

**STATE OF NEW MEXICO**  
**THIRD JUDICIAL DISTRICT ATTORNEY**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2011 AND 2010**

Prepared by  
Marcus, Fairall, Bristol + Co., P.L.L.C.  
Certified Public Accountants  
6090 Surety Drive Suite 100  
El Paso, Texas 79905  
Telephone (915) 775-1040

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

GENERAL FUND ATTORNEYS

Amy L. Orlando  
Scot D. Key  
Jeanne Quintero  
Annamarie DeLovato  
Michelle Pickett  
Daniel Sewell  
Heather Chavez  
Michael Heitz  
Lisa Kuykendall  
Roxeanne Esquibel  
Steven Blankinship  
Marcus Blais  
Leah Hutchins  
Clara Nevarez

District Attorney  
Chief Deputy District Attorney  
Deputy District Attorney  
Deputy District Attorney  
Senior Trial Attorney  
Senior Trial Attorney  
Senior Trial Attorney  
Senior Trial Attorney  
Senior Trial Attorney  
Senior Trial Attorney  
Assistant Trial Attorney  
Assistant Trial Attorney  
Assistant Trial Attorney  
Assistant Trial Attorney

GRANT ATTORNEYS

James Dickens  
Keythan Park  
Janice Schryer  
Aaron Rodriguez  
Jose Arguello  
Margaret Nammar

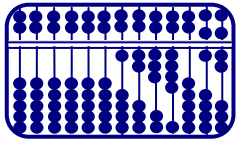
Deputy District Attorney  
Senior Trial Attorney  
Senior Trial Attorney  
Assistant Trial Attorney  
Assistant Trial Attorney  
Assistant Trial Attorney

ADMINISTRATIVE STAFF

Juliet Lucero

Chief Financial Officer

## **FINANCIAL SECTION**



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

## Independent Auditor's Report

Hector H. Balderas, New Mexico State Auditor  
Amy L. Orlando, District Attorney  
Third Judicial District Attorney  
Las Cruces, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue funds of the Third Judicial District Attorney, as of and for the year-ended June 30, 2011 and 2010, which collectively comprise the Third Judicial District Attorney's basic financial statements as listed in the table of contents. We also have 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, 2011 and 2010, 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 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, 2011 and 2010, 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, 2011 and 2010, and the respective changes in financial position, thereof and respective budgetary comparisons for the General and Victims Assistance Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund of the Third Judicial District Attorney as of June 30, 2011 and 2010, 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.

A Firm of Certified Public Accountants  
6090 Surety Drive, Suite 100 • El Paso, TX 79905 • (915) 775-1040  
Facsimile:(915) 775-1849 • marcfair@marcfair.com

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2011 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 accounting principles accepted in the United States of America. 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. 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 schedules 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.

A handwritten signature in cursive script that reads "Marc Fair, Bristol & Co. P.C.".

El Paso, Texas  
December 13, 2011



**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, 2011. 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, 2011:

- The liabilities of the District Attorney exceeded its assets as of June 30, 2011 by (\$197,846) (net assets). Of this amount, no balance exists in the unrestricted net assets.

**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 Victims Assistance 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), SWBPI, ARRA 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 Third Judicial District Attorney's financial position. Liabilities exceeded assets by (\$197,846) at the close of the current fiscal year. Non cash items of depreciation for \$32,485 and the change in compensated absences balance for \$32,923 caused the deficient balance.

The largest portion of the Third Judicial District Attorney's net assets, \$84,407 represents investment in capital assets.

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

**Management's Discussion and Analysis**

**Analysis of Net Assets (continued)**

<b>NET ASSETS</b>			
June 30,			
	<u>2011</u>	<u>2010</u>	<u>Variance</u>
<b>ASSETS</b>			
Current assets	\$ 170,661	\$ 331,220	\$ (160,559)
Capital assets, net of accumulated depreciation	84,407	116,892	(32,485)
Total assets	<u>\$ 255,068</u>	<u>\$ 448,112</u>	<u>\$ (193,044)</u>
<b>LIABILITIES</b>			
Current liabilities	\$ 185,303	\$ 358,650	\$ (173,347)
Long-term liabilities	267,611	156,467	111,144
Total liabilities	<u>\$ 452,914</u>	<u>\$ 515,117</u>	<u>\$ (62,203)</u>
<b>NET ASSETS</b>			
Investment in capital assets	\$ 84,407	\$ 116,892	\$ (32,485)
Restricted	(282,253)	(183,896)	(98,357)
Unrestricted	-	-	-
Total net assets	<u>\$ (197,846)</u>	<u>\$ (67,004)</u>	<u>\$ (130,842)</u>

The District Attorney's activities during the fiscal year decreased the District Attorney's net assets by \$130,842. The decrease is attributed to a decrease in total grant revenues while expense increased. Total revenues decreased by \$757,981 and the expenses decreased \$869,206 when compared to the previous year.

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

	<u>2011</u>	<u>2010</u>	<u>Variance</u>
<b>REVENUES</b>			
Program revenues	\$ 849,671	\$ 1,607,652	\$ (757,981)
General revenues	-	-	-
Total revenues	<u>849,671</u>	<u>1,607,652</u>	<u>(757,981)</u>
<b>EXPENSES</b>			
Public safety	<u>5,272,292</u>	<u>6,141,498</u>	<u>(869,206)</u>
Total expenses	<u>5,272,292</u>	<u>6,141,498</u>	<u>(869,206)</u>
(Decrease) increase in net assets before transfers	(4,422,621)	(4,533,846)	111,225
Transfers	<u>4,291,779</u>	<u>4,518,045</u>	<u>(226,266)</u>
(Decrease) increase in net assets	(130,842)	(15,801)	(115,041)
Net assets - beginning			
Net assets - beginning restated	<u>(67,004)</u>	<u>(51,203)</u>	<u>(15,801)</u>
Net assets - ending	<u>\$ (197,846)</u>	<u>\$ (67,004)</u>	<u>\$ (130,842)</u>

**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 \$5,141,450 in the fiscal year-ended June 30, 2011, which represents an decrease of \$984,247 in the fiscal year-ended June 30, 2011. Transfers decreased in June 30, 2011 by \$111,225 from the prior year. Expenditures for governmental functions totaled \$5,272,292. This was a decrease of approximately \$869,206 from the fiscal year-ended June 30, 2010. In the fiscal year-ended June 30, 2011, expenditures for governmental functions exceeded revenue by \$130,842. 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 \$2,621. The General Fund revenue and transfers decreased \$111,225 due to decrease in state appropriation funds. The expenditures decreased \$869,206 as a result the decrease in state appropriations and the final expenses for the SWBPI grant.

