

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
ATTORNEY ROSTER
JUNE 30, 2002

GENERAL FUND ATTORNEYS

Susana Martinez	District Attorney
Susan Riedel	Chief Deputy District Attorney
Janetta Hicks	Deputy District Attorney
Amy Orlando	Deputy District Attorney
Jeff Lahann	Deputy District Attorney
Thomas Clark	Senior Trial Prosecutor
William Kinsella	Senior Trial Prosecutor
John Carter Clary	Senior Trial Prosecutor
Michael Wallace	Senior Trial Prosecutor
Teresa R. Lahann	Assistant District Attorney III
Marron Lee	Assistant District Attorney III
Jacinto Palomino	Assistant District Attorney III
Anna Marie Delovato	Assistant District Attorney II
Richard B. Wellborn	Assistant District Attorney II
Lara Smalls	Assistant District Attorney I
Heather Chavez	Assistant District Attorney I

GRANT ATTORNEYS

K. Jan Peterson	Senior Trial Prosecutor
Nelson Goodin	Assistant District Attorney III
James Dickens	Assistant District Attorney I
Michael Cain	Assistant District Attorney I
Blaine Mynatt	Assistant District Attorney III
Daniel Sewell	Assistant District Attorney I

GENERAL FUND/ADMINISTRATIVE STAFF

Kelly Kuenstler	District Office Manager
Beverlye J. Zubia	Fiscal Officer

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THIRD JUDICIAL DISTRICT ATTORNEY
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Independent Auditors' Report

Mr. Domingo P. Martinez, CGFM, State Auditor
and
Ms. Susana Martinez, District Attorney
State of New Mexico, Third Judicial District
Las Cruces, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the State of New Mexico Third Judicial District Attorney, as of and for the year ended June 30, 2002, which collectively comprise the Third Judicial District Attorney's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State of New Mexico Third Judicial District Attorney's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the State of New Mexico Third Judicial District Attorney, are intended to present the financial position, and the changes in financial position of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of the State of New Mexico that is attributable to the transactions of the Third Judicial District Attorney. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2002, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Third Judicial District Attorney, as of June 30, 2002, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, the Third Judicial District Attorney adopted the provisions of the *Government Accounting Standards Board Statement No. 34 Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, as of July 1, 2001. The results in a change in the format and content of the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2002, on our consideration of the Third Judicial District Attorney's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplemental information required by the *Governmental Accounting Standards Board*. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Management's Discussion and Analysis. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Third Judicial District Attorney taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the Third Judicial District Attorney. Also, the other supplementary information listed in the table of contents is presented for purposes of additional analysis and is also not a required part of the basic financial statements of the Third Judicial District Attorney. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Fierro + Fierro, P.A.

Fierro & Fierro, P.A.
Las Cruces, New Mexico

December 10, 2002

**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2002**

The Third Judicial District Attorney's Office discussion and analysis is designed to provide an overview of the office's activities and programs resulting in financial planning and expenditure of the annual budget.

Since this is the agency's first year of preparing such an analysis report, there will be no comparison group, however; all future year's discussions should have comparison groups.

HIGHLIGHTS

FINANCIAL HIGHLIGHTS

Results of Operation (Statement of Activities)

Change in Net Assets: The Third Judicial District Attorney's Office total revenue increased by approximately 1.34% from \$3,142,188 to \$3,184,162. The Third Judicial District Attorney's Office total expenses increased by approximately 16% from \$3,179,261 to \$3,668,101. However, \$465,443 of the increase in expenses was due to the write off of fixed assets costing less than \$1,000.

GENERAL FUND BUDGETARY HIGHLIGHTS

The State Legislature makes annual appropriations to the Office of the Third Judicial District Attorney. Amendments to the budget require approval by the Budget Division of the Department of Finance & Administration (DFA). Over the course of the year, the Third Judicial District Attorney's Office revised its budget five (5) times. These budget amendments were made for the following reasons:

- a. Request of the Budget Analyst to make a \$200 correction.
- b. Increase of \$67,900 in Personnel Services/Employee Benefits in order to include the District Attorney Compensation Packages for District Attorney Employees.
- c. Increase of \$5,000 into Other Operating Costs from Personal Services/Employee Benefits due to projected costs through the end of the fiscal year.
- d. Increase of \$16,000 from Personnel Services/Employee Benefits into Other Operating Costs due to increased operating expenses.
- e. Increase of \$7,700 from Personnel Services/Employee Benefits into Other Operating Costs as the final budget adjustment before the end of the fiscal year.

Even with these adjustments, actual expenditures were below final budget amounts by \$4,842 due to personnel changes and vacancy that fluctuated at the end of the fiscal year.

**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2002**

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements consist of the following government-wide financial statements, governmental funds statements and a statement reconciling the above-mentioned statements.

Basic Financial Statements (Statement of Net Assets and Statement of Activities)

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

The basic financial statements report the Third Judicial District Attorney's Office net assets and how they have changed.

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

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

The Third Judicial District Attorney's Office operates on its State General Fund appropriations, state and federal grants, fiduciary trust accounts (worthless checks and pre-prosecution diversion programs) and assistance from local government (City of Las Cruces for grant match purposes).

Analysis of Financial Position (Statement of Net Assets)

Total Assets:	Consist of cash of \$74,823 on deposit with the State Treasurer, net receivables of \$167,247 and capital assets, net of accumulated depreciation of \$47,929. Total assets are \$289,999.
Total Liabilities:	Consist of current liabilities \$231,628 and long-term liabilities of \$122,866 liabilities are \$354,494.
Net Assets:	Consist of \$47,929 invested in capital assets and (\$112,424) unrestricted deficiency.
Total Revenues:	Consist of \$3,184,162 for operational purposes. State General Fund appropriations, worthless check and pre-prosecution fees and federal awards provide the majority of revenue.
Total Expenses:	Consist of \$3,184,547 for employee salaries, benefits, and operating costs, \$13,269 for depreciation, \$4,842 for reversions and \$465,443 for the write off of fixed assets.

