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M **Chester W. Mattocks**
Certified Public Accountant

STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY

ANNUAL FINANCIAL REPORT AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2009

**STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2009**

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SECOND JUDICIAL DISTRICT ATTORNEY
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FOR THE YEAR ENDED
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STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY

OFFICIAL ROSTER
AS OF JUNE 30, 2009

<u>Name</u>	<u>Title</u>
Kari Brandenburg	District Attorney
Gary Cade	Chief Deputy District Attorney
Deborah DePalo	Chief Deputy District Attorney
Todd Heisey	Chief Deputy District Attorney
Nivia Thames	District Office Manager
Margot Ballon	Deputy District Attorney
Mark Benford	Deputy District Attorney
Georgia Berrenberg	Deputy District Attorney
Gary Breeswine	Deputy District Attorney
Troy Davis	Deputy District Attorney
Peter Paul Decker	Deputy District Attorney
Mark Drebing	Deputy District Attorney
Judith Ann Faviell	Deputy District Attorney
Robin Hammer	Deputy District Attorney
Peg Holguin	Deputy District Attorney
Teresa Keller	Deputy District Attorney
Brett Loveless	Deputy District Attorney
Sylvia Martinez	Deputy District Attorney
Reynaldo Montano	Deputy District Attorney
Linda Mott	Deputy District Attorney
Nancy Scanlan Neary	Deputy District Attorney
Christopher Schultz	Deputy District Attorney
Warren Sigal	Deputy District Attorney
Lisa Trabaudo	Deputy District Attorney
David Waymire	Deputy District Attorney

INDEPENDENT AUDITOR'S REPORT

Ms. Kari Brandenburg, District Attorney
State of New Mexico
Second Judicial District Attorney
Albuquerque, New Mexico

and

Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the respective budgetary comparisons of the General Fund and the Southwest Border Prosecution Initiative, Community Gun Violence Act, Narcotic Control Grant Program, City Meth Initiative and the Probation Violation Program Special Revenue Funds of the State of New Mexico Second 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. I also have audited the financial statements of each of the District Attorney's nonmajor governmental funds including budgetary comparisons presented as supplemental information in the accompanying combining and individual fund financial statements 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. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements and the individual fund financial statements are free of material misstatement. 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. I believe that my audit provides a reasonable basis for my opinions.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District Attorney at June 30, 2009, and the respective changes in financial

position, thereof and the respective budgetary comparisons of the General Fund and the Southwest Border Prosecution Initiative, Community Gun Violence Act, Narcotic Control Grant Program, City Meth Initiative and the Probation Violation Program Special Revenue Funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America. In addition, in my opinion, the financial statements and the budgetary comparisons referred to in the first paragraph present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the District Attorney as of June 30, 2009, and the respective changes in financial position, thereof and the respective budgetary comparison for each nonmajor governmental fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated December 10, 2009, on my consideration of the District Attorney's internal control over financial reporting and on my tests of its compliance with certain provisions of laws and regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my 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 my audit.

The District Attorney has not presented its Management's Discussion and Analysis for the year ended June 30, 2009. The Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board.

My audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the District Attorney's basic financial statements, on the combining and individual fund financial statements and the budgetary comparisons. The accompanying financial information listed as Additional Information - Supporting Schedules in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements and the combining and individual fund financial statements of the District Attorney. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and the combining and individual fund financial statements and, in my opinion, is fairly stated in all material respects, in relation to the basic financial statements and the financial statements of each of the respective individual funds taken as a whole.

Chester W. Mathis, CPA

December 10, 2009

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

**STATEMENT OF NET ASSETS (DEFICIT)
AS OF JUNE 30, 2009**

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current assets:	
Petty cash	\$ 200
Investment accounts with State Treasurer	1,744,952
Federal grants receivable	42,906
Other receivables	-0-
Due from other governments	254,193
Total current assets	<u>2,042,251</u>
Capital assets:	
Furniture and equipment	722,265
Data processing equipment	216,777
Vehicles	318,838
Total capital assets	1,257,880
Less accumulated depreciation	<u>(1,206,438)</u>
Total capital assets, net of accumulated depreciation	51,442
Total assets	<u>2,093,693</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Investment account overdrafts	123,941
Accounts payable	86,203
Accrued salaries and benefits	773,536
Deferred revenue	605,975
Due to State General Fund stale dated warrants	-0-
Receipts held in suspense	-0-
Compensated absences payable -- expected to be paid within one year	947,641
Total current liabilities	<u>2,537,296</u>
Noncurrent liabilities:	
Total noncurrent liabilities	
Total liabilities	<u>2,537,296</u>
<u>NET ASSETS (DEFICIT)</u>	
Invested in capital assets	51,442
Unrestricted (deficit)	(947,441)
Restricted for special revenues	452,396
Total net assets (deficit)	<u>\$ (443,603)</u>

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

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

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Governmental Activities</u>
EXPENSES:	
General government:	
Personal services/employee benefits	\$ (17,670,794)
Contractual services	(166,347)
Other costs	(820,858)
Depreciation	(30,627)
Total expenses	<u>(18,688,626)</u>
PROGRAM REVENUES:	
Operating grants	1,002,965
Charges for services	66,216
Total program revenues	<u>1,069,181</u>
Changes in net assets:	
Net (Expense)/Revenue	<u>(17,619,445)</u>
REVENUES:	
General revenues:	
General Fund appropriation	17,141,900
General Fund appropriation -- compensation package	376,300
Special appropriations	-0-
Total general revenues	<u>17,518,200</u>
Change in net assets	(101,245)
Net assets (deficit) – beginning of year	<u>(342,358)</u>
Net assets (deficit) – end of year	<u>\$ (443,603)</u>

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

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

**BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2009**

	0100 General Fund	1000 Southwest Border Prosecution Initiative	0900 Community Gun Violence Act	0800 Narcotic Control Grant Program
<u>ASSETS</u>				
Petty cash	\$ 200			
Investment account with State Treasurer	785,155	\$ 568,407	\$ 218,480	\$ 82,661
Federal grants receivable				42,906
Due from other funds	62,500			
Due from other governments				
Total assets	\$ 847,855	\$ 568,407	\$ 218,480	\$ 125,567
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Investment account overdrafts				
Accounts payable	\$ 86,044	\$ 159		
Accrued salaries and benefits	722,951	6,784		\$ 7,385
Deferred revenue	38,660	560,637		
Due to State General Fund stale dated warrants				
Due to other funds				
Total liabilities	847,655	567,580	\$ -0-	7,385
Fund balances:				
Reserved for petty cash	200			
Reserved for subsequent years' expenditures		827	218,480	118,182
Reserved – special appropriations				
Total fund balances	200	827	218,480	118,182
TOTAL LIABILITIES AND FUND BALANCES	\$ 847,855	\$ 568,407	\$ 218,480	\$ 125,567

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

<u>0575 City Meth Initiative</u>	<u>0525 Probation Violation</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
			\$ 200
		\$ 90,249	1,744,952
			42,906
			62,500
<u>\$ 70,902</u>	<u>\$ 52,892</u>	<u>130,399</u>	<u>254,193</u>
<u>\$ 70,902</u>	<u>\$ 52,892</u>	<u>\$ 220,648</u>	<u>\$ 2,104,751</u>
\$ 56,200	\$ 37,940	\$ 29,801	\$ 123,941
			86,203
10,793	14,952	10,671	773,536
		6,678	605,975
		62,500	62,500
<u>66,993</u>	<u>52,892</u>	<u>109,650</u>	<u>1,652,155</u>
			200
3,909		110,998	452,396
<u>3,909</u>	<u>-0-</u>	<u>110,998</u>	<u>452,596</u>
<u>\$ 70,902</u>	<u>\$ 52,892</u>	<u>\$ 220,648</u>	<u>\$ 2,104,751</u>

STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY

**RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS –
TO THE STATEMENT OF NET ASSETS (DEFICIT) – GOVERNMENTAL ACTIVITIES
AS OF JUNE 30, 2009**

Total fund balances – Governmental Funds
(Balance Sheet – Governmental Funds) \$ 452,596

Amounts reported for governmental activities
in the Statement of Net Assets are different
at June 30, 2009 because:

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

Furniture and equipment	\$ 722,265	
Data processing equipment	216,777	
Vehicles	318,838	
Less accumulated depreciation	<u>(1,206,438)</u>	51,442

Total capital assets, net of
accumulated depreciation

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

Compensated absences payable (947,641)

Net assets (deficit) of governmental activities
(Statement of Net Assets) \$ (443,603)

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

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STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	100 General Fund	1000 Southwest Border Prosecution Initiative	0900 Community Gun Violence Act	0800 Narcotic Control Grant Program
REVENUES				
Local intergovernmental operating grants				
Charges for services	\$ 66,216			
Federal sources operating grants		\$ 139,983		\$ 136,989
Total revenues	66,216	139,983	\$ -0-	136,989
EXPENDITURES				
Current:				
General government:				
Personal services/employee benefits	16,614,322	117,409		136,989
Contractual services	154,200	283		
Other costs	815,894	4,963		
Capital outlay		16,854		
Total expenditures	17,584,416	139,509		136,989
Excess (deficiency) of revenues over Expenditures	(17,518,200)	474	-0-	-0-
Other financing sources (uses):				
State general fund appropriation – regular	17,141,900			
State general fund appropriation – compensation package	376,300			
Special appropriations				
Total other financing sources (uses)	17,518,200			
Net change in fund balance	-0-	474	-0-	-0-
Fund balance – beginning	200	353	218,480	118,182
Fund balance – ending	\$ 200	\$ 827	\$ 218,480	\$ 118,182

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

0575 City Meth Initiative	525 Probation Violation	Other Governmental Funds	Total Governmental Funds
\$ 250,000	\$ 107,803	\$ 216,260	\$ 574,063
		151,930	66,216
			428,902
<u>250,000</u>	<u>107,803</u>	<u>368,190</u>	<u>1,069,181</u>
250,382	95,939	372,687	17,587,728
	11,864		166,347
			820,857
			16,854
<u>250,382</u>	<u>107,803</u>	<u>372,687</u>	<u>18,591,786</u>
(382)	-0-	(4,497)	(17,522,605)
			17,141,900
			376,300
			<u>17,518,200</u>
<u>(382)</u>	<u>-0-</u>	<u>(4,497)</u>	<u>(4,405)</u>
<u>4,291</u>	<u>-0-</u>	<u>115,496</u>	<u>457,002</u>
<u>\$ 3,909</u>	<u>\$ -0-</u>	<u>\$ 110,999</u>	<u>\$ 452,597</u>

STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS – TO THE STATEMENT OF
ACTIVITIES – GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

Net change in fund balances (Statement of Revenues,
Expenditures and Changes in Fund Balances) \$ (4,405)

Amounts reported for governmental activities in the
Statement of Activities are different for the year
ended June 30, 2009 because:

In the Statement of Activities, certain operating expenses -
compensated absences payable - are measured by the amounts
earned during the year. In the Governmental Funds, however,
expenditures are measured by the amount of financial resources
used (essentially the amounts actually paid). The increase in
the liability for compensated absences payable for the year
was: (83,067)

The Governmental Funds report capital outlays as expenditures.
However, in the Statement of Activities, the cost of capital
assets is allocated over their estimated useful lives and
reported as depreciation expenses. In the current year, these
amounts were:

Capital outlay expenditures which were capitalized	\$ 16,855	
Depreciation	<u>(30,627)</u>	
Excess of capital outlay expenditures over depreciation		<u>(13,772)</u>
Change in net assets (deficit) of Governmental Activities (Statement of Activities)	\$	<u>(101,244)</u>

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

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND (0100)
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance-</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts - Budgetary Basis</u>	<u>Favorable (Unfavorable)</u>
REVENUES:				
Other	\$ 70,000	\$ 70,000	\$ 66,216	\$ (3,784)
Total revenues	<u>70,000</u>	<u>70,000</u>	<u>66,216</u>	<u>(3,784)</u>
EXPENDITURES:				
Current:				
General Government:				
Personal svcs/Employee benefits	16,847,900	16,615,574	16,614,372	1,202
Contractual services	266,000	154,200	154,200	-0-
Other costs	<u>815,900</u>	<u>818,426</u>	<u>814,665</u>	<u>3,761</u>
Total expenditures	<u>17,929,800</u>	<u>17,588,200</u>	<u>17,583,237</u>	<u>4,963</u>
Excess (deficiency) of revenues over expenditures	<u>(17,859,800)</u>	<u>(17,518,200)</u>	<u>(17,517,021)</u>	<u>1,179</u>
Other financing sources (uses):				
State general fund appropriation	17,483,500	17,141,900	17,141,900	-0-
State general fund appropriation-- compensation package	376,300	376,300	376,300	-0-
Special appropriations	-0-	-0-	-0-	-0-
Multi-year appropriation carryover from FY08	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total other financing sources and uses	<u>17,859,800</u>	<u>17,518,200</u>	<u>17,518,200</u>	<u>-0-</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,179</u>	<u>\$ 1,179</u>

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

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – SPECIAL REVENUE FUND – SOUTHWEST BORDER
PROSECUTION INITIATIVE (1000)
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance-</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts - Budgetary Basis</u>	<u>Favorable (Unfavorable)</u>
REVENUES:				
Federal sources	\$ 468,200	\$ 468,200	\$ 139,983	\$ (328,217)
Total revenues	<u>468,200</u>	<u>468,200</u>	<u>139,983</u>	<u>(328,217)</u>
EXPENDITURES:				
Current:				
General Government:				
Personal svcs/Employee benefits	378,100	378,100	117,358	260,742
Contractual services	9,500	9,500	283	9,217
Other costs	<u>80,600</u>	<u>80,600</u>	<u>21,818</u>	<u>58,782</u>
Total expenditures	<u>468,200</u>	<u>468,200</u>	<u>139,459</u>	<u>328,741</u>
Excess (deficiency) of revenues over expenditures			<u>524</u>	<u>524</u>
Other financing sources (uses):				
State general fund appropriations				
Special supplemental appropriations				
Reversions – FY 08				
Total other financing sources and uses				
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 524</u>	<u>\$ 524</u>

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

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUND -
NARCOTIC CONTROL GRANT PROGRAM (0800)
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts - Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Local intergovernmental operating grant	\$ 150,000	\$ 158,340	\$ 136,989	\$ (21,351)
Total revenues	<u>150,000</u>	<u>158,340</u>	<u>136,989</u>	<u>(21,351)</u>
EXPENDITURES:				
Current:				
General Government:				
Personal svcs/Employee benefits	150,000	158,340	136,989	21,351
Contractual services				
Other costs				
Total expenditures	<u>150,000</u>	<u>158,340</u>	<u>136,989</u>	<u>21,351</u>
Excess (deficiency) of revenues over expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Other financing sources (uses):				
State general fund appropriations				
Special supplemental appropriations				
Reversions - FY 08				
Total other financing sources and uses				
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL – SPECIAL REVENUE FUND –
CITY METH INITIATIVE (0575)
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance-</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts - Budgetary Basis</u>	<u>Favorable (Unfavorable)</u>
REVENUES:				
Local intergovernmental operating grant	\$ 280,195	\$ 280,195	\$ 250,000	\$ (30,195)
Total revenues	<u>280,195</u>	<u>280,195</u>	<u>250,000</u>	<u>(30,195)</u>
EXPENDITURES:				
Current:				
General Government:				
Personal svcs/Employee benefits	280,195	280,195	250,382	29,813
Contractual services				
Other costs	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total expenditures	<u>280,195</u>	<u>280,195</u>	<u>250,382</u>	<u>29,813</u>
Excess (deficiency) of revenues over expenditures	<u>-0-</u>	<u>-0-</u>	<u>(382)</u>	<u>(382)</u>
Other financing sources (uses):				
State general fund appropriations				
Special supplemental appropriations				
Reversions – FY 08				
Total other financing sources and uses				
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (382)</u>	<u>\$ (382)</u>

