

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2012 AND 2011

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

INTRODUCTORY SECTION

**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
TABLE OF CONTENTS
June 30, 2012 and 2011**

	Exhibit	Page
INTRODUCTORY SECTION		
Table of Contents		i - ii
Official Roster		iii
FINANCIAL SECTION		
Independent Auditor's Report		1 - 2
Management's Discussion Analysis		3 - 7
<u>Government-Wide Financial Statements:</u>		
Statement of Net Assets	A-1	9
Statement of Activities	A-2	10
<u>Governmental Fund Statements:</u>		
Balance Sheet – Governmental Funds for 2012 and 2011	B-1, B-3	12, 14
Reconciliation of the Balance Sheet to the Statement of Net Assets	B-2, B-4	13, 15
Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds	B-5, B-7	16, 18
Reconciliation of the Governmental Funds, Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	B-6, B-8	17, 19
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget vs. Actual (Non-GAAP Budgetary Basis)		
General Fund	C-1	20
Victim's Assistance Fund	C-2	21
Notes to Financial Statements		23 - 35
SUPPLEMENTARY INFORMATION		
Balance Sheet – Special Revenue Funds	D-1, D-2	37 - 38
Statement of Revenues, Expenditures and Changes in Fund Balance - Special Revenue Funds	D-3, D-4	39 - 40
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget vs. Actual (Non-GAAP Budgetary Basis)		
HIDTA Fund	D-5	41
SWBPI Grant Fund	D-6	42
Other Grants Fund	D-7	43

**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
TABLE OF CONTENTS
June 30, 2012 and 2011**

SUPPORTING SCHEDULES

Schedule of Joint Powers Agreements	1	45
Schedule of Grants Expenditures	2	46
Schedule of Expenditures of Federal Awards	3	47-48

COMPLIANCE SECTION

Report on Internal Control over Financial Reporting Based and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards		50-51
Report on Compliance with Requirements Applicable to Each Major Program and Other Matters Based on an Audit of Financial Statements Performed in Accordance with OMB Circular A-133		52 - 53
Schedule of Findings and Questioned Costs		54 - 57
Exit Conference and Compilation of Financial Statement		58

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

GENERAL FUND ATTORNEYS

Amy L. Orlando	District Attorney
Scot D. Key	Chief Deputy District Attorney
James Dickens	Chief Deputy District Attorney
Steven Blankinship	Deputy District Attorney
Annamarie DeLovato	Deputy District Attorney
Janice Schryer	Senior Trial Attorney
Michelle Wallace	Senior Trial Attorney
Michael Heitz	Senior Trial Attorney
Daniel Sewell	Senior Trial Attorney
Robert Cabello	Senior Trial Attorney
Aaron Rodriguez	Senior Trial Attorney
Roxeanne Esquibel	Senior Trial Attorney
Steve Armstrong	Assistant Trial Attorney
Leah Hutchins	Assistant Trial Attorney
Jose Arguello	Associate Trial Attorney
David Clements	Associate Trial Attorney
Rebecca Duffin	Associate Trial Attorney

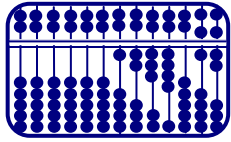
GRANT ATTORNEYS

Jeanne Quintero	Deputy District Attorney
Michelle Pickett	Deputy District Attorney
Keythan Park	Senior Trial Attorney
Clara Nevarez	Assistant Trial Attorney
Marcus Blais	Assistant Trial Attorney
Christopher Cardenas	Associate Trial Attorney
Shaharazad Mcdowell	Associate 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 years-ended June 30, 2012 and 2011, 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 years-ended June 30, 2012 and 2011, 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 on 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 includes consideration of internal control over financial reporting as a basis of designing audit procedures that are appropriate in the circumstances, 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 express no such opinion. 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, 2012 and 2011, and the changes in its financial position, where applicable, for the years-then 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
www.marcfair.com

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, 2012 and 2011, and the respective changes in financial position, thereof and respective budgetary comparisons for the General and SWBPI Fund, for the years-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, 2012 and 2011, and the respective changes in financial position and the respective budgetary comparisons for the non-major governmental funds for the years-ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2012 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information of consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide us assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



El Paso, Texas

December 7, 2012

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, 2012. 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, 2012:

The assets of the District Attorney exceeded its liabilities as of June 30, 2012 by \$172,453 (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* 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. 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 funds financial statements focus on near-term inflows, outflows and outflows balances 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 funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

In addition to the general fund, the District Attorney maintains four other individual governmental funds that are classified as special revenue funds. Information for the general fund and the SWBPI grants fund, both of which are considered to be major funds, is presented separately in the governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances. Individual fund data for each non-major governmental fund: High Intensity Drug Trafficking Area (HIDTA), Victim's Assistance Fund 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 funds 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 governmental funds financial statements. The notes to the financial statements can be found on pages 22 through 35 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. Assets exceeded liabilities by \$172,453 at the close of the current fiscal year. Uncommitted grant income of \$768,948 and on cash items of depreciation for \$46,334 and the change in compensated absences balance for \$30,110 caused the increase in the balance.

A major portion of the Third Judicial District Attorney's net assets, \$47,123 represents investment in capital assets.

