

Accounting & Consulting Group, LLP

Certified Public Accountants

Office of the District Attorney Ninth Judicial District

Annual Financial Report For the Year Ended June 30, 2010



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

**FINANCIAL STATEMENTS AND REQUIRED
SUPPLEMENTARY INFORMATION
WITH ACCOMPANYING AUDITORS' REPORTS**

YEAR ENDED JUNE 30, 2010

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INTRODUCTORY SECTION

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STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District

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STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District
Directory of Officials
June 30, 2010

<u>Name</u>	<u>Officials</u>	<u>Title</u>
Matthew E. Chandler		District Attorney
Kevin Spears		Chief Financial Officer

FINANCIAL SECTION



Accounting & Consulting Group, LLP
Certified Public Accountants

Independent Auditors' Report

Hector Balderas
New Mexico State Auditor and
The Office of the District Attorney
Ninth Judicial District
Clovis, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, the budgetary comparisons for the general fund and the victims assistance special revenue fund information of Ninth Judicial District Attorney (District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Ninth Judicial District Attorney's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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, 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, 2010 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, each major fund of Ninth Judicial District Attorney, as of June 30, 2010, and the respective changes in financial position, and the budgetary comparison for the general fund and the 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 December 3, 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* on pages 10 through 13 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements and the budgetary comparisons. The introductory section has been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Roswell, New Mexico
December 3, 2010

STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2010

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 2009 and 2010.

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.

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.

STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2010

Net Assets

	Government Activities	
	2010	2009
Current Assets	\$ 485,167	\$ 658,117
Capital Assets	37,757	53,586
Total Assets	\$ 522,924	\$ 711,703
Current Liabilities	\$ 318,869	\$ 487,492
Non-current Liabilities	41,785	37,359
Total Liabilities	\$ 360,654	\$ 524,851
Net Assets:		
Invested in Capital Assets	\$ 37,757	\$ 53,586
Restricted	231,030	257,695
Unrestricted	(106,517)	(124,429)
Total Net Assets	\$ 162,270	\$ 186,852

Statement of Activities: The following represents the revenues and expenses for fiscal year 2010.

Changes in Net Assets

	Government Activities	
	2010	2009
Revenues:		
Program Revenues		
Operating Grants and Contributions	\$ 35,831	\$ 169,192
General Revenues		
State General Fund Appropriations	2,734,900	2,981,066
Other General Revenue	-	56,400
Total Revenues	2,770,731	3,206,658
Expenses:		
Administrative	2,729,086	3,055,597
Total Expenses	2,729,086	3,055,597
Transfers Out	66,227	69,735
Change in Net Assets	(24,582)	81,326
Net Assets – Beginning	186,852	105,526
Net Assets – Ending	\$ 162,270	\$ 186,852

Total revenues decreased by \$435,927 in FY10. The Federal Grant revenue decreased by \$133,361, Other General Revenue decreased by \$56,400 and the State Appropriation was down \$246,166. The decrease in the Federal Grant is the result of less grant monies being received during the current year. The State Appropriation decreased due to mandatory budget reductions.

The decrease in expenditures of \$326,511 from FY09 to FY10 was attributable primarily to less overhead and employee expenses as a result of the budget reductions as well as a decrease in capital outlay expenditures and grant monies being expended.

STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District
Management’s Discussion and Analysis
(Required Supplementary Information)
June 30, 2010

The net assets decrease of \$24,582 is the current year loss.

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 \$231,030. This fund balance is reserved for expenditures on the program from the VOCA grant and encumbrances as well as the Southwest Border Prosecution Initiative Grant

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.

“Other Expense” savings allowed for budgeted money to be transferred from our “Other Expense” category to Personal Service and Benefits.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Office’s investment in capital assets for its government activities as of June 30, 2010 amount to \$37,757 (net of accumulated depreciation). This investment in capital assets consists of office equipment and vehicles. There were no major capital asset events during the current year with the exception of depreciation expenses of \$15,829.

