

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
FINANCIAL STATEMENTS
JUNE 30, 2009

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
OFFICIAL ROSTER
JUNE 30, 2006

Clint H. Wellborn
J.B. Mauldin

District Attorney
Fiscal Officer

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
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JUNE 30, 2009

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INDEPENDENT AUDITOR'S REPORT

Clint H. Wellborn, Seventh Judicial District Attorney
and
Mr. Hector H. Balderas
New Mexico State Auditor

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Office of the District Attorney, Seventh Judicial District, State of New Mexico, as of and for the year ended June 30, 2009, which collectively comprise the Seventh Judicial District Attorney's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the fiduciary funds presented in the accompanying combining and individual fund financial statements as of June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Seventh Judicial District Attorney'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 Seventh Judicial District Attorney are intended to present the financial position and the changes in financial position and budgetary comparison of only that portion of the financial reporting entity of the State of New Mexico that is attributable to the transactions of the Seventh Judicial District Attorney. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2009, and the changes in its financial position and budgetary comparison for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Seventh Judicial District Attorney, as of June 30, 2009, and the respective changes in financial position thereof, and the respective budgetary comparison for the general fund, capital outlay fund and the SWBPI grant fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each fiduciary fund of the Seventh Judicial District Attorney, as of June 30, 2009, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2009, on our consideration of the Seventh Judicial District Attorney'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 3 to 6 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Seventh Judicial District Attorney's basic financial statements and the combining funds financial statements presented as supplemental information. The accompanying financial information listed as "other information" on pages 26 and 27 in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This 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.

Mackie, Reid & Company

Mackie, Reid & Company, P.A.
Certified Public Accountants

Albuquerque, New Mexico
November 30, 2009

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY'S OFFICE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

The Seventh Judicial District Attorney's management discussion and analysis is intended to (1) Assist in focusing on significant issues, (2) Provide an overview of the Agency's financial activity, (3) Outline and identify changes in the Agency's financial position, (4) Identify significant deviations from the approved budget, and (5) Identify fund issues or concerns.

HIGHLIGHTS

Agency

The Seventh Judicial District Attorney's jurisdiction covers Socorro, Sierra, Torrance, and Catron Counties, which is the largest district, area-wise, in the United States. We have full-time offices in Socorro, Truth or Consequences, and Estancia, with the Socorro office serving Catron County.

Financial

The Seventh Judicial District Attorney's Office is funded by the State General Fund. Appropriated revenues were \$1,877,540 for FY 2006, \$2,103,768 for FY 2007, \$2,380,300 for FY 2008, not including a special appropriation of \$40,000 to purchase vehicles, and \$2,483,100 for FY 2009. For FY 2004 we received a non-recurring Southwest Border Prosecution Initiative federal grant of \$55,000 for federally referred cases that our agency handled. In FY 2005 we received an additional \$13,163 from this grant. We received a STOP VAWA federal grant to establish a program for victims of domestic violence and sexual assault for \$39,263 for FY 2005 and 2006, \$42,272 for FY 2006 and 2007, and \$48,890 for FY 2007 and FY 2008. The general fund final budget has increased 2.9% from FY 2005 to FY 2006, 12% from FY 2006 to FY 2007, 13% from FY 2007 to FY 2008 and 4% from FY 2008 to FY 2009. We expended 99.5% in FY 2006, 97.8% in FY 2007, 99.2% in FY 2008 and 99.3% in FY 2009. Actual expenditures on a budgetary basis were \$1,867,611 in FY 2006, \$2,057,981 in FY 2007, \$2,360,767 in FY 2008 and \$2,466,425 in FY 2009.

OVERVIEW OF FINANCIAL STATEMENTS

Government-wide Financial Statements

Government-wide financial statements report information on the Seventh Judicial District Attorney's Office using accounting methods similar to those used in the private sector. All governmental activities will be shown together. The agency has no business type activities. The statement of net assets includes all the agency's assets and liabilities. The statement of activities will depict how net assets have changed, and show the overall bottom line for the agency. These financial statements do not include fiduciary activities as fiduciary resources do not finance government programs. General fixed assets and the Agency's liability for accrued compensated absences are included in the statement of net assets. Depreciation expense on fixed assets and the change in the accrued compensated absence liability is reflected in the statement of activities.

Fund Financial Statements

Fund financial statements provide more detailed information about the funds in which the agency uses to separate sources of funding. The Seventh Judicial District Attorney's Office operates primarily from State General Fund money which is allocated to a single fund (governmental fund) at the agency level. This general fund is presented in the format of sources and uses of liquid resources and clearly shows the source of the money and what it is being used for. The Agency has two small fiduciary funds reporting assets of other parties. These funds are purely custodial in nature and thus do not include measurement of the results of operations.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY'S OFFICE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

FINANCIAL ANALYSIS

Analysis of Financial Position

A comparative condensed statement of net assets is as follows:

	<u>2009</u>	<u>2008</u>
Total assets	\$ 281,438	\$ 288,586
Total liabilities	\$ 242,944	\$ 268,830
Net assets	\$ 38,494	\$ 24,756

Current year total assets include \$162,539 in investment in STO GFIP and \$118,899 of capital assets, net of accumulated depreciation. Liabilities include normal agency obligations to vendors, accrued payroll and benefits payable, as well as the current year reversion to state general fund of \$20,024. In addition, a liability for \$76,232 is reported for accrued compensated absences expected to be paid within one year, and \$19,947 expected to be paid after one year.

