

AUDITED FINANCIAL STATEMENTS
STATE OF NEW MEXICO
THIRTEENTH JUDICIAL DISTRICT ATTORNEY
For the Year Ended June 30, 2008

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STATE OF NEW MEXICO
THIRTEENTH JUDICIAL DISTRICT ATTORNEY

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For the Year Ended June 30, 2008

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THIRTEENTH JUDICIAL DISTRICT ATTORNEY

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STATE OF NEW MEXICO
THIRTEENTH JUDICIAL DISTRICT ATTORNEY

OFFICIAL ROSTER
As of June 30, 2008

Name

Mr. Lemuel Martinez

Ms. Yvette Gurule

Title

District Attorney

District Office Manager

Mr. Hector H. Balderas
New Mexico State Auditor
and
Mr. Lemuel Martinez,
State of New Mexico - Thirteenth Judicial District Attorney
Rio Rancho, New Mexico

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison statement of the General Fund of the State of New Mexico, Thirteenth Judicial District Attorney (District Attorney) as of and for the year ended June 30, 2008, which collectively comprise the District Attorney's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the District Attorney's non-major governmental funds presented as supplemental information in the combining and individual funds financial statements as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the District Attorney's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 Attorney's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1-A, the financial statements of the State of New Mexico, Thirteenth Judicial District Attorney, are intended to present the financial position and changes of financial position of only that portion of the governmental activities, each major fund and aggregate remaining fund information and budgetary comparison statement of the State that is attributable to the transactions of the District Attorney. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2008 and the changes in its financial position thereof and the respective budgeting comparisons 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, the aggregate remaining fund information of the District Attorney, as of June 30, 2008, and the respective changes in financial position and respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non major governmental of the District Attorney as of June 30, 2008, and the respective changes in financial position and the respective budgetary comparison thereof, 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 a report dated December 9, 2008 on our consideration of the District Attorney's internal control over financial reporting and 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 are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements and budgetary comparisons. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements of the District Attorney. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them. The Schedule of Changes in Assets and Liabilities – Agency Funds is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects to the financial statements taken as a whole.

Robert S. Marquez, CPA
December 9, 2008

STATE OF NEW MEXICO
Thirteenth Judicial District Attorney

Management's Discussion and Analysis

June 30, 2008

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements consist of the following: government-wide financial statements, governmental funds statements, and a statement reconciling the above mentioned statements.

Basic Financial Statements (Statement of Net Assets and Statement of Activities)

Basic financial statements report information about the Thirteenth Judicial District Attorney as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government 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 basic financial statements report the Thirteenth Judicial District Attorney's net assets and how they have changed.

Fund Financial Statements (Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance)

The fund financial statements provide more detailed information about the Thirteenth Judicial District Attorney's significant funds. Funds are accounting devices that the Thirteenth Judicial District Attorney uses to keep track of specific sources of funding and spending for particular purposes.

The Thirteenth Judicial District Attorney operates on its State General Fund appropriations and a budget which is approved by the State Legislature each year.

Analysis of Financial Position (Statement of Net Assets)

Total Assets: Consist of cash of \$540,565 on deposit, accounts receivable of \$31,609 and capital assets, net of accumulated depreciation of \$61,927. Total assets are \$634,101.

Total Liabilities: Consist of current liabilities \$702,345. Total liabilities are \$702,345.

Net Assets: Consist of \$61,927 invested in capital assets net of related debt, \$130,171 unrestricted deficit and total net assets deficit of \$68,244.

Results of Operation (Statement of Activities)

Total Revenues: Consist of \$4,151,900 for operational purposes, State General Fund appropriation.

Total Expenses: Consist of \$4,038,247 mainly for operational, employee salaries and benefits and operating costs purposes.

Changes in Net Assets: The Thirteenth Judicial District Attorney's total revenue increased by approximately 16.82% from \$3,554,200 to 4,151,900. The total expenses increased by approximately 13.83% from 3,547,634 to \$4,038,247.

