

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

**Financial Statements  
June 30, 2009**

**(With Independent Auditor's Report Thereon)**

## INTRODUCTORY SECTION

**STATE OF NEW MEXICO  
EIGHTH JUDICIAL DISTRICT ATTORNEY  
June 30, 2009**

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**STATE OF NEW MEXICO  
EIGHTH JUDICIAL DISTRICT ATTORNEY  
June 30, 2009**

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**STATE OF NEW MEXICO  
EIGHTH JUDICIAL DISTRICT ATTORNEY  
June 30, 2009**

**Official Roster**

<b><u>Name</u></b>	<b><u>Title</u></b>
Donald Gallegos .....	District Attorney
Daniel R. Romero .....	Chief Deputy District Attorney
Cindy Gallegos .....	Fiscal Officer

## **FINANCIAL SECTION**

# ROBERT J. RIVERA, CPA, PC

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## INDEPENDENT AUDITOR'S REPORT

Donald Gallegos, District Attorney  
Office of the District Attorney  
Eighth Judicial District  
and  
Mr. Hector Balderas  
New Mexico State Auditor

We have audited the accompanying financial statements of the governmental activities, the major fund, the budgetary comparison statement for the General Fund, and the aggregate remaining fund information of the State of New Mexico, Eighth Judicial District Attorney (District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the District's general fund accounts and respective budgetary comparisons presented as supplementary information in the accompanying combining and individual fund statements as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 1.A to the financial statements, the financial statements of the State of New Mexico, Eighth Judicial District Attorney are intended to present the financial position and changes in financial position of only that portion of the governmental activities, the major fund, the aggregate remaining fund information, and the budgetary comparison statements of the State of New Mexico that are attributable to the transactions of the District. 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 its cash flows, where applicable, for the year ended in conformity with accounting principles generally accepted in the United States of America.



In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the State of New Mexico, Eighth 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 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 the individual funds of the District as of June 30, 2009, and the respective changes in financial position and the respective budgetary comparisons, thereof, for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with **Government Auditing Standards**, we have also issued our report dated November 23, 2009, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with **Government Auditing Standards** and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages vii through xi are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the basic financial statements and on the combining and individual fund financial statements and budgetary comparisons. The additional schedules listed as "supplemental data" (schedules 1 and 2) in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Robert J. Rivera, CPA, PC  
Santa Fe, New Mexico  
November 23, 2009



**STATE OF NEW MEXICO**  
**EIGHTH JUDICIAL DISTRICT ATTORNEY**  
**Management's Discussion and Analysis**  
**June 30, 2009**

The Eighth Judicial District Attorney's discussion and analysis is designed to provide an overview of the District Attorney's activities and programs resulting in financial planning and expenditure of the annual budget.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The annual report consists of four parts - Management's Discussion and Analysis (this section), the basic financial statements, required supplementary information that presents schedules, and other reports. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District. The governmental funds statements tell how the general government service was financed in the short-term as well as what remains for future spending.

The financial statements also includes notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with supporting schedules. The remainder of this overview section of Management's Discussion and Analysis explains the structure and contents of each of the statements.

### **Government-Wide Statements**

The two government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they have changed. Net assets - the difference between the District's assets and liabilities - is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating respectively.

The District has only one activity - Judicial Services - which is a governmental activity. The District does not have any business-type activities or any component units.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's significant governmental funds - not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of spending for particular purposes.

**STATE OF NEW MEXICO**  
**EIGHTH JUDICIAL DISTRICT ATTORNEY**  
**Management's Discussion and Analysis**  
**June 30, 2009**

This District has two types of funds:

- General Appropriation Fund - All of the District's services are reflected in the general appropriation fund and provide information to help the user determine whether there are more or fewer financial resources that can be used to finance the District's program. This fund is a reverting fund. All money remaining at the end of the fiscal year will be reverted to the state's general fund.
- Worthless Check and Pre-Prosecution Diversion Fund - This fund is for fees collected for worthless check and pre-prosecution diversion fees and distributed to victims and the Administrative Office of the District Attorney. This is an agency fund and all monies received are paid out to the parties mentioned.

**GOVERNMENT-WIDE HIGHLIGHTS - FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

Condensed Financial Comparison for current and prior fiscal year.

	<u>Current Year - June 30, 2009</u>	<u>Prior Year - June 30, 2008</u>	<u>Increase or (Decrease)</u>
<b>Assets</b>			
Current assets	\$ 183,132	\$ 206,599	\$ (23,467)
Capital assets, net	<u>55,323</u>	<u>32,812</u>	<u>22,511</u>
Total assets	<u>238,455</u>	<u>239,411</u>	<u>(956)</u>
<b>Liabilities</b>			
Current liabilities	200,605	221,870	(21,265)
Long-term liabilities	<u>14,017</u>	<u>19,877</u>	<u>(5,860)</u>
Total liabilities	<u>214,622</u>	<u>241,747</u>	<u>(27,125)</u>
<b>Net assets</b>			
Invested in capital assets	55,323	32,812	22,511
Restricted	-	-	-
Unrestricted (deficit)	<u>(31,490)</u>	<u>(35,148)</u>	<u>3,658</u>
Total net assets	<u>\$ 23,833</u>	<u>\$ (2,336)</u>	<u>\$ 26,169</u>
<b>Program revenue and expenses</b>			
Program revenue	\$ -	\$ -	\$ -
Program expenses	<u>2,688,664</u>	<u>2,577,406</u>	<u>111,258</u>
Net revenue (expense)	<u>(2,688,664)</u>	<u>(2,577,406)</u>	<u>(111,258)</u>
<b>General revenues (expenses)</b>			
General fund appropriations	2,677,200	2,442,500	234,700
Other sources	46,300	131,377	(85,077)
Miscellaneous	<u>-</u>	<u>422</u>	<u>(422)</u>
Total general revenue (expenses)	<u>2,723,500</u>	<u>2,574,299</u>	<u>149,201</u>
Reversion to State General Fund	(5,368)	(10,178)	4,810
Gain/(Loss) on disposal of capital assets	<u>-</u>	<u>(131)</u>	<u>131</u>
Change in net assets	29,468	(13,416)	42,884
Adjusted beginning net assets	<u>(5,635)</u>	<u>11,080</u>	<u>(16,715)</u>
Ending net assets	<u>\$ 23,833</u>	<u>\$ (2,336)</u>	<u>\$ 26,169</u>

**STATE OF NEW MEXICO  
EIGHTH JUDICIAL DISTRICT ATTORNEY  
Management's Discussion and Analysis  
June 30, 2009**

**GOVERNMENT-WIDE HIGHLIGHTS (Cont'd)**

**Overall Financial Position and Results of Operations:**

The overall financial position of the District Attorney's office has increased by \$26,169. The increase is not significant. The decrease in government-wide assets of \$956 is attributable to a \$23,467 decrease in the investment in the State Treasurer's General Fund Investment Pool and an increase in net capital assets of \$22,511. Current liabilities decreased by \$21,265. This is mainly attributable to a reduction in accounts payable of \$12,749 and a reduction in the amount due to the state general fund of \$5,400.

