

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
LIST OF PRINCIPAL OFFICIALS  
JUNE 30, 2003**

**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
Lisa Roybal	Senior Trial Prosecutor
Terese R. Lahann	Senior Trial Prosecutor
Michael Wallace	Senior Trial Prosecutor
Michael Dugan	Assistant District Attorney III
Anna Marie Delovato	Assistant District Attorney III
Richard B. Wellborn	Assistant District Attorney III
Michael Cain	Assistant District Attorney II
Lara Smalls	Assistant District Attorney II
Amanda Norris	Assistant District Attorney II
Daniel Sewell	Assistant District Attorney I
R. Nathan Gonzales	Assistant District Attorney I

**GRANT ATTORNEYS**

K. Jan Peterson	Deputy District Attorney
Thomas T. Clark	Senior Trial Prosecutor
James Dickens	Assistant District Attorney III
Nelson Goodin	Assistant District Attorney III
Keythan Park	Assistant District Attorney III
Jacinto Palomino	Assistant District Attorney III
Heather Chavez	Assistant District Attorney II
Beth Hubbard	Assistant District Attorney I

**ADMINISTRATIVE STAFF**

Kelly Kuentler	District Office Manager
Beverlye J. Zubia	Chief Financial Officer



**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
TABLE OF CONTENTS  
JUNE 30, 2003**

	<u>PAGE</u>
<b>Financial Section</b>	
Independent Auditors' Report.....	1-2 ✓
Management's Discussion and Analysis .....	3-6 ✓
<b>Basic Financial Statements</b>	
<i>Government-Wide Financial Statements</i>	
Statement of Net Assets .....	7 ✓
Statement of Activities.....	8 ✓
<i>Fund Financial Statements</i>	
Balance Sheet - Governmental Funds .....	9 ✓
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets.....	10 ✓
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	11 ✓
Reconciliation of the Change in Fund Balances of Governmental Funds to the Statement of Activities.....	12 ✓
Statement of Fiduciary Net Assets – Fiduciary Funds .....	13 ✓
<i>Budget Comparison Schedules</i>	
Schedule of Revenues and Expenditures Budget (NON-GAAP Budgetary Basis) and Actual on Budgetary Basis:	
General Fund .....	14 ✓
HIDTA Fund .....	15 ✓
VOCA Fund.....	16 ✓
Notes to the Financial Statements.....	17-32 ✓
<b>Supplementary Financial Information</b>	
<i>Non-Major</i>	
Combining Balance Sheet.....	33 ✓
Combining Statement of Revenues, Expenditures and Changes in Fund Balance .....	34 ✓
Schedule of Revenues and Expenditures Budget (Non-GAAP Budgetary Basis) and Actual on Budgetary Basis .....	35 ✓
DCSI Fund .....	36 ✓
Schedule of Encumbrances.....	37 ✓

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
TABLE OF CONTENTS  
JUNE 30, 2003**

	<u>PAGE</u>
<b>Additional Federal Information</b>	
Schedule of Expenditures of Federal Awards.....	38
Notes to Schedule of Expenditures of Federal Awards.....	39
<b>Additional Independent Auditors' Report</b>	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Audit Standards</i> .....	40-41
Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	42-43
Schedule of Findings and Questioned Costs .....	44-45
Exit Conference.....	46

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, the aggregate remaining fund information of the state of New Mexico Third Judicial District Attorney, as of and for the year ended June 30, 2003, 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, 2003, 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, 2003, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund and Major Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2003, 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 accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 5, 2003

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2003**

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.

**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 11.72% from \$3,184,163 to \$3,557,330. Total expenses decreased by approximately 2.07% from \$3,660,648 to \$3,584,731.

**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 general budget one time. The other budget adjustment increases, which were requested and approved, were: in the VOCA fund to account for the award of \$500,000 under the Rural Domestic Violence Grant; in the DCSI fund to account for the award of \$30,959 under the Information and Technology Grant; and in the Other Grants fund to account for the award of \$218,474 under the Community Gun Violence Grant.