STATE OF NEW MEXICO
Thirteenth Judicial District Attorney

Management's Discussion and Analysis

June 30, 2008

Analysis of Thirteenth Judicial District Attorney's Overall Financial Position and Results of Operation.

There are significant changes in the Thirteenth Judicial District Attorney's Financial Position (Statement of Net Assets) and Operations (Statement of Activities) from prior year. Total assets decreased from \$707,226 to \$634,101. Net assets changed from \$36,906 to a deficit of \$68,244.

General Fund Budgetary Highlights

The State Legislature makes annual appropriations to the Thirteenth Judicial District Attorney. Amendments to the budget require approval by the Budget Division of the Department of Finance and Administration (DFA).

<u>Statement of Net Assets</u>	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>Increase (Decrease)</u>
Assets:			
Current assets	\$ 607,863	\$ 572,174	\$ (35,689)
Noncurrent assets	<u>99,363</u>	<u>61,927</u>	<u>(37,436)</u>
Total assets	<u><u>707,226</u></u>	<u><u>634,101</u></u>	<u><u>(73,125)</u></u>
Liabilities:			
Current liabilities	<u>670,310</u>	<u>702,345</u>	<u>32,035</u>
Total current liabilities	<u><u>670,310</u></u>	<u><u>702,345</u></u>	<u><u>32,035</u></u>
Net Assets:			
Invested in capital assets	99,363	61,927	(37,436)
Unrestricted	<u>(62,447)</u>	<u>(130,171)</u>	<u>(67,724)</u>
Total net assets	<u><u>\$ 36,916</u></u>	<u><u>\$ (68,244)</u></u>	<u><u>\$ (105,160)</u></u>

Statement of Activities

Expenses:			
Public Safety	\$ 3,517,634	\$ 4,038,247	\$ 520,613
Reversion	<u>20,879</u>	<u>8,493</u>	<u>(12,386)</u>
Total expenses	<u>3,538,513</u>	<u>4,046,740</u>	<u>508,227</u>
Revenues	<u>3,554,200</u>	<u>4,151,900</u>	<u>597,700</u>
Increase (decrease) in net assets	<u><u>\$ 15,687</u></u>	<u><u>\$ 105,160</u></u>	<u><u>\$ 89,473</u></u>

STATE OF NEW MEXICO
Thirteenth Judicial District Attorney

Government-Wide Statement of Net Assets

As of June 30, 2008

	<u>Governmental Activities</u>
ASSETS	
Investment in the State Treasurer General Fund Investment Pool	\$ 540,565
Receivables	31,609
Capital assets, net	<u>61,927</u>
Total assets	<u>634,101</u>
LIABILITIES	
Current liabilities:	
Accounts payable	13,145
Payroll benefits payable	59,293
Payroll taxes payable	31,741
Accrued payroll	83,003
Due General Fund	32,329
Deferred revenue	334,628
Accrued compensated absences	<u>148,206</u>
Total liabilities	<u>702,345</u>
NET ASSETS	
Invested in capital assets	61,927
Unrestricted net assets (deficit)	<u>(130,171)</u>
Total net assets	<u><u>\$ (68,244)</u></u>

See Independent Auditor's Report.

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

STATE OF NEW MEXICO
Thirteenth Judicial District Attorney

Government-Wide Statement of Activities

As of June 30, 2008

Functions/Programs	<u>Expenses</u>	<u>Program Operating Grants and Contributions</u>	<u>Revenue and Changes in Net Assets for Governmental Activities</u>
Governmental activities:			
Administrative services	\$ 4,246,057	\$ -	\$ -
Depreciation expense	<u>37,436</u>	-	-
Public safety	<u>4,283,493</u>	<u>245,246</u>	<u>4,038,247</u>
Total expenditures			<u>4,038,247</u>
General revenues:			
State general fund appropriations:			
General			(4,151,900)
Transfers:			
Reversions to state general fund			<u>8,493</u>
Total general revenues, special items and transfers			<u>(4,143,407)</u>
Change in net assets			(105,160)
Net assets, beginning of year			<u>36,916</u>
Net assets, end of year			<u>\$ (68,244)</u>

See Independent Auditor's Report.

