

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
FINANCIAL STATEMENTS
JUNE 30, 2011

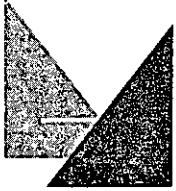
STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
OFFICIAL ROSTER
JUNE 30, 2011

Clint H. Wellborn
J.B. Mauldin

District Attorney
Fiscal Officer

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
TABLE OF CONTENTS
JUNE 30, 2011

	<u>PAGE</u>
Official Roster	i
Table of Contents	ii
Report of Independent Auditors	1-2
Management Discussion and Analysis	3-6
Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	7
Statement of Activities.....	8
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	9
Statement of Revenues, Expenditures and Changes in Fund Balances	10
Budgetary Comparison Schedules	
Budget and Actual:	
General Fund	11
Southwest Border Prosecution Initiative Grant Fund.....	12
Fiduciary Funds:	
Statement of Fiduciary Assets and Liabilities – Agency Funds	13
Notes to Financial Statements	14-24
Combining and Individual Fund Statements:	
Agency Funds:	
Combining Statement of Fiduciary Assets and Liabilities	25
Other Information:	
Combining Schedule of Changes in Assets and Liabilities of Agency Funds	26
Schedule of Cash Accounts.....	27
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.....	28-29
Schedule of Findings and Responses:	
Findings Relating to the Financial Statements	
Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards.....	30
Exit Conference	31



MACKIE, REID &
COMPANY, PA

Certified Public Accountants

REPORT OF INDEPENDENT AUDITORS

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, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of the Office of the District Attorney, Seventh Judicial District, State of New Mexico, as of and for the year ended June 30, 2011, which collectively comprise the Seventh Judicial District Attorney's basic financial statements as listed in the table of contents. We have also audited the combining statement of fiduciary assets and liabilities of the Seventh Judicial District Attorney fiduciary funds as of June 30, 2011. 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, 2011, 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, 2011, and the respective changes in financial position and the respective budgetary comparison for the general fund and the major special revenue 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 financial position of each fiduciary fund of the Seventh Judicial District Attorney, as of June 30, 2011, 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 29, 2011, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Seventh Judicial District Attorney's basic financial statements and the combining balance sheet of the fiduciary funds of the Seventh Judicial Attorney 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 29, 2011

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY'S OFFICE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

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 \$2,380,300 for FY 2008, not including a special appropriation of \$40,000 to purchase vehicles, \$2,483,100 for FY 2009, \$2,399,100 for FY 2010, and \$2,258,100 for FY 2011. 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. A balance of \$15,774 remained for use in FY 2011. The general fund final budget has increased 13% from FY 2007 to FY 2008, 4% from FY 2008 to FY 2009, decreased 3.4% from FY 2009 to FY 2010, and decreased 5.8% from FY 2010 to FY 2011. We expended 99.2% in FY 2008, 99.3% in FY 2009, 95.8% in FY 2010, and 99.0% of our budget in FY 2011. Actual expenditures on a budgetary basis were \$2,360,767 in FY 2008, \$2,466,425 in FY 2009, \$2,297,311 in FY 2010, and \$2,234,726 in FY 2011.

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, 2011

FINANCIAL ANALYSIS

Analysis of Financial Position

A comparative condensed statement of net assets is as follows:

	<u>2011</u>	<u>2010</u>
Total assets	\$ 188,580	\$ 316,845
Total liabilities	\$ 199,663	\$ 332,109
Net assets	\$ (11,083)	\$ (15,264)

Current year total assets include \$111,744 in investment in STO GFIP and \$76,836 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 \$23,374. In addition, a liability for \$75,858 is reported for accrued compensated absences expected to be paid within one year, and \$27,835 expected to be paid after one year.

