

STATE OF NEW MEXICO  
OFFICE OF THE DISTRICT ATTORNEY  
**FIFTH JUDICIAL DISTRICT**

FINANCIAL STATEMENTS AND REQUIRED  
SUPPLEMENTARY INFORMATION  
WITH ACCOMPANYING AUDITORS' REPORTS  
YEAR ENDED JUNE 30, 2011





**STATE OF NEW MEXICO  
OFFICE OF THE DISTRICT ATTORNEY  
FIFTH JUDICIAL DISTRICT**

**FINANCIAL STATEMENTS AND REQUIRED  
SUPPLEMENTARY INFORMATION  
WITH ACCOMPANYING AUDITORS' REPORTS**

**YEAR ENDED JUNE 30, 2011**



## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO**  
Office of the District Attorney  
Fifth Judicial District  
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June 30, 2011

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**STATE OF NEW MEXICO**  
Office of the District Attorney  
Fifth Judicial District  
Official Roster  
June 30, 2011

<u>Name</u>	<u>Attorneys</u>	<u>Title</u>
Janetta B. Hicks		District Attorney
D'Ann Rread		Chief Deputy District Attorney
Dianna Luce		Chief Deputy District Attorney
Alan Griffin		Deputy District Attorney
Lesley Williams		Deputy District Attorney
Michelle Dong		Assistant Trial Attorney
Stephanie Erickson		Assistant Trial Attorney
Vernon Henning		Assistant Trial Attorney
Debra Lautenschlauger		Assistant Trial Attorney
Joan McMahon		Assistant Trial Attorney
Emily Maher		Assistant Trial Attorney
Patrick Melvin		Assistant Trial Attorney
Donald Moore, Jr.		Assistant Trial Attorney
Jody Mullis		Assistant Trial Attorney
Michael Murphy		Assistant Trial Attorney
Robert Perozynski, III		Assistant Trial Attorney
Raymond Romero		Assistant Trial Attorney
Eric Scramlin		Assistant Trial Attorney
Matthew Stone		Assistant Trial Attorney
Eric Townsend		Assistant Trial Attorney
	<u>Administrative Staff</u>	
Melissa Walterscheid		Chief Financial Officer
Diana Switzer		Human Resource Administrator
Susan Kemp		Financial Specialist

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**FINANCIAL SECTION**

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Accounting & Consulting Group, LLP

Certified Public Accountants

### **Independent Auditors' Report**

Hector Balderas  
New Mexico State Auditor and  
Janetta B. Hicks, District Attorney  
Office of the District Attorney, Fifth Judicial District  
Carlsbad, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, the budgetary comparisons for the general fund and major special revenue funds of the State of New Mexico, Office of the District Attorney, Fifth Judicial District (District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Office of the District Attorney, Fifth Judicial District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the standards applicable to financial statement audits contained in the New Mexico State Audit Rule 2.2.2 NMAC. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements of the State of New Mexico, Office are intended to present the financial position and changes in financial position of only that portion of the governmental activities, major funds, and the aggregate remaining fund information of the State that is attributable to the transactions of the District. They do not purport to, and do not, present fairly the financial position of the entire State of New Mexico as of June 30, 2011 and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Office of the District Attorney, Fifth Judicial District, as of June 30, 2011, and the respective changes in financial position, and the budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2011 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 considered in assessing the results of our audit.

The District has not presented the *Management's Discussion and Analysis* that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be a part of the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements and the budgetary comparisons. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Accounting & Consulting Group, LLP*

Accounting & Consulting Group, LLP  
Roswell, New Mexico  
December 12, 2011

## **BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
Office of the District Attorney  
Fifth Judicial District  
Statement of Net Assets  
Government -Wide  
June 30, 2011

Exhibit A-1

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Petty Cash	\$ 300
Investment in State Treasurer - General Fund Investment Pool (Note 2)	<u>330,713</u>
Total current assets	<u>331,013</u>
Noncurrent assets:	
Capital assets, net of depreciation (Note 3)	<u>91,889</u>
Total assets	<u><u>\$ 422,902</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 14,337
Accrued expenses	31,338
Accrued payroll	100,466
Compensated absences	128,995
Due to state general fund (Note 9)	<u>32,411</u>
Total current liabilities	<u>307,547</u>
Noncurrent liabilities:	
Compensated absences	<u>73,319</u>
Total liabilities	<u>380,866</u>
<b>NET ASSETS</b>	
Invested in capital assets	91,889
Unrestricted	<u>(49,853)</u>
Total net assets	<u>42,036</u>
Total liabilities and net assets	<u><u>\$ 422,902</u></u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Office of the District Attorney  
Fifth Judicial District  
Statement of Activities  
Government -Wide  
For the Year Ended June 30, 2011

