

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

**Financial Statements
With Independent Auditors Report Thereon
June 30, 2009**

INTRODUCTORY SECTION

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

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OFFICE OF THE DISTRICT ATTORNEY
NINTH JUDICIAL DISTRICT**

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

**Official Roster
June 30, 2009**

Attorney

Matthew Chandler

Administrative Officials

Kevin Spears, Fiscal Officer

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To Matthew Chandler, District Attorney
Office of the District Attorney
Ninth Judicial District
And
Hector H. Balderas
New Mexico State Auditor

We have audited the accompanying financial statements of the governmental activities, major funds, and budgetary comparisons of the State of New Mexico, Office of the District Attorney, Ninth Judicial District (the "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. 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 of America. 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 State of New Mexico, Office of the District Attorney, Ninth Judicial District are intended to present the financial position and changes in financial position of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of the State that is attributable to the transactions of the District. They do not purport to, and do not, present fairly the financial position of the entire State of New Mexico as of June 30, 2009 and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2009, and the respective changes in financial position thereof and the respective budgetary comparisons for the General Fund and Victim Assistance Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2010 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 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Management's Discussion and Analysis. However, we did not audit the information and express no opinion on it.

Miller & Associates, CPA, P.C.

Miller & Associates, CPA, P.C.

January 13, 2010

**STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT ATTORNEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)
June 30, 2009**

The Management's Discussion and Analysis (MD&A) for the Ninth Judicial District Attorney will provide an overview of the District Attorney's Office activities and programs by (1) evaluating the operating results for the year, (2) assessing its financial position and condition, (3) helping to understand its sources and uses of financial resources, (4) helping to determine if budgets were met, and (5) identifying budget issues or concerns. Finally, the MD&A will provide comparative data from fiscal 2008 and 2009.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the District Attorney's Office as a whole using accounting methods similar to those used by private sector businesses. The statement of net assets included all of the Office'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 financial statements report the Office's net assets and how they have changed.

FUND FINANCIAL STATEMENTS

The Fund Financial Statements provide a more detailed look at the Office's significant funds. Funds are accounting methods that the District Attorney's Office uses to keep track of specific sources of funding and spending for a particular purpose. The District Attorney's Office operates on its General Fund Appropriations received from the State Legislature each year. Federal grants are also a revenue source for operation. The Fund Financial Statements also present sources and uses of liquid resources. This is the manner in which the financial plan (the budget) is typically developed. Funds are established for various purposes and the financial statement allows the demonstration of sources and uses/or budgeting compliance associated therewith.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and financial statements.

**STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT ATTORNEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)
June 30, 2009**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets: Below is a summary of the Office's net assets. The District Attorney's Office reports balances in the following three categories of net assets: (1) invested in capital assets, (2) restricted, and (3) unrestricted. Restricted net assets are created by State statute and are required to be used for the VOCA program. Unrestricted net assets are a combination of encumbrances and compensated absences because it is the government's policy to fund compensated absences payable out of current resources as they become due.

Net Assets

	Government Activities	
	2009	2008
Current Assets	\$ 658,117	\$ 599,114
Capital Assets	53,586	44,661
Total Assets	\$ 711,703	\$ 643,775
Current Liabilities	\$ 487,492	\$ 504,533
Non-current Liabilities	37,359	33,716
Total Liabilities	\$ 524,851	\$ 538,249
Net Assets:		
Invested in Capital Assets	\$ 53,586	\$ 44,661
Restricted	257,695	173,467
Unrestricted	(124,429)	(112,602)
Total Net Assets	\$ 186,852	\$ 105,526

**STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT ATTORNEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)
June 30, 2009**

Statement of Activities: The following represents the revenues and expenses for fiscal year 2009.

Changes in Net Assets

	Government Activities	
	2009	2008
Revenues:		
Program Revenues		
Operating Grants and Contributions	\$ 169,192	\$ 1,053
General Revenues		
State General Fund Appropriations	2,981,066	2,838,600
Other General Revenue	56,400	-
Total Revenues	3,206,658	2,839,653
Expenses:		
Administrative	3,055,597	2,801,345
Total Expenses	3,055,597	2,801,345
Transfers Out	69,735	108,688
Change in Net Assets	81,326	(70,380)
Net Assets – Beginning	105,526	175,906
Net Assets – Ending	\$ 186,852	\$ 105,526

Total revenues increased by \$367,005 in FY09. The Federal Grant revenue increased by \$168,139, Other General Revenue increased by \$56,400 and the State Appropriation was up \$142,466. The increase in the Federal Grant is the result of more grant monies being received during the current year. The State Appropriation increased due to deferred revenue for capital outlay expenditures being recognized in FY09.