Revenues increased by \$149,201 (5.8%) and expenses increased by \$111,258 (4.3%). The changes were not significant.

**Individual Fund Highlights:**

The fund balance of the General Fund decreased by \$3,299 during the current year. This change is insignificant.

Reserve for encumbrances are no longer recognized by the District at year end. The budget was adopted on a budget basis and appropriations lapse at year end.

**Budgetary Analysis**

Differences between the original and final amended budgets for expenditure in the General Fund resulted in a 1.9% decrease. The changes were not significant.

The operating budget from fiscal year 2008 to fiscal year 2009 increased by \$149,600 which was a 5.8% increase.

**Capital Assets and Long-Term Debt**

The District's capital assets consist of furniture and equipment, a portable building and vehicles. Capital assets, net of accumulated depreciation, was \$55,323 at June 30, 2009, an increase of \$22,511 from fiscal year 2008. The increase in the net value of capital assets is due to purchases of assets during the year. The District does not own any real property or infrastructure assets.

The long-term debt consists of compensated absences that are due to employees for sick and annual leave accrued. In fiscal year 2009, the ending debt accumulated was \$89,811. That is a decrease of \$6,957 from fiscal year 2008. This is not a significant change.

**STATE OF NEW MEXICO  
EIGHTH JUDICIAL DISTRICT ATTORNEY  
Management's Discussion and Analysis  
June 30, 2009**

**GOVERNMENT-WIDE HIGHLIGHTS (Cont'd)**

**Other Financial Highlights**

Pursuant to state statute the District holds two bank accounts. These bank accounts are accounted for and maintained by the District. These accounts are for collecting and disbursing fees for worthless check and pre-prosecution fees. All monies in the accounts are held in trust.

The District will continue to operate under the same financial procedures and policies as it has in the past. No federal or state grants are expected.

**Currently Known Facts, Decisions, or Conditions**

In FY 09 the Legislature mandated a budget cut for this agency by 1.9%. This agency's FY10 operating budget was cut 4.2% before the fiscal year began with an additional Legislation mandated cut of 2%. Three positions were received for this agency through the First Lady's Initiative for Domestic Violence in FY07 and due to budget cuts, this agency has not been able to retain these positions and have substantially reduced operating costs. To compensate for these deficits in FY10, this agency plans to leave three (3) positions vacant as well as using the Fund Balance from Southwest Border Initiative Program. In FY11 this agency will no longer have a fund balance in SWB therefore plans to leave three (3) positions vacant, as they are not funded with the flat budget this agency submitted and will cut contractual services and other categories to compensate for the flat budget.

The effect of any additional cuts from the flat budget submitted would be the agency's unpreparedness for any future unforeseen spikes in crime or any protracted increase in crime. In this respect, it will hinder the agency's ultimate mission "to improve upon and adequately ensure public safety". The reduction in the agency's ability to obtain resources such as interpreters, transcription services, expert witnesses, etc. will seriously effect prosecution of crimes. Court cases will be delayed and result in dismissals due to the loss of support staff and the doubling up of caseloads per attorney. Services to victims will be greatly reduced or eliminated altogether. This agency will be forced to prioritize cases with the certain result that drunk drivers, domestic violence offenders, drug dealers, thieves and those who hurt others will not be held accountable.

**AGENCY HIGHLIGHTS**

The Eighth Judicial District Attorney's office is comprised of Taos, Colfax and Union Counties. The District Attorney oversees all functions of each county and the administrative office is located in Taos, New Mexico. There are 83 miles separating the Colfax and Union County offices. From Taos, the District attorney travels approximately 95 miles to Colfax County and 162 miles to Union County.

Our agency has 33 full-time employees and one part-time employee, and two vacant positions. Again, our agency receives its revenues mainly from the general fund appropriations. This agency has 36 authorized FTE's.

**STATE OF NEW MEXICO  
EIGHTH JUDICIAL DISTRICT ATTORNEY  
Management's Discussion and Analysis  
June 30, 2009**

**AGENCY HIGHLIGHTS (Cont'd)**

In addition to prosecuting felony and misdemeanor cases, the Eighth Judicial District Attorney's office also handles civil, mental and drug commitment cases, violations of the New Mexico Subdivision Acts and violations of the Acequia laws.

The District Attorney's office has participated in community outreach projects such as the New Mexico Department of Labor Career Day, Acequia Festival, Graffiti Clean-up and many school related activities.

Training for law enforcement has been a priority for this office. A series of training ranging from basic report writing to advanced investigations has been offered and well received by law enforcement agencies. Forums on specific subjects have been offered to the public as well.

This administration has made a commitment to technological advances and to applying these advances in investigations and prosecution. We have brought technology to the courtroom by using Power Point presentations to present audit/visual aides to juries. We have also used digital recreation software to ecreate crime scenes. Resources will continue to be sought and budgeted to keep up with technological trends. We are always seeking ways to improve our community to reduce crime and seek justice in our district.

**USING THIS ANNUAL REPORT:**

With the implementation of GASB 34, the presentation of financial statements is significantly different. The primary focus in state government's financial statements for the last 20 years (summarized fund type information) has been discarded with the implementation of GASB 34. The focus is now on government-wide reporting and major individual funds to broaden a basis for comparison and enhance accountability.

**CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT:**

This financial report is designed to provide citizens, taxpayers, customers, legislators and creditors with a general overview of this agency's finances and to demonstrate the agency's accountability for the funds it receives. If you have any questions about this report, or need additional information, contact:

**Eighth Judicial District Attorney's Office  
920 Salazar Road, Suite A  
Taos, New Mexico 87571  
(575) 758-8683**

## **BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
**EIGHTH JUDICIAL DISTRICT ATTORNEY**  
**Statement of Net Assets**  
**June 30, 2009**

	<b>Governmental Activities</b>
<b><u>Assets</u></b>	
Investment in the State Treasurer General Fund Investment Pool	\$ 181,723
Prepaid postage expense	1,409
	183,132
<b>Total current assets</b>	<b>183,132</b>
Capital assets	382,357
Less accumulated depreciation	(327,034)
	55,323
<b>Total capital assets, net of depreciation</b>	<b>55,323</b>
<b>Total assets</b>	<b>238,455</b>
<b><u>Liabilities and Net Assets</u></b>	
Liabilities:	
Current liabilities:	
Accounts payable	8,002
Accrued salaries payable	52,626
Payroll taxes payable	20,645
Payroll benefits payable	38,170
Due to State General Fund (note 5)	5,368
Compensated absences payable - current	75,794
	200,605
<b>Total current liabilities</b>	<b>200,605</b>
Noncurrent liabilities:	
Compensated absences payable	14,017
	14,017
<b>Total liabilities</b>	<b>214,622</b>
Net Assets:	
Investment in capital assets	55,323
Unrestricted (deficit) (note 7)	(31,490)
	23,833
<b>Total net assets</b>	<b>\$ 23,833</b>

The accompanying notes are an integral part of the financial statements.

**STATE OF NEW MEXICO  
EIGHTH JUDICIAL DISTRICT ATTORNEY  
Statement of Activities  
For the Year Ended June 30, 2009**

	<u>Governmental Activities</u>
<b>Expenses:</b>	
Judicial:	
Administrative services	\$ 2,677,185
Depreciation expense	11,479
	2,688,664
Total program expenses	2,688,664
<b>Program revenue:</b>	
Federal grants - operating	-
	-
Total program revenue	-
Net program expense	(2,688,664)
<b>General revenues, transfers and special items:</b>	
Transfers in:	
State General Fund appropriations (net of reversions of \$5,368)	2,671,832
Other financing sources - compensation appropriation	46,300
	2,718,132
Total general revenues, transfers and special items	2,718,132
Change in net assets	29,468
Net assets, beginning, as reported	(2,336)
Restatements - Prepaid postage overstated (note 12)	(3,299)
	(5,635)
Net assets, beginning, as restated	(5,635)
Net assets, ending	\$ 23,833

The accompanying notes are an integral part of the financial statements.



STATE OF NEW MEXICO  
EIGHTH JUDICIAL DISTRICT ATTORNEY  
Balance Sheet  
Governmental Funds  
June 30, 2009

	<u>General Fund- All Accounts</u>
<b><u>Assets</u></b>	
Investment in the State Treasurer General Fund Investment Pool	\$ 181,723
Prepaid postage	1,409
	183,132
Total assets	\$ <u>183,132</u>
<b><u>Liabilities and Fund Balance</u></b>	
<b>Liabilities:</b>	
Accounts payable	\$ 8,002
Accrued salaries payable	52,626
Payroll taxes payable	20,645
Payroll benefits payable	38,170
Due to State General Fund (note 5)	5,368
	124,811
Total liabilities	124,811
<b>Fund Balance:</b>	
Reserved for prepaid postage	1,409
Reserved for program expenditures	56,912
	58,321
Total fund balance	58,321
Total liabilities and fund balance	\$ <u>183,132</u>

The accompanying notes are an integral part of the financial statements.

**STATE OF NEW MEXICO**  
**EIGHTH JUDICIAL DISTRICT ATTORNEY**  
**Reconciliation of the Balance Sheet to the Statement of Net Assets**  
**Governmental Funds**  
**June 30, 2009**

<b>Total fund balance for the governmental funds (balance sheet - Exhibit C)</b>	<b>\$ 58,321</b>
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources, and, therefore, are not reported in the funds.	55,323
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(89,811)</u>
<b>Net assets of governmental activities (statement of net assets - Exhibit A)</b>	<b>\$ <u>23,833</u></b>

The accompanying notes are an integral part of the financial statements.

**STATE OF NEW MEXICO**  
**EIGHTH JUDICIAL DISTRICT ATTORNEY**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2009**

	<b>General Fund - All Accounts</b>
<b>Revenues:</b>	
Intergovernmental	\$ <u>          -</u>
Total revenues	<u>          -</u>
<b>Expenditures:</b>	
Current:	
Judicial:	
Personal services and employee benefits	2,344,019
Contractual services	79,077
Other costs	261,046
Capital outlay	<u>33,990</u>
Total expenditures	<u>2,718,132</u>
Excess (deficiency) of revenues over expenditures	<u>(2,718,132)</u>
<b>Other financing sources (uses):</b>	
State General Fund appropriations - transfers in	2,677,200
Other state funds - transfers in	46,300
Reversion to State General Fund FY 2009	<u>(5,368)</u>
Total other financing sources (uses)	<u>2,718,132</u>
Net change in fund balance	<u>          -</u>
Fund balance, beginning of year, as reported	61,620
Restatements:	
Prior-period adjustment - prepaid postage overstated (note 12)	<u>(3,299)</u>
Fund balance, beginning of year, as restated	<u>58,321</u>
Fund balance, end of year	<u>\$ <u>58,321</u></u>

The accompanying notes are an integral part of the financial statements.

**STATE OF NEW MEXICO**  
**EIGHTH JUDICIAL DISTRICT ATTORNEY**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balance to the Statement of Activities**  
**Governmental Funds**  
**For the Year Ended June 30, 2009**

<b>Net change in fund balance - Governmental Fund</b>		
<b>(Statement of Revenues, Expenditures and Changes in Fund Balance)</b>	\$	-
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> <p>Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:</p>		
Capital outlay	\$ 33,990	
Depreciation expense	<u>(11,479)</u>	
Excess of capital outlay expense over depreciation		22,511
Net change in long term and current portion of compensated absences		<u>6,957</u>
<b>Change in net assets of governmental activities (Statement of Activities)</b>	\$	<u><u>29,468</u></u>

The accompanying notes are an integral part of the financial statements.