Exhibit A-2

	Governmental Activities
Expenses:	
Administrative Services	\$ 4,176,088
Depreciation	60,938
Total program expenses	4,237,026
Program revenues:	
Operating grants and contributions:	
Federal grants	82,892
Miscellaneous	28,175
Total program revenues	111,067
Net program expense	(4,125,959)
General revenues and transfers:	
State general fund appropriation	4,134,600
Reversion to the state general fund - FY 2011	(30,055)
Total general revenues and transfers	4,104,545
Change in net assets	(21,414)
Net assets - beginning of the year	63,450
Net assets - end of the year	\$ 42,036

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Office of the District Attorney  
Fifth Judicial District  
Balance Sheet  
Governmental Funds  
June 30, 2011

Exhibit B-1

	General Fund	HIDTA Fund	ARRA Fund	VOCA Fund	Total
<b>ASSETS</b>					
Petty Cash	\$ 300	\$ -	\$ -	\$ -	\$ 300
Investment in the State Treasurer General Fund Investment Pool	176,225	142,063	12,425	-	330,713
Total assets	\$ 176,525	\$ 142,063	\$ 12,425	\$ -	\$ 331,013
 <b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 12,010	\$ 2,327	\$ -	\$ -	\$ 14,337
Accrued expenses	31,338	-	-	-	31,338
Accrued payroll	100,466	-	-	-	100,466
Due to State General fund	32,411	-	-	-	32,411
Total liabilities	176,225	2,327	-	-	178,552
Fund balances:					
Spendable:					
Restricted	-	139,736	12,425	-	152,161
Unassigned	300	-	-	-	300
Total fund balances	300	139,736	12,425	-	152,461
Total liabilities and fund balances	\$ 176,525	\$ 142,063	\$ 12,425	\$ -	\$ 331,013

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
Office of the District Attorney  
Fifth Judicial District  
Reconciliation of Governmental Funds Balance Sheet  
to the Statement of Net Assets  
June 30, 2011

Exhibit B-1

Total fund balances - Governmental Funds	\$	152,461
<p>Amounts reported for <i>governmental activities</i> in the Statement of Net Assets (A-1) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:</p>		
Property, plant and equipment	654,938	
Accumulated depreciation	<u>(563,049)</u>	
Total capital assets		91,889
<p>Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities of:</p>		
Compensated absences		<u>(202,314)</u>
Net assets of governmental activities (See Exhibit A-1)	\$	<u><u>42,036</u></u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Office of the District Attorney  
Fifth Judicial District  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
For the Year Ended June 30, 2011

	General Fund	HIDTA Fund	ARRA Fund	VOCA Fund	Total
<b>REVENUES</b>					
Intergovernmental revenues	\$ -	\$ -	\$ 82,892	\$ -	\$ 82,892
Miscellaneous	20,308	11,900	-	-	32,208
Total revenues	<u>20,308</u>	<u>11,900</u>	<u>82,892</u>	<u>-</u>	<u>115,100</u>
<b>EXPENDITURES</b>					
Current:					
Administrative services:					
Personal services	\$ 3,842,344	\$ -	\$ 12,747	\$ -	\$ 3,855,091
Contractual services	68,400	847	-	-	69,247
Capital outlay	-	31,100	-	-	31,100
Other	214,109	51,557	-	-	265,666
Total expenditures	<u>4,124,853</u>	<u>83,504</u>	<u>12,747</u>	<u>-</u>	<u>4,221,104</u>
Excess (deficiency) of revenues over expenditures	<u>(4,104,545)</u>	<u>(71,604)</u>	<u>70,145</u>	<u>-</u>	<u>(4,106,004)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
State general fund appropriations	4,134,600	-	-	-	4,134,600
Reversions to the state general fund - FY 2011	(30,055)	-	-	-	(30,055)
Total other financing sources and uses	<u>4,104,545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,104,545</u>
Net change in fund balance	-	(71,604)	70,145	-	(1,459)
Fund balances - beginning of the year	300	215,860	(57,720)	(4,520)	153,920
Restatement (Note 12)	-	(4,520)	-	4,520	-
Fund balances - beginning of the year, restated	<u>300</u>	<u>211,340</u>	<u>(57,720)</u>	<u>-</u>	<u>153,920</u>
Fund balances - end of the year	<u>\$ 300</u>	<u>\$ 139,736</u>	<u>\$ 12,425</u>	<u>\$ -</u>	<u>\$ 152,461</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Office of the District Attorney  
Fifth Judicial District  
Reconciliation of Changes in Fund Balance of  
Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2011

Exhibit B-2

Net change in fund balances -- total governmental funds	\$ (1,459)
<p>Amounts reported for <i>governmental activities</i> in the Statement of Activities (A-2) are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>	
Capital Outlay	31,100
Depreciation Expense	(60,938)
Gain/loss on sale of capital assets	(4,033)
<p>Compensated absences reported in the Statement of Activities require the use of current financial resources and therefore are not reportable as expenditures in governmental funds.</p>	
	<u>13,916</u>
Change in net assets of governmental activities (See Exhibit A-2)	<u><u>\$ (21,414)</u></u>

