



HINKLE + LANDERS

Certified Public Accountants + Business Consultants

**SIXTH JUDICIAL DISTRICT
ATTORNEY**

**FINANCIAL STATEMENTS
For The Year Ended June 30, 2011**

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SIXTH JUDICIAL DISTRICT ATTORNEY

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**STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
OFFICIAL ROSTER
June 30, 2011**

Name	Title
Mary Lynne Newell	District Attorney
Susan Ybarra	Chief Deputy District Attorney
VACANT	Chief Deputy District Attorney
Gerald M. Byers	Deputy District Attorney
Francesca Estevez	Deputy District Attorney
John Holguin	Deputy District Attorney
VACANT	Deputy District Attorney
Michael Martin	Deputy District Attorney
Timothy Flynn	Deputy District Attorney
George Zsoka	Deputy District Attorney
Normal Runyan	Deputy District Attorney
Nancy Clopton	Deputy District Attorney
Armand Velez	Deputy District Attorney
Jay Barasch	Deputy District Attorney

Administrative Officials

Yolanda M. Villa	Chief Financial Officer
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INDEPENDENT AUDITORS' REPORT

Ms. Mary Lynne Newell
Sixth Judicial District Attorney
and

Mr. Hector Balderas
New Mexico State Auditor
Office of the State Auditor
Santa Fe, 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 Sixth Judicial District Attorney of the State of New Mexico (the Agency) as of and for the year ended June 30, 2011, which collectively comprise the agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the agency'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements of the agency are intended to present the financial position and the changes in financial position of each major fund of the State of New Mexico that is attributable to the transactions of the agency. 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, the changes in its financial position for the year ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the agency, as of June 30, 2011, and the respective changes in financial position and the respective 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.

As described in Note M to the financial statements, the Agency implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2011 on our consideration of the *agency'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 management's discussion and analysis on pages 4 through 10 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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



Hinkle + Landers, PC
December 7, 2011

**STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011**

The following is an overview of the financial condition for the Office of the Sixth Judicial District Attorney (District Attorney) for the fiscal year ended June 30, 2011. This narrative highlights the major aspects of the District Attorney's financial status for this period, and should be considered in conjunction with the information presented in other sections of this audit report.

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. In addition to the basic financial statements, the report also contains other supplementary information.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide 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 District Attorney's net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flow; thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The government-wide financial statements can be found as noted in the Table of Contents.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District Attorney, like other state agencies, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the District Attorney's funds can be divided into two categories: governmental and fiduciary.

GOVERNMENTAL FUNDS

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows 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 evaluating a government's 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 District Attorney's financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

In addition to the general fund, the District Attorney maintains two other individual governmental funds that are both classified as special revenue funds. Information for the general fund, the victims of

**STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011**

crime act fund, and the narcotic prosecution fund, all of which are considered to be major funds, is presented separately in the government fund balance sheet and in the governmental fund statement of revenues, expenditures and the change in fund balances.

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 general fund budget and the special revenue funds, several times. Budgetary comparison statements for the general and special revenue funds are located as noted in the Table of Contents.

The basic governmental fund financial statements can be found as noted in the Table of Contents.

FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside the agency. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District Attorney's own programs. The accounting used for fiduciary funds is equivalent to what is used for proprietary funds. The fiduciary fund financial statement can be found as noted in the Table of Contents.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to gain a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found on pages as noted in the Table of Contents.

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**STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Condensed Statement of Net Assets Governmental Activities	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Assets:		
Current and other assets	\$ 500,918	347,551
Capital assets, net of accumulated depreciation	<u>40,591</u>	<u>59,817</u>
Total assets	541,509	407,368
Liabilities:		
Current liabilities	182,573	277,549
Long-term liabilities	<u>26,071</u>	<u>28,168</u>
Total liabilities	208,644	305,717
Net Assets:		
Invested in capital assets	40,591	59,817
Restricted for program expenses	-	175,937
Unrestricted	<u>292,272</u>	<u>(134,103)</u>
Total net assets	<u>\$ 332,863</u>	<u>101,651</u>

Net assets may serve, over time, as a useful indicator of a government's financial position. In the case of the Sixth Judicial District Attorney's primary government, assets exceeded liabilities by \$332,863 at the close of the most recent fiscal year. The District Attorney's activities during the fiscal year increased the net assets by \$231,213. The increase is attributed in large part to federal funds in the Southwest Border Prosecution Initiative that were not expended in the current year. Net assets are composed of investment in capital assets (e.g. furniture, equipment and vehicles) of \$40,591, and unrestricted net assets of \$292,272. The District Attorney uses its capital assets to provide services to the citizens; consequently, these assets are not available for future spending.

Current and other assets consist of cash, investments, and grant receivables, all collectible within one year of the closing of the fiscal year. The amount increased by \$153,367 due in large part to federal amounts due as of June 30, 2011 for the Southwest Border Prosecution Initiative (SWBPI).

Current liabilities, which consist of accounts payable, accrued salaries and benefits, and current amounts of compensated absences, as of June 30, 2011, equaled \$182,573. This is a decrease of \$94,976, and due primarily to reductions in accounts payable and payroll-related liabilities.

The statement of activities, as shown on the following page, shows an overall decrease in revenues as compared to fiscal year 2011. Operating grants and contributions decreased by \$32,545 due to a decrease in federal grants, and the state general fund appropriation also decreased by \$144,300. The overall decrease in revenues was \$175,271.

**STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011**

Condensed Statement of Activities Governmental Activities	June 30, 2011	June 30, 2010
Revenues & other financing sources:		
Program revenues:		
Operating grants and contributions	\$ 574,176	606,721
Miscellaneous reimbursement	3,957	2,383
General revenues:		
State general fund appropriations	2,400,000	2,544,300
Total revenues	2,978,133	3,153,404
 Expenses & other financing uses:		
Public safety	2,741,775	3,064,651
Reversion to State General Fund	5,144	2,383
	2,746,919	3,067,034
 Change in net assets	\$ 231,213	86,369

Operating Expenses	June 30, 2011	June 30, 2010
Personnel services	92%	91%
Operating costs	7%	8%
Contractual services	1%	1%

ANALYSIS OF INDIVIDUAL GOVERNMENTAL FUNDS

Besides the general fund, the District Attorney has two other governmental funds: the Narcotics Prosecution Fund and the Victims' Assistance fund. A detailed description of these funds can be found on page 21. The District Attorney received federal grant revenues in these funds of \$131,440, and \$115,018, respectively, for the year ended June 30, 2011. The Narcotics Prosecution fund has grant receivables of \$45,693 at year end, which will be used to cover its liabilities of \$45,692 at June 30, 2011. The Victims' Assistance fund has grant receivables of \$27,981 which also will be used to cover its liabilities of the same amount.