**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2002**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Change in
Net Assets:

The Third Judicial District Attorney's total revenue increased by approximately \$41,974 from \$3,142,188 to \$3,184,162. The Third Judicial District Attorney's total expenses increased by \$488,840 from \$3,179,261 to \$3,668,101, mainly due to the implementation of GASB No. 34, which included the write off of fixed assets (\$465,443), depreciation expense (\$13,269) and recognition of compensated absences (\$106,408), which were not recorded under the previous reporting model.

Analysis of the Third Judicial District Attorney's Overall Financial Position and Results of Operation

There are changes in the Third Judicial District Attorney's financial position (Statement of Net Assets) and operations (Statement of Activities) from the prior year. Total assets increased by approximately 11.28% from \$260,605 to \$289,999. Total net assets decreased by \$75,266 from \$10,771 to (\$64,495). The decrease in net assets shown in the Statement of Activities was primarily due to the implementation of GASB No. 34 by the Third Judicial District Attorney.

AGENCY HIGHLIGHTS

The Third Judicial District Attorney's Office is comprised of Dona Ana County, New Mexico. The area is unique in that the county's south boundary borders Mexico and the county's southeast boundary borders El Paso, Texas. Furthermore, Interstate 10 and Interstate 25 intersect in the heart of the county. Las Cruces, New Mexico, the county's largest city is home to New Mexico State University, which currently has an annual enrollment of approximately 17,000 persons.

The District is composed of six (6) District Court Judges, five (5) Magistrate Court Judges, two (2) Municipal Court Judges and two (2) Domestic Violence Hearing Commissioners. The District Attorney's Office currently has sixty (60) full time employees, twenty two (22) of which are prosecutors. The current total caseload for the office is approximately 3,200 cases. It is anticipated that the caseload could increase due to the population's continued growth in Dona Ana County.

The Third Judicial District Attorney's Office contains a variety of programs within it's own office. A juvenile and adult pre-prosecution diversion program is run for first time offenders who commit non-violent crimes. A worthless check program is maintained for worthless check writers who are willing to pay restitution within a short time frame and in turn, prosecution is waived. The office also has a Victim Assistance Program, which is offered to all victims of non-violent or violent crime. Finally, the office is very involved in the county's adult and juvenile drug courts, teen court and the DWI Planning Council. Prosecutions include non-violent, violent, domestic violence, drug, mental health, drug, and fugitive from justice and forfeiture cases.

**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2002**

AGENCY HIGHLIGHTS (Continued)

Our office's caseload and progress are measured through the following core measurements through the Department of Finance & Administration's Performance Based Budgeting System:

1. Average time from filing of charges to final disposition.
2. Number of cases referred for screening.
3. Average investigator caseload.
4. Number of cases prosecuted.
5. Percent of cases dismissed on the six month rule.
6. Average attorney caseload.
7. Average number of cases prosecuted per attorney.
8. Number of offenders accepted into the pre-prosecution diversion program.
9. Percent of offenders successfully completing the pre-prosecution diversion program.
10. Number of drug cases prosecuted.
11. Number of offenders accepted into the worthless check program.
12. Number of cases involving victims.
13. Average victim advocate caseload.
14. Number of attorney trial days.
15. Number of attorney court days.
16. Number of extradited fugitives.
17. Number of probation violations filed.

**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
STATEMENT OF NET ASSETS
JUNE 30, 2002**

ASSETS

Current assets:	
Cash	\$ 74,823
Grant receivables	167,247
Total current assets	<u>242,070</u>
Noncurrent assets:	
Property, plant & equipment	72,890
Less: accumulated depreciation	<u>(24,961)</u>
Total capital assets, net of depreciation	<u>47,929</u>
Total noncurrent assets	<u>47,929</u>
Total assets	<u><u>289,999</u></u>

LIABILITIES

Current liabilities:	
Bank overdraft	154,405
Accounts payable	13,968
Accrued payroll	55,690
Due to state general fund	<u>7,565</u>
Total current liabilities	231,628
Long-term liabilities:	
Compensated absences	<u>115,412</u>
Total long-term liabilities	<u><u>347,040</u></u>

NET ASSETS

Invested in capital assets	47,929
Unrestricted	<u>(104,970)</u>
Total net assets	<u><u>\$ (57,041)</u></u>

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

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
STATEMENT OF ACTIVITIES
JUNE 30, 2002

Functions/Programs	Program Revenues			Net (Expense) Revenue
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Expenses				
Primary Government:				
Governmental activities:				
General government	\$ 3,647,378	\$ 583,163	\$ -	\$ (3,064,215)
Depreciation expense - unallocated	13,270	-	-	(13,270)
Total governmental activities	3,660,648	583,163	-	(3,077,485)
Business-type activities:				
Total primary government	\$ 3,660,648	\$ 583,163	\$ -	\$ (3,077,485)

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Change in Net Assets:			
Net (expense) revenue	\$ (3,077,485)	\$ -	\$ (3,077,485)
General revenues:			
State general fund appropriations	2,601,000	-	2,601,000
Change in net assets	(476,485)	-	(476,485)
Net assets - June 30, 2001	10,770	-	10,770
Prior Period Adjustment	408,674	-	408,674
Restated Net Assets - June 30, 2001	419,444	-	419,444
Net Assets - June 30, 2002	\$ (57,041)	\$ -	\$ (57,041)