The grant expenditures of SWBPI of \$65,442 were paid from the remaining fund balance of \$49,134. This resulted in an over expenditure of \$16,299. This deficit will be paid from the new grant awarded in the amount of \$596,928 that has been awarded for the coming year.

The HIDTA grant revenue increased \$26,603. The grant expenditures increased \$26,603. The remaining fund expenditures are in accordance with the grant agreement.

The VOCA grants fund revenue decreased \$46,967 to aid with additional "Violence Against Women" cases. The grant expenditures decreased \$43,791. The \$3,191 of ARRA Funds deposited into the SGFIP account were transferred to ARRA Funds leaving a remaining fund balance of which \$514 is reserved for subsequent expenditures in accordance with the grant agreement.

The ARRA grant fund revenue was \$17,779. The grant expenditures were \$17,779. The grant will be closed during the current fiscal year after transferring \$3,191 from the VOCA SGFIP account.

**Capital Assets**

The District Attorney's investment in net assets as of June 30, 2011 and 2010 amounted to \$84,407 and \$116,891 (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,**

	2011	2010
Furniture and fixtures	\$ 4,658	\$ 6,073
Equipment	21,442	28,126
Vehicles	58,307	82,692
Net assets - ending	\$ 84,407	\$ 116,891

**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, 2012 from actual amounts received in fiscal year ending June 30, 2011: a 2.5% decrease in the state general fund, a 9% increase in HIDTA grant funds, an 18% increase in Victim Assistance grant funds and a .1 decrease 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	
	2011	2010
<b>ASSETS</b>		
Investment with State Treasurer	\$ (218,451)	\$ (2,747)
Due from other governments	332,514	276,552
Prepaid expenses	-	818
Due from SGFIP	56,598	56,597
Capital assets, net of accumulated depreciation	84,407	116,892
Total assets	\$ 255,068	\$ 448,112
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 17,519	\$ 16,665
Accrued payroll	137,964	211,799
Payroll taxes payable	16,128	49,582
Due to state general fund	13,692	2,382
Long-term liabilities:		
Current portion of compensated absences	62,768	78,222
Compensated absences	264,843	156,467
Total liabilities	512,914	515,117
<b>NET ASSETS</b>		
Investment in capital assets	84,407	116,892
Committed	(282,253)	(183,896)
Unrestricted	-	-
Total net assets	\$ (197,846)	\$ (67,004)

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,

	Governmental Activities	
	2011	2010
<b>Functions/Programs</b>		
General government:		
Public safety	\$ 5,272,292	\$ 6,141,498
Total program expenses	<u>5,272,292</u>	<u>6,141,498</u>
Program revenues:		
Grants operational	849,671	1,607,652
Total program revenues	<u>849,671</u>	<u>1,607,652</u>
Net program (expense) revenues	(4,422,621)	(4,533,846)
General revenues:		
Total general revenues	-	-
Transfers - State General Fund appropriations	4,294,400	4,518,100
Transfers - Reversion to the Stae General Fund	(2,621)	(55)
Total transfers	<u>4,291,779</u>	<u>4,518,045</u>
Changes in net assets	<u>(130,842)</u>	<u>(15,801)</u>
Net assets - beginning balance per audit	(67,004)	(51,203)
Prior period reinstatement for unrecorded deposit for VOCA Grant	-	(56,597)
Net assets - beginning balance adjusted	-	(107,800)
To accrue VOCA Grant deposit for prior period from SGFIP	-	56,597
Net assets- beginning balance restated	<u>(67,004)</u>	<u>(51,203)</u>
Net assets - ending	<u>\$ (197,846)</u>	<u>\$ (67,004)</u>

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, 2011

	General Fund	Victims Assistance Fund	Non-Major Funds	Total
<b>ASSETS</b>				
Investment with State Treasurer	\$ 156,577	\$ (98,446)	\$ (276,582)	\$ (218,451)
Due from other governments	-	51,707	280,807	332,514
Due from SGFIF	-	56,598	-	56,598
Due from other funds	-	-	4,933	4,933
Total assets	<u>\$ 156,577</u>	<u>\$ 9,859</u>	<u>\$ 9,158</u>	<u>\$ 175,594</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 15,929	\$ 1,321	\$ 269	\$ 17,519
Accrued payroll	110,216	5,652	22,096	137,964
Payroll taxes payable	13,734	445	1,949	16,128
Due to state general fund	13,692	-	-	13,692
Due to other funds	3,006	1,927	-	4,933
Total liabilities	<u>156,577</u>	<u>9,345</u>	<u>24,314</u>	<u>190,236</u>
Fund balances:				
Committed	-	514	1,143	1,657
Unrestricted	-	-	(16,299)	(16,299)
Total fund balances	<u>-</u>	<u>514</u>	<u>(15,156)</u>	<u>(14,642)</u>
Total liabilities and fund balances	<u>\$ 156,577</u>	<u>\$ 9,859</u>	<u>\$ 9,158</u>	<u>\$ 175,594</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, 2011

Total fund balances – governmental funds (Exhibit B-1) \$ (14,642)

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 \$435,872, and the accumulated depreciation is \$351,465.