ANALYSIS OF BUDGET RESULTS FOR THE GOVERNMENTAL FUNDS

The District Attorney revised its original general fund budget to budget the fund balance available from the Southwest Border Prosecution Initiative federal grant. The revision increased personnel services by \$77,000, contract services by \$26,000, and other services by \$72,943, which totaled the SWBPI fund balance available of \$175,943.

Budget adjustments for the Victims Assistance fund during the year resulted from additional federal funding of \$73,985. The budget adjustments were required to increase personal services by \$71,539 and other services were increased by \$2,446. Budget adjustments to the Narcotics Prosecution Fund were primarily a result of decreases in federal funding.

**STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011**

CAPITAL ASSETS

The District Attorney's investment in net assets at June 30, 2011, amount to \$40,591 (net of accumulated depreciation). This investment in capital assets includes building improvements, furniture and fixtures, equipment and vehicles. The following chart shows the breakdown of assets by classification:

Sixth Judicial District Attorney Capital Assets (net of accumulated depreciation)	June 30, 2011	June 30, 2010
Buiding improvements	\$ 14,805	15,205
Furniture and fixtures	704	1,553
Equipment	-	-
Vehicles	25,082	43,059
Total capital assets, net	\$ 40,591	59,816

Additional information on the District Attorney's capital assets can be found in Note D.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

The District. The Sixth Judicial District is comprised of Grant, Luna and Hidalgo Counties, New Mexico. The area is unique of all the State's Judicial Districts in that all of its counties are considered "Border" counties with Mexico, and we have the longest border with Mexico of any District in the State. In the MDA for FY10, we were hopeful that the ongoing financial crisis would not result in an impossible situation such that we had to restrict the cases we prosecute due to shortness in staff. In fact, we were able to cope superficially with this problem by shuffling positions, dipping into our Southwest Border Prosecution funds to supplement, coordinating with the courts and the primary public defenders to reduce the number of settings in conflict for our reduced attorney staff, and doing whatever else we could to remain fully functioning. The coping has been superficial in the sense that, even with most positions filled or expected to be filled in FY11, the level of experience has dropped, especially in the Luna County office, where turnover in FY11 was just a prelude to expected turnover in FY 12. Two retirees and a handful of terminations and resignations have made difficult work in rehiring at equivalent ability levels without higher costs. The people who want to work for us are coming with expectations of a livable, appropriate salary for the burdens and responsibilities we require. As they learn new skills and are given more responsibility and work, they expect to be compensated accordingly.

Our commitment continues to be to protect the prosecution initiative above all else, but constant turnover and problems in attracting career prosecutors and secretary applicants with any office experience still created major drains on other staffs' time, as they seek to train people new to our office or indeed to any DA or legal office. Again, this results in less efficient and accurate work; it causes experienced staff to second chair or tend cases in other districts, which requires two hours of round trip travel to visit the other office on top of missed work time. Our constant travel increases our gasoline costs to \$1500-2000 per month, increases the risk of accident and costs of repairs, and takes its toll on those who must do it.

Efforts to assist our Victim Advocates by providing a statewide automated victim notification system helped a little in Grant County, but never fully got off the ground in the other two counties. At the end of FY10, its funding was almost exhausted, but it is expected the system will go in-house through AODA in FY12. Until we have absolute certainty of its effectiveness, our Advocates will still be duplicating its purpose, as we are mandated by law to provide certain notifications to victims.

The type and severity of cases we are prosecuting continues to be driven by domestic violence and the drug trade. Home invasions, gun thefts, white collar crime, batteries, homicides, and

**STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011**

kidnappings are prevalent in our district. Several homicides remain unsolved, given reluctance of gang affiliates to speak against each other, which leads to public unease and dissatisfaction with the criminal justice system as a whole. In FY11, the District Attorney and her lead attorney in Deming spent three months with a citizens' grand jury, looking into public corruption issues, which came on the heels of another grand jury the previous year. This puts enormous strain on the time and resources of the office, as both the prosecutors and the investigator assigned worked almost full time on the grand jury matters, causing other prosecutors to have to tend their other work. We are constantly sought after to look into such corruption cases around the district, which are enormously time consuming with often little return, and matters which would be much more suited to the Attorney General's Office handling. But, we have successfully handed off only one matter to the state to tend in the past fiscal year.

Prosecutions of violent crime, so closely tied in with the cartels and their drug running business, continues to be made more difficult and time consuming as we try to build cases with fearful or missing witnesses. Methamphetamine abuse continues to take its toll not just on criminal justice resources, but also on the local legitimate economy, community health, safety of the children, and our educational system. The lack of a local, effective drug task force (due to actions at the federal level which resulted in the disbanding of the prior task force in June 2010 with no replacement underway until last spring of 2011), means that the traffickers currently have the edge, and our drug cases for prosecution have fallen due to a lack of effective enforcement. This is not the kind of break in our case load we were looking for.

The Prosecution Initiative. In FY11, we continued to lack a strong violent crimes prosecutor in Luna County, as the legislature does not provide sufficient funding to fill this Deputy DA vacancy which has been on our books for a couple of years. Another attorney had to be terminated, but with budget issues that position would not be filled till FY12, anticipating with another new prosecutor with little experience. Another of our attorneys is planning to leave in FY12; the HIDTA prosecutor retired with the end of the fiscal year; and the only candidate who applied for that position (and who we hired in the spring out of Southwest Border monies so he could train) is not experienced enough to make this a seamless transition. Hidalgo County continued to be covered by two attorneys commuting from Grant County, one at the expense of her own caseload in Grant County. We expect to change out prosecutors in FY 12, and hire a new prosecutor for Hidalgo out of Southwest Border funds, if we can find one. This is a remote area of the state, no one cares to uproot family to move there, and it is a difficult position to fill. In Grant County, we continued to cover for our colleagues traveling to other districts. Fortunately the Grant County staff is very experienced with little turnover in recent years, and has handled this best. However, not all attorneys are equally gifted or experienced in all areas, such as child sexual abuse cases, so we can't put just anyone in charge of our more sensitive cases.

As of the end of FY11, we continued to have a caseload almost exclusively of felony crimes, and almost exclusively repeat offenders. We had very few first time, non violent offenders to divert into our pre-prosecution program. Misdemeanor and petty misdemeanor domestic violence and DWI cases were steady, with the DWI cases being the most burdensome, because of the time it takes to track down and document priors. In Luna County, although batterers are mandated to attend a 52 week course to prevent reoffending, that county does not have a provider for that course, and has not, for some time.

Our investigators, in addition to working on special grand jury cases for the second week in a row, provided comprehensive case support to attorneys on major homicide and animal abuse cases, and also on financial abuse of the elderly. People continue to come to the DA's office investigators for matters better tending by the AG's office or local law enforcement, but we handle as much as we can. We continue to promptly return repeat offenders and recidivist probationers back to court, generally within a few months of the first disposition.