**STATE OF NEW MEXICO**  
**EIGHTH JUDICIAL DISTRICT ATTORNEY**  
**Statement of Revenues and Expenditures**  
**Budget and Actual (Budget Basis)**  
**Major Governmental Funds**  
**General Fund (Fund 16200)**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>				
State General Fund appropriations	\$ 2,730,200	\$ 2,677,200	\$ 2,677,200	\$ -
Other State General Fund appropriations	<u>46,300</u>	<u>46,300</u>	<u>46,300</u>	<u>-</u>
Total revenues	<u>\$ 2,776,500</u>	<u>\$ 2,723,500</u>	<u>\$ 2,723,500</u>	<u>\$ -</u>
<b>Expenditures:</b>				
Current:				
Judicial:				
Personal services and employee benefits	\$ 2,442,300	\$ 2,346,600	\$ 2,344,019	\$ 2,581
Contractual services	68,500	79,300	79,077	223
Other costs (includes capital outlay)	<u>265,700</u>	<u>297,600</u>	<u>295,036</u>	<u>2,564</u>
Total expenditures	<u>\$ 2,776,500</u>	<u>\$ 2,723,500</u>	<u>\$ 2,718,132</u>	<u>\$ 5,368</u>
Reconciliation of GAAP basis to budget basis expenditures:				
GAAP basis expenditures			\$ 2,718,132	
Adjustments: None			<u>-</u>	
Budget basis expenditures			<u>\$ 2,718,132</u>	

**Note:**

The actual expenditures on the budgetary basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2010 budget.

The accompanying notes are an integral part of the financial statements.

**STATE OF NEW MEXICO**  
**EIGHTH JUDICIAL DISTRICT ATTORNEY**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**June 30, 2009**

<b><u>Assets</u></b>	
Cash in banks (note 3)	
Pre-prosecution Program	\$ 1,135
Worthless Check Program	<u>70</u>
Total assets	<u>1,205</u>
<b><u>Liabilities</u></b>	
Due to other state agencies (AODA)	<u>1,205</u>
Total liabilities	<u>1,205</u>
Total net assets	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

**STATE OF NEW MEXICO**  
**EIGHTH JUDICIAL DISTRICT ATTORNEY**  
**Notes to Financial Statements**  
**June 30, 2009**

**1. Summary of Significant Accounting Policies**

The financial statements of the Eighth Judicial District Attorney (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. They are applied to the government-wide financial statements. The more significant of the District's accounting policies are described below:

***Financial Reporting Entity***

The Office of the District Attorney, Eighth Judicial District (District) operates under Article 6, Section 24, NMSA 1978 Compilation. The District Attorney provides law enforcement as its primary service. Financing of the District is by state appropriation.

The Office of the District Attorney is a component unit of the State of New Mexico and these financial statements include all funds and activities over which the District Attorney has oversight responsibility. The District has decision-making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters. The District is part of the primary government of the State of New Mexico and its financial data should be included with the financial data of the state. However, New Mexico does not at present issue an audited Comprehensive Annual Financial Report inclusive of all agencies of the primary government. The District has no component units that are required to be reported in its financial statements.

The District is a user organization of the *Statewide Human Resource, Accounting, and Management Reporting System (SHARE)*. The service organization is the Department of Finance and Administration (DFA).

**A. Basis of Accounting - GASB Statement #34**

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

**B. Basis of Presentation - Fund Accounting**

***Government-Wide Financial Statements (Basic Financial Statements)***

The statement of net assets and the statement of activities are the District's basic financial statements and display information about the District, the primary government, as a whole, without displaying individual funds or fund types. Generally these statements distinguish between activities that are governmental and those that are considered business-type activities. The District has no business-type activities, therefore these statements only reflect governmental activities. Government-wide financial statements exclude information about fiduciary funds and component units that are fiduciary in nature. Interfund receivables and

**STATE OF NEW MEXICO**  
**EIGHTH JUDICIAL DISTRICT ATTORNEY**  
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**June 30, 2009**

**1. Summary of Significant Accounting Policies (Cont'd)**

**B. Basis of Presentation - Fund Accounting (Cont'd)**

***Government-Wide Financial Statements (Basic Financial Statements) (Cont'd)***

payables between funds within the governmental activities are eliminated in the Statement of Net Assets. The government-wide statements are prepared using the "economic resources" measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB 33. The revenue recognition policy for grants is when the eligibility requirements have been met, and costs have been incurred.

The government-wide Statement of Activities demonstrates the direct expenses of the single function (Judicial) of the District which is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. The District has no indirect expenses and, therefore, indirect expenses are not required to be allocated to functions in the Statement of Activities. Program revenues include:

- 1) Federal and state operating grants provided by a particular function or program. Other revenues not identifiable with a particular function or program are included as general revenue. The general revenues support the net costs of the function or program not covered by program revenues.

***Governmental Fund Financial Statements***

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Only current assets and current liabilities are included in the balance sheet. The reported fund balance is considered a measure of available spendable resources. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within sixty days of year-end in order to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

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

The District's fiduciary fund (agency trust fund) is presented in the fund financial statements. The agency fund is presented on the accrual basis of accounting. Since by definition these



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**1. Summary of Significant Accounting Policies (Cont'd)**

**B. Basis of Presentation - Fund Accounting (Cont'd)**

***Governmental Fund Financial Statements (Cont'd)***

assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated in the government-wide statements.

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

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

***Governmental Fund Types***

**General Fund** - The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. The SHARE number and description of the General Fund of the District is #16200 - Eighth Judicial District Attorney.

**Family Justice Center - General Fund**. The Family Justice Center - General Fund is also a general operating fund of the District and accounts for all revenue and expenditures of the Family Justice Center. The SHARE number and description of the Family Justice Center - General Fund of the District is #57200-Family Justice Center.

***Fiduciary Fund Types***

Fiduciary fund types include trust and agency funds, which are used to account for assets held by the District in the capacity of trustee or agent.

**Agency Trust Fund** - Agency trust funds are used to account for assets held as an agent for other governmental units, individuals and other funds. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The agency trust fund is used to account for activities in which the Eighth Judicial District Attorney is acting in an agency capacity for the Administrative Office of the District Attorneys, District Attorney Fund. Cost reimbursements or processing fees are received from clients/offenders as authorized in the Pre-prosecution Diversion Act (31-16A-1 through 31-16A-8 NMSA, 1978) and the Worthless Check Act (Section 30-36-1 through 30-36-10 NMSA, 1978). All amounts collected are payable to the Administrative Office of the District Attorneys.