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

Management's Discussion and Analysis

Analysis of Net Assets (continued)

NET ASSETS			
June 30,			
	2012	2011	Variance
ASSETS			
Current assets	\$ 979,328	\$ 170,661	\$ 808,667
Capital assets, net of accumulated depreciation	47,123	84,407	(37,284)
Total assets	<u>\$ 1,026,451</u>	<u>\$ 255,068</u>	<u>\$ 771,383</u>
LIABILITIES			
Current liabilities	\$ 209,153	\$ 185,303	\$ 23,850
Long-term liabilities	297,722	267,611	30,111
Total liabilities	<u>\$ 506,875</u>	<u>\$ 452,914</u>	<u>\$ 53,961</u>
NET ASSETS			
Investment in capital assets, net of long-term debt	\$ 47,123	\$ 84,407	\$ (37,284)
Restricted	-	-	-
Unrestricted	472,453	282,253	754,706
Total net assets	<u>\$ 519,576</u>	<u>\$ 366,660</u>	<u>\$ 717,422</u>

The District Attorney's activities during the fiscal year increased the District Attorney's net assets by \$805,667. The increase is attributed to a increase in total grant revenues while expense increased. Total revenues increased by \$895,128 and the expenses increased \$44,864 when compared to the previous year.

Changes in Net Assets

For the Year-Ended June 30,

	2012	2011	Variance
REVENUES			
Program revenues	\$ 1,849,683	\$ 849,671	\$ 1,000,012
General revenues	-	-	-
Total revenues	<u>1,849,683</u>	<u>849,671</u>	<u>1,000,012</u>
EXPENSES			
Public safety	5,317,156	5,272,292	44,864
Total expenses	<u>5,317,156</u>	<u>5,272,292</u>	<u>44,864</u>
(Decrease) increase in net assets before transfers	3,467,473	(4,422,621)	7,890,094
Transfers	4,184,895	4,291,779	(106,884)
(Decrease) increase in net assets	<u>717,422</u>	<u>(130,842)</u>	<u>7,783,210</u>
Net assets - beginning			
Net assets - beginning restated	<u>197,846</u>	<u>(67,004)</u>	<u>264,850</u>
Net assets - ending	<u>\$ 519,576</u>	<u>\$ (197,846)</u>	<u>\$ 8,048,060</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 \$6,034,578 in the fiscal year-ended June 30, 2012, which represents an decrease of \$893,128 in the fiscal year-ended June 30, 2012. Transfers decreased in June 30, 2012 by \$106,884 from the prior year. Expenditures for governmental functions totaled \$5,317,156. This was a decrease of approximately \$44,864 from the fiscal year-ended June 30, 2011. In the fiscal year-ended June 30, 2012, expenditures for governmental functions exceeded expenditures by \$717,422. The increase in revenues 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 \$107. The General Fund revenue and transfers decreased \$106,884 due to the decrease in state appropriation funds. The expenditures increased \$89,728 as a result the increase of grant activity.

The HIDTA grant revenue decreased \$21,866. The grant expenditures decreased \$21,866. The remaining fund expenditures are in accordance with the grant agreement.

The VOCA grants fund revenue decreased \$2,868 to aid with additional "Violence Against Women" cases. The grant expenditures decreased \$2,868.

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, 2012 and 2011 amounted to \$47,123 and \$84,407 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures, equipment and vehicles. The following chart shows the breakdown of assets by classification:

Capital Assets (Net of Accumulated Depreciation)

June 30,

	<u>2012</u>	<u>2011</u>
Furniture and fixtures	\$ 3,243	\$ 4,658
Equipment	12,470	21,442
Vehicles	<u>31,410</u>	<u>58,307</u>
Net assets - ending	<u>\$ 47,123</u>	<u>\$ 84,407</u>

**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, 2013 from actual amounts received in fiscal year ending June 30, 2012: a 2.5% decrease in the state general fund, a 9% increase in HIDTA grant funds, an 18% increase in Victim's Assistance grant funds and a .1% decrease in other grant funds.

Requests for Information

This financial report is prepared 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	
	2012	2011
ASSETS		
Investment with State Treasurer	\$ 173,152	\$ (218,451)
Due from other governments	675,590	332,514
Due from state funds	73,988	-
Due from SGFIP	56,598	56,598
Capital assets, net of accumulated depreciation	47,123	84,407
Total assets	<u>\$ 1,026,451</u>	<u>\$ 255,068</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 53,063	\$ 17,519
Accrued payroll	125,300	137,964
Payroll taxes payable	15,938	16,128
Due to state general fund	12,679	13,692
Due to other funds	2,173	-
Long-term liabilities:		
Current portion of compensated absences	71,453	62,768
Compensated absences	226,269	264,843
Total liabilities	<u>506,875</u>	<u>512,914</u>
NET ASSETS		
Investment in capital assets, net of related debt	47,123	84,407
Restricted	-	-
Unrestricted	472,453	282,253
Total net assets	<u>\$ 519,576</u>	<u>\$ 366,660</u>

