

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2009 AND 2008

Prepared by
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THIRD JUDICIAL DISTRICT ATTORNEY
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**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY**

GENERAL FUND ATTORNEYS

Susana Martinez	District Attorney
Susan Riedel	Chief Deputy District Attorney
Amy Orlando	Chief Deputy District Attorney
Jacinto Palomino	Deputy District Attorney
Nelson Goodin	Deputy District Attorney
Daniel Sewell	Senior Trial Attorney
Jeanne Quintero	Senior Trial Attorney
Richard Wellborn	Senior Trial Attorney
Heather Chavez	Senior Trial Attorney
Michael Heitz	Senior Trial Attorney
Michell Pickett	Senior Trial Attorney
Scot D. Key	Senior Trial Attorney
Stephen Kovach	Senior Trial Attorney
Jennifer Padgett	Assistant Trial Attorney
Catherine Beckett	Assistant Trial Attorney
Brad Springer	Assistant Trial Attorney
Deborah Dictson	Assistant Trial Attorney
Marcus Blais	Associate Trial Attorney
Mark Gemoets	Associate Trial Attorney

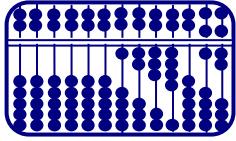
GRANT ATTORNEYS

James Dickens	Deputy District Attorney
Keythan Park	Senior Trial Attorney
William Kinsella	Senior Trial Attorney
Lisa Kuykendall	Senior Trial Attorney
Steve Blankinship	Assistant Trial Attorney
Carlos B. Cates	Assistant Trial Attorney
Aaron Rodriguez	Associate Trial Attorney
Robert Cabello	Associate Trial Attorney

ADMINISTRATIVE STAFF

Kelly Kuenstler	District Office Manager
Juliet Lucero	Chief Financial Officer

FINANCIAL SECTION



MARCUS,
FAIRALL,
BRISTOL + CO.. L.L.P.

Independent Auditor's Report

Hector H. Balderas, New Mexico State Auditor
Susana Martinez, District Attorney
Third Judicial District Attorney
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 Third Judicial District Attorney, as of and for the year-ended June 30, 2009 and 2008, which collectively comprise the Third Judicial District Attorney's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Third Judicial District Attorney's non-major governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year-ended June 30, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of the Third Judicial District Attorney's management. Our responsibility is to express opinions on these basic financial statements based our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with 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 of the United States of America used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements of the state of New Mexico Third District Attorney, are intended to present the financial position, and the changes in financial position, where applicable, 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, 2009 and 2008, and the changes in its financial position, where applicable, 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, 2009 and 2008, and respective changes in financial position and respective budgetary comparisons of the General and SWBPI grants funds, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund of the Third Judicial District Attorney as of June 30, 2009 and 2008, and the respective changes in financial position and the respective budgetary comparisons for the non-major governmental funds for the year ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2009 on our consideration of the Third Judicial District Attorney internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 7 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining individual fund financial statements and budgetary comparisons of the Third Judicial District Attorney. The accompanying Schedule of Expenditures of Federal Awards are 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. The additional schedule listed as "supporting schedules" in the table of contents are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Marcus, Farrell, Bristol & Co. LLP

El Paso, Texas
December 7, 2009

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

Management's Discussion and Analysis

The following is an overview of the financial condition for the Office of the Third Judicial District Attorney (District Attorney) for the fiscal year ended June 30, 2009. This narrative highlights the major aspects of the District Attorney's financial status for this period, and should be considered in conjunction with the information presented in other sections of this audit report.

Financial Highlights

The following items are the District Attorney's financial highlights for the fiscal year ended June 30, 2009:

- The liabilities of the District Attorney exceeded its assets as of June 30, 2009 by \$51,203 (net assets); therefore, no amount existed in unrestricted net assets.
- The receipt of a significant grant award from the Southwest Border Prosecution Initiative. This has enabled the District Attorney's office to purchase up-to-date technology equipment and furniture not only for itself, but also for all surrounding law enforcement agencies that bring in criminal cases to the Office of the District Attorney.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District Attorney's basic financial statements. The District Attorney's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Basic Financial Statements

The basic financial statements are designed to provide readers with a broad overview of the District Attorney's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the District Attorney's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District Attorney is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected revenue and earned but unused vacation leave).

The balance sheets present information on all of the District Attorney's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District Attorney is improving or deteriorating. Net assets increase when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities results in increased net assets, which indicate an improved financial position. The government-wide financial statements can be found at Exhibits A-1 and A-2 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District Attorney, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

Management's Discussion and Analysis

Fund Financial Statements (continued)

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in determining near-term requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

In addition to the general fund, the District Attorney maintains four other individual governmental funds that are classified as special revenue funds. Information for the general fund and the SWBPI grants fund, both of which are considered to be major funds, is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances. Individual fund data for each non-major governmental fund: High Intensity Drug Trafficking Area (HIDTA), Victim Assistance and other grants are provided following the notes to the financial statements.

The New Mexico Legislature makes annual appropriations for the District Attorney's general fund. Amendments to the budget require approval by the Budget Division of the Department of Finance and Administration (DFA). Over the course of the fiscal year, the District Attorney revised the budget of the special revenue funds several times. Budgetary comparison statements for the general and special revenue major fund are presented as Exhibits C-1 and C-2.

The basic governmental fund financial statements are presented as Exhibits B-1 through B-8.

Notes to the Financial Statement

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 33 of this report.

Analysis of Net Assets

Assets may serve over time as a useful indicator of the District Attorney's financial position. Liabilities exceeded assets by \$51,203 at the close of the current fiscal year. Non cash items of depreciation for \$56,492 and the change in compensated absences balance for \$31,657 caused the deficient balance.

The largest portion of the District Attorney's net assets, \$129,391 represents investment in capital assets.

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

Management's Discussion and Analysis

Analysis of Net Assets (continued)

NET ASSETS			
June 30,			
	<u>2009</u>	<u>2008</u>	<u>Variance</u>
ASSETS			
Current assets	\$ 341,906	\$ 1,348,117	-74.64%
Capital assets, net of accumulated depreciation	129,391	171,212	-24.43%
Total assets	<u>\$ 471,297</u>	<u>\$ 1,519,329</u>	-68.98%
LIABILITIES			
Current liabilities	\$ 371,630	\$ 317,830	16.93%
Long-term liabilities	150,870	194,650	-22.49%
Total liabilities	<u>522,500</u>	<u>512,480</u>	1.96%
NET ASSETS			
Investment in capital assets	129,391	171,212	-24.43%
Restricted	(180,594)	835,637	-121.61%
Unrestricted	-	-	0.00%
Total net assets	<u>\$ (51,203)</u>	<u>\$ 1,006,849</u>	-105.09%

The District Attorney's activities during the fiscal year decreased the District Attorney's net assets by \$1,058,052. The decrease is attributed to a decrease in total grant revenues while expense increased. Total revenues decreased by \$861,205 and the expenses increased \$662,257 when compared to the previous year.