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

**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2002**

	Major Funds				Total
	General Fund	HIDTA Fund	Other Grants Fund	Non- Major Funds	
ASSETS					
Cash	\$ 74,823	\$ -	\$ -	\$ -	\$ 74,823
Grant receivables	-	107,669	32,103	27,475	167,247
Due from other funds	-	3,230	-	8,726	11,956
Total Assets	\$ 74,823	\$ 110,899	\$ 32,103	\$ 36,201	\$ 254,026
LIABILITIES AND FUND BALANCES					
Liabilities:					
Bank overdraft	\$ -	\$ 103,575	\$ 29,688	\$ 21,142	\$ 154,405
Accounts payable	10,801	-	-	3,167	13,968
Accrued payroll	45,049	6,519	1,643	2,479	55,690
Due to other funds	11,408	548	-	-	11,956
Due to state general fund	7,565	-	-	-	7,565
Total Liabilities	74,823	110,642	31,331	26,788	243,584
Fund Balances:					
Reserved for encumbrances	-	-	-	-	-
Unreserved, Designated for future					
Expenditures:					
General fund	-	-	-	-	-
Other funds	-	257	772	9,413	10,442
Total Fund Balances	-	257	772	9,413	10,442
Total Liabilities and Fund Balances	\$ 74,823	\$ 110,899	\$ 32,103	\$ 36,201	\$ 254,026

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

**STATE OF NEW MEXICO
 THIRD JUDICIAL DISTRICT ATTORNEY
 RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2002**

	<u>General Fund</u>	<u>HIDTA Fund</u>	<u>Other Grants Fund</u>	<u>Other Funds</u>	<u>Total</u>
Total fund balances for governmental funds	\$ -	\$ 257	\$ 772	\$ 9,413	\$ 10,442
Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	44,780	3,149	-	-	47,929
Long term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	<u>(115,412)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(115,412)</u>
Net assets of governmental activities	<u>\$ (70,632)</u>	<u>\$ 3,406</u>	<u>\$ 772</u>	<u>\$ 9,413</u>	<u>\$ (57,041)</u>

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

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
JUNE 30, 2002

	Major Funds				Total
	General Fund	HIDTA Fund	Other Grants Fund	Non- Major Funds	
Revenues:					
State general fund appropriations	\$ 2,601,000	\$ -	\$ -	\$ -	\$ 2,601,000
Governmental grants	-	368,342	56,106	158,714	583,162
Total Revenues	2,601,000	368,342	56,106	158,714	3,184,162
Expenditures:					
Current:					
Personnel services	2,356,661	356,970	55,759	110,629	2,880,019
Contractual services	34,363	2,232	-	19,772	56,367
Other costs	205,905	5,226	1,256	18,316	230,703
Capital outlay	7,645	3,914	-	-	11,559
Total Expenditures	2,604,574	368,342	57,015	148,717	3,178,648
Excess (Deficiency) of revenues over expenditures	(3,574)	-	(909)	9,997	5,514
Other Financing Sources (Uses):					
Employee assistance program	(1,000)	-	-	-	(1,000)
Reversions to state general fund FY 02	(4,842)	-	-	-	(4,842)
Net Change in Fund Balances	(9,416)	-	(909)	9,997	(328)
Fund Balance, Beginning of Year	9,416	257	1,681	(584)	10,770
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 257</u>	<u>\$ 772</u>	<u>\$ 9,413</u>	<u>\$ 10,442</u>

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

**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
RECONCILIATION OF STATEMENT OF CHANGE IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	<u>General</u> <u>Fund</u>	<u>HIDTA</u> <u>Fund</u>	<u>Other</u> <u>Grants</u> <u>Fund</u>	<u>Other</u> <u>Funds</u>	<u>Total</u>
Net change in fund balances - governmental funds	\$ (9,416)	\$ -	\$ (909)	\$ 9,997	\$ (328)
<p>Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The amount by which capital outlays exceeded depreciation in the current period is:</p>					
Capital outlay	11,559				
Total expenditures	<u>(13,269)</u>	(4,859)	3,149	-	-
					(1,710)
Write off of capital assets costing less than \$1,000		(465,443)	-	-	-
					(465,443)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>					
Compensated absences	<u>(9,004)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,004)</u>
Change in net assets of governmental activities	<u>\$ (488,722)</u>	<u>\$ 3,149</u>	<u>\$ (909)</u>	<u>\$ 9,997</u>	<u>\$ (476,485)</u>

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

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	<u>Budget Original</u>	<u>Budget Final</u>	<u>Actual on Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State appropriations	\$ 2,500,600	\$ 2,500,600	\$ 2,495,758	\$ (4,842)
Expert witness	26,000	26,000	26,000	-
Compensation package	6,700	74,400	74,400	-
Total revenues	<u>2,533,300</u>	<u>2,601,000</u>	<u>2,596,158</u>	<u>(4,842)</u>
Expenditures:				
Current:				
Personnel services	2,321,200	2,360,200	2,356,661	3,539
Contractual services	30,500	30,500	30,463	37
Other costs	180,600	209,300	208,034	1,266
Total expenditures	<u>2,532,300</u>	<u>2,600,000</u>	<u>2,595,158</u>	<u>4,842</u>
Excess (Deficiency) of revenues over expenditures	1,000	1,000	1,000	-
Other Financing Sources (Uses):				
Employee assistance program	<u>(1,000)</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
HIDTA FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	<u>Budget Original</u>	<u>Budget Final</u>	<u>Actual on Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Governmental grant	\$ 292,800	\$ 368,815	\$ 368,342	\$ (473)
Expenditures:				
Current:				
Personnel services	279,300	357,425	356,970	455
Contractual services	-	2,250	2,232	18
Other costs	13,500	9,140	9,140	-
Total expenditures	<u>292,800</u>	<u>368,815</u>	<u>368,342</u>	<u>473</u>
Excess (Deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
OTHER GRANTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	<u>Budget Original</u>	<u>Budget Final</u>	<u>Actual on Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Governmental grant	\$ -	\$ 274,580	\$ 56,106	\$ (218,474)
Expenditures:				
Current:				
Personnel services	-	273,764	55,759	218,005
Other costs	-	816	1,256	(440)
Total expenditures	<u>-</u>	<u>274,580</u>	<u>57,015</u>	<u>217,565</u>
Excess (Deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (909)</u>	<u>\$ (909)</u>