Results of Operations

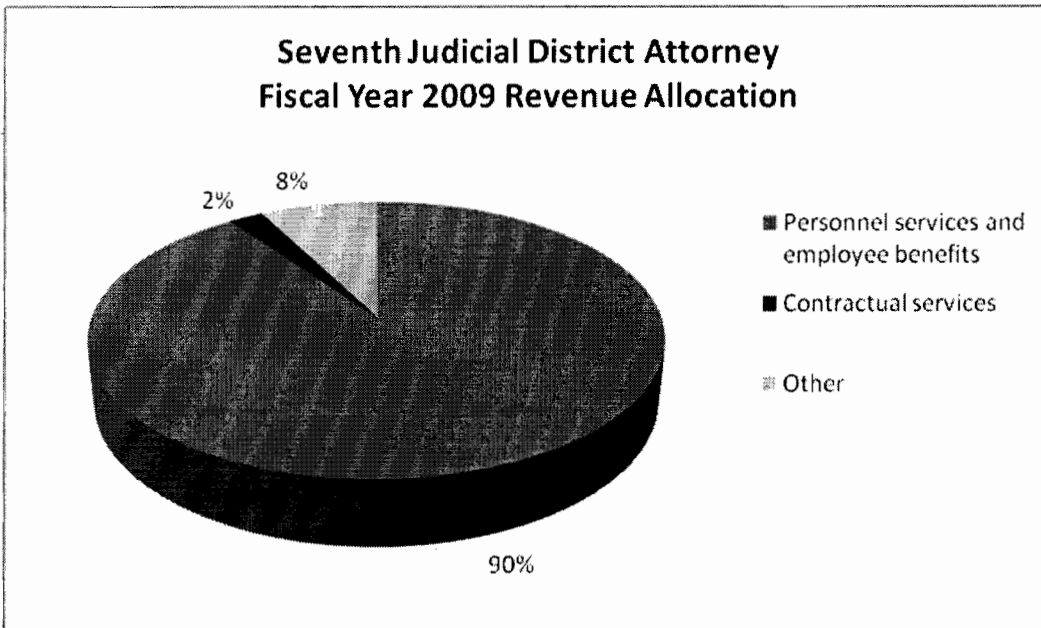
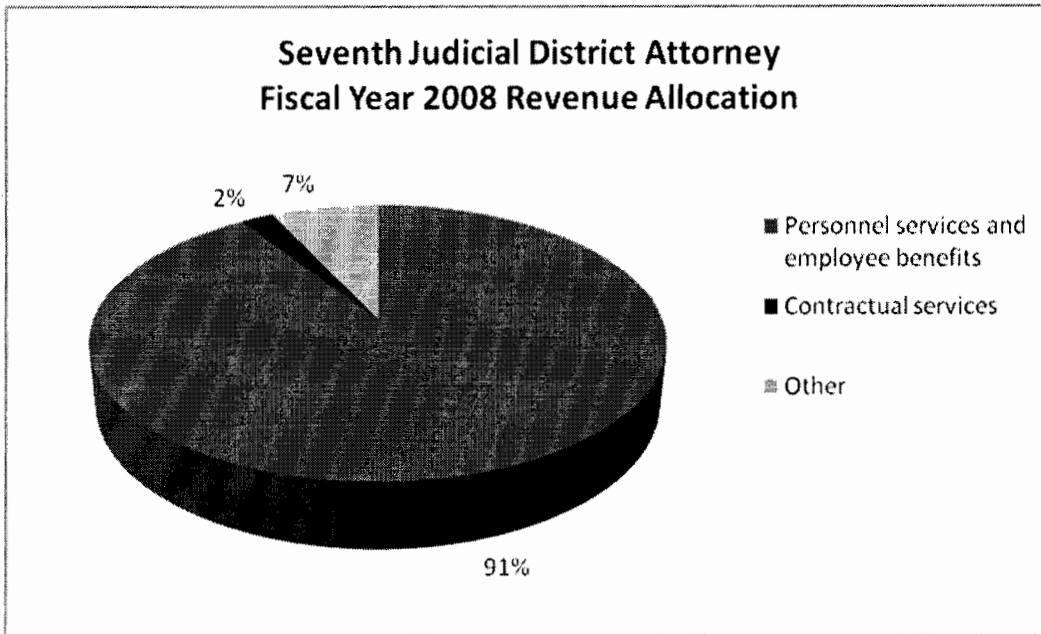
A comparative condensed statement of activities is as follows:

	<u>2009</u>	<u>2008</u>
Total revenues	\$ 2,462,925	\$ 2,360,767
Total expenses	\$ 2,469,871	\$ 2,373,918
Change in net assets	\$ (6,946)	\$ (13,151)
Net assets, beginning of year (as restated for FY 2008)	\$ 45,440	\$ 58,591
Net assets, end of year (as restated for FY 2008)	\$ 38,494	\$ 45,440

There is a prior period AJE of \$20,684 that corrects FY 2007 ending accumulated depreciation, which after applied, results in an increase in net assets. We had received a \$40,000 appropriation for the periods FY 2007 to FY 2009. \$36,500 was expended in FY 2008 for the purchase of vehicles and \$3,500 is included in the reversion to the State General Fund which had a small impact on net assets. Accrued compensated absences increased from \$86,849 in FY 2008 to \$96,179 in FY 2009 for a difference of \$9,330, which decreased net assets. The increase in revenues is due to an increase in our overall budget and appropriation by 4%, which was primarily due to increased employee benefits costs and receiving some additional funds for employee salary increases.