The accompanying notes are an integral part of these financial statements

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

Functions/Programs	Governmental Activities	
	2012	2011
General government program expenses:		
Public safety	\$ 5,317,156	\$ 5,272,292
Total general government program expenses	5,317,156	5,272,292
Program revenues:		
Grants operational	1,849,683	849,671
Total program revenues	1,849,683	849,671
Net program (expense) revenues	3,467,473	(4,422,621)
General revenues:		
Total general revenues	-	-
Transfers - state general fund appropriations	4,185,000	4,294,400
Transfers - reversion to the state general fund	(105)	(2,621)
Total transfers	4,184,895	4,291,779
Changes in net assets	717,422	(130,842)
Net assets - beginning balance per audit	(197,846)	(67,004)
Net assets - ending	\$ 519,576	\$ (197,846)

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, 2012

	<u>General Fund</u>	<u>SWBPI Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>
ASSETS				
Investment with State Treasurer	\$ 147,550	\$ 333,078	\$ (307,476)	\$ 173,152
Due from other governments	-	468,028	207,562	675,590
Due from SGFIF	-	-	56,598	56,598
Due from state funds	-	-	73,988	73,988
Total assets	<u>\$ 147,550</u>	<u>\$ 801,106</u>	<u>\$ 30,672</u>	<u>\$ 979,328</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,754	\$ 31,797	\$ 17,512	\$ 53,063
Accrued payroll	117,647	762	-	118,409
Payroll taxes payable	13,223	49	6,891	20,163
Due to state general fund	12,679	-	2,666	15,345
Due to other funds	247	-	1,926	2,173
Total liabilities	<u>147,550</u>	<u>32,608</u>	<u>28,995</u>	<u>209,153</u>
Governmental fund balances:				
Committed fund balance	-	768,498	1,677	770,175
Total fund balances	<u>-</u>	<u>768,498</u>	<u>1,677</u>	<u>770,175</u>
Total liabilities and fund balances	<u>\$ 147,550</u>	<u>\$ 801,106</u>	<u>\$ 30,672</u>	<u>\$ 979,328</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, 2012

Total fund balances – governmental funds (Exhibit B-1) \$ 770,175

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 \$561,814 and the accumulated depreciation is \$514,691. 47,123

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	\$ 234,309	
HIDTA	32,153	
SWBPI	8,038	
Victim's Assistance	11,611	
Other	11,611	
	(297,722)	(297,722)

Total net assets - governmental activities (Exhibit A-1) \$ 519,576

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

	General Fund	Victim's Assistance Fund	Non-Major Funds	Total
ASSETS				
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>
LIABILITIES AND FUND BALANCES				
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>
Governmental fund balances:				
Committed fund balance	-	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's Assistance		2,235	
Other		-	
		-	(267,611)

Total net assets - governmental activities (Exhibit A-1) \$ (197,846)

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, 2012

	General Fund	SWBPI Fund	Non-Major Funds	Total
Revenues:				
Governmental grants	\$ -	\$ 1,064,964	\$ 784,616	\$ 1,849,580
Other grants	103	-	-	103
Total revenues	<u>103</u>	<u>1,064,964</u>	<u>784,616</u>	<u>1,849,683</u>
Expenditures:				
Current:				
Public safety	4,184,998	280,167	784,596	5,249,761
Total expenditures	<u>4,184,998</u>	<u>280,167</u>	<u>784,596</u>	<u>5,249,761</u>
Excess (deficiency) of revenues over expenditures	<u>(4,184,895)</u>	<u>784,797</u>	<u>20</u>	<u>(3,400,078)</u>
Other Financing Sources (Uses):				
	4,185,000	-	-	4,185,000
Operating transfers - Reversion to State General Fund - FY12	<u>(105)</u>	<u>-</u>	<u>-</u>	<u>(105)</u>
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>4,184,895</u>	<u>-</u>	<u>-</u>	<u>4,184,895</u>
Net change in fund balances	<u>-</u>	<u>784,797</u>	<u>20</u>	<u>784,817</u>
Fund balances-beginning	<u>-</u>	<u>(16,299)</u>	<u>1,657</u>	<u>(14,642)</u>
Fund balances-ending	<u>\$ -</u>	<u>\$ 768,498</u>	<u>\$ 1,677</u>	<u>\$ 770,175</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, 2012

Net Change in Fund Balances – Governmental Funds (Exhibit B-5)	\$	784,817
--	----	---------

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 outlay	9,050	
Depreciation expense	(46,334)	
Expense not reported in governmental funds		(37,284)

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, \$254,619 exceeded the amounts used \$224,508 by \$30,111.

(30,111)

Change in Net Assets of Government Activities (Exhibit A-2)	\$	<u><u>717,422</u></u>
---	----	-----------------------

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	Victim's Assistance Fund	Non-Major Funds	Total
Revenues:				
Governmental grants	\$ -	\$ 36,186	\$ 605,048	\$ 641,234
Other grants	1,289	128,696	78,452	208,437
Total revenues	<u>1,289</u>	<u>164,882</u>	<u>683,500</u>	<u>849,671</u>
Expenditures:				
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>
Other Financing Sources (Uses):				
Operating transfers in State General Fund appropriations	4,294,400	-	-	4,294,400
Operating transfers - Reversion to State General Fund - FY11	<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)

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>
---	--	----------------------------