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

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
NON-MAJOR FUND
VOCA FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	<u>Budget Original</u>	<u>Budget Final</u>	<u>Actual on Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Governmental grant	\$ 345,400	\$ 57,961	\$ 56,250	\$ (1,711)
Expenditures:				
Current:				
Personnel services	226,000	50,768	41,149	9,619
Contractual services	81,600	-	-	-
Other costs	<u>37,800</u>	<u>7,193</u>	<u>2,963</u>	<u>4,230</u>
Total expenditures	<u>345,400</u>	<u>57,961</u>	<u>44,112</u>	<u>13,849</u>
Excess (Deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,138</u>	<u>\$ 12,138</u>

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

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
NON-MAJOR FUND
DCSI FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Budget Original	Budget Final	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:				
Governmental grant	\$ 61,100	\$ 102,779	\$ 102,464	\$ (315)
Expenditures:				
Current:				
Personnel services	51,800	69,862	69,480	382
Contractual services	6,100	18,356	18,356	-
Other costs	3,200	14,561	14,488	73
Total expenditures	61,100	102,779	102,324	455
Excess (Deficiency) of revenues over expenditures	\$ -	\$ -	\$ 140	\$ 140

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

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2002

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 2,725
Total assets	<u>2,725</u>
LIABILITIES	
Accounts payable and other liabilities	<u>2,725</u>
Total liabilities	<u>2,725</u>
NET ASSETS	
Held in Trust For:	
Individuals and other governments	<u>-</u>
Total net assets	<u><u>\$ -</u></u>

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

**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Third Judicial District Attorney (District Attorney) is given his authority under Section 24 of the New Mexico State Constitution and Sections 36-1-1 through 36-1-27 of the New Mexico State Statutes Annotated, 1978 Compilation, and is a component unit of the State of New Mexico.

The District Attorney is elected to serve a four-year term by the qualified voters within the District, which comprises all of Dona Ana County. The function of the District Attorney involved criminal prosecutions of violators of state law and civil representation and advice to the counties served and the officers thereof.

The accounting policies of the District Attorney conform to generally accept accounting principles (GAAP) as applicable to governments. For the fiscal year ended June 30, 2002, the District Attorney early implemented the new financial reporting requirements of GASB Statement Number 34. As a result, an entirely new financial presentation format has been implemented.

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the reporting entity was made by applying the criteria set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*. The basic-but the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the section of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential components units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the District Attorney's Office has no component units, and is not a component unit of another governmental agency.

B. Basis of Accounting

The accounts of the District Attorney are organized on a fund basis, 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 equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which spending activities are controlled. The various funds are grouped into two broad fund categories and two generic fund types as follows:

**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting (Continued)

Governmental Fund Type

General Fund

The General Fund is the general operating fund of the District Attorney. It is used to account for all financial resources except those require to be accounted for in another fund. Any unencumbered balance remaining in the General Fund at the end of the fiscal year reverts to the General Fund of the State of New Mexico. The CAS number and description for the General Fund of the District Attorney is 157 – Third Judicial District Attorney Regular.

High Intensity Drug Trafficking Area (HIDTA) Fund

The HIDTA fund is used to account for proceeds from the Office of National Drug Control Policy – High Intensity Drug Trafficking Area Grant, and the expenditures there from. The authority for the creation and maintenance of the fund is the requirement of the federal government to maintain a separate fund. The Third Judicial District Attorney has determined that the HIDTA fund is a major fund whose CAS number is 936.

Other Grants Fund

The Other Grants Fund is used to account for grant proceeds from the Department of Justice for the Community Gun Violence Prosecution Program and from the NM Crime Victims Reparation Commission for the 2000 Stop Violence Against Women federal subgrant award. The statutory authority for the Gun Violence Grant is supported under Public Law 106-113,113 Stat 1501 (1999). The authority for the creation and maintenance of the fund is the requirement of the funding sources to maintain a separate fund. The Third Judicial District Attorney has determined that the Other Grants Fund is a major fund whose CAS number is 485.

Victim's Assistance Fund (VOCA)

The Victim's Assistance Fund is used to account for the grant proceeds from the Victims of Crime Act (VOCA), Violence Against Women (VAWA) grants and Rural Domestic Violence & Child Victimization Enforcement grants, and the expenditures there from. The authority for the creation and maintenance of the fund is the requirement of the state of New Mexico Crime Victims Reparation Commission to maintain a separate fund. The Third Judicial District Attorney has determined that the Victims Assistance Fund is a non-major fund whose CAS number is 933.

Region VII DCSI Fund (DCSI)

The Region VII DCSI Fund is used to account for proceeds from the Drug Control and System Improvement Funds (DCSI) grant program and the Southwest Border Local Assistance Initiative (SWBLAI) and the expenditures there from. The SWBLAI award is from the United State Attorney – District of New Mexico.

**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting (Continued)

Governmental Fund Type (Continued)

Region VII DCSI Fund (Continued)

The authority for the creation and maintenance of the fund is the requirement of the funding sources to maintain a separate fund. The Third Judicial District Attorney has determined that the Region VII DCSI Fund is a non-major fund whose CAS number is 934.

Fiduciary Funds

Agency Funds

Agency Funds are used to account for assets held by the District Attorney in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Basis of Presentation – Fund Accounting

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the District Attorney, the primary government, as a whole, without displaying individual funds or fund types. Generally, these statements distinguish between activities that are governmental and those that are considered business-type activities. The District Attorney has no business-type activities; therefore, these statements only reflect governmental activities. Government-wide financial statements exclude information about fiduciary funds and component units that are fiduciary in nature.

The government-wide statements are prepared using the “economic resources” measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Fund Financial Statements

The governmental fund and agency fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred. A reconciliation is provided with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity

Cash and Investments

The District Attorney cash and cash equivalents are considered to be demand deposits, savings accounts and certificates of deposits.

Fixed Assets

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation.

Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Furniture and fixtures	7 years
Equipment and machinery	5 years
Automotive	5 years
Data Processing	3 years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Equity

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt, consists of capital assets net of accumulated depreciation and reduced by any outstanding debt. The District Attorney has no outstanding debt relating to capital assets.
2. Restricted net assets, consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets are all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved.