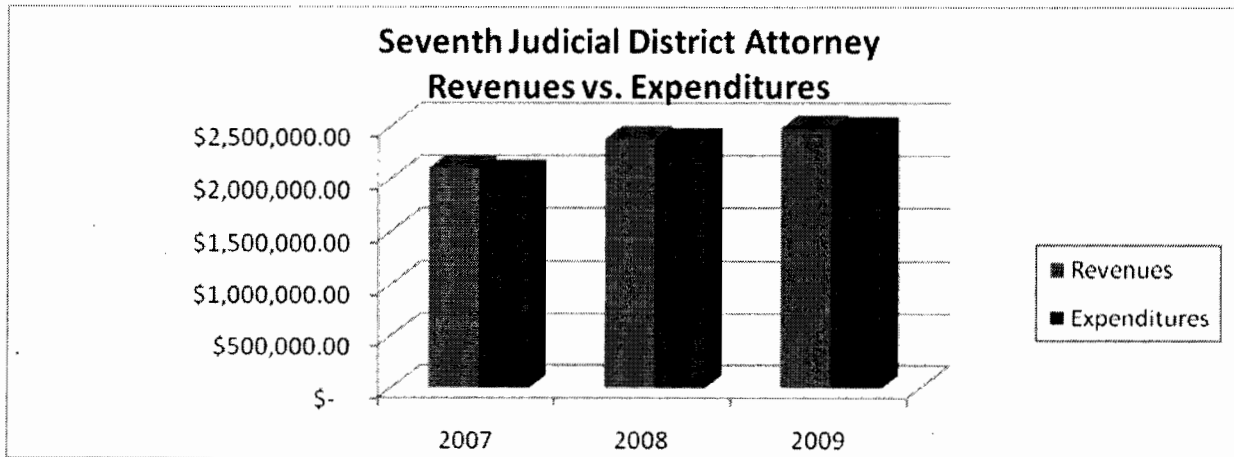
The agency's governmental fund expenditures are divided into three categories: (1) Personal services and employee benefits, (2) Contractual services, and (3) Other costs, which include all operational costs (travel, supplies, maintenance, telecommunications, rent of equipment, and capital outlay). The following charts illustrate the revenue allocation for Fiscal Years 2008 and 2009.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY'S OFFICE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009



A comparison of revenues and expenditures for the last three fiscal years are illustrated below.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY'S OFFICE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009



Analysis of Overall Agency Position and Result of Operations

There are no significant changes in the Seventh Judicial District Attorney's financial position from the prior year other than the net book value of fixed assets. Net assets did increase. This increase was due primarily to an adjustment to depreciation expense. We had to reduce our general fund budget by 1.9% due to Laws of 2009, Chapter 2, Section 1A and 1B. This was due to the State of New Mexico's reduced revenue as a result of the economic crisis. We remain primarily funded by the State General Fund, with the exception of a \$55,000 FY 2004 SWBPI federal grant and a FY 2005 \$13,163 SWBPI federal grant, of which the majority of the funds were used for expenses related to our move to a new building across the street. We also received a STOP VAWA federal grant to establish a program for victims of domestic violence and sexual assault for \$39,263 for FY 2005 and 2006, \$42,272 for FY 2006 and 2007 and \$48,890 for FY 2007 and 2008. This grant funded one full time victim advocate position. The grant expired at the end of FY 2008 and this position is now a permanent position funded by the State General Fund. Our appropriation was \$1,877,540 in FY 2006, \$2,103,768 in FY2007, \$2,380,300, plus the capital outlay appropriation of \$40,000, for FY 2008 and \$2,483,100 for FY 2009. There was a 12% increase from FY 2006 to FY 2007, a 13% increase from FY 2007 to FY 2008 and a 4% increase from FY 2008 to FY 2009. On an actual budgetary basis the agency's expenditures were \$2,466,425 and revenues were \$2,483,100 for FY 2009. Current budgeted revenues exceeded our current budgeted expenditures by \$16,675, or 0.7%. Or, to look at this from another perspective, we spent 99.3% of our general fund budget. This excess of \$16,675, plus \$3,500 from the capital outlay appropriation, has been included in the required reversion to the State general fund.

The final budget changed from the original by \$47,000 in budget adjustments transferring funds from the Other Costs category to the Personal Services/Employee Benefits category. This helped cover budget reductions in Laws of 2009 Chapter 2, Section 1A and 1B (House Bill 10). We also had a \$1,250 budget adjustment transferring funds from the Other Costs category to Contractual Services category. This also helped us to cover the budget reductions explained above. These funds were available in the Other Costs category since we were appropriated funds to purchase vehicles but we were only able to purchase one vehicle for \$25,541, instead of two vehicles.

Overall, the Seventh Judicial District Attorney's Office remains financially stable and operating efficiently with an increase in the general fund budget occurring for FY 2009.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
STATEMENT OF NET ASSETS
JUNE 30, 2009

	<u>Governmental Activities</u>
ASSETS	
Investment in STO GFIP	\$ 162,539
Capital assets, net of accumulated depreciation	<u>118,899</u>
Total assets	<u>281,438</u>
LIABILITIES	
Accounts payable	26,966
Accrued payroll and related benefits payable	99,775
Due to State general fund	20,024
Accrued compensated absences	
Expected to be paid within one year	76,232
Expected to be paid after one year	<u>19,947</u>
Total liabilities	<u>242,944</u>
NET ASSETS	
Invested in capital assets	118,899
Unrestricted (deficit)	<u>(80,405)</u>
Total net assets	\$ <u>38,494</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Governmental Activities</u>
EXPENSES	
General government:	
Personnel services and employee benefits	\$ 2,233,347
Contractual services	56,195
Operating expenses	153,969
Depreciation	<u>26,360</u>
Total program expenses	<u>2,469,871</u>
 GENERAL REVENUES	
Transfers:	
State general fund annual appropriation	2,483,100
Less reversion to State general fund – FY09	<u>(20,175)</u>
Total general revenues	<u>2,462,925</u>
Change in net assets	(6,946)
 NET ASSETS	
Beginning of year, as previously reported	24,756
Restatement	<u>20,684</u>
Beginning of year, as restated	<u>45,440</u>
End of year	<u>\$ 38,494</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