**STATE OF NEW MEXICO**

Exhibit C-1

Office of the District Attorney

Fifth Judicial District

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget (GAAP Budgetary Basis) and Actual

General Fund

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Miscellaneous revenue	\$ -	\$ -	\$ 20,308	\$ 20,308
Total revenues	-	-	20,308	20,308
<b>EXPENDITURES</b>				
Administrative services:				
Personal services	3,937,200	3,842,200	3,842,344	(144)
Contractual services	68,400	68,400	68,400	-
Other	129,000	224,000	214,109	9,891
Total expenditures	4,134,600	4,134,600	4,124,853	9,747
Excess (deficiency) or revenues over expenditures	(4,134,600)	(4,134,600)	(4,104,545)	10,561
Other financing sources (uses):				
General fund appropriations	4,134,600	4,134,600	4,134,600	-
Reversion to the State General Fund	-	-	(30,055)	(30,055)
Total other financing sources (uses)	4,134,600	4,134,600	4,104,545	(30,055)
Net change in fund balance	-	-	\$ -	\$ -
Fund balances - beginning of year	300	300		
Fund balances - end of year	\$ 300	\$ 300		

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**

Office of the District Attorney

Fifth Judicial District

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget (GAAP Budgetary Basis) and Actual

High Intensity Drug Trafficking Area (HIDTA)

For the Year Ended June 30, 2011

Exhibit C-2

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ -	\$ 11,900	\$ 11,900
Total revenues	<u>-</u>	<u>-</u>	<u>11,900</u>	<u>11,900</u>
<b>EXPENDITURES</b>				
Personal Services	-	70,000	-	70,000
Contractual Services	-	2,000	847	1,153
Other	-	141,164	82,657	58,507
Total expenditures	<u>-</u>	<u>213,164</u>	<u>83,504</u>	<u>129,660</u>
Excess (deficiency) of revenues over expenditures	-	(213,164)	<u>\$ (71,604)</u>	<u>\$ 141,560</u>
Fund balances - beginning of year	<u>215,860</u>	<u>215,860</u>		
Fund balances - end of year	<u>\$ 215,860</u>	<u>\$ 2,696</u>		

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**

Exhibit C-3

Office of the District Attorney

Fifth Judicial District

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget (GAAP Budgetary Basis) and Actual

ARRA Fund

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Grants	\$ -	\$ -	\$ 82,892	\$ 82,892
Total revenues	-	-	82,892	82,892
<b>EXPENDITURES</b>				
Administrative services:				
Personal Services	-	26,420	12,747	13,673
Contractual services	-	-	-	-
Other	-	8,068	-	8,068
Total expenditures	-	34,488	12,747	21,741
Excess (deficiency) of revenues over expenditures	-	(34,488)	\$ 70,145	\$ 104,633
Fund balances - beginning of year	(57,720)	(57,720)		
Fund balances - end of year	\$ (57,720)	\$ (92,208)		

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**

Exhibit C-4

Office of the District Attorney

Fifth Judicial District

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual

Victim Assistance Program (VOCA)

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Other financing sources	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<b>EXPENDITURES</b>				
Administrative services:				
Personal services	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	\$ -	\$ -
Fund balances - beginning of year	(4,520)	(4,520)		
Fund balances - end of year	\$ (4,520)	\$ (4,520)		

The accompanying notes are an integral part of these financial statements

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**STATE OF NEW MEXICO**  
Office of the District Attorney  
Fifth Judicial District  
Notes to the Financial Statements  
June 30, 2011

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Financial Reporting Entity

The Office of the District Attorney, Fifth Judicial District (the “District”) operates under Article 6 Section 24, NMSA 1978 Compilation. The District is comprised of two divisions as authorized in the above statutes. The District Attorney provides law enforcement as its primary service. Financing of the District is by state appropriation and federal grants.

The District is an agency of the State of New Mexico and these financial statements include all funds and activities over which the District Attorney has oversight responsibility. The District is not included in any other governmental “reporting entity” as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*. The District Attorney has decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. The District has no component units, and is not a component unit of another governmental agency.

The accounting policies of the Fifth Judicial District Attorney conform to generally accepted accounting principles (GAAP) as applicable to governments. The financial statements have incorporated all applicable FASB pronouncements as well as Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. A summary of the District’s significant accounting policies follows:

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The basic financial statements include both government-wide and fund financial statements. The reporting model focus is on either the District as a whole or major individual funds. Both the government-wide and fund financial statements categorize primary activities as governmental activities.