Capital Assets

	Governmental Activities	
	2010	2009
Capital Assets Net of Accumulated Depreciation	\$ 37,757	\$ 53,586

Long-Term Debt: At the end of the current fiscal year, the District Attorney’s Office had a total long-term debt outstanding of \$41,785. 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	
	2010	2009
Accumulated Leave Balances:		
Annual Leave	\$ 40,365	\$ 36,064
Sick Leave	1,420	1,295
Total	\$ 41,785	\$ 37,359

STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2010

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 3126 cases, which include felony, misdemeanor and juvenile cases. Our office has a total of twelve attorneys on staff with an average caseload of over 260 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.

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.

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BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District
Statement of Net Assets
June 30, 2010

Exhibit A-1

	<u>Governmental Activities</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 100
Investments	483,950
Due from other governments	<u>1,117</u>
Total current assets	<u>485,167</u>
Noncurrent assets	
Capital assets	581,280
Less: accumulated depreciation	<u>(543,523)</u>
Total noncurrent assets	<u>37,757</u>
Total assets	<u><u>\$ 522,924</u></u>
 Liabilities	
Current liabilities	
Accounts payable	\$ 21,028
Accrued compensated absences	76,659
Accrued payroll	104,321
Due to State General Fund	<u>128,688</u>
Total current liabilities	330,696
Noncurrent liabilities	
Accrued compensated absences	<u>29,958</u>
Total liabilities	<u>360,654</u>
 Net Assets	
Invested in capital assets	37,757
Restricted for:	
VOCA	231,030
Unrestricted	<u>(106,517)</u>
Total net assets	<u>162,270</u>
Total liabilities and net assets	<u><u>\$ 522,924</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
For the Year Ending June 30, 2010

Governmental activities:**Program expenses:**

General government	
Administrative services	\$ 2,713,257
Depreciation	<u>15,829</u>
Total governmental activities	2,729,086

Program revenues:

VOCA grant	<u>35,831</u>
Net program expense	(2,693,255)

General revenues and transfers:

State general fund appropriation	2,734,900
Reversion to the state general fund - FY 2010	<u>(66,227)</u>
Subtotal, general revenues	<u>2,668,673</u>

Changes in net assets	(24,582)
Net assets, beginning	<u>186,852</u>
Net assets, ending	<u><u>\$ 162,270</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, 2010

	General Fund	Victims Assistance Program	Total
<i>Assets</i>			
Cash and cash equivalents	\$ 100	\$ -	\$ 100
Investments	239,662	244,288	483,950
Other receivables	-	1,117	1,117
	-	1,117	1,117
<i>Total assets</i>	\$ 239,762	\$ 245,405	\$ 485,167
<i>Liabilities and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ 6,653	\$ 14,375	\$ 21,028
Accrued payroll and related expenses	104,321	-	104,321
Due to State General Fund	128,688	-	128,688
	128,688	-	128,688
<i>Total liabilities</i>	239,662	14,375	254,037
<i>Fund balances</i>			
Reserved for VOCA	-	231,030	231,030
Unreserved, reported in General fund	100	-	100
	100	-	100
<i>Total fund balances</i>	100	231,030	231,130
<i>Total liabilities and fund balances</i>	\$ 239,762	\$ 245,405	\$ 485,167

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

STATE OF NEW MEXICO

Office of the District Attorney

Ninth Judicial District

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Assets

June 30, 2010

Exhibit B-1

Page 2 of 2

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

Fund balances - total governmental funds	\$	231,130
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		37,757
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Compensated absences		<u>(106,617)</u>
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Total net assets	\$	<u><u>162,270</u></u>
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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 Balances