ASSETS	General Fund	Capital Outlay Fund	VAWA Grant Fund	SWBPI Grant Fund	Governmental Funds Total
Investment in STO GFIP	\$ 137,952	\$ 3,500	\$ 5,313	\$ 15,774	\$ 162,539
Due from VAWA fund	<u>5,313</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,313</u>
Total assets	\$ <u>143,265</u>	\$ <u>3,500</u>	\$ <u>5,313</u>	\$ <u>15,774</u>	\$ <u>167,852</u>
 LIABILITIES					
Accounts payable	\$ 26,966	\$ -	\$ -	\$ -	\$ 26,966
Accrued payroll and related benefits payable	99,775	-	-	-	99,775
Due to general fund	-	-	5,313	-	5,313
Due to State general fund	<u>16,524</u>	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>20,024</u>
Total liabilities	<u>143,265</u>	<u>3,500</u>	<u>5,313</u>	<u>-</u>	<u>152,078</u>
 FUND BALANCE					
Unreserved/undesignated Special Revenue Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,774</u>	<u>15,774</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,774</u>	<u>15,774</u>
Total liabilities and fund balances	\$ <u>143,265</u>	\$ <u>3,500</u>	\$ <u>5,313</u>	\$ <u>15,774</u>	\$ <u>167,852</u>
Total fund balance – Governmental funds					\$ 15,774
 Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets used in government activities are not financial resources and therefore are not reported in the general fund					118,899
Accrued compensated absences are not recorded until due and payable in the general fund					(96,179)
Total net assets					\$ <u>38,494</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	General Fund	Capital Outlay Fund	VAWA Grant Fund	SWBPI Grant Fund	Government Funds Total
EXPENDITURES					
Current					
General Government					
Personnel services and employee benefits	\$ 2,224,017	\$ -	\$ -	\$ -	\$ 2,224,017
Contractual services	56,195	-	-	-	56,195
Operating expenses	153,969	-	-	-	153,969
Capital Outlay	<u>32,244</u>	-	-	-	<u>32,244</u>
Total expenditures	<u>2,466,425</u>	-	-	-	<u>2,466,425</u>
Deficiency of revenues over expenditures	(2,466,425)	-	-	-	(2,466,425)
OTHER FINANCING SOURCES (USES)					
Transfers – State General Fund appropriations	2,483,100	-	-	-	2,483,100
Transfers - Reversion to State general fund FY 09	(16,675)	(3,500)	-	-	(20,175)
Total other financing sources (uses)	<u>2,466,425</u>	(3,500)	-	-	<u>2,462,925</u>
Net change in fund balances	-	(3,500)	-	-	(3,500)
Fund balance – beginning as previously reported	-	3,500	753	15,774	20,027
Restatement	-	-	(753)	-	(753)
Fund balance – beginning as restated	-	<u>3,500</u>	-	<u>15,774</u>	<u>19,274</u>
Fund balance – ending	\$ -	\$ -	\$ -	\$ <u>15,774</u>	\$ <u>15,774</u>
Net change in fund balance – governmental funds					\$ (3,500)

Amounts reported for governmental activities in the statement of activities are different because:

Government funds report capital outlay as expenditures, while in the statement of activities the cost of these assets is capitalized

32,244

Government funds do not report depreciation expense which is recorded in the statement of activities

(26,360)

Governmental funds do not report the net change in accrued compensated absences

(9,330)

Change in net assets of governmental activities

\$ (6,946)

See accompanying notes to financial statements.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
EXPENDITURES				
Current:				
General government				
Personnel services and employee benefits	\$ 2,230,100	\$ 2,234,500	\$ 2,224,017	\$ 10,483
Contractual services	56,100	56,250	56,195	55
Operating expenses/capital outlay	<u>245,300</u>	<u>192,350</u>	<u>186,213</u>	<u>6,137</u>
Total expenditures	<u>2,531,500</u>	<u>2,483,100</u>	<u>2,466,425</u>	<u>16,675</u>
Deficiency of revenues over expenditures	<u>(2,531,500)</u>	<u>(2,483,100)</u>	<u>(2,466,425)</u>	<u>16,675</u>
OTHER FINANCING SOURCES (USES)				
Transfers:				
State general fund annual appropriation	2,531,500	2,483,100	2,483,100	-
Reversion to State general fund – FY 09	<u>-</u>	<u>-</u>	<u>(16,675)</u>	<u>(16,675)</u>
Net other financing sources	<u>-</u>	<u>-</u>	<u>2,466,425</u>	<u>(16,675)</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
 SEVENTH JUDICIAL DISTRICT ATTORNEY
 BUDGETARY COMPARISON SCHEDULE
 BUDGET AND ACTUAL
 CAPITAL OUTLAY FUND-SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Special appropriation	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
Total revenues	_____ -	_____ -	_____ -	_____ -
EXPENDITURES				
Capital Outlay:				
General government	_____ 3,500	_____ 3,500	_____ -	_____ 3,500
Total expenditures	_____ 3,500	_____ 3,500	_____ -	_____ 3,500
Deficiency of revenues over expenditures	(_____ 3,500)	(_____ 3,500)	_____ -	_____ 3,500
OTHER FINANCING USES				
Transfers:				
Reversion to State general fund – FY 09	_____ -	_____ -	(_____ 3,500)	(_____ 3,500)
Total other financing uses	_____ -	_____ -	(_____ 3,500)	(_____ 3,500)
Net change in fund balance	\$ _____ -	\$ _____ -	\$(_____ 3,500)	\$(_____ 3,500)
Prior year fund balance	\$ _____ 3,500			

See accompanying notes to financial statements.