**Changes in Net Assets
For the Year-Ended June 30,**

	<u>2009</u>	<u>2008</u>	<u>Variance</u>
REVENUES			
Program revenues	\$ 766,734	\$ 1,636,813	-53.16%
General revenues	8,874	-	100.00%
Total revenues	<u>775,608</u>	<u>1,636,813</u>	-52.61%
EXPENSES			
Public safety	6,505,387	5,843,130	11.33%
Total expenses	<u>6,505,387</u>	<u>5,843,130</u>	11.33%
Transfers	<u>4,671,727</u>	<u>4,185,622</u>	11.61%
(Decrease) increase in net assets	(1,058,052)	(20,695)	5012.60%
Net assets - beginning	<u>1,006,849</u>	<u>1,027,544</u>	-2.01%
Net assets - ending	<u>\$ (51,203)</u>	<u>\$ 1,006,849</u>	-105.09%

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

Management's Discussion and Analysis

Governmental Activities

The principal operating fund of the District Attorney is the General Fund. Revenues are derived primarily from state appropriations.

The focus of the District Attorney's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District Attorney's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Revenues for governmental functions overall totaled \$775,608 in the fiscal year-ended June 30, 2009, which represents a decrease of \$861,205 from the fiscal year-ended June 30, 2008. Transfers increased in June 30, 2009 by \$486,105 from the prior year. Expenditures for governmental functions totaled \$6,505,387. This was an increase of approximately \$662,257 from the fiscal year-ended June 30, 2008. In the fiscal year-ended June 30, 2009, expenditures for governmental functions exceeded revenues and transfers by \$1,058,052. The increase in expenditures was due to increased case loads.

The General Fund is the chief operating fund of the District Attorney. At the end of the current fiscal year, *reserved* fund balance of the General Fund was \$0 due to a reversion of funds to the State General Fund of \$73. The General Fund revenue and transfers increased \$486,105 due to increase in state appropriation funds. The expenditures increased \$443,105 as a result of the increase in case load.

The grant revenue of SWBPI decreased \$888,041 for the fiscal year ended June 30, 2009. The reserved for subsequent expenditures from the year ending June 30, 2008 in the amount of \$1,028,661 was available to offset the decrease. The grant expenditures increased \$121,732. The remaining fund balance of \$44,038 is reserved for subsequent expenditures in accordance with the grant agreement.

The HIDTA grant revenue received remained the same. The grant expenditures decreased by \$14. The remaining fund expenditures are in accordance with the grant agreement.

The VOCA grants fund revenue decreased \$112,737 to aid with additional "Violence Against Women" cases. The grant expenditures decreased \$95,580. The remaining fund balance of \$529 is reserved for subsequent expenditures in accordance with the grant agreement.

Capital Assets

The District Attorney's investment in net assets as of June 30, 2009 and 2008 amounted to \$129,391 and \$171,212 (net of accumulated depreciation). This investment in capital assets includes furniture and fixtures, equipment and vehicles. The following chart shows the breakdown of assets by classification:

**Capital Assets (Net of Accumulated Depreciation)
June 30,**

	2009	2008
Furniture and fixtures	\$ 7,636	\$ 9,051
Equipment	9,364	12,195
Vehicles	112,391	149,966
Net assets - ending	\$ 129,391	\$ 171,212

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

Management's Discussion and Analysis

Economic Conditions

The District Attorney's office operates from state general fund appropriations; federal and state grants and awards and assistance from local governments for grant match purposes.

The District Attorney's office anticipates the following changes in the fiscal year ending June 30, 2010 from actual amounts received in fiscal year ending June 30, 2009: a 1.37% decrease in the state general fund, a 556.93% increase in SWBPI grant funds, a 5.70% increase in HIDTA grant funds, a 25.35% increase in Victim Assistance grant funds, and a 112.72% increase in other grant funds.

Requests for Information

This financial report is designed to provide a general overview of the District Attorney's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to:

Chief Financial Officer
845 N Motel Blvd.
Second Floor, Suite D
Las Cruces, New Mexico 88007

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
STATEMENT OF NET ASSETS
June 30,

	Governmental Activities	
	2009	2008
ASSETS		
Investment with State Treasurer	\$ 233,215	\$ 868,648
Due from other governments	107,873	415,361
Prepaid expenses	818	818
Capital assets, net of accumulated depreciation	129,391	171,212
Total assets	<u>\$ 471,297</u>	<u>\$ 1,456,039</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 22,658	\$ 32,381
Accrued payroll	222,199	178,052
Payroll taxes payable	49,012	41,854
Due to state general fund	2,326	2,253
Long-term liabilities:		
Current portion of compensated absences	75,435	64,883
Compensated absences	150,870	129,767
Total liabilities	<u>522,500</u>	<u>449,190</u>
NET ASSETS		
Investment in capital assets	129,391	171,212
Restricted for subsequent events	(180,594)	835,637
Unrestricted	-	-
Total net assets	<u>\$ (51,203)</u>	<u>\$ 1,006,849</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30,

Functions/Programs	Governmental Activities	
	2009	2008
General government:		
Public safety	\$ 6,505,387	\$ 5,843,130
Total expenses	6,505,387	5,843,130
Program revenues:		
Grants operational	766,734	1,636,813
Total program revenues	766,734	1,636,813
Net program (expense) revenues	(5,738,653)	(4,206,317)
General revenues:		
Gain on trade of vehicle	8,874	-
Total general revenues	8,874	-
Transfers - State General Fund appropriations	4,580,900	3,890,800
Transfers - State appropriations special	90,900	294,960
Transfers - Reversion to the State General Fund - FY08	(73)	(138)
Total transfers	4,671,727	4,185,622
Changes in net assets	(1,058,052)	(20,695)
Net assets - beginning balance per audit	1,006,849	1,166,724
Restatements		
Interest in SGFIP Warrants A BOA for SWBPI for previous year	-	(80,810)
Unrealized accounts receivable for Victim's Assistance in prior year	-	(58,370)
Net assets - beginning balance - restated	1,006,849	1,027,544
Net assets - ending	\$ (51,203)	\$ 1,006,849

The accompanying notes are an integral part of these financial statements

GOVERNMENTAL FUNDS STATEMENTS

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2009

	General Fund	SWBPI Fund	Non-Major Funds	Total
ASSETS				
Investment with State Treasurer	\$ 87,062	\$ 146,062	\$ 91	\$ 233,215
Due from other governments	-	-	107,873	107,873
Due from other funds	94,153			94,153
Prepaid expenses	818	-	-	818
Payroll taxes due from other funds	-	-	156	156
Total assets	<u>\$ 182,033</u>	<u>\$ 146,062</u>	<u>\$ 108,120</u>	<u>\$ 436,215</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,596	\$ 20,062	\$ -	\$ 22,658
Accrued payroll	144,193	66,089	11,917	222,199
Payroll taxes payable	32,918	15,873	377	49,168
Due to state general fund	2,326	-	-	2,326
Due to other funds	-	-	94,153	94,153
Other liabilities	-	-	-	-
Total liabilities	<u>182,033</u>	<u>102,024</u>	<u>106,447</u>	<u>390,504</u>
Fund balances:				
Reserved for subsequent expenditures	-	44,038	1,673	45,711
Unreserved	-	-	-	-
Total fund balances	<u>-</u>	<u>44,038</u>	<u>1,673</u>	<u>45,711</u>
Total liabilities and fund balances	<u>\$ 182,033</u>	<u>\$ 146,062</u>	<u>\$ 108,120</u>	<u>\$ 436,215</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
June 30, 2009**