84,407

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	\$	240,309	
HIDTA		25,067	
Victim Assistance		2,235	
Other		-	
		-	(267,611)

Total net assets - governmental activities (Exhibit A-1)

\$ (197,846)

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, 2010

	General Fund	SWBPI Fund	Non-Major Funds	Total
<b>ASSETS</b>				
Investment with State Treasurer	\$ 202,431	\$ 85,230	\$ (290,408)	\$ (2,747)
Due from other governments	-	-	276,552	276,552
Due from SGFIP	-	-	56,597	56,597
Prepaid expenses	818	-	-	818
Total assets	<u>\$ 203,249</u>	<u>\$ 85,230</u>	<u>\$ 42,741</u>	<u>\$ 331,220</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 2,570	\$ 12,794	\$ 1,301	\$ 16,665
Accrued payroll	157,915	19,568	34,316	211,799
Payroll taxes payable	40,382	3,734	5,466	49,582
Due to state general fund	2,382	-	-	2,382
Total liabilities	<u>203,249</u>	<u>36,096</u>	<u>41,083</u>	<u>280,428</u>
Fund balances:				
Committed	-	49,134	1,658	50,792
Unreserved	-	-	-	-
Total fund balances	<u>-</u>	<u>49,134</u>	<u>1,658</u>	<u>50,792</u>
Total liabilities and fund balances	<u>\$ 203,249</u>	<u>\$ 85,230</u>	<u>\$ 42,741</u>	<u>\$ 331,220</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, 2010

Total fund balances – governmental funds (Exhibit B-1)	\$	50,792
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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 \$435,872, and the accumulated depreciation is \$318,979.		116,892
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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	\$	176,794	
SWBPI		19,275	
HIDTA		19,277	
Victim Assistance		10,299	
Other		9,043	
		(234,688)	(234,688)

Total net assets - governmental activities (Exhibit A-1)	\$	(67,004)
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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, 2011

	General Fund	Victims Assistance Fund	Non-Major Funds	Total
<b>Revenues:</b>				
Governmental grants	\$ -	\$ 36,186	\$ 605,048	\$ 641,234
Other grants	1,289	128,696	78,452	208,437
Total other revenues	<u>1,289</u>	<u>164,882</u>	<u>683,500</u>	<u>849,671</u>
<b>Expenditures:</b>				
Current:				
Public safety	4,293,068	164,882	748,933	5,206,883
Total expenditures	<u>4,293,068</u>	<u>164,882</u>	<u>748,933</u>	<u>5,206,883</u>
Excess (deficiency) of revenues over expenditures	<u>(4,291,779)</u>	<u>-</u>	<u>(65,433)</u>	<u>(4,357,212)</u>
<b>Other Financing Sources (Uses):</b>				
Operating transfers in State General Fund appropriations	4,294,400	-	-	4,294,400
Operating transfers - Reversion to State General Fund - FY 11	<u>(2,621)</u>	<u>-</u>	<u>-</u>	<u>(2,621)</u>
Transfers In	<u>-</u>	<u>-</u>	<u>3,191</u>	<u>3,191</u>
Transfers Out	<u>-</u>	<u>3,191</u>	<u>-</u>	<u>3,191</u>
Total other financing sources	<u>4,291,779</u>	<u>(3,191)</u>	<u>3,191</u>	<u>4,291,779</u>
Net change in fund balances	<u>-</u>	<u>(3,191)</u>	<u>(62,242)</u>	<u>(65,433)</u>
Fund balances-beginning	<u>-</u>	<u>3,705</u>	<u>47,086</u>	<u>50,791</u>
Fund balances-ending	<u>\$ -</u>	<u>\$ 514</u>	<u>\$ (15,156)</u>	<u>\$ (14,642)</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, 2011

Net Change in Fund Balances – Governmental Funds (Exhibit B-5)	\$	(65,433)
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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:

Depreciation expense	(32,485)	
Expense not reported in governmental funds		(32,485)

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, \$257,432, exceeded the amounts used \$224,508 by \$32,923.

(32,924)

Change in Net Assets of Government Activities (Exhibit A-2)	\$	<u><u>(130,842)</u></u>
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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, 2010

	General Fund	SWBPI Fund	Non-Major Funds	Total
<b>Revenues:</b>				
Governmental grants	\$ -	\$ 548,570	\$ 1,059,082	\$ 1,607,652
Total revenues	-	548,570	1,059,082	1,607,652
<b>Expenditures:</b>				
Current:				
Public safety	4,518,045	543,474	950,539	6,012,058
Capital outlay	-	-	36,396	36,396
Capital outlay under \$5,000	-	-	72,162	72,162
Total expenditures	4,518,045	543,474	1,059,097	6,120,616
Excess (deficiency) of revenues over expenditures	(4,518,045)	5,096	(15)	(4,512,964)
<b>Other Financing Sources (Uses):</b>				
Operating transfers in state General Fund appropriations	4,518,100	-	-	4,518,100
Operating transfers in State appropriations special	-	-	-	-
Operating transfers out - Reversion to State General Funds FY 10	(55)	-	-	(55)
Total other financing sources	4,518,045	-	-	4,518,045
Net change in fund balances	-	5,096	(15)	5,081
Fund balances-beginning per audit	-	44,038	1,673	45,711
Prior period adjustment for unrecorded deposit for VOCA Grant	-	-	(56,597)	(56,597)
Fund balance -beginning adjusted	-	44,038	(54,924)	(10,886)
To accrue VOCA Grant deposit for prior year from SGFIP	-	-	56,597	56,597
Fund balance - beginning restated	-	44,038	1,673	45,711
Fund balances-ending	\$ -	\$ 49,134	\$ 1,658	\$ 50,792

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, 2010

Net Change in Fund Balances – Governmental Funds (Exhibit B-3) \$ 5,081

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	\$ 36,395	
Depreciation expense	(48,895)	
Expense not reported in governmental funds		(12,500)

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, \$288,739, exceeded the amounts used \$280,357 by \$8,382.