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

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL – SPECIAL REVENUE FUND –
PROBATION VIOLATION PROGRAM (0525)
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts - Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Local intergovernmental operating grant	\$ -0-	\$ 132,000	\$ 107,803	\$ (24,197)
Total revenues	<u>-0-</u>	<u>132,000</u>	<u>107,803</u>	<u>(24,197)</u>
EXPENDITURES:				
Current:				
General Government:				
Personal svcs/Employee benefits	-0-	119,948	95,939	24,009
Contractual services				
Other costs	<u>-0-</u>	<u>12,052</u>	<u>11,864</u>	<u>188</u>
Total expenditures	<u>-0-</u>	<u>132,000</u>	<u>107,803</u>	<u>24,197</u>
Excess (deficiency) of revenues over expenditures				
Other financing sources (uses):				
State general fund appropriations				
Special supplemental appropriations				
Reversions – FY 08				
Total other financing sources and uses				
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUND –
PRE-PROSECUTION PROGRAM
AS OF JUNE 30, 2009

	<u>Agency Funds</u>
ASSETS	
Cash in authorized bank account	\$ 2,663
Total assets	<u>\$ 2,663</u>
LIABILITIES	
Deposits held for others	\$ 2,663
Total liabilities	<u>\$ 2,663</u>

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

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STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2009

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The State of New Mexico Second Judicial District Attorney (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. The Second Judicial District Attorney serves Bernalillo County.

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 Section 16-1A-15, cited as the "District Attorney Personnel and Compensation Act," established for all district attorneys a uniform, equitable and binding system of personnel administration.

The financial statements for the District Attorney have been prepared in accordance 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 standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement #34 "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments." This Statement provides for the most significant change in financial reporting in over twenty years.

The District Attorney implemented the provisions of GASB #34 effective July 1, 2001. As a part of this Statement, there is a new reporting requirement regarding the government's infrastructure (road, bridges, etc.) The District Attorney does not own any infrastructure assets and therefore is unaffected by this requirement. The District Attorney also implemented the provisions of the later related GASB statements #37 and #38 which affect GASB #34 and its implementation.

A. Financial Reporting Entity

Governmental Accounting Standards Board Statement (GASBS) 14, "The Financial Reporting Entity," effective for periods beginning after December 15, 1992, establishes standards for defining and reporting on the financial reporting entity. GASBS 14 supersedes previous standards issued by the National Council on Governmental Accounting. The requirements of GASBS 14 apply at all levels to all state and local governments.

GASB 14 defines the financial reporting entity as consisting of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. This definition of the reporting entity is based primarily on the notion of financial accountability as the "cornerstone of all financial reporting in government."

A primary government is any state government or general-purpose local government, consisting of all the organizations that make up its legal entity. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are, for financial reporting purposes, part of the primary government. The District Attorney, therefore, is part of the primary government of the State of New Mexico, and its financial data should be included with the financial data of the State. However, New Mexico does not at present issue an audited Comprehensive Annual Financial Report inclusive of all agencies of the primary government.

The Audit Act, Sections 12-6-1 through 12-6-14, NMSA 1978, requires the financial affairs of every agency to be thoroughly examined and audited each year, and a complete written report to be made. Moreover, the New Mexico State Auditor requires that each agency shall prepare financial statements in accordance with accounting principles generally accepted in the United States of America. As a result, the District Attorney has prepared and issued its own audited, agency Annual Financial Report.

Included within the District Attorney for this purpose are the following: All of the programs that are administered and/or controlled by the District Attorney have been included.

No entities were noted that should be considered component units of the District Attorney. No entities were specifically excluded from the District Attorney because no entities were noted as meeting any of the criteria for potential inclusion.

B. Basic Financial Statements - GASB Statement #34

The basic financial statements include both government-wide (based on the District Attorney as a whole) and fund financial statements. The new reporting model focus is on either the District Attorney as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type activities. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reflected on a full accrual, economic resources basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. The District Attorney did not have any business-type activities during the year ended June 30, 2009, and the District Attorney has decided not to apply any FASB pronouncements issued after November 30, 1989.

The government-wide Statement of Activities reflects both the gross and net cost per functional category, which are otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function or a business-type activity. Charges for prosecution services are included as program revenues in the Southwest Border Prosecution Initiative Special Revenue Fund. Charges for services in the General Fund relate to charges for copies. The District Attorney includes only one function (general government).

The net cost (by function or business-type activity) is normally covered by general revenues (intergovernmental revenues or other revenue, etc.). Historically, the previous mode did not summarize or present net cost by function or activity. The District Attorney does not currently employ indirect cost allocation systems. The District Attorney's policy for when an expense is incurred for purposes for which both restricted and unrestricted assets are available is to utilize the restricted assets first.

This government-wide focus is more on the sustainability of the District Attorney as an entity and the change in aggregate financial position resulting from the activities of the current fiscal period.

The fund financial statements are similar to the financial statements presented in the previous accounting model. Emphasis here is on the major funds in either the governmental or business-type categories. Non-major funds (by category) or fund type are summarized into a single column. The General Fund is required to be a major program, and the Southwest Border Prosecution Initiative, Narcotic Control Grant Program, City Meth Initiative, and the Probation Violation Program Special Revenue Funds have been determined to be major funds. The remainder of the Special Revenue Funds are reported as nonmajor governmental funds. The District Attorney has one fiduciary fund, not included in the government-wide financial statements. Fiduciary funds and component units that are similar to fiduciary funds are not included in the government-wide financial statements.

The governmental fund statements are presented on a current financial resources and modified accrual basis of accounting. This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the District Attorney's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column on the government-wide presentation.

Inter-fund accounts, which are on the fund financial statements have been eliminated in the government-wide financial statements. They consisted of \$62,500 owed by the Pueblo MOUs Fund (a non-major fund) to the General Fund (a major fund). The General Fund paid an expenditure on behalf of the Pueblo MOUs Fund and was reimbursed subsequent to June 30, 2009.

C. Basis of Presentation

The financial transactions of the District Attorney are maintained on the basis of 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 various funds are summarized by type in the accompanying financial statements. The various funds are reported by generic classification within the financial statements.

The new reporting model, GASB Statement 34, sets forth minimum criteria for the determination of major funds based on a percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or governmental and enterprise combined. Due to the fund structure of the District Attorney, the General Fund, the Southwest Border Prosecution Initiative, Narcotic Control Grant Program, City Meth Initiative, and the Probation Violation Program Special

Revenue Funds have been classified as major funds after considering the relevant criteria. Only individual governmental or individual enterprise funds can be considered for major fund status.

1. Governmental Fund Types

The focus of Governmental Fund measurement (in the Fund Financial Statements) is based upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the Governmental Funds of the District Attorney.

The District Attorney reports the following major governmental funds.

General Fund - The General Fund is the general operating fund of the District Attorney and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is funded primarily by an appropriation from the State General Fund, and any unused funds from the appropriations at the end of the fiscal year revert back to the State General Fund.