Other Programs. We continue to use all our other programs as best we can. An Adult Pre-Prosecution Diversion Program exists for first time offenders who commit non-violent crimes, but again

**STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011**

those offenders are relatively rare. We sit on panels for drug court in Hidalgo and Grant Counties. We had no funds to help sustain funding for our local Restorative Justice center in FY 11, but an end-of year award from SWBPI will allow us to start again, on a limited contract basis, with at least one local provider in FY12. **This is a worthwhile and effective program which the State should be funding, not us, if the State cares about reducing Corrections costs.** Our Worthless Check Program stalled while its overseeing was overwhelmed with grand jury and other cases, but will be back on track next fiscal year. Our Domestic Violence program is established in each county, and our Advocates always carry full caseloads. Our HIDTA prosecutor and secretary handle drug cases in Luna County, but again this past year saw the task force dismantled and a new one barely underway, so case numbers are much decreased.

Victim Program. The District Attorney's office emphasizes accurate case management tracking, hiring competent, career prosecutors, and victim participation in cases. This has been a focus of our Office since September 2003, along with improvements to service of the public in general. We continue to have the auspices of Advocates from the VOCA and VAWA funding programs, although the VOCA funding is only about 2/3 the cost and we must make up the balance of a 3/4 time position out of general fund savings, when we have them.

Southwest Border Prosecution Initiative. In FY11, we received another award of funds, but too late in the fiscal year to BAR and budget. Again, these funds cannot be used to supplement wages for general fund positions, so as money is moved from the 400 categories into the 200s to offset increased costs and cuts in salaries and benefits, the SWB funds are moved into the 400s to cover ongoing office and prosecution expenses. Funds will continue to be hoarded to cover expected further shortfalls in FY 12 and in FY 13, which latter year will also see a change in District Attorney.

2011 Legislative Sessions. No new positions were asked for or awarded, and funding continued to be insufficient to cover salaries without "raiding" the 400 category. The gloriously misnamed "sanding" of monies from our already-lowered budget award took away another \$70 thousand or so from our employees.

Summary. The Sixth DA's Office will have one great change midway through FY13, which will be a change in District Attorney. The current incumbent is not running again, and at present there are at least three contenders across two parties. Therefore, we will plan and project and operate the office per business as usual through December, 2012, while doing our best to ensure that the new DA comes in to an office with solid programs and budget, especially as FY13 is a 50% year.

The financial preservation of the current staff at a professionally appropriate salary level is an overwhelming necessity for this office, lest the lack of strong employees cause the whole prosecution framework to collapse. Although we wished to get at least one of the two vacant Deputy DA positions funded at a level appropriate to attract an experienced prosecutor, keeping the current staff in harmony and—dare we say it—receiving increased compensation for their increased work, may trump that need. We cannot take more hits, and need our staff recognized for the three years they have gone through with such sacrifice and dedication. We all have full plates. We do not want to shortchange any area, but the lack of budget is harming us at every level.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District Attorney's finances and to show the District Attorney's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, P.O. Box 1025, Silver City, New Mexico 88062-1025.

**STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
As of June 30, 2011**

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash	\$ 25
State General Fund Investment Pool	109,812
Due from federal government	45,693
Due from other state agencies	<u>345,388</u>
Total current assets	500,918
Capital assets, net	<u>40,591</u>
Total assets	<u><u>\$ 541,509</u></u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 6,014
Accrued payroll	59,065
Accrued payroll-related liabilities	19,421
Compensated absences - expected to be paid within one year	<u>98,073</u>
Total current liabilities	182,573
Non-current liabilities	
Compensated absences - expected to be paid after one year	<u>26,071</u>
Total liabilities	<u>208,644</u>
NET ASSETS	
Unrestricted	292,272
Invested in capital assets	<u>40,591</u>
Total net assets	<u>332,863</u>
Total liabilities and net assets	<u><u>\$ 541,509</u></u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
GOVERNMENT-WIDE-STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011**

	<u>Governmental Activities</u>
EXPENSES	
Public safety	
Personnel services and employee benefits	\$ (2,534,968)
Contractual services	(19,193)
Other	(168,389)
Depreciation	(19,226)
Total program expenses	<u>(2,741,776)</u>
 REVENUES	
Program revenues	
Operating grants and contracts	574,176
Miscellaneous revenue	3,957
Net program (expenses)/revenue	<u>(2,163,643)</u>
 General revenues	
Transfers:	
State General Fund appropriation	2,400,000
Reversion to State General Fund FY11	(5,144)
Total net transfers	<u>2,394,856</u>
 Change in net assets	 <u>231,213</u>
Net assets, beginning	<u>101,650</u>
Net assets, ending	<u>\$ 332,863</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
BALANCE SHEET - GOVERNMENTAL FUNDS
As of June 30, 2011**

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>16000 General Fund</u>	<u>26500 Victims' Assistance Fund</u>	<u>26600 Narcotics Prosecution Fund</u>	
ASSETS				
Cash	\$ 25	-	-	25
State General Fund Investment Pool	109,812	-	-	109,812
Due from other funds	67,928	-	-	67,928
Due from federal government	-	-	45,693	45,693
Due from other state agencies	317,407	27,981	-	345,388
Total assets	<u>495,172</u>	<u>27,981</u>	<u>45,693</u>	<u>568,846</u>
LIABILITIES				
Due to other funds	-	25,755	42,173	67,928
Accounts payable	6,015	-	-	6,015
Accrued payroll	55,197	2,102	1,766	59,065
Accrued payroll-related liabilities	17,543	124	1,754	19,421
Deferred revenue	316,663	-	-	316,663
Current liabilities	<u>395,418</u>	<u>27,981</u>	<u>45,693</u>	<u>469,092</u>
FUND BALANCE				
Unassigned	99,754	-	-	99,754
Total fund balance	<u>99,754</u>	<u>-</u>	<u>-</u>	<u>99,754</u>
Total liabilities and fund balance	<u>\$ 495,172</u>	<u>27,981</u>	<u>45,693</u>	<u>568,846</u>
Total fund balance governmental funds			\$	99,754
Some revenue is deferred in the funds but accrued as revenue in the government-wide statements and added to net assets				316,663
Capital assets (net of depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the funds				40,591
Long-term debt reported as accrued compensated absences is not due and payable in the current period and, therefore, are not reported in the funds				<u>(124,144)</u>
Net assets of governmental activities			\$	<u>332,863</u>

**STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE (DEFICITS) - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011**