STATE OF NEW MEXICO
 SEVENTH JUDICIAL DISTRICT ATTORNEY
 BUDGETARY COMPARISON SCHEDULE
 BUDGET AND ACTUAL-SPECIAL REVENUE FUND
 SOUTHWEST BORDER PROSECUTION INITIATIVE GRANT FUND
 FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Southwest Border Patrol Initiative grant	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
Total revenues	_____ -	_____ -	_____ -	_____ -
EXPENDITURES				
Current:				
General government	<u>15,744</u>	<u>15,744</u>	_____ -	<u>15,744</u>
Total expenditures	<u>15,744</u>	<u>15,744</u>	_____ -	<u>15,744</u>
Deficiency of revenues over expenditures	(<u>15,744</u>)	(<u>15,744</u>)	_____ -	<u>15,744</u>
OTHER FINANCING USES				
Transfers	_____ -	_____ -	_____ -	_____ -
Total other financing uses	_____ -	_____ -	_____ -	_____ -
Net change in fund balance	\$ (<u>15,744</u>)	\$ (<u>15,744</u>)	\$ _____ -	\$ <u>15,744</u>
Prior year fund balance	\$ <u>15,774</u>			

See accompanying notes to financial statements.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
STATEMENT OF FIDUCIARY NET ASSETS – AGENCY FUNDS
JUNE 30, 2009

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 2,031
Due from participants	<u>18,927</u>
Total assets	<u>20,958</u>
LIABILITIES	
Due to Administrative Office of the District Attorney	19,847
Held for participants	<u>1,111</u>
Total liabilities	\$ <u>20,958</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. NATURE OF OPERATIONS AND REPORTING ENTITY

The District Attorney is an elective office established by the Constitution of the State of New Mexico, Article VI, Section 24. The District Attorney is elected to a four-year term. Functions of the District Attorney are defined in Section 36-1-1 through 36-1-26 NMSA 1978 as amended. The Seventh Judicial District serves the New Mexico Counties of Socorro, Torrance, Catron, and Sierra and has full time offices in Socorro, Truth or Consequences and Estancia. Financing of the District Attorney is by State of New Mexico appropriation.

It is the duty of the District Attorney to (a) prosecute and defend the state, in all courts of record of the counties of their district all cases, criminal and civil, in which the state or any county in their district may be a party or may be interested; (b) represent the county before the board of county commissioners of any county in their district in all matters before the board whenever requested to do so by the board, and he may appear before the board when sitting as a board of equalization [county valuation protests board] without request; (c) advise all county and state officers whenever requested; and (d) represent any county in their district in all civil cases in which the county may be concerned in the supreme court or court of appeals, but not in suits brought in the name of the state.

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 Generally Accepted Accounting Principles (GAAP). 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 government is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no component units included in the reporting entity.

The District Attorney is legally separate and fiscally independent of other state agencies, has decision making authority, the power to designate management, the responsibility to significant influence operations and primary accountability for fiscal matters.

The District Attorney is a component unit of the State of New Mexico. These financial statements present the financial position and results of operations of only those funds over which the District Attorney has oversight responsibility.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Seventh Judicial District Attorney have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). These statements include:

Presentation of management's discussion and analysis (MD&A) which provides an analysis of the District Attorney's overall financial position and results of operations.

Presentation of financial statements prepared using full accrual accounting for all District Attorney activities including reporting capital assets and related depreciation.

Other significant accounting policies of the District Attorney are discussed below:

A. Government-Wide and Fund Financial Statements

The District Attorney's basic financial statements include both government-wide (reporting the District Attorney as a whole) and fund financial statements (reporting the District Attorney's major funds). Both the government-wide and individual fund financial statements are all governmental type activities which include the classification of activities as a judicial government.

For its government-wide activities, the District Attorney has elected to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

The government-wide focus is more on the sustainability of the District Attorney as an entity and the changes in the District Attorney's net assets resulting from current year's activities. The government-wide statement of net assets is reported under the full accrual economic resource basis which recognizes all long term assets and receivables as well as long term debt and obligations. The District Attorney's net assets are reported in three parts - invested in capital assets net of related debt; restricted net assets and unrestricted net assets. The government-wide statement of activities reports the gross/net cost of the District Attorney's judicial government program. The judicial government function is primarily supported by a general revenue source - the annual State of New Mexico appropriation.

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 District Attorney actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different focus and basis of accounting than the government-wide statements' governmental column, reconciliations are presented for each statement which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental column on the government-wide presentation.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Government-Wide and Fund Financial Statements (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with specific functions.

The District Attorney's fiduciary funds (agency funds) are presented in the fund financial statements. Since by definition these assets are being held on benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

B. Fund Accounting

The District Attorney uses funds to report on its financial position and results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund balances, revenues and expenditures and other financing sources or uses. The District Attorney resources are allocated to and accounted for in individual funds based upon the purpose for which spending activities are controlled. The various funds are grouped, in the financial statements of this report, into generic fund types and categories, as follows:

GOVERNMENTAL FUNDS

General Fund (161) - The general operating fund of the District Attorney. It is used to account for all financial resources except those required to be accounted for in another fund. All appropriations received in this fund are revertible funds if not expended in the appropriate time frame.

Capital Outlay Fund (250) - A special revenue fund established to purchase vehicles for the District Attorney's office in Socorro. \$40,000 was appropriated under the Laws of 2007, Chapter 42, Section 44 during the year ended June 30, 2007. Unspent funds are required to revert at the end of the fiscal year ending two years following the year the appropriation was made. The District Attorney expended \$36,500 during fiscal year 2008, and the \$3,500 balance of this appropriation will be revert as part of its fiscal year 2009 reversion.

VAWA Grant Fund (939) - The Violence Against Women Act provided grant funds in a prior year on a cost reimbursement basis to encourage the development and implementation of effective, victim-centered law enforcement, prosecution, and court strategies to address violent crimes against women and the development and enhancement of victim services. There were no expenditures under this program during fiscal year 2009.

SWBPI Grant Fund (940) - Grant proceeds from the Southwest Border Prosecution Initiative Grant provided funds to support the prosecution and detention of federally referred cases. Remaining funds under the program may be used for any lawful purpose, and are available for general expenditure through fiscal year 2010. Unspent funds are to be reverted to the State general fund as part of the fiscal year 2010 reversion.