Special Revenue Funds:

Southwest Border Prosecution Initiative (1000) - Provides funds to support the prosecution and detention of federally referred cases for four states: Arizona, California, New Mexico and Texas. In accordance with the BJA guidelines, funds awarded may be used by jurisdictions for any lawful purpose. The program is designed to assist jurisdictions in meeting their financial burdens associated with the prosecution of federally funded cases.

Community Gun Violence Act (0900) – Provide leadership and direction in controlling the use and availability of illegal drugs and to improve the functioning of the criminal justice system, with emphasis on violent crime and serious offenders.

Narcotic Control Grant Program (0800) - To reduce drug availability by eliminating or disrupting drug trafficking organizations, reduce the harmful consequences of drug trafficking and improve the efficiency and effectiveness of law enforcement organizations.

City Meth Initiative (0575)- To pursue and support the “Metropolitan Meth Initiative”, an effort that will allow the District Attorney’s Office to partner with local law enforcement to target individuals who use methamphetamines and commit criminal offenses to support their lifestyle. The District Attorney’s Office coordinates with the Albuquerque Police Department with the goal of decreasing methamphetamine based or driven crime in Albuquerque, Bernalillo County, New Mexico.

Probation Violation Program (0525) – To utilize population management tools to reduce the population at the Metropolitan Detention Center in a manner that emphasizes public safety; and effectively prosecute probation violation cases in conjunction with the District Court Probation Violation Program.

Non-major Special Revenue Funds are reported in total as “Other Governmental Funds” on the government-wide statements and as separate funds in the supplemental information of the fund financial statements.

The District also has one fiduciary fund (trust and agency fund), which accounts for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Trust and agency funds are custodial in nature

(assets equal liabilities) and do not involve measurement of results of operations. The following is the one fiduciary fund at June 30, 2009.

Pre-Prosecution Program - Fees charged to individuals in the pre-prosecution program, in accordance with agreements between the program participant and the District Attorney. Fees are remitted to the State Treasurer for the account of the Administrative Office of the District Attorneys.

2. Non-Current Governmental Assets/Liabilities

GASB Statement #34 eliminated the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide Statement of Net Assets

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditure/expenses 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 presented on an accrual basis of accounting. The Governmental Funds in the Fund Financial Statements are presented on a modified accrual basis.

Modified Accrual - All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period which is considered within sixty days of year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB Statement #33, which was also adopted as of July 1, 2001 by the District Attorney, 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.

E. 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 appropriation request by category to be presented to the next Legislature.
2. The appropriation request is submitted to the New Mexico 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 then becomes the Governor's proposal to the Legislature.

4. The LFC holds hearings on the appropriation request, also submitting recommendations and adjustments before presentation to the Legislature.
5. Both the DFA's and LFC's recommended appropriation proposals are presented to the Legislature for approval of the final budget plan.
6. Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committees. The final outcome of these hearings are incorporated into the General Appropriations Act.
7. The Act is signed into law by the Governor of the State of New Mexico within the legally prescribed time limit.
8. The District Attorney submits, no later than May 1, 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.
9. All subsequent budget adjustments must be approved by the District Attorney and the Director of the DFA - Budget Division. The budget for the current year was properly amended.
10. Legal budget control for expenditures and encumbrances is by category of line item.
11. Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund and the Special Revenue Funds.
12. The budget is adopted on a modified accrual basis of accounting that is consistent with accounting principles generally accepted in the United States of America. This change was implemented with the laws of 2004, Chapter 114, Section 3, paragraph N and paragraph O. It is effective for fiscal years beginning July 1, 2004. However, there is a statutory exception per the General Appropriation Act, Laws of 2006, Chapter 109, Section 3, Subsections N and O. 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 must be paid out of the next year's budget. There was \$1,179 of these accounts payable at June 30, 2009. A reconciliation between Budget and GAAP is provided in note 11. No budgetary comparison statements are presented for the Community Gun Violence Act, DSCI Priority, Law Enforcement Program, Domestic Violence Stalking Grant, NCHIP, and the JAIBG Program Special Revenue Funds because these funds were inactive.
13. Each year the Legislature approves multiple year appropriations, which the State considers as continuing appropriations. The Legislature authorizes these appropriations for two to five years; however, it does not identify the authorized amount by the fiscal year. Consequently, the appropriation is budgeted in its entirety the first year the Legislature authorizes it. The unexpended portion of the budget is carried forward as the next year's beginning budget balance until either the project period has expired or the appropriation has been fully expended. The budget presentations in these financial statements are consistent with this budgeting methodology
14. Appropriations lapse at the end of the fiscal year except for those amounts recorded as vouchers payable and salaries payable. The District Attorney's General Fund is a reverting

fund for its state appropriations. The Special Revenue Funds are not reverting because they are funds received from grantor agencies.

F. Capital Assets

Property, plant and equipment, including software, purchased or acquired is carried at historical cost or estimated historical cost. Contributed assets are recorded at the fair market values as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The State's capitalization policy, i.e., the dollar value above which asset acquisitions including software are added to the capital accounts, is \$5,000 due to a change in capitalization policy beginning July 1, 2005. However, all capital outlay purchases may not necessarily be capitalized. The District Attorney does not capitalize any interest in regards to its capital assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives with no salvage value. The District Attorney utilizes Internal Revenue Service guidelines to estimate the useful lives on fixed assets as follows:

Furniture and equipment	7 years
Data processing equipment, including software	3 years
Vehicles	5 years

GASB Statement #34 requires the recording and depreciation of infrastructure assets. Infrastructure assets include roads, bridges, traffic signals, etc. The District Attorney does not own any infrastructure assets.

G. Encumbrances Accounting

Encumbrances accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded during the fiscal year in order to reserve that portion of the applicable appropriation and is employed as an extension of formal budgetary control in the General Fund and the Special Revenue Funds. All encumbrances not utilized lapse at year end. Therefore, there is no difference between the modified accrual basis of accounting and the budgetary basis.

H. Compensated Absences Payable

Vacation and sick leave earned and not taken is cumulative; however, upon termination of employment, sick pay for such leave hours accumulated up to 600 hours is forfeited, and vacation pay is limited to payment for 240 hours. Vacation leave up to the maximum of 240 hours is payable upon separation from service at the employee's current hourly rate. Sick leave is payable semiannually to qualified employees for hours accumulated above 600 hours at a rate equal to 50 percent of their hourly rate, not to exceed 120 hours each semiannual period. Upon retirement, payment for sick leave is limited to 400 hours accumulated in excess of 600 hours at the 50 percent hourly rate. The compensated absences payable is included in the government-wide financial statements.

Employees are entitled to accumulate annual leave at a rate based on appointment date and length of continuous service. A maximum of 240 hours may be carried forward after the pay period beginning in December and ending in January. Employees are entitled to accrue sick leave at the

rate of 3.69 hours per pay period. There is no limit to the amount of sick leave which an employee may accumulate.

I. Due to State General Fund (Reversions)

Reversions to the State General Fund by the District Attorney are based on the definitions of reverting funds.

Reverting Funds - All funds that are not specifically identified by law are reverting if they are funded by General Fund appropriations. The District Attorney's only reverting fund would be the General Fund. The District Attorney had no Reversions due to the State General Fund as of June 30, 2009.

J. Reservations of Fund Balances

Reservations of fund balances on the Governmental funds 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 appropriated for future expenditures. Specific reservations of fund balance accounts are summarized below:

Reserved for Subsequent Years' Expenditures - This reserve was created to represent funds held in non-reverting Special Revenue Funds.

Reserved for – Special Appropriations - This reserve was created to represent the portions of special appropriations that are available for use in future years.

K. Revenues, Expenditures and Expenses

Substantially all governmental fund revenues are accrued. Grant revenue is recognized when the related eligibility requirements are met. No allowance for doubtful accounts was necessary because all accounts receivable were considered collectable at June 30, 2009. Expenditures are recognized when the related fund liability is incurred.