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, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP)	Favorable (Unfavorable) Final to Actual
Revenues:				
Other financing sources	\$ -	\$ -	\$ 103	\$ 103
Total revenues	-	-	103	103
Add: Required fund balance	-	-		
	<u>\$ -</u>	<u>\$ -</u>		
Expenditures:				
Current:				
Personnel services	3,914,500	3,914,500	3,914,500	-
Contractual services	13,300	13,300	13,300	-
Other expenses	257,200	257,200	257,188	12
Total expenditures	<u>4,185,000</u>	<u>4,185,000</u>	<u>4,184,988</u>	<u>12</u>
Excess (deficiency) of revenues over expenditures			<u>4,185,000</u>	
Other financing sources (uses):				
Transfers in	4,185,000	4,185,000	4,185,000	-
Transfers out	-	-	105	(105)
Total other financing sources	<u>4,185,000</u>	<u>4,185,000</u>	<u>4,185,105</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
SWBPI Fund
Statement of Revenues, Expenditure and Changes in Fund Net Assets
Budget (non-GAAP Basis) and Actual
For the Year-Ended June 30, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Federal grants	\$ 596,936	\$ 1,064,964	\$ 1,064,964	\$ -
Total revenues	-	-	<u>1,064,964</u>	<u>-</u>
Add: Required fund balance	<u>-</u>	<u>-</u>		
	<u>-</u>	<u>-</u>		
Expenditures:				
Current:				
Personnel expenses	168,109	685,028	227,878	557,149
Other costs	-	548,028	52,289	445,844
Total expenditures	<u>-</u>	<u>1,233,056</u>	<u>280,167</u>	<u>495,744</u>
				1,052,923
Excess (deficiency) of revenues over expenditures			<u>784,797</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			784,797	
Balance - beginning of the year			<u>(16,299)</u>	
Total fund balance - end of year			<u>\$ 768,498</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, 2012

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.

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, 2012

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 funds 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 funds 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 funds 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's Assistance Fund – The Victim's 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's 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, 2012

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 Doña Ana, New Mexico to prevent fraud and exploitation of older adults in Doña 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 Doña Ana. The District Attorney has determined that the Other Grants fund is a non-major fund whose SHARE account number is 48500.

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 funds 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 funds 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:

Prior to September 15th, the District Attorney submits to the Department of Finance and Administration (DFA) an appropriation request for the fiscal year commencing the following July 1st. The appropriation request includes proposed expenditures and the means of financing them.

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.

The Governor of the State of New Mexico within the legally prescribed time limit signs the Act into law.

The District Attorney submits, no later than May 1st, to DFA an annual operating budget by category and line item based upon the appropriation made by the Legislature. The DFA – Budget Division review and approves the operating budget, which becomes effective on July 1st. The Legislative Finance Committee and the State Budget Division must approve all subsequent budget adjustments. The budget for the current year was amended in a legal manner.

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENT
June 30, 2012

Note 1. Summary of Significant Accounting Policies (continued)

D. Budgets and Budgetary Accounting (continued)

1. Legal budget control for expenditures is by expenditure category.
2. Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund.
3. 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.
4. 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 life 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.

**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENT
June 30, 2012**

Note 1. Summary of Significant Accounting Policies (continued)

Capital Assets (continued):

Depreciation is provided over the assets' estimated useful life using the straight-line method of depreciation. The range of estimated useful life 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 funds operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

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.

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENT
June 30, 2012

Note 1. Summary of Significant Accounting Policies (continued)

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.

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>2012</u>	<u>2011</u>
Capital assets	\$ 47,123	\$ 84,407
Compensated absences payable	<u>(297,722)</u>	<u>(267,611)</u>
Net adjustments to reduce fund balances total governmental funds to arrive at net assets governmental activities	<u>\$ 754,706</u>	<u>\$ (183,204)</u>

**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENT
June 30, 2012**

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

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities - The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities.

One element of that reconciliation explains that, "Governmental funds report capital outlay as expenditures; however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

	<u>2012</u>	<u>2011</u>
Capital outlay	\$ -	\$ -
Depreciation expense	(46,334)	(32,485)
Purchase of equipment	<u>9,050</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>\$ (37,284)</u>	<u>\$ (32,485)</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>2012</u>	<u>2011</u>
Compensated absences	\$ 30,111	\$ 32,923

Note 3. Reconciliation Between Modified Accrual and Budget

The District Attorney did not request that any prior year bills be paid out of the FY12 budget; therefore, there are no differences between modified accrual basis expenditures in the fund financial statements and the budget basis expenditures shown in the budget comparison.

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

General Fund Investment Pool Not Reconciled

In June 2012, an independent expert diagnostic report revealed that the General Fund Investment Pool balances have not been reconciled at the business unit/fund level since the inception of the Statewide Human Resources, Accounting and Management Reporting system (SHARE) in July of 2006. The Diagnostic report is available in the resources section of the cash control page of the New Mexico Department of Finance and Administration's website at: http://www.nmdfa.state.nm.us/Cash_Control.aspx The document title is Current State Diagnostic of Cash Control.

The General Fund Investment Pool is the State of New Mexico's main operating account. State revenues such as income taxes, sales taxes, rents and royalties and other recurring revenues are credited to the General Fund Investment Pool. The fund also comprises numerous State agency accounts whose assets by statute (Section 8-6-3 NMSA 1978), must be held at the State Treasury.