E. Budgets and Budgetary Accounting

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

1. Prior to September 15th, the District Attorney submits to the Department of Finance and Administration (DFA) an appropriation request for the fiscal year commencing the following July 1st. The appropriation request includes proposed expenditures and the means of financing them.
2. Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committees. The final outcome of these hearings is incorporated into the General Appropriations Act.
3. The Act is signed into law by the Governor of the State of New Mexico within the legally prescribed time limit.
4. The District Attorney submits, no later than May 1st, to DFA an annual operating budget by category and line item based upon the appropriation made by the Legislature. The DFA – Budget Division reviews and approves the operating budget, which becomes effective on July 1st. All subsequent budget adjustments must be approved by the Judicial Budget Office and the Director of the DFA – Budget Division. The budget for the current year was amended in a legal manner.
5. Legal budget control for expenditures and encumbrances is by expenditure category.
6. Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund.
7. The budget for the General Fund is not adopted on a basis consistent with generally accepted accounting principles (GAAP). The budget treats encumbrances as expenditures. Budgetary comparisons presented for these funds in this report are on a non-GAAP budgetary basis.
8. Appropriations lapse at the end of the fiscal year except for those amounts encumbered. All accounts within the General Fund revert to the State General Fund.

**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the Governmental Funds. Encumbrances outstanding at the year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

G. Compensated Absences

Accrued Annual Leave

Qualified employees accumulate annual leave as a rate of:

<u>Years of Service</u>	<u>Hours Earned Per Month</u>	<u>Days earned Per Month</u>	<u>Days of Maximum Accrual</u>
1 month - 3 yrs.	10	1 1/4	30
over 3 - 7 yrs.	12	1 1/2	30
over 7 - 14 yrs.	14	1 3/4	30
over 14 yrs. - beyond	16	2	30

A maximum of 240 hours of accrued annual leave may be carried forward into the beginning of the next calendar year and any excess is lost. When employees terminate, they are compensated for accumulated unpaid annual leave as of the date of termination, up to the aforementioned maximums.

Accrued Sick Leave

Chapter 150, Laws of 1983 provided for the payment to employees for accumulated sick leave under certain conditions. Employees who have over 600 hours of accumulated sick leave can receive payment for the hours over 600 up to 120 hours on July 1st and January 1st of each year. However, the sick leave will be paid at fifty percent of the employee's regular hourly wage. A maximum of 120 hours of sick leave can be paid in one fiscal year.

At retirement, employees can receive fifty percent payment for up to 400 hours for the hours over 600 hours of accumulated sick leave. Employees who terminate receive no payment for accumulated sick leave. Therefore, the only sick leave which has been accrued represents the hours earned at June 30, 2002, over 600 hours.

Expenditures for accumulated sick leave pay for hours under 600 hours will be recognized as employees take such absences. Accrued vested sick pay is recorded as a liability in the government-wide statements.

**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Compensated Absences (Continued)

Accrued Sick Leave (Continued)

The current period net adjustment recorded as a charge to the general government function for compensated absences is \$9,004. The amount recorded as a long-term liability in the government wide statements for compensated absences consist of accrued annual leave and accrued sick leave as follows:

	Balance 06/30/01	Increase	Decrease	Balance 06/30/02
Accrued annual leave	\$ 104,202	\$ 10,982	\$ -	\$ 115,184
Accrued sick leave	2,206	-	(1,978)	228
Total	<u>\$ 106,408</u>	<u>\$ 10,982</u>	<u>\$ (1,978)</u>	<u>\$ 115,412</u>

2. COLLATERAL PLEDGED BY FINANCIAL INSTITUTIONS

Section 6-10-17, NMSA 1978 Compilation requires that banks or savings and loans provide additional collateral on funds held that exceed the FDIC insurance limit. These excess funds are required to be fifty percent collateralized. All deposits with financial institutions were covered by FDIC insurance at June 30, 2002.

3. RETIREMENT PLANS

Public Employees Retirement Act (PERA)

Substantially all of the District Attorney full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability 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, NM 87504-2123.

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 contributions 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 contributions to PERA for the years ending June 30, 2002, 2001, and 2000 were \$351,598, \$335,936, and \$315,711, respectively, equal to the amount of the required contributions for each year.

**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

4. POST EMPLOYMENT BENEFITS

The Retiree Health Care Act (Act) (Chapter 10, Article 7C, NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public services in New Mexico. The Retiree Health Care Authority is the administrator of the plan. The purpose is to provide eligible retirees, their spouses, dependents, and surviving spouses and dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds flowing into the Retiree Health Care Fund and by co-payments or the out-of-pocket payments of eligible retirees.

Monies flow to the Retiree Health Care Fund on a pay-as-you-go basis from eligible employers and eligible retirees. Eligible employers consist of institutions of higher education, school districts, or other entities participating in the Public School Insurance Authority, state agencies, state courts, magistrate courts, municipalities or counties, which are affiliated under or covered by the Educational Retirement Act, Public Employees Retirement Act, Volunteer Firefighters Retirement Act, Judicial Retirement Act or the Magistrate Retirement Act.

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 Retiree Health Care Act on the person's behalf, unless the person retires on or before July 1, 1995, in which event the time period for contribution becomes the time between July 1, 1990 and the date of retirement; or (2) retirees defined by the Act who retired prior to July 1, 1990.

Each participating employer makes contributions to the fund in the amount of one percent of each participating employee's annual salary. Each participating employee contributes to the fund an employee contribution equal to one-half of one percent of the employee's annual salary. Each participating retiree pays a monthly premium of fifty-seven dollars and sixty-five cents (\$57.65) for the basic single plan and an additional fee of five dollars (\$5.00) if the eligible participant retired prior to July 1, 1990 and made no contributions to the plan.

Contributions from participating employers and participating employees become the property of the Retiree Health Care Fund and are not refundable under any circumstances, including termination of employment or termination of the participating employer's operation or participation in the Retiree Health Care Act. The employer, employee, and retiree contributions are required to be remitted to the Retiree Health Care Authority on a monthly basis.