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**1. Summary of Significant Accounting Policies (Cont'd)**

**C. Assets, Liabilities and Equity**

***Cash and Investment in the State Treasurer General Fund Investment Pool***

The District's cash is in demand deposits and the State Treasurer General Fund Investment Pool. Deposits are non-interest bearing. The carrying value of such deposits is shown in Note 3. All funds allotted to the District are held on deposit with the State Treasurer. The State Treasurer issues separate financial statements which disclose the collateral pledged to secure these deposits.

In accordance with Section 6-10-10 I through P, NMSA 1978 as amended, the State Treasurer with the advice and consent of the state board of finance can invest money held in demand deposits and investments not immediately needed for the operation of state government in:

- (a) Securities issued by the United States (U.S.) government or by its departments or agencies and direct obligations of the U.S. or are backed by the full faith and credit of the U.S. government or agencies sponsored by the U.S. government;
- (b) Contracts for the present purchase and resale at a specified time in the future, not to exceed one year or, in the case of bond proceeds, not to exceed three years, of specific securities at specified prices at a price differential representing the interest income to be earned by the state. No such contract shall be invested in unless the contract is fully secured by obligations of the United States or other securities backed by the United States having a market value of at least one hundred two percent of the amount of the contract;
- (c) Contracts for the temporary exchange of state-owned securities for the use of broker-dealers, banks or other recognized institutional investors in securities, for periods not to exceed one year for a specified fee rate. No such contract shall be invested in unless the contract is fully secured by exchange of an irrevocable letter of credit running to the state, cash or equivalent collateral of at least one hundred two percent of the market value of the securities plus accrued interest temporarily exchanged. The collateral required for either of the forms of investment in sections (b) and (c) shall be delivered to the fiscal agent of New Mexico or its designee **contemporaneously with the transfer of funds or delivery of the securities at the earliest time industry practice permits**, but in all cases, settlement shall be on the same-day basis. Neither of the contracts in (b) or (c) shall be invested in unless the contracting bank, brokerage firm or recognized institutional investor has a net worth in excess of five hundred million dollars;
- (d) Any of the following investments in an amount not to exceed forty percent of any fund that the state treasurer invests: (1) commercial paper rated "prime" quality by a national rating service, issued by corporations organized and operating within the U.S.; (2) medium-term notes and corporate notes with a maturity not exceeding five years that

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**1. Summary of Significant Accounting Policies (Cont'd)**

**C. Assets, Liabilities and Equity (Cont'd)**

***Cash and Investment in the State Treasurer General Fund Investment Pool (Cont'd)***

are rated A or its equivalent or better by a nationally recognized rating service and that are issued by a corporation organized and operating in the U.S.; or (3) an asset-backed obligation with a maturity not exceeding five years that is rated AAA or its equivalent by a nationally recognized rating service;

- (e) Shares of a diversified investment company registered pursuant to the federal Investment Company Act of 1940 that invests in U.S. fixed income securities or debt instruments authorized pursuant to (a), (b) and (d) above provided that the investment company has total assets under management of at least one billion dollars and the investments made by the State Treasurer pursuant to this paragraph are less than five percent of the assets of the investment company; or
- (f) Individual, common or collective trust funds of banks or trust companies that invest in U.S. fixed income securities or debt instruments authorized pursuant to (a), (b) and (d) above provided that the investment manager has assets under management of at least
- (f) one billion dollars and the investments made by the state treasurer pursuant to this paragraph are less than five percent of the assets of the individual, common or collective trust fund.

No public funds can be invested in negotiable securities or loans to financial institutions fully secured by negotiable securities at current market value shall be paid out unless there is a **contemporaneous transfer of the securities** at the earliest time industry practice permits, but in all cases, settlement shall be on a same-day basis either by physical delivery or, in the case of uncertificated securities, by appropriate book entry on the books of the issuer, to the purchaser or to a reputable third-party safekeeping financial institution acting as agent or trustee for the purchaser, which agent or trustee shall furnish timely confirmation to the purchaser.

For additional GASB 40 disclosure information regarding cash held by the State Treasurer, the reader should see the separate audit report for the State Treasurer's Office for the fiscal year ended June 30, 2009.

***Capital Assets***

Capital assets of the District include furniture and equipment, a portable building and vehicles. The District does not have any infrastructure. Capital assets are defined in Section 12-6-10 NMSA 1978. Section 12-6-10 NMSA 1978, was amended effective June 19, 2005, changing the capitalization threshold of movable chattels and equipment from items costing more than \$1,000 to items costing more than \$5,000. The District has adopted this change in an accounting estimate, per Accounting Principles Board (APB) 20. Old inventory items that do not meet the new capitalization threshold will remain on the inventory list and continue to be

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**1. Summary of Significant Accounting Policies (Cont'd)**

**C. Assets, Liabilities and Equity (Cont'd)**

***Capital Assets (Cont'd)***

depreciated. Any items received after July 1, 2005, will be added to the inventory only if they meet the new capitalization policy. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. Computer software which is purchased with data processing computer equipment is included as part of the capitalized computer equipment in accordance with 2.20.1.9 C (5). The cost of maintenance and repairs that do not add to the asset value or materially extend assets lives are not capitalized. The District does not undertake major capital projects involving interest costs during the construction phase. There is no debt related to the capital assets. Capital assets of the District are depreciated using zero salvage value and the straight-line method over the following estimated useful lives:

Furniture and equipment	5 -7 years
Portable building	15 years
Vehicles	5 years

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

***Long-Term Liabilities***

***Compensated Absences Payable*** - Vacation and sick leave earned and not taken is cumulative; however, upon termination of employment, sick pay for such leave hours accumulated up to 600 hours is forfeited, and vacation pay is limited to payment of 240 hours. Vacation leave up to the maximum of 240 hours is payable upon separation from service at the employee's current hourly rate. Sick leave is payable semi-annually to qualified employees for hours accumulated above 600 hours at a rate equal to 50 percent of their hourly rate. In accordance with GASB 16, accrued compensated absences consists of accumulated annual leave, sick leave between 600 and 720 hours, and compensatory leave for employees, including related employers' matching FICA and medicare payroll taxes. Accrued vacation and sick leave pay are recorded as a liability and as an expenditure in the government-wide financial statement. In the fund financial statements, governmental funds do not report compensated absences liability payable since expendable available financial resources are not available.

