding warrants within the court's statewide case management system. This monthly internal reconciliation of cash receipts and disbursements flowing through the AODA's share of the state general fund investment pool provides management assurance that the balance reflected in the State General Fund Investment Pool account is accurate as of the end of the reporting period. In addition, the AODA reconciles other asset and liability accounts on the Balance Sheet of each fund type. This process also provides additional assurance that transactions affecting the court's share in the State General Fund Investment Pool account are accurate.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to Financial Statements
June 30, 2019

5. Due to State General Fund (Reversions)

The following is a summary of the determination of the amount reverted to the State General Fund at June 30, 2019: General Fund 16800

Interest in the State General Fund Investment Pool balance, June 30, 2019	\$ 642,922
Less: Accounts Payable, June 30, 2019	(83,625)
Payroll benefits payable, June 30, 2019	(16,718)
Payroll Taxes payable, June 30, 2019	(8,266)
Accrued payroll payable, June 30, 2019	(24,313)
Balance of FY 2019-2020 multi-year appropriation	<u>(510,000)</u>
Due to the State General Fund, June 30, 2019	<u>\$ -</u>

The Sources of the reversion amounts by budget fiscal years and appropriation:

FY 2019 unexpended State General Fund appropriation reverted	\$ <u>22,637</u>
--	------------------

6. Capital Assets

The capital assets activity for the governmental activities for the year ended June 30, 2019, is as follows:

	Adjusted Balance 06/30/2018	Additions	(Deletions)	Balance 06/30/2019
Capital assets -				
Furniture and equipment	\$ 33,221	\$ -	\$ -	\$ 33,221
Data processing equipment	543,179	45,022	-	588,201
Vehicles	448,552	74,129	(133,888)	388,793
Software	<u>31,777</u>	<u>11,829</u>	<u>-</u>	<u>43,606</u>
Capital assets	<u>1,056,729</u>	<u>130,980</u>	<u>(133,888)</u>	<u>1,053,821</u>
Accumulated depreciation -				
Furniture and equipment	(33,221)	-	-	(33,221)
Data processing equipment	(515,967)	(13,403)	-	(529,370)
Vehicles	(227,590)	(51,042)	133,888	(144,744)
Software	<u>(22,376)</u>	<u>(5,609)</u>	<u>-</u>	<u>(27,985)</u>
Accumulated depreciation	<u>(799,154)</u>	<u>(70,054)</u>	<u>133,888</u>	<u>(735,320)</u>
Net investment in capital assets	<u>\$ 257,575</u>	<u>\$ 60,926</u>	<u>\$ -</u>	<u>\$ 318,501</u>

The AODA does not have any debt related to capital assets. Depreciation expense for the year was \$70,054 and is considered a general government expense.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to Financial Statements
June 30, 2019**

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

A summary of changes in the current portion of compensation absences payable follows:

	<u>Balance</u> <u>06/30/2018</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Balance</u> <u>06/30/2019</u>
Compensated absences-current	\$ 62,543	\$ 49,688	\$ (45,462)	\$ 66,769
Compensated absences-long-term	25,838	22,057	(14,721)	33,174
Total compensated absences payable	<u>\$ 88,381</u>	<u>\$ 71,745</u>	<u>\$ (60,183)</u>	<u>\$ 99,943</u>

Compensated absences payable is paid from the general fund (SHARE Fund 16800)

8. Operating Leases

The AODA leases contain office space and equipment under lease agreements with terms ranging from four year to five years with options to renew for additional two to three-year terms. Expenditures for operating leases and other rentals for the year ended June 30, 2019, were \$159,482. 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>
2020	\$ 125,797
2021	103,076
2022	104,393
2023	15,864
2024	-
Thereafter	-
Total	<u>\$ 349,130</u>

9. Fund balances (Deficits)

As described in the Summary of Significant Accounting Policies, governmental fund balances are now divided into five classification 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 "assigned" fund balance for the District Attorney Fund represents the amount of \$268,654 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 \$75,419 is also available for budgeting future operations for administrative purposes. The "assigned" fund balance for the general fund of \$510,000 is available for the purposes of the appropriation through FY 2020.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to Financial Statements
June 30, 2019

10. Pension Plan – Public Employee Retirement Association

The State of New Mexico follows the requirements of Governmental Accounting Standards Board Statement 68, *Accounting and Financial Reporting for Pensions*.

The Administrative Office of the District Attorneys, as part of the primary government of the State of New Mexico, is a contributing employer to 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, NM 87501.

11. Post Employee Benefits – State Retiree Health Care Plan

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

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

Information concerning the net liability, benefit expense, and benefit related deferred inflows and deferred outflows of resources of the primary government will be contained in the CAFR for the year ended June 30, 2019 and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

Contributions. Employer and employee contributions to the Retiree Health Care Fund (Fund) total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee's salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to Financial Statements
June 30, 2019**

11. Post Employee Benefits – State Retiree Health Care Plan (cont'd)

employee contributions are non-refundable under any circumstance, including termination of the employer's participation in the Fund.

Contributions to the Fund by the AODA were \$18,588 for the year ended June 30, 2019.

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. Elected or appointed officials and employees of the state are covered by blanket fidelity bond with a \$5,000 deductible per occurrence by the State of New Mexico for the period July 1, 2018 through June 30, 2019.