The increase in expenditures of \$254,252 from FY08 to FY09 was attributable primarily to capital outlay expenditures and to an increase in payroll and liability insurance expense during the year.

The net assets increase of \$81,326 is the current year profit.

**STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT ATTORNEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)
June 30, 2009**

FUND FINANCIAL ANALYSIS

Governmental Funds. The focus of the Office's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. For the current year the District Attorney's Office had two governmental funds, the General Operating Fund and the Victim Assistance Program. As of year-end, the General Operating Fund reported a fund balance of \$100 – no change from the previous year. The fund balance of \$100 in the general fund is a reserve for petty cash. The non-major Victim Assistance Program Fund reported a fund balance of \$257,695. This fund balance is reserved for expenditures on the program from the VOCA grant and encumbrances.

Budgetary Comparisons

GASB 34 requires budgetary comparison schedules for the general fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedules should present both the original and the appropriated budgets for the reporting period as well as the actual inflows, outflows, and balances stated on the government's budgetary basis. As required by the Office of the State Auditor in 2 NMAC 2.2, the budgetary comparison statement is presented as a basic statement. This information is provided at the approved budget level to demonstrate compliance with legal requirements.

Position and Vacancy Savings allowed for budgeted money to be transferred from Personal Service and Benefits to our "Other Expense" category.

**STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT ATTORNEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)
June 30, 2009**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Office's investment in capital assets for its government activities as of June 30, 2009 amount to \$53,586 (net of accumulated depreciation). This investment in capital assets consists of office equipment and vehicles. The major capital asset events during the current year included depreciation expense of \$54,025 and the purchase of three vehicles for \$62,950.

Capital Assets

	Governmental Activities	
	2009	2008
Capital Assets Net of Accumulated Depreciation	\$ 53,586	\$ 44,661

Long-Term Debt: At the end of the current fiscal year, the District Attorney's Office had a total long-term debt outstanding of \$37,359. This amount is due to employees and consists of accumulated balances for annual leave and sick leave eligible for payment to employees upon termination of their employment.

Long-Term Debt

	Government Activities	
	2009	2008
Accumulated Leave Balances:		
Annual Leave	\$ 36,064	\$ 31,693
Sick Leave	1,295	2,023
Total	\$ 37,359	\$ 33,716

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The overall financial position of the District Attorney's office is virtually unchanged. The District Attorney's office receives state funded appropriations to pay for operating costs. Any unused portion of the appropriation is reverted to the General Fund at the end of the fiscal year. We expect the general operation of the District Attorney's office to remain consistent with the past.

AGENCY HIGHLIGHTS

The Ninth Judicial District is comprised of Curry and Roosevelt Counties. The current total caseload for the Ninth Judicial District Attorney's office is approximately 2,400 cases, which include felony, misdemeanor and juvenile cases. Our office has a total of twelve attorneys on staff with an average caseload of over 200 per attorney. Our office handles conflict cases from other Districts and the assigned attorney will travel to and from other Districts for court hearings and trials.

**STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT ATTORNEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)
June 30, 2009**

REQUESTS FOR INFORMATION

The purpose of this financial report is to provide the general public and other interested parties with a general overview of this Office's finances and accountability of funds. Questions concerning this report or requests for additional information should be addressed to the Ninth Judicial District Attorney, 417 Gidding, Suite 200, Clovis, New Mexico 88101. (575) 769-2246.