The District Attorney has elected to consider all their special revenue funds as major funds regardless of size.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (continued)

FIDUCIARY FUNDS

Agency Funds (96790) - Agency Funds are used to account for assets held by the District Attorney in a temporary fiduciary relationship involving only custodial or modest management responsibilities. Agency funds are not "operating" funds but are purely custodial and thus do not involve a measurement of results of operations.

Worthless Check Fund - Used to account for fees charged for monies collected from individuals issuing checks which are not redeemable by the bank, for either insufficient funds or other reasons. The fund is an administratively established fund, as authorized by Article 30-36-10, N.M.S.A, 1978 Compilation.

Pre-Prosecution Diversion Program - Used to account for financial resources of the pre-prosecution diversion program of the Seventh Judicial District Attorney. The fund is an administratively established fund, as authorized by Article 31-16A-1 to 31-16A-8. N.M.S.A., 1978 Compilation. This fund includes the Drug Testing Program, which was established to account for financial resources used to defray the costs of testing participants in the pre-prosecution program for controlled substances. The fund is an administratively established fund as authorized by Article 30-31-1 NMSA 1978 compilation.

C. Basis of Accounting

Basis of accounting refers to the timing at which revenues or expenditures/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.

1. Accrual - The government-wide and fiduciary financial statements are reported using economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flow.
2. Modified Accrual - The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when susceptible to accrual when they are both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Grant revenues are recorded when eligible expenditures have been incurred. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

D. Inter-fund Balances

Inter-fund balances at June 30, 2009 resulted from expenditures totaling \$5,313 for the VAWA fund being paid from the General Fund. Amounts are anticipated to be settled within one year. Inter-fund balances are eliminated in the government-wide financial statements.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets and Budgetary Accounting

The New Mexico State Legislature makes annual appropriations to the District Attorney. Legal compliance is monitored through the establishment of a budget and a financial control system, which permits a budget to actual expenditure comparison. Appropriations lapse at the end of the fiscal year, except for those amounts encumbered. All encumbrances at June 30, 2009 are represented in accounts payable. The District Attorney's General fund is a reverting fund.

The District Attorney submits to the New Mexico Department of Finance and Administration (DFA) an appropriation request and operating budget in accordance with New Mexico state law. Budget adjustments are also submitted to DFA. The budget and all budget adjustments made during the year have been approved by DFA. Expenditures, to meet legal compliance, cannot exceed the total budgeted expenditures for each cost category level of the entity. The budgets as presented in the financial statements are both the original appropriation and the final authorized amounts as legally revised during the year.

The budgets for the General fund and Special Revenue Funds are presented on the modified accrual basis of accounting except for accounts payable at the end of the fiscal year that do not get paid by the statutory deadline. Those accounts payable that do not get paid on a timely basis must be paid out of the next year's budget. Encumbrances related to single year appropriations lapse at year end. Encumbrances representing goods and services received by year end are reported as accounts payable. Any remaining encumbrances related to a single year appropriation must be reclassified as unreserved fund balance and a liability recorded to recognize any amount subject to reversion.

F. Capital Assets

Furniture, equipment and vehicles purchased or acquired are 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. The District Attorney has no capitalized computer software costs. Other costs incurred for repairs and maintenance are expensed as incurred. Effective July 1, 2005, the State's capitalization policy, i.e. the dollar value above which assets acquisitions are added to the capital accounts, was changed to \$5,000 from \$1,000. Assets with historical cost under \$5,000 and under \$1,000 that were capitalized prior to July 1, 2005 remain on the District Attorney's capital asset schedule

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives with no salvage value. The District Attorney estimates the useful lives of capital assets as follows:

Furniture and Equipment	10 years
Computer equipment and software	5 years
Vehicles	5 years

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Compensated Absences

ACCRUED ANNUAL LEAVE

Qualified employees accumulate annual leave to a maximum of 240 hours as follows:

<u>Years Of Service</u>	<u>Hours Earned Per Month</u>
To 4 years	10
Over 4 to 8 Years	11
Over 8 to 12 Years	12
Over 12 to 14 Years	13
Over 16 years	14

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. At June 30, 2009, accrued compensated absences payable for accumulated annual leave totaled \$93,300.

ACCRUED SICK LEAVE

Existing legislation 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 on July 1 and January 1 of each year. This 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 240 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, 2009 over 600 hours. The District Attorney had two employees with accumulated sick leave in excess of 600 hours at June 30, 2009, which amounted to \$2,879.

H. 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 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.

I. Risk Management

The District Attorney is exposed to various risks of loss for which the District Attorney carries insurance (Auto, Employee Fidelity Bond; General Liability, Civil Rights, and Foreign Jurisdiction; Money and Securities; Property; and Workers Compensation) with the State of New Mexico Risk Management Division. There have been no settled claims which have exceeded insurance coverage in any of the past three fiscal years.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Net Assets/Fund Balance

The government-wide financial statements utilize a net asset presentation. Net assets are categorized as invested in capital assets, restricted, and unrestricted.

Investment 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. The DA did not have any related debt during the year ended June 30, 2009.

Unrestricted (Deficit) Net Assets - represent the deficit of the DA at June 30, 2009. It consists of the DA's compensated absences payable. It is expected that this deficit related to the compensated absences payable will be financed by future state appropriations.

The District Attorney records restricted net assets when there are legal limitations imposed on their use by law. These same legal limitations are reflected as reservations of fund balance. If restricted and unrestricted assets are available for the same purpose, then restricted net assets will be used before unrestricted net assets.

3. CASH AND INVESTMENT POLICY

Investment in the State Treasurer's Office General Fund Investment Pool

Investment in the STO GFIP reported in the general fund is generated through appropriation from the State of New Mexico general fund and special grants and is on deposit with the New Mexico State Treasurer's office. At June 30, 2009, the carrying amount of the District Attorney accounts as well as the New Mexico State Treasurer's balance is \$162,539.