Total fund balances – governmental funds (Exhibit B-1)	\$	45,711
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$672,133, and the accumulated depreciation is \$542,742.</p>		129,391
<p>Long-term liabilities which consist of compensated absences are not payable in the current period and therefore are not reported as liabilities in the funds. The liabilities attributable to each fund is as follows:</p>		
General Fund	\$	169,013
SWBPI		18,645
HIDTA		22,901
Victim Assistance		2,856
Other		12,890
		(226,305)
Total net assets - governmental activities (Exhibit A-1)	\$	(51,203)

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, 2008

	General Fund	SWBPI Fund	Non-Major Funds	Total
ASSETS				
Investment with State Treasurer	\$ 54,435	\$ 814,213	\$ -	\$ 868,648
Due from other governments	-	288,143	127,218	415,361
Due from other funds	116,400	-	-	116,400
Prepaid expenses	818	-	-	818
Total assets	<u>\$ 171,653</u>	<u>\$ 1,102,356</u>	<u>\$ 127,218</u>	<u>\$ 1,401,227</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,730	\$ 27,357	\$ 2,294	\$ 32,381
Accrued payroll	133,305	38,882	5,865	178,052
Payroll taxes payable	33,365	7,456	1,033	41,854
Due to state general fund	2,253	-	-	2,253
Due to other funds	-	-	116,400	116,400
Total liabilities	<u>171,653</u>	<u>73,695</u>	<u>125,592</u>	<u>370,940</u>
Fund balances:				
Reserved for subsequent expenditures	-	1,028,661	1,626	1,030,287
Unreserved	-	-	-	-
Total fund balances	<u>-</u>	<u>1,028,661</u>	<u>1,626</u>	<u>1,030,287</u>
Total liabilities and fund balances	<u>\$ 171,653</u>	<u>\$ 1,102,356</u>	<u>\$ 127,218</u>	<u>\$ 1,401,227</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
June 30, 2008

Total fund balances – governmental funds (Exhibit B-1) \$ 1,030,287

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 as assets in governmental funds. The cost of the assets is \$703,691, and the accumulated depreciation is \$532,479. 171,212

Long-term liabilities which consist of compensated absences are not payable in the current period and therefore are not reported as liabilities in the funds. The liabilities attributable to each fund is as follows:

General Fund	\$	147,568	
SWBPI		18,167	
HIDTA		15,612	
Victim Assistance		8,406	
Other		4,897	
			(194,650)

Total net assets - governmental activities (Exhibit A-1) \$ 1,006,849

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
For the Year-Ended June 30, 2009

	General Fund	SWBPI Fund	Non-Major Funds	Total
Revenues:				
Governmental grants	\$ -	\$ 60,889	\$ 697,934	\$ 758,823
Other grants	-	-	7,911	7,911
Total revenues	<u>-</u>	<u>60,889</u>	<u>705,845</u>	<u>766,734</u>
Expenditures:				
Current:				
Public safety	4,665,928	1,045,512	705,798	6,417,238
Capital outlay	5,799	-	-	5,799
Total expenditures	<u>4,671,727</u>	<u>1,045,512</u>	<u>705,798</u>	<u>6,423,037</u>
Excess (deficiency) of revenues over expenditures	<u>(4,671,727)</u>	<u>(984,623)</u>	<u>47</u>	<u>(5,656,303)</u>
Other Financing Sources (Uses):				
Operating transfers in State General Fund appropriations	4,580,900	-	-	4,580,900
Operating transfers in State appropriations special	90,900	-	-	90,900
Operating transfers out - Reversion to State General Funds FY 09	(73)	-	-	(73)
Total other financing sources	<u>4,671,727</u>	<u>-</u>	<u>-</u>	<u>4,671,727</u>
Net change in fund balances	-	(984,623)	47	(984,576)
Fund balances-beginning	<u>-</u>	<u>1,028,661</u>	<u>1,626</u>	<u>1,030,287</u>
Fund balances-ending	<u>\$ -</u>	<u>\$ 44,038</u>	<u>\$ 1,673</u>	<u>\$ 45,711</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
RECONCILIATION OF THE GOVERNMENTAL FUNDS, STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year-Ended June 30, 2009

Net Change in Fund Balances – Governmental Funds (Exhibit B-3) \$ (984,576)

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The following schedule show the activity in the capital assets:

Capital assets reported as capital outlay expenditures	\$	5,799	
Depreciation expense		(56,492)	
Expense not reported in governmental funds			(50,693)

In the statement of activities, certain operating expenses- compensated absences (vacations) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation leave earned, \$282,941, exceeded the amounts used \$251,284 by \$31,657. (31,657)

Gain on trade of automobiles			8,874

Change in Net Assets of Government Activities (Exhibit A-2)	\$		(1,058,052)

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
For the Year-Ended June 30, 2008

	General Fund	SWBPI Fund	Non-Major Funds	Total
Revenues:				
Governmental grants	\$ -	\$ 948,930	\$ 687,883	\$ 1,636,813
Total revenues	<u>-</u>	<u>948,930</u>	<u>687,883</u>	<u>1,636,813</u>
Expenditures:				
Current:				
Public safety	4,228,622	827,800	669,645	5,726,067
Capital outlay	-	95,980	-	95,980
Total expenditures	<u>4,228,622</u>	<u>923,780</u>	<u>669,645</u>	<u>5,822,047</u>
Excess (deficiency) of revenues over expenditures	<u>(4,228,622)</u>	<u>25,150</u>	<u>18,238</u>	<u>(4,185,234)</u>
Other Financing Sources (Uses):				
Operating transfers in State General Fund appropriations	3,890,800	-	-	3,890,800
Operating transfers in State appropriations special	294,960	-	-	294,960
Operating transfers - Reversion to State General Fund - FY 08	(138)	-	-	(138)
Total other financing sources	<u>4,185,622</u>	<u>-</u>	<u>-</u>	<u>4,185,622</u>
Net change in fund balances	(43,000)	25,150	18,238	388
Fund balances-beginning	43,000	1,084,321	41,758	1,169,079
Less restatements: prior period adjustments	<u>-</u>	<u>(80,810)</u>	<u>(58,370)</u>	<u>(139,180)</u>
Fund balances-beginning restated	<u>43,000</u>	<u>1,003,511</u>	<u>(16,612)</u>	<u>1,029,899</u>
Fund balances-ending	<u>\$ -</u>	<u>\$ 1,028,661</u>	<u>\$ 1,626</u>	<u>\$ 1,030,287</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
RECONCILIATION OF THE GOVERNMENTAL FUNDS, STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year-Ended June 30, 2008

Net Change in Fund Balances – Governmental Funds (Exhibit B-3) \$ 388

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The following schedule show the activity in the capital assets:

Capital assets reported as capital outlay expenditures	\$ 115,185	
Depreciation expense	(107,275)	
Depreciation expense not reported in governmental funds		7,910

In the statement of activities, certain operating expenses- compensated absences (vacations) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation leave earned, \$249,732, exceeded the amounts used \$220,739 by \$28,993.