Qualified employees accumulate annual leave as follows:

<u>Years of Service</u>	<u>Hours Earned Per Month</u>
1 month - 4 years	10
Over 4 - 8 years	11
Over 8 - 12 years	12
Over 12 -16 years	13
Over 16 years	14

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**June 30, 2009**

**1. Summary of Significant Accounting Policies (Cont'd)**

**C. Assets, Liabilities and Equity (Cont'd)**

***Long-Term Liabilities (Cont'd)***

The maximum accrued annual leave may be carried forward into the beginning of the next calendar year and any excess is lost.

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

District General Fund resources have been used to liquidate accrued compensated absences in the past.

***Equity***

**Government-Wide Statements**

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

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

**Fund Financial Statements**

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved.

**D. Budgets and Budgetary Accounting**

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

1. No later than September 1, the District submits to the Legislative Finance Committee (LFC), and the Budget Division of the Department of Finance and Administration (DFA), an appropriation request for the fiscal year commencing the following July 1. The appropriation request includes proposed expenditures and the means of financing them.

**STATE OF NEW MEXICO**  
**EIGHTH JUDICIAL DISTRICT ATTORNEY**  
**Notes to Financial Statements**  
**June 30, 2009**

**1. Summary of Significant Accounting Policies (Cont'd)**

**D. Budgets and Budgetary Accounting (Cont'd)**

2. Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committees. The final outcome of those hearings are incorporated into the state's General Appropriations Act.
3. The Act is signed into Law by the Governor of the State of New Mexico within the legally prescribed time limit.
4. The District submits, no later than May 1, to DFA an annual operating budget by category and line item based upon the appropriations made by the Legislature. The DFA-Budget Division reviews and approves the operating budget which becomes effective on July 1. All subsequent budgetary adjustments must be approved by the Director of the DFA - Budget Division and LFC. The current year budget was revised in a legal manner.
5. Legal budgetary control for expenditures is at the "appropriation unit" level.
6. Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund.
7. The budget for the General Fund is adopted on a modified accrual basis per the General Appropriations Act, Chapter 3, Laws of 2008, Section 3, Paragraph O. Budgetary comparisons presented in this report are on the modified accrual budgetary basis. However, there is statutory exception. The budget is adopted on the modified accrual basis of accounting except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline per Section 6-10-4 NMSA 1978. Those accounts payable require approval to pay prior year bills out of the FY 2010 budget. At June 30, 2009, there were none.
8. The original budgets differ from the final budget presented in the budget comparison statement (Exhibit G) by amendments made during the fiscal year.
9. General Fund appropriations lapse at the end of the fiscal year except for those amounts related to goods and services received by June 30. All amounts within the General Fund revert to the State General Fund.

In accordance with the requirements of Section 2.2.2 10.A (2) (b) of 2.2.2. NMAC *Requirements for Contracting and Conducting Audits of Agencies* and the allowance made by GASB 34 footnote 53, the budgetary comparison statements for the General Fund has been included as part of the basic financial statements.

**STATE OF NEW MEXICO  
EIGHTH JUDICIAL DISTRICT ATTORNEY  
Notes to Financial Statements  
June 30, 2009**

**1. Summary of Significant Accounting Policies (Cont'd)**

**E. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**F. Program Revenues**

Program revenues include federal and state operating grants designated for District operations and revenue recognition is restricted to meeting the operational requirements of a particular function.

**G. Reversions**

The General Appropriations Act of 2004 established the modified accrual basis of accounting for governmental funds in accordance with the manual of model accounting practices issued by the department of finance and administration. The General Appropriation Act of 2008 continues the use of the modified accrual basis. In accordance with the department of finance and administration's "*Basis of Accounting-Modified Accrual and the Budgetary Basis*," the District has accrued as payables, amounts owed for goods and services received by June 30, 2009. Any remaining SHARE fund 16200 fund balance not reserved for prepaid postage and not reserved for program expenditures is being reverted to the State General Fund in accordance with Section 6-5-10, NMSA 1978.

**2. Collateral Pledged by Financial Institutions**

Section 6-10-17, NMSA 1978 compilation, requires that banks or savings and loans provide additional collateral on funds held that exceed the FDIC insurance limit. These excess funds are required to be fifty percent collateralized. All deposits with financial institutions were covered by FDIC insurance at June 30, 2009.

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**3. Cash in Banks and Investment in the State Treasurer General Fund Investment Pool**

At June 30, 2009, cash accounts of the District which are in local banks and in the State Treasurer's General Fund Investment Pool consisted of the following:

<u>Name of Depository</u>	<u>Account Name</u>	<u>Account Number</u>	<u>SHARE Fund #</u>	<u>Balance per Depository</u>	<u>Outstanding Checks</u>	<u>Deposits in Transit</u>	<u>Balance per Books</u>
<b>Governmental Activities:</b>							
State Treasurer	Eighth Judicial D.A. Operations	25800-16200	16200	\$ 170,307	\$ -	\$ -	\$ 170,307
State Treasurer	Family Justice Center	25800-57200	57200	11,416	-	-	11,416
Total Governmental Activities				181,723	-	-	181,723
<b>Fiduciary - Agency Funds:</b>							
First Community Bank	Worthless Checks	Confidential	N/A	713	(643)	-	70
First Community Bank	Pre-prosecution	Confidential	N/A	2,397	(1,262)	-	1,135
Total Fiduciary - Agency Funds				3,110	(1,905)	-	1,205
Total Cash				\$ 184,833	\$ (1,905)	\$ -	\$ 182,928

**4. Capital Assets**

Capital asset activity for the year ended June 30, 2009, was as follows:

<u>Capital Assets - Historical Cost</u>	<u>Adjusted Balance 07/01/2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/2009</u>
Furniture and equipment	\$ 162,161	\$ -	\$ (4,584)	\$ 157,577
Portable Buildings	1,500	-	-	1,500
Vehicles	189,290	33,990	-	223,280
Total capital assets	\$ 352,951	\$ 33,990	\$ (4,584)	\$ 382,357
<b><u>Related Accumulated Depreciation</u></b>				
Furniture and equipment	\$ (150,648)	\$ (5,731)	\$ 4,584	\$ (151,795)
Portable Buildings	(606)	(150)	-	(756)
Vehicles	(168,885)	(5,598)	-	(174,483)
Total accumulated depreciation	\$ (320,139)	\$ (11,479)	\$ 4,584	\$ (327,034)
<b><u>Capital Assets, Net of Accumulated Depreciation</u></b>				
All assets	\$ 32,812	\$ 22,511	\$ -	\$ 55,323
Net capital assets	\$ 32,812	\$ 22,511	\$ -	\$ 55,323

Current depreciation expense is \$11,479.