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>16000 General Fund</u>	<u>26500 Victims' Assistance Fund</u>	<u>26600 Narcotics Prosecution Fund</u>	
REVENUES				
Federal grants	\$ 11,054	115,018	131,440	257,512
Miscellaneous revenue	3,957	-	-	3,957
Total revenues	<u>15,011</u>	<u>115,018</u>	<u>131,440</u>	<u>261,469</u>
EXPENDITURES				
Current				
General government:				
Personal services and benefits	2,308,086	112,573	124,293	2,544,952
Contractual services	19,193	-	-	19,193
Other costs	158,796	2,445	7,147	168,388
Capital outlay	-	-	-	-
Total expenditures	<u>2,486,075</u>	<u>115,018</u>	<u>131,440</u>	<u>2,732,533</u>
OTHER FINANCING SOURCES (USES)				
State general fund appropriations	2,400,000	-	-	2,400,000
Reversion to State General Fund FY11	(5,144)	-	-	(5,144)
Net other financing sources (uses)	<u>2,394,856</u>	-	-	<u>2,394,856</u>
Net change in fund balance	<u>(76,208)</u>	-	-	<u>(76,209)</u>
Fund balance, beginning	<u>175,962</u>	-	-	<u>175,962</u>
Fund balance, ending	<u>\$ 99,754</u>	<u>-</u>	<u>-</u>	<u>99,754</u>
Net change fund balance in governmental funds				\$ (76,209)
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. The amount by which capital outlay (\$0) exceeded depreciation (\$19,226) in the current period.				
				(19,226)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in governmental funds				
				316,663
Compensated absences 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 decrease (increase) in compensated absences is included in the statement of activities.				
				<u>9,985</u>
Change in net assets - governmental activities				<u>\$ 231,213</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND (16000)
For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Federal grants	\$ -	-	11,054	11,054
Miscellaneous revenue	-	-	3,957	3,957
	-	-	15,011	15,011
EXPENDITURES				
Current:				
General government				
Personal services	2,291,000	2,324,700	2,308,086	16,614
Contractual services	19,500	44,900	19,193	25,707
Other costs	169,900	206,343	157,668	48,675
Capital outlay	-	-	-	-
	2,480,400	2,575,943	2,484,947	90,996
Excess (deficiency) of revenues over (under) expenditures	(2,480,400)	(2,575,943)	(2,469,936)	87,039
OTHER FINANCING SOURCES (USES)				
Interagency transfers in (out)				
State general fund appropriations FY11	2,480,400	2,400,000	2,400,000	-
Reversion to state general fund	-	-	(5,144)	(5,144)
Total interagency transfers	2,480,400	2,400,000	2,394,856	(5,144)
Net change in fund balance	-	(175,943)	(75,080)	
Fund balance budgeted	\$ -	175,943		
Reconciliation of Budgetary Basis to Fund Financial Statement				
Total Budget Basis Expenditures for FY11			\$ 2,484,947	
Amounts expensed in current year and paid out of FY12 budget			1,128	
Total GAAP Basis Governmental Fund Expenditures for the fiscal year ended June 30, 2011			\$ 2,486,075	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
VICTIMS' ASSISTANCE FUND (26500)
For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Federal grants	\$ 42,300	116,285	115,018	(1,267)
EXPENDITURES				
Current:				
General government				
Personal services	42,300	113,839	112,573	1,266
Contractual services	-	-	-	-
Other costs	-	2,446	2,445	1
Capital outlay	-	-	-	-
Total expenditures	<u>42,300</u>	<u>116,285</u>	<u>115,018</u>	<u>1,267</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
NARCOTICS PROSECUTION FUND (26600)
For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Federal grants	\$ 306,800	142,448	131,440	(11,008)
EXPENDITURES				
Current:				
General government				
Personal services	306,800	134,814	124,293	10,521
Contractual services	-	-	-	-
Other costs	-	7,634	7,147	487
Capital outlay	-	-	-	-
Total expenditures	<u>306,800</u>	<u>142,448</u>	<u>131,440</u>	<u>11,008</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
As of June 30, 2011**

	<u>Agency Fund</u>
Assets	
Cash	\$ <u>27,454</u>
Total assets	\$ <u><u>27,454</u></u>
Liabilities	
Deposits held in custody for others	\$ <u>27,454</u>
Total liabilities	\$ <u><u>27,454</u></u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

NATURE OF BUSINESS AND REPORTING ENTITY

The Sixth Judicial District Attorney (the DA) is an elective office established by the Constitution of the State of New Mexico, Article VI, Section 24. The DA is elected to a four-year term. Functions of the DA are defined in Section 36-1-1 through 36-1-26 NMSA 1978 as amended. The DA serves all of Grant, Luna, and Hidalgo Counties. It is the duty of the DA to prosecute all criminal cases filed in this district magistrate and district courts. The DA also fulfills various other duties as called upon by statute. Section 36-1A-1 through Section 16-1A-15 cited as the "DA Personnel and Compensation Act" established for all DAs a uniform equitable and binding system of personnel administration.

The DA is legally separate and fiscally independent of other state agencies, has decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. The DA is included in the State of New Mexico Comprehensive Annual Financial Report.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP and GASB Statement 14. The basic, but not the only criterion for including a potential component unit within the reporting entity, is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the DA is able to exercise oversight responsibility. Based on the application of these criteria, there are no component units identified or excluded from the reporting entity.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basic Financial Statements

The financial statements of the DA have been prepared in conformity with accounting principles generally accepted (GAAP) in the United States of America as applied to governmental units. The Governmental Account Standards Board (GASB) is the accepted Standard-setting body for establishing governmental Accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the DA's accounting policies are described below.

For its government-wide activities, the DA has elected to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent

**STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

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

The government-wide focus is more on the sustainability of the DA as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements are similar to the financial statements presented in the previous accounting model.

The governmental fund statements are presented on a *current financial resource* and *modified accrual basis* of accounting. This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the DA's actual experience conforms to the budget of fiscal plan. Since the governmental fund statements are presented on a different focus and basis of accounting than the government-wide statements' governmental column, a reconciliation accompanies each statement, which briefly explains the adjustment necessary to transform the fund based financial statements in to the governmental column on the government-wide presentation.

2. Basis of Presentation

The financial transactions of the DA are maintained on the basis of funds, 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 balance, revenues, expenditures and other financing sources or uses.

Government resources are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by the type and reported by generic classification the accompanying financial statements.

The reporting model, GASB Statement No. 34, sets forth minimum criteria for the determination of major funds based on a percentage of the assets, liabilities, revenues or expenditures. The general fund is always considered a major fund. The DA has elected to consider all special revenue funds as major funds regardless of size. Major individual governmental funds are reported as separate columns in the fund financial statements.

In the governmental fund financial statements, per GASB Statement No. 54, fund balances are classified as nonspendable, restricted or unrestricted (committed, assigned or unassigned). Restricted represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches of the State. Assigned fund balance is constrained by the Legislature's and Executive Branch's intent to be used for specific purposes or in some cases by legislation.

**STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

The following are the DA's major funds:

Governmental Funds:

General Fund (16000)-The general fund is the operating fund of the DA. It is used to account for all financial resources except those required to be accounted for in another fund. All appropriations received in this fund are revertible funds if not expended in the appropriate time frame. This fund is also used to account for federal grant proceeds from the US Department of Justice (Southwest Border Prosecution Initiative [SWBI]). The fund balance created from these proceeds will not revert to the State of New Mexico's general fund as the source of revenues is the federal government.

The DA receives all State of New Mexico appropriations in their General Fund. The DA's Special Revenue Funds, as noted below, receive funds from various grants and contracts and therefore the funds are not subject to reversion to the State of New Mexico.

Victims' Assistance Program Fund (26500) –The Victims' Assistance fund is used to account for the grant proceeds from the Victims of Crime Act (VOCA), and the expenditures there from. The authority for the creation and maintenance of the fund is the requirement of the state of New Mexico Crime Victims Reparation Commission to maintain a separate fund. The fund balance will not revert to the state of New Mexico's general fund, as the source of revenues is the federal government.

Narcotics Prosecution Fund (26600) - The Narcotics Prosecution fund is used to account for the grant proceeds from the Office of National Drug Control Policy - High Intensity Drug Trafficking Area grant, and the Border Operations Task Force, 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 will not revert to the state of New Mexico's general fund as the source of revenues is the federal government.

Fiduciary Funds:

Agency Funds

Agency funds are used to account for assets held by the DA in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The DA has one agency fund to account for court ordered victim restitution payments that are collected from the defendant and subsequently distributed per a restitution order. Fees may be charged to individuals in the pre-prosecution program, and in accordance with agreements between the program participant and the DA attorney, these fees are remitted to the State Treasurer for the account of the Administration Office of the DAs.

3. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

**STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

The government-wide and the fiduciary financial statements are presented on an accrual basis of accounting. The governmental funds in the fund financial statements are presented on a modified accrual basis.

The statement of net assets and the statement of activities are prepared 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 the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. By definition, the resources of fiduciary funds are not available to support the DA's programs. Therefore, fiduciary funds are excluded from the government-wide financial statements.

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period which is considered to be within sixty days of year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB Statement #33, which was also adopted as of July 1, 2001 by the DA, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements including time requirements, are met, resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as advances by the provider and deferred revenue by the recipient.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "transfers in or out from other funds."

4. Budgetary Data

The New Mexico State Legislature makes annual appropriations to the DA. Legal compliance is monitored through the establishment of a budget (modified-accrual basis) and a financial control system, which permits a budget to actual expenditure comparison. Expenditures may not legally exceed appropriations for each budget at the appropriation unit level.

Budgeted appropriation unit amounts may be amended upon approval from the Budget Division of the State of New Mexico Department of Finance and Administration within the limitation as specified in the General Appropriation Act. The budget amounts shown in the financial statements are both the original appropriation and the final authorized amounts as legally revised during the year.

**STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

The DA follows these procedures in establishing the budgetary date reflected in the financial statements:

1. By September 1st, the DA prepares a budget request by appropriation unit to be presented to the next Legislature.
2. The appropriation request is submitted to the Department of Finance and Administration's Budget Division (DFA) and to the Legislature.
3. DFA makes recommendations and adjustments to the appropriation request, which become the Governor's proposal to the Legislature.
4. Legislative Finance Committee (LFC) holds hearings on the appropriation request, also submitting recommendations and adjustments before presentation to the Legislature.
5. Both the DFA's and LFC's recommended appropriation proposals are presented to the Legislature for approval of the final budget plan.
6. Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committees. The final outcomes of these hearings are incorporated into the General Appropriations Act.
7. The DA'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.
8. The Act is signed into law by the Governor of the State of New Mexico within the legally prescribed time limit. The DA submits, no later than May 1st, 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.
9. All subsequent budget adjustments must be approved by the DA and the Director of the DFA - Budget Division. The budget for the current year was properly amended.
10. Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund and the Special Revenue Funds.
11. Except as noted in Note G, the budget for the General Fund and the Special Revenue Funds are 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.
12. Appropriations lapse at the end of the fiscal year beginning with the year ended June 30, 2011. The DA's General Fund is a reverting fund (funds revert back to the State General Fund), with the exception of funds appropriated for the Southwest Border Prosecution Initiative.
13. Appropriations lapse at the end of the year except for those amounts encumbered.
14. Budgets for the General Fund and Special Revenue Funds 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.
15. If there are appropriations for multiple years and related funds are encumbered, there is a reservation of fund balance for encumbrances in the financial statements. This State Agency has no encumbered funds outstanding as of June 30, 2011.
16. The legal level of budgetary control is at the appropriation program level.

STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

5. Encumbrances

Any encumbrances outstanding at year-end related to single year appropriations are classified as a liability to recognize amounts subject to reversion to the State General Fund. If the New Mexico State Legislature provides a new appropriation for a specific encumbrance, it is carried forward to a new appropriation period to be charged against the new budget. If the Legislature does not provide a new appropriation for an encumbrance, the encumbrance is no longer authorized.

6. Net Assets

The government-wide financial statements utilize a net asset presentation. Net Assets are categorized as investment in capital assets (net of related debt), restricted and unrestricted.

Invested in Capital Assets, net of related debt - is intended to reflect the portion of net assets which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted net assets are considered restricted by enabling legislation that has been determined to be legally enforceable. Legal enforceability means that a government can be compelled by an external party-such as citizens, public interest groups, or the judiciary-to use resources created by enabling legislation only for the purposes specified by the legislation. Generally, the enforceability of an enabling legislation restriction is determined by professional judgment, which may be based on actions such as analyzing the legislation to determine if it meets the qualifying criteria for enabling legislation, reviewing determinations made for similar legislation of the government or other governments, or obtaining the opinion of legal counsel. However, enforceability cannot ultimately be proven unless tested through the judicial process, which may never occur. The determination of legal enforceability should be based on the underlying facts and circumstances surrounding each individual restriction. The determination that a particular restriction is not legally enforceable may lead a government to reevaluate the legal enforceability of similar enabling legislation restrictions, but should not necessarily lead a government to conclude that all enabling legislation restrictions are unenforceable.

Unrestricted (Deficit) – This category reflects net assets of the DA, not restricted for any project or other purpose.

7. Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

8. Spending Policy

When and expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the State's policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the State's policy to spend committed resources first.

**STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

9. Cash and Cash Equivalents

The DA has defined cash to include cash on hand and demand deposits.

10. Receivables and Payables

Receivables consist of amounts due from federal, state and local governments. No allowance for doubtful accounts is established, since all amounts are considered collectible in the subsequent fiscal year.