13. Transfers To/From Other State Agencies

From Agency/Fund	To Agency/Fund	Amount	Purpose
34100/85300	26400/16800	\$ 2,771,200	State General Fund Appropriation
34100/62000	26400/16800	\$ 64,300	Special Appropriation - compensation
34103/20650	26400/89200	\$ 125,000	Other financing sources-Severance Tax Bond proceeds
26400/16800	34101/85300	\$ (22,637)	Reversion to State General Fund

14. Subsequent Pronouncements

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

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

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

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to Financial Statements
June 30, 2019**

14. Subsequent Pronouncements (cont'd)

In April 2018, GASB Statement No.88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The AODA is still evaluating how this pronouncement will affect the financial statements.

15. Specific and Supplemental Appropriations

During the year, the Court received capital outlay, special, supplemental and deficiency appropriations as described below:

<u>Special Appropriation</u>	<u>Amount Appropriated</u>	<u>Appropriation Period Ends</u>	<u>Amount Received to Date</u>	<u>Expenditures to Date</u>	<u>Unencumbered Balance</u>
Laws of 2019, Chapter 271, Section 7, Item 3 Information technology hardware and software	\$ 300,000	6/30/2021 \$ reverting	-	-	\$ 300,000
Laws of 2019, Chapter 271, Section 5, Item 24 For workload assessment and information technology assessment	\$ 200,000	6/30/2020 \$ reverting	-	-	\$ 200,000
Laws of 2019, Chapter 279, Section 4, Item A (1) \$ To cover backlog and conflict cases	25,000	6/30/2020 \$ reverting	25,000 \$	-	\$ 25,000
Laws of 2019, Chapter 279, Section 4, Item A (2) \$ To upgrade statewide case management system and replace prosecution diversion fees	485,000	6/30/2020 \$ reverting	485,000 \$	-	\$ 485,000
Capital appropriation: Laws of 2018, Chapter 89, Section 4 Information technology hardware and software	\$ 125,000	6/30/2020 \$ reverting	-	125,000 \$	-

16. Due from Other State Agencies

At June 30, 2019, the AODA was owing \$125,000 from the State General Fund for capital outlay appropriations from Laws of 2018, Chapter 89, Section 4 in the Capital Outlay Special Revenue Fund 89200.

17. GASB 77 Disclosures

The AODA has no tax abatement agreements as of June 30, 2019, and therefore no disclosures under GASB 77 are required.

18. Subsequent Events

The AODA has evaluated subsequent events through October 26, 2019, which is the date the financial statements were available to be issued and concluded that no additional disclosures are required.

SUPPLEMENTAL SECTION

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Non-Major Governmental Funds
Capital Outlay Special Revenue Fund (Fund 89200)
Schedule of Revenues and Expenditures
Budget and Actual (Budget Basis)
Year Ended June 30, 2019

	<u>Original Approved Budget</u>	<u>Final Approved Budget</u>	<u>Actual Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Capital Outlay	\$ 125,000	\$ 125,000	\$ -	\$ (125,000)
Total revenues	125,000	125,000	<u>\$ -</u>	<u>\$ (125,000)</u>
Cash balance re-budgeted	-	-		
Total budgeted revenues	<u>\$ 125,000</u>	<u>\$ 125,000</u>		
Expenditures:				
Current:				
General government:				
Personal services and employee benefits	\$ -	\$ -	\$ -	\$ -
Contractual services			-	-
Other	125,000	125,000	125,000	-
Total expenditures	<u>\$ 125,000</u>	<u>\$ 125,000</u>	<u>\$ 125,000</u>	<u>\$ -</u>
Reconciliation of GAAP basis to budget basis:				
GAAP basis:		<u>\$ 125,000</u>	<u>\$ 125,000</u>	
Adjustments:				
Due from other state agencies		<u>(125,000)</u>	-	
Budget basis		<u>\$ -</u>	<u>\$ 125,000</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 2020 budget.

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

OTHER REPORTS

Robert J. Rivera, CPA, PC

Certified Public Accountants

6 Calle Medico, Suite 4

Santa Fe, New Mexico 87505-4761

(505) 983-6002

Fax (505) 983-6474

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

INDEPENDENT AUDITOR'S REPORT

Henry R. Valdez, Director
Administrative Office of the District Attorneys
and
Honorable Brian S. Colón, Esq.
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, and the budgetary comparisons of the general fund and major special revenue funds of the State of New Mexico - Administrative Office of the District Attorney (AODA), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the State of New Mexico - Office of the Administrative Office of the District Attorney basic financial statements and have issued our report thereon dated October 30, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the AODA 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 internal control. Accordingly, we do not express an opinion on the effectiveness of the AODA internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 is important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the AODA 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 internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Robert J. Rivera, CPA, PC
Santa Fe, New Mexico
October 30, 2019

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Schedule of Findings and Responses
June 30, 2019**

SUMMARY OF AUDIT RESULTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

I. PRIOR – YEAR AUDIT FINDINGS

a. Repeated in current-year

None

b. Resolved and not included in current-year

None

II. CURRENTY-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 of Preparation and Exit Conference
June 30, 2019**

Financial Statement Preparation

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

Exit Conference

An exit conference was held on October 30, 2019, to discuss the audit. The following individuals were in attendance:

State of New Mexico- Administrative Office of the District Attorney's

Henry R. Valdez, Director
Filemon Gonzales, Chief Financial Officer
Tiffany Gurule, Financial Specialist
Honorable Dianna Luce, President, NM District Attorneys' Association Officers

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

Robert J. Rivera, CPA
William J. Valdes