(28,993)

Change in Net Assets of Government Activities (Exhibit A-2)	\$ (20,695)	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
General Fund
Statement of Revenues, Expenditure and Changes in Fund Net Assets
Budget (non-GAAP Basis) and Actual
For the Year-Ended June 30, 2009

	Budgeted Amounts		Actual (Non-GAAP)	Variance Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues:				
Other financing sources	\$ -	\$ -	\$ -	\$ -
Total operating revenues	-	-	-	-
Add: Required fund balance	-	-		
	<u>\$ -</u>	<u>\$ -</u>		
Operating expenditures:				
Current:				
Personnel services	4,283,700	4,283,700	4,283,625	75
Contractual services	97,400	97,400	97,400	-
Other expenses	290,700	290,700	284,903	5,797
Capital outlay less than \$5,000 each item	-	-	-	-
Capital outlay	-	-	5,799	(5,799)
Total expenditures	<u>4,671,800</u>	<u>4,671,800</u>	<u>4,671,727</u>	<u>73</u>
Excess (deficiency) of revenues over expenditures			<u>(4,671,727)</u>	
Other financing sources (uses):				
Transfers in State General Fund appropriations	4,547,500	4,547,500	4,580,900	33,400
Transfers in State appropriations special	90,900	90,900	90,900	-
Transfers out - reversion to State General Fund FY 09	-	-	(73)	(73)
Total other financing sources	<u>4,638,400</u>	<u>4,638,400</u>	<u>4,671,727</u>	<u>33,327</u>
Net change in fund balance			-	
Total fund balance – beginning of year			<u>-</u>	
Total fund balance – end of year			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
SWBPI Grants Fund
Statement of Revenues, Expenditure and Changes in Fund Net Assets
Budget (non-GAAP Basis) and Actual
For the Year-Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Federal grant	\$ 348,846	\$ 348,846	\$ 60,889	\$ 287,957
Total operating revenues	348,846	348,846	60,889	287,957
Add: Required fund balance	-	-		
	\$ 348,846	\$ 348,846		
Operating expenditures:				
Current:				
Personnel services	866,622	866,622	808,118	58,504
Contractual service	80,000	80,000	73,276	6,724
Other expenses	193,846	193,846	164,118	29,728
Capital outlay				-
Total expenditures	1,140,468	1,140,468	1,045,512	94,956
Excess (deficiency) of revenues over expenditures			(984,623)	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Changes in fund balance			(984,623)	
Balance - beginning of the year			1,028,661	
Total fund balance - end of year			\$ 44,038	

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENT
June 30, 2009

Note 1. Summary of Significant Accounting Policies

The financial statements of the Third Judicial District Attorney (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.

All governmental and business-type activities of the District Attorney follow FASB Statements and interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

A. Financial Reporting Entity

The District Attorney is given 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 does not have any component units. 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 involves 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 or 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.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements.

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

Major individual governmental funds are reported as separate columns in the fund financial statements.

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENT
June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

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. State appropriations are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Neither fiduciary funds nor component units that are fiduciary in nature are included. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

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 or soon enough thereafter to pay liabilities of 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, expenditures related to compensated absences are recorded only when payment is made.

The 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 required 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 Share account number and description for the general fund of the District Attorney is 15700 – Third Judicial District Attorney Regular.

SWBPI Grants Fund – This fund is used to account for proceeds from the Southwest Border Prosecution Initiative (SWBPI) and the expenditures there from. The SWBPI reimbursements are from the United States Department of Justice. The authority for the creation and maintenance of the fund is the requirement of the funding sources to maintain a separate fund. The fund balance is non-reverting to the state of New Mexico's general fund as the source of revenues is the federal government. The District Attorney has determined that the SWBPI grants fund is a major fund whose Share account number is 93400.

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

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 fund balance is non-reverting to the state of New Mexico's general fund as the source of revenues is the federal government. The District Attorney has determined that the HIDTA fund is a non-major fund whose Share account number is 93600.

Victim Assistance Fund – The Victim Assistance fund is used to account for the grant proceeds from the Victims of Crime Act (VOCA), and the the Rural Domestic Violence & Child Victimization Enforcement grants, and the expenditures there from. The authority for the creation of the VOCA grant comes from Congress and is administered at the federal level through the U.S. Department of Justice Office for Victims of Crime. The state agencies sub-grant to the organizations that provide direct services to the victims of crime. It is administered by the U. S. Department of Justice's Office on Violence Against Women. The authority for the creation of the Rural Domestic Violence and Child Victimization Enforcement Grant comes from Congress and is administered by the U.S. Department of Justice's Office on Violence Against Women. The authority for the creation and maintenance of the fund is the requirement of the funding sources to maintain a separate fund. The fund balance is non-reverting to the state of New Mexico's general fund as the source of revenues is the federal government. The District Attorney has determined that the Victim Assistance fund is a non-major fund whose Share account number is 93300.

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENT
June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

Other Grants Fund – The Other Grants fund is used to account for grant proceeds from the County of Dona Ana, New Mexico to prevent fraud and exploitation of older adults in Dona Ana County. Also, proceeds from the City of Las Cruces, New Mexico DWI and Domestic Violence grant are included. The authority for the creation and maintenance of the fund is the requirement of the funding sources to maintain a separate fund. The fund balance is non-reverting to the state of New Mexico's general fund as the source of revenues is the County of Dona Ana. The District Attorney has determined that the Other Grants fund is a non-major fund whose Share account number is 48500.

Private-sector standards of accounting and financial reporting issued prior to December 13, 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 inter-fund 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 operating grants and ,when applicable, capital grants. Internally dedicated resources are reported as general revenues rather than as program revenues.

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).

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

D. 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 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 1st, to DFA an annual operating budget by category and line item based upon the appropriation made by the Legislature. The DFA – Budget Division review and approves the operating budget, which becomes effective on July 1st. 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 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 STATEMENT
June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

D. Budgets and Budgetary Accounting (continued)

7. The budget for this State Agency is adopted on the modified accrual basis of accounting except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline that must be paid out of the next year's budget.
8. For reverting funds, the unreserved fund balance must revert to the state general fund at the end of appropriation period.

E. Assets, Liabilities and Net Assets or Equity

Investments: The District Attorney does not control any cash accounts. The State Treasurer has final authority on all cash disbursements and receives all cash receipts. Therefore, the District Attorney has an investment with the State Treasurer for their share of the cash pool.