The Retiree Health Care Authority issues a separate, publicly available audited financial report that includes post employment benefit expenditures of premiums and claims paid, participant contributions (employer, employee, and retiree) and net expenditures for the fiscal year. The report also includes the approximate number of retirees participating in the plan. That report may be obtained by writing to the Retiree Health Care Authority, 810 West San Mateo Road, Santa Fe, NM 87505.

For the fiscal year ended June 30, 2002, the District Attorney remitted \$21,317 in employer contributions and \$10,658 in employee contributions to the Health Care Authority.

**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

5. DEFERRED COMPENSATION

The State of New Mexico offers state, local government, and school district employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all State employees and those local governments and school district employees whose employers have elected participation in the plan.

The plan permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the State of New Mexico (without being restricted to the provisions of benefits under the plan), subject only to the claims of the State's general creditors. Participant's rights under the plan are equal to the fair market value of the deferred account of each participant.

There are employees who are making contributions to a Deferred Compensation Plan. Neither the District Attorney nor the State of New Mexico makes any contributions to the Deferred Compensation Plan. All contributions withheld from participants by the District Attorney have been paid to the New Mexico Public Employees Retirement Association, which administers the plan.

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2002 was as follows:

	Balance 6/30/01	Additions	Deletions	Balance 6/30/02
Furniture and fixtures	\$ 179,989	\$ -	\$ (159,408)	\$ 20,581
Equipment	103,871	11,559	(101,601)	13,829
Data processing	194,434	-	(194,434)	-
Vehicles	48,480	-	(10,000)	38,480
Totals	526,774	11,559	(465,443)	72,890
Less:				
Accumulated depreciation	(11,691)	(13,270)	-	(24,961)
Net capital assets	<u>\$ 515,083</u>	<u>\$ (1,711)</u>	<u>\$ (465,443)</u>	<u>\$ 47,929</u>

The District Attorney removed assets in the amount of \$465,443, with a historical cost of less than \$1,000.

**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

7. OPERATING LEASES

The District Attorney has the following leases, which can be terminated due to lack of funding from the legislature with no penalty to the agency.

A lease for a 1999 Ford Taurus was entered into on July 1, 2001, which required 12 monthly payments of \$387. A lease for a 2000 Ford Taurus was entered into on July 24, 2001, which required 12 monthly payments of \$480. A lease for a 2000 Chevrolet Pick-up was entered into on July 1, 2001, which required 12 monthly payments of \$436. A lease for a postage meter was entered into on July 1, 2001, which required 48 monthly payments of \$301. A lease for a telephone system was entered into on July 1, 2001, which required 60 monthly payments of \$906.

8. CASH CREDIT RISK

The District Attorney's deposits are categorized to give an indication of the level of risk assumed by the entity at the year-end. The categories are described as follows:

Category 1 – Insured on collateralized with securities, held by the District Attorney or by its agent in the District Attorney's name.

Category 2 – Collateralized with securities held by the pledging institution's trust department or agency in the District Attorney's name.

Category 3 – Uncollateralized. This includes items collateralized with securities held by the name of the pledging financial institution, or by its trust department or agency but not in the District Attorney's name.

Deposits categorized by level of risk, are:

	Category 1	Category 2	Category 3
Balance Per Bank:			
Checking accounts	\$ 2,725	\$ -	\$ -

The category one value above represents only those amounts held in trust for other parties and does not include amounts of the District Attorney's operating bank account. The collateralization of the District Attorney's operating bank account is monitored by the State Treasurer's Office. The State Treasurer issues separate financial statements that disclose the collateral pledged to secure these deposits.

**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

9. DUE TO STATE OF NEW MEXICO GENERAL FUND

As of June 30, 2002, the amount due to the New Mexico General Fund is \$7,565. This is amount is composed of the following:

	Disencumbered	Unearned Appropriations	Other	Total
00 Fiscal Year	\$ 1,200	\$ -	\$ -	\$ 1,200
01 Fiscal Year	1,213	-	-	1,213
02 Fiscal Year	1,215	3,627	310	5,152
	<u>\$ 3,628</u>	<u>\$ 3,627</u>	<u>\$ 310</u>	<u>\$ 7,565</u>

10. RECONCILIATION BETWEEN BUDGETARY BASIS AND GAAP

As discussed in Note One of the Notes to the financial Statements, the Third Judicial District Attorney prepared their budget on a non-GAAP basis of accounting. All revenues earned and unearned are included as anticipated revenues. For expenditures, all projected expenditures are included within the budget. This would include encumbrances as of the end of the fiscal year. The actual revenues and expenditures for the fiscal year are reported to the State of New Mexico in the same manner, as the budget is prepared.

The financial statements included in this report have been prepared in accordance with generally accepted accounting principles (GAAP). The accompanying statement presents comparisons of the legally adopted budget with actual data on a budgetary basis.

Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of resultant basis, timing, perspective, and entity differences in the excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial resources for the year June 30, 2002 is presented below:

	General Fund	HIDTA Fund	Other Grants Fund	Other Funds
Excess (deficiency) of revenues and other sources of financial resources over expenditures and other used of financial resources (budgetary basis)	\$ -	\$ -	\$ (909)	\$ 12,278
Adjustments:				
To adjust revenues for grant accrual and deferrals	4,842	-	-	-
To adjust expenditures	9,416	-	-	(2,281)
To adjust reversion	(4,842)	-	-	-
Excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial sources (GAAP)	<u>\$ 9,416</u>	<u>\$ -</u>	<u>\$ (909)</u>	<u>\$ 9,997</u>

**STATE OF NEW MEXICO
 THIRD JUDICIAL DISTRICT ATTORNEY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2002**

11. RISK OF LOSS

The District Attorney's Office is insured through the Risk Management Division of the General Services Department, which is accounted for as an internal service fund of the State of New Mexico. In general, Risk Management Division responds to suits against the State and state agencies, manages funds to provide unemployment compensation, tort liability insurance, workman's compensation, general and property insurance, and attempts to reduce the number of suits against the State and state agencies through the risk management process. The actuarial gains and losses of Risk Management Division were not available and are not included in this report. However, the District Attorney is not liable for more than the premiums paid.