(8,382)

Change in Net Assets of Government Activities (Exhibit A-2)	\$	(15,801)
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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, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP)	Favorable (Unfavorable) Final to Actual
Revenues:				
Other financing sources	\$ -	\$ -	\$ 1,289	\$ (1,289)
Total operating revenues	-	-	1,289	(1,289)
Add: Required fund balance	-	-		
	<u>\$ -</u>	<u>\$ -</u>		
Operating expenditures:				
Current:				
Personnel services	4,035,600	4,000,600	4,000,599	1
Contractual services	17,966	17,966	17,966	-
Other expenses	240,834	275,834	274,503	1,331
Total expenditures	<u>4,294,400</u>	<u>4,294,400</u>	<u>4,293,068</u>	<u>1,332</u>
Excess (deficiency of revenues over expenditures)			<u>(4,291,779)</u>	
Other financing sources (uses):				
Transfers in	4,294,400	4,294,400	4,294,400	-
Transfers out	-	-	(2,621)	(2,621)
Total other financing sources	<u>4,294,400</u>	<u>4,294,400</u>	<u>4,291,779</u>	<u>-</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**  
**Victims Assistance Fund**  
**Statement of Revenues, Expenditure and Changes in Fund Net Assets**  
**Budget (non-GAAP Basis) and Actual**  
For the Year-Ended June 30, 2011

Revenues:				
Federal grant	\$ 36,186	\$ 36,186	\$ 36,186	\$ -
Other Grants	128,696	128,696	128,696	-
Total operating revenues	<u>164,882</u>	<u>164,882</u>	<u>164,882</u>	<u>-</u>
Operating expenditures:				
Current:				
Personnel services	161,141	-	161,141	-
Other expenses	3,741	-	3,741	-
Total expenditures	<u>164,882</u>	<u>-</u>	<u>164,882</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures			<u>-</u>	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	3,191	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>(3,191)</u>	<u>-</u>
Changes in fund balance			-	
Balance - beginning of the year			<u>3,705</u>	
Total fund balance - end of year			<u>\$ 514</u>	

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, 2011

**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 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, 2011

**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.

**Governmental Funds** – Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they are paid. The difference between governmental fund assets and liabilities is reported as fund balance. 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 157 – 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, 2011

**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. 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.

**AARA Grants** - The ARRA grants were used to purchase equipment and the related supplies for it using the Edward Byrne Recovery Grant. In addition to this grant, the ARRA Victims of Crime Act granted additional funds to supplement the original grant provided for these services. The ARRA grants are non major funds whose share account number is 89000.

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, when applicable, capital grants, internally dedicated resources are reported 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 15<sup>th</sup>, the District Attorney submits to the Department of Finance and Administration (DFA) an appropriation request for the fiscal year commencing the following July 1<sup>st</sup>. The appropriation request includes proposed expenditures and the means of financing them.
2. Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committees. The final outcome of these hearings is incorporated into the General Appropriations Act.
3. The Governor of the State of New Mexico within the legally prescribed time limit signs the Act into law.
4. The District Attorney submits, no later than May 1<sup>st</sup>, to DFA an annual operating budget by category and line item based upon the appropriation made by the Legislature. The DFA – Budget Division review and approves the operating budget, which becomes effective on July 1<sup>st</sup>. The Legislative Finance Committee and the State Budget Division must approve all subsequent budget adjustments. The budget for the current year was amended in a legal manner.

**STATE OF NEW MEXICO**  
**THIRD JUDICIAL DISTRICT ATTORNEY**  
**NOTES TO FINANCIAL STATEMENT**  
June 30, 2011

**Note 1. Summary of Significant Accounting Policies (continued)**

**D. Budgets and Budgetary Accounting (continued)**

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.
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 had 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, 2011

**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 Balance** – During 2009, GASB adopted Statement No. 54 to clarify the fund balance reporting guidelines of GASB 54. The fund balance reporting established by GASB 54 must be followed by all five of the governmental-type funds used by state and local governments. Based on the requirements of GASB 54, the total fund balance can be conceptually separated into two primary components: 1) Non-spendable fund balance and 2) Spendable fund balance. The spendable portion of the fund balance can be divided into: 1) Restricted fund balance 2) Unrestricted fund balance.

Non-spendable – the non-spendable balance includes amounts that cannot be spent because they are not in spendable form or legally, contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash; it also includes the long-term amount of interfund loans.

Restricted fund balance – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted fund balance – The fund balance is classified into three classifications 1) Committed fund balance 2) Assigned fund balance 3) Unassigned fund balance.

Committed – This fund balance amount has spending limitations that are constrained by the government’s highest level of decision-making authority.

Assigned – The assigned fund balance classification is intended to be used for specific purposes such as special revenue funds, capital project funds, debt service funds and permanent funds.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amount not contained in other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

**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.

**STATE OF NEW MEXICO**  
**THIRD JUDICIAL DISTRICT ATTORNEY**  
**NOTES TO FINANCIAL STATEMENT**  
June 30, 2011

**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>2011</u>	<u>2010</u>
Capital assets	\$ 84,407	\$ 116,892
Compensated absences payable	<u>(267,611)</u>	<u>(234,688)</u>
Net adjustments to reduce fund balances total governmental funds to arrive at net assets governmental activities	<u>\$ (183,204)</u>	<u>\$ (117,796)</u>

**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>2011</u>	<u>2010</u>
Capital outlay	\$ -	\$ -
Depreciation expense	(32,485)	(48,895)
Gain on trade of automobiles	<u>-</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>\$ (32,485)</u>	<u>\$ (48,895)</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>2011</u>	<u>2010</u>
Compensated absences	\$ 32,923	\$ 8,382

**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 11 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.

**STATE OF NEW MEXICO**  
**THIRD JUDICIAL DISTRICT ATTORNEY**  
**NOTES TO FINANCIAL STATEMENT**  
June 30, 2011

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

The New Mexico State Treasurer has the authority to invest money held in demand 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, 2011, the District Attorney had a deficit of \$217,451 with Statewide Human Resources Accounting. No reconciliation was provided of these accounts as of December 13, 2011. There are no cash depository accounts.