Results of Operation

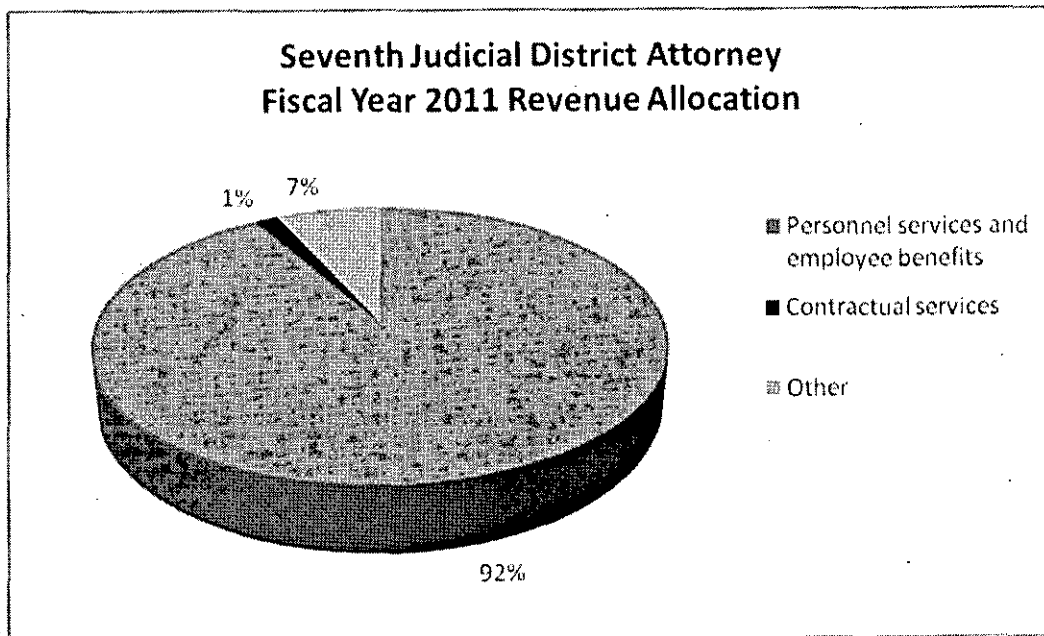
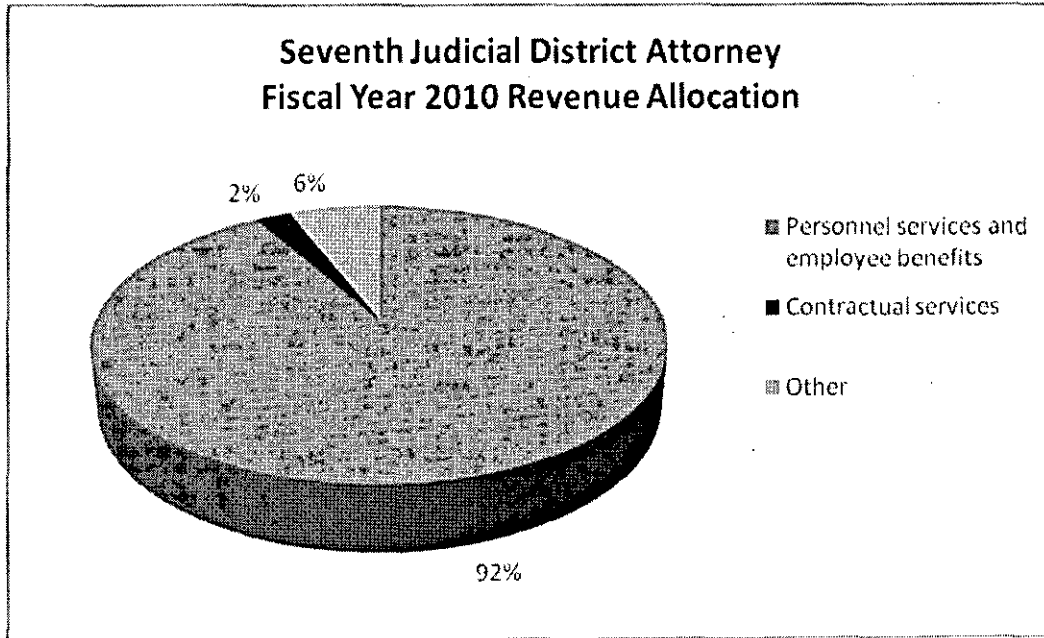
A comparative condensed statement of activities is as follows:

	<u>2011</u>	<u>2010</u>
Total revenues	\$ 2,258,100	\$ 2,297,311
Total expenses	\$ 2,230,545	\$ 2,351,069
Change in net assets	\$ 4,181	\$ (53,758)
Net assets, beginning of year	\$ (15,264)	\$ 38,494
Net assets, end of year	\$ (11,083)	\$ (15,264)

Some idle and obsolete assets held in storage were disposed of during FY 2011 which decreased capital assets and accumulated depreciation which, after applied, results in a slight decrease in net assets. Our expenditures were held in check by keeping vacant positions unfilled, in anticipation of more budget cuts. Some employees were on workers comp or leave without pay due to illnesses and this also contributed to budget savings. Accrued compensated absences decreased from \$117,567 in FY 2010 to \$103,693 in FY 2011 for a difference of \$13,874, which increased net assets. There was a 5.8% decrease in revenues from FY 2010 as a result of decreased revenues for the State of New Mexico due to the economic situation the country is in.

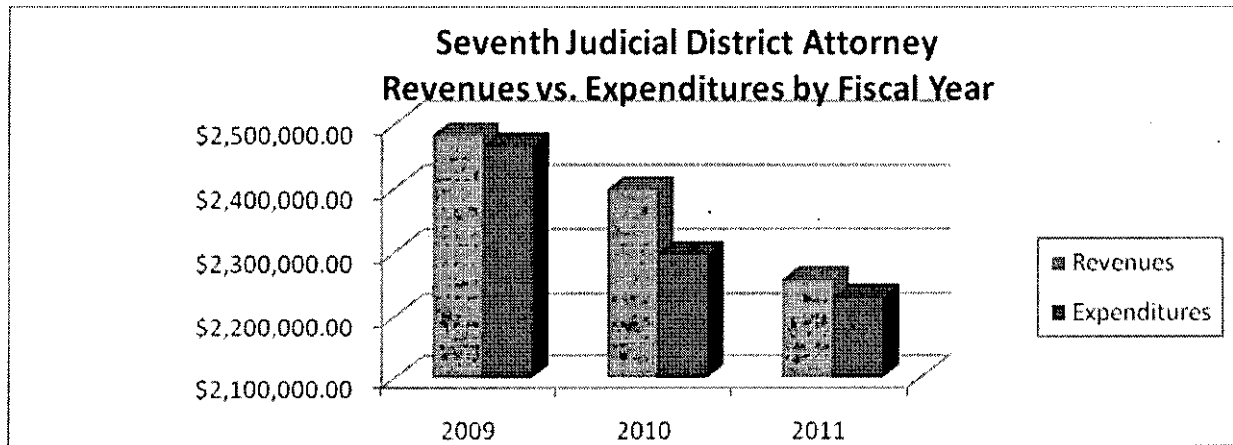
The agency's governmental fund expenditures are divided into three categories: (1) Personal services and employee benefits, (2) Contractual services, and (3) Other costs, which include all operational costs (travel, supplies, maintenance, telecommunications, rent of equipment, and capital outlay). The following charts illustrate the revenue allocation for Fiscal Years 2010 and 2011.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY'S OFFICE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011



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, 2011



Analysis of Overall Agency Position and Result of Operations

The main change in the Seventh Judicial District Attorney's financial position from the prior year is the decrease in revenues and expenditures. Net assets increased slightly. This increase was due primarily to decreased accrued compensated absences. The decrease in expenditures was a result of leaving positions vacant in anticipation of more budget reductions as we continue to deal with the economic challenges the State of New Mexico is facing. Another factor in reduced expenditures is that some current staff members have been on workers comp or leave without pay due to illnesses. We had to reduce our general fund budget by an additional 3.24%, after the original appropriation, due to Laws of 2010, 2nd Special Session, Chapter 6, Section 14. This, again, 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 the \$68,163 of SWBPI funds received we have a balance of \$15,774 remaining. Our general fund appropriation increased from FY 2006 through FY 2009 by an average of 9.7% per year. This came to a halt in FY 2010 and our budget decreased by an average of 4.65% per year from FY 2009 through FY 2011. On an actual budgetary basis the agency's expenditures were \$2,234,726 and revenues were \$2,258,100 for FY 2011. Current budgeted revenues exceeded our current budgeted expenditures by \$23,374, or 1.0%. Or, to look at this from another perspective, we spent 99.0% of our general fund budget. This excess of \$23,374 has been included in the required reversion to the state general fund.