**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.

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2003**

**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

*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:	Consists of cash of \$74,970 on deposit with the State Treasurer, net grant receivables of \$339,312 and capital assets, net of accumulated depreciation of \$46,389. Total assets are \$460,671.
Total Liabilities:	Consists of current liabilities \$407,276 and long-term liabilities of \$137,837 for total liabilities of \$545,113.
Net Assets:	Consists of \$46,389 invested in capital assets and (\$130,831) unrestricted deficiency.
Total Revenues:	Consists of \$3,557,330 for operational purposes. State General Fund appropriations of \$2,701,300 and federal awards of \$856,030 provide the majority of revenue.
Total Expenses:	Consists of \$3,131,619 for employee salaries and benefits, \$435,874 for operating costs, \$14,440 for depreciation, and \$2,798 for reversions.
Change in Net Assets:	The Third Judicial District Attorney's Office total revenue increased by approximately 11.72% from \$3,184,163 to \$3,557,330. The Third Judicial District Attorney's Office total expenses decreased by approximately 2.07% from \$3,660,648 to \$3,584,731.

*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 58.853% from \$289,999 to \$460,671. Total net assets deficiency increased by \$27,401 from \$57,041 to \$84,442.



**STATE OF NEW MEXICO**  
**THIRD JUDICIAL DISTRICT ATTORNEY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2003**

**AGENCY HIGHLIGHTS**

The Third Judicial District is comprised of Doña 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 seven (7) 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 one (61) full time employees, twenty four (24) of which are prosecutors. The current total caseload for the office is approximately 3,200 cases. It is anticipated that this caseload could increase due to the population's continued growth in Doña Ana County.

The Third Judicial District Attorney's Office contains a variety of programs. A juvenile and adult pre-prosecution diversion program operates 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 crimes. A domestic violence program is running and active in the rural areas of Doña Ana County in an effort to reach victims of domestic violence who are unable to process their cases due to transportation and logistical problems. Finally, the office is very involved in the county's adult and juvenile drug courts, teen court, Weed & Seed and the Mesilla Valley Safety Council. Prosecutions include non-violent felonies, violent felonies, misdemeanor and felony domestic violence, felony drug offenses, mental health commitments, and fugitives from justice and forfeiture cases.

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

***CORE MEASUREMENTS:***

1. Average time from filing of charges to final disposition.
2. Number of cases referred for screening.
3. Number of cases prosecuted.
4. Average number of cases prosecuted per attorney.
5. Percent of cases dismissed on the six month rule.
6. Average attorney caseload.

In addition to the core measurements utilized by District Attorneys statewide, the Office of the Third Judicial District Attorney has chosen to measure its performance in other ways as well. The below measurements are used as a management tool and a means for evaluating the progress of the office:

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2003**

***DISTRICT MEASURES:***

1. Number of offenders accepted into the pre-prosecution diversion program.
2. Percent of offenders successfully completing the pre-prosecution diversion program.
3. Number of drug cases prosecuted.
4. Number of offenders accepted into the worthless check program.
5. Number of cases involving victims.
6. Average victim advocate caseload.
7. Number of attorney trial days.
8. Number of attorney court days.
9. Number of extradited fugitives.
10. Number of probation violations filed.

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
STATEMENT OF NET ASSETS  
JUNE 30, 2003**

	<u>Primary Government</u>
	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash	\$ 74,970
Grant receivables	339,312
Capital assets, net of accumulated depreciation	46,389
Total assets	460,671
 <b>LIABILITIES</b>	
Bank overdraft	324,608
Accounts payable	6,530
Accrued payroll	73,330
Due to state general fund	2,808
Long-term liabilities:	
Due in one year	-
Due in more than one year	137,837
Total liabilities	545,113
 <b>NET ASSETS</b>	
Invested in capital assets, net of related debt	46,389
Unrestricted	(130,831)
Total net assets	\$ (84,442)

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

**STATE OF NEW MEXICO**  
**THIRD JUDICIAL DISTRICT ATTORNEY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	Program Revenues				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
				Net (Expense) Revenue	
Primary government:					
Governmental activities:					
Public safety	\$ 3,584,731	-	\$ 856,030	\$ -	\$ (2,728,701)
General revenues:					
State general fund appropriations					2,701,300
Change in net assets					(27,401)
Net assets, beginning of year					(57,041)
Net assets, end of year					\$ (84,442)