Receivables and Payables: Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as inter-fund balance. 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 from available resources.

Interfund Activity: Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-side financial statements. Capital assets including computer software are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government-wide statements. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Costs other than personnel expenses for computer software developed internally are capitalized and depreciated over its useful life. Purchased software is recorded at historical cost.

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:

<u>Assets</u>	<u>Years</u>
Furniture and fixtures	7
Equipment and machinery	5
Automotive	5
Data processing	3
(Including Computer Software)	

In the fund financial statements, capital 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 STATEMENT
June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

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 are paid from available, expendable resources.

Net Assets: The government-wide financial statements utilize a net assets presentation. Net assets are categorized as follows:

Investment in Capital Assets - In the fund financial statements, investment in capital assets are reported net of depreciation.

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 Agency, not restricted for any project or other purpose.

Fund Equity: In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2. Reconciliation of Government-wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Funds 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:

	<u>2009</u>	<u>2008</u>
Capital assets	\$ 129,391	\$ 171,212
Compensated absences payable	<u>(226,305)</u>	<u>(194,650)</u>
Net adjustments to reduce fund balances total governmental funds to arrive at net assets governmental activities	<u>\$ (96,914)</u>	<u>\$ (23,438)</u>

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENT
June 30, 2009

Note 2. Reconciliation of Government-wide and Fund Financial Statements (continued)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in 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:

	<u>2009</u>	<u>2008</u>
Capital outlay	\$ 5,799	\$ 115,185
Depreciation expense	(56,492)	(107,275)
Gain on trade of automobiles	<u>8,874</u>	<u>-</u>
 Net adjustments to reduce net changes in fund balances total governmental funds to arrive at changes in net assets of governmental activities	 <u>\$ (41,819)</u>	 <u>\$ 7,910</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:

	<u>2009</u>	<u>2008</u>
Compensated absences	\$ (31,657)	\$ (28,993)

Note 3. Reconciliation Between Modified Accrual and Budget

The District Attorney did not request that any prior year bills be paid out of the FY 10 budget; therefore, there are no differences between modified accrual basis expenditures in the fund financial statements and the budget basis expenditures shown in the budget comparison.

Note 4. Investment in the State Treasurer General Fund Investment Pool

The New Mexico State Treasurer has the authority to invest money held in demand deposits and not immediately needed for the operation of state government in securities in accordance with Sections 6-10-10 I through O, NMSA 1978 as amended.

As of June 30, 2009, the District Attorney had \$233,215 invested with the Statewide Human Resources Accounting and Management Reporting System (SHARE) fund 853 in an STO-SGFIP account. No reconciliation was provided by the State as of December 7, 2009. There are no cash depository accounts.

As of June 30, 2008, the District Attorney had \$868,648 invested with the Statewide Human Resources Accounting and Management Reporting System (SHARE) fund 853 in an STO-SGFIP account. No reconciliation was provided by the State as of December 29, 2008. There are no cash depository accounts.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The STO-SGFIP is not rated for credit risk.

**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENT
June 30, 2009**

Note 4. Investment in the State Treasurer General Fund Investment Pool (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The interest credit rate risk of this investment for June 30, is as follows:

		Fair Value	Investment Maturities Less than 1 Year
STO-SGFIP	2009	\$ 233,215	\$ 233,215
STO-SGFIP	2008	\$ 868,648	\$ 868,648

The agency does not have an investment policy that limits investment interest rate risk. Further information regarding the STO-SGFIP will be found on the audit report for the State Treasurer's Office.

Note 5. Grant Receivable

Amounts due from governmental grants as of June 30, consisted of the following:

	2009	2008
SWBPI Grant fund	\$ -	\$ 288,143
HIDTA Grant fund	-	54,051
Victim Assistance Grant fund	59,649	65,562
Other grant fund	48,224	7,605
Total	\$ 107,873	\$ 415,361

Note 6. Capital Assets

Summary of changes in capital assets is as follows:

<u>Description</u>	Balance 6/30/2008	Additions	Deletions	Balance 6/30/2009
Capital assets being depreciated:				
Furniture and fixtures	\$ 16,771	\$ -	\$ -	\$ 16,771
Equipment	285,743	-	-	285,743
Vehicles	401,177	19,299	50,857	369,619
Total capital assets being depreciated	703,691	19,299	50,857	672,133
Less accumulated depreciation for:				
Furniture and fixtures	7,720	1,415	-	9,135
Equipment	273,548	2,831	-	276,379
Vehicles	251,211	52,246	46,229	257,228
Total accumulated depreciation	532,479	56,492	46,229	542,742
Total net assets	\$ 171,212	\$ (37,193)	\$ 4,628	\$ 129,391

**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENT
June 30, 2009**

Note 6. Capital Assets (continued)

Depreciation expense amounts for June 30, 2009 and 2008 are \$56,492, and \$107,275, respectively. All of the depreciation was charged to assets in the General Fund. During the year, two vehicles were traded for a new automobile. The transaction resulted in a gain of \$8,874.

Note 7. Compensated Absences

Qualified employees accumulate annual leave at a rate of:

Years of Service	Hours Earned Per Month	Days Earned Per Month	Days of Maximun Accrual
Less than 4 years	10	1.25	30
4-8 years	11	1.375	30
8-12 years	12	1.5	30
12-16 years	13	1.625	30
Beyond 16 years	14	1.75	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.

Description	Balance 6/30/2008	Additions	Deletions	Balance 6/30/2009	Due within One Year
Compensated Absences	\$ 194,650	\$ 282,941	\$ 251,286	\$ 226,305	\$ 75,435

The compensated absences are to be paid in 2009 as 74.68% by the General fund; 8.24% by the SWBPI fund; 10.12% by the HIDTA fund; 1.26% by the Victim's Assistance fund, and 5.70% by the other grant fund and in 2008 as 76% by the General fund; 9% by the SWBPI fund; 8% by the HIDTA fund; 4% by the Victim's Assistance fund, and 3% by the other grant fund.

Note 8. Reversion to State of New Mexico General Fund

In accordance with NMAC 2.2.2.12A(6), as of June 30, 2009 and 2008, the amount due to the New Mexico General Fund is as follows:

	Appropriation	Reversion
Reversion to State General Fund 09 Fiscal Year	\$ 4,580,900	\$ 73
Reversion to State General Fund 08 Fiscal Year	\$ 3,890,800	\$ 138

Note 9. Inter-agency Transfers

The inter-agency transfers for state appropriations awarded to the District Attorney as of June 30, 2009 and 2008, consisted of funds transferred from the State General Fund Share Account 85300 in the amount of \$4,580,900 and \$3,890,800, respectively, to the District Attorney's General Fund account 15700.

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENT
June 30, 2009

Note 10. 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 postage meter was entered into on June 13, 2005, which requires 3 monthly payments of \$248 and 45 monthly payments of \$281.

A lease for five Cannon copiers was entered into on July 13, 2007, which requires 60 monthly payments of \$2,100.

Note 11. Retirement Plans

Plan Description. 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, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.PERA.state.nm.us.