The statement of net assets and the statement of activities display information about the District, the primary government, as a whole, without displaying individual funds or fund types. Generally, these statements distinguish between activities that are governmental and those that are considered business-type activities. The District has no business-type activities; therefore these statements only reflect governmental activities. Government-wide financial statements exclude information about fiduciary funds and component units that are fiduciary in nature. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are changes 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.

The government-wide statements are prepared using the “economic resources” measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. The program revenues are directly associated with the function. The only program revenues are operating grants that consist of a VOCA grant and a Southwest Border Grant to be utilized in the Victim Assistance Program and the High Intensity Drug Trafficking Area, respectively. The District does not have a policy for allocating indirect expenses since there is only one function in the Statement of Activities.

The governmental fund and agency fund financial statements are presented on a current financial resource and modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within sixty days of year end in order to pay current liabilities. Grant revenues are recognized when all the applicable eligibility requirements have been met and the resources are available. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

**STATE OF NEW MEXICO**  
Office of the District Attorney  
Fifth Judicial District  
Notes to the Financial Statements  
June 30, 2011

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources and (c) demonstrate how the District's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each statement, which briefly explains the adjustment necessary to transform the fund based financial statements into the government-wide presentation.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the District first uses restricted resources then unrestricted resources.

The accounts of the District are organized on a fund basis, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which spending activities are controlled. The following fund types are used by the District:

**Governmental Fund Types**

General Fund – The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. The SHARE number and description of the General Fund of the District is #159 – District Regular.

**Special Revenue Funds**

The Special Revenue Fund accounts for revenue sources that are legally restricted to expenditures for specific purposes. No expenditures can be made from the special revenue fund for operations of the Court. The Following special revenue funds are reported as major:

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 U.S. Department of Justice – Southwest Border Prosecution Initiative (SWBPI) reimbursements 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 District has determined that the HIDTA fund is a major fund whose SHARE number is #399.

American Recovery and Reinvestment Act (ARRA) Fund – The ARRA fund is made up of two departments: R1DOJ00001 – Edward Byrne Grant and R1DOJ00002 – VOCA Grant. The Byrne Grant was funded mainly to provide funds to implement technology projects. The VOCA Grant was funded to assist victims of violent crime. The SHARE number for the ARRA Fund is #890.

Victim of Crime Act (VOCA) Fund – The district receives a federal VOCA grant #02-VA-GX-0035 and a Southwest Border Grant to provide assistance to victims of crime. The SHARE number of the Victim Assistance Program is #937. The funds received under these grants are non-reverting.

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

**STATE OF NEW MEXICO**  
Office of the District Attorney  
Fifth Judicial District  
Notes to the Financial Statements  
June 30, 2011

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

C. Assets, Liabilities and Equity

1. Cash and investments

The District's cash and cash equivalents are demand deposits. Deposits are non-interest bearing. The carrying value of such deposits is shown in Note 2. All funds allotted to the District are held on deposit with the State Treasurer. The State Treasurer issues separate financial statements, which disclose the collateral pledged to secure these deposits in accordance with GASB 40.

2. Capital Assets

In the government-wide financial statements, capital assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. Capital assets with a value exceeding \$5,000 are capitalized.

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

Furniture, fixtures, machinery and equipment (including software)	3-7 years
Vehicles	5 years

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

3. Long-Term Liabilities

Compensated Absences – The District's policies regarding annual leave permits employees to accumulate earned but unused annual leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. In the fund financial statements, governmental funds report only the compensated absences liability payable from expendable available financial resources. As the State of New Mexico does not budget funds in the current year to pay any portion of the compensated absence liability at the end of the fiscal year, no current liability is recorded in the fund financial statements.

4. Equity

Government-Wide Statements:

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

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

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as Nonspendable, restricted, committed, assigned and unassigned, as per GASB Statement 54, effective for financial statements for periods beginning after June 15, 2010.

**STATE OF NEW MEXICO**  
Office of the District Attorney  
Fifth Judicial District  
Notes to the Financial Statements  
June 30, 2011

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

D. Budgets and Budgetary Accounting

Per the General Appropriation Act, Laws of 2009, Chapter 28, Section 3, item N, “For the purpose of administering the General Appropriation Act of 2009 and approving operating budgets, the state of New Mexico shall follow the modified accrual basis of accounting for governmental funds in accordance with the manual of model accounting practices issued by the department of finance and administration,” The budget 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 accrued by the statutory deadline per Section 6-10-4 NMSA 1978. Those accounts payable that is not paid timely or accrued by the statutory deadline must be paid out of the next year’s budget. Encumbrances related to single year appropriations lapse at year end. Appropriation periods are sometimes for periods in excess of twelve months (multiple-year appropriations). The legal level of budgetary control should be disclosed in the notes to the financial statements.

Each year the Legislature approves multiple year appropriations, which the State considers as continuing appropriations. The Legislature authorizes these appropriations for two to five years; however, it does not identify the authorized amount by fiscal year. Consequently, the appropriation is budgeted in its entirety the first year the Legislature authorizes it. The unexpended portion of the budget is carried forward as the next year’s beginning budget balance until either the project period has expired or the appropriation has been fully expended. The budget presentations in these financial statements are consistent with this budgeting methodology.