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, 2003**

	Major Funds				Total
	General Fund	HIDTA Fund	VOCA Fund	Non-Major Funds	
<b>ASSETS</b>					
Cash	\$ 74,970	\$ -	\$ -	\$ -	\$ 74,970
Grant receivables	-	187,894	103,920	47,498	339,312
Due from other funds	-	3,230	8,178	548	11,956
Total assets	<u>\$ 74,970</u>	<u>\$ 191,124</u>	<u>\$ 112,098</u>	<u>\$ 48,046</u>	<u>\$ 426,238</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Bank overdraft	\$ -	\$ 182,592	\$ 103,366	\$ 38,650	\$ 324,608
Accounts payable	6,058	-	472	-	6,530
Accrued payroll	54,696	7,727	5,968	4,939	73,330
Due to other funds	11,408	548	-	-	11,956
Due to state general fund	2,808	-	-	-	2,808
Total liabilities	74,970	190,867	109,806	43,589	419,232
Fund Balances:					
Unreserved, designated for future expenditures					
Special revenue funds	-	257	2,292	4,457	7,006
Total fund balances	-	257	2,292	4,457	7,006
Total liabilities and fund balances	<u>\$ 74,970</u>	<u>\$ 191,124</u>	<u>\$ 112,098</u>	<u>\$ 48,046</u>	<u>\$ 426,238</u>

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, 2003**

Fund balances - total governmental funds	\$ 7,006
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.	46,389
Long term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	<u>(137,837)</u>
Net assets of governmental activities	<u>\$ (84,442)</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 BALANCES**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2003**

	Major Funds				Total
	General Fund	HIDTA Fund	VOCA Fund	Non-Major Funds	
<b>Revenues:</b>					
State general fund appropriations	\$ 2,701,300	\$ -	\$ -	\$ -	\$ 2,701,300
Governmental grants	-	345,129	297,272	213,629	856,030
Total revenues	2,701,300	345,129	297,272	213,629	3,557,330
<b>Expenditures:</b>					
<b>Current:</b>					
Personnel services	2,411,344	327,502	217,963	174,810	3,131,619
Contractual services	31,096	-	55,932	-	87,028
Other costs	247,427	13,363	30,317	35,315	326,422
Capital outlay	8,635	4,264	-	-	12,899
Total expenditures	2,698,502	345,129	304,212	210,125	3,557,968
Excess (deficiency) of revenues over expenditures	2,798	-	(6,940)	3,504	(638)
<b>Other Financing Sources (Uses):</b>					
Reversions to state general fund FY 03	(2,798)	-	-	-	(2,798)
Net change in fund balances	-	-	(6,940)	3,504	(3,436)
Fund balances, beginning of year	-	257	9,232	953	10,442
Fund balances, end of year	<u>\$ -</u>	<u>\$ 257</u>	<u>\$ 2,292</u>	<u>\$ 4,457</u>	<u>\$ 7,006</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, 2003**

Net change in fund balances - total governmental funds	\$ (3,436)
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 outlay (\$12,899) exceeded depreciation (\$14,440) in the current period is:	(1,541)
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.	<u>(22,424)</u>
Change in net assets of governmental activities	<u>\$ (27,401)</u>

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, 2003

	Agency Funds
<b>ASSETS</b>	
Cash	\$ 3,225
Total assets	3,225
<b>LIABILITIES</b>	
Accounts payable and other liabilities	3,225
Total liabilities	3,225
<b>NET ASSETS</b>	
Held in trust for:	
Individuals and other governments	-
Total net assets	\$ -

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

**STATE OF NEW MEXICO**  
**THIRD JUDICIAL DISTRICT ATTORNEY**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	<u>Budget Original</u>	<u>Budget Final</u>	<u>Actual on Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>				
State appropriations	\$ 2,675,300	\$ 2,675,300	\$ 2,672,502	\$ (2,798)
Expert witness	<u>26,000</u>	<u>26,000</u>	<u>26,000</u>	<u>-</u>
Total revenues	2,701,300	2,701,300	2,698,502	(2,798)
<b>Expenditures:</b>				
<b>Current:</b>				
Personnel services	2,472,700	2,414,130	2,411,344	2,786
Contractual services	31,100	31,100	31,096	4
Other costs	<u>197,500</u>	<u>256,070</u>	<u>256,062</u>	<u>8</u>
Total expenditures	<u>2,701,300</u>	<u>2,701,300</u>	<u>2,698,502</u>	<u>2,798</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 AND EXPENDITURES**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**HIDTA FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	<u>Budget Original</u>	<u>Budget Final</u>	<u>Actual on Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Governmental grant	\$ 345,800	\$ 345,775	\$ 345,129	\$ (646)
Expenditures:				
Current:				
Personnel services	341,400	328,148	327,502	646
Other costs	<u>4,400</u>	<u>17,627</u>	<u>17,627</u>	<u>-</u>
Total expenditures	<u>345,800</u>	<u>345,775</u>	<u>345,129</u>	<u>646</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 AND EXPENDITURES**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**VOCA FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	<u>Budget Original</u>	<u>Budget Final</u>	<u>Actual on Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Governmental grant	\$ 43,000	\$ 543,699	\$ 297,272	\$ (246,427)
Expenditures:				
Current:				
Personnel services	39,000	421,894	217,963	203,931
Contractual services	-	82,080	55,932	26,148
Other costs	<u>4,000</u>	<u>39,725</u>	<u>30,317</u>	<u>9,408</u>
Total expenditures	<u>43,000</u>	<u>543,699</u>	<u>304,212</u>	<u>239,487</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,940)</u>	<u>\$ (6,940)</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, 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Third Judicial District Attorney have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**A. Reporting Entity**

