

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY**

**Financial Statements
June 30, 2009**

(With Independent Auditor's Report Thereon)

INTRODUCTORY SECTION

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
June 30, 2009**

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**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
June 30, 2009**

Official Roster

<u>Name</u>	<u>Title</u>
Angela "Spence" Pacheco	District Attorney
Lucas Gauthier	Chief Financial Officer

FINANCIAL SECTION

ROBERT J. RIVERA, CPA, PC

CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT

Angela "Spence" Pacheco
First Judicial District Attorney
and
Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the accompanying financial statements of the governmental activities, the major fund, the general fund budgetary comparison, and the aggregate remaining fund information of the State of New Mexico, First Judicial District Attorney (District Attorney), as of and for the year ended June 30, 2009, which collectively comprise the District Attorney's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District Attorney's non-major governmental funds presented in the accompanying individual fund financial statements and the budgetary comparison statements presented as supplementary information as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the District Attorney's management. 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1.A., the financial statements of the District Attorney, are intended to present the financial position and changes in financial position of only that portion of the governmental activities, the major fund, and the aggregate remaining fund information of the State of New Mexico that is attributable to the transactions of the District Attorney. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2009, and changes in its financial position and budgetary comparisons, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the District Attorney, as of June 30, 2009, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each of the nonmajor governmental funds of the District Attorney, as of June 30, 2009, and the respective changes in financial position and budgetary comparisons thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with **Government Auditing Standards**, we have also issued our report dated November 23, 2009, on our consideration of the District Attorney's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with **Government Auditing Standards** and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages vii through xii are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District Attorney's basic financial statements and the District Attorney's non-major governmental funds presented in the combining and individual fund statements and the budget comparison statements. The accompanying supplementary information listed as Schedule 1, *Schedule of Changes in Assets and Liabilities-Agency Funds*, in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.



Robert J. Rivera, CPA, PC
Santa Fe, New Mexico
November 23, 2009

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Management's Discussion and Analysis
June 30, 2009**

The First Judicial District Attorney's Office discussion and analysis is designed to provide an overview of the financial activities for the fiscal year ended June 30, 2009.

The Basic Financial Statements

The basic financial statements include Government-wide financial statements and Fund financial statements. This is in compliance with generally accepted accounting principles (GAAP). In addition, it consists of combining financial statements and individual fund budget comparison statements.

The Management's Discussion and Analysis also explains the structure and contents of each of the statements and is included as required supplementary information explaining and supporting the information in the financial statements.

Government-Wide Financial Statements

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

The government-wide financial statements report the Office's net assets and how they have changed.

Fund Financial Statements

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

The First Judicial District Attorney's Office operates on the following governmental-type funding sources:

- State General Fund Appropriation; and
- Federal Awards granted by the Federal Government.

The Office's budget is approved by the state legislature each year.

Fiduciary Fund

The Office also maintains a fiduciary fund for fees that are collected for the Worthless Check and Pre-Prosecution Diversion Programs and are distributed to victims and the Administrative Office of the District Attorneys (AODA). The monies are deposited into a holding account for subsequent transfer to the State Treasurer's Office and then to the AODA. The fees are collected pursuant to State Statute and are deposited as they are received. They are then transferred monthly by cashiers check to the AODA. These funds are fiduciary to the Office and are non-budgetary funds.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Management's Discussion and Analysis
June 30, 2009**

Budget Comparison Statement

The budget comparison statement presents the original and final appropriated budget for the reporting period as well as actual inflows and outflows stated on the budgetary basis. A separate column reports the variance between the final budget and actual amounts.

Government-Wide Financial Statements

Government-wide condensed financial information is displayed in the tables below. Comparative information from the previous fiscal year is included for the reader's information:

**Table 1
First Judicial District Attorney's Net Assets – Governmental Activities**

	<u>FY 2009</u>	<u>FY 2008</u>	<u>Change</u>
<u>Assets</u>			
Investment in the State Treasurer General Fund Investment Pool	\$ 400,943	\$ 445,448	\$ (44,505)
Due from other state agencies	3,742	12,614	(8,872)
Due from Federal Government	60,214	23,636	36,578
Capital assets, net of accumulated depreciation	<u>136,336</u>	<u>134,001</u>	<u>2,335</u>
Total assets	<u>601,235</u>	<u>615,699</u>	<u>(14,464)</u>
<u>Liabilities</u>			
Accounts payable and other liabilities	369,428	386,226	(16,798)
Compensated absences payable - current	116,567	135,631	(19,064)
Compensated absences payable - long-term	<u>26,468</u>	<u>35,673</u>	<u>(9,205)</u>
Total liabilities	<u>512,463</u>	<u>557,530</u>	<u>(45,067)</u>
<u>Net Assets</u>			
Investment in capital assets	136,336	134,001	2,335
Restricted	95,471	95,471	-
Net assets, unrestricted	<u>(143,035)</u>	<u>(171,304)</u>	<u>28,269</u>
Total net assets	<u>\$ 88,772</u>	<u>\$ 58,168</u>	<u>\$ 30,604</u>

There is \$95,471 of net assets that is subject to external restrictions on how they may be used. (Reserved for subsequent year's expenditures.) The remaining portion of the net assets (\$143,035) that does not represent the investment in capital assets \$136,336 is at a deficit, which is the direct result of the compensated absences payable.

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FIRST JUDICIAL DISTRICT ATTORNEY
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The main factors that caused net assets to increase by \$30,631 was an increase in capital asset additions \$47,949 which was more than depreciation expense (\$45,615); and a decrease in compensated absences payable from (\$171,304) to (\$143,035).

First Judicial District Attorney Changes in Net Assets – Governmental Activities

This table shows the components that increased in the aggregate, the District Attorney's net assets by (\$30,604), primarily from the decrease in compensated absences from (\$171,304) to (\$143,035), an increase in capital assets \$47,949 which was more than the depreciation expense (\$45,615).