11. Capital Assets

Property, plant and equipment including software, purchased or acquired is carried at historical cost or estimated historical cost. Contributed assets are recorded at the fair market values as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The State's capitalization policy, i.e., the dollar value above which asset acquisitions including software are added to the capital accounts, was changed to \$5,000 as of July 1, 2005 from \$1,000. Assets with historical cost under \$5,000 and over \$1,000 that capitalized prior to July 1, 2005 remain on the DA's capital assets schedule. However, all capital outlay purchases may not necessarily be capitalized. Computer software which has been developed for internal use and which meets the capitalization minimum of \$5,000 is capitalized and depreciated in accordance with the DA's depreciation guidelines.

Depreciation on all exhaustible assets is provided on the straight-line basis with no salvage value. The estimated useful life for capital assets is estimated as follows:

Building improvements	39 years
Furniture and fixtures	7 years
Equipment and Machinery	6 years
Vehicles	5 years
Data processing	3 years

There is no debt related to capital assets as of June 30, 2011.

12. Accrued Compensated Absences

Qualified employees accumulate annual leave as follows:

Years of Service	Hours Earned Per Pay Period	Hours of Maximum Accrual
1 pay period - 4 years	4.62	240
Over 4 years - 8 years	5.08	240
Over 8 years - 12 years	5.54	240
Over 12 Years - 16 years	6.00	240
Over 16 years and beyond	6.46	240

The maximum 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 at their current hourly rate.

**STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

13. Accrued Sick Leave

Chapter 150 Laws of 1983, provides for the payment to employees for accumulated sick leave under certain conditions. Employees who have over 600 hours of accumulated sick leave can receive payment for the hours over 600 up to 120 hours on July 1st and January 1st of each year. However, the sick leave will be paid at fifty percent of the employee's regular hourly wage. At retirement, employees can receive fifty percent payment for up to 400 hours for the hours over 600 hours of accumulated sick leave. Employees who terminate receive no payment for accumulated sick leave. Therefore, the only sick leave which has been accrued represents the hours earned at June 30, 2011 over 600 hours. In accordance with GASB 16, accrued compensated absences consisted of accumulated annual leave and related salary payments (employers' matching FICA and Medicare payroll taxes).

Expenditures for accumulated sick pay for hours under 600 hours will be recognized as employees take such absences. Accrued vested sick pay is recorded as a liability in the Governmental Activities Funds.

14. Interfund Activity

Interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

15. Program Revenues

Program revenues include federal and state grants.

B. CASH AND INVESTMENTS POLICY WITH STATE TREASURER AND BANKING INSTITUTIONS

Cash includes cash on hand and cash deposits in three financial institutions. In accordance with Section 6-10-17, NMSA, 1978 Compilation, deposits of public money are required to be collateralized. Pledged collateral is required in amounts in an aggregated equal to one half of the amount of public money in each account. Securities, which are obligations of the United States, State of New Mexico, its agencies, institutions, counties, municipalities or other subdivisions are accepted as security at market value. No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation (FDIC), or the National Credit Union Administration.

Deposits (cash or cash equivalents) are carried at cost, which approximates market value. FDIC advisory opinion 94-24 states that public funds are entitled to \$100,000 insurance for time or savings deposits (including bank money market accounts) and \$100,000 for demand deposits deposited within the state in compliance with 12 CFR Subsection 330.15. FDIC deposit insurance has temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2013. Changes have also been made to other account types. For more information, visit www.fdic.gov.

As of June 30, 2011, the amount of cash reported on the financial statements differs from the amount on deposit with the various institutions because of outstanding checks and deposits-in-transit.

In general, state statutes require that all deposits held by the State Treasurer be collateralized at a minimum level of 50 percent. Collateral pledged to secure these deposits is monitored by the State Treasurer's Office (STO). The STO issues separate financial statements that disclose the collateral

STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

pledged to secure these deposits. The State Treasurer has the power to invest money held in demand deposits and not immediately needed for the operation of state government in securities in accordance with Sections 6-10-10 I through P, NMSA 1978 as amended. The State Treasurer with the advice and consent of the state board of finance can invest money held in demand deposits and investments not immediately needed for operation of state government in:

- (a) Securities issued by the United States (U.S.) government or by its departments or agencies and direct obligations of the U.S. or are backed by the full faith and credit of the U.S. government or agencies sponsored by the U.S. government;
- (b) Contracts for the present purchase and resale at a specified time in the future, not to exceed one year or, in the case of bond proceeds, not to exceed three years, of specific securities at specified prices at a price differential representing the interest income to be earned by the state. No such contract shall be invested in unless the contract is fully secured by obligations of the United States of other securities backed by the United States having a market value of at least one hundred two percent of the amount of the contract;
- (c) Contracts for the temporary exchange of state-owned securities for the use of broker-dealers, banks or other recognized institutional investors in securities, for periods not to exceed one year for a specified fee rate. No such contract shall be invested in unless the contract is fully secured by exchange of an irrevocable letter of credit running to the state, cash or equivalent collateral of at least one hundred two percent of the market value of the securities plus accrued interest temporarily exchanged. The collateral required for either of the forms of investment in sections (b) and (c) shall be delivered to the fiscal agent of New Mexico or its designee contemporaneously with the transfer of funds or delivery of the securities at the earliest time industry practice permits, but in all cases, settlement shall be on a same-day basis. Neither of the contracts in (b) or (c) shall be invested in unless the contracting bank, brokerage firm or recognized institutional investor has a net worth in excess of five hundred million dollars;
- (d) Any of the following investments in an amount not to exceed forty percent of any fund that the state treasurer invests:
 - (1) commercial paper rated "prime" quality by a national rating service, issued by corporations organized and operating within the U.S.;
 - (2) medium-term notes and corporate notes with a maturity not exceeding five years that are rated A or its equivalent or better by a nationally recognized rating service and that are issued by a corporation organized and operating in the U.S.; or
 - (3) an asset-backed obligation with a maturity not exceeding five years that is rated AAA or its equivalent by a nationally recognized rating service;
- (e) Shares of a diversified investment company registered pursuant to the federal Investment Company Act of 1940 that invests in U.S. fixed income securities or debt instruments authorized pursuant to (a), (b), and (d) above provided that the investment company has total assets under management of at least one billion dollars and the investments made by the State Treasurer pursuant to this paragraph are less than five percent of the assets of the investment company; or.
- (f) Individual, common or collective trust funds of banks or trust companies that invest in U.S. fixed income securities or debt instruments authorized pursuant to (a), (b), and (d) above, provided that the investment manager has assets under management of at least one billion dollars and the investments made by the state treasurer pursuant to this paragraph are less than five percent of the assets of the individual, common or collective trust fund.

**STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

No public funds can be invested in negotiable securities or loans to financial institutions fully secured by negotiable securities at current market value shall be paid out unless there is a contemporaneous transfer of the securities at the earliest time industry practice permits, but in all cases, settlement shall be on a same-day basis either by physical delivery or, in the case of uncertificated securities, by appropriate book entry on the books of the issuer, to the purchaser or to a reputable third-party safekeeping financial institution acting as agent or trustee for the purchaser, which agent or trustee shall furnish timely confirmation to the purchaser. For additional GASB 40 disclosure information regarding cash/investments held by the State Treasurer, see the separate audit report for the State Treasurer's Office for the fiscal year ended June 30, 2011.

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.

Interest Rate Risk for Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The DA does not have an investment policy that limits investment interest rate risk.

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.

At year-end, the carrying amounts of the State Treasurer accounts and bank accounts were as follows:

<u>Account Name</u>	<u>Account Number/ Type</u>	<u>Balance per Depository</u>	<u>Deposits In Transit</u>	<u>Out- standing Checks</u>	<u>Balance per Financial Statements</u>
General Fund					
State Treasurer	256-160000	\$ 109,812	-	-	109,812
Petty cash	on-site	25	-	-	25
Victims of Crime Act Fund	256-265000	-	-	-	-
Narcotics Prosecution Fund	256-266000	-	-	-	-
Total governmental funds		<u>109,837</u>	<u>-</u>	<u>-</u>	<u>109,837</u>
Fiduciary Accounts					
Wells Fargo - Silver City	Demand	18,707	-	(4,817)	13,890
Wells Fargo - Deming	Demand	14,524	140	(1,977)	12,687
Western Bank - Lordsburg	Demand	1,624	-	(747)	877
Total fiduciary funds		<u>34,855</u>	<u>140</u>	<u>(7,541)</u>	<u>27,454</u>
Total cash and investments		<u>\$ 144,692</u>	<u>140</u>	<u>(7,541)</u>	<u>137,291</u>

**STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

At June 30, 2011, the Victims of Crime Act Fund (26500) and the Narcotics Prosecution Fund (26600) have negative cash balances in the State Treasurer General Fund Investment Pool, amounting to (\$16,918) and (\$32,165), respectively. These negative cash balances are reclassified as an interfund payable due to the DA's General Fund (16000), with the General Fund's cash balance reduced by \$49,083 to reflect the interfund loan.

The DA's bank balances were fully collateralized in compliance with the State of New Mexico's state statute as follows:

	Wells Fargo Silver City	Wells Fargo Deming	Western Bank Lordsburg
Demand accounts	\$ 18,707	14,524	1,624
FDIC coverage	<u>(18,707)</u>	<u>(14,524)</u>	<u>(1,624)</u>
Total uninsured public funds	<u>\$ -</u>	<u>-</u>	<u>-</u>

C. RECEIVABLES

Receivables consist primarily of grant cost-reimbursements, including of \$45,693 due from the federal government and \$345,388 due from other state agencies. An allowance for doubtful accounts has not been established, as all receivables are considered fully collectible.

D. CAPITAL ASSETS

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

	<u>Balance 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2011</u>
Capital assets depreciated:				
Building improvements	\$ 15,605	-	-	15,605
Furniture and fixtures	17,072	-	-	17,072
Equipment	110,124	-	(15,408)	94,716
Vehicles	<u>243,436</u>	-	-	<u>243,436</u>
Total capital assets depreciated	<u>386,237</u>	<u>-</u>	<u>(15,408)</u>	<u>370,829</u>
Less accumulated depreciation for:				
Building improvements	(400)	(400)	-	(800)
Furniture and fixtures	(15,519)	(849)	-	(16,368)
Equipment	(110,124)	-	15,408	(94,716)
Vehicles	<u>(200,377)</u>	<u>(17,977)</u>	-	<u>(218,354)</u>
Total accumulated depreciation	<u>(326,420)</u>	<u>(19,226)</u>	<u>15,408</u>	<u>(330,238)</u>
Total capital assets, net	<u>\$ 59,817</u>	<u>(19,226)</u>	<u>-</u>	<u>40,591</u>

The DA recorded a depreciation expense of \$19,226 for the year ended June 30, 2011. The depreciation expense is a direct expense of the public safety function. Deletions recorded in FY11 included fully depreciated equipment. In addition, the DA has \$50,440 in idle assets at year-end.

**STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

E. COMPENSATED ABSENCES

The amount recorded as a long-term liability in the government-wide statements for compensated absences consist of accrued annual leave and accrued sick leave as follows:

	<u>Balance 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2011</u>	<u>Due Within One Year</u>
Accrued annual leave	\$ 132,956	114,960	(125,598)	122,318	96,631
Accrued sick leave	1,172	1,005	(351)	1,826	1,442
Total	<u>\$ 134,129</u>	<u>115,965</u>	<u>(125,949)</u>	<u>124,144</u>	<u>98,073</u>

Prior year compensated absences have been liquidated by the general fund.

F. OPERATING LEASES

The DA has operating leases for office equipment, and recorded rental expense of \$20,956 for the year ended June 30, 2011. The leases are accounted for as operating leases and future minimum payments are as follows:

For the Year Ended June 30	<u>Office Equipment</u>
2012	\$ 19,222
2013	19,222
2014	12,718
2015	-
2016	-
Thereafter	-
Total	\$ <u>51,162</u>

All leases may be terminated at any time with sixty days notice if the New Mexico Legislature does not grant sufficient appropriation for the lease or if the DA decides that termination is necessary to protect the best interests of the State of New Mexico.

G. RECONCILIATION BETWEEN BUDGETARY BASIS AND GAAP BASIS

Because the DA keeps their budget on the modified GAAP basis there is no need to reconcile the budget financial statements to the fund financial statements, with the exception of any accounts payable shown on the governmental funds balance sheet which were paid out of different fiscal year funds. Detail on the reconciling items required for the year ended June 30, 2011 between the budget financial statements and the fund financial statements are provided on the budget financial statements, as noted in the Table of Contents.

H. CONTINGENCIES

The DA is a party to various claims and other legal matters coming about in their normal course of business. The DA does not believe that the results of all claims and other legal matters, individually or in the aggregate will have a material adverse effect on its operations or financial positions.

**STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

Risk of loss

The DA 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, workers' compensation and general and property insurance, and attempts to reduce the number of suits against the State and state agencies through the risk management process. The actuarial gains and losses of Risk Management Division were not available and were not included in this report. However, the DA is not liable for more than the premiums paid.

I. INTERAGENCY TRANSFERS

Transfers from and to other state agencies for the year ended June 30, 2011 include the following:

Transfers in or out of the Agency (Fund #16000) are as follows:

	Out	In
Department of Finance and Administration (Fund #853) \$		
State General Fund Appropriation		
Laws of 2010, Chapter 124, Section 4	-	2,400,000
Department of Finance and Administration (Fund #853)		
Reversion to State General Fund FY11	5,144	-
	\$ 5,144	2,400,000

All interagency transfers made during the year were considered routine and were consistent with the general characteristics of the DA's transfers.