BASIC FINANCIAL STATEMENTS

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

**Statement of Net Assets
Government -Wide
June 30, 2009**

ASSETS	<u>Governmental Activities</u>
Current assets:	
Investment in the State Treasurer	
Local Government Investment Pool	\$ 655,846
Accounts receivable	1,116
Prepaid expenses	1,155
Total current assets	<u>658,117</u>
Noncurrent assets:	
Capital assets, net of depreciation (Note 3)	<u>53,586</u>
 Total Assets	 <u><u>\$ 711,703</u></u>
 LIABILITIES	
Current liabilities:	
Accounts payable	\$ 183,314
Payroll taxes payable	22,185
Payroll benefits payable	40,280
Accrued payroll	86,208
Due to state general fund	68,335
Compensated absences - current	87,170
Total current liabilities	<u>487,492</u>
Noncurrent liabilities:	
Compensated absences	<u>37,359</u>
Total liabilities	<u>524,851</u>
 NET ASSETS	
Invested in capital assets	53,586
Restricted for VOCA	257,695
Unrestricted (Note 6)	(124,429)
Total net assets	<u>186,852</u>
 Total liabilities and net assets	 <u><u>\$ 711,703</u></u>

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

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

**Statement of Activities
Government -Wide
For the Year Ended June 30, 2009**

	<u>Governmental Activities</u>
Expenses:	
Administrative services	\$ 3,001,572
Depreciation	54,025
Total program expenses	<u>3,055,597</u>
Program revenues:	
Federal grant	169,192
Net program expense	<u>(2,886,405)</u>
General revenues and transfers:	
State general fund appropriation	2,981,066
Other revenues	56,400
Reversion to the state general fund - FY 2009	(69,735)
Total general revenues and transfers	<u>2,967,731</u>
Change in net assets	81,326
Net assets -- beginning of the year	<u>105,526</u>
Net assets -- end of the year	<u><u>\$ 186,852</u></u>

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

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

**Balance Sheet
Governmental Funds
June 30, 2009**

	General Fund	Major Victims Assistance Program	Total
ASSETS			
Investment in the State Treasurer			
Local Government Investment Pool	\$ 394,664	\$ 261,182	\$ 655,846
Accounts receivable	-	1,116	1,116
Prepaid expenses	1,155	-	1,155
Total assets	\$ 395,819	\$ 262,298	\$ 658,117
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 178,711	\$ 4,603	\$ 183,314
Payroll taxes payable	22,185	-	22,185
Payroll benefits payable	40,280	-	40,280
Accrued payroll	86,208	-	86,208
Due to state general fund	68,335	-	68,335
Total liabilities	395,719	4,603	400,322
 Fund balances:			
Reserved for petty cash	100	-	100
Reserved for VOCA	-	257,695	257,695
Total fund balances	100	257,695	257,795
 Total liabilities and fund balances	\$ 395,819	\$ 262,298	\$ 658,117

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

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

**Reconciliation of Governmental Fund Balance Sheet
to the Statement of Net Assets
June 30, 2009**

Total fund balances - Governmental Funds (from C-1)	\$	257,795
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Amounts reported for *governmental activities* in the Statement of Net Assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Furniture, fixtures, and equipment	290,246	
Vehicles	291,034	
Accumulated Depreciation	(527,694)	
Total capital assets	53,586	

The compensated absences are not due and payable in the current period and therefore are not reported in the funds.

(124,529)

Net assets of governmental activities

\$ 186,852

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

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

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2009**

	General Fund	Major Victims Assistance Program	Total
REVENUES			
Federal funds	\$ 62,825	\$ 106,367	\$ 169,192
Other revenues	56,400	-	56,400
Total revenues	<u>119,225</u>	<u>106,367</u>	<u>225,592</u>
EXPENDITURES			
Public safety:			
Current:			
Administrative services	2,788,556	22,139	2,810,695
Capital outlay	242,000	-	242,000
Total expenditures	<u>3,030,556</u>	<u>22,139</u>	<u>3,052,695</u>
Excess (deficiency) of revenues over expenditures	<u>(2,911,331)</u>	<u>84,228</u>	<u>(2,827,103)</u>
OTHER FINANCING SOURCES (USES)			
General fund appropriation	2,981,066	-	2,981,066
Reversion to the state general fund - FY 2009	(69,735)	-	(69,735)
Total other financing sources and uses	<u>2,911,331</u>	<u>-</u>	<u>2,911,331</u>
Net change in fund balance	-	84,228	84,228
Fund balances--beginning of the year	<u>100</u>	<u>173,467</u>	<u>173,567</u>
Fund balances--end of the year	<u>\$ 100</u>	<u>\$ 257,695</u>	<u>\$ 257,795</u>

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

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

**Reconciliation of Changes in Fund Balance of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2009**

Net change in fund balances -- total governmental funds (from C-3) \$ 84,228

Amounts reported for *governmental activities* in the Statement of Activities (B-1) are different because:

Governmental funds report capital outlays as expenditures.