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 Doña 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 District Attorney's basic financial statements include all activities and accounts of the District Attorney's "financial reporting entity."

The financial reporting entity consists of the primary government, and another organization 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.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens, on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, activities, or level of services performed or provided by the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

The District Attorney's Office has no component units.

STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2003

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from the *component unit*.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for the governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period. For this purpose, the district attorney considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures, generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is made.

**STATE OF NEW MEXICO**  
**THIRD JUDICIAL DISTRICT ATTORNEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Measurement Focus, Basis of Accounting,  
**C. and Financial Statement Presentation (continued)**

The Third Judicial District Attorney reports the following major governmental funds:

**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.

**Victims of Crime Act (VOCA) Fund**

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.

The Third Judicial District Attorney reports the following non-major governmental funds:

**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 non-major fund whose CAS number is 485.

STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2003

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**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. 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in government-wide statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's risk management and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The governmental fund types and agency funds for financial statement purposes follow the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues and other governmental fund financial resource increments are recognized in the accounting period in which they become measurable and available to pay liabilities of the current period (amounts collected within 60 days after year end).

Those revenues susceptible to accrual are property taxes, gross receipts taxes, state shared taxes, investment income and charges for services. Grant revenues are recognized as revenues when the related costs are incurred. All other revenues are recognized when they are received and are not susceptible to accrual, because they are usually not measurable until payment is actually received. Expenditure are recorded as liabilities when they are incurred, except for unmatured interest on general long term debt which is recognized when due, and certain compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources.



**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are recorded.

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.

D. Budgets

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

1. Prior to September 15<sup>th</sup>, the District Attorney submits to the Department of Finance and Administration (DFA) an appropriation request for the fiscal year commencing the following July 1<sup>st</sup>. 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 Governor of the state of New Mexico within the legally prescribed time limit signs the Act into law.
4. The District Attorney submits, no later than May 1<sup>st</sup>, 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 1<sup>st</sup>. The Legislative Finance Committee and the State Budget Division must approve all subsequent budget adjustments. 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.

**STATE OF NEW MEXICO**  
**THIRD JUDICIAL DISTRICT ATTORNEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Budgets (continued)**

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.

**E. Assets, Liabilities, and Net Assets or Equity**

**1. Cash**

The District Attorney has defined cash to include cash on hand, demand deposits, and cash with the state treasurer.

**2. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" or "advances to/from other funds". Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**3. Capital Assets**

Capital assets, which include property, plant, and equipment, infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The district attorney defines capital assets as assets with an initial, individual cost of more than \$1,000 and estimated useful life in excess of one year. Purchased or constructed assets are recorded at historical cost or estimated cost. Donated capital assets are recorded as estimated fair market value at the date of the 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.

STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2003

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Assets, Liabilities, and Net Assets or Equity (continued)**

**4. Compensated Absences**

District Attorney employees may accumulate limited amounts of vacation pay which are payable to the employee upon termination or retirement. For governmental funds, expenditures are recognized during the period in which vacation costs become payable from available, expendable resources. A liability for amounts earned but not payable from available, expendable resources is reported in the government-wide financial statements.

District Attorney employees may accumulate limited amounts of sick leave. For governmental funds, expenditures are recognized during the period in which sick leave costs become payable from available, expendable resources. A liability for amounts earned but not payable from available, expendable resources is reported in the government-wide financial statements.

**5. Net Assets**

The government-wide and business-type activities fund financial statements utilize a net assets presentation. Net assets are categorized as follows:

*Investment in capital assets, net of related debt* – This category reflects the portion of net assets that are associated with capital assets less outstanding capital asset related debt.

*Restricted net assets* – This category reflects the portion of net assets that have third party limitations on their use.

*Unrestricted net assets* – This category reflects net assets of the district attorney, not restricted for any project or other purpose.