The final budget changed from the original by a \$15,774 budget adjustment that established the budget from fund balance for the remaining SWBPI funds.

Overall, the Seventh Judicial District Attorney's Office remains financially stable, as we have planned for some revenue cuts. However, with more revenue reductions we will have to start looking at reducing services further and possibly executing furloughs or layoffs in order to continue to operate within our appropriated budget. On a positive note, the State's economic outlook seems to be improving and we are hopeful that there will be no further budget reductions in the near future.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
STATEMENT OF NET ASSETS
JUNE 30, 2011

	<u>Governmental Activities</u>
ASSETS	
Investment in State Treasurer's Office General Fund Investment Pool	\$ 111,744
Capital assets, net of accumulated depreciation	<u>76,836</u>
Total assets	<u>188,580</u>
LIABILITIES	
Accounts payable	7,691
Accrued payroll and related benefits payable	64,905
Due to State general fund	23,374
Accrued compensated absences	
Expected to be paid within one year	75,858
Expected to be paid after one year	<u>27,835</u>
Total liabilities	<u>199,663</u>
NET ASSETS (DEFICIT)	
Invested in capital assets	76,836
Unrestricted (deficit)	<u>(87,919)</u>
Total net deficit	\$ (<u>11,083</u>)

See accompanying notes to financial statements.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

	Governmental <u>Activities</u>
PROGRAM EXPENSES	
General government:	
Personnel services and employee benefits	\$ 2,036,135
Contractual services	24,625
Operating expenses	137,831
Depreciation	<u>31,954</u>
Total program expenses	<u>2,230,545</u>
 GENERAL REVENUES	
Transfers:	
State general fund annual appropriation	2,258,100
Less reversion to State general fund – FY11	<u>(23,374)</u>
Total general revenues	<u>2,234,726</u>
Change in net assets	4,181
Net deficit, beginning of year	<u>(15,264)</u>
Net deficit, end of year	\$ <u>(11,083)</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

ASSETS	General Fund	SWBPI Grant Fund	Governmental Funds Total
Investment in State Treasurer's Office General Fund Investment Pool	\$ <u>95,970</u>	\$ <u>15,774</u>	\$ <u>111,744</u>
Total assets	\$ <u>95,970</u>	\$ <u>15,774</u>	\$ <u>111,744</u>
 LIABILITIES			
Accounts payable	\$ 7,691	\$ -	\$ 7,691
Accrued payroll and related benefits payable	64,905	-	64,905
Due to State general fund	<u>23,374</u>	-	<u>23,374</u>
Total liabilities	<u>95,970</u>	-	<u>95,970</u>
 FUND BALANCES			
Unassigned	-	<u>15,774</u>	<u>15,774</u>
Total fund balances	-	<u>15,774</u>	<u>15,774</u>
Total liabilities and fund balances	\$ <u>95,970</u>	\$ <u>15,774</u>	\$ <u>111,774</u>
Total Governmental fund balances			\$ 15,774

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

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds	76,836
Accrued compensated absences are not due and payable in the current period and are therefore not reported in the funds	(103,693)
Net assets of governmental activities	\$ (11,083)