The entity is required to disclose the deposit risk and investment risk related to credit risk (including custodial risk, concentration of credit risk and foreign current risk.) The following information regarding LGIP is as follows:

1. With respect to credit risk, the LGIP is rated AAA by Standard Poor's' Public funds are non-required to disclose credit risk for external pools. Therefore, the LGIP is exempt from this requirement.
2. Interest rate risk is defined by GASB Statement No. 40 as the risk that interest rate variations may adversely affect the fair value of an investment. An acceptable method for reporting interest risk is weighted average maturity (WAM). The State Treasurer's office uses this method for reporting purposes. The WAM for the Third Judicial District Attorney is reported as follows:

June 30, 2011, the LGIP WAM is 36 days  
June 30, 2010, the LGIP WAM is 50 days.

The New Mexico State Treasurer's office invested in the Reserve Primary Fund, a money market fund in fiscal years 2006 to 2009. On September 15, 2007, the balance of that LGIP's investment fund was \$381.7 million.

On July 15, 2010, the Reserve announced that it will begin its seventh distribution to Primary Fund shareholders on or about July 16, 2010. The distribution, in the amount of approximately \$215 million, represents approximately 67% of the Fund's remaining asset value of \$323 million as of the close of business on July 9, 2010, including this seventh distribution, \$50.7 billion of Fund assets as of the close of business on September 15, 2008, will have been returned to investors. There have been no additional distributions in the past year.

**Note 5. Grant Receivable**

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

	<u>2011</u>	<u>2010</u>
HIDTA Grant fund	\$ 217,470	\$ 147,129
Victim Assistance Grant fund	51,707	51,361
Other grant fund	60,943	49,136
ARRA Grant	2,394	28,926
Total	\$ 332,514	\$ 276,552

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
NOTES TO FINANCIAL STATEMENT  
June 30, 2011**

**Note 6. Capital Assets**

Summary of changes in capital assets is as follows:

<u>Description</u>	Balance 6/30/2010	Additions	Deletions	Balance 6/30/2011
Capital assets being depreciated:				
Furniture and fixtures	\$ 16,771	\$ -	\$ -	\$ 16,771
Equipment	166,374	-	-	166,374
Vehicles	369,619	-	-	369,619
Total capital assets being depreciated	552,764	-	-	552,764
Less accumulated depreciation for:				
Furniture and fixtures	10,698	1,415	-	12,113
Equipment	138,247	6,685	-	144,932
Vehicles	286,927	24,385	-	311,312
Total accumulated depreciation	435,872	32,485	-	468,357
Total net assets	\$ 116,892	\$ 32,485	\$ -	\$ 84,407

Depreciation expense amounts for June 30, 2011 and 2010 are \$32,485, and \$48,895, respectively. All of the depreciation was charged to assets in the General Fund.

**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 Maximum 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.

<u>Description</u>	Balance 6/30/2010	Additions	Deletions	Balance 6/30/2011	Due within One Year
Compensated Absences	\$ 234,688	\$ 227,432	\$ 224,509	\$ 267,611	\$ 62,768

**STATE OF NEW MEXICO**  
**THIRD JUDICIAL DISTRICT ATTORNEY**  
**NOTES TO FINANCIAL STATEMENT**  
June 30, 2011

**Note 7. Compensated Absences (continued)**

The compensated absences are to be paid in 2011 as 87.9% by the General fund; 10.7% by the HIDTA fund; 1.2% by the Victim's Assistance fund, and .2% by the other grant fund and in 2010 as 83.3% by the General fund; 2% by the SWBPI fund; 11% by the HIDTA fund; 1.7% by the Victim's Assistance fund, and 2% 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, 2011 and 2010, the amount due to the New Mexico General Fund is as follows:

	Appropriation	Reversion
Reversion to State General Fund 11 Fiscal Year	\$ 4,294,400	\$ 2,621
Reversion to State General Fund 10 Fiscal Year	\$ 4,518,100	\$ 55

**Note 9. Inter-agency Transfers**

The inter-agency transfers for state appropriations awarded to the District Attorney as of June 30, 2011 and 2010, consisted of funds transferred from the State General Fund Share Account 85300 in the amount of \$4,294,400 and \$4,518,100, respectively, to the District Attorney's General Fund Account 15700.

**Note 10. Fund Balances**

Fund balance is classified as non-spendable restricted, committed, assigned based primarily on the extent the District Attorney is bound to observe constraints imposed upon the use of resources in the government funds and all other governmental funds as follows:

Fund Balances	General	Special Revenue	Total
<u>Non-spendable</u>			
Interfund loans	\$ -	\$ -	\$ -
Total Non-spendable	\$ -	\$ -	\$ -
<u>Committed for</u>			
Grants			
Victims Assistance Program	-	514	514
HITDA Fund	-	91	91
Other Grants	-	1,052	1,052
Total Restricted	-	1,657	1,657
<u>Unrestricted</u>			
Grants			
SWBPI Fund	-	(16,299)	(16,299)
Total Unrestricted	-	(16,299)	(16,299)
Total Fund Balance	\$ -	\$ (14,642)	\$ (14,642)

**STATE OF NEW MEXICO**  
**THIRD JUDICIAL DISTRICT ATTORNEY**  
**NOTES TO FINANCIAL STATEMENT**  
June 30, 2011

**Note 11. 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 telephone equipment was entered into August 11, 2002, which requires 60 monthly payments of \$918.

A lease for five Cannon copiers was entered into on July 1, 2008, which requires 60 monthly payments of \$2,100.

A lease for printers was entered into December 18, 2009, which requires 48 monthly payments of \$1,859.

**Note 12. 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](http://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, 2011, 2010, and 2009 were \$518,892, \$606,759, and \$672,873, 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.

**STATE OF NEW MEXICO**  
**THIRD JUDICIAL DISTRICT ATTORNEY**  
**NOTES TO FINANCIAL STATEMENT**  
June 30, 2011

**Note 13. Post Employment Benefits – State Retiree Health Care (continued)**

*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](http://www.nmrhca.state.nm.us).