J. DUE TO THE STATE GENERAL FUND

Section 6-5-10 NMSA 1978 requires all unreserved, undesignated fund balances in reverting funds and accounts revert to the State General Fund within ten days of the audit report. The excess of unexpended funds per budgetary comparisons does not agree to the balance being reverted to the state general fund from the general fund. This is because reverting and non-reverting monies are commingled in the general fund. The non-reverting monies are from federal awards. Even though they are in one fund, the federal award expenditures are accounted for in separate account line items and by separate payroll codes. This procedure ensures proper calculations of unexpended state appropriations in the general fund throughout the year. No amounts were due to the State General Fund as of June 30, 2011.

**STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

K. INTERAGENCY RECEIVABLES/PAYABLES

Interagency receivables/payables at June 30, 2011, include the following:

<u>Amount due from other agencies</u>		<u>Due From</u>		
<u>Fund No.</u>	<u>Amount</u>	<u>SHARE FUND No.</u>	<u>Agency Name</u>	<u>Purpose</u>
26500	27,981	78000	Department of Finance and Administration (pass through from New Mexico Crime Victims Reparation Commission)	cost- reimbursement grant
16000	744	34100	Department of Finance and Administration	over- reversion FY09
16000	<u>316,663</u>	26400	Administrative Office of District Attorneys	SWBPI grant payment
	<u>\$ 345,388</u>			

L. INTERFUND RECEIVABLES/PAYABLES

Interfund receivables/payables at June 30, 2011 are as follows:

		<u>Due from</u>		
		<u>26500</u>	<u>26600</u>	<u>Total</u>
Due to	16000	<u>\$ 25,755</u>	<u>42,173</u>	<u>67,928</u>

Interfund receivables/payables are amounts due to the general fund for expenses paid out of the general fund that were obligations of the special revenue funds noted above.

M. FUND BALANCE

Under GASB 54 fund balance may consist of: 1) Restricted Purposes, which include balances that are legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors contributors, or laws or regulations of other governments; 2) Committed Purposes, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches; and 3) Assigned Purposes, which includes balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. As of June 30, 2011, the DA did not have fund balance meeting any of these criteria.

**STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

The DA's fund balance at June 30, 2011 consisted of \$99,754 in its General Fund which was considered unassigned, and is a result of federal grant funds from the Southwest Border Prosecution Initiative. The SWBPI is non-reverting.

	Fund No.
	256-160000 General Fund
Southwest Border -federal grant	100,882
Expenses of FY11 paid out of FY12 budget	(1,128)
Unassigned fund balance	\$ 99,754

N. PERA PENSION PLAN

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

Funding Policy: Plan members contributed 8.92% of their gross salary. The DA contributed 15.09% of the gross covered salary. The contribution requirements of plan members and the Court are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The DA's contributions to PERA for the fiscal years ending June 30, 2011, 2010 and 2009 were \$267,789, \$304,419, and \$323,395, respectively, which equal the amount of the required contributions for each fiscal year.

O. POST-EMPLOYMENT BENEFITS—STATE RETIREE HEALTH CARE PLAN

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

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

**STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the post-employment 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. 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:

Fiscal Year	Employer Contribution Rate	Employee Contribution Rate
FY12	1.834%	0.917%
FY13	2.000%	1.000%

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 DA’s contributions to the RHCA for the years ended June 30, 2011, 2010 and 2009 were \$29,359, \$25,464 and \$24,270, respectively, which equal the required contributions for each year.

P. JOINT POWER AGREEMENTS AND MEMORANDUM OF UNDERSTANDING

The DA’s joint power agreements and one memorandum of understanding is as follows:

Participants: Sixth Judicial District Attorney, Deming Police Dept, Luna County Sheriff’s Dept, Grant County Sheriff’s Dept, Lordsburg Police Dept, Hidalgo County Sheriff’s Dept, Hurley Police Dept, Bayard Police Dept, Santa Clara Police Dept, Western New Mexico University Police, Dept. New Mexico State Police, U.S. Border Patrol and U.S Customs Service.

Responsible Party: Hidalgo County

**STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

Description:	To undertake a joint controlled substances investigation project known as the Southwestern New Mexico Task Force.
Term:	FY11
Amount Involved:	Unknown
Revenue/Expenditures Reported:	Hidalgo County has reflected all revenues and expenses
Audit Responsibility:	All parties should have the contract reviewed
Fiscal Agent:	Hidalgo County

Q. DETERMINATION OF SINGLE AUDIT

During fiscal year 2011, the DA was awarded federal funds of \$257,215 and spent \$321,518. Therefore, the threshold for a Single Audit as described in OMB A-133 was not met.

STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
For the Year Ended June 30, 2011

	<u>Balance 6/30/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/11</u>
Assets				
Cash - Silver City	\$ 15,682	91,955	(93,747)	13,890
Cash - Deming	15,627	73,067	(76,007)	12,687
Cash - Lordsburg	1,378	24,165	(24,666)	877
Total assets	<u>\$ 32,687</u>	<u>189,187</u>	<u>(194,420)</u>	<u>27,454</u>
Liabilities				
Deposits held in custody for others	\$ 32,687	189,187	(194,420)	27,454
Total liabilities	<u>\$ 32,687</u>	<u>189,187</u>	<u>(194,420)</u>	<u>27,454</u>

The accompanying notes are an integral part of these financial statements



**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***

Ms. Mary Lynne Newell
Sixth Judicial District Attorney
and

Mr. Hector Balderas
New Mexico State Auditor
Office of the State Auditor
Santa Fe, New Mexico

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds of the Sixth Judicial District Attorney (the agency) as of and for the year ended June 30, 2011, and have issued our report thereon dated December 7, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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.

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.

December 7, 2011

Compliance and Other Matters

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

This report is intended solely for the information and use of management, others within the entity, the 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.



Hinkle + Landers, PC
December 7, 2011

**STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2011**

SECTION II AND III- FINANCIAL STATEMENT FINDINGS

PRIOR YEAR – NONE

CURRENT YEAR - NONE

**STATE OF NEW MEXICO
SIXTH JUDICIAL DISTRICT ATTORNEY
EXIT CONFERENCE
For the Year Ended June 30, 2011**

An exit conference was held in a closed session on December 7, 2011. In attendance were the following:

Mary Lynne Newell	DA
Yolanda M. Villa	CFO
Farley Vener, CPA, CFE	Independent Auditor, Hinkle + Landers, PC
Shannon Gilliland, CPA, CGFM	Independent Auditor, Hinkle + Landers, PC

FINANCIAL STATEMENTS

The financial statements of the DA as of June 30, 2011, were substantially prepared by Hinkle + Landers, PC, however, the financial statements are the responsibility of management.