**6. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2003

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

E. **Assets, Liabilities, and Net Assets or Equity (continued)**

7. **Implementation of New Accounting Principles**

**Governmental Accounting Standards Board (GASB) Statement No. 34**

The district attorney has adopted the provisions of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. This statement affects the manner in which the district attorney records transactions and presents financial information. State and local governments have traditionally used a financial reporting model substantially different from the one used to prepare private-sector financial reports.

GASB Statement No. 34 established new requirements and a new reporting model for the annual financial reports of state and local governments. The statement was developed to make annual reports of state and local governments easier to understand and more useful to the people who use governmental financial information to make decisions.

The district attorney has recorded capital and certain other long-term assets and liabilities in the statement of net assets, and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities.

**GASB Statement 37**

The district attorney adopted the provisions of GASB Statement No. 37, *Basic Financial Statement-Management's Discussion and Analysis-for Local and Government: Omnibus*. This statement amends GASB Statement No. 34 to either (1) clarify certain provisions or (2) modify other provisions that GASB believes may have unintended consequences in some circumstances. Accordingly, the district attorney considered the effect of this statement when adopting the provisions of GASB Statement No. 34 as previously described.

**GASB Statement 38**

The district attorney adopted the provisions of GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. This statement modifies, establishes, and rescinds certain financial statement disclosure requirements. Accordingly, footnote disclosures have been revised to conform to the provisions of GASB No. 38.

STATE OF NEW MEXICO  
 THIRD JUDICIAL DISTRICT ATTORNEY  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2003

**2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

Explanation of Certain Differences Between the Governmental Fund  
 A. Balance Sheet and the Governmental – Wide Statement of Net Assets

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the governmental-wide statement of net assets. One element of that reconciliation explains “long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this difference are as follows:

Capital assets	\$ 46,389
Compensated absences payable	<u>(137,837)</u>
Net adjustments to reduce fund balances- total governmental funds to arrive at net assets-governmental activities	<u>\$ (91,448)</u>

Explanation of Certain Differences Between the Governmental  
 Fund Statement of Revenues, Expenditures, and Changes in  
 B. Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that, “Governmental funds report capital outlay as expenditures, however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Capital outlay	\$ 12,899
Depreciation expense	<u>(14,440)</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (1,541)</u>

An element of that reconciliation states, “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.” The details of this difference are as follows:

Compensated absences	<u>\$ 22,424</u>
----------------------	------------------

**STATE OF NEW MEXICO**  
**THIRD JUDICIAL DISTRICT ATTORNEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**3. CASH AND DEPOSITS**

The district attorney deposits cash in two financial institutions and with the New Mexico State Treasurer. A description of each is as follows:

Cash Deposited with Financial Institutions

Cash and cash equivalents include cash on hand; cash in banks, and cash with the New Mexico State Treasurer. As of June 30, 2003, the amount of cash and cash equivalents reported on the financial statements differs from the amount on deposit with the various institutions because of transactions in transit and outstanding checks. The locations and amounts deposited are as follows:

	<u>Type of Account</u>	<u>Per Bank Balance 06/30/03</u>	<u>Reconciling Items</u>	<u>Reconciled Balance 06/30/03</u>
<i>General Fund</i>				
New Mexico State Treasurer	Checking	<u>\$ 74,970</u>	<u>\$ -</u>	<u>\$ 74,970</u>
<i>Other Funds</i>				
NM State Treasurer HIDTA	Checking	(182,592)	-	(182,592)
NM State Treasurer VOCA	Checking	(103,366)	-	(103,366)
NM State Treasurer Other Grants	Checking	(32,631)	-	(32,631)
NM State Treasurer DCSI	Checking	<u>(6,019)</u>	<u>-</u>	<u>(6,019)</u>
Total		<u>\$ (324,608)</u>	<u>\$ -</u>	<u>\$ (324,608)</u>
<i>Agency Funds</i>				
Worthless Check Account:				
Bank of America, N.A.				
P.O. Box 27705				
Albuquerque, NM 87125-7705	Checking	\$ 490	\$ -	\$ 490
Pre-Prosecution Account:				
Citizens Bank of Las Cruces				
P.O. Box 2108				
Las Cruces, NM 88004-2108	Checking	<u>2,735</u>	<u>-</u>	<u>2,735</u>
Total		<u>\$ 3,225</u>	<u>\$ -</u>	<u>\$ 3,225</u>

Except for items in transit, the carrying value of deposits by the respective depositories equates to the carrying value by the district attorney. New Mexico State Statutes authorize the district attorney to deposit cash with a bank, savings and loan association, or credit union whose deposits are insured by an agency of the United States. All cash deposits that exceed the Federal Deposit Insurance Corporation (FDIC) amount of \$100,000, are required to be collateralized with eligible securities, as described by New Mexico State Statutes, in amounts equal to at least 50% of the district attorney's carrying value of the deposits. Collateral pledged is held in safekeeping by other financial institutions. The pledged securities remain in the name of the financial institution. All deposits were covered by FDIC insurance at June 30, 2003.