**Table 2
First Judicial District Attorney Changes in Net Assets – Governmental Activities**

	<u>FY 2009</u>	<u>FY 2008</u>	<u>Change</u>
Revenues and Transfers:			
General Fund appropriation	\$ 4,947,700	\$ 4,323,299	\$ 624,401
Federal revenues	109,415	108,890	525
Other revenues	-	-	-
Other financing sources	96,700	291,864	(195,164)
Other reversions to State General Fund	(49,885)	-	(49,885)
Loss on disposition of capital assets	-	(261)	261
	<u>5,103,930</u>	<u>4,723,792</u>	<u>380,138</u>
Expenses:			
Personal services & employee benefits	4,588,015	4,249,612	338,403
Contractual services	25,210	19,775	5,435
Other costs	414,486	409,645	4,841
Depreciation	45,615	58,821	(13,206)
	<u>5,073,326</u>	<u>4,737,853</u>	<u>335,473</u>
Total revenues and transfers	<u>5,103,930</u>	<u>4,723,792</u>	<u>380,138</u>
Total expenses	<u>5,073,326</u>	<u>4,737,853</u>	<u>335,473</u>
Change in net assets	<u>30,604</u>	<u>(14,061)</u>	<u>44,665</u>
Net assets, beginning, as reported	58,168	(24,749)	82,917
Restatements:			
Prior-period adjustments	-	96,979	(96,979)
Net assets, beginning, as restated	<u>58,168</u>	<u>72,230</u>	<u>(14,062)</u>
Net assets, ending	<u>\$ 88,772</u>	<u>\$ 58,169</u>	<u>\$ 30,603</u>

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Management's Discussion and Analysis
June 30, 2009**

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, providing useful information on near-term inflows, outflows, and balances of available resources (modified accrual basis.) Unreserved fund balance serves as a measure of net resources available for future appropriation. Because unexpended balances in SHARE fund 15500 (General Operating Fund) generally must revert to the State General fund, the unreserved fund balance should always be zero, except for that portion which is reserved for subsequent year expenditures \$(95,471). At June 30, 2009, the General fund had an unreserved fund balance of \$-0- .

Governmental funds revenue increased by \$380,138 or 0.08%. This minor increase was from General Fund appropriations which increased by \$624,401. However, compensation appropriations were reduced by (\$195,164). Governmental expenditures increased by \$363,743 or .08%.

The composition of the fund balance reservations at the end of the current fiscal year appears below:

First Judicial District Attorney's Fund Balances

	<u>FY 2009</u>	<u>FY 2008</u>	<u>Change</u>
Fund Balance:			
Reserved for subsequent year expenditures	\$ 95,471	\$ 95,471	-
Unreserved, undesignated	-	-	-
Total fund balance	<u>\$ 95,471</u>	<u>\$ 95,471</u>	<u>-</u>

General Fund Budgetary Highlights

The State of New Mexico Legislature makes annual appropriations to the First Judicial District Attorney's Office. Amendments to the budget require approval by the State Budget Division of the Department of Finance and Administration. Over the course of fiscal year 2009, the First Judicial District Attorney's Office budget was reduced by 1.9%.

Capital Assets

The District's investment in capital assets, net of accumulated depreciation is \$136,336. There is no debt related to these capital assets. Significant additions to fixed assets consisting of furniture and computer network servers totaled \$47,949 for the year. The District deleted capital assets totaling \$22,545 and related accumulated depreciation of \$24,545. Depreciation expense for the year totaled \$45,615. The investment in capital assets, net of accumulated depreciation changed from \$134,002 to \$136,336 for a net decrease of \$2,334.

Long-Term Debt

The First Judicial District Attorney's Office had long-term debt at June 30, 2009, for compensated absences amounting to \$143,035, and \$171,304 at June 30, 2008. This was a decrease of \$28,269 from the prior year.

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FIRST JUDICIAL DISTRICT ATTORNEY
Management's Discussion and Analysis
June 30, 2009**

Governmental Accounting and Auditing Environment and Next Year's Budget

Due to implementation of the Accountability in Government Act (AGA), Chapter 15, Laws of 1999, six performance measures were incorporated into the appropriation for the First Judicial District Attorney's Office. They are:

Performance Measures		
<u>Type</u>	<u>Measure</u>	<u>FY 2010 Target</u>
Outcome	Percent of cases dismissed under the 6-month rule	<1%
Output	Number of cases dismissed under the 6-month rule	<25
Efficiency	Average time from filing of petition to final disposition, in months	2
Efficiency	Average attorney caseload	110
Output	Number of cases prosecuted	2,500
Output	Number of cases referred for screening	3,000

The First Judicial District Attorney's Office has had many changes in fiscal year 2009. On January 1, 2009 the First Judicial District Attorney's Office had a change in administration. Under the new administration the office has employed an attorney with the sole purpose of prosecuting "Public Integrity" cases, a position that is unique from all other District offices. The new administration has placed great emphasis on outreach and visibility for issues that involve "public Integrity" and the misuse of public monies, vowing to hold violators accountable for their actions.

The new administration has also placed great emphasis and energy with establishing working relationships with the courts and law enforcement. The First Judicial District Attorney has also identified and has increased its presence in Los Alamos County, by creating rapport and re-establishing an office in that county. The new administration has also directed its focus to office processes by utilizing the office's Case Management System, closing out old cases, and updating active cases, this provided for accurate reporting of data. In 2009 the First Judicial District Attorney's Office processed over 6700 cases.

Major issues that have affected the First Judicial District Attorney's Office in Fiscal Year 2009;

- in March of 2009 the First Judicial District Attorney's budget was decreased by 1.9%, forcing the office to maintain vacancies, this has increased attorney caseloads and has hampered our ability to efficiently prosecute criminal offenses, often prosecution of non-violent offenses has suffered.

**STATE OF NEW MEXICO
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Management's Discussion and Analysis
June 30, 2009**

-an economic downturn has lead to increased criminal activity, including burglaries, domestic violence, and DWI. This has also lead to an increase in reoffending, increased probation violations and has also increased the case load of victim/witness advocates.