Governmental Funds

For the Year Ending June 30, 2010

Exhibit B-2

Page 1 of 2

	General Fund	Victim Assistance Program	Total
<i>Revenues</i>			
Federal flowthrough	\$ -	\$ 35,831	\$ 35,831
Miscellaneous	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>35,831</u>	<u>35,831</u>
<i>Expenditures</i>			
Current			
Public safety:			
Administrative services	2,668,673	62,496	2,731,169
<i>Total expenditures</i>	<u>2,668,673</u>	<u>62,496</u>	<u>2,731,169</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,668,673)</u>	<u>(26,665)</u>	<u>(2,695,338)</u>
<i>Other financing sources (uses)</i>			
General fund appropriation	2,734,900	-	2,734,900
Reversion to the state general fund	(66,227)	-	(66,227)
<i>Total other financing sources (uses)</i>	<u>2,668,673</u>	<u>-</u>	<u>2,668,673</u>
<i>Net change in fund balances</i>	-	(26,665)	(26,665)
<i>Fund balances - beginning</i>	<u>100</u>	<u>257,695</u>	<u>257,795</u>
<i>Fund balances - ending</i>	<u>\$ 100</u>	<u>\$ 231,030</u>	<u>\$ 231,130</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 the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
June 30, 2010

Exhibit B-2

Page 2 of 2

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

Net change in fund balances - total governmental funds \$ (26,665)

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 and reported as depreciation expense:

Depreciation expense (15,829)

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial
resources to governmental funds, while the repayment of the principal of long-term
debt consumes the current financial resources of governmental funds. Neither
transaction, however, has any effect on net assets. Also, governmental funds
report the effect of issuance costs, premiums, discounts, and similar items when
debt is first issued, whereas these amounts are deferred and amortized in the
statement of activities:

Decrease in the reserve for compensated absences 17,912

Change in net assets of governmental activities \$ (24,582)

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

STATE OF NEW MEXICO

Exhibit C-1

Office of the District Attorney

Ninth Judicial District

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget (GAAP Budgetary Basis) and Actual

For the Year Ending June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
<i>Current</i>				
Personnel services and employee benefits	2,592,500	2,592,500	2,525,794	66,706
Contractual services	10,700	10,700	10,700	-
Other	131,700	131,700	132,179	(479)
<i>Total expenditures</i>	<u>2,734,900</u>	<u>2,734,900</u>	<u>2,668,673</u>	<u>66,227</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,734,900)</u>	<u>(2,734,900)</u>	<u>(2,668,673)</u>	<u>66,227</u>
<i>Other financing sources (uses)</i>				
State general fund appropriation	2,790,800	2,790,800	2,734,900	55,900
Reversion to state general fund	-	-	(66,227)	(66,227)
<i>Total other financing sources (uses)</i>	<u>2,790,800</u>	<u>2,790,800</u>	<u>2,668,673</u>	<u>(10,327)</u>
<i>Net change in fund balances</i>	55,900	55,900	-	<u>\$ 55,900</u>
<i>Fund balances - beginning of year</i>	<u>23,700</u>	<u>23,700</u>	<u>100</u>	
<i>Fund balances - end of year</i>	<u>\$ 79,600</u>	<u>\$ 79,600</u>	<u>\$ 100</u>	

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

STATE OF NEW MEXICO

Exhibit C-2

Office of the District Attorney

Ninth Judicial District

Victim Assistance Program

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Budgetary Basis) and Actual

For the Year Ending June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Federal flowthrough	\$ -	\$ -	\$ 35,831	\$ 35,831
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>35,831</u>	<u>35,831</u>
<i>Expenditures</i>				
<i>Current</i>				
Personnel services and employee benefits	-	94,700	14,410	80,290
Contractual services	-	3,690	3,690	-
Other	-	186,270	44,396	141,874
<i>Total expenditures</i>	<u>-</u>	<u>284,660</u>	<u>62,496</u>	<u>222,164</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(284,660)</u>	<u>(26,665)</u>	<u>257,995</u>
<i>Other financing sources (uses)</i>				
State general fund appropriation	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	(284,660)	(26,665)	<u>\$ 257,995</u>
<i>Fund balances - beginning of year</i>	<u>173,467</u>	<u>173,467</u>	<u>257,695</u>	
<i>Fund balances - end of year</i>	<u>\$ 173,467</u>	<u>\$ (111,193)</u>	<u>\$ 231,030</u>	

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

STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District
Notes to the Financial Statements
June 30, 2010

NOTE 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.