STATE OF NEW MEXICO  
 THIRD JUDICIAL DISTRICT ATTORNEY  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2003

**3. CASH AND DEPOSITS (continued)**

*Cash Reported on Financial Statements*

The amounts reported as cash for the primary government within the financial statements is composed of the following amounts.

Reconciled cash balances held at financial institution	\$ 3,225
Reconciled cash balances held with the NM State Treasurer	<u>(249,638)</u>
Total cash reported on financial statements	<u><u>\$ (246,413)</u></u>
Statement of Net Assets:	
Cash	\$ 74,970
Bank overdrafts	<u>(324,608)</u>
Statement of Fiduciary Net Assets:	
Agency funds	<u>3,225</u>
Total cash reported on financial statements	<u><u>\$ (246,413)</u></u>

The amounts of cash deposits can be classified in these three categories of credit risk:

**Category 1** - Insured or 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 financial institution's trust department or agent in the district attorney's name.

**Category 3** - Uncollateralized or collateralized with securities held by the pledging financial institution, or by the trust department or agent 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	<u><u>\$ 3,225</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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, 2003**

**4. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2003, was as follows:

	Balance 06/30/02	Additions	Deletions	Balance 06/30/03
Furniture and fixtures	\$ 20,581	\$ -	\$ -	\$ 20,581
Equipment	13,829	12,899	-	26,728
Automotive	38,480	-	-	38,480
Totals	72,890	12,899	-	85,789
Less:				
Accumulated depreciation	(24,960)	(14,440)	-	(39,400)
Net capital assets	<u>\$ 47,930</u>	<u>\$ (1,541)</u>	<u>\$ -</u>	<u>\$ 46,389</u>

The District Attorney recorded depreciation expense of \$14,440 for the year ended June 30, 2003.

**5. 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 years	10	1 1/4	30
over 3 - 7 years	12	1 1/2	30
over 7 - 14 years	14	1 3/4	30
over 14 years - 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 1<sup>st</sup> and January 1<sup>st</sup> 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, 2003, over 600 hours.



**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2003**

**5. COMPENSATED ABSENCES (continued)**

**Accrued Sick Leave (continued)**

Expenditures for accumulated sick leave pay for less than 600 hours will be recognized as employees take such absences. The current period adjustment recorded as a charge to the general government function for compensated absences is \$22,425. 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 06/30/02	Increase	Decrease	Balance 06/30/03
Accrued annual leave	\$ 115,184	\$ 130,955	\$ 109,677	\$ 136,462
Accrued sick leave	228	1,561	414	1,375
Total	<u>\$ 115,412</u>	<u>\$ 132,516</u>	<u>\$ 110,091</u>	<u>\$ 137,837</u>

**6. DUE TO STATE OF NEW MEXICO GENERAL FUND**

As of June 30, 2003, the amount due to the New Mexico General Fund is \$2,808. This is amount is composed of the following:

	Reversions	Disencumbered	Other	Total
03 Fiscal Year	<u>\$ 2,798</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 2,808</u>

**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 2001 Ford Taurus was entered into a July 1, 2002, which required 12 monthly payments of \$480. A lease for a 2003 Chrysler Sebring was entered into on January 14, 2003, which required 12 monthly payments of \$377. A lease for a 2000 Chevrolet pick-up was entered into on July 1, 2002, which required 12 monthly payments of \$397. A 48 month lease for a postage meter was entered into on September 30, 2001, which required 16 quarterly payments of \$901. A lease for a telephone system was entered into on July 1, 2001, which required 60 monthly payments of \$906.

**STATE OF NEW MEXICO**  
**THIRD JUDICIAL DISTRICT ATTORNEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**8. 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, 2003, 2002, and 2001 were \$378,107, \$351,598, and \$335,936, respectively, equal to the amount of the required contributions for each year.