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

STATE OF NEW MEXICO
Thirteenth Judicial District Attorney

Balance Sheet – Governmental Funds

As of June 30, 2008

	<u>General Fund</u>	<u>Aggregated Non-Major Funds</u>	<u>Total</u>
ASSETS			
Investment in the State Treasurer General Fund	\$ 522,530	\$ 18,035	\$ 540,565
Receivables	31,609	-	31,609
Total assets	<u>554,139</u>	<u>18,035</u>	<u>572,174</u>
LIABILITIES			
Accounts payable	13,145	-	13,145
Payroll benefits payable	59,293	-	59,293
Payroll taxes payable	31,741	-	31,741
Accrued payroll	83,003	-	83,003
Due general Fund	32,329	-	32,329
Deferred revenue	<u>334,628</u>	<u>-</u>	<u>334,628</u>
Total liabilities	<u>554,139</u>	<u>-</u>	<u>554,139</u>
FUND BALANCE			
Fund Balance:			
Unreserved general and special revenue funds	<u>-</u>	<u>18,035</u>	<u>18,035</u>
Total fund balance	<u>-</u>	<u>18,035</u>	<u>18,035</u>
Total liabilities and fund balance	<u>\$ 554,139</u>	<u>\$ 18,035</u>	<u>\$ 572,174</u>

See Independent Auditor's Report.

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

STATE OF NEW MEXICO
Thirteenth Judicial District Attorney

Reconciliation of the Governmental Funds Balance Sheet - Assets

As of June 30, 2008

Total fund balance - governmental funds \$ 18,035

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

These assets consist of:

Capital assets	\$ 507,122	
Accumulated depreciation	<u>(445,195)</u>	
		61,927

Liabilities are not due and payable in the current period and therefore are not reported in the funds.

These liabilities consist of:

Compensated absences	<u>(148,206)</u>
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Total net assets \$ (68,244)

See Independent Auditor's Report.

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

STATE OF NEW MEXICO
Thirteenth Judicial District Attorney

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	<u>General Fund</u>	<u>Aggregated Non-Major Funds</u>	<u>Total</u>
Revenues:			
Intergovernmental revenues	\$ 245,246	\$ -	\$ 245,246
Total revenues	<u>245,246</u>	<u>-</u>	<u>245,246</u>
Expenditures			
Current:			
Personal services	4,002,132	-	4,002,132
Contractual services	47,414	-	47,414
Other costs	339,107	-	339,107
Total expenditures	<u>4,388,653</u>	<u>-</u>	<u>4,388,653</u>
Excess (deficiency) of revenues over expenditures before other financing sources	<u>(4,143,407)</u>	<u>-</u>	<u>(4,143,407)</u>
Other financing sources			
State general fund appropriations	4,151,900	-	4,151,900
Reversions to state general fund	(8,493)	-	(8,493)
	<u>4,143,407</u>	<u>-</u>	<u>4,143,407</u>
Net change in fund balances	-	-	-
Fund balance:			
Beginning of year	<u>-</u>	<u>18,035</u>	<u>18,035</u>
	<u>-</u>	<u>18,035</u>	<u>18,035</u>
End of year	<u>\$ -</u>	<u>\$ 18,035</u>	<u>\$ 18,035</u>

See Independent Auditor's Report.

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

STATE OF NEW MEXICO
Thirteenth Judicial District Attorney

Reconciliation of Changes in Fund Balance of Governmental Funds to
Changes in Net Assets per the Statement of Activities
For the Year Ended June 30, 2008

Net change in fund balances - total governmental funds	\$	-
<p>Some activities reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.</p> <p>These activities consist of:</p>		
Increase in compensated absences - Government Wide		(67,724)
<p>Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense in the current period.</p> <p>These amounts consist of:</p>		
Depreciation	<u>\$ (37,436)</u>	<u>(37,436)</u>
Change in net assets		<u>\$ (105,160)</u>

See Independent Auditor's Report.