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENT
June 30, 2012

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

As of June 30, 2012, the General Fund Investment Pool has not been reconciled at the business unit/fund level. Essentially, independent, third-party verification/confirmation of the Third Judicial District Attorney balances at the business unit/fund level is not possible.

Under the direction of the State Controller/Financial Control Division Director, the Financial Control Division of the New Mexico Department of Finance and Administration (DFA/FCCD) is taking aggressive action to resolve this serious problem. DFA/FCD has commenced the Cash Management Remediation Project (Remediation Project) in partnership with the New Mexico State Treasurer's Office, the New Mexico Department of Information Technology and a contracted third-party PeopleSoft Treasury expert.

The purpose of the Remediation Project is to design and implement the changes necessary to reconcile the General Fund Investment Pool in a manner that is complete, accurate and timely. The Remediation Project will make changes to the state's current SHARE system configuration, cash accounting policies and procedures, business practices and banking structure. Management believes that these changes will allow for the completion of a timely and accurate reconciliation. The scheduled implementation date for the changes associated with the Remediation Project is February 1, 2013. An approach and plan to address the population of historical reconciling items will be developed during the Remediation Project but a separate initiative will be undertaken to resolve the historical reconciling items.

The initial phase of the Remediation Project, completed on October 11, 2012, focused on developing a project plan and documenting current statewide business processes. The work product of the initial phase of the Remediation Project is a document entitled Cash Management Plan and Business Processes. This document is available as a document entitled Cash Management Plan and Business Processes. This document is available on the cash control page of the New Mexico Department of Finance and Administration's website at: http://www.nmdfa.state.nm.us/Cash_Control.aspx.

The Third Judicial District has a policy and procedure in place to determine that all cash receipts and disbursements are accounted for in the monthly report provided by SHARE for the General Investment Pool in order to mitigate the risk that the cash balances would be misstated as of June 30, 2012. These procedures do not cover the fiscal year ended June 30, 2007, when the \$56,597 deposit became unaccounted for. The unaccounted for deposit was recorded as a receivable due from the State Treasurer Pools.

Interest in the General Fund Investment Pool

State law (Section 8-6-3 NMSA 1978) requires the Department's cash be managed by the New Mexico State Treasurer's Office. Accordingly, the investments of the Department consist of an interest in the General Fund Investment Pool managed by the New Mexico State Treasurer's Office.

Section 6-5-21 (J) NMSA 1978 requires the Department of Finance to complete, on a monthly basis, reconciliation with the balances kept by the State Treasurer and adopt and promulgate rules regarding reconciliation for state agencies.

At June 30, 2012, the Department had the following invested in the General Fund Investment Pool:

General Fund Investment Pool is \$171,152.

Interest Rate Risk – The New Mexico State Treasurer's Office has an investment policy that limits investment maturities to five years or less on allowable investments. This policy is means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

Credit Risk – The New Mexico State Treasurer Pools not rated.

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the fiscal year-ended June 30, 2012.

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENT
June 30, 2012

Note 5. Grant Receivable

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

	<u>2012</u>	<u>2011</u>
SWBPI	\$ 468,012	\$ -
HIDTA Grant fund	116,209	217,470
Victim's Assistance Grant fund	53,835	51,707
Other grant fund	54,907	60,943
ARRA Grant	-	2,394
Total	<u>\$ 692,963</u>	<u>\$ 332,514</u>

Note 6. Capital Assets

Summary of changes in capital assets is as follows:

<u>Description</u>	<u>Balance</u> <u>6/30/2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2012</u>
Capital assets being depreciated:				
Furniture and fixtures	\$ 16,771	\$ -	\$ -	\$ 16,771
Equipment	166,374	9,050	-	175,424
Vehicles	369,619	-	-	369,619
Total capital assets being depreciated	<u>552,764</u>	<u>9,050</u>	<u>-</u>	<u>561,814</u>
Less accumulated depreciation for:				
Furniture and fixtures	12,113	1,415	-	13,528
Equipment	144,932	18,022	-	162,954
Vehicles	311,312	26,897	-	338,209
Total accumulated depreciation	<u>468,357</u>	<u>46,334</u>	<u>-</u>	<u>514,691</u>
Total net assets	<u>\$ 84,407</u>	<u>\$ (37,284)</u>	<u>\$ -</u>	<u>\$ 47,123</u>

Depreciation expense amounts for June 30, 2012 and 2011 are \$46,334 and \$32,485, respectively. All of the depreciation was charged to assets in the General Fund.

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENT
June 30, 2012

Note 7. Compensated Absences

Qualified employees accumulate annual leave at a rate of:

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

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

Description	Balance 6/30/2011	Additions	Deletions	Balance 6/30/2012	Due within One Year
Compensated Absences	\$ 267,611	\$ 248,079	\$ 217,967	\$ 297,723	\$ 71,453

The compensated absences are to be paid in 2012 as 89.5% by the General fund; 10.8% by the HIDTA fund; 3.9% by the SWBPI fund and Victim's Assistance fund and 3.9% by the other grant fund and 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.