-Upon taking office in January of 2009, the new administration was made aware that the office's Case Management System was not being effectively utilized. The new administration immediately addressed the system's usage, by training staff and had staff work to correct erroneous data in order to be able to provide accurate reporting data.

The First Judicial District Attorney's Office has submitted a fiscal year 2011 appropriation request which contains no expansion items. The overall request is flat to fiscal year 2010 operating budget.

Requests for Information

This financial report is designed to provide a general overview of the First Judicial District Attorney's Office. If you have questions regarding this report or need additional information, please contact:

Lucas Gauthier
Chief Financial Officer
First Judicial District Attorney's Office
327 Sandoval Street
Santa Fe, New Mexico 87504

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Statement of Net Assets
June 30, 2009

	Governmental Activities
<u>Assets</u>	
Investment in the State Treasurer General Fund Investment Pool	\$ 400,943
Due from other state agencies	3,742
Due from federal government	60,214
	464,899
Total current assets	464,899
Capital assets	532,129
Less accumulated depreciation	(395,793)
	136,336
Total capital assets, net of depreciation	136,336
Total assets	601,235
<u>Liabilities and Net Assets</u>	
Liabilities:	
Accounts payable	100,109
Accrued salaries payable	106,847
Payroll taxes payable	41,551
Payroll benefits payable	67,687
Due to State General Fund	49,885
Due to other state agencies	3,349
Compensated absences payable:	
Due within one year	116,567
Due after one year	26,468
	512,463
Total liabilities	512,463
Net Assets:	
Investment in capital assets	136,336
Restricted	95,471
Unrestricted (deficit)	(143,035)
	88,772
Total net assets	\$ 88,772

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

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Statement of Activities
For the Year Ended June 30, 2009**

	<u>Governmental Activities</u>
Expenses:	
Judicial:	
Personal services and employee benefits	\$ 4,588,015
Contractual services	25,210
Other costs	414,486
Depreciation expense	<u>45,615</u>
Total expenses	5,073,326
Program revenues:	
Federal operating grants	<u>109,415</u>
Net program expense	<u>(4,963,911)</u>
Transfers:	
State General Fund appropriations (net of reversion of \$49,885)	4,897,815
Other appropriations - transfers in	<u>96,700</u>
Total transfers	<u>4,994,515</u>
Change in net assets	30,604
Net assets, beginning	<u>58,168</u>
Net assets, ending	<u>\$ 88,772</u>

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

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Balance Sheet
Governmental Funds
June 30, 2009

	<u>Major</u> <u>Fund 15500</u>	<u>Non-Major</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
	<u>General</u> <u>Fund</u>	<u>Other</u> <u>Funds</u>	
<u>Assets</u>			
Investment in the State Treasurer			
General Fund Investment Pool	\$ 399,997	\$ 3,349	\$ 403,346
Due from other state agencies	369	2,403	2,772
Due from federal government	60,214	-	60,214
Other receivables	970	-	970
	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ 461,550	\$ 5,752	\$ 467,302
	<u> </u>	<u> </u>	<u> </u>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Investment in the State Treasurer			
General Fund Investment Pool-deficit	\$ -	\$ 2,403	\$ 2,403
Accounts payable	100,109	-	100,109
Accrued salaries payable	106,847	-	106,847
Payroll taxes payable	41,551	-	41,551
Payroll benefits payable	67,687	-	67,687
Due to State General Fund	49,885	-	49,885
Due to other state agencies	-	3,349	3,349
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	366,079	5,752	371,831
	<u> </u>	<u> </u>	<u> </u>
Fund Balance:			
Reserved for:			
Subsequent year expenditures	95,471	-	95,471
Unreserved	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balance	95,471	-	95,471
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balance	\$ 461,550	\$ 5,752	\$ 467,302
	<u> </u>	<u> </u>	<u> </u>

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

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
June 30, 2009

Total fund balance for the governmental fund (balance sheet) - (Exhibit C)	\$ 95,471
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources, and, therefore, are not reported in the funds.	136,336
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(143,035)</u>
Net assets of governmental activities (statement of net assets) - (Exhibit A)	\$ <u><u>88,772</u></u>

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

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	Major Fund 15500 General Fund	Non-Major Other Funds	Total Governmental Funds
Revenues:			
Federal grants	\$ 109,415	\$ -	\$ 109,415
Total revenues	109,415	-	109,415
Expenditures:			
Judicial:			
Current:			
Personal services and employee benefits	4,616,284	-	4,616,284
Contractual services	25,210	-	25,210
Other costs	414,487	-	414,487
Capital outlay	47,949	-	47,949
Total expenditures	5,103,930	-	5,103,930
Excess (deficiency) of revenues over expenditures	(4,994,515)	-	(4,994,515)
Other financing sources (uses):			
State General Fund appropriations	4,947,700	-	4,947,700
Other appropriations	96,700	-	96,700
Reversion to State General Fund	(49,885)	-	(49,885)
Total other financing sources (uses)	4,994,515	-	4,994,515
Net change in fund balance	-	-	-
Fund balance, beginning of year	95,471	-	95,471
Fund balance, end of year	\$ 95,471	\$ -	\$ 95,471

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

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances to the Statement of Activities
Governmental Funds
For the Year Ended June 30, 2009

Net change in fund balance - Governmental Funds

(Statement of Revenues, Expenditures and Changes in Fund Balance)- (Exhibit E)	\$	-
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital outlay	\$	47,949	
Depreciation expense		<u>(45,615)</u>	
Excess of capital outlay expense over depreciation			2,334
Net change in long-term and current portions of compensated absences			28,269
Rounding			<u>1</u>
Change in net assets of governmental activities (Statement of Activities)- (Exhibit B)	\$		<u>30,604</u>