Funding Policy. Plan members are required to contribute 7.42% of their gross salary. The 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, 2009, 2008, and 2007 were \$672,873, \$593,485, and \$484,018, respectively, equal to the amount of the required contributions for each year.

Note 12. Post Employment Benefits – State Retiree Health Care

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

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

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

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

**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENT
June 30, 2009**

Note 12. Post Employment Benefits – State Retiree Health Care (continued)

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee’s annual salary; each participating employee is required to contribute .65% of their salary.

Employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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

The District Attorney's contributions to the RHCA for the years ended June 30, 2009, 2008 and 2007 were \$50,125, \$44,865, and \$36,815, respectively, which equal the required contributions for each year.

Note 13. 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 attempt 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.

Note 14. Disclosure of Financial Interest

There were no other related party transactions during the fiscal year ended June 30, 2009 and 2008.

Note 15. Transfers from State Fund - Special

The following are transfers into the general fund account 15700 from the State General Fund Share Account 85300 for June 30.

	<u>Appropriation</u>	<u>Reversion</u>
Reversion to State General Fund 09 Fiscal Year	\$ 90,900	\$ -
Reversion to State General Fund 08 Fiscal Year	\$ 294,960	\$ -

The above transfer amounts are determined by the Department of Finance and Administration for the State of New Mexico in accordance with NMAC 2.2.2.12A(6) as additional state appropriations for the compensation package.

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENT
June 30, 2009

Note 16. Inter-fund loans

The following are inter-fund loans as of June 30.

<u>2009</u>	<u>2008</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>
\$ 50,557	\$ 55,871	General	Victim Assistance	Temporary overdraft of investment with State Treasurer
-	53,974	General	HIDTA	Temporary overdraft of investment with State Treasurer
43,596	6,555	General	Other Grant	Temporary overdraft of investment with State Treasurer
<u>\$ 94,153</u>	<u>\$ 116,400</u>			

Note 17. Net Assets Fund Balance - Restated

The net assets beginning balance for June 30, 2008 were restated as follows.

	<u>General Fund</u>	<u>SWBPI Fund</u>	<u>HIDTA Fund</u>	<u>Victim Assistance Fund</u>	<u>Other Grants</u>	<u>Balance per audit June 30, 2007</u>
Fund balance - beginning	\$ 43,000	\$ 1,084,321	\$ 77	\$ 41,681	\$ -	\$ 1,169,079
Capital assets						163,302
Compensatin liability						(165,657)
Net assets - beginning						<u>1,166,724</u>
Accounts receivable collected during the year ended June 30, 2007	-	-	-	(58,370)	-	(58,370)
Subsidiary established during the conversion to the State SHARE computer system that was not included in the financial statements of June 30, 2007	-	(80,810)	-	-	-	<u>(80,810)</u>
Fund balance - beginning restated						<u>\$ 1,027,544</u>

The June 30, 2007 financial statements were not corrected and reissued.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
BALANCE SHEET – SPECIAL REVENUES FUNDS
June 30, 2009

	HIDTA Fund	Victim Assistance Fund	Other Grant Funds	Totals
ASSETS				
Investment with State Treasurer	\$ 91	\$ -	\$ -	\$ 91
Due from other governments	-	59,649	48,224	107,873
Payroll taxes due from other funds	-	-	156	156
Total assets	<u>\$ 91</u>	<u>\$ 59,649</u>	<u>\$ 48,380</u>	<u>\$ 108,120</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	8,186	3,731	11,917
Payroll taxes payable	-	377	-	377
Due to other funds	-	50,557	43,596	94,153
Other liabilities	-	-	-	-
Total liabilities	<u>-</u>	<u>59,120</u>	<u>47,327</u>	<u>106,447</u>
Fund balance:				
Reserved for subsequent expenditures	91	529	1,053	1,673
Total fund balance	<u>91</u>	<u>529</u>	<u>1,053</u>	<u>1,673</u>
Total liabilities and fund balances	<u>\$ 91</u>	<u>\$ 59,649</u>	<u>\$ 48,380</u>	<u>\$ 108,120</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
BALANCE SHEET – SPECIAL REVENUES FUNDS
June 30, 2008

	HIDTA Fund	Victim Assistance Fund	Other Grant Funds	Totals
ASSETS				
Investment with State Treasurer	\$ -	\$ -	\$ -	\$ -
Due from other governments	54,051	65,562	7,605	127,218
Total assets	<u>\$ 54,051</u>	<u>\$ 65,562</u>	<u>\$ 7,605</u>	<u>\$ 127,218</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 2,294	\$ -	\$ 2,294
Accrued payroll	-	5,865	-	5,865
Due to other Funds	53,974	55,871	6,555	116,400
Payroll taxes payable	-	1,033	-	1,033
Total liabilities	<u>53,974</u>	<u>65,063</u>	<u>6,555</u>	<u>125,592</u>
Fund balance:				
Reserved for subsequent expenditures	77	499	1,050	1,626
Total fund balance	<u>77</u>	<u>499</u>	<u>1,050</u>	<u>1,626</u>
Total liabilities and fund balances	<u>\$ 54,051</u>	<u>\$ 65,562</u>	<u>\$ 7,605</u>	<u>\$ 127,218</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 – SPECIAL REVENUES FUNDS
For the Year-ended June 30, 2009

	HIDTA Fund	Victim Assistance Fund	Other Grant Funds	Totals
REVENUES:				
Federal grants	\$ 353,276	\$ 178,820	\$ -	\$ 532,096
Local grants	-	-	165,838	165,838
Other grants	-	-	7,911	7,911
Total revenues	<u>353,276</u>	<u>178,820</u>	<u>173,749</u>	<u>705,845</u>
EXPENDITURES:				
Current:				
Personnel services	353,262	150,079	165,835	669,176
Contract services	-	12,046	-	12,046
Other expenses	-	16,665	7,911	24,576
Total Expenditures	<u>353,262</u>	<u>178,790</u>	<u>173,746</u>	<u>705,798</u>
Excess (deficiency) of revenues over expenditures	<u>14</u>	<u>30</u>	<u>3</u>	<u>47</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	14	30	3	47
Fund Balance - beginning of year	<u>77</u>	<u>499</u>	<u>1,050</u>	<u>1,626</u>
Fund Balance - end of year	<u>\$ 91</u>	<u>\$ 529</u>	<u>\$ 1,053</u>	<u>\$ 1,673</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 – SPECIAL REVENUES FUNDS
For the Year-ended June 30, 2008

	HIDTA Fund	Victim Assistance Fund	Other Grant Funds	Totals
REVENUES:				
Federal grants	\$ 353,276	\$ 291,557	\$ 43,050	\$ 687,883
Total revenues	353,276	291,557	43,050	687,883
EXPENDITURES:				
Current:				
Personnel services	353,276	240,553	42,000	635,829
Contract services	-	25,963	-	25,963
Other expenses	-	7,853	-	7,853
Total Expenditures	353,276	274,369	42,000	669,645
Excess (deficiency) of revenues over expenditures	-	17,188	1,050	18,238
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	-	17,188	1,050	18,238
Fund Balance - beginning of year	77	41,681	-	41,758
Less restatement: prior period adjustment for accounts receivable	-	(58,370)	-	(58,370)
Fund Balance - beginning of year restated	77	(16,689)	-	(16,612)
Fund Balance - end of year	\$ 77	\$ 499	\$ 1,050	\$ 1,626