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

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

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

The District Attorney's contributions to the RHCA for the years ended June 30, 2011, 2010 and 2009 were \$56,724, \$50,962, and \$50,125, respectively, which equal the required contributions for each year.

**Note 14. 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 15. Disclosure of Financial Interest**

There were no other related party transactions during the fiscal year ended June 30, 2011 and 2010.

**Note 16. Prior year reinstatement for VOCA grants**

The adjustment made during the fiscal year ending June 30, 2009 for a deposit of \$56,597 which was not recorded in the state treasurer investment pool for the VOCA grant fund was reversed during the year ended June 30, 2010. The deposit that was not recorded, was for the month of December 2008.

**SUPPLEMENTARY INFORMATION**



**STATE OF NEW MEXICO**  
**THIRD JUDICIAL DISTRICT ATTORNEY**  
**BALANCE SHEET – SPECIAL REVENUES FUNDS**  
June 30, 2011

	HIDTA Fund	SWBPI Fund	Other Grant Funds	ARRA Funds	Totals
<b>ASSETS</b>					
Investment with State Treasurer	\$ (201,080)	\$ (16,030)	\$ (55,152)	\$ (4,320)	\$ (276,582)
Due from other governments	217,470	-	60,943	2,394	280,807
Due from State Funds	-	-	3,007	1,926	4,933
Total assets	<u>\$ 16,390</u>	<u>\$ (16,030)</u>	<u>\$ 8,798</u>	<u>\$ -</u>	<u>\$ 9,158</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ 269	\$ -	\$ -	\$ 269
Accrued payroll	14,969	-	7,127	-	22,096
Payroll taxes payable	1,330	-	619	-	1,949
Due to other funds	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total liabilities	<u>16,299</u>	<u>269</u>	<u>7,746</u>	<u>-</u>	<u>24,314</u>
Fund balance:					
Reserved for subsequent expenditures	<u>91</u>	<u>(16,299)</u>	<u>1,052</u>	<u>-</u>	<u>(15,156)</u>
Total fund balance	<u>91</u>	<u>(16,299)</u>	<u>1,052</u>	<u>-</u>	<u>(15,156)</u>
Total liabilities and fund balances	<u>\$ 16,390</u>	<u>\$ (16,030)</u>	<u>\$ 8,798</u>	<u>\$ -</u>	<u>\$ 9,158</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, 2010

	HIDTA Fund	Victim Assistance Fund	Other Grant Funds	ARRA Funds	Totals
<b>ASSETS</b>					
Investment with State Treasurer	\$ (121,937)	\$ (94,062)	\$ (42,292)	\$ (32,117)	\$ (290,408)
Due from other governments	147,129	51,361	49,136	28,926	276,552
Due from SGFIP	-	56,597	-	-	56,597
Total assets	<u>\$ 25,192</u>	<u>\$ 13,896</u>	<u>\$ 6,844</u>	<u>\$ (3,191)</u>	<u>\$ 42,741</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 1,301	\$ -	\$ -	\$ -	\$ 1,301
Accrued payroll	20,003	8,690	5,623	-	34,316
Payroll taxes payable	3,797	1,501	168	-	5,466
Total liabilities	<u>25,101</u>	<u>10,191</u>	<u>5,791</u>	<u>-</u>	<u>41,083</u>
Fund balance:					
Reserved for subsequent expenditures	91	3,705	1,053	(3,191)	1,658
Total fund balance	<u>91</u>	<u>3,705</u>	<u>1,053</u>	<u>(3,191)</u>	<u>1,658</u>
Total liabilities and fund balances	<u>\$ 25,192</u>	<u>\$ 13,896</u>	<u>\$ 6,844</u>	<u>\$ (3,191)</u>	<u>\$ 42,741</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, 2011

	HIDTA Fund	SWBPI Fund	Other Grant Funds	ARRA Funds	Totals
<b>REVENUES:</b>					
Federal grants	\$ 458,350	\$ -	\$ 128,919	\$ 17,779	\$ 605,048
Local grants	-	-	78,452	-	78,452
Total revenues	<u>458,350</u>	<u>-</u>	<u>207,371</u>	<u>17,779</u>	<u>683,500</u>
<b>EXPENDITURES:</b>					
Current:					
Personnel services	458,350	65,433	207,371	17,774	748,928
Capital outlay	-	-	-	-	-
Capital outlay under \$5,000	-	-	-	-	-
Other expenses	-	-	-	5	5
Total Expenditures	<u>458,350</u>	<u>65,433</u>	<u>207,371</u>	<u>17,779</u>	<u>748,933</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(65,433)</u>	<u>-</u>	<u>-</u>	<u>(65,433)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers in	-	-	-	3,191	3,191
Operating transfers (out)	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,191</u>	<u>3,191</u>
Net change in fund balance	-	(65,433)	-	3,191	(62,242)
Fund Balance - beginning of year	<u>91</u>	<u>49,134</u>	<u>1,052</u>	<u>(3,191)</u>	<u>47,086</u>
Fund Balance - ending	<u>\$ 91</u>	<u>\$ (16,299)</u>	<u>\$ 1,052</u>	<u>\$ -</u>	<u>\$ (15,156)</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, 2010