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

1. No later than September 1, the District submits to the Judiciary Budget Office (JBO), the Legislative Finance Committee (LFC), and the Department of Finance and Administration (DFA) an appropriation request for the fiscal year commencing the following July. The appropriation includes proposed expenditures and the means of financing them.
2. Appropriation request hearings are scheduled by the JBO. Recommendations are made by the JBO to the Supreme District for their approval. The Supreme Court approved appropriation request is then submitted to the Legislature as the Supreme Court’s recommended appropriation request for the District.
3. 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.
4. The District’s budget for the fiscal year ending June 30, 2011 was amended in a legally permissible manner by increasing or reallocating appropriation unit totals as the need arose during the fiscal year. Individual amendments were not material in relation to the original budget.
5. The Act is signed into law by the Governor of the State of New Mexico within the legally prescribed time limit. The District submits, no later than May 1, to DFA an annual operating budget by category and line item based upon the appropriations made by the Legislature. The DFA – Budget Division reviews and approves the operating budget, which becomes effective on July 1. All subsequent budget adjustments must be approved by the Director of the DFA- Budget Division. The current year budget was revised in a legal manner.
6. Legal budget control for expenditures is by category of line item.
7. Formal budgetary integration is employed as a management control device during the fiscal year for the Governmental Funds.
8. The budget for the Governmental Funds is not adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). The budgets do not include prior year encumbrances paid in the current year in the budgetary amounts.
9. Appropriations lapse at the end of the fiscal year beginning with the year ended June 30, 2011. The District’s General Fund is a reverting fund (funds revert back to the State General Fund).
10. Appropriations lapse at the end of the year except for those amounts encumbered.

**STATE OF NEW MEXICO**  
Office of the District Attorney  
Fifth Judicial District  
Notes to the Financial Statements  
June 30, 2011

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

D. Budgets and Budgetary Accounting (continued)

11. Budgets for the General Fund and Special Revenue Fund are presented on the modified accrual basis of accounting. Encumbrances related to single year appropriations lapse at year end. The portion of an encumbrance representing goods and services received by the last day of the fiscal year should be reclassified as accounts payable. Any remaining encumbrances related to single year appropriations must be reclassified as unreserved fund balance and a liability recorded to recognize any amount subject to reversion. Budgetary comparisons presented for the General Fund and Special Revenue Fund in this report are on the modified accrual budgetary basis, which does not conform to accounting principles generally accepted in the United States of America as encumbrances are treated as expenditures. This procedure conforms to Department of Finance and Administration and state requirements.
12. 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 statutory deadline (Section 6-10-4 NMSA 1978), that must be paid out of next year's budget.
13. If there are appropriations for multiple years and related funds are encumbered, there is a reservation of fund balances for encumbrances in the financial statements. This State Agency has no encumbered funds outstanding as of June 30, 2011.
14. The legal level of budgetary control is at the appropriation unit level.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures. These amendments resulted in the following changes:

Budgeted Funds:	Excess (deficiency) of revenues over expenditures	
	Original Budget	Final Budget
	General Fund	\$ (4,134,600)
HIDTA Fund	-	(213,164)
ARRA Fund	-	(34,488)
VOCA Fund	-	-

E. Compensated Absences

Employees are entitled to accumulate annual leave at a rate based on appointment date and length of continuous service. A maximum of 240 hours of annual leave may be carried forward after the pay period beginning in December and ending in January. When employees terminate, they are compensated at their current hourly rate for accumulated unpaid annual leave as of the date of termination, up to a maximum of 240 hours. Employees are entitled to accumulate sick leave at a rate of 3.69 hours per pay period. There is no limit to the amount of sick leave that an employee may accumulate. State agencies are allowed to pay fifty (50) percent of each employee's hourly rate for accumulated sick leave over 600 hours up to 120 hours. Payment may be made only once per fiscal year at a specified pay period in either January or July.

In addition, the District allows employees to accumulate compensatory leave in certain approved circumstances. Compensatory leave may be carried forward into the next calendar year and any unused portion is paid at termination to non-exempt employees under the Federal Labor Standards Act.

In accordance with GASB Statement No. 16 *Accounting for Compensated Absences*, accrued compensated absences consist of accumulated annual leave, sick leave, and compensatory leave and related salary payments (employers' matching FICA and Medicare payroll taxes).

**STATE OF NEW MEXICO**  
Office of the District Attorney  
Fifth Judicial District  
Notes to the Financial Statements  
June 30, 2011

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

F. Use of Estimates

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

G. Accrued Expenses

Accrued expenses consist of payroll tax liabilities and post employment benefit liabilities as of 6/30/11.