L. Net Assets (Deficit)

The government-wide financial statements utilize a net asset presentation. Net Assets are categorized as invested in capital assets, restricted and unrestricted.

Invested in Capital Assets - is intended to reflect the portion of net assets which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost. The District Attorney did not have any related debt at June 30, 2009.

Unrestricted (deficit) Net Assets - represent the deficit of the District Attorney at June 30, 2009. It consists of the District Attorney's compensated absences payables, for which there are currently no resources available to finance it. It is expected that this deficit will be financed by future state appropriations.

Restricted for Special Revenues- represents the unexpended portion of grants from various local, state and federal grantors which are restricted as to use.

M. 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. Accordingly, actual results could differ from those estimates.

N. Deferred Revenue

Deferred revenue consists of funds received related to charges for services in advance and not yet earned.

2. **CASH AND INVESTMENT ACCOUNTS WITH STATE TREASURER AND INVESTMENT POLICY**

Cash Accounts

	Financial Statement Balances at June 30, 2009
Petty cash	\$ 200
Agency Fund – Wells Fargo, Albuquerque checking account	\$ 2,663

Investment Accounts with State Treasurer

The following is a summary of the District Attorney's investment account with the New Mexico State Treasurer which represents the District Attorney's interest in the State General Fund Investment Pool held by the New Mexico State Treasurer as reported by the New Mexico Department of Finance and Administration (DFA):

	SHARE Agency Number	Balances at June 30, 2009 As Reported By DFA
State Treasurer accounts:		
General Fund	25200-156	\$ 1,325,674
Special Revenue Fund	25200-260	295,337
Subtotal		1,621,011
District Attorney's reconciling items		-0-
Total reconciled balance		\$ 1,621,011
		Financial Statement Balances at June 30, 2009
Investment account with State Treasurer--General Fund		\$ 785,155
Investment account with State Treasurer--Special Revenue Funds		959,798
Subtotal		1,744,953
Investment Account Overdrafts		(123,942)
Total per financial statements		\$ 1,621,011

The New Mexico State Treasurer monitors the collateral for investments held by it for other state entities, which would include the investment accounts of the District Attorney. The Office of the State Treasurer has its own separate annual independent audit in which the collateral pledged to secure these investments is disclosed. That report may be obtained by writing to the State of New Mexico State Treasurer's Office, P.O. Box 608, Santa Fe, New Mexico 87504-0608. The District Attorney is not permitted to have any investments, and the District Attorney did not have any investments during the year ended June 30, 2009. There is no custodial risk in relation to the accounts at the District Attorney's level. The custodial risk would belong to the New Mexico State Treasurer.

The balance of the Wells Fargo account did not exceed \$100,000 at any time during the year ended June 30, 2009 so it was fully insured by the Federal Deposit Insurance Corporation and no pledged collateral was required. There was no custodial credit risk for the District Attorney on this account.

3. CAPITAL ASSETS

A summary of changes in the capital assets for the year ended June 30, 2009 is as follows:

	Balance at June 30, 2008	Adjustments Additions	Deletions	Balance At June 30, 2009
<u>Capital assets</u>				
Furniture and equipment	\$ 726,443		\$ (4,178)	\$ 722,265
Data processing equipment	229,139		(12,362)	216,777
Vehicles	301,983	\$ 16,855		318,838
Total	1,257,565	16,855	(16,540)	1,257,880
<u>Accumulated depreciation</u>				
Furniture and equipment	(726,443)		4,178	(722,265)
Data processing equipment	(229,139)		12,362	(216,777)
Vehicles	(236,769)	(30,627)		(267,396)
Total	(1,192,351)	(30,627)	16,540	(1,206,438)
Capital assets, net	\$ 65,214	\$ (13,772)	\$ -0-	\$ 51,442

The District Attorney is a single function entity, and all depreciation has been allocated to its only activity, general government, in the amount of \$30,627. All capital assets owned are depreciable.

4. COMPENSATED ABSENCES PAYABLE

A summary of changes in the compensated absences payable for the year ended June 30, 2009 is as follows:

	Balance June 30, 2008	Increases	Decreases	Balance June 30, 2009	Due Within One Year
Compensated Absences Payable	\$ 864,574	\$ 947,641	\$ (864,574)	\$ 947,641	\$ 947,641

Of the \$947,641, all has been classified as a current liability in the Statement of Net Assets. In prior years, the General Fund has been used to liquidate compensated absences, and it is expected to continue to do as in the future.

5. INTERFUND ACCOUNTS

At June 30, 2009, the Pueblo MOU Fund owed the General Fund \$62,500. This amount was recorded in the fund financials, but was eliminated in the government-wide financials.

6. RETIREMENT PLAN

Plan Description. Substantially all of the full-time employees of the District Attorney 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, 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. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 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 District Attorney is required to contribute 16.59% of the gross covered salary. The contribution requirements of plan members and the District Attorney are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the Legislature. The District Attorney's contribution to PERA for the years ended June 30, 2009, 2008 and 2007 was \$2,092,385, \$1,991,611, and \$1,806,022, respectively, which was equal to the amount of the required contribution for each year.

7. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

Plan Description. The District Attorney contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit post-employment 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.

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 1/1/98 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 District Attorney's contributions to the RHCA for the years ended June 30, 2009, 2008 and 2007 were \$157,694, \$151,196 and \$138,184 respectively, which equal the required contributions for each year.

8. CONTINGENCIES

The District Attorney is a party to various claims and other legal matters which arise in the normal course of business. The District Attorney does not believe that the results of all claims and other legal matters individually or in the aggregate will have a material adverse effect on its operations or financial position.

Risk of loss

The District Attorney is exposed to various risks of losses related to torts; theft of or damage to, or destruction of assets; errors and omissions; injuries to employees or others; or acts of God. The Second Judicial District Attorney maintains commercial insurance through the Risk Management Division for coverage for workers' compensation, auto liability, general liability, civil rights, property and contents, and fidelity bonds. Management believes that any potential loss would be adequately covered by insurance and would not result in any material adverse effect on the financial condition of the District Attorney.

Security bond

The District Attorney and its employees are covered under a blanket bond held with Hartford Fire Insurance Company. The policy, purchased by the Risk Management Division of the General Services Department, covers loss through employee dishonesty and expires annually. There are no pending or known threatened legal proceedings involving material matters to which the District Attorney is party.

9. COMMITMENTS - OPERATING LEASES

The District Attorney leased certain equipment under operating leases with various terms. Total rental expenditures for the year ending June 30, 2009 for this lease were \$109,332. Future minimum payments under these operating leases with a term greater than one year were as follows:

Year Ending June 30	Payments
2010	\$ 109,486
2011	91,238
Total	<u>\$ 200,724</u>

10. OPERATING TRANSFERS FROM OTHER STATE AGENCIES

The following are the transfers in from other state agencies to the District Attorney's SHARE Account 25200-156 during the year ended June 30, 2009:

	SHARE Fund	FUND TITLE	TRANSFER	
			In	Out
(1)	34100	Department of Finance & Administration	\$ 17,141,900	
(2)	34100	Department of Finance & Administration	376,300	
		Total	<u>\$ 17,518,200</u>	<u>\$ -0-</u>

- (1) State General Fund Appropriation
- (2) State General Fund Appropriation – Compensation Package

11. RECONCILIATION OF BUDGET TO GAAP

	General Fund
Expenditures per budget statement	\$ 17,583,237
Accounts payable- expenditures charged to 2010 budget but which were GAAP accounts payable at 6/30/09	1,179
Expenditures per GAAP Statement	<u>\$ 17,584,416</u>

13. DEFICIT IN FUND BALANCE

The Drug Court Special Revenue Fund had a deficit of \$501 at June 30, 2009. The General Fund will likely have to transfer funds to cover this deficit unless funds can be obtained from the grantor.