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

STATE OF NEW MEXICO
Thirteenth Judicial District Attorney

Statement of Revenues, Expenditures and
Changes in Fund Net Assets Budget and Actual
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2008

	General fund			
	Beginning Approved Budget	Final Approved Budget	Actual	Variance Favorable (Unfavorable)
State general fund appropriations	\$ 4,036,900	\$ 4,151,900	\$ 4,151,900	\$ -
Intergovernmental revenue	<u>489,700</u>	<u>654,487</u>	<u>245,246</u>	<u>(409,241)</u>
Total revenues	<u>4,526,600</u>	<u>4,806,387</u>	<u>4,397,146</u>	<u>(409,241)</u>
Expenditures:				
Personal services	4,074,800	4,202,560	4,002,132	200,428
Contractual services	73,600	48,600	47,414	1,186
Other costs	<u>378,200</u>	<u>555,227</u>	<u>339,107</u>	<u>216,120</u>
Total expenditures	<u>\$ 4,526,600</u>	<u>\$ 4,806,387</u>	<u>\$ 4,388,653</u>	<u>\$ 417,734</u>

See Independent Auditor's Report.

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

STATE OF NEW MEXICO
Thirteenth Judicial District Attorney

Statement of Fiduciary Assets and Liabilities – Agency Funds
As of June 30, 2008

	<u>Worthless Check Fees</u>	<u>Pre-Prosecution Diversion Fees</u>	<u>Total</u>
ASSETS			
Cash in bank	<u>\$ 110</u>	<u>\$ 2,825</u>	<u>\$ 2,935</u>
 LIABILITIES			
Deposits held for others	<u>\$ 110</u>	<u>\$ 2,825</u>	<u>\$ 2,935</u>

See Independent Auditor's Report.

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

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Thirteenth Judicial District Attorney (District Attorney) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Government Accounting Standards Board, (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District Attorney's accounting policies are described below.

A. Reporting Entity

This District Attorney represents the State and Counties in criminal prosecution and civil matters, advises state and county officers and law enforcement agencies within the district, assists the general public, victims and witnesses, operates pre-prosecution diversion programs and generally acts as chief law officer for the judicial district as provided by the State Constitution and applicable statutes. Financing is provided by state appropriations, which lapse at year-end.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP and GASB Statement 14.

The basic, but not the only criterion for including a potential component unit within the reporting entity, is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District Attorney is able to exercise oversight responsibility. Based on the application of these criteria, there are no component units identified or excluded from the reporting entity.

The District Attorney is legally separate and fiscally independent of other state agencies, has decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. The District Attorney is a part of the primary government of the State of New Mexico, and its financial data should be included with the financial data of the State. However, New Mexico does not, at present, issue an audited Comprehensive Annual Financial Report inclusive of all agencies of the primary government. Included within the reporting entity is the Thirteenth Judicial District Attorney as described above. Other Executive Branch entities of government are excluded because they are established separately by statutes

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2008

B. Fund Accounting - Implementation of GASB 34

The District Attorney has implemented Governmental Accounting Standards Board (GASB) 34. The purpose of the new financial reporting model is to provide more understandable and useful financial reports to a wider range of users than the previous model.

GASB 34 requires governments to present certain basic financial statements as well as a management's discussion and analysis (MD&A) and certain other required supplementary information (RSI). The basic financial statements include (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

The government-wide financial statements report the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred. Pension trust funds recognize employer and participant contributions in the period in which contributions are due. Fiduciary funds that are fiduciary in nature are not included.