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
HIDTA Fund
Statement of Revenues, Expenditures and Changes in Fund Net Assets
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2009

	Budgeted Amounts		Actual	Vairance
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Federal grants	\$ 353,276	\$ 353,276	\$ 353,276	\$ -
Total operating revenues	353,276	353,276	353,276	-
Add: Required fund balance	-	-		
	353,276	353,276		
Operating expenditures:				
Current:				
Personnel expenses	353,276	353,276	353,262	14
Total expenditures	353,276	353,276	353,262	14
Excess (deficiency) of revenues over expenditures			14	
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Changes in fund balance			14	
Total fund balance – beginning of year			77	
Total fund balance – end of year			\$ 91	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
Victim Assistance Fund
Statement of Revenues, Expenditures and Changes in Fund Net Assets
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2009

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variance Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues:				
Federal grants	\$ 215,057	\$ 215,057	\$ 178,820	\$ (36,237)
Total operating revenues	215,057	215,057	178,820	(36,237)
Add: Required fund balance	-	-		
	215,057	215,057		
Operating expenditures:				
Current:				
Personnel expenses	204,754	229,086	150,078	79,008
Contract service	25,929	12,047	12,046	1
Other costs	27,116	16,666	16,666	-
Total expenditures	257,799	257,799	178,790	79,009
Excess (deficiency) of revenues over expenditures			30	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Changes in fund balance			30	
Balance - beginning of the year			499	
Total fund balance - end of year			\$ 529	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
Other Grants Fund
Statement of Revenues, Expenditures and Changes in Fund Net Assets
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Local grants	\$ 186,889	\$ 186,889	\$ 165,838	\$ (21,051)
Other grants	10,000	10,000	7,911	(2,089)
Total operating revenues	<u>186,889</u>	<u>186,889</u>	<u>165,838</u>	<u>(21,051)</u>
Add: Required fund balance	-	-		
	<u>186,889</u>	<u>186,889</u>		
Operating expenditures:				
Current:				
Personnel expenses	186,889	186,889	165,835	21,054
Contractual expenses	4,000	4,000	-	4,000
Other expenses	16,000	16,000	13,911	2,089
Total expenditures	<u>186,889</u>	<u>186,889</u>	<u>165,835</u>	<u>21,054</u>
Excess (deficiency) of revenues over expenditures			<u>3</u>	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in fund balance			3	
Total fund balance – beginning of year			<u>1,050</u>	
Total fund balance – end of year			<u>\$ 1,053</u>	

The accompanying notes are an integral part of these financial statements

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
Schedule of Joint Powers Agreements
June 30, 2009

**Communities Against Senior Exploitation Program
(C.A.S.E)**

Participants: County of Doña Ana, New Mexico and 3rd Judicial District Attorney's Office
Responsible Party: 3rd Judicial District Attorney's Office
Description: To prevent fraud and exploitation of older adults in Doña Ana County.
Period: 11/1/06 through 6/20/07, renewable annually
Project Costs: \$144,000 in salaries
Third Judicial Contributions: The District Attorney agrees to create and fund a prosecutor position within the District Attorney's Office for the C.A.S.E. Program at an annual rate of \$72,000 and a secretary position at an annual rate of \$32,000.
Audit Responsibility: 3rd Judicial District Attorney's Office

DWI and Domestic Violence Prosecutions

Participants: City of Las Cruces, New Mexico and 3rd Judicial District Attorney's Office
Responsible Party: 3rd Judicial District Attorney's Office
Description: To establish two prosecutor positions to assist with DWI and Domestic Violence prosecutions.
Period: 7/1/08 through 6/30/09, renewable annually
Project Costs: \$142,790 in salaries
Third Judicial Contributions: The District Attorney agrees to create two prosecutor positions within the District Attorney's Office for DWI and Domestic Violence prosecutions funded by the City of Las Cruces for \$142,790 in salaries.
Audit Responsibility: 3rd Judicial District Attorney's Office

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
Schedule of Grants
June 30, 2009

	Grant Number	Local Grant	Federal Grant	Other Grant	Total
U.S. Department of Justice, passed through New Mexico Department of Public Safety, Southwest Border Prosecution Initiative	N/A	\$ -	\$ 60,889	\$ -	\$ 60,889
Executive Office of the President, passed through the Office of National Drug Control Policy, High Intensity Drug Trafficking Area (HIDTA) Operation Up the Ladder Cooperative Agreement	18SPNP553Z	-	353,276	-	353,276
U.S. Department of Justice, passed through Office of Justice Programs/Violence & Child Victimization Enforcement Grant Program	2004-WR-AX-0056	-	87,612		87,612
U.S. Department of Justice, passed through New Mexico Crime Victims Reparation Commission VOCA Sub Grant	2008-VA-GX-0029	-	42,742		42,742
U.S. Department of Justice, passed through Office of Justice Programs/Bureau of Justice Assistance Congressionally Mandated Award	2008-DD-BX-0647	-	48,466	-	48,466
Office of Victims of Crime, Training and Technical Assistance Center, OVC State Conference Support Program	N/A	-	-	7,911	7,911
City of Las Cruces/DWI and Domestic Violence Grant	N/A	121,738	-	-	121,738
Thru the District Attorney's Office of Dona Ana county Funding for a communities against senior exploitation program established program	DAC 07-150	44,100	-	-	44,100
Total Funds Available		<u>\$ 165,838</u>	<u>\$ 592,985</u>	<u>\$ 7,911</u>	<u>\$ 766,734</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
Schedule of Expenditures of Federal Awards
June 30, 2009

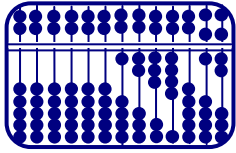
	CFDA Number	Grant Number	Award Amount	Federal Expenditure
U.S. Department of Justice, passed through New Mexico Department of Public Safety, Southwest Border Prosecution Initiative	16.000	N/A	\$ 4,295,705	\$ 60,889
Executive Office of the President, passed through the Office of National Drug Control Policy, High Intensity Drug Trafficking Area (HIDTA) Operation Up the Ladder Cooperative Agreement	07.999	18SPNP553Z	353,276	353,276
U.S. Department of Justice, passed through New Mexico Crime Victims Reparation Commission VOCA Sub Grant	16.575	2008-VA-GX-0029	42,742	42,742
U.S. Department of Justice, passed through Office of Justice Programs/Bureau of Justice Assistance Congressionally Mandated Award	16.580	2008-DD-BX-0647	127,445	48,466
U.S. Department of Justice, passed through Office of Justice Programs/Violence & Child Victimization Enforcement Grant Program	16.589	2004-WR-AX-0056	712,048	87,612
Total Funds Available			<u>\$ 5,531,216</u>	<u>\$ 592,985</u>

Note 1. Basis of Presentation

The above Schedule of Expenditures of federal awards includes the federal grant activity of the Third Judicial District Attorney and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

The accompanying notes are an integral part of these financial statements

COMPLIANCE SECTION



MARCUS,
FAIRALL,
BRISTOL + CO., L.L.P.