SUPPLEMENTAL INFORMATION

NONMAJOR SPECIAL REVENUE FUNDS

The Second Judicial District Attorney reports the following nonmajor Special Revenue Funds.

Violence Against Women Act (0200) - To assist States, Indian tribal governments, tribal courts, State and local courts, and units of local government to develop and strengthen effective law enforcement and prosecution strategies to combat violent crimes against women, and to develop and strengthen victim services in cases involving crimes against women. The Program encourages the development and implementation of effective, victim-centered law enforcement, prosecution, and court strategies to address violent crimes against women and the development and enhancement of victim services in cases involving violent crimes against women.

Victims of Crime Act (0400) - Enacted in 1984, the Victims of Crime Act (VOCA) is the central source of federal financial support for direct services to victim of crime. VOCA is administered at the federal level through the U.S. Department of Justice, Office for Victims of Crime which annually awards a grant to each state, the District of Columbia and U.S. Territories to support victim assistance services for victims and survivors of domestic violence, sexual assault, child abuse, drunk driving, homicide, and other crimes. Each state has a designated VOCA assistance agency to administer VOCA grants. Those state agencies in turn, sub-grant to organizations that provide direct services to victims of crime. While minimal federal requirements must be met, each state is given great discretion in awarding specific sub-grants.

City VIP (0550) - Provide victims services that include the initial contact to assure appearance in court, emotional support, safety plan issues, referrals to public and private victim support groups, provision of crime victims' reparation applications. Investigation and reporting of all case status information, victim support, including transportation to court if necessary and all appropriate follow-up.

Federal Meth Initiative (0576)- To partner with local law enforcement to prosecute criminal cases involving methamphetamine or methamphetamine-related crimes.

DCSI (0600) - To reduce and prevent illegal drug activity, crime, and violence and to improve the functioning of the criminal justice system.

Law Enforcement Program (0650) - Reduce and prevent illegal drug activity, crime, and violence and to improve the functioning of the criminal justice system.

Weed and Seed (0700) - To specifically deal with the increased technical demands associated with maintaining the current National Court Watch Database as well as a new Court Watch Database to track Gang Prosecutions. The target area neighborhood association and residents will receive monthly updates of current criminal prosecutions and court actions involving cases within the Weed and Seed sites. A quarterly newsletter will be distributed to key residents and copies made available at both Safe Haven sites.

Domestic Violence/Stalking Grant (0750) - Provides case management, information and referral, safety planning, crisis intervention and other assistance to assure that the victims will receive available services to achieve a violence free life.

NCHIP (0850) - To enhance the quality and completeness of the nation's criminal history record systems; to provide financial and technical assistance to States for the establishment or improvement of computerized criminal history record systems and in their efforts to collect data on stalking and domestic violence; to improve data accessibility and support data transmissions to national systems will permit the immediate identification of persons who are prohibited from purchasing firearms, are subject to domestic violence protective orders, or are ineligible to hold positions of responsibility involving children, the elderly, or the disabled; to support the development of accurate and complete State sex offender identification and registration systems which interface with the FBI's Sex Offender Registry and meet applicable Federal and State requirements; to develop and improve the processes for identifying, classifying, collecting, and entering data regarding stalking and domestic violence into local, State, and national crime information databases; to ensure that criminal justice systems are designed, implemented, or upgraded to be compliant where applicable,

with the FBI operated National Instant Criminal Background Check System and Interstate Automated Fingerprint Identification System, meet other applicable statewide or regional criminal justice information sharing standards and plans; and, build upon ongoing efforts so as to support the wide range of technology based, criminal justice information, identification, and communications needs identified by the States.

JAIBG (0950) - To provide States and units of local government with funds to develop programs to strengthen and promote greater accountability in the juvenile justice system. To survey the field and identify projects that would benefit from research, demonstration, and evaluation in the 16 purpose areas identified in the JABG Program. To provide training and technical assistance to States and units of local government so they may develop programs outlined in the 16 program areas to promote greater accountability in the juvenile justice system.

Pueblo Memorandums of Understanding (MOUs) (Isleta, Laguna and Sandia) (1200) - Provides assigned personnel and other resources as deemed necessary by the District Attorney to prosecute crimes committed by any person who is not a member of the Pueblo when said crime is committed by a non-Indian person on Pueblo land.

Mental Health Court (1500) - Provides expert attorney and prosecution team services for the Metropolitan Court Mental Health Court program, Bernalillo County and for the clients screened, enrolled in and excluded from the program.

Drug Court (2000) - To provide a paralegal to handle screening for all pre-indictment cases and make referrals based on the results of each screening. The paralegal will work with the District Attorney and Public Defender to put together diversion packets.

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

**COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
AS OF JUNE 30, 2009**

	(0200)	(0400)	(0550)	(0576)	(0600)
	Violence Against Women Act	Victims of Crime Act	City VIP	Federal Meth Initiative	DCSI Priority Repeat Offender
ASSETS:					
Investment account at STOS	4,966		\$ 1,694		\$ 20,614
Federal grants receivable					
Other receivables					
Due from other governments		\$ 29,219		\$ 18,841	
Due from other funds					
Total Assets	\$ 4,966	\$ 29,219	\$ 1,694	\$ 18,841	\$ 20,614
LIABILITIES:					
Investment overdrafts		\$ 8,221		\$ 16,150	
Accounts payable					
Accrued salaries and benefits		3,876	\$ 1,694	2,691	
Due to other funds					
Deferred revenue					
Total Liabilities	-0-	12,097	1,694	18,841	\$ -0-
Fund Balance (Deficit)	4,966	17,122	-0-	-0-	20,614
Total Liabilities and Fund Balances (Deficit)	\$ 4,966	\$ 29,219	\$ 1,694	\$ 18,841	\$ 20,614

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

<u>(0650)</u>	<u>(0700)</u>	<u>(0750)</u>	<u>(0850)</u>	<u>(0950)</u>
Law Enforcement Program	Weed and Seed Grant	Domestic Violence Stalking Grant	NCHIP Program	JAIBG
\$ 7,829		\$ 32,697	\$ 4,724	\$ 11,047
<u>\$ 7,829</u>	<u>\$ -0-</u>	<u>\$ 32,697</u>	<u>\$ 4,724</u>	<u>\$ 11,047</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
<u>7,829</u>	<u>-0-</u>	<u>32,697</u>	<u>4,724</u>	<u>11,047</u>
<u>\$ 7,829</u>	<u>\$ -0-</u>	<u>\$ 32,697</u>	<u>\$ 4,724</u>	<u>\$ 11,047</u>

STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2009

	<u>(1200)</u>	<u>(1500)</u>	<u>(2000)</u>	<u>Total Non-major Governmental Funds</u>
	Pueblo MOUs	Mental Health	Drug Court	
ASSETS:				
Investment account at STO		\$ 6,678		\$ 90,249
Federal grants receivable				
Other receivables				
Due from other governments	\$ 75,000		\$ 7,339	130,399
Due from other funds				-0-
Total Assets	<u>\$ 75,000</u>	<u>\$ 6,678</u>	<u>\$ 7,339</u>	<u>\$ 220,648</u>
LIABILITIES:				
Investment overdrafts			\$ 5,430	\$ 29,801
Accounts payable				
Accrued salaries and benefits			2,410	10,671
Due to other funds	\$ 62,500			62,500
Deferred revenue		\$ 6,678		6,678
Total Liabilities	<u>62,500</u>	<u>6,678</u>	<u>7,840</u>	<u>109,650</u>
Fund Balance (Deficit)	<u>12,500</u>	<u>-0-</u>	<u>(501)</u>	<u>110,998</u>
Total Liabilities and Fund Balances (Deficit)	<u>\$ 75,000</u>	<u>\$ 6,678</u>	<u>\$ 7,339</u>	<u>\$ 220,648</u>