However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	62,950	
Depreciation expense	(54,025)	
Excess of capital outlay over depreciation expense		8,925

Compensated absences reported in the Statement of Activities require the use of current financial resources and therefore are not reportable as expenditures in governmental funds.

(11,827)

Change in net assets of governmental activities (see B-1)

\$ 81,326

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

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

**Statement of Revenues and Expenditures
Budget and Actual
General Fund
For the Year Ended June 30, 2009**

	General Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
REVENUES				
State general fund appropriations	\$ 2,991,900	\$ 2,991,900	\$ 2,981,066	\$ (10,834)
Federal grants	62,825	62,825	62,825	-
Miscellaneous revenue	56,400	56,400	56,400	-
Total revenues	<u>3,111,125</u>	<u>3,111,125</u>	<u>3,100,291</u>	<u>(10,834)</u>
EXPENDITURES				
Personal services and employee benefits	2,674,655	2,674,655	2,620,723	53,932
Contractual services	22,731	22,731	22,731	-
Other	148,139	148,139	145,102	3,037
Capital outlay	242,000	242,000	242,000	-
Total expenditures	<u>3,087,525</u>	<u>3,087,525</u>	<u>3,030,556</u>	<u>56,969</u>
OTHER FINANCING USES				
General Fund Reversion	-	-	69,735	(69,735)
Excess (deficiency) of revenues over expenditures	23,600	23,600	<u>\$ -</u>	<u>\$ (23,600)</u>
Prior year fund balance	<u>100</u>	<u>100</u>		
End of year fund balance	<u>\$ 23,700</u>	<u>\$ 23,700</u>		

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

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

**Statement of Revenues and Expenditures
Budget and Actual
Victim Assistance Program
For the Year Ended June 30, 2009**

	Special Revenue - Victim Assistance Program			
	Budgeted Amounts		Actual Amounts (Modified Accrual Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Federal grants	\$ 106,367	\$ 106,367	\$ 106,367	\$ -
EXPENDITURES				
Other	106,367	106,367	22,139	84,228
Excess (deficiency) of revenues over expenditures	-	-	\$ 84,228	\$ 84,228
Prior year fund balance	173,467	173,467		
End of year fund balance	\$ 173,467	\$ 173,467		

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

NOTES TO THE FINANCIAL STATEMENTS

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

**Notes to the Financial Statements
June 30, 2009**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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

The District is an agency of the State of New Mexico and these financial statements include all funds and activities over which the District Attorney has oversight responsibility. The District will be included in the State of New Mexico Comprehensive Annual Financial Report. The District Attorney has decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. The District has no component units, and is not a component unit of another governmental agency.

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

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.

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the District, the primary government, as a whole, without displaying individual funds or fund types. Generally, these statements distinguish between activities that are governmental and those that are considered business-type activities. The District has no business-type activities; therefore these statements only reflect governmental activities. Government-wide financial statements exclude information about fiduciary funds and component units that are fiduciary in nature. The two funds of the District do not have interfund activity. Therefore, there are no eliminations in the government-wide financial statements.

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

**Notes to the Financial Statements
June 30, 2009**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Accounting – GASB Statement #34 (continued)

The government-wide statements are prepared using the “economic resources” measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. The program revenues are directly associated with the function. The only program revenues are operating grants that consist of a VOCA grant and a Southwest Border Grant to be utilized in the Victim Assistance Program.

B. Basis of Presentation – Fund Accounting

Fund Financial Statements

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

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

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

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

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

**Notes to the Financial Statements
June 30, 2009**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation – Fund Accounting (continued)

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 #163 – District Regular.

Special Revenue Funds

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

Victim Assistance Program – The district receives a federal VOCA grant #02-VA-GX-0035 and a Southwest Border Grant to provide assistance to victims of crime. The SHARE number of the Victim Assistance Program is #942. The funds received under these grants are non-reverting.

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

C. Assets, Liabilities and Equity

Cash and investments

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

Accounts Receivable

Accounts receivable is made up of a VOCA grant reimbursement.