Note 8. Reversion to State of New Mexico General Fund

In accordance with NMAC 2.2.2.12A(6), as of June 30, 2012 and 2011, the amount due to the New Mexico General Fund is as follows:

	Appropriation	Reversion
Reversion to State General Fund 12 Fiscal Year	\$ 4,185,000	\$ 105
Reversion to State General Fund 11 Fiscal Year	\$ 4,294,400	\$ 2,621

**STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENT
June 30, 2012**

Note 9. 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:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
<u>Non-spendable</u>			
Interfund loans	\$ -	\$ -	\$ -
Total non-spendable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Committed for</u>			
Grants			
SWBPI Grant	-	768,498	768,498
Victim's Assistance Program	-	519	519
HITDA Fund	-	101	101
Other grants	<u>-</u>	<u>1,057</u>	<u>1,057</u>
Total restricted	<u>-</u>	<u>770,175</u>	<u>770,175</u>
Total fund balance	<u>\$ -</u>	<u>\$ 770,175</u>	<u>\$ 770,175</u>

Note 10. Operating Leases

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

A lease for a postage meter was entered into on June 13, 2005, which requires 3 monthly payments of \$248 and 45 monthly payments of \$281.

A lease for 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 11. Retirement Plans

Plan Description. Substantially all of the District Attorney full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.PERA.state.nm.us.

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENT
June 30, 2012

Note 11. Retirement Plans (continued)

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, 2012, 2011 and 2010 were \$572,761, \$518,892 and \$606,759, 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 that 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 Retiree Health Care Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

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

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

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

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

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

The District Attorney's contributions to the RHCA for the years-ended June 30, 2012, 2011 and 2010 were \$62,775, \$56,724 and \$50,962, respectively, which equal the required contributions for each year.

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENT
June 30, 2012

Note 13. Risk of Loss

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

Note 14. Disclosure of Financial Interest

There were no other related party transactions during the fiscal years ended June 30, 2012 and 2011.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
BALANCE SHEET – SPECIAL REVENUES FUNDS
June 30, 2012

	<u>HIDTA Fund</u>	<u>Other Grant Funds</u>	<u>Victim's Assistance Fund</u>	<u>Totals</u>
ASSETS				
Investment with State Treasurer	\$ (101,826)	\$ (48,981)	\$ (156,669)	\$ (307,476)
Due from other governments	116,209	42,398	48,955	207,562
Due from state funds	-	12,509	61,479	73,988
Due from SGFIF	-	-	56,598	56,598
Total assets	<u>\$ 14,383</u>	<u>\$ 5,926</u>	<u>\$ 10,363</u>	<u>\$ 30,672</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 12,758	\$ 4,350	\$ 404	\$ 17,512
Accrued payroll	-	-	6,891	6,891
Payroll taxes payable	1,524	519	623	2,666
Due to local governments	-	-	1,926	1,926
Other liabilities	-	-	-	-
Total liabilities	<u>14,282</u>	<u>4,869</u>	<u>9,844</u>	<u>28,995</u>
Fund balances:				
Reserved for subsequent expenditures	<u>101</u>	<u>1,057</u>	<u>519</u>	<u>1,677</u>
Total fund balance	<u>101</u>	<u>1,057</u>	<u>519</u>	<u>1,677</u>
Total liabilities and fund balances	<u>\$ 14,383</u>	<u>\$ 5,926</u>	<u>\$ 10,363</u>	<u>\$ 30,672</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, 2011

	HIDTA Fund	SWBPI Fund	Other Grant Funds	ARRA Funds	Totals
ASSETS					
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>
LIABILITIES AND FUND BALANCES					
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 balances:					
Reserved for subsequent expenditures	91	(16,299)	1,052	-	(15,156)
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
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – SPECIAL REVENUES FUNDS
For the Year-ended June 30, 2012

	HIDTA Fund	Other Grant Funds	Victim's Assistance Fund	Totals
REVENUES:				
Federal grants	\$ 436,484	\$ -	\$ 162,079	\$ 598,563
Local grants	-	186,053	-	186,053
Total revenues	<u>436,484</u>	<u>186,053</u>	<u>162,079</u>	<u>784,616</u>
EXPENDITURES:				
Current:				
Personnel services	436,474	186,048	162,074	784,596
Capital outlay	-	-	-	-
Capital outlay under \$5,000	-	-	-	-
Other expenses	-	-	-	-
Total expenditures	<u>436,474</u>	<u>186,048</u>	<u>162,074</u>	<u>784,596</u>
Excess (deficiency) of revenues over expenditures	<u>10</u>	<u>5</u>	<u>5</u>	<u>20</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	10	5	5	20
Fund Balance - beginning of year	<u>91</u>	<u>1,052</u>	<u>514</u>	<u>1,657</u>
Fund Balance - ending	<u>\$ 101</u>	<u>\$ 1,057</u>	<u>\$ 519</u>	<u>\$ 1,677</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
REVENUES:					
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>
EXPENDITURES:					
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>
OTHER FINANCING SOURCES (USES):					
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
HIDTA Fund
Statement of Revenues, Expenditures and Changes in Fund Net Assets
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2012