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

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Statement of Revenues and Expenditures
Budget and Actual (Budgetary Basis)
Major Governmental Funds
General Fund (Fund 15500)
For the Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State General Fund				
appropriations	\$ 5,045,900	\$ 4,947,700	\$ 4,947,700	\$ -
Federal sources	134,800	96,594	109,415	12,821
Other financing sources	<u>96,700</u>	<u>96,700</u>	<u>96,700</u>	<u>-</u>
 Total revenues	 5,277,400	 5,140,994	 <u>\$ 5,153,815</u>	 <u>\$ 12,821</u>
 Cash balance appropriated	 <u>-</u>	 <u>-</u>		
 Total budgeted resources	 <u>\$ 5,277,400</u>	 <u>\$ 5,140,994</u>		
Expenditures:				
Judicial:				
Current:				
Personal services and employee benefits	\$ 4,747,700	\$ 4,631,294	\$ 4,616,284	\$ 15,010
Contractual services	32,400	25,800	25,210	590
Other costs	<u>497,300</u>	<u>483,900</u>	<u>462,436</u>	<u>21,464</u>
 Total expenditures	 <u>\$ 5,277,400</u>	 <u>\$ 5,140,994</u>	 <u>\$ 5,103,930</u>	 <u>\$ 37,064</u>
 Reconciliation of GAAP basis to budget basis expenditures:				
GAAP basis expenditures			\$ 5,103,930	
Adjustments- none			<u>-</u>	
 Budget basis expenditures			 <u>\$ 5,103,930</u>	

Note:

The actual expenditures on the budgetary basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2010 budget.

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

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2009**

Assets

Cash - In banks (note 2)	\$ <u>1,940</u>
Total assets	\$ <u><u>1,940</u></u>

Liabilities

Due to other state agencies	\$ 1,680
Deposits held for others	<u>260</u>
Total liabilities	\$ <u><u>1,940</u></u>

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

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2009**

1. Summary of Significant Accounting Policies

The financial statements of the First Judicial District Attorney (District Attorney) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. They are applied to the government-wide financial statements. The more significant of the District Attorney's accounting policies are described below:

A. Reporting Entity and Component Units

The Office of the District Attorney is an elective office established by the Constitution of the State of New Mexico, Article VI, Section 24. The District Attorney is elected to a four-year term. Functions of the District Attorney are defined in Section 36-1-1 through 36-1-26, NMSA, 1978 as amended.

It is the duty of the District Attorney to prosecute and defend the state, in all courts of record, in all cases criminal and civil, in which the state or any county in the district may be a party. The District Attorney must represent any county in the district, at the request of the Board of County Commissioners. The District Attorney may also appear before the Board, without being requested to do so, when the Board is sitting as a Board of Equalization. The District Attorney must advise all county and state officers, whenever requested. The District Attorney is required to represent any county in the district before the Supreme Court or the Court of Appeals in all civil cases in which the county may be concerned, but not in suits brought in the name of the state.

Section 36-1A-1 through 36-1A-15, cited the "District Attorney Personnel and Compensation Act", established for all district attorneys, a uniform, equitable and binding system of personnel administration.

Each district attorney shall establish a pre-prosecution diversion program in his judicial district in accordance with the provisions of the Pre-prosecution Diversion Act (31-16A-1 to 31-16A-8) 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. On July 1, 1993, as a result of a grant from the New Mexico Department of Public Safety, the District Attorney implemented the Pre-prosecution Domestic Violence Diversion Program (DVDP).

The District Attorney is also authorized to assess processing fees against any person who is convicted of violating Section 30-36-4, NMSA, 1978 of the Worthless Check Act (Section 30-36-1 through 30-36-10).

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2009**

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

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

The District Attorney is legally separate and fiscally independent of other state agencies, has decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. The District Attorney does not have any component units.

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

B. Government-Wide and Fund Financial Statements

The **government-wide financial statements**, the statement of net assets and the statement of activities, report information on all of the non-fiduciary activities of the District Attorney. The District Attorney has one fiduciary activity. When applicable, the effect of interfund activity between two *SHARE* funds is removed from the statement of net assets in order to avoid a grossing up effect on assets and liabilities within the statement. The District Attorney does not have any business-type activities; therefore, only governmental activities are shown. Governmental activities are normally supported by taxes and intergovernmental revenues.

The **governmental fund financial statements**, the balance sheet and the statement of revenues, expenditures and changes in fund balances, are presented to report additional and detailed information about the District Attorney.

Emphasis is on the major funds of the governmental category. Non-major funds are summarized into a single column as "other funds." The District Attorney has one major fund, its general fund.

The governmental funds in the fund financial statements are presented on a current financial resource measurement focus and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed more appropriate to demonstrate legal and covenant compliance, to demonstrate the source and use of liquid resources and to demonstrate how the District Attorney's actual experience conforms with the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements 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 District Attorney's fiduciary fund is presented in the fund financial statement. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated in the government-wide statements.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2009**

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

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

The financial transactions of the District Attorney 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, individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The new model sets forth the minimum criteria (percentage of the assets liabilities, revenues or expenditures of either fund category of the governmental and enterprise combines) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

The following fund types are used by the District Attorney.

GOVERNMENTAL FUND TYPES

All governmental fund types are accounted for on a spending or financial flow measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of available spendable resources. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period. Due to their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent 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 - The General Fund is the general operating fund of the District Attorney. It is used to account for all financial resources except those required to be accounted for in another fund.

SHARE Fund

15500

General Operating - The operating account for the District Attorney. This is a reverting fund. Fund balances reflected as reserved for subsequent year expenditures are appropriated for use into subsequent fiscal years, per language appropriating the funds.

Special Revenue Funds - The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2009**

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

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

SHARE Fund

25800 ***CVRC-STOP VAWA Grant Fund*** - used to account for Victims of Crime Act (VOCA) Victims Assistance Grant Program Funds, U. S. Department of Justice, passed through the State of New Mexico, Crime Victims Reparation Commission. These funds do not revert to the State General Fund.

VOCA, this award is authorized by the Crime Victims Reparation Commission (CVRC) as authorized by the Victims of Crime Act of 1984.

25900 ***Federal Grants-DOJ Rural Fund*** - used to account for Drug Control and Systems Improvement grant funds, U. S. Department of Justice, passed through the State of New Mexico, Department of Public Safety (DPS). These funds do not revert to the State General Fund.