Capital Assets

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

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

**Notes to the Financial Statements
June 30, 2009**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Liabilities and Equity (continued)

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

Furniture, fixtures and equipment (including software)	3-12 years
Vehicles	5 years

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

Long-Term Liabilities

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

Equity

Government-Wide Statements:

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

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

Fund Financial Statements:

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

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

**Notes to the Financial Statements
June 30, 2009**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Department of Finance and Administration (DFA) an appropriation request for the fiscal year commencing the following July. The appropriation includes proposed expenditures and the means of financing them.
2. Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committees. The final outcome of these hearings is incorporated into the General Appropriations Act.
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 in July. All subsequent budget adjustments must be approved by the Director of the DFA- Budget Division. The current year budget was revised in a legal manner.
5. Legal budget control for expenditures is by category.
6. Formal budgetary integration is employed as a management control device during the fiscal year for the Governmental Funds.
7. The General Appropriation Act of 2004, which applies to fiscal year 2009 budgets, established the modified accrual basis of accounting as the budgetary basis of accounting for the State of New Mexico. State agencies have a different budget basis that began in the fiscal year ended June 30, 2005. Under the new law, encumbrances related to single year appropriations lapse at year end. The portion of an encumbrance representing goods and services received by the last day of the fiscal year should be reclassified as accounts payable. Any remaining encumbrances related to single year appropriations must be reclassified as unreserved fund balance and a liability recorded to recognize any amounts subject to reversion. If the Legislature provides a new appropriation for a specific encumbrance, it is carried forward to a new appropriation period to be charged against the budget. If the Legislature does not provide a new appropriation for an encumbrance, the encumbrance is no longer authorized. The General Appropriation Act, Laws of 2006, Chapter 109, Section 3, Subsections O and N, which applies to fiscal year 2009 establishes the modified accrual basis of accounting as the budgetary basis 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. The account payable that do not get paid timely must be paid out of the next year's budget.

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

**Notes to the Financial Statements
June 30, 2009**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Accrued Compensated Absences

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

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

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

F. 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 of assets, liabilities and disclosures at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
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**Notes to the Financial Statements
June 30, 2009**

(2) CASH AND INVESTMENTS

The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10-I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. At June 30, 2009, the New MexiGROW Local Government Investment Pool was rated at AAAM and was considered a 24-day WAM.

The pool does not have unit shares. Per Section 6-10-10-1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amount directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested.

Participation in the local government pool is voluntary.

At June 30, 2009, cash and investments consisted of the following:

<u>Account Name</u>	<u>SHARE Fund #</u>	<u>Maturities</u>	<u>Per Bank Balance</u>	<u>Reconciling Items</u>	<u>Reconciled Balance</u>
<u>General Fund:</u>					
Petty Cash			\$ -	\$ 100	\$ 100
Investment in the State Treasurer Local Government Investment Pool	163	<180 days	394,564	-	394,564
<u>Special Revenue Fund:</u>					
Investment in the State Treasurer Local Government Investment Pool Victims Assistance Program	942	<180 days	261,182	-	261,182
Total			<u>\$ 655,746</u>	<u>\$ 100</u>	<u>\$ 655,846</u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the system will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District is not exposed to custodial risk since investments are held by the State Treasurer.

Credit Risk

State law limits investment in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no investment policy that would further limit its investment choices. As of June 30, 2009, the District's investment in the state investment pool was rated as follows:

**STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
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**Notes to the Financial Statements
June 30, 2009**

(2) CASH AND INVESTMENTS (continued)

Investment Type	Rating
U.S. Government Obligations	no rating
Commercial Paper	A-1, P-1 by 2 national rating services
Corporate Bonds	BBB+ or Baa1
Asset-Backed Obligations	AAA
Repurchase Agreements	no rating
Bank, Savings and Loan Association or Credit Union Deposits	no rating
Securities Lending	no rating
Variable Rate Notes	no rating
Tax Exempt Securities	A
Mutual Funds	no rating

The investments are valued at fair value based on quoted market prices as of the valuation date.

Investment Risk

The District has no investment policy that would further limit its investment choices.