	Budgeted Amounts		Actual	Vairance
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Federal grants	\$ 436,484	\$ 436,484	\$ 436,484	\$ -
Total revenues	436,484	436,484	436,484	-
Add: Required fund balance	-	-		
	436,484	436,484		
Expenditures:				
Current:				
Personnel expenses	502,800	480,150	432,474	(47,676)
Other	-	-	4,000	4,000
Total expenditures	502,800	480,150	436,474	(43,676)
Excess (deficiency) of revenues over expenditures			10	
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Changes in fund balance			10	
Total fund balance – beginning of year			91	
Total fund balance – end of year			\$ 101	

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, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Federal grants	\$ 162,079	\$ 162,079	\$ 162,079	\$ -
Total revenues	<u>162,079</u>	<u>162,079</u>	<u>162,079</u>	<u>-</u>
Expenditures:				
Current:				
Personnel expenses	170,900	154,728	154,728	-
Other costs	-	7,452	7,346	106
Total expenditures	<u>170,900</u>	<u>162,180</u>	<u>162,074</u>	<u>106</u>
Excess (deficiency) of revenues over expenditures			<u>5</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			5	
Balance - beginning of the year			<u>514</u>	
Total fund balance - end of year			<u>\$ 519</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, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Federal grants	\$ 184,200	\$ 186,053	\$ 186,053	\$ -
Total revenues	184,200	186,053	186,053	-
Expenditures:				
Current:				
Personnel expenses	184,200	186,048	186,043	5
Total expenditures	184,200	186,048	186,043	5
Excess (deficiency) of revenues over expenditures			5	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Changes in fund balance			5	
Total fund balance – beginning of year			1,052	
Total fund balance – end of year			\$ 1,057	

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, 2012

Las Cruces Truancy Support

Participants: City of Las Cruces and Third Judicial District Attorney
Responsible Party: Third 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: Third Judicial District Attorney's Office

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

Participants: County of Doña Ana, New Mexico and Third Judicial District Attorney's Office
Responsible Party: Third Judicial District Attorney's Office
Description: To prevent fraud and exploitation of older adults in Doña Ana County
Period: 7/01/11 through 4/30/12, 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: Third Judicial District Attorney's Office

DWI and Domestic Violence Prosecutions

Participants: County of Las Cruces, New Mexico and Third Judicial District Attorney's Office
Responsible Party: Third Judicial District Attorney's Office
Description: To establish two prosecutor positions to assist with DWI and Domestic Violence prosecutions.
Period: 7/10/11 through 6/30/12, renewable annually
Project Costs: \$139,212 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: Third Judicial District Attorney's Office

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
Schedule of Grant Expenditures
June 30, 2012

	Grant Number	Local Grant	Federal Grant	Total	Remaining
U.S. Department of Justice, passed through New Mexico Department of Public Safety, Southwest Border Prosecution Initiative	Unknown	\$ -	\$ 286,167	\$ 286,167	\$ 784,761
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	G108N0002A	-	14,180	14,180	
	G115N0002A	-	422,294	422,294	
U.S. Department of Justice, passed through Office of Justice Programs/Violence & Child Victimization Enforcement Grant Fund	2010-VA-GK-0000	-	42,646	42,646	
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	6,394	-	6,394	
City of Las Cruces/DWI and Domestic Violence Grant	Unknown	139,211	-	139,211	17,857
Through the District Attorney's Office of Doña Ana County Funding for a communities against senior exploitation program established program	DAC 07-150	40,443	-	40,443	
Total funds available		<u>\$ 186,048</u>	<u>\$ 894,206</u>	<u>\$ 1,080,254</u>	<u>\$ 802,618</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, 2012

	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	\$ 1,064,964	\$ -	\$ 280,167	\$ 784,797
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	G105N0002A	422,761	408,581	14,180	-
	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	-	42,646	-
U.S. Department of Justice, passed through Office of Justice Programs/Violence Against Women	16.588	2009-WF-AX-0003	119,428	-	119,428	-
Total Funds Available			\$ 2,119,865	\$ 456,257	\$ 878,715	\$ 784,797

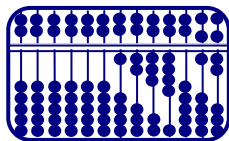
The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
Schedule of Expenditures of Federal Awards
June 30, 2012

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 \$10,847, 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.

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 of 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, 2012, and have issued our report thereon dated December 7, 2012. 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

Management of agency is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered agency'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 agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the agency's internal control over financial reporting.

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 2012-02. 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 *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.

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

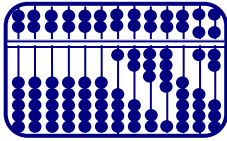
The Third Judicial District Attorney's responses to the findings identified in our audit are described in the accompanying *or schedules of findings and questioned costs*. We did not audit Third Judicial District Attorney's response and, accordingly, we express no opinion on it.

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 7, 2012



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

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, 2012. 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, 2012.

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

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 identify deficiencies in internal control over compliance that we consider to be significant deficiencies in the Schedule of Findings and Questioned Costs as Item 2012-01.

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



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

December 7, 2012

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
SCHEDULE OF FINDINGS AND QUESTION COSTS
For the Year-Ended June 30, 2012

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

Material weakness (es) identified?	_____	Yes	_____	No
Significant deficiency (ies) identified that are not considered to be material weaknesses?	_____	Yes	_____	None reported
Noncompliance material to financial statements noted?	_____	Yes	_____	No

Federal Awards

Internal control over major programs:

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

Identification of Major Programs:
CDFA 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	\$	_____
--	----	-------

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

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
CURRENT YEAR SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year-Ended June 30, 2012

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.