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.

STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District
Notes to the Financial Statements
June 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation – Fund Accounting (continued)

Fund Financial Statements (continued)

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:

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 from the Crime Victims Reparation Commission, agency code 78000 and fund code 91600.

STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District
Notes to the Financial Statements
June 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Liabilities and Equity (continued)

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.

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, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets and Budgetary Accounting

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

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

The District Attorney 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 District Attorney's budget for the fiscal year ending June 30, 2010, was amended in a legally permissible manner by increasing or reallocating appropriation unit totals as the need arose during the fiscal year. Individual amendments were not material in relation to the original budget.
4. The Act is signed into law by the Governor of the State of New Mexico within the legally prescribed time limit. The District Attorney 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 1.
5. All subsequent budget adjustments must be approved by the Director of the DFA- Budget Division. The current year budget was properly amended.
6. Legal budget control for expenditures and encumbrances is by category of line item.
7. Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund and the Special Revenue Funds.
8. The budget for the General Fund and the Special Revenue Funds are not adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). The budgets do not include prior year encumbrances paid in the current year in the budgetary amounts.
9. Appropriations lapse at the end of the fiscal year beginning with the year ended June 30, 2010. The District Attorney's General Fund is a reverting fund (funds revert back to the State General Fund).
10. Appropriations lapse at the end of the year except for those amounts encumbered.

STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District
Notes to the Financial Statements
June 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets and Budgetary Accounting

11. Budgets for the General Fund and Special Revenue Funds are presented on the modified accrual basis of accounting. Encumbrances related to single year appropriations lapse at year end. The portion of an encumbrance representing goods and services received by the last day of the fiscal year should be reclassified as accounts payable. Any remaining encumbrances related to single year appropriations must be reclassified as unreserved fund balance and a liability recorded to recognize any amounts subject to reversion. Budgetary comparisons presented for the General Fund and Special Revenue Fund in this report are on the modified accrual budgetary basis, which does not conform to the accounting principles generally accepted in the United States of America as encumbrances are treated as expenditures. This procedure conforms to Department of Finance and Administration and state requirements.
12. The budget for this State Agency 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 statutory deadline (Section 6-10-4 NMSA 1978), that must be paid out of next year's budget.
13. If there are appropriations for multiple years and related funds are encumbered, there is a reservation of fund balance for encumbrances in the financial statements. This State Agency has no encumbered funds outstanding as of June 30, 2010.
14. The legal level of budgetary control is at the appropriation unit level.

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
Ninth Judicial District
Notes to the Financial Statements
June 30, 2010

NOTE 2: INVESTMENTS WITH THE STATE TREASURER

Investments in the State Treasurer's General Fund Investment Pool (GFIP)

All investments are on deposit with the State Treasurer, and cash is on deposit with four financial institutions. Below are required disclosures regarding credit and interest risk.

Credit Risk for Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The General Fund Investment Pool is not rated for credit risk.

Interest Rate Risk for Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

At June 30, 2010, cash and investments consisted of the following:

<u>Account Name</u>	SHARE		Per	Reconciling	Reconciled
	Fund #	Maturities	Treasurer's Balance	Items	Balance
<u>General Fund:</u>					
Petty Cash			\$ -	\$ 100	\$ 100
Investment in the State Treasurer General Fund Investment Pool	163	<180 days	239,662	-	239,662
<u>Special Revenue Fund:</u>					
Investment in the State Treasurer General Fund Investment Pool Victims Assistance Program	942	<180 days	244,288	-	244,288
Total			<u>\$ 483,950</u>	<u>\$ 100</u>	<u>\$ 484,050</u>

STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District
Notes to the Financial Statements
June 30, 2010

NOTE 3: CAPITAL ASSETS

Capital asset and depreciation activity as of and for the year ended June 30, 2010 was as follows:

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Governmental activities:				
Capital assets being depreciated:				
Furniture, fixtures, and equipment	\$ 290,246	\$ -	\$ -	\$ 290,246
Vehicles	291,034	-	-	291,034
Total capital assets being depreciated	<u>581,280</u>	<u>-</u>	<u>-</u>	<u>581,280</u>
Less accumulated depreciation:				
Furniture, fixtures, and equipment	279,079	3,933	-	283,012
Vehicles	248,615	11,896	-	260,511
Total accumulated depreciation	<u>527,694</u>	<u>15,829</u>	<u>-</u>	<u>543,523</u>
Total capital assets, net of depreciation	<u>\$ 53,586</u>	<u>\$ (15,829)</u>	<u>\$ -</u>	<u>\$ 37,757</u>

Current depreciation expense is \$15,829.

NOTE 4: INTERAGENCY TRANSFERS

The District had the following transfer for the fiscal year ending June 30, 2010:

Transfer From	SHARE Fund No.	Transfer To	SHARE Fund No.	Agency No.	Amount
State General Fund	85300	General Fund	16300	34101	2,734,900
General Fund	16300	General Fund	85300	25900	(5,873)
AODA	94600	Victim Assistance Fund	94200	26400	35,831

NOTE 5: COMPENSATED ABSENCES PAYABLE

A summary of changes in compensated absences is as follows:

	Balance 07/01/09	Increase	Decrease	Balance 06/30/10	Amount Due Within One Year
Compensated Absences Payable	<u>\$ 124,529</u>	<u>\$ 58,747</u>	<u>\$ 76,659</u>	<u>\$ 106,617</u>	<u>\$ 76,659</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.

STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District
Notes to the Financial Statements
June 30, 2010

NOTE 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 \$106,517. This deficit is created primarily by compensated absences which will be paid from subsequent years State General Fund appropriations and the above.

NOTE 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.

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, 2010, 2009, and 2008 were \$283,390, \$307,713, and \$291,306, respectively, equal to the amount of the required contributions for each year.

NOTE 8: 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 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.

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.

STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District
Notes to the Financial Statements
June 30, 2010

NOTE 8: POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN (continued)

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2010, the statute required each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee was required to contribute .65% of their salary. In the fiscal years ending June 30, 2011 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY11	1.666%	0.833%
FY12	1.834%	0.917%
FY13	2.000%	1.000%

Also, employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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

The District's employer contributions to the RHCA for the years ended June 30, 2010, 2009, and 2008 were \$23,915, \$23,426 and \$22,827, respectively, which equal the amount of the required contributions for each year. The District's employee contributions to the RHCA for the years ended June 30, 2010, 2009, and 2008 were \$11,957, \$11,712 and \$11,414, respectively.

NOTE 9: RISK 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.

NOTE 10: REVERSIONS

The Due to State General Fund in the Statement of Net Assets includes \$62,461 from 2009 and \$66,227 from 2010 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.

NOTE 11: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

Governmental Funds

- A. There were no funds that maintained a deficit fund balance as of June 30, 2010.
- B. There was one fund that exceeded approved budgetary authority for the year ended June 30, 2010 as follows:

General Fund	\$479
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COMPLIANCE SECTION



Accounting & Consulting Group, LLP
Certified Public Accountants

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

Hector Balderas
New Mexico State Auditor
Matthew Chandler, District Attorney
Office of the District Attorney
Ninth Judicial District
Clovis, New Mexico

We have audited the financial statements of the governmental activities, each major fund, the budgetary comparisons of the general fund and victim assistance program fund of the Ninth Judicial District Attorney as of and for the year ended June 30, 2010, and have issued our report thereon dated December 3, 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 Ninth Judicial District Attorney's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Ninth Judicial District Attorney's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Ninth Judicial District Attorney's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies, 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 Ninth Judicial District Attorney's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain other matters that are required to be reported pursuant to *Government Auditing Standards* paragraphs 5.14 and 5.16, and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and responses as findings FS 2007-1, 2010-01, FS 2010-02, and FS-2010.03.