**NOTE 2: INVESTMENTS WITH THE STATE TREASURER**

*Investments in the State Treasurer's General Fund Investment Pool (GFIP)*

All investments are on deposit with the State Treasurer. Below is the required disclosure regarding credit and interest risk.

*Credit Risk for Investments*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The General Fund Investment Pool is not rated for credit risk.

*Investment Risk*

The District has no investment or deposit policy that would further limit its investment choices. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

For further information regarding the GFIP, please see the State Treasurer's annual audit report and specifically refer to the GASB 40 disclosure of the investments. That report may be obtained by writing to the New Mexico State Treasurer's Office, P.O. Box 608, Santa Fe, NM 87504-0708.

The New Mexico State Treasurer monitors the collateral for deposits held by it for other state entities, which would include the investment accounts of the District. The Office of the State Treasurer has its own separate annual independent audit in which the collateral pledged to secure these deposits is disclosed. By law, the District is not permitted to have any investments other than what is held at the State Treasurer's Office and the District did not have any other investments during the year ended June 30, 2011. There is no custodial risk at the District level since the cash amount is under the contract of the New Mexico State Treasurer.

At June 30, 2011, the District had the following deposits and investments with the State Treasurer:

<u>Account Name</u>	<u>Share Fund #</u>	<u>Maturities</u>	<u>Balance Per Treasurer</u>	<u>Reconciling Items</u>	<u>Reconciled Balance</u>
<u>General Fund:</u>					
Petty Cash					
Investments in the State Treasurer's General Fund Investment Pool	14600	<180 days	\$ - 115,015	\$ 300 61,210	\$ 300 176,225
<u>Special Revenue Fund:</u>					
Investments in the State Treasurer's General Fund Investment Pool					
HIDTA Fund	39900	<180 days	67,787	74,276	142,063
ARRA Fund	89000	<180 days	12,425	-	12,425
VOCA Fund	93700	<180 days	1	(1)	-
			<u>\$ 195,228</u>	<u>\$ 135,785</u>	<u>\$ 331,013</u>

**STATE OF NEW MEXICO**  
Office of the District Attorney  
Fifth Judicial District  
Notes to the Financial Statements  
June 30, 2011

**NOTE 3: CAPITAL ASSETS**

Capital asset and depreciation activity as of and for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Furniture and fixtures	\$ 84,324	\$ -	\$ -	\$ 84,324
Equipment and machinery	216,700	-	3,371	213,329
Vehicles	413,256	31,100	87,071	357,285
	<u>714,280</u>	<u>31,100</u>	<u>90,442</u>	<u>654,938</u>
Less accumulated depreciation				
Furniture and fixtures	69,134	10,190	-	79,324
Equipment and machinery	197,791	14,950	3,371	209,370
Vehicles	321,595	35,798	83,038	274,355
Total accumulated depreciation	<u>588,520</u>	<u>60,938</u>	<u>86,409</u>	<u>563,049</u>
Capital assets, net	<u>\$ 125,760</u>	<u>\$ (29,838)</u>	<u>\$ 4,033</u>	<u>\$ 91,889</u>

Current depreciation expense is \$60,938.

**NOTE 4: COMPENSATED ABSENCES PAYABLE**

A summary of changes in compensated absences is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Amount Due Within One Year
Compensated Absences Payable	<u>\$ 216,230</u>	<u>\$ 115,079</u>	<u>\$ 128,995</u>	<u>\$ 202,314</u>	<u>\$ 128,995</u>

Compensated absences are liquidated with available financial resources out of the general fund. The State of NM does not budget in the current year, funds to pay any portion of the compensated absence liability at the end of the year; therefore, the current portion of compensated absences is not recorded in the fund financial statements. The District Attorney has no other debt.

**NOTE 5: PERA RETIREMENT PLAN**

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

*Funding Policy.* Plan members are required to contribute 7.42% of their gross salary. The Fifth Judicial District Attorney is required to contribute 16.59% of the gross covered salary. The contribution requirements of plan members and the District are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to PERA for the years ending June 30, 2011, 2010, and 2009 were \$405,955, \$432,685, and \$474,321, respectively, equal to the amount of the required contributions for each year.

**STATE OF NEW MEXICO**  
Office of the District Attorney  
Fifth Judicial District  
Notes to the Financial Statements  
June 30, 2011

**NOTE 6: POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN**

*Plan Description.* The District 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 event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 1.666% of each participating employee's annual salary; each participating employee was required to contribute .8333% of their salary. In the fiscal years ending June 30, 2012 and June 30, 2013 the contribution rates for employees and employers will rise as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY12	1.834%	0.917%
FY13	2.000%	1.000%

Also, 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's contributions to the RHCA for the years ended June 30, 2011, 2010, and 2009 were \$44,513, \$35,653 and \$33,084, respectively, which equal the amount of the required contributions for each year.