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
YEAR ENDED JUNE 30, 2011

	<u>General Fund</u>	<u>SWBPI Grant Fund</u>	<u>Governmental Funds Total</u>
EXPENDITURES			
General government			
Current operations:			
Personnel services and employee benefits	\$ 2,050,009	\$ -	\$ 2,050,009
Contractual services	24,625	-	24,625
Operating expenses	<u>160,092</u>	-	<u>160,092</u>
Total expenditures	<u>2,234,726</u>	-	<u>2,234,726</u>
Deficiency of revenues over expenditures	<u>(2,234,726)</u>	-	<u>(2,234,726)</u>
OTHER FINANCING SOURCES (USES)			
Transfer – State general fund appropriations	2,258,100	-	2,258,100
Transfer – Reversion to State general fund – FY 11	<u>(23,374)</u>	-	<u>(23,374)</u>
Total other financing sources (uses)	<u>2,234,726</u>	-	<u>2,234,726</u>
Net change in fund balances	-	-	-
Fund balances, beginning of year	<u>-</u>	<u>15,774</u>	<u>15,744</u>
Fund balances, end of year	\$ <u>-</u>	\$ <u>15,774</u>	\$ <u>15,774</u>
Net change in fund balances			\$ -
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures, while in the statement of activities the costs of these assets is capitalized			22,261
Governmental funds do not report depreciation expense which is recorded in the statement of activities			(31,954)
Governmental funds do not report the net change in accrued compensated absences			<u>13,874</u>
Change in net assets of governmental activities			\$ <u>4,181</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
BUDGETARY COMPARISON SCHEDULE
BUDGET TO ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2011

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES				
Current operations:				
Personnel services and employee benefits	\$ 2,137,100	\$ 2,067,800	\$ 2,050,009	\$ 17,791
Contractual services	35,500	25,100	24,625	475
Operating expenses	<u>161,200</u>	<u>165,200</u>	<u>160,092</u>	<u>5,108</u>
Total expenditures	<u>2,333,800</u>	<u>2,258,100</u>	<u>2,234,726</u>	<u>23,374</u>
Deficiency of revenues over expenditures	<u>(2,333,800)</u>	<u>(2,258,100)</u>	<u>(2,234,726)</u>	<u>23,374</u>
OTHER FINANCING SOURCES				
Transfers:				
State general fund annual appropriation	2,333,800	2,258,100	2,258,100	-
Reversion to State general fund ~ FY 11	<u> -</u>	<u> -</u>	<u>(23,374)</u>	<u>(23,374)</u>
Net other financing sources	<u>2,333,800</u>	<u>2,258,100</u>	<u>2,234,726</u>	<u>(23,374)</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 TO ACTUAL – SPECIAL REVENUE FUND
 SOUTHWEST BORDER PROSECUTION INITIATIVE GRANT FUND
 YEAR ENDED JUNE 30, 2011

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
Southwest Border Patrol Initiative grant	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
Total revenues	_____ -	_____ -	_____ -	_____ -
EXPENDITURES				
Current operations:				
General government	_____ -	15,744	_____ -	15,744
Total expenditures	_____ -	15,744	_____ -	15,744
Deficiency of revenues over expenditures	\$ _____ -	\$ (15,744)	\$ _____ -	\$ 15,744
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 ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2011

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 1,359
Due from participants	<u>17,804</u>
Total assets	\$ <u>19,163</u>
LIABILITIES	
Due to Administrative Office of the District Attorney	17,804
Held for participants	<u>1,359</u>
Total liabilities	\$ <u>19,163</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

1. NATURE OF OPERATIONS AND REPORTING ENTITY

The Seventh Judicial District Attorney ("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. 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 accordance with accounting principles generally accepted in the United States of America (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 significantly 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, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the District Attorney have been prepared in accordance 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 of the District Attorney's 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 and fund financial statements. The government-wide statements (the statement of net assets and the statement of activities) report information on the District Attorney as a whole. The separate fund financial statements provide reports on the financial condition and results of operations for major individual funds. The District Attorney's activities are all governmental activities, which include the classification of activities as a judicial government.

For its government-wide financial statements, 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 constitutes GAAP for governmental units.

The government-wide focus is 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 statement of net assets incorporates 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, if any, restricted net assets (none held at June 30, 2011), and unrestricted net assets.

The government-wide 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 statement of activities reports the gross and 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.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The governmental fund statements are presented on a current financial resource measurement focus and the 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's actual experience conforms to the budget plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, reconciliations are presented for each statement which briefly explain the differences between the governmental fund financial statements and the government-wide financial statements.

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 third parties 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's 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 into fund types and categories as follows:

Governmental Funds

General Fund (161) - This fund is the 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.

SWBPI Grant Fund (940) - This special revenue fund accounts for grant funds provided by the Southwest Border Prosecution Initiative in a prior year 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. Any unexpended balances remaining at the end of the fiscal year does not revert, but remains for expenditure in future fiscal years.