The District Attorney uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." Government resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report into three generic fund types and two broad fund categories as follows:

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

Governmental Funds

General Fund - The General Fund (reverting and non-reverting) is the general operating fund of the District Attorney. It is used to account for all financial resources except those required to be accounted for in another fund. The general appropriation accounted for in this fund is reverting.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts and major capital projects) that are legally restricted to expenditures for specified purposes.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2008

B. Fund Accounting - Implementation of GASB 34 - Continued

Fiduciary Funds

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a non-expendable trust fund, or an expendable trust fund is used. The terms "non-expendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent.

C. Capital Assets and Depreciation

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date they are donated. The District Attorney capitalized capital expenditures for payments over \$5,000. If construction is financed, interest during construction is capitalized. District records assets (such as, furniture & equipment including software, building & improvements, and land) purchased at cost or, if contributed, at fair market value at date of donation. District is capitalizing and depreciating computer software developed for internal use. For net asset purposes, capital assets are depreciated using straight line over the estimated useful life of the asset. Although depreciation is not funded, it must be considered in order to properly reflect the results of operations and the replacement of the equipment and furniture. There is no related debt relating to capital assets.

Estimated useful lives are as follows:

Furniture, fixtures and equipment	7 years
Office equipment	6 years
Vehicles	5 years
Data processing	3 years

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Grants and similar items are recognized as revenue as soon all eligibility requirements imposed by the provider have been met.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available.) "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred. Those revenues susceptible to accrual are state appropriations and amounts due under service contracts.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2008

D. Basis of Accounting - Continued

Non-current portions of long-term receivables of governmental funds are reported on their balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered “available spendable resources” since they do not represent net current assets. Recognition of governmental fund type revenues represented by non-current receivables is deferred until they become current receivables. Non-current portions of long-term loans receivable are offset by fund balance reserve accounts.

Fiduciary funds are used to account for assets held by the District Attorney in a trustee capacity or as an agent for individuals, private organizations, other governmental units and other funds. The reporting focus is upon net assets and changes in net assets and are presented on the full accrual basis of accounting. Fiduciary funds are not included in the government-wide financial statements since they are not assets of the District Attorney available to support the District Attorney’s programs.

Special reporting treatments are also applied to governmental fund inventories to indicate that they do not present “available spendable resources”, even though they are a component of net current assets. Such amounts are generally offset by fund balance reserve accounts.

Program revenues represent funds received from Cities and Tribal governments and federal contracts for services.

E. Budgets and Budgetary Accounting

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

1. By September 1st, the District Attorney prepares a budget appropriations request by category to be presented to the next Legislature.
2. The appropriation request is submitted to the Department of Finance and Administration’s Budget Division (DFA) and to the Legislative Finance Committee (LFC).
3. DFA makes recommendations and adjustments to the appropriation request which become the Governor’s proposal to the Legislature.
4. LFC holds hearings on the appropriations request, also submitting recommendations and adjustments before presentation to the Legislature.
5. Both the DFA’s and LFC’s recommended appropriation proposals are presented to the Legislature for approval of the final budget plan.
6. Budgetary control is exercised at the expenditure category level of the District Attorney and changes between category totals and/or fund levels require the approval of the DFA.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2008

E. Budgets and Budgetary Accounting

7. Formal budgetary integration is employed as a management control device during the year for the General Fund.
8. The District Attorney's budget for the fiscal year ending June 30, 2008, was amended in a legally permissible manner by re-allocating line item category totals as the need arose during the fiscal year. Individual amendments were not material in relation to the original budget.
9. Appropriations lapse at the end of the fiscal year except for those amounts encumbered. Any unspent General Fund appropriations from the State revert back to the State General Fund.
10. Budgets for the General Fund and any 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 amount subject to reversion. Budgetary comparisons presented for the General Fund and Special Revenue Fund in this report are on the modified accrual basis except for the year end accounts payable that are not paid timely, they must be paid out of next year's budget.
11. There were no budgets adopted and no activity in the non-major funds.