**STATE OF NEW MEXICO**  
Office of the District Attorney  
Fifth Judicial District  
Notes to the Financial Statements  
June 30, 2011

**NOTE 7: RISKS OF LOSS**

The District obtains coverage through Risk Management Division of the State of New Mexico General Services Department. This coverage includes general liability, worker’s compensation, law enforcement liability, civil rights, property, and vehicle.

**NOTE 8: INTERAGENCY TRANSFERS**

The District had the following transfer for the fiscal year ending June 30, 2011:

<u>Transfers From:</u>	<u>Share Fund #</u>	<u>Transfers To:</u>	<u>Share Fund #</u>	<u>Agency #</u>	<u>Amount</u>
<u>General Fund:</u>					
State General Fund	499105	General Fund	15900	25500	\$ 4,134,600

**NOTE 9: REVERSIONS**

The Due to State General Fund in the Statement of Net Assets includes \$32,411 from 2011 that will be remitted to the State General Fund. The reversion amount includes \$30,055 from state appropriations and \$2,356 from stale dated warrants. Grant revenues accounted for in the special revenue fund are non-reverting.

**NOTE 10: SUBSEQUENT PRONOUNCEMENTS**

In November 2010, GASB Statement No. 60 Accounting and Financial Reporting for Service Concession Arrangements, Effective Date: For financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The District is still evaluating the possible effects of this standard.

In November 2010, GASB Statement No. 61 The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. Earlier application is encouraged. The standard is expected to have no effect on the District in upcoming years.

In December 2010, GASB Statement No. 62 Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, Effective Date: The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The District will implement this standard during fiscal year June 30, 2013.

In June 2011, GASB Statement No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position Effective Date: The provisions of Statement 63 are effective for financial statements for periods beginning after December 15, 2011, with earlier application encouraged. The standard is expected to have no effect on the District in upcoming years.

In June 2011, GASB Statement No. 64 Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53 Effective Date: The provisions of Statement 64 are effective for financial statements for periods beginning after June 15, 2011, with earlier application encouraged. The standard is expected to have no effect on the District in upcoming years.

**STATE OF NEW MEXICO**  
Office of the District Attorney  
Fifth Judicial District  
Notes to the Financial Statements  
June 30, 2011

**NOTE 11: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

- A. Deficit fund balance of individual funds. No funds reflected a deficit fund balance as of June 30, 2011.
- B. Excess of expenditures over appropriations. The following fund exceeded approved budgetary authority for the year ended June 30, 2011:

General Fund	\$ 144
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**NOTE 12: RESTATEMENT**

Fund balance was restated in the VOCA fund by \$4,520 due to recording revenue in this fund erroneously in the prior year. Fund balance was restated in the HIDTA fund by \$(4,520) due to revenue erroneously being omitted from this fund in the prior year.

**NOTE 13: CONCENTRATIONS**

The District depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Mexico. Because of this dependency, the District is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

**COMPLIANCE SECTION**

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**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 Balderas  
New Mexico State Auditor and  
Janetta B. Hicks, District Attorney  
Office of the District Attorney, Fifth Judicial District  
Carlsbad, New Mexico

We have audited the financial statements of the governmental activities, each major fund, the budgetary comparisons for the general fund and special revenue funds of the State of New Mexico, Office of the District Attorney, Fifth Judicial District (District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated December 12, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the standards applicable to financial statement audits contained in the New Mexico State Audit Rule 2.2.2 NMAC.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Office of the District Attorney, Fifth Judicial District'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 Office of the District Attorney, Fifth Judicial District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Office of the District Attorney, Fifth Judicial District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office of the District Attorney, Fifth Judicial District'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 an instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2005-2.

We noted a certain other matter that is 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 is described in the accompanying schedule of findings and responses as item 2007-2.

The Office of the District Attorney, Fifth Judicial District's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Office of the District Attorney, Fifth Judicial District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, others within the Office of the District Attorney, Fifth Judicial District, the Office of the State Auditor, the Department of Finance and Administration, the New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these parties.

*Accounting + Consulting Group, LLP*

Accounting & Consulting Group, LLP  
Roswell, New Mexico  
December 12, 2011

**STATE OF NEW MEXICO**  
Office of the District Attorney  
Fifth Judicial District  
Schedule of Findings and Responses  
June 30, 2011

**A. CURRENT YEAR FINDINGS**

**2005-2 – Reversion of Unreserved Undesignated Fund Balances – Revised and Repeated (Other)**

*Condition:* The Office of the District Attorney, Fifth Judicial District did not revert to the State General Fund all unreserved, undesignated fund balances as of June 30, 2011. As of June 30, 2011 there was \$30,055 in the general fund that should have been reverted.

*Criteria:* New Mexico Statutes Section 6-5-10, NMSA 1978, as amended, requires that all unreserved, undesignated fund balances in reverting funds and accounts, as of June 30, revert to the State General Fund by September 30.