The District Attorney has elected to consider its special revenue fund as a major fund regardless of size.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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. At June 30, 2011, the District Attorney had two such funds:

Worthless Check Fund – This fund is 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, NMSA 1978.

Pre-Prosecution Diversion Program – This fund is used to account for fees charged to participants in the pre-prosecution diversion program of the District Attorney. The fund is an administratively established fund, as authorized by Article 31-16A-1 to 31-16A-8, NMSA 1978. This fund includes the Drug Testing Program, which was established to account for fees collected from participants to defray the costs of testing for controlled substances. The fund is an administratively established fund as authorized by Article 30-31-1, NMSA 1978.

C. Basis of Accounting

The government-wide and fiduciary financial statements are reported using the 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.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenue is considered available if it is collected within 60 days of the current fiscal year end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting include recording employees' annual leave when paid.

D. 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. The District Attorney's general fund is a reverting fund.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and Budgetary Accounting (continued)

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 for each cost category may not legally exceed the budget for each cost category. 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 on a timely basis and 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. Remaining encumbrances, if any, are reclassified as unreserved fund balance and a liability recorded to recognize any amount subject to reversion.

E. Capital Assets

Capital assets, which include furniture, equipment and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District Attorney as assets which have a cost of \$5,000 or more at date of acquisition. The District Attorney has no capitalized computer software costs. Donated capital 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 costs of normal maintenance and repairs are expensed as incurred. 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

F. Compensated Absences

Qualified employees are entitled to accumulate annual leave which is payable to the employee upon termination or retirement. Employees earn annual leave 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

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Compensated Absences (continued)

The maximum accrual of annual leave is 240 hours. The maximum accrued annual leave may be carried forward into the beginning of the next calendar year and any excess is lost. At June 30, 2011, accrued annual leave totaled \$100,535.

Qualified employees are entitled to accumulate 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 is 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, 2011 over 600 hours. The District Attorney had four employees with accumulated sick leave in excess of 600 hours at June 30, 2011, which amounted to \$3,158.

G. 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.

H. Fund Balances/ Net Assets

Effective July 1, 2010, the District Attorney has adopted GASB Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The standard establishes and defines the following categories:

- Nonspendable – amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.
- Restricted – amounts that are restricted to specific purposes either externally imposed by creditors, grantors, or laws or regulations, or imposed by law through constitutional provisions or enabling legislation.
- Committed – amounts that can only be used for specific purposes pursuant to formal action of the government's highest decision making authority.
- Assigned – amounts that are intended to be used for specific purposes, but are neither restricted nor committed.
- Unassigned – remaining fund balances not restricted, committed, or assigned.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Balances/Net Assets (continued)

Unrestricted (Deficit) net assets represents the deficit of the District Attorney at June 30, 2011. It consists of the District Attorney's compensated absences payable less unreverting monies in the SWBPI grant fund and capital assets. 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. If restricted and unrestricted assets are available for the same purpose, then restricted net assets will be used before unrestricted net assets.

I. Use of Estimates

The preparation of the District Attorney's financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and of revenues and expenditures during the reporting period and, when applicable, disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

3. CASH AND INVESTMENT

Cash reflected in agency funds is held by a private financial institution. At June 30, 2011, the carrying amount of the District Attorney accounts is \$1,359 and the deposit amount is \$1,471. Custodial credit risk is the risk that in the event of bank failure the District Attorney's deposits may not be returned. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized by securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agency but not in the District Attorney's name. At June 30, 2011, the cash is fully insured by the Federal Deposit Insurance Corporation and the District Attorney has no custodial credit risk.

The District Attorney is not permitted to have any investments other than what is held at the State Treasurer's Office. Investments at June 30, 2011 consist of funds in the State Treasurer's Office General Fund Investment Pool which are generated through appropriation from the State general fund and a prior year grant. At June 30, 2011, the State Treasurer's balance and the District Attorney's carrying amount are \$111,744.