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

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	(0200)	(0400)	(0550)	(0576)	(0600)
	Violence Against Women Act	Victims of Crime Act	City VIP Initiative	Federal Meth Initiative	DSCI Priority Repeat Offender
Revenues:					
Local intergovernmental operating grants			\$ 31,000		
Contracts					
Federal sources operating grants		\$ 82,219		\$ 69,711	
Total Revenues	\$ -0-	\$ 82,219	\$ 31,000	\$ 69,711	\$ -0-
Expenditures:					
Current:					
Personal services and benefits		81,866	31,000	69,711	
Contractual services					
Other costs					
Total Expenditures	-0-	81,866	31,000	69,711	-0-
Net change in fund balances	-0-	353	-0-	-0-	-0-
Fund balance, beginning of year	4,966	16,769	1	-0-	20,614
Fund balance (deficit), end of year	\$ 4,966	\$ 17,122	\$ 1	\$ -0-	\$ 20,614

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

<u>(0650)</u>	<u>(0700)</u>	<u>(0750)</u>	<u>(0850)</u>	<u>(0950)</u>
<u>Law Enforcement Program</u>	<u>Weed and Seed Grant</u>	<u>Domestic Violence Stalking Grant</u>	<u>NCHIP Program</u>	<u>JAIBG</u>
	\$ 4,051			
<u>\$ -0-</u>	<u>4,051</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
	8,901			
<u>-0-</u>	<u>8,901</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>-0-</u>	<u>(4,850)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>7,829</u>	<u>4,850</u>	<u>32,697</u>	<u>4,724</u>	<u>11,047</u>
<u>\$ 7,829</u>	<u>\$ -0-</u>	<u>\$ 32,697</u>	<u>\$ 4,724</u>	<u>\$ 11,047</u>

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	(1200)	(1500)	(2000)	Total Non-major Governmental Funds
	Pueblo MOUs	Mental Health	Drug Court	
Revenues:				
Local intergovernmental operating grants	\$ 100,000	\$ 36,909	\$ 44,300	\$ 216,260
Contracts				
Federal sources operating grants				151,930
Total Revenues	<u>100,000</u>	<u>36,909</u>	<u>44,300</u>	<u>368,190</u>
Expenditures:				
Current:				
Personal services and benefits	100,000	36,909	44,300	372,687
Contractual services				
Other costs				
Total Expenditures	<u>100,000</u>	<u>36,909</u>	<u>44,300</u>	<u>372,687</u>
Net change in fund balances	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(4,497)</u>
Fund balance, beginning of year	<u>12,500</u>	<u>-0-</u>	<u>(501)</u>	<u>115,496</u>
Fund balance (deficit), end of year	<u>\$ 12,500</u>	<u>\$ -0-</u>	<u>\$ (501)</u>	<u>\$ 110,999</u>

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

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

**STATEMENT OF REVENUES AND EXPENDITURES - SPECIAL REVENUE FUND -
VIOLENCE AGAINST WOMEN ACT FUND (0200)
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental revenue:				
Federal sources	\$ 45,000	\$ 45,000	\$ -0-	\$ (45,000)
Total revenues	<u>45,000</u>	<u>45,000</u>	<u>-0-</u>	<u>(45,000)</u>
EXPENDITURES:				
Current:				
Personal services	45,000	45,000	-0-	45,000
Contractual services				
Other costs				
Total expenditures	<u>45,000</u>	<u>45,000</u>	<u>-0-</u>	<u>45,000</u>
Excess (deficiency) of revenues over (under) expenditures			<u>-0-</u>	<u>-0-</u>
Other financing sources (uses):				
Transfers in (out)				
Excess of revenues and other financing sources over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

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

**STATEMENT OF REVENUES AND EXPENDITURES - SPECIAL REVENUE FUND -
VICTIMS OF CRIME ACT (0400)
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental revenue:				
Federal sources	\$ 78,000	\$ 82,219	\$ 82,219	\$ -0-
Total revenues	<u>78,000</u>	<u>82,219</u>	<u>82,219</u>	<u>-0-</u>
EXPENDITURES:				
Current:				
Personal services	78,000	81,869	81,869	-0-
Contractual services				
Other costs		350	350	
Total expenditures	<u>78,000</u>	<u>82,219</u>	<u>82,219</u>	<u>-0-</u>
Excess (deficiency) of revenues over (under) expenditures			-0-	-0-
Other financing sources (uses):				
Transfers in (out)				
Excess of revenues and other financing sources over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY

STATEMENT OF REVENUES AND EXPENDITURES - SPECIAL REVENUE FUND -
CITY VIP (0550)
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental revenue:				
Local sources	\$ 31,000	\$ 31,000	\$ 31,000	\$ -0-
Total revenues	<u>31,000</u>	<u>31,000</u>	<u>31,000</u>	<u>-0-</u>
EXPENDITURES:				
Current:				
Personal services	31,000	31,000	31,000	-0-
Contractual services				
Other costs				
Total expenditures	<u>31,000</u>	<u>31,000</u>	<u>31,000</u>	<u>-0-</u>
Excess (deficiency) of revenues over (under) expenditures				
Other financing sources (uses):				
Transfers in (out)				
Excess of revenues and other financing sources over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY

**STATEMENT OF REVENUES AND EXPENDITURES - SPECIAL REVENUE FUND -
 FEDERAL METH INITIATIVE (0576)
 FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental revenue:				
Local sources				
Federal sources	\$ -0-	\$ 119,942	\$ 69,711	\$ (50,231)
Total revenues	<u>-0-</u>	<u>119,942</u>	<u>69,711</u>	<u>(50,231)</u>
EXPENDITURES:				
Current:				
Personal services	-0-	119,942	69,711	50,231
Contractual services				
Other costs				
Total expenditures	<u>-0-</u>	<u>119,942</u>	<u>69,711</u>	<u>50,231</u>
Excess (deficiency) of revenues over (under) expenditures				
Other financing sources (uses):				
Transfers in (out)				
Excess of revenues and other financing sources over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

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

**STATEMENT OF REVENUES AND EXPENDITURES - SPECIAL REVENUE FUND -
WEED AND SEED GRANT (0700)
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental revenue:				
Local sources	\$ 15,000	\$ 15,000	\$ 4,051	\$ (10,949)
Total revenues	15,000	15,000	4,051	(10,949)
EXPENDITURES:				
Current:				
Personal services	15,000	15,000	8,901	6,099
Contractual services				
Other costs				
Total expenditures	15,000	15,000	8,901	6,099
Excess (deficiency) of revenues over (under) expenditures			(4,850)	(4,850)
Other financing sources (uses):				
Transfers in (out)				
Excess of revenues and other financing sources over expenditures	\$ -0-	\$ -0-	\$ (4,850)	\$ (4,850)

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

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

**STATEMENT OF REVENUES AND EXPENDITURES - SPECIAL REVENUE FUND -
PUEBLO MOU (1200)
FOR THE YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental revenue:				
Local sources	\$ 150,000	\$ 150,000	\$ 100,000	\$ (50,000)
Total revenues	150,000	150,000	100,000	(50,000)
EXPENDITURES:				
Current:				
Personal services	150,000	150,000	100,000	50,000
Contractual services				
Other costs				
Total expenditures	150,000	150,000	100,000	50,000
Excess (deficiency) of revenues over (under) expenditures			-0-	-0-
Other financing sources (uses):				
Transfers in (out)				
Excess of revenues and other financing sources over expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-