	HIDTA Fund	Victim Assistance Fund	Other Grant Funds	ARRA Funds	Totals
<b>REVENUES:</b>					
Federal grants	\$ 484,953	\$ 211,849	\$ 179,849	\$ 182,431	\$ 1,059,082
Total revenues	<u>484,953</u>	<u>211,849</u>	<u>179,849</u>	<u>182,431</u>	<u>1,059,082</u>
<b>EXPENDITURES:</b>					
Current:					
Personnel services	472,938	206,993	179,849	7,221	867,001
Capital outlay	-	-	-	36,396	36,396
Capital outlay under \$5,000	-	-	-	72,162	72,162
Other expenses	12,015	1,680	-	69,843	83,538
Total Expenditures	<u>484,953</u>	<u>208,673</u>	<u>179,849</u>	<u>185,622</u>	<u>1,059,097</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>3,176</u>	<u>-</u>	<u>(3,191)</u>	<u>(15)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers in	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	3,176	-	(3,191)	(15)
Fund Balance - beginning per audit	91	529	1,053	-	1,673
Prior period adjustment for unrecorded deposit for VOCA Grant	-	(56,597)	-	-	(56,597)
Fund Bbalance - beginning adjusted	91	(56,068)	1,053	-	(54,924)
To accrue VOCA Grant deposit for prior year from SGFIP	-	56,597	-	-	56,597
Fund balance - beginning restated	<u>91</u>	<u>529</u>	<u>1,053</u>	<u>-</u>	<u>1,673</u>
Fund Balance - ending	<u>\$ 91</u>	<u>\$ 3,705</u>	<u>\$ 1,053</u>	<u>\$ (3,191)</u>	<u>\$ 1,658</u>

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, 2011

	Budgeted Amounts		Actual	Vairance
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Federal grants	\$ 433,350	\$ 458,350	\$ 458,350	\$ -
Total operating revenues	433,350	458,350	458,350	-
Add: Required fund balance	-	-		
	433,350	458,350		
Operating expenditures:				
Current:				
Personnel expenses	433,350	458,350	458,350	-
Total expenditures	433,350	458,350	458,350	-
Excess (deficiency) of revenues over expenditures			-	
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Changes in fund balance			-	
Total fund balance – beginning of year			91	
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**  
**SWBPI Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Net Assets**  
**Budget (Non-GAAP Basis) and Actual**  
For the Year-Ended June 30, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Federal grants	\$ -	\$ -	\$ -	\$ -
Total operating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Add: Required fund balance	<u>-</u>	<u>-</u>		
	<u>-</u>	<u>-</u>		
Operating expenditures:				
Current:				
Personnel expenses	49,134	49,134	65,433	(16,299)
Other costs	-	-	-	-
Total expenditures	<u>49,134</u>	<u>49,134</u>	<u>65,433</u>	<u>(16,299)</u>
Excess (deficiency) of revenues over expenditures			<u>(65,433)</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			(65,433)	
Balance - beginning of the year			<u>49,134</u>	
Total fund balance - end of year			<u>\$ (16,299)</u>	

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Federal grants	\$ 128,919	\$ 128,919	\$ 128,919	\$ -
Local grants	80,124	80,124	78,452	(1,672)
Total operating revenues	209,043	209,043	207,371	(1,672)
Add: Required fund balance	-	-		
	209,043	209,043		
Operating expenditures:				
Current:				
Personnel expenses	209,043	209,043	207,371	1,672
Total expenditures	209,043	209,043	207,371	1,672
Excess (deficiency) of revenues over expenditures			-	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Changes in fund balance			-	
Total fund balance – beginning of year			1,052	
Total fund balance – end of year			\$ 1,052	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**THIRD JUDICIAL DISTRICT ATTORNEY**  
**ARRA Grants Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Net Assets**  
**Budget (Non-GAAP Basis) and Actual**  
For the Year-Ended June 30, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Federal grants	\$ 17,779	\$ 17,779	\$ 17,779	\$ -
Total operating revenues	17,779	17,779	17,779	-
Add: Required fund balance	-	-		
	17,779	17,779		
Operating expenditures:				
Current:				
Personnel expenses	17,779	17,779	17,779	-
Total expenditures	17,779	17,779	17,779	-
Excess (deficiency) of revenues over expenditures			-	
Other financing sources (uses)				
Transfer In			3,191	
Changes in fund balance				
Total fund balance – beginning of year			(3,191)	
Total fund balance – end of year			\$ -	

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, 2011

**Las Cruces Truancy Support**

Participants: City of Las Cruces and Third Judicial District Attorney  
Responsible Party: 3<sup>rd</sup> Judicial District Attorney's Office  
Description: To provide truancy support for the Las Cruces School District  
Period: 12/7/10 through 12/07/11  
Project Costs: \$36,024 in salaries  
Third Judicial Contributions: The District Attorney agrees to create and fund a prosecutor position within the District Attorney's Office at the rate of \$36,024  
Audit Responsibility: 3<sup>rd</sup> Judicial District Attorney's Office

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

Participants: County of Doña Ana, New Mexico and 3<sup>rd</sup> Judicial District Attorney's Office  
Responsible Party: 3<sup>rd</sup> Judicial District Attorney's Office  
Description: To prevent fraud and exploitation of older adults in Doña Ana County  
Period: 11/1/10 through 6/20/11, renewable annually  
Project Costs: \$44,100 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: 3<sup>rd</sup> Judicial District Attorney's Office

**DWI and Domestic Violence Prosecutions**

Participants: County of Las Cruces, New Mexico and 3<sup>rd</sup> Judicial District Attorney's Office  
Responsible Party: 3<sup>rd</sup> Judicial District Attorney's Office  
Description: To establish two prosecutor positions to assist with DWI and Domestic Violence prosecutions.  
Period: 7/1/10 through 6/30/11, renewable annually  
Project Costs: \$128,900 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: 3<sup>rd</sup> 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 Grant Expenditures**  
June 30, 2011

	Grant Number	Local Grant	Federal Grant	Total
U.S. Department of Justice, passed through New Mexico Department of Public Safety, Southwest Border Prosecution Initiative	Unknown	\$ -	\$ 65,433	\$ 65,433
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	G095N002A		2,093	2,093
	G108N0002A	-	408,581	408,581
	G115N0002A	-	47,676	47,676
U.S. Department of Justice, passed through Office of Justice Programs/Violence & Child Victimization Enforcement Grant Fund	2010-VA-GK-0000	-	36,186	36,186
U.S. Department of Justice, passed through Office of Justice Programs/Bureau of Justice Violence Against Women	2009-WF-AX-0003	-	128,919	128,919
City of Las Cruces to provide Truancy support for Las Cruces School System	Unknown	28,953	-	28,953
City of Las Cruces/DWI and Domestic Violence Grant	Unknown	139,944	-	139,944
Through the District Attorney's Office of Dona Ana County Funding for a communities against senior exploitation program established program	DAC 07-150	38,251	-	38,251
ARRA Victims of Crime Act Recovery Grant	2009-S9 B9	-	17,779	17,779
Total Funds Available		<u>\$ 207,148</u>	<u>\$ 706,667</u>	<u>\$ 913,815</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, 2011