72200 ***Bureau of Justice Assistance Grant Fund*** - used to account for the Region III Narcotics Task Force grant for the prosecution of drug cases. These funds do not revert to the State General Fund.

FIDUCIARY FUND TYPES

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

Agency Fund - Agency funds are used to account for assets held as an agent for other governmental units, individuals and other funds. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The agency fund is used to account for activities in which the First Judicial District Attorney is acting in an agency capacity for the Administrative Office of the District Attorneys, District Attorney Fund. Cost reimbursements for processing fees are received from clients/offenders as authorized in the Pre-prosecution Diversion Act (31-16A-1 through 31-16A-8 NMSA, 1978) and the Worthless Check Act (Section 30-36-1 through 30-36-10 NMSA, 1978). All amounts collected are payable to the Administrative Office of the District Attorneys.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting is related to the timing of the measurements made, regardless of the measurement focus applied.

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. Interfund activity (between or within funds) due to/due from other funds are eliminated in the government-wide financial

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2009

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

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

statements. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, which was adopted by the District Attorney as of July 1, 2000. Program revenues consist of federal operating grants. The revenue recognition policy for operating grants is when the eligibility requirements have been met, and costs have been incurred. Capital assets are reported at historical cost and depreciated over their estimated useful lives. Depreciation expense is reported in the statement of activities.

The government-wide Statement of Activities demonstrates the direct expenses of the single function (Judicial) of the District Attorney which is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. The District Attorney has no indirect expenses and, therefore, indirect expenses are not required to be allocated to functions in the Statement of Activities. Program revenues include federal and state operating grants provided by a particular function or program. Other revenues not identifiable with a particular function or program are included as general revenue. The general revenues support the net costs of the function or program not covered by program revenues.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Only current assets and current liabilities are included on the balance sheet. The reported fund balance 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 fund balance. 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. Revenues are available if collectible within the current period or soon enough afterwards to pay liabilities of the current period. The District Attorney considers revenues to be available if collected within sixty days of the end of the fiscal year. Expenditures are recorded when a liability is incurred, as under accrual accounting. The District Attorney does not have any debt service expenditures. The current portion of the compensated absences liability is not included in the fund financial statements because the State of New Mexico does not budget for any compensated absences in the current year and because a material amount was not paid out during the first three months of the following fiscal year.

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2009

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

D. Receivables and Payables

When applicable, amounts "due to/from other state agencies" shown in the financial statements reflect outstanding balances of the receivables and payables between the District Attorney and other departments of the State of New Mexico. Amounts shown as "due to the state general fund" reflect current year reversions for unexpended appropriations and stale dated warrant amounts for the current fiscal year. The reverting appropriations may be from prior fiscal years appropriations due to the fact that the corresponding encumbrances were disencumbered during the current fiscal year.

E. Capital Assets

Capital assets of the District Attorney include data processing equipment, furniture and fixtures, equipment and automobiles. The District Attorney does not have any infrastructure. Capital assets are defined in Section 12-6-10 NMSA 1978. Section 12-6-10 NMSA 1978, was amended effective June 19, 2005, changing the capitalization threshold of movable chattels and equipment from items costing more than \$1,000 to items costing more than \$5,000. The District Attorney has adopted this change in an accounting estimate, per Accounting Principles Board (APB) 20. Old inventory items that do not meet the new capitalization threshold will remain on the inventory list and continue to be depreciated. Any items received after July 1, 2005, will be added to the inventory only if they meet the new capitalization policy. 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.I.9 C (5) The cost of maintenance and repairs that do not add to the asset value or materially extend assets lives are not capitalized. The District Attorney does not undertake major capital projects involving interest costs during the construction phase. There is no debt related to the capital assets. Capital assets of the District Attorney are depreciated using zero salvage value and the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Furniture and fixtures	10
Data processing equipment	5
Equipment	6
Automobiles	5
Software	3

F. Budgets and Budgetary Accounting

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

1. No later than September 1st, the District Attorney prepares a budget request by appropriation unit to be presented to the next legislature.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2009**

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

F. Budgets and Budgetary Accounting (Cont'd)

2. The appropriation request is submitted to the Department of Finance and Administration's Budget Division (DFA) and to the Legislative Finance Committee (LFC).
3. DFA makes recommendations and adjustments to the appropriation request which become the Governor's proposal to the Legislature.
4. LFC holds hearings on the appropriation request, also submitting recommendations and adjustments before presentation to the Legislature.
5. Both the DFA and LFC recommended appropriation proposals are presented to the Legislature for approval of the final budget plan.
6. Budgetary control is exercised by the District Attorney at the appropriation unit level. Budget Adjustment Requests (BARs) are approved by the DFA Budget Division.
7. The budget for the General Fund and all special revenue funds are adopted on a modified accrual basis of accounting. Per the General Appropriations Act, Chapter 3, Laws of 2008, Section 3, Paragraph O, the budgetary basis is modified accrual. However, there is statutory exception. The budget is adopted on the modified accrual basis of accounting except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline per Section 6-10-4 NMSA 1978. Those accounts payable require approval to pay prior year bills out of the FY 2009 budget. At June 30, 2009, there were none.
8. The original budgets differs from the final budgets presented in the budget comparison exhibits and statements by amendments made during the fiscal year.
9. General Fund appropriations lapse at the end of the fiscal year in the District Attorney's General Fund except for those amounts related to goods and services received by June 30th.

In accordance with the requirements of Section 2.2.210.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 the General Fund and major special revenue funds have been included as part of the basic financial statements.

G. Accrued Compensated Absences

Annual leave and other compensated absences with similar characteristics are accrued as a liability as benefits are earned by employees if: the employees' right to receive compensation is attributable to services already rendered; and it is probable that the

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2009**

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

G. Accrued Compensated Absences (Cont'd)

employer will compensate employees for benefits through paid time off or some other means, such as cash payments at termination or retirement.

Where applicable, the compensated absence liability is presented in two parts in the government-wide financial statements, a current portion and long-term portion. The current portion is the amount expected to be expended during fiscal year 2010. It is an estimate management determined by applying a percentage to the June 30, 2009 liability. The percentage used was determined by comparing the amount actually paid out during fiscal year 2009 compared to the liability balance at June 30, 2008.