12. PRIOR PERIOD ADJUSTMENT

Beginning July 1, 2001, the District Attorney implemented GASB Statement No. 34, *Basic Financial Statement—and Management's Discussion and Analysis—for State and Local Governments*. This resulted in the recognition of capital assets, accumulated depreciation and compensated absences in the Statement of Net Assets. The following is the impact of these restatements for the General Fund:

Net Assets June 30, 2001		\$ 10,770
Add: Capital assets net of accumulated depreciation of \$11,691	515,083	
Less: Compensated absences at June 30, 2001	(106,409)	
Prior Period Adjustment		408,674
Net Assets June 30, 2001		\$ 419,444

13. FINANCIAL STATEMENT PREPARATION

The auditing firm of Fierro & Fierro, P.A., with the aid of responsible district attorney personnel, prepared the financial statements of the District Attorney as of, and for the year ended June 30, 2002. Official and responsible personnel agree that the presentations are made with their knowledge and agreement.

SUPPLEMENTARY FINANCIAL INFORMATION

**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
BALANCE SHEET – VOCA FUND
JUNE 30, 2002**

ASSETS

Grant receivables	\$ 14,544
Due from other funds	<u>8,178</u>
Total Assets	<u><u>\$ 22,722</u></u>

LIABILITIES AND FUND BALANCES

Liabilities:	
Bank overdraft	\$ 12,228
Accounts payable	176
Accrued payroll	<u>1,086</u>
Total Liabilities	13,490
Fund Balances:	
Reserved for encumbrances	-
Unreserved, Designated for future expenditures	
Special revenue fund	<u>9,232</u>
Total Fund Balances	<u>9,232</u>
Total Liabilities and Fund Balances	<u><u>\$ 22,722</u></u>

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
VOCA FUND
JUNE 30, 2002

Revenues:		
Governmental grants	\$	56,250
Expenditures:		
Current:		
Personnel services		41,149
Contractual services		1,417
Other costs		3,686
Capital outlay		<u>-</u>
Total Expenditures		<u>46,252</u>
Net Change in Fund Balances		<u>9,998</u>
Fund Balance, June 30, 2001		<u>(766)</u>
Fund Balance, End of Year	\$	<u><u>9,232</u></u>

**STATE OF NEW MEXICO
 THIRD JUDICIAL DISTRICT ATTORNEY
 BALANCE SHEET – DCSI FUND
 JUNE 30, 2002**

ASSETS

Grant receivables	\$ 12,931
Due from other funds	<u>548</u>
Total Assets	<u><u>\$ 13,479</u></u>

LIABILITIES AND FUND BALANCES

Liabilities:	
Bank overdraft	\$ 8,914
Accounts payable	2,991
Accrued payroll	<u>1,393</u>
Total Liabilities	13,298
Fund Balances:	
Reserved for encumbrances	-
Unreserved, Designated for future expenditures	
Special revenue fund	<u>181</u>
Total Fund Balances	<u>181</u>
Total Liabilities and Fund Balances	<u><u>\$ 13,479</u></u>

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
DCSI FUND
JUNE 30, 2002

Revenues:	
Governmental grants	\$ 102,464
Expenditures:	
Current:	
Personnel services	69,480
Contractual services	18,355
Other costs	<u>14,630</u>
Total Expenditures	<u>102,465</u>
Net Change in Fund Balances	<u>(1)</u>
Fund Balance, June 30, 2001	<u>182</u>
Fund Balance, End of Year	<u><u>\$ 181</u></u>

**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
SCHEDULE OF CASH ACCOUNTS
JUNE 30, 2002**

	<u>Type of Account</u>	<u>Per Bank Balance 06/30/02</u>	<u>Reconciling Items</u>	<u>Reconciled Balance 06/30/02</u>
<i>General Fund</i>				
New Mexico State Treasurer	Checking	\$ 74,823	\$ -	\$ 74,823
<i>Other Funds</i>				
New Mexico State Treasurer - HIDTA	Checking	\$ (103,575)	\$ -	\$ (103,575)
New Mexico State Treasurer - Other Grants	Checking	(29,688)	-	(29,688)
New Mexico State Treasurer - Other Funds	Checking	(21,142)	-	(21,142)
Total		<u>\$ (154,405)</u>	<u>\$ -</u>	<u>\$ (154,405)</u>
<i>Agency Funds</i>				
Worthless Check Account:				
Bank of America, N.A.				
NM1-100-01-09				
P. O. Box 27705				
Albuquerque, NM 87125-7705				
	Checking	\$ 640	\$ -	\$ 640
Pre-Prosecution Account:				
Citizens Bank of Las Cruces				
P. O. Box 2108				
Las Cruces, NM 88004-2108				
	Checking	2,085	-	2,085
Total		<u>\$ 2,725</u>	<u>\$ -</u>	<u>\$ 2,725</u>

ADDITIONAL FEDERAL INFORMATION

**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2002**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA No.	Pass-through Entity ID No.	Federal Expenditures
<u>Executive Office of the President</u>			
Passed through the Office of National Drug Control Policy			
High Intensity Drug Trafficking Area (H.I.D.T.A.)			
Operation Up the Ladder Copperative Agreement	16.564	I1 PSNP 553	\$ 359,202
Operation Up the Ladder Copperative Agreement	16.854	I9 PSNP 553	9,140
			368,342
<u>U.S. Department of Justice</u>			
Passed through Office of Justice Programs			
Rural Domestic Violence & Child Victimization			
Enforcement Grant Program	15.564	01-VA-GX-0035	1,272
Passed through Office of Justice Programs/ Bureau of Justice Assistance/ State of New Mexico Crime Victims Reparation Commission			
Victims of Crime Act (VOCA) Grant	16.564	01-VA-GX-0035	43,017
U.S. Department of Justice Passed through Office of Justice Programs/ Bureau of Justice Assistance/ Community Gun Violence Prosecution Program			
	16.609	2002-GP-CX-0104	21,384
Passed through Office of Justice Programs Bureau of Justice Assistance/ State of New Mexico Crime Victims Reparation Commission			
Violence Against Women Act (VAWA)	16.564	2001-WF-434	35,191
Passed through United States Attorney/ District of New Mexico			
Southwest Border Local Assistance Initiative	16.564	SWBLAIG	34,352
NM Department of Public Safety Drug Control and System Improvement Formula Grant Program			
DCSI Region VII	15.564	01-MJTF-REG-VII	43,831
DCSI Region VII - Match	15.564	01-MJTF-REG-VII	21,149
Total U.S. Department of Justice			200,196
Total Expenditures of Federal Awards			\$ 568,538