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

Hector H. Balderas
New Mexico State Auditor
Susana Martinez, District Attorney
Third Judicial District Attorney
Las Cruces, New Mexico

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, and the combining and individual funds and budgetary comparisons presented as supplemental information of the State of New Mexico Third Judicial District Attorney as of and for the year-ended June 30, 2009, and have issued our report thereon dated December 7, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Third Judicial District Attorney's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Third Judicial District Attorney's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District Attorney's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course or performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District Attorney's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District Attorney's financial statements that is more than inconsequential will not be prevented or detected by the District Attorney's internal control. We consider the deficiency described as 07-01 and 08-03 in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

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

A Firm of Certified Public Accountants
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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies, and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in the internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

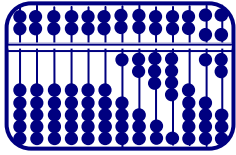
As part of obtaining reasonable assurance about whether the Third Judicial District Attorney's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have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

Third Judicial District Attorney's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Third Judicial District Attorney's response and, accordingly, we express no opinion on it.

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

Marcus, Favall, Bristol & Co. LLP

El Paso, Texas
December 7, 2009



MARCUS,
FAIRALL,
BRISTOL + CO., L.L.P.

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Hector H. Balderas
New Mexico State Auditor
Susana Martinez, District Attorney
Third Judicial District Attorney
Las Cruces, New Mexico

Compliance

We have audited the compliance of the State of New Mexico Third Judicial District Attorney with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year-ended June 30, 2009. The 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 the Third Judicial District Attorney's management. Our responsibility is to express an opinion on the 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 assurances 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 the 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 on the Third Judicial District Attorney's compliance with those requirements.

In our opinion, the 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, 2009.

Internal Control Over Compliance

The management of the Third Judicial District Attorney is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Third Judicial District Attorney's internal control over compliance.

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A *control deficiency* in an agency's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the agency's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the agency's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the agency's internal control.

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

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



Marcus, Fairall, Bristol + Co., LLP
El Paso, Texas

December 7, 2009

**STATE OF NEW MEXICO
 THIRD JUDICIAL DISTRICT ATTORNEY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year-Ended June 30, 2009**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

- Material weakness (es) identified? _____ Yes _____ X No
- Significant deficiency (ies) identified that are not considered to be material weaknesses? _____ X Yes _____ None reported

Noncompliance material to financial statements noted? _____ Yes _____ X No

Federal Awards

Internal control over major programs:

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

Identification of Major Programs:

CDFA Number

16.000

07.999

U.S. Department of Justice, Passed through New Mexico Department of Public Safety, Southwest Border Prosecution Initiative

Executive Office of the President, Passed through the Office of National Drug Control Policy, High Intensity Drug Trafficking Area (HIDTA) Operation Up the Ladder Cooperative Agreement, #18PSNP553Z

Dollar threshold used to distinguish between Type A and Type B programs \$ 300,000

Auditee qualified as low-risk auditee _____ X Yes _____ No

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
CURRENT YEAR SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year-Ended June 30, 2009

Section II - Reportable Findings and Responses - Financial Statement

Prior Year Reportable Findings and Responses – Financial Statement

Finding 2007-01 Investment Reconciliation and Investment Summary Report- Repeated.
Finding 2008-02 Audit Report Submission to the New Mexico State Auditor – Resolved.
Finding 2008-03 Employee Insurance Benefits for Dependents – Repeated

Current Year Reportable Findings and Responses – Financial Statement

2007-01 Investment Reconciliation and Investment Summary Report

Condition

Investment accounts were not reconciled timely. Investment balances were not reconciled to the investments by fund by the state agency responsible for the investment funds.

Criteria

Cash control and cash reporting is an integral part of any internal control system. OMB Circular A-133 Sec. 300 (b) and 6-6-3 NMSA 1978 require adequate internal control be established by the State.

Cause

The current personnel have not provided with the necessary reports that must generate by share to compile this investment reconciliation.

Effect

The investment statement by fund report is not reconciled to the investment account, thus investment balance reported by individual fund may not be correct.

Recommendation

Investment balances must be reconciled on a timely basis and then reconciled to the accounting records.

Response

We are making a monthly reconciliation internally of the activity from the cash reports back to the general ledger.

Finding 2008-03 Employee Insurance Benefits for Dependents

Condition

Employee insurance benefits for dependents were paid for dependent life insurance which was not included in income to the employee on their respective employee form W-2.

Criteria

The requirement as stated in the Internal Revenue Code Rev. 1.274-57(k)(3). The Benefits are considered to be income to the employee.

Effect

The employees' income was understated by the amount of the insurance premium paid for the dependent's life insurance.

Cause

The State of New Mexico Department of Finance and Administration is responsible for the preparation of all State of New Mexico's W-2 forms. W-2 forms should include as income, dependent life insurance premiums. The State of New Mexico Department of Finance and Administration does not include dependent life insurance premiums as income on employee's W-2 forms. The employee of the payroll department in the 3rd Judicial District Attorney's Office do not prepare the W-2 form nor do they exercise any control over the preparation of the W-2 form.

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
CURRENT YEAR SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year-Ended June 30, 2009

Section II - Reportable Findings and Responses - Financial Statement (continued)

Finding 2008-03 Employee Insurance Benefits for Dependents (continued)

Recommendation

Dependent life insurance premiums are required to be included on the employees' W-2 forms. The State of New Mexico Department of Finance & Administration must include these fringe benefits on employees' W-2 forms.

Response

We have requested this be done by the State of New Mexico payroll department.

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
CURRENT YEAR SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year-Ended June 30, 2009

Section III - Reportable Findings and Questioned Costs – Major Federal Awards

Prior Year Reportable Findings and Responses – Major Federal Awards

Finding 2008-01 Employees being Paid as Personal Service Contractors – Resolved

Current Year Reportable Findings and Responses – Major Federal Awards

None noted.

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
Exit Conference
June 30, 2009

An exit conference was held on December 7, 2009 with Jack W. Fairall, CPA, of Marcus, Fairall, Bristol + Co., L.L.P., and the following personnel from the Office of the Third Judicial District Attorney:

Susana Martinez
Juliet Lucero

District Attorney
Chief Financial Officer

Compilation of Financial Statement

The financial statements presented in this report were compiled by the auditors, Marcus, Fairall, Bristol + Co., L.L.P. However, the contents of their financial statements remain the responsibility of the management. The individuals responsible for the accounting and reporting function possess the skills and knowledge to apply generally accepted accounting principles in recording the agency's financial transactions or preparing its financial statements.