Employees accumulate annual leave at a rate based on appointment date and length of continuous service. A maximum of 240 hours of annual leave may be carried forward after the pay period beginning in December and ending in January. When employees terminate, they are compensated at their current hourly rate for accumulated unpaid annual leave as of the date of termination, up to a maximum of 240 hours.

Employees accumulate sick leave at a rate of 3.69 hours per pay period. There is no limit to the amount of sick leave that an employee may accumulate. State agencies are allowed to pay fifty percent of each employees hourly rate for accumulated sick leave over 600 hours, up to 120 hours. Payment may be made only once per fiscal year at a specified pay period in either January or July. Additionally, upon retirement those employees with over 600 hours accumulated sick leave have the option to convert 400 hours of such leave to cash at one half of their hourly rate.

Fair Labor Standards Act (FLSA) states that nonexempt employees accumulate compensation time at a 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. Exempt employees could not carry forward unused compensation time into January of the 2009 calendar year. Overtime must be preapproved by management. Payment of this liability can be made by compensated leave time or cash payment. At June 30, 2009, there was no compensation time owed to any employees.

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

H. Reversions

Unless otherwise indicated by specific legislation, any unexpended balance remaining in SHARE fund 15500 is reverted to the State General Fund. Accordingly, reversions have been recorded in the current year for State General Fund appropriations.

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2009

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

H. Reversions (Cont'd)

The General Appropriations Act Chapter 3, Laws of 2008, Section 3, Paragraph O, states that “for the purpose of administering the General Appropriations Act of 2008, the State of New Mexico shall follow the modified accrual basis of accounting for governmental funds in accordance with the manual model accounting practices issued by the Department of Finance and Administration.” In accordance with the Department of Finance and Administration’s “Basis of Accounting-Modified Accrual and the Budgetary Basis,” the District Attorney has accrued as accounts payable, amounts owed for goods and services received by June 30, 2009. In addition, any funds appropriated by the legislature for subsequent year use is reflected in the fund balance of the District Attorney’s General Fund as reserved for subsequent year expenditures. The District Attorney had \$95,471 at June 30, 2009, reserved for subsequent year expenditures. Any remaining General Fund - fund balance not reserved is being reverted to the State General Fund. This amounted to \$49,885 at June 30, 2009. All other District Attorney special revenue funds (SHARE fund 25800, SHARE fund 25900, fund SHARE 72200 and SHARE fund 93100) are nonreverting per statutory authority which established these funds.

I. Net Assets/Fund Equity

In the **government-wide financial statements**, net assets consist of three components: invested in capital assets, net of related debt; restricted; and unrestricted. The District Attorney has no debt related to capital assets; therefore, net assets invested in capital assets equal the capital assets, net of related accumulated depreciation. The District Attorney’s financial statements report net assets restricted of \$95,471 because it has resources remaining in the net assets that were received or earned with the explicit understanding between the District Attorney and the resource provider (grantor, contributor, other government, or enabling legislation) that the funds would be used for a specific purpose. This was a deficit of \$143,035 at June 30, 2009. Therefore, all remaining net assets that are not related to capital assets are shown as unrestricted.

In the **fund financial statements**, reservations of fund balance are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated, or (2) identify the portion of the fund balance that is not appropriable for future expenditures. Specific reservations of the fund balance account are summarized below:

Reserved for subsequent year expenditures - fund balance reserved for subsequent year expenditures, \$95,471 in the General Fund is the amount of fund balance available at June 30, 2009 from a state general fund reauthorization which is available for expenditure through fiscal year 2010. These funds were appropriated by Laws 2008, Chapter 3, Section 5 (Special Appropriation). There have been no expenditures against this appropriation.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2009**

2. Investment in the State Treasurer General Fund Investment Pool and Cash on Deposit in Banks

Cash accounts of the District Attorney at June 30, 2009:

Name of Depository	Account Name	Agency Number	SHARE Fund #	Balance per Depository	Out-standing Warrants	Balance per Books
<u>Governmental Funds</u>						
State Treasurer General Fund Investment Pool:						
State Treasurer Investment Pool	First Judicial D.A. General Operating	25100	15500	\$ 399,997	\$ -	\$ 399,997
State Treasurer Investment Pool	First Judicial D.A. CVRC STOP VAWA	25100	25800	705	-	705
State Treasurer Investment Pool	First Judicial D.A. Federal Grants DOJ Rural	25100	25900	(2,403)	-	(2,403)
State Treasurer Investment Pool	First Judicial D. A. BJA Grant	25100	72200	2,644	-	2,644
Total government funds				<u>\$ 400,943</u>	<u>\$ -</u>	<u>\$ 400,943</u>
<u>Agency Funds</u>						
Banks:						
Bank of America (checking)	Agency Fund Worthless Check and Pre-prosecution			\$ 1,940	\$ -	\$ 1,940
Total Agency Funds				<u>\$ 402,883</u>	<u>\$ -</u>	<u>\$ 402,883</u>

All cash, except that on deposit with the Bank of America, is on deposit with the State Treasurer and invested in the State Treasurer General Fund Investment Pool. The cash on deposit with the Bank of America is fully insured by the Federal Deposit Insurance Corporation and pledged collateral is not necessary. The State Treasurer has the power to invest money held in demand deposits and not immediately needed for the operation of state government in securities in accordance with Sections 6-10-10 I through P, NMSA 1978, as amended. The State Treasurer with the advice and consent of the state board of finance can invest money held in demand deposits and investments not immediately needed for the operation of state government in:

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

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2009

2. Investment in the State Treasurer General Fund Investment Pool and Cash on Deposit in Banks (Cont'd)

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

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2009**

2. Investment in the State Treasurer General Fund Investment Pool and Cash on Deposit in Banks (Cont'd)

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

For additional GASB 40 disclosure information regarding cash held by the State Treasurer, the reader should see the separate audit report for the State Treasurer's Office for the fiscal year ended June 30, 2009.