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

This report is intended solely for the information and use of management, others within Ninth Judicial District Attorney, the State Auditor, the 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 parties.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Roswell, New Mexico
December 3, 2010

A. FINDINGS

FS 2007-01: Late Audit Report Submission to the State Auditor

Condition: The District Attorney's June 30, 2010 audit report was submitted to the Office of the State Auditor by the due date of December 6, 2010. However, it was not accepted by the Office of the State Auditor as originally submitted.

Criteria: New Mexico State Auditor Rule 2.2.2 NMAC Section 2.2.9 (A) (3) required the audit report be filed by December 6, 2010.

Effect: Additional state and federal reporting requirements could be delayed until the report is approved by the Office of the State Auditor

Cause: Due to differences in interpreting reporting requirements between the auditor and the Office of the State Auditor, the report was considered not timely filed.

Auditors' Recommendations: The auditors will submit the report sooner so that disagreements can be resolved prior to the deadline.

Agency's Response: The Ninth Judicial District Attorney's Office will submit the report sooner so that any discrepancies pertaining to the competency of the report, provisions of the audit contract, or applicable rules promulgated by the Office of the State Auditor can be addressed and resolved prior to the deadline.

FS 2010-01: Timeliness of Deposits

Condition: During our testwork of receipts, we noted five instances of receipts being deposited between one month and eleven months after they were received by the Ninth District Attorney. A check dated August 5, 2010 was deposited September 22, 2010. Checks dated July 10, 2009, August 28, 2009, January 29, 2010, and April 30, 2010 were deposited on June 2, 2010.

Criteria: According to NMSA 1978, 6-10, receipts should be deposited as soon as administratively possible.

Effect: Failure to make timely deposits could result in the misappropriation of assets and the loss of revenue.

Cause: Although the District Attorney's office was directed to make deposits within a 24 hour time period, they chose not to because of the small number of checks received.

Auditors' Recommendations: We recommend that the Ninth Attorney emphasize the importance of timely deposits of receipts, and make deposits at least weekly.

Agency's Response: The Ninth Judicial District Attorney's Office realizes the importance of timely deposits of receipts and effective immediately, will adhere to the directive from the Office of the NM State Treasurer and remit any monies received to the Treasury before the close of the next succeeding business day after receipt.

STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District
Schedule of Findings and Responses
June 30, 2010

A. FINDINGS (continued)

FS 2010-02: Over Spending of Certain Budget Line Items

Condition: During our examination we noted that line item in the following function had expenditures in excess of budgeted amounts for expenditures:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General Fund				
Other	\$131,700	\$131,700	\$132,179	(\$479)

Criteria: State budgeting requirement 6.20.2.9 NMSA 1978 sets forth budget preparation standards and states that budgetary control shall be at the function level and that over-expenditure of a function shall not be allowed.

Effect: Without effective oversight of the budget and related expenditures, the District Attorney is at risk for the misappropriation of assets.

Cause: The books of the District Attorney included an old prepaid amount that once reclassified created an over expenditure.

Recommendation: We recommend that a responsible party perform a periodic review of the budget. Any anticipated budgetary transfers can be isolated and authorization can be obtained before the overspending of line item expenditures. In addition all balances on the books should be reviewed to determine if they relate to the current fiscal year.

Agency's Response: The Ninth Judicial District Attorney's Office has several prepaid (account 171900) payment vouchers in SHARE's accounts payable module that need to be closed. This is causing the accounts payable module to be out of balance with the general ledger which resulted in the audit finding. Our agency will acquire the information and documentation (journal entries, vouchers, etc.) necessary to close the vouchers.

2010-03 – Reversion of Unreserved Undesignated Fund Balances

Condition: The Office of the District Attorney, Ninth Judicial District did not revert all unreserved, undesignated fund balances for the fiscal year ending June 30, 2009, in the amount of \$62,461, within 45 days of the issuance of the audit report.