(3) CAPITAL ASSETS

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

Governmental Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Furniture, Fixtures and Equipment	\$ 290,246	\$ -	\$ -	\$ 290,246
Vehicles	228,084	62,950	-	291,034
	<u>518,330</u>	<u>62,950</u>	<u>-</u>	<u>581,280</u>
Less Accumulated Depreciation:				
Furniture, Fixtures and Equipment	(246,710)	(12,527)	-	(259,237)
Vehicles	(226,959)	(41,498)	-	(268,457)
Total Accumulated Depreciation	<u>(473,669)</u>	<u>(54,025)</u>	<u>-</u>	<u>(527,694)</u>
Net Capital Assets	<u>\$ 44,661</u>	<u>\$ 8,925</u>	<u>\$ -</u>	<u>\$ 53,586</u>

Current depreciation expense is \$54,025.

**STATE OF NEW MEXICO
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**Notes to the Financial Statements
June 30, 2009**

(4) INTERAGENCY TRANSFERS

The District had the following transfer for the fiscal year ending June 30, 2009:

<u>Transfers From:</u>	<u>SHARE Fund No.</u>	<u>Transfer To:</u>	<u>SHARE Fund No.</u>	<u>Agency No.</u>	<u>Amount</u>
State General Fund	85300	General Fund	16300	34101	\$ 2,726,300
State General Fund	62000	General Fund	16300	34100	56,400
State General Fund	85300	General Fund	16300	34101	25,000
AODA	94600	General Fund	16300	26400	62,825
AODA	94600	Victim Fund	94200	26400	106,367
General Fund	16300	State General Fund	85300	34101	(1,400)
Total					<u>\$ 2,975,492</u>

(5) COMPENSATED ABSENCES PAYABLE

A summary of changes in compensated absences is as follows:

	<u>Balance 07/01/08</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Balance 06/30/09</u>	<u>Amount Due Within One Year</u>
Compensated Absences Payable	<u>\$ 112,702</u>	<u>\$ 158,895</u>	<u>\$ (147,068)</u>	<u>\$ 124,529</u>	<u>\$ 87,170</u>

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

(6) DEFICIT NET ASSETS

The implementation of GASB #34, which requires restatement of beginning balances for capitalized assets, net of accumulated depreciation, and inclusion of long-term debt results in an unrestricted net asset deficit of \$124,429. This deficit is created primarily by compensated absences which will be paid from subsequent years State General Fund appropriations and the above.

(7) PERA RETIREMENT PLAN

Substantially all of the Ninth Judicial 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, disability benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123.

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

**Notes to the Financial Statements
June 30, 2009**

(7) PERA RETIREMENT PLAN (continued)

Funding Policy

Plan members are required to contribute 7.42% of their gross salary. The Ninth Judicial District is required to contribute 16.59% of the gross covered salary. The contribution requirements of plan members and the Ninth Judicial District are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to PERA for the years ending June 30, 2009, 2008, and 2007 were \$307,713, \$291,306, and \$265,558, respectively, equal to the amount of the required contributions for each year.

(8) RETIREE HEALTH CARE ACT CONTRIBUTION

The Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Retiree Health Care Authority is the administrator of the plan. The purpose is to provide eligible retirees, their spouses, dependents and surviving spouses and dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds flowing into the Retiree Health Care Fund and by co-payments or the out-of-pocket payments of eligible retirees.

Monies flow to the Retiree Health Care Fund on a pay-as-you-go basis from eligible employers and eligible retirees. Eligible employers consist of institutions of higher education, school districts, or other entities participating in the Public School Insurance Authority, state agencies, state districts, magistrate districts, municipalities or counties, which are affiliated under or covered by the Educational Retirement Act, Public Employees Retirement Act, Volunteer Firefighters Retirement Act, Judicial Retirement Act or the Magistrate Retirement Act.

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 Retiree Health Care Act on the person's behalf, unless that person retires on or before July 1, 1995, in which event the time period for contribution becomes the times between July 1, 1990 and the date of retirement; or (2) retirees defined by the Act who retired prior to July 1, 1990.

Each participating employer makes contributions to the fund in the amount of 1.3% of each participating employee's annual salary. Each participating employee contributes to the fund an employee contribution equal to .65% of the employee's annual salary. Each participating retiree pays a monthly premium ranging from \$23.20 to \$374.27 depending on the plan type and whether or not on Medicare and an additional fee of five dollars (\$5.00) if the eligible participant retired prior to July 1, 1990 and made no contributions to the plan. Amounts for spouses and children are additional.