3. Changes in Capital Assets

Summaries of changes in capital assets and related accumulated depreciation follow:

	Balance 06/30/2008	Additions	Deletions	Balance 06/30/2009
Capital Assets - Historical Cost				
Data processing equipment	\$ 147,496	\$ 5,017	\$ (22,545)	\$ 129,968
Furniture and fixtures	13,751	42,932	-	56,683
Equipment	83,054	-	-	83,054
Automobiles	262,424	-	-	262,424
Total capital assets	<u>\$ 506,725</u>	<u>\$ 47,949</u>	<u>\$ (22,545)</u>	<u>\$ 532,129</u>
Related Accumulated Depreciation				
Data processing equipment	\$ 133,248	\$ 7,547	\$ (22,545)	\$ 118,250
Furniture and fixtures	4,864	2,271	-	7,135
Equipment	74,141	5,749	-	79,890
Automobiles	160,470	30,048	-	190,518
Total accumulated depreciation	<u>\$ 372,723</u>	<u>\$ 45,615</u>	<u>\$ (22,545)</u>	<u>\$ 395,793</u>
Capital Assets, Net of Accumulated Depreciation				
Data processing equipment	\$ 14,248	\$ (2,530)	\$ -	\$ 11,718
Furniture and fixtures	8,887	40,661	-	49,548
Equipment	8,913	(5,749)	-	3,164
Automobiles	101,954	(30,048)	-	71,906
Net capital assets	<u>\$ 134,002</u>	<u>\$ 2,334</u>	<u>\$ -</u>	<u>\$ 136,336</u>

Depreciation expense for the fiscal year was \$45,615.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2009**

4. Changes in Compensated Absences

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

	<u>Balance 06/30/2008</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Balance 06/30/2009</u>
Amount Due Within One Year				
Compensated Absences Payable	\$ 135,631	\$ 190,043	\$ (209,107)	\$ 116,567
Long-Term				
Compensated Absences Payable	<u>35,673</u>	<u>43,220</u>	<u>(52,425)</u>	<u>26,468</u>
Total				
Compensated Absences Payable	<u>\$ 171,304</u>	<u>\$ 233,263</u>	<u>\$ (261,532)</u>	<u>\$ 143,035</u>

Compensated absences are paid with state General Fund appropriations from the District Court's General Fund - SHARE Fund 15500.

5. Operating Leases

The District Attorney has various operating leases primarily for office space and equipment which can be terminated, with no penalty to the District, if the NM State Legislature does not appropriate funds to the District. Therefore, no long-term lease commitments exist which require disclosure. The office lease has an option to renew for five years. The lease provides for an annual escalation. Operating lease expenditures for these leases for the year ended June 30, 2009, totaled \$34,743.

6. Due to State General Fund

Federal funds are co-mingled with reverting state General Fund appropriations by the District Attorney; however, federal funds are separately tracked in the District Attorney's accounting records. The following is a summary of the amount due to the state General Fund at June 30, 2009, from the General Operating Account (Fund 15500):

Cash Balance - June 30, 2009 (Fund 15500)	\$ 399,997
Add:	
Due from federal government - June 30, 2009	60,214
Due from other state agencies - June 30, 2009	1,339
Less:	
Accounts payable - June 30, 2009	(100,109)
Accrued payroll - June 30, 2009	(106,847)
Other liabilities payable - June 30, 2009	(41,551)
Due to other state agencies - June 30, 2009	(67,687)
Reserve for multi-year appropriation - June 30, 2009	<u>(95,471)</u>
Due to State General Fund - June 30, 2009	<u>\$ 49,885</u>
Source of reversion amounts by budget fiscal year are:	
FY 2009	<u>\$ 49,885</u>

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2009**

7. Due To/Due From Other State Agencies

	<u>Purpose</u>	<u>Due From</u>	<u>Due To</u>
<u>Fund 15500-General Fund</u>			
Due from Department of Finance and Admin.	Payroll tax and employee benefits liability overpayment	\$ 369	\$ -
Due from the State Treasurer's Office	Due from State Treasurer's Office Jan. 2007 Payroll Reversal	970	-
<u>Fund 25800-CVRC-STOP VAWA Grant Fund</u>			
Due to Department of Finance and Admin.	Payroll tax and employee benefits liability errors-SHARE	-	705
<u>Fund 72200-Bureau of Justice Assist. Grant Fund</u>			
Due to Department of Finance and Admin.	Payroll tax and employee benefits liability errors-SHARE	-	2,644
<u>Fund 25900-DOJ Rural Grant Fund</u>			
Due from Department of Finance and Admin.	Payroll tax and employee benefits liability errors-SHARE	<u>2,403</u>	<u>-</u>
		<u>\$ 3,742</u>	<u>\$ 3,349</u>

8. Transfers In/Out

The District Attorney had the following transfers in/out during the fiscal year:

<u>Transferring Agency</u>	<u>Agency No.</u>	<u>From Fund No.</u>	<u>To Fund No.</u>	<u>Transfer Amount</u>	<u>Purpose of Transfer</u>
DFA	34100	85300	15500	\$ 4,947,700	Appropriation allotment - State General Fund
DFA	34100	62000	15500	96,700	Compensation appropriation
Department of Public Safety	79000	12800	15500	109,415	Federal grants
First District Attorney	25100	15500	85300	<u>(155,801)</u>	FY 2008 Reversion to State General Fund
				<u>\$ 4,998,014</u>	

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2009**

9. Pension Plan - Public Employees Retirement Association

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

Funding Policy. Plan members are required to contribute 7.42% of their gross salary. The Board is required to contribute 16.59% of the gross covered salary. The contribution requirements of plan members and the Board's are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Board's contributions to PERA for the fiscal years ending June 30, 2009, 2008, and 2007 were \$554,968, \$514,838, and \$470,922, respectively, which equal the amount of the required contributions for each fiscal year.