**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2002**

1. BASIS OF PRESENTATION

The accompany schedule of expenditures of federal awards includes the federal grant activity of the Third Judicial District Attorney and is prepared in the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

2. RECONCILIATION OF FEDERAL AWARDS TO FINANCIAL STATEMENTS

As stated in Note 1, the schedule of federal awards has been prepared on the accrual basis of accounting. As such, the expenditures are directly traceable to the applicable governmental funds financial statements, without reconciliation.

3. OTHER NOTES

There was no non-cash assistance or grants to subrecipients for the fiscal year ended June 30, 2002.

ADDITIONAL INDEPENDENT AUDITORS' REPORTS

Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Mr. Domingo P. Martinez, CGFM, State Auditor
and
Ms. Susana Martinez, District Attorney
State of New Mexico, Third Judicial District
Las Cruces, New Mexico

We have audited the financial statements of the Third Judicial District Attorney as of and for the year ended June 30, 2002, and have issued our report thereon dated December 10, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Third Judicial District Attorney's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that is described in the accompanying schedule of findings and questioned costs as item 02-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Third Judicial District Attorney's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, the Office of the State Auditor, the New Mexico State Legislature, and its committees, the New Mexico Department of Finance and Administration, and federal awarding agencies and pass-through entities, and is not intended to be, and should not be used by anyone other than these specified parties.

Fierro + Fierro, P.A.

Fierro & Fierro, P.A.
Las Cruces, New Mexico

December 10, 2002

Report on Compliance With Requirements Applicable
To Each Major Program and Internal Control
Over Compliance in Accordance with OMB Circular A-133

Mr. Domingo P. Martinez, CGFM, State Auditor
and
Ms. Susana Martinez, District Attorney
State of New Mexico, Third Judicial District Attorney
Las Cruces, New Mexico

Compliance

We have audited the compliance of Third Judicial District Attorney with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. Third Judicial district Attorney's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Third Judicial District Attorney's management. Our responsibility is to express an opinion on Third Judicial District Attorney's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Third Judicial District Attorney's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Third Judicial District Attorney's compliance with those requirements.

In our opinion, Third Judicial District Attorney complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control Over Compliance

The management of Third Judicial District Attorney is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audits, we considered Third Judicial District Attorney's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, the Office of the New Mexico State Auditor, the New Mexico State Legislature and its committees, the New Mexico Department of Finance and Administration, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Fierro & Fierro, P.A.

Fierro & Fierro, P.A.
Las Cruces, New Mexico

December 10, 2002

**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness (es) identified _____ Yes X No
- Reportable condition (s) identified that are not considered to be material weaknesses _____ Yes X No

Noncompliance material to financial statements noted

_____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness (es) identified _____ Yes X No
- Reportable condition (s) identified that are not considered to be material weaknesses _____ Yes X None reported

Type of auditors' report issued on Compliance with major programs: Unqualified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 _____ Yes X No

Program tested as major programs include:

Program	CFDA No.
High Intensity Drug Trafficking Area	16.564

- The threshold for distinguishing Types A and B programs was \$300,000.
- Third Judicial District Court was determined to be a high-risk auditee.

**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

B. FINDINGS – FINANCIAL STATEMENTS

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None.

D. OTHER MATTERS – FINANCIAL STATEMENTS

Item 02-1 – Reversion of Unreserved Fund Balances

Statement of Condition – The office of the Third Judicial District Attorney did not revert to the State General Fund all unreserved, undesignated fund balances as of June 30, 2001. As of June 30, 2002, there was \$1,213 from 2001 and \$1,200 from prior fiscal years that should have been reverted.

Criteria – New Mexico State Statutes Section 6-5-10 requires all state agencies to revert all unreserved undesignated fund balances to the state general fund within ten days of the release of the audit report for each fiscal year.

Effect – State statutes define the penalties for not complying with applicable sections.

Cause – The District Attorney's Office inadvertently missed processing the Operating Transfer for FY01.

Recommendation – We recommend that the office comply with section 6-5-10 and ensure that all unreserved undesignated funds be reverted to the state general fund within ten days of the release of the audit report.

Agency's Response – The FY 01 reversion in addition to the reversion for FY02 will be processed within 10 days of the audit report release.

E. PRIOR YEAR'S AUDIT FINDINGS

Item 01-1 – Budget Authority – Region VII DCSI Fund

In the previous years audit report it was noted that the office of the District Attorney had approved budget expenditures of \$18,203. The actual expenditures were \$18,218. The excess expenditures of \$15 is a violation of New Mexico State Statute Section 6-3-6. The excess expenditures were a result of open enrollment for insurance coverage beyond June 30, 2001. The deficit spending was offset by cash reserves within the Region VII DCSI Fund. This finding is considered resolved.

**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
EXIT CONFERENCE
JUNE 30, 2002**

This report was discussed during the exit conference held in Las Cruces, New Mexico on December 12, 2002. Present for the District Attorney's Office was Susana Martinez, District Attorney; Kelly Kuenstler, District Office Manager; and Beverly J. Zubia, Fiscal Officer. Present for the auditing firm was Rose Fierro, CPA.

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