*Effect:* The District is not in compliance with New Mexico Statutes Section 6-5-10, NMSA 1978, as amended. State statutes define the penalties for not complying with applicable sections. In addition, this money was not available for legislative discretion. The unavailability of the monies could also affect state and federal funding.

*Cause:* Failure by fiscal staff to process and deliver the proper documentation to DFA.

*Auditor's Recommendation:* We recommend that the Fifth Judicial District establish the appropriate internal controls to provide reasonable assurance of compliance with the regulations.

*View of Responsible Officials and Planned Corrective Action:* On September 30, I ran the SHARE Budget Detail report in order to prepare an operating transfer for my reversion. On that date, the June 30, 2011 report showed us to have a negative unassigned fund balance of (\$46,636). I did not prepare a reversion because per the DFA year-end closing instructions, I did not have a reported amount to revert. In the future, I will revert an amount that can later be adjusted by the audit team.

**2007-2 – Overspending of Certain Budget Line Items – Revised and Repeated (Other)**

*Condition:* During our examination we noted that one function line item in the General Fund had expenditures in excess of budgeted amounts of \$144.

*Criteria:* State budgeting requirement 6.20.2.9 NMSA 1978 sets forth budget preparation standards and states that budgetary control shall be at the function level and that over-expenditure of a function shall now be allowed.

*Effect:* The District is in violation of State budgeting requirements which require each fund to disburse money for its specific purpose in accordance with their budget. In addition, this money was not available for legislative discretion. The unavailability of the monies could also affect state and federal funding.

*Cause:* A journal entry to accrue the full amount of accrued payroll and related expenses created the excess in the General Fund.

*Auditor's Recommendation:* We recommend that the Fifth Judicial District perform a periodic review of the budget. Any anticipated budgetary transfers can be isolated and authorization can be obtained before the overspending of line item expenditures.

*View of Responsible Officials and Planned Corrective Action:* A miscalculation of accrued payroll caused a budget deficit. In the future I will prepare accrued payroll journal entries on an earlier date to allow for time to catch and correct any errors.

**STATE OF NEW MEXICO**  
Office of the District Attorney  
Fifth Judicial District  
Schedule of Findings and Responses  
June 30, 2011

**B. PRIOR YEAR FINDINGS**

2005-1 – Deficit Cash and Fund Balance – Resolved

2005-2 – Reversion of unreserved undesignated Fund Balances – Revised and Repeated

2007-2 – Overspending of Certain Budget Line Items – Revised and Repeated



**STATE OF NEW MEXICO**  
Office of the District Attorney  
Fifth Judicial District  
Other Disclosures  
June 30, 2011

**A. AUDITOR PREPARED FINANCIAL STATEMENTS**

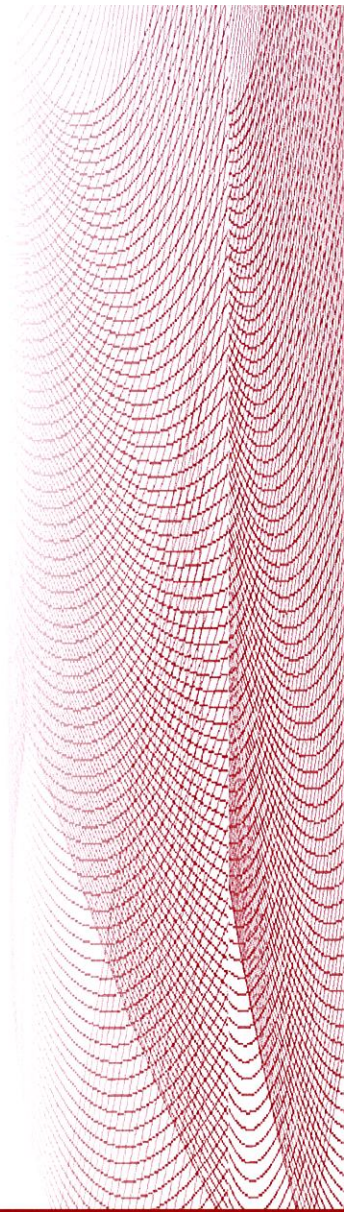
Although it would be preferred and desirable for the District to prepare its own GAAP-basis financial statements, it is felt that the District's personnel do not have the time to prepare them. Therefore, the outside auditor prepared the GAAP-basis financial statements and footnotes for inclusion in the annual audit report.

**A. EXIT CONFERENCE**

The contents of this report were discussed on December 12, 2011. The following individuals were in attendance.

Office of the District Attorney, Fifth Judicial District  
Janetta B. Hicks, District Attorney  
Melissa Walterscheid, Chief Financial Officer

Accounting & Consulting Group, LLP  
Shelley Olson, Senior Accountant  
Bethany Benavides, Staff Accountant



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