10. Post Employment Benefits - State Retiree Health Care Plan

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

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

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

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Notes to Financial Statements
June 30, 2009**

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after January 1, 1998, are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The Board's contributions to the RHCA for the years ended June 30, 2009, 2008, and 2007, were \$39,970, \$39,004, and \$36,306, respectively, which equal the required contributions for each year.

11. Risk Management and Litigation

The District Attorney is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. Section 15-7-2, NMSA 1978 requires the General Services Department, Risk Management Division (RMD) to be responsible for the acquisition and administration of all insurance purchased by the state. Since 1977, various state statutes have been passed which allow RMD to insure, self-insure or use a combination of both. For the past several years, the RMD has elected to self-insure, and has not obtained liability coverage from commercial insurance companies. The RMD has effectively managed risk through various employee education and prevention programs. Risk management expenditures for the District Attorney are accounted for in the General Fund. Any claims are processed through RMD.

There are no pending or known threatened legal proceedings involving material matters to which the District Attorney is a party.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2009**

	Special Revenue Funds			Total Non-Major Governmental Funds
	Fund 72200	Fund 25800	Fund 25900	
	Bureau of Justice Assistance Grant	CVRC- Stop VAWA Grant	DOJ Rural Grant	
<u>Assets</u>				
Investment in the State Treasurer General Fund Investment Pool	\$ 2,644	\$ 705	\$ -	\$ 3,349
Due from other state agencies	-	-	2,403	2,403
Total assets	\$ 2,644	\$ 705	\$ 2,403	\$ 5,752
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Investment in the State Treasurer General Fund Investment Pool-deficit (note 2)	\$ -	\$ -	\$ 2,403	\$ 2,403
Due to other state agencies	2,644	705	-	3,349
Total liabilities	2,644	705	2,403	5,752
Fund Equity:				
Unreserved, undesignated	-	-	-	-
Total fund equity	-	-	-	-
Total liabilities and fund equity	\$ 2,644	\$ 705	\$ 2,403	\$ 5,752

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

STATE OF NEW MEXICO
 FIRST JUDICIAL DISTRICT ATTORNEY
 Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balances
 Non-Major Governmental Funds
 Year Ended June 30, 2009

	<u>Special Revenue Funds</u>			<u>Total Non-Major Governmental Funds</u>
	<u>Fund 72200</u>	<u>Fund 25800</u>	<u>Fund 25900</u>	
	Bureau of Justice Assistance Grant	CVRC- Stop VAWA Grant	DOJ Rural Grant	
Revenues:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Judicial:				
Current:				
Personal services and employee benefits	-	-	-	-
Other costs	-	-	-	-
Total expenditures	-	-	-	-
Change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

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

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Statement of Revenues and Expenditures
Budget and Actual (Budgetary Basis)
Non-Major Governmental Funds
CVRC-Stop VAWA Federal Grant Special Revenue Fund (Fund 25800)
For the Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 38,400	\$ -	\$ -	\$ -
Total revenues	<u>\$ 38,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:				
Judicial:				
Current:				
Personal services and employee benefits	\$ 38,400	\$ -	\$ -	\$ -
Other costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 38,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of GAAP basis to budget basis expenditures:				
GAAP basis expenditures			\$ -	
Adjustments - none			<u>-</u>	
Budget basis expenditures			<u>\$ -</u>	

Note:

The actual expenditures on the budgetary basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2010 budget.

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

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Statement of Revenues and Expenditures
Budget and Actual (Budgetary Basis)
Non-Major Governmental Funds
Bureau of Justice Assistance Special Revenue Fund (Fund 72200)
For the Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:				
Judicial:				
Current:				
Personal services and employee benefits	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of GAAP basis to budget basis expenditures:				
GAAP basis expenditures			\$ -	
Adjustments - none			<u>-</u>	
Budget basis expenditures			<u>\$ -</u>	

Note:

The actual expenditures on the budgetary basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2010 budget.

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

SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Schedule of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2009

**Worthless Check and
Pre-Prosecution Fees
Agency Fund:**

	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
<u>Assets</u>				
Cash in banks (note 2)	\$ 1,680	\$ 26,705	\$ (26,445)	\$ 1,940
Total assets	\$ <u>1,680</u>	\$ <u>26,705</u>	\$ <u>(26,445)</u>	\$ <u>1,940</u>
<u>Liabilities</u>				
Due to other state agencies	\$ 1,680	\$ 26,705	\$ (26,445)	\$ 1,940
Total liabilities	\$ <u>1,680</u>	\$ <u>26,705</u>	\$ <u>(26,445)</u>	\$ <u>1,940</u>

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

ROBERT J. RIVERA, CPA, PC

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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

Angela "Spence" Pacheco
First Judicial District Attorney
and
Mr. Hector Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the financial statements of the governmental activities, the major fund, the budgetary comparison statement of the general fund, the aggregate remaining fund information, and the individual funds and respective budgetary comparisons presented as supplemental information of the State of New Mexico, First Judicial District Attorney, (District Attorney) as of and for the year ended June 30, 2009, and have issued our report thereon dated November 23, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District Attorney's internal control over financial reporting as a basis for designing our auditing procedures 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 District Attorney's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the State of New Mexico, First Judicial District Attorney's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District Attorney's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the State of New Mexico, First Judicial District Attorney's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District Attorney's internal control.



Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the District Attorney's management, others within the agency, the State Auditor, the New Mexico Department of Finance and Administration, the New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.



Robert J. Rivera, CPA, PC
Santa Fe, New Mexico
November 23, 2009

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Schedule of Findings and Responses
June 30, 2009**

I. PRIOR-YEAR AUDIT FINDINGS

a. Repeated in current-year

None

b. Resolved and not included in current-year

None

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

None

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT ATTORNEY
Preparation of Financial Statements
and Exit Conference
June 30, 2009**

Preparation of Financial Statements

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

The District Attorney has prepared the Management Discussion and Analysis.

Exit Conference

An exit conference was held on November 30, 2009, to discuss the audit. The following individuals were in attendance:

First Judicial District Attorney

Angela "Spence" Pacheco, District Attorney
Lucas Gauthier, Chief Financial Officer

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

Robert J. Rivera, CPA