Contributions from participating employers and participating employees become the property of the Retiree Health Care Fund and are not refundable under any circumstances, including termination of

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

**Notes to the Financial Statements
June 30, 2009**

(8) RETIREE HEALTH CARE ACT CONTRIBUTION (continued)

employment or termination of the participating employer's operation or participation in the Retiree Health Care Act. The employer, employee and retiree contributions are required to be remitted to the Retiree Health Care Authority on a monthly basis.

The Retiree Health Care Authority issues a separate, publicly available audited financial report that includes post employment benefit expenditures of premiums and claims paid, participant contributions (employer, employee and retiree) and net expenditures for the fiscal year. The report also includes the approximate number of retirees participating in the plan. That report may be obtained by writing to the Retiree Health Care Authority, Albuquerque State Government Center, 4308 Carlisle Blvd. NE, Suite 104, Albuquerque, NM 87107.

For the fiscal year ended June 30, 2009, the Ninth Judicial District remitted \$23,426 in employer contributions and \$11,712 in employee contributions to the Retiree Health Care Authority.

(9) RISKS OF LOSS

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

(10) REVERSIONS

The Due to State General Fund in the Statement of Net Assets includes \$68,335 from 2009 that will be remitted to the State General Fund. The reversion amounts include only state appropriations. Grant revenues accounted for in the special revenue fund are non-reverting.

(11) ACCOUNTING STANDARDS

In December 2006, the Governmental Accounting Standards Board (GASB) issued Statement No. 49, *Pollution Remedial Obligations*. This statement is effective for financial statements for the periods beginning after December 15, 2007. This statement establishes accounting standards for the recognition and reporting of liabilities related to environmental clean-up efforts. The District believes it will have no significant effect on the financial statements for the upcoming year.

In June 2008, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. Statement 53 is intended to improve how state and local governments report information about derivative instruments—financial arrangements used by governments to manage specific risks or make investments—in their financial statements. The guidance in this Statement also addresses hedge accounting requirements and is effective for financial statements for reporting periods beginning after June 15, 2009, with earlier application encouraged. The District is analyzing the effect that this standard will have on its

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

**Notes to the Financial Statements
June 30, 2009**

(11) ACCOUNTING STANDARDS (continued)

financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In November 2007, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. The statement improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. Reporting those investments at fair value provides more decision-useful information about their composition, current value, and recent changes in value. GASB Statement No. 52 is effective for financial statements for periods beginning after June 15, 2008. The District is analyzing the effect that this standard will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In June 2008, the Governmental Accounting Standards Board (GASB) issued Statement No. 52, *Derivative Instruments*. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2009. Earlier application is encouraged. This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. By entering into these arrangements, governments receive and make payments based on market prices without actually entering into the related financial or commodity transactions. Derivative instruments associated with changing financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. Derivative instruments, however, can also expose governments to significant risks and liabilities. Common types of derivative instruments used by governments include interest rate and commodity swaps, interest rate locks, options (caps, floors, and collars), swaptions, forward contracts, and futures contracts.

COMPLIANCE

**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**

To Matthew Chandler, District Attorney
Office of the District Attorney
Ninth Judicial District
and
Hector H. Balderas
New Mexico State Auditor

We have audited the financial statements of the governmental activities, each major fund and the respective budgetary comparisons of the State of New Mexico, Office of the District Attorney, Ninth Judicial District (the "District") as of and for the year ended June 30, 2009, and have issued our report thereon dated January 13, 2010. 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 District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 entity'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 District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency described in the accompanying schedule of findings and responses as item 09-1 to be a significant deficiency in internal control over financial reporting.

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 and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe that any of the control deficiencies described above are material weaknesses.

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 three instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* that are described in the accompanying schedule of findings and responses as items 07-1, 09-1, and 09-2.

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

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

Miller & Associates, CPA, PC

Miller & Associates, CPA, P.C.
January 13, 2010

STATE OF NEW MEXICO
OFFICE OF THE DISTRICT ATTORNEY
NINTH JUDICIAL DISTRICT

Schedule of Findings and Responses
June 30, 2009

07-1

LATE AUDIT REPORT SUBMISSION TO THE STATE AUDITOR

Condition

The District's June 30, 2009 audit report was not submitted to the State Auditors Office by December 15, 2009.

Criteria

The New Mexico State Auditor Rule, (Section 2.2.2.9 (A) (3) NMAC) required the audit report to be filed by December 15, 2009.