Current Year Reportable Findings and Responses – Financial Statement

Finding 2007-01 Investment Reconciliation and Investment Summary Report – Significant Deficiency

Condition

A deposit of \$56,597 from the VOCA Program to the General Fund Investment Pool has not been accounted for since the fiscal year-ending June 30, 2007. The Fund has not been reconciled at the business/unit/fund level since July of 2006 by the New Mexico Department of Finance. The amount of \$56,597 has been properly included in the financial statements as a receivable due from the General Fund Investment Pool.

Criteria

Cash control and cash reporting is an integral part of any internal control system. State law (Section 6-5-2 NMSA 1978) requires adequate internal control to be established by the State of New Mexico.

Cause

The General Fund Investment Pool balances have not been reconciled at the business unit/fund level since the inception of the Statewide Human Resource, Accounting and Management RE reporting system (SHARE) in July of 2006. The Financial Control division of the New Mexico Department of Finance and Administration is responsible to reconcile those accounts.

Effect

As of June 30, 2012, the General Investment Pool has not been reconciled at the business unit/fund level. Essentially, independent third-party verification/confirmation of the Third Judicial District Attorney's balances at the business unit/fund level is not possible. The lack of statewide cash reconciliation exposes individual state agencies and the state as a whole to the risks that fraud, corruption and theft may go undetected. Bank overdrafts may occur and general ledger cash balances are unreliable.

Recommendation

We were able to review compensating controls that were in place during the year ending June 30, 2012. We recommend that the Third Judicial District Attorney continues to administer its policy and procedures to determine that all cash receipts and all cash disbursements for the agency are accounted for in the monthly summary report from SHARE. The agency should continue to work with the Department of Finance Administration and the State Treasurer's office to monitor cash transactions and insure proper recording.

Response

We will continue the procedure to determine that all cash receipts and disbursements are reported in the monthly investment report from SHARE.

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
CURRENT YEAR SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year-Ended June 30, 2012

Finding 2012-02 Audit Report Submission to the New Mexico State Auditor (Significant Deficiency)

Condition

The audit report was not completed and forwarded to the New Mexico State Auditor on a timely manner. The report was delivered.

Criteria

As per SAO2.2.2.9 (A) (1) (d) the New Mexico audit contract calls for the audit report to be delivered by December 15, 2012.

Cause

Based on the significance of the comments made on deficiencies noted in the report and the correction required to be made, the report is considered not received by the due date of December 15, 2012.

Effect

Violation of the State Auditor Rule. Audited financial information is not available for the Third Judicial District Attorney's use and distribution as necessary.

Recommendation

The Third Judicial District Attorney must implement procedures that will produce a timely audit.

Response

The Third Judicial District Attorney will work along with the auditor to implement procedures that would produce a timely audit report.

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

Finding 2012-01 Investment Reconciliation and Summary Report – Significant Deficiency

Condition

A deposit of \$56,597 from the VOCA Program to the General Fund Investment Pool has not been accounted for since the fiscal year ending June 30, 2007. The fund has not been reconciled at the business/unit/fund level since July of 2006 by the New Mexico Department of Finance. The amount of \$56,597 has been properly included in the financial statements as a receivable due from the General Fund Investment Pool.

Criteria

Cash control and cash reporting is an integral part of internal control system. OMB A-133 Compliance Supplement (Sec 300 (b) requires adequate internal control be established by the State of New Mexico.

Cause

The General Fund Investment Pool balances have not been reconciled at the business unit/fund level since the inception of the Statewide Human Resource, Accounting and Management RE Reporting System (SHARE) in July of 2006. The Financial Control Division of the New Mexico Department of Finance and Administration is responsible to reconcile those accounts.

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
CURRENT YEAR SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year-Ended June 30, 2012

Finding 2012-01 Investment Reconciliation and Summary Report – Significant Deficiency (continued)

Effect

As of June 30, 2012, the General Investment Pool has not been reconciled at the business unit/fund level. Essentially, independent third-party verification/confirmation of the Third Judicial District Attorney's balances at the business unit/fund level is not possible. The lack of a statewide cash reconciliation exposes individual state agencies and the state as a whole to the risks that fraud, corruption and theft may go undetected. Bank overdrafts may occur and general ledger cash balances are unreliable.

Recommendation

We were able to review compensating controls that were in place during the year ending June 30, 2012. We recommend that the Third Judicial District Attorney continues to administer its policy and procedures to determine that all cash receipts and all cash disbursements for the agency are accounted for in the monthly summary report from SHARE. The agency should continue to work with the Department of Finance Administration and the State Treasurer's office to monitor cash transactions and insure proper recording.

Response

We will continue the procedure to determine that all cash receipts and disbursements are reported in the monthly investment report from SHARE.

STATE OF NEW MEXICO
THIRD JUDICIAL DISTRICT ATTORNEY
Exit Conference
June 30, 2012

An exit conference was held on December 7, 2012 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 is Juliet Lucero.