As insurance and collateralization requirements are accounted for at the New Mexico State Treasurer level, they are not determinable by individual deposit account holder. The Office of the State Treasurer has its own separate annual independent audit. 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.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

4. CAPITAL ASSETS

The following is a summary of changes in the capital assets for the year ended June 30, 2011:

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Operating assets:				
Vehicles	\$ 318,294	\$ 22,261	\$ -	\$ 340,555
Furniture and equipment	<u>120,574</u>	<u>-</u>	<u>(15,553)</u>	<u>105,021</u>
Total capital assets	<u>438,868</u>	<u>22,261</u>	<u>(15,553)</u>	<u>445,576</u>
Less accumulated depreciation:				
Vehicles	(237,517)	(30,176)	-	(267,693)
Furniture and equipment	<u>(114,822)</u>	<u>(1,778)</u>	<u>(15,553)</u>	<u>(101,047)</u>
	<u>(352,339)</u>	<u>(31,954)</u>	<u>(15,553)</u>	<u>(368,740)</u>
Net capital assets	\$ <u>86,529</u>	\$ <u>(9,693)</u>	\$ <u>-</u>	\$ <u>76,836</u>

The District Attorney has idle equipment totaling \$18,881. All idle assets are fully depreciated.

5. APPROPRIATIONS/REVERSION

The District Attorney received the 99th fiscal year (2011) annual appropriation (DFA agency 341, fund 853) in the amount of \$2,258,100.

At June 30, 2011, amounts not paid or represented by valid accounts payable or accrued payroll and related benefits payable revert to the New Mexico State general fund. Reported reversions for the year ended June 30, 2011 amounted to \$23,374. The total amount due to the State general fund is \$23,374. (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, 2011 which will be liquidated in the general fund:

	<u>Balance</u> <u>June 30, 2010</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Due within</u> <u>one year</u>
Compensated absences	\$ <u>117,567</u>	\$ <u>65,586</u>	\$ <u>79,460</u>	\$ <u>103,693</u>	\$ <u>75,858</u>

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

7. PENSION PLAN -PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

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 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, 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 8.92% of their gross salary. The District Attorney is required to contribute 15.09% of the gross covered salary. The contribution requirements of plan members and the District Attorney are established in State statute 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, 2011, 2010, and 2009 were \$217,389, \$232,940, and \$261,179, respectively, which equal the amount of the required contributions for each fiscal year.

8. POST EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

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, 2011

8. POST EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (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. During the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 1.666% of each participating employee's annual salary; each participating employee was required to contribute .8333% of their salary. In the fiscal years ending June 30, 2012 and June 30, 2013 the contribution rates for employees and employers will rise as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
2012	1.834%	.917%
2013	2.000%	1.000%

Also, employers joining the program after January 1, 1998 are 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, 2011, 2010, and 2009 were \$23,835, \$19,315 and \$18,845, respectively, which equal the required contribution for each year.

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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 \$23,117 for the year ended June 30, 2011. Minimum lease payments under these operating leases are as follows:

2012	\$ 24,491
2013	23,116
2014	19,100
2015	<u>13,891</u>
	\$ <u>80,598</u>

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 29, 2011, the date which the financial statements were available to be issued.

STATE OF NEW MEXICO
 SEVENTH JUDICIAL DISTRICT ATTORNEY
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 JUNE 30, 2011

	<u>Worthless Check Fund</u>	<u>Pre-prosecution Diversion Program Fund</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ -	\$ 1,359	\$ 1,359
Due from participants	<u>-</u>	<u>17,804</u>	<u>17,804</u>
Total assets	\$ <u>-</u>	\$ <u>19,163</u>	\$ <u>19,163</u>
LIABILITIES			
Due to Administrative Office of the District Attorney	\$ -	\$ 1,359	\$ 1,359
Held for participants	<u>-</u>	<u>17,804</u>	<u>17,804</u>
Total liabilities	\$ <u>-</u>	\$ <u>19,163</u>	\$ <u>19,163</u>

See accompanying notes to financial statements.