Cause

The Ninth Judicial District Attorney did not submit their recommendation to engage an auditor in a timely manner. The recommendation was not approved by the State Auditor's Office until December 8, 2009. As a result the 2009 audit report was unable to be completed in seven days and submitted by the December 15, 2009 deadline.

Effect

The 2009 audit report was not submitted timely, therefore the District is not in compliance with (Section 2.2.2.9 (A) (3) NMAC).

Recommendation

We recommend that the Ninth Judicial District Attorney ensures their 2010 auditor recommendation is submitted and approved in a timely manner.

Agency Response

The Ninth Judicial District Attorney's office fully understands the full importance of submitting a timely audit and will ensure that it secures the services of an auditor within a prompt manner in order to meet all required deadlines.

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

**Schedule of Findings and Responses
June 30, 2009**

09-1

PROCUREMENT OF SERVICES

Condition

The Office of the Ninth Judicial District Attorney did not submit a purchase order to the Department of Finance and Administration (DFA) before services were received.

Criteria

New Mexico Statutes Section 6-5-3, NMSA 1978, requires that before any contracts are entered into involving the expenditure of public funds by a state agency, the authority for the proposed expenditure shall be determined by the division and the state agency. After the authority for the expenditure is determined, the appropriate fund shall be shown by the division to be encumbered to the extent of the proposed expenditure. The division ay request, and the state agency shall provide, such documentation and other information as the division deems necessary to justify the state agency's determination of authority. The division may disapprove the proposed expenditure if it determines that the justification is inadequate or is not substantiated by law. The division may perform, on a statistical or stratified basis, internal pre-audit and post-audit procedures to monitor and enforce compliance with the provisions of this section.

Cause

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

Effect

The District is not in compliance with New Mexico Statutes Section 6-5-3, NMSA 1978.

Recommendation

We suggest that the Ninth Judicial District Attorney establish the appropriate internal controls to provide reasonable assurance of compliance with the regulations.

Agency Response

The Ninth Judicial District Attorney's office will ensure that a valid purchase order is in place before audit services are received. In this instance, a valid contract existed but the proper monies were not encumbered at the beginning of the fiscal year as required.

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

**Schedule of Findings and Responses
June 30, 2009**

09-2

FAILURE TO SUBMIT A TIMELY AUDITOR RECOMMENDATION

Condition

The Office of the Ninth Judicial District Attorney did not submit an auditor recommendation to the State Auditor's Office by the June 1, 2009 deadline.

Criteria

New Mexico State Audit Rule 2.2.8(B)(6) states that each agency shall submit to the State Auditor on or before June 1, 2009 a cover letter indicating the name of the firm being recommended and a fully completed and signed evaluation form for the IPA being recommended.

Cause

Failure by the fiscal staff to process and deliver the proper documentation to the State Auditor's Office by June 1, 2009.

Effect

The District is not in compliance with New Mexico State Audit Rule 2.2.8(B)(6).

Recommendation

We suggest that the Ninth Judicial District Attorney establish the appropriate internal controls to provide reasonable assurance of compliance with the State Audit Rule.

Agency Response

After complete understanding of the auditor rotation rule, we have received a new three year audit proposal from our current auditor and will submit all recommendation to the State Auditor's Office in a timely fashion.

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

**Schedule of Findings and Responses
June 30, 2009**

PRIOR YEAR AUDIT FINDINGS

- 02-2 Capital Assets - Resolved and Not Repeated
- 07-1 Late Audit Report Submission to the State Auditor - Revised and Repeated
- 07-2 The Share System - Accounting and Internal Controls - Resolved and Not Repeated
- 07-3 Reversion of Unreserved Undesignated Fund Balances - Resolved and Not Repeated
- 07-4 Budgeted Expenditures - Resolved and Not Repeated

FINANCIAL STATEMENT PRESENTATION

The Financial Statements of the Ninth Judicial District were prepared by Miller & Associates, CPA, PC from the original books and records provided by management.

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

**Exit Conference
June 30, 2009**

The contents of this report were discussed at an exit conference held January 13, 2010. Ronald L. Miller, Shareholder represented Miller & Associates, CPA, P.C. Matthew Chandler, District Attorney and Kevin Spears, Fiscal Officer represented the Ninth Judicial District Attorney's office.