Criteria: New Mexico Statutes Section 6-5-10, NMSA 1978, as amended, requires that all unreserved, undesignated fund balances in reverting funds and accounts, as of June 30, revert to the State General Fund by September 30. The division may adjust the reversion within forty five days of release of the audit report for that fiscal year.

Effect: The District is not in compliance with New Mexico Statutes Section 6-5-10, NMSA 1978, as amended. State statutes define the penalties for not complying with applicable sections. In addition, this money was not available for legislative discretion. The unavailability of the monies could also affect state and federal funding.

Cause: Due to issues related to accrued payroll, the fiscal staff was hesitant to revert the money.

Auditor's Recommendation: We recommend that the Office of the District Attorney, Ninth Judicial District establish the appropriate internal controls to provide reasonable assurance of compliance with the regulations.

STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District
Schedule of Findings and Responses
June 30, 2010

Schedule I
Page 3 of 3

A. FINDINGS (continued)

Agency Response: Due to some initial concerns with accrued payroll calculations, the Ninth Judicial District Attorney's Office did revert what it determined at the time was an appropriate reversion amount for fiscal year 2009. However, after the conclusion of the fiscal year 2010 audit and additional accrued payroll reporting discussions, the remaining unreserved, undesignated fund balances in reverting funds and accounts for fiscal year 2009 will be reverted as required.

B. PRIOR YEAR AUDIT FINDINGS

FS 07-1 Late Audit Report Submission to the State Auditor – revised and repeated

FS 09-1 Procurement of Services - resolved

FS 09-2 Failure to Submit Timely Auditor Recommendation - resolved

STATE OF NEW MEXICO
Office of the District Attorney
Ninth Judicial District
Other Disclosures
June 30, 2010

A. AUDITOR PREPARED FINANCIAL STATEMENTS

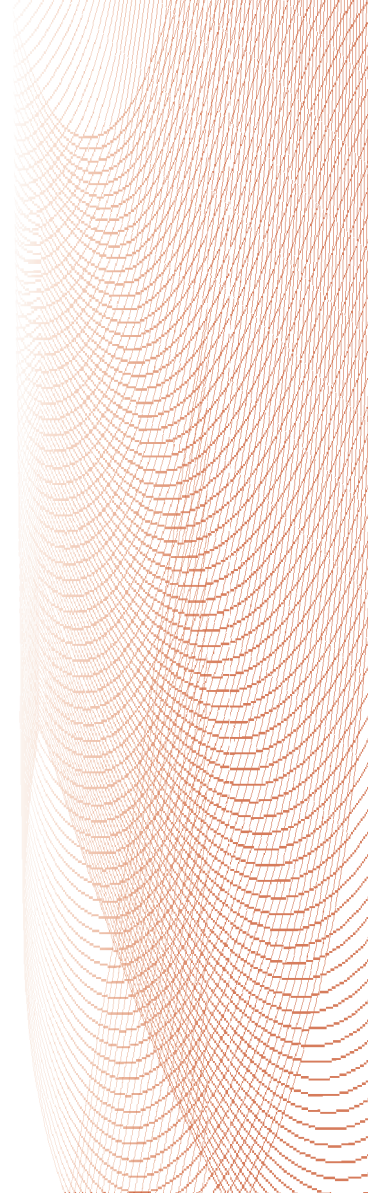
Although it would be preferred and desirable for the District to prepare its own GAAP-basis financial statements, it is felt that the District's personnel do not have the time to prepare them. Therefore, the outside auditor prepared the GAAP-basis financial statements and footnotes for inclusion in the annual audit report.

B. EXIT CONFERENCE

The contents of this report were discussed on December 3, 2010. The following individuals were in attendance.

Office of the District Attorney
Matthew E. Chandler, District Attorney
Kevin Spears, Chief Financial Officer

Accounting & Consulting Group, LLP
Jennifer Nunez, Senior Accountant



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