**9. 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.

**STATE OF NEW MEXICO**  
**THIRD JUDICIAL DISTRICT ATTORNEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**9. POST EMPLOYMENT BENEFITS (continued)**

Each participating employer makes contributions to the fund in the amount of 1.3% of each participating employee's annual salary. Each participating employee contributes to the fund an employee contribution equal to .65% 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, 2003, the district attorney remitted \$29,628 in employer contributions and \$14,814 in employee contributions to the Retiree Health Care Authority.

**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, 2003, is presented below:

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2003**

**10. RECONCILIATION BETWEEN BUDGETARY BASIS AND GAAP (continued)**

	<u>General Fund</u>	<u>HIDTA Fund</u>	<u>VOCA Fund</u>	<u>Other Grants Fund</u>
Excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial resources (budgetary basis)	\$ -	\$ -	\$ (6,940)	\$ 3,504
Adjustments:				
To adjust revenues for unearned appropriations	2,798	-	-	-
To adjust expenditures for reversions	<u>(2,798)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial sources (GAAP)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,940)</u>	<u>\$ 3,504</u>

**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.

**SUPPLEMENTARY FINANCIAL INFORMATION**



**STATE OF NEW MEXICO**  
**THIRD JUDICIAL DISTRICT ATTORNEY**  
**COMBINING BALANCE SHEET – NON-MAJOR FUNDS**  
**JUNE 30, 2003**

	Other Grants Fund	DCSI Fund	Total
<b>ASSETS</b>			
Grant receivables	\$ 37,192	\$ 10,306	\$ 47,498
Due from other funds	-	548	548
Total assets	<u>\$ 37,192</u>	<u>\$ 10,854</u>	<u>\$ 48,046</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Bank overdraft	\$ 32,631	\$ 6,019	\$ 38,650
Accrued payroll	3,789	1,150	4,939
Total liabilities	36,420	7,169	43,589
Fund Balances:			
Unreserved, designated for future expenditures			
Special revenue fund	772	3,685	4,457
Total liabilities and fund balances	<u>\$ 37,192</u>	<u>\$ 10,854</u>	<u>\$ 48,046</u>

**STATE OF NEW MEXICO**  
**THIRD JUDICIAL DISTRICT ATTORNEY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE – NON-MAJOR FUNDS**  
**JUNE 30, 2003**

	<u>Other Grants</u> Fund	<u>DCSI</u> Fund	<u>Total</u>
Revenues:			
State appropriations	\$ 121,901	\$ 91,728	\$ 213,629
Expenditures:			
Current:			
Personnel services	121,901	52,909	174,810
Other costs	<u>-</u>	<u>35,315</u>	<u>35,315</u>
Total expenditures	<u>121,901</u>	<u>88,224</u>	<u>210,125</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>3,504</u>	<u>3,504</u>
Fund balance, beginning of year	<u>772</u>	<u>181</u>	<u>953</u>
Fund balance, end of year	<u><u>\$ 772</u></u>	<u><u>\$ 3,685</u></u>	<u><u>\$ 4,457</u></u>



**STATE OF NEW MEXICO**  
**THIRD JUDICIAL DISTRICT ATTORNEY**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**NON-MAJOR FUND**  
**OTHER GRANTS FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	<u>Budget Original</u>	<u>Budget Final</u>	<u>Actual on Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Governmental grant	\$ -	\$ 218,474	\$ 121,901	\$ (96,573)
Expenditures:				
Current:				
Personnel services	-	<u>218,474</u>	<u>121,901</u>	<u>96,573</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 AND EXPENDITURES**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**NON-MAJOR FUND**  
**DCSI FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	Budget Original	Budget Final	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:				
Governmental grant	\$ 67,400	\$ 99,372	\$ 91,728	\$ (7,644)
Expenditures:				
Current:				
Personnel services	63,000	63,925	52,909	11,016
Other costs	4,400	35,447	35,315	132
Total expenditures	67,400	99,372	88,224	11,148
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ 3,504	\$ 3,504

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

STATE OF NEW MEXICO  
 THIRD JUDICIAL DISTRICT ATTORNEY  
 SCHEDULE OF ENCUMBRANCES  
 JUNE 30, 2003

	Encumbrances Per DFA 06/30/03	Amount Disencumbered	Reclassified as Accounts Payable	Valid Encumbrances 06/30/03
<b>2003 Fiscal Year:</b>				
Transportation	\$ 948	\$ -	\$ 948	\$ -
Maintenance/repairs	808	-	808	-
Telephone/telecommunications	<u>3,602</u>	<u>10</u>	<u>3,592</u>	<u>-</u>
Total general fund	<u>\$ 5,358</u>	<u>\$ 10</u>	<u>\$ 5,348</u>	<u>\$ -</u>
<b>2003 Fiscal Year:</b>				
Instate travel	\$ 223	\$ 223	\$ -	\$ -
Instate meals	32	32	-	-
Professional services	567	95	472	-
Printing and photo	146	146	-	-
Data processing	<u>14</u>	<u>14</u>	<u>-</u>	<u>-</u>
Total VOCA fund	<u>\$ 982</u>	<u>\$ 510</u>	<u>\$ 472</u>	<u>\$ -</u>
<b>2003 Fiscal Year:</b>				
Professional services	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ -</u>
Total DCSI fund	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ -</u>