	CFDA Number	Grant Number	Award Amount	Prior years Federal Expenditure	Current Federal Expenditure	Remaining Balance
U.S. Department of Justice, passed through New Mexico Department of Public Safety, Southwest Border Prosecution Initiative	16.000	unknown	\$ 4,295,705	\$ 4,230,272	\$ 65,433	\$ -
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	95.001	G095N0002A	487,047	484,954	2,093	-
	95.001	G105N0002A	408,581		408,581	-
	95.001	G115N0002A	469,970		47,676	422,294
U.S. Department of Justice, passed through New Mexico Crime Victims Reparation Commission VOCA Sub Grant	16.575	2010-VA-GX-0000	42,742	-	36,186	-
U.S. Department of Justice, passed through Office of Justice Programs/Violence Against Women	16.588	2009-WF-AX-0003	128,919	-	128,919	-
ARRA Victims of Crime Act Recovery Grant	16.575	2009-S9-B9	25,000	7,221	17,779	-
Total Funds Available			<u>\$ 5,857,964</u>	<u>\$ 4,722,447</u>	<u>\$ 706,667</u>	<u>\$ 422,294</u>

The accompanying notes are an integral part of these financial statements

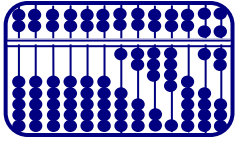
**STATE OF NEW MEXICO**  
**THIRD JUDICIAL DISTRICT ATTORNEY**  
**Schedule of Expenditures of Federal Awards**  
June 30, 2011

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. (See Note C) The preparer did not include any costs for insurance. VOCA Grant 2010-VA-GX-0000 had a gift-in-kind match of expenditures in the amount of \$10,680, which was not recorded in the records of the entity. VOCA ARRA Grant 2009-S9-B9 had a gift-in-kind match of expenditures in the amount of \$3,150 which was not recorded in the records of the entity. 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. P.L.L.C.

**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  
Amy L. Orlando, District Attorney  
Third Judicial District Attorney  
Las Cruces, New Mexico

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, and the combining and individual funds and related 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, 2011, and have issued our report thereon dated December 13, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

*Internal Control Over Financial Reporting*

In planning and performing our audit, we considered the 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.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting, item 2007-01. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A Firm of Certified Public Accountants  
6090 Surety Drive, Suite 100 • El Paso, TX 79905 • (915) 775-1040  
Facsimile:(915) 775-1849 • marcfair@marcfair.com

***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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying *schedule of findings and questioned costs* as items 2007-01.

We also noted certain other matters that are required to be reported pursuant to *Government Auditing Standards* paragraphs 5.14 and 5.16 and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as findings 2007-01.

The Third Judicial District Attorney's responses to the findings identified in our audit are described in the accompanying *or schedules 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 applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.



El Paso, Texas  
December 13, 2011



# INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Hector H. Balderas  
New Mexico State Auditor  
Amy L. Orlando, District Attorney  
Third Judicial District Attorney  
Las Cruces, New Mexico

## Compliance

We have audited Third Judicial District Attorney State of New Mexico compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) A-133 *Compliance Supplement* that could have a direct and material effect on each of Third Judicial District Attorney New Mexico's major federal programs for the year-ended June 30, 2011. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year-ended June 30, 2011.


## 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.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a control deficiency, or combination of deficiencies, in internal control over compliance; such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis.

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.

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.

A handwritten signature in black ink that reads "Marcus, Fairall, Bristol + Co. PLLC". The signature is written in a cursive, flowing style.

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

December 13, 2011

**STATE OF NEW MEXICO  
THIRD JUDICIAL DISTRICT ATTORNEY  
SCHEDULE OF FINDINGS AND QUESTION COSTS  
For the Year-Ended June 30, 2011**

**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:

C DFA Number

95.001

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 QUESTION COSTS**  
For the Year-Ended June 30, 2011

**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 2008-03 Employee Insurance Benefits for Dependents – Resolved  
Finding 2010-01 Late filing Annual Financial Report-Resolved

Current Year Reportable Findings and Responses – Financial Statement

Finding 2007-01 Investment Reconciliation and Investment Summary Report – Unilateral Weakness

Condition

Investment accounts were not reconciled timely. Investment balances were not reconciled to the investment by fund by the state agency responsible for the investment funds. There is a deposit of \$56,597 that has not been accounted for in previous fiscal year of 2007-2008. This put the Victim Assistance Fund into a deficit balance.

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

The agency will work with the Department of Finance and Administration and the State Treasurer's Office to monitor all cash transactions due to the lack of an independent third party verification system within the SHARE system.

**Section III - Reportable Findings and Questioned Costs – Major Federal Awards in accordance with Circular A-133**

Prior Year Reportable Findings and Responses – Major Federal Awards

None noted.

Current Year Reportable Findings and Responses – Major Federal Awards

None was noted.

**STATE OF NEW MEXICO**  
**THIRD JUDICIAL DISTRICT ATTORNEY**  
**EXIT CONFERENCE**  
June 30, 2011

An exit conference was held on December 10, 2011 with Jack W. Fairall, CPA, of Marcus, Fairall, Bristol + Co., P.L.L.C., and the following personnel from the Office of the Third Judicial District Attorney:

Amy L. Orlando  
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., P.L.L.C. 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.

**STATE OF NEW MEXICO**  
**THIRD JUDICIAL DISTRICT ATTORNEY**  
**Passed Journal Entries**  
June 30, 2011

There are no passed journal entries.