The District Attorney is not permitted to have any investments other than what is held at the State Treasurer's Office. The Office of the State Treasurer has its own separate annual independent audit in which the collateral pledged to secure these deposits is held. The annual audit report may be obtained by writing to the New Mexico State Treasurer's Office, PO Box 608, Santa Fe, NM 87504-0608.

As insurance and collateralization requirements are accounted for at the New Mexico State Treasurer level, they are not determinable by individual deposit account holder. Custodial credit risk is the risk that deposits are not returned in event of bank failure. There is no custodial credit risk at the District Attorney level since the cash amount is under the contract of the New Mexico State Treasurer.

Cash (agency funds)

Cash reflected in agency funds is held by a private financial institution. At June 30, 2009, the carrying amount of the District Attorney accounts is \$2,031 and the deposit amount is \$2,285. Custodial credit risk is the risk that deposits are not returned in the event of bank failure. Since the financial institution balance did not exceed \$250,000, they are fully insured by the Federal Deposit Insurance Corporation, and the District Attorney's credit risk is zero for these accounts.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

4. CAPITAL ASSETS

The following is a summary of changes in the capital assets during the fiscal year:

	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
Operating assets:				
Vehicles	\$ 292,753	\$ 25,541	\$ -	\$ 318,294
Furniture and equipment	<u>190,553</u>	<u>6,703</u>	<u>19,379</u>	<u>177,877</u>
Total capital assets	<u>483,306</u>	<u>32,244</u>	<u>19,379</u>	<u>496,171</u>
Less accumulated depreciation:				
Vehicles	(184,087)	(24,315)	-	(208,402)
Furniture and equipment	<u>(186,204)</u>	<u>(2,045)</u>	<u>19,379</u>	<u>(168,870)</u>
	<u>(370,291)</u>	<u>(26,360)</u>	<u>19,379</u>	<u>(377,272)</u>
Net capital assets	\$ <u>113,015</u>	\$ <u>5,884</u>	\$ <u>-</u>	\$ <u>118,899</u>

Beginning accumulated depreciation has been restated as described in Note 10.

The District Attorney has idle equipment totaling \$62,520. All idle assets are fully depreciated.

5. APPROPRIATIONS/REVERSION

The District Attorney received the 97th fiscal year (2009) annual appropriation and compensation package (DFA agency 341, fund 853) in the amount of \$2,483,100.

At June 30, 2009, amounts not paid or represented by valid vouchers payable and accrued payroll and related benefits revert to the New Mexico State General fund. Reported reversions for the year ended June 30, 2009 amounted to \$20,175, including \$3,500 in unspent capital outlay from a special appropriation carrying from FY 07. The FY 08 reversion made of \$20,283 exceeded the final computed required reversion by \$151. The total amount due to the State General fund is \$20,024 (DFA agency 341, fund 853).

6. ACCRUED COMPENSATED ABSENCES

The following is a summary of changes in accrued compensated absences for the fiscal year ended June 30, 2009 which will be liquidated in the general fund:

	<u>Balance</u> <u>June 30, 2008</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Due within</u> <u>one year</u>
Compensated absences	\$ <u>86,849</u>	\$ <u>47,917</u>	\$ <u>38,587</u>	\$ <u>96,179</u>	\$ <u>76,232</u>

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

7. PENSION PLAN

Plan Description

All of the District Attorney's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, 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, New Mexico 87504-2123. The report is also available on the PERA website at www.pera.state.nm.us.

Funding Policy

Plan members are required to contribute 7.42% of their gross salary. The District Attorney is required to contribute 16.59% of the plan member's gross salary. The contribution requirements of plan members and the Authority are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The District Attorney's contributions to PERA for the years ending June 30, 2009, 2008, and 2007 were \$261,179, \$249,347 and \$213,170, respectively, which is equal to the amount of the required contributions for each year.

8. POST-EMPLOYMENT BENEFITS

Plan Description

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

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

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

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

8. POST-EMPLOYMENT BENEFITS (Continued)

Funding Policy

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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

The District Attorney's contributions to the RHCA for the years ended June 30, 2009, 2008, and 2007 were \$18,845, \$17,962 and \$16,423, respectively, which equal the required contribution for each year.

9. OPERATING LEASES

The District Attorney leases certain office equipment with required monthly payments ranging from 48 to 60 months. The leases are subject to an annual appropriation clause which commits the District Attorney only for each fiscal year. Expenditures under these leases amounted to \$27,214 for the year ended June 30, 2009. Minimum lease payments under these operating leases are as follows:

2010	\$	15,356
2011		6,789
2012		5,392
2013		<u>4,016</u>
	\$	<u>31,553</u>

10. NET ASSET RESTATEMENT

The financial statements reflect an increase to beginning net assets of \$20,684 resulting from the correction of over-reported accumulated depreciation in the amount of \$21,437 at June 30, 2008, and an error in the VAWA cost reimbursement grant fund that had reported a fund balance of \$753.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2009

	<u>Worthless Check Fund</u>	<u>Pre-prosecution Diversion Program</u>	<u>Total</u>
ASSETS			
Cash in bank	\$ 55	\$ 1,976	\$ 2,031
Due from participants	<u>-</u>	<u>18,927</u>	<u>18,927</u>
Total assets	\$ <u>55</u>	\$ <u>20,903</u>	\$ <u>20,958</u>
LIABILITIES			
Due to Administrative Office of the District Attorney	\$ 55	\$ 19,792	\$ 19,847
Held for participants	<u>-</u>	<u>1,111</u>	<u>1,111</u>
Total liabilities	\$ <u>55</u>	\$ <u>20,903</u>	\$ <u>20,958</u>

See accompanying notes to financial statements.