**ADDITIONAL FEDERAL INFORMATION**

Vertical line of dashes on the right side of the page.

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2003**

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 Cooperative Agreement	16.880	I2 PSNP 553	\$ 345,129
<u>U.S. Department of Justice</u>			
Passed through Office of Justice Programs/ Violence Against Women Office			
Rural Domestic Violence & Child Victimization Enforcement Grant Program			
	16.589	1998-WR-VX-0028	260,514
Passed through Office of Justice Programs/ Bureau of Justice Assistance/ State of New Mexico Crime Victims Reparation Commission			
Victims of Crime Act (VOCA) Grant	16.575	2003-VA-671	43,698
Passed through Office of Justice Programs/ Bureau of Justice Assistance/ Community Gun Violence Prosecution Program			
	16.609	2002-GP-CX-0104	121,901
NM Department of Public Safety Drug Control and System Improvement Formula Grant Program			
DCSI Region VII	16.579	01-MJTF-REG-VII	47,065
DCSI Region VII - Match	16.579	01-MJTF-REG-VII	10,200
DCSI Information and Technology	16.579	02-CJRI-3DA	30,959
			<u>514,337</u>
Total U.S. Department of Justice			<u>514,337</u>
			<u>\$ 859,466</u>

**STATE OF NEW MEXICO**  
**THIRD JUDICIAL DISTRICT ATTORNEY**  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2003

**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 sub-recipients for the fiscal year ended June 30, 2003.



**ADDITIONAL INDEPENDENT AUDITORS' REPORTS**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48  
49  
50  
51  
52  
53  
54  
55  
56  
57  
58  
59  
60  
61  
62  
63  
64  
65  
66  
67  
68  
69  
70  
71  
72  
73  
74  
75  
76  
77  
78  
79  
80  
81  
82  
83  
84  
85  
86  
87  
88  
89  
90  
91  
92  
93  
94  
95  
96  
97  
98  
99  
100

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, 2003, and have issued our report thereon dated December 5, 2003. 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*.

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 5, 2003

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, 2003. 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, 2003.

## 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.  
Las Cruces, New Mexico

December 5, 2003

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**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	16.880
Rural Domestic Violence & Child Victimization Enforcement Grant Program	16.589

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

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**B. FINDINGS – FINANCIAL STATEMENTS**

None.

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

None.

**D. OTHER MATTERS – FINANCIAL STATEMENTS**

None.

**E. PRIOR YEAR'S AUDIT FINDINGS**

*Item 02-1 – Reversion of Unreserved Fund Balances*

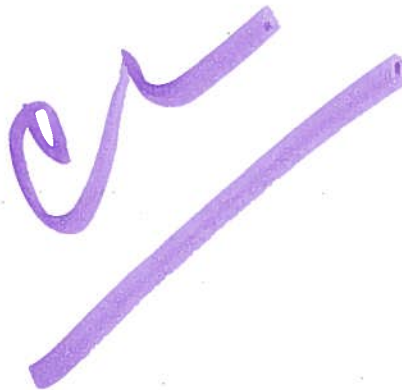
In the previous years audit report it was noted that the office of the District Attorney had not reverted to the State General Fund its unreserved, undesignated fund balances from fiscal years 2001 and 2002. Subsequent to the release of last years audit report, the fund balances were reverted and this finding is considered resolved.



STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
EXIT CONFERENCE  
JUNE 30, 2003

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 Beverlye J. Zubia, Chief Financial Officer. Present for the auditing firm was Rose Fierro, CPA.

The auditing firm of Fierro & Fierro, Certified Public Accountants, prepared the financial statements of the Third Judicial District Attorney as of June 30, 2003. The District Attorney's management has reviewed and approved the financial statements and related notes, and they believe that the District Attorney's books and records adequately support them.

A handwritten signature in purple ink, consisting of a stylized, cursive name followed by a long, straight horizontal line underneath it.