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

STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY

STATEMENT OF REVENUES AND EXPENDITURES - SPECIAL REVENUE FUND -
MENTAL HEALTH (1500)
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental revenue:				
Other	\$ 53,300	\$ 53,300	\$ 36,909	\$ (16,391)
Total revenues	<u>53,300</u>	<u>53,300</u>	<u>36,909</u>	<u>(16,391)</u>
EXPENDITURES:				
Current:				
Personal services	53,300	53,300	36,909	16,391
Contractual services				
Other costs				
Total expenditures	<u>53,300</u>	<u>53,300</u>	<u>36,909</u>	<u>16,391</u>
Excess (deficiency) of revenues over (under) expenditures			<u>-0-</u>	<u>-0-</u>
Other financing sources (uses):				
Transfers in (out)				
Excess of revenues and other financing sources over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY

**STATEMENT OF REVENUES AND EXPENDITURES - SPECIAL REVENUE FUND -
 DRUG COURT (2000)
 FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental revenue:				
Federal sources	\$ 44,300	\$ 44,300	\$ 44,300	\$ -0-
Total revenues	<u>44,300</u>	<u>44,300</u>	<u>44,300</u>	<u>-0-</u>
EXPENDITURES:				
Current:				
Personal services	44,300	44,300	44,300	-0-
Contractual services				
Other costs				
Total expenditures	<u>44,300</u>	<u>44,300</u>	<u>44,300</u>	<u>-0-</u>
Excess (deficiency) of revenues over (under) expenditures			<u>-0-</u>	<u>-0-</u>
Other financing sources (uses):				
Transfers in (out)				
Excess of revenues and other financing sources over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

ADDITIONAL INFORMATION -
SUPPORTING SCHEDULES

STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY

MEMORANDUMS OF UNDERSTANDING
FOR THE YEAR ENDED JUNE 30, 2009

The following is a summary of the memorandums of understanding outstanding during the year ended June 30, 2009:

- a. Participants: Pueblo of Isleta, Laguna and Sandia and the Second Judicial District Attorney.
- b. Party responsible for operations: Second Judicial District Attorney.
- c. Description: The Second Judicial District Attorney provides personnel and other resources, as deemed necessary by the District Attorney, to prosecute crimes committed by any person who is not a member of the Pueblo when said crime is committed by a non Indian person on Pueblo Land.
- d. Beginning and ending dates of MOU: July 1, 2003 - ongoing.
- e. Total estimated amount of project and portion applicable to District Attorney: None in FY 08 as MOUs were not utilized.
- f. Amount contributed by District Attorney in current year: \$-0-.
- g. Audit Responsibility: District Attorney
- h. Fiscal Agent: District Attorney through a Special Revenue Fund.
- i. Name of governmental agency where revenues and expenditures are reported: District Attorney.

STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY

**SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUND -
PRE-PROSECUTION PROGRAM**
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Balance at June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2009</u>
ASSETS				
Cash in authorized bank account	<u>\$ 3,257</u>	<u>\$ 87,855</u>	<u>\$ (88,449)</u>	<u>\$ 2,663</u>
LIABILITIES				
Deposits held for others	<u>\$ 3,257</u>	<u>\$ 87,855</u>	<u>\$ (88,449)</u>	<u>\$ 2,663</u>

OTHER REPORT

C
W
M **Chester W. Mattocks**
Certified Public Accountant

P.O. Box 25941
Albuquerque, New Mexico 87125
(505) 299-5233

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

Ms. Kari Brandenburg, District Attorney
State of New Mexico
Second Judicial District Attorney
Albuquerque, New Mexico

and

Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information and the respective budgetary comparisons of the General Fund and the Southwest Border Prosecution Initiative, Community Gun Violence Act, Narcotic Control Grant Program, City Meth Initiative, and the Probation Violation Program Special Revenue Funds of the State of New Mexico, Second 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, and the financial statements of each of the District Attorney's non-major governmental funds, and budgetary comparisons, presented as supplementary information in the combining and individual fund financial statements as of and for the year ended June 30, 2009, and have issued my report thereon dated December 10, 2009. I conducted my 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 my audit, I considered the District Attorney's internal control over financial reporting as a basis for designing my audit procedures for the purpose of expressing my 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, I do not express an opinion on the effectiveness of the District Attorney's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified a certain deficiency in internal control over financial reporting that I consider to be a significant deficiency.

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 District Attorney's financial statements that is more than inconsequential will not be

prevented or detected by the District Attorney's internal control. I consider the following deficiency described in the accompanying Schedule of Findings and Responses to be a significant deficiency in internal control over financial reporting: Item 2008-1.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result 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.

My consideration of 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 internal control that might be significant deficiencies, and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District Attorney's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The District Attorney's response to the finding identified in my audit is described in the accompanying Schedule of Findings and Responses. I did not audit the District Attorney's response and, accordingly, I express no opinion on it.

This report is intended for the information and use of the District Attorney, the management of the District Attorney, the State of New Mexico Department of Finance and Administration, the State of New Mexico Office of the State Auditor, the New Mexico State Legislature, and the State of New Mexico Legislative Finance Committee and is not intended to be and should not be used by anyone other than these specified parties.



December 10, 2009

STATE COMPLIANCE SECTION

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

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2009**

2008 – 1-- APPROVAL OF LEAVE TAKEN

Statement of condition: In a sample of five employees judgmentally selected for a detailed testing of leave taken, there were two individuals in where not all *Leave Request Forms* were available for the auditors to examine. The leave taken for these two individuals in where a *Leave Request Form* was not available included twenty-four hours of annual leave, twenty-four hours of sick leave, and eight hours of administrative leave. For one of the same employees there was a *Leave Request Form* present for eight hours of administrative leave and one and a half hours of sick leave taken, however it was unsigned by the employee's supervisor.

Criteria: Under 1.7.7 NMAC, leave taken must be accrued and authorized before it is taken in accordance with agency policy. The District Attorney's *New Employee Handbook* requires that all leave slips must be completed accurately with appropriate signatures before submission to the Human Resources department.

Effect: The District Attorney's office was not in compliance with a state statute and its own internal policies. Employees could be taking leave without the approval and/or knowledge of their supervisors.

Cause: Not all employees and supervisors may be aware of the District Attorney's policies regarding leave taken.

Recommendation: The District Attorney should remind all employees that any leave taken should be properly authorized and that a properly approved *Leave Request Form* should be submitted to the Human Resources department.

Management's Response: Leave time is entered into the "Share" system any time an employee takes leave whether it be, annual, sick, administrative, etc. Once the time is entered into the system by the employee, it must be "electronically" approved by the supervisor before the system will accept the time and pay it. Currently, our policy states that,

"All employees shall submit a Request for Leave form to their respective supervisors for authorization in advance of taking any paid or unpaid leave. All completed and authorized Request for Leave forms shall be submitted to HR by the end of each pay period."

Because the system now allows for authorization and approval of all leave time electronically, the requirement to have hard copy Request for Leave forms is no longer applicable. To that end, the Office of The District Attorney, 2nd Judicial District will amend their policies to allow for "electronic" submission of all leave requests and the subsequent approval. This will eliminate findings related to missing documents.

STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009

2008 – 01 – APPROVAL OF LEAVE TAKEN – Repeated.

STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT ATTORNEY

EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2009

An exit conference was held on December 10, 2009. Attending were the following:

State of New Mexico, Second Judicial District Attorney

Mr. Gary Cade, Chief Deputy District Attorney
Ms. Nivia Thames, Office Manager
Ms. Yu Liang, Chief Financial Officer
Mr. Jeff Peters, Human Resources Administrator

Independent Auditor

Mr. David Baca, Audit Senior

Note: The financial statements presented in this report were substantially prepared by the independent auditor, Chester W. Mattocks, CPA.