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**5. Due to State General Fund**

The General Fund 16200 receives a State General Fund appropriation annually. Any unexpended funds at the end of the fiscal year revert to the State General Fund. In addition, any other revenue received in the fund which is not specifically appropriated by the legislature also reverts to the State General Fund, except for federal funds. For fiscal year 2009, the Eighth Judicial District Attorney's office was appropriated \$2,677,200 from the State General Fund and \$46,300 for the compensation package.

Cash balance, June 30, 2009		\$ 170,307
Add:		
Due from other funds (Fund 57200), 6/30/2009 (deposit errors)		<u>11,416</u>
Amount available		181,723
Less:		
Accounts payable, 6/30/2009	(8,002)	
Accrued payroll, 6/30/2009	(52,626)	
Payroll taxes payable, 6/30/2009	(20,645)	
Payroll benefits payable, 6/30/2009	(38,170)	
Reserve for Southwest Border Initiative, reauthorized	<u>(56,912)</u>	<u>(176,355)</u>
Due to State General Fund, June 30, 2009 (FY 2009 appropriation)		<u>\$ 5,368</u>

**6. Compensated Absences Payable**

At June 30, 2009, accrued compensated absences payable for accumulated leave total \$89,811.

The following is a summary of changes in compensated absences:

	<u>Balance</u> <u>07/01/2008</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Balance</u> <u>06/30/2009</u>
<b>Current</b>				
Compensated Absences Payable	\$ 76,891	\$ 88,537	\$ (89,634)	\$ 75,794
<b>Long-Term</b>				
Compensated Absences Payable	<u>19,877</u>	<u>18,088</u>	<u>(23,948)</u>	<u>14,017</u>
<b>Total</b>				
Compensated Absences Payable	<u>\$ 96,768</u>	<u>\$ 106,625</u>	<u>\$ (113,582)</u>	<u>\$ 89,811</u>

General Fund revenues are used to liquidate compensated absences.

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**7. Net Assets Deficit**

GASB #34 requires capitalized assets, net of accumulated depreciation, and the inclusion of long-term debt resulting in an unrestricted net asset deficit of \$(31,490). This deficit is created by compensated absence liabilities which will be paid from subsequent years State General Fund Appropriations.

**8. Operating Leases**

The District has various operating leases primarily for office equipment which can be terminated if the state legislature does not appropriate money to the District with no penalty to the District. Operating lease expenditures for these leases for the year ended June 30, 2009, totaled \$25,704.

Minimum future annual rental payments under all four operating leases are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2010	\$27,130
2011	22,382
2012	10,378
2013	6,287
2014	<u>3,026</u>
Total	<u>\$69,203</u>

**9. Pension Plan - Public Employees Retirement Association**

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

**Funding Policy.** Plan members are required to contribute 7.42% of their gross salary. The District is required to contribute 16.59% of the gross covered salary. The contribution requirements of plan members and the District's are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to PERA for the fiscal years ending June 30, 2009, 2008, and 2007 were \$273,301, \$250,624, and \$225,633, respectively, which equal the amount of the required contributions for each fiscal year.

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**10. Post Employment Benefits - State Retiree Health Care Plan**

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

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. 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 January 1, 1998, are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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

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**10. Post Employment Benefits - State Retiree Health Care Plan (Cont'd)**

The District's contributions to the RHCA for the years ended June 30, 2009, 2008, and 2007 were \$30,348, \$28,916, and \$26,327, respectively, which equal the required contributions for each year.

**11. Risk Management and Litigation**

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. Section 15-7-2, NMSA 1978 requires the General Services Department, Risk Management Division (RMD) to be responsible for the acquisition and administration of all insurance purchased by the state. Since 1977, various state statutes have been passed which allow RMD to insure, self-insure or use a combination of both. For the past several years, the RMD has elected to self-insure, and has not obtained liability coverage from commercial insurance companies. The RMD has effectively managed risk through various employee education and prevention programs. Risk management expenditures for the District are accounted for in the General Fund. Any claims are processed through RMD.

There are no pending or known threatened legal proceedings involving material matters to which the District is a party.

**12. Restatements - Prior-Period Adjustments**

Prepaid postage was overstated at June 30, 2008. Prepaid postage was adjusted to reflect the actual balance per client records at June 30, 2008. The amount of the adjustment is (\$3,299).

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO  
EIGHTH JUDICIAL DISTRICT ATTORNEY  
Combining Balance Sheet  
General Fund - All Accounts  
June 30, 2009**

	<u>Fund 16200</u>	<u>Fund 57200</u>	<u>Eliminations</u>	<u>Total General Fund</u>
	<u>General</u>	<u>Family Justice Center</u>		
<b><u>Assets</u></b>				
Investment in the State Treasurer General Fund Investment Pool	\$ 170,307	\$ 11,416	\$ -	\$ 181,723
Due from other funds	11,416	-	(11,416)	-
Prepaid postage	1,409	-	-	1,409
	<u>183,132</u>	<u>11,416</u>	<u>(11,416)</u>	<u>183,132</u>
Total assets	<u>\$ 183,132</u>	<u>\$ 11,416</u>	<u>\$ (11,416)</u>	<u>\$ 183,132</u>
<b><u>Liabilities and Fund Balance</u></b>				
<b>Liabilities:</b>				
Accounts payable	\$ 8,002	\$ -	\$ -	\$ 8,002
Accrued payroll	52,626	-	-	52,626
Payroll taxes payable	20,645	-	-	20,645
Payroll benefits payable	38,170	-	-	38,170
Due to other funds	-	11,416	(11,416)	-
Due to State General Fund	5,368	-	-	5,368
	<u>124,811</u>	<u>11,416</u>	<u>(11,416)</u>	<u>124,811</u>
Total liabilities	<u>124,811</u>	<u>11,416</u>	<u>(11,416)</u>	<u>124,811</u>
<b>Fund Balance:</b>				
Reserved for:				
Prepaid postage	1,409	-	-	1,409
Program expenditures	56,912	-	-	56,912
	<u>58,321</u>	<u>-</u>	<u>-</u>	<u>58,321</u>
Total fund balance	<u>58,321</u>	<u>-</u>	<u>-</u>	<u>58,321</u>
Total liabilities and fund balance	<u>\$ 183,132</u>	<u>\$ 11,416</u>	<u>\$ (11,416)</u>	<u>\$ 183,132</u>

The accompanying notes are an integral part of the financial statements.