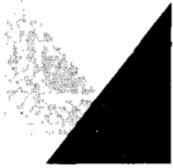
STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
OF AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
WORTHLESS CHECK FUND				
<u>Assets</u>				
Cash	\$ <u>224</u>	\$ <u>1,380</u>	\$ <u>1,549</u>	\$ <u>55</u>
<u>Liabilities</u>				
Due to Administrative Office of the District Attorney	\$ <u>224</u>	\$ <u>1,380</u>	\$ <u>1,549</u>	\$ <u>55</u>
PRE-PROSECUTION DIVERSION PROGRAM FUND				
<u>Assets</u>				
Cash	\$ 2,236	\$ 11,976	\$ 12,236	\$ 1,976
Due from participants	<u>15,794</u>	<u>14,450</u>	<u>11,317</u>	<u>18,927</u>
Total	\$ <u>18,030</u>	\$ <u>26,426</u>	\$ <u>23,553</u>	\$ <u>20,903</u>
<u>Liabilities</u>				
Held for participants	\$ 1,181	\$ 659	\$ 729	\$ 1,111
Due to Administrative Office of the District Attorney	<u>16,849</u>	<u>25,767</u>	<u>22,824</u>	<u>19,792</u>
Total	\$ <u>18,030</u>	\$ <u>26,426</u>	\$ <u>23,553</u>	\$ <u>20,903</u>
TOTAL AGENCY FUNDS				
<u>Assets</u>				
Cash	\$ 2,460	\$ 13,356	\$ 13,785	\$ 2,031
Due from participants	<u>15,794</u>	<u>14,450</u>	<u>11,317</u>	<u>18,927</u>
Total	\$ <u>18,254</u>	\$ <u>27,806</u>	\$ <u>25,102</u>	\$ <u>20,958</u>
<u>Liabilities</u>				
Held for participants	\$ 1,181	\$ 659	\$ 729	\$ 1,111
Due to Administrative Office of the District Attorney	<u>17,073</u>	<u>27,147</u>	<u>24,373</u>	<u>19,847</u>
Total	\$ <u>18,254</u>	\$ <u>27,806</u>	\$ <u>25,102</u>	\$ <u>20,958</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
SCHEDULE OF CASH ACCOUNTS
JUNE 30, 2009

	<u>Type of Account</u>	<u>Financial Statement Balance June 30, 2009</u>	<u>Treasurer/ Bank Balance June 30, 2009</u>
<u>First State Bank of Socorro</u>			
Worthless Check	Checking	\$ 55	\$ 55
Pre-prosecution	Checking	865	865
Drug Testing Trust account	Checking	<u>1,111</u>	<u>1,111</u>
		\$ <u>2,031</u>	\$ <u>2,031</u>
 <u>New Mexico State Treasurer</u>			
DA Seventh District	16100	Checking	\$ 137,952
Capital Outlay	25000	Checking	3,500
VAWA	93900	Checking	5,313
SWBPI	94000	Checking	<u>15,774</u>
			\$ <u>162,539</u>
			\$ <u>162,539</u>



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

Clinton H. Wellborn, Seventh Judicial District Attorney
and
Mr. Hector H. Balderas
New Mexico State Auditor

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Office of the District Attorney, Seventh Judicial District, State of New Mexico, as of and for the year ended June 30, 2009, which collectively comprise the Seventh Judicial District Attorney's basic financial statements and have issued our report thereon dated November 30, 2009. We have also audited the financial statements of each of the fiduciary funds presented in the combining and individual fund financial statements as of June 30, 2009, as listed in the table of contents. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Seventh Judicial District Attorney's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Seventh Judicial District Attorney's financial statements that is more than inconsequential will not be prevented or detected by the Seventh Judicial District Attorney's internal control.

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

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

Compliance and Other Matters

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

We noted a matter that is required to be reported under Government Auditing Standards under paragraph 5.14 and 5.16, and Section 12-6-5 NMSA 1978, which is described in the accompanying schedule of findings and responses as finding 9-1.

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

This report is intended solely for the information and use of the New Mexico State Auditor and management and is not intended to be and should not be used by anyone other than these specified parties.

Mackie, Reid & Company
Mackie, Reid & Company, P.A.
Certified Public Accountants

Albuquerque, New Mexico
November 30, 2009

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2009

Prior Year Findings

There were no prior year findings

Current Year Finding

9-1 Maintaining the General Ledger

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2009

Current Year Finding

9-1 Maintaining the General Ledger

Condition:

During our audit, we noted differences in general ledger recorded amounts which required adjustment. Some automatically created entries in the SHARE system related to payroll and to grant activity had not been questioned or addressed through a reconciliation process by the District Attorney.

Criteria:

Internal control over the general ledger requires that all recorded balances be reconciled to supporting documentation.

Effect:

Incorrect balances have been maintained in several general ledger accounts.

Cause:

Some accounting entries handled automatically in the SHARE system had produced incorrect amounts in the general ledger. In some instances supporting documentation to verify balances has been difficult to obtain from the SHARE accounting system.

Recommendation:

Current procedures at the District Attorney include a detail review of expenditure accounts on a monthly basis. We suggest that the District Attorney expand these monthly review procedures to include a review and reconciliation of all general ledger balance sheet accounts. Required adjusting entries should be made as necessary.

Responses:

The required adjustments were the result of the SHARE system improperly processing the payroll liability accounts, of which we have no control over nor do we receive any documentation on. This fund was also no longer being monitored since there was no activity in this fund since June of 2008 and it had been previously audited. Procedures have been implemented to monitor these accounts and reconcile all general ledger balance sheet accounts along with the expenditure accounts.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
EXIT CONFERENCE
JUNE 30, 2009

An exit conference was held on December 9, 2009 and the contents of this report were discussed. Present at the exit were:

Clint H. Wellborn
J.B. Mauldin
Debra Saunders, CPA
Jim Van Der Geest, CPA

District Attorney
Fiscal Officer
Independent Accountant
Independent Accountant

Financial Statement Preparation

The Authority's financial statements were prepared substantially by the independent auditor, Mackie Reid, and Company, PA.