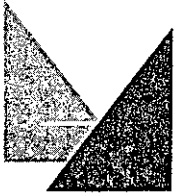
STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
OF AGENCY FUNDS
YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
WORTHLESS CHECK FUND				
<u>Assets</u>				
Cash	\$ <u> 10</u>	\$ <u> 190</u>	\$ <u> 200</u>	\$ <u> -</u>
<u>Liabilities</u>				
Due to Administrative Office of the District Attorney	\$ <u> 10</u>	\$ <u> 190</u>	\$ <u> 200</u>	\$ <u> -</u>
PRE-PROSECUTION DIVERSION PROGRAM FUND				
<u>Assets</u>				
Cash	\$ 2,381	\$ 13,542	\$ 14,564	\$ 1,359
Due from participants	<u> 25,277</u>	<u> 5,104</u>	<u> 12,577</u>	<u> 17,804</u>
Total	\$ <u> 27,658</u>	\$ <u> 18,646</u>	\$ <u> 27,141</u>	\$ <u> 19,163</u>
<u>Liabilities</u>				
Held for participants	\$ 1,251	\$ 965	\$ 857	\$ 1,359
Due to Administrative Office of the District Attorney	<u> 26,407</u>	<u> 17,681</u>	<u> 26,284</u>	<u> 17,804</u>
Total	\$ <u> 27,658</u>	\$ <u> 18,646</u>	\$ <u> 27,141</u>	\$ <u> 19,163</u>
TOTAL AGENCY FUNDS				
<u>Assets</u>				
Cash	\$ 2,391	\$ 13,732	\$ 14,764	\$ 1,359
Due from participants	<u> 25,277</u>	<u> 5,104</u>	<u> 12,577</u>	<u> 17,804</u>
Total	\$ <u> 27,668</u>	\$ <u> 18,836</u>	\$ <u> 27,341</u>	\$ <u> 19,163</u>
<u>Liabilities</u>				
Held for participants	\$ 1,251	\$ 965	\$ 857	\$ 1,359
Due to Administrative Office of the District Attorney	<u> 26,417</u>	<u> 17,871</u>	<u> 26,484</u>	<u> 17,804</u>
Total	\$ <u> 27,668</u>	\$ <u> 18,836</u>	\$ <u> 27,341</u>	\$ <u> 19,163</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
 SEVENTH JUDICIAL DISTRICT ATTORNEY
 SCHEDULE OF CASH ACCOUNTS
 JUNE 30, 2011

	<u>Type of Account</u>	<u>Financial Statement Balance June 30, 2011</u>	<u>Treasurer/ Bank Balance June 30, 2011</u>
<u>First State Bank of Socorro</u>			
Drug Testing Trust account	Checking	\$ <u>1,359</u>	\$ <u>1,471</u>
		\$ <u>1,359</u>	\$ <u>1,471</u>
<u>New Mexico State Treasurer</u>			
DA Seventh District	16100 Checking	\$ 95,970	\$ 95,970
SWBPI	94000 Checking	<u>15,774</u>	<u>15,774</u>
		\$ <u>111,744</u>	\$ <u>111,744</u>



MACKIE, REID &
COMPANY, PA

Certified Public Accountants

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, the budgetary comparisons of the general fund and the major special revenue fund, and the combining and individual statements of fiduciary assets and liabilities of the fiduciary funds presented as supplemental information of the Office of the District Attorney, Seventh Judicial District, State of New Mexico, as of and for the year ended June 30, 2011, and have issued our report thereon dated November 29, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Seventh Judicial District Attorney's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Seventh Judicial District Attorney's 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 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

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 29, 2011

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2011

Prior Year Finding Reported Not Repeated

9-1 Maintaining the General Ledger

Current Year Findings

There were no current year findings

STATE OF NEW MEXICO
SEVENTH JUDICIAL DISTRICT ATTORNEY
EXIT CONFERENCE
JUNE 30, 2011

An exit conference was held on December 5, 2011 and the contents of this report were discussed. Present at the exit conference were:

Seventh Judicial District Attorney
Clint H. Wellborn, District Attorney
J. B. Mauldin, Fiscal Officer

Mackie, Reid & Company
Jim Van Der Geest, CPA
Annette Gruber, CPA

Financial Statement Preparation

The District Attorney's financial statements were prepared substantially by the independent auditor, Mackie, Reid & Company, PA.