**STATE OF NEW MEXICO**  
**EIGHTH JUDICIAL DISTRICT ATTORNEY**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**General Fund - All Accounts**  
**Year Ended June 30, 2009**

	<u>Fund 16200</u>	<u>Fund 57200</u>	
	<u>General</u>	<u>Family Justice Center</u>	<u>Total</u>
<b>Revenues:</b>			
Intergovernmental	\$ -	\$ -	\$ -
Total revenues	-	-	-
<b>Expenditures:</b>			
Current:			
Judicial	2,684,142	-	2,684,142
Capital outlay	33,990	-	33,990
Total expenditures	2,718,132	-	2,718,132
Excess (deficiency) of revenues over expenditures	(2,718,132)	-	(2,718,132)
<b>Other financing sources (uses):</b>			
Transfers:			
State General Fund appropriations	2,677,200	-	2,677,200
Other state funds	46,300	-	46,300
Reversions to the State General Fund FY 2009	(5,368)	-	(5,368)
Total other financing sources (uses)	2,718,132	-	2,718,132
Net change in fund balances	-	-	-
Fund balance, beginning of year, as reported	61,620	-	61,620
Restatements:			
Prior-period adjustment -prepaid postage overstated (note 12)	(3,299)	-	(3,299)
Fund balance, beginning of year, as restated	58,321	-	58,321
Fund balance, end of year	\$ 58,321	\$ -	\$ 58,321

The accompanying notes are an integral part of the financial statements.

**SUPPLEMENTAL INFORMATION**



**STATE OF NEW MEXICO  
EIGHTH JUDICIAL DISTRICT ATTORNEY  
Operating Transfers  
Year Ended June 30, 2009**

		From Fund No.	To Fund No.	Transfers	
				In	Out
<b><u>General Fund</u></b>					
<b><u>Fund 16200</u></b>					
(1)	Department of Finance and Administration State General Fund Appropriation	85300		\$ 2,677,200	\$ -
(2)	Department of Finance and Administration State Compensation Package	62000		46,300	-
(3)	Department of Finance and Administration General Fund Reversion		85300	-	10,768
				<u>\$ 2,723,500</u>	<u>\$ 10,768</u>

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
 EIGHTH JUDICIAL DISTRICT ATTORNEY  
 Schedule of Changes in Assets and Liabilities  
 Agency Funds  
 June 30, 2009

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Ending Balance</u>
<b><u>Pre-prosecution Program</u></b>				
<b><u>Assets</u></b>				
Cash in bank	\$ <u>645</u>	\$ <u>21,820</u>	\$ <u>(21,330)</u>	\$ <u>1,135</u>
<b><u>Liabilities</u></b>				
Due to other state agencies (AODA)	\$ <u>645</u>	\$ <u>21,820</u>	\$ <u>(21,330)</u>	\$ <u>1,135</u>
<b><u>Worthless Check Program</u></b>				
<b><u>Assets</u></b>				
Cash in Bank	\$ <u>408</u>	\$ <u>70,875</u>	\$ <u>(71,213)</u>	\$ <u>70</u>
<b><u>Liabilities</u></b>				
Due to other state agencies (AODA)	\$ <u>408</u>	\$ <u>70,875</u>	\$ <u>(71,213)</u>	\$ <u>70</u>
<b><u>Total Agency Funds</u></b>				
<b><u>Assets</u></b>				
Cash in Bank	\$ <u>1,053</u>	\$ <u>92,695</u>	\$ <u>(92,543)</u>	\$ <u>1,205</u>
<b><u>Liabilities</u></b>				
Due to other state agencies (AODA)	\$ <u>1,053</u>	\$ <u>92,695</u>	\$ <u>(92,543)</u>	\$ <u>1,205</u>

The accompanying notes are an integral part of the financial statements.

# ROBERT J. RIVERA, CPA, PC

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Donald Gallegos, District Attorney  
Office of the District Attorney  
Eighth Judicial District  
and  
Mr. Hector Balderas  
New Mexico State Auditor

We have audited the financial statements of the governmental activities, the major fund, the budgetary comparison statement for the general fund and the aggregate remaining fund information of the State of New Mexico, Eighth Judicial District Attorney, (District) as of and for the year ended June 30, 2009, and have issued our report thereon dated November 23, 2009. We have also audited the financial statements of each of the District's general fund accounts and the respective budgetary comparisons as of and for the year then ended presented as supplementary information in the combining and individual fund financial statements. 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 District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the State of New Mexico, Eighth 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 District'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the State of New Mexico, Eighth 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 District'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 District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under **Government Auditing Standards**.

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



Robert J. Rivera, CPA, PC  
Santa Fe, New Mexico  
November 23, 2009

**STATE OF NEW MEXICO  
EIGHTH JUDICIAL DISTRICT ATTORNEY  
June 30, 2009**

**Schedule of Findings and Responses**

**I. PRIOR-YEAR AUDIT FINDINGS**

a. **Repeated in current-year**

None

b. **Resolved and not included in current-year**

None

**II. CURRENT-YEAR FINDINGS PERTAINING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED**

None

**STATE OF NEW MEXICO**  
**Eighth Judicial District Attorney**  
**June 30, 2009**

**Financial Statement Preparation**

The financial statements were prepared by the independent certified public accountant performing the audit with the assistance of the District Attorney's staff. Management is responsible for ensuring that the books and records adequately support the preparation of financial statements in accordance with generally accepted accounting principles and that records are current and in balance. Management has reviewed and approved the financial statements.

**Exit Conference**

An exit conference was held on December 1, 2009, to discuss the audit. The following individuals were in attendance:

**State of New Mexico - Eighth Judicial District Attorney**

Donald Gallegos, Eighth Judicial District Attorney  
Cindy Gallegos, Chief Financial Officer

**Audit Firm (Robert J. Rivera, CPA, PC)**

Robert J. Rivera, CPA