F. Compensated Absences Payable

Full-time employees are entitled to accumulate annual leave at the rate of one and one-fourth days for each complete calendar month of services. A maximum of thirty working days of such accumulated annual leave may be carried forward into the beginning of the calendar leave year and any excess is lost. When employees terminate, they are compensated for accumulated unpaid annual leave as of the date of termination, up to a maximum of thirty days.

Employees are entitled to accumulate sick leave at the rate of one day for each calendar month of service. There is no limit to the amount of sick leave, which an employee may accumulate. State agencies are allowed to pay fifty (50) percent of each employee's hourly rate for accumulated sick leave over 600 hours up to 120 hours. Part-time employees accumulate annual and sick leave on a pro-rated basis.

G. Inventory

Office supply inventory items are expensed when purchased. Therefore, the financial statements do not reflect inventories of office supplies on hand at June 30, 2008.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2008

H. Inter-fund transactions

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All inter-fund transactions between governmental funds are eliminated on the government-wide statements. Inter-fund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

I. Fund Equity

Reserves represent those portions of fund equity not available for appropriation or expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for the future use of financial resources. Portions of the fund balances have been reserved for subsequent years' expenditures. The reservation portion of the fund balance may also be reserved for non-current receivables or inventories to indicate that the net receivable and/or inventory amounts are not "available expendable resources"

Net Assets

Net Assets is the difference between assets and liabilities. Net assets invested in capital assets - net of related debt, are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition or improvement of those assets. Net Assets is reported as restricted when there are legal limitations imposed on their use by external restrictions by other governments, creditors, or grantors. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

J. Investment in the State Treasurer General Fund Investment Pool

The State Treasurer has the authority to invest money held in demand deposits and not immediately needed for the operation of state government in securities in accordance with Section 6-10-10 I through O. NMSA 1978 as amended.

K. Estimates

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

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2008

2. CASH ACCOUNTS AND INVESTMENT POLICY

The following is a summary of the cash balances of the District Attorney with the New Mexico State Treasurer:

	<u>Agency</u>	<u>Fund</u>	<u>Amount</u>
General Fund	263	167	\$ 522,530
Special Revenue Fund (Non-major):			
Victims of Crime	263	944	-
Drug Control Program	263	945	<u>18,035</u>
			<u>\$ 540,565</u>

The above accounts do not require separate collateralization at the agency level. Any collateralization required to secure the accounts held by the State Treasurer is the responsibility of the State Treasurer's office.

The District Attorney deposits its funds from the worthless check fees and pre-prosecution diversion fees in a local bank in accordance with state statute which require that a financial institution pledge collateral of Federal or State securities whose collateral value is equal to at least fifty (50) percent of the deposits in excess of FDIC insurance coverage on deposits made with that financial institution.

Securities which are obligations of the State of New Mexico, its agencies, institutions, counties, municipalities or other subdivisions are accepted as security at par value; all other securities at market value. No security is required for the deposit of public money that is fully insured by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's bank balances were fully insured as of June 30, 2008.

The following is a listing of the District Attorney's deposits of public monies and collateral pledged grouped by depository financial institution as of June 30, 2008.

First Community Bank	\$ 2,935
Less: FDIC Insurance	<u>2,935</u>
Uninsured public funds	<u>\$ -</u>

The following schedule is presented to comply with the requirements of New Mexico State Statute 12-6-5, NMSA, 1978, as interpreted by the New Mexico State Auditor's Rule 2 NMAC 2.2.

	<u>State Treasurer's Accounts</u>		<u>1st Comm Bank</u>
Account Number	263-1670	263-9450	3-059863
Type of Account	State Warrant	State Warrant	Checking
Balance per State Treasurer/ Financial Institution	\$ 522,350	\$ 18,035	\$ 2,935
Outstanding Warrants/Checks	<u>-</u>	<u>-</u>	<u>-</u>
Book Balance	<u>\$ 522,350</u>	<u>\$ 18,035</u>	<u>\$ 2,935</u>

The District Attorney did not purchase, hold or sell investments during the fiscal year ended June

30, 2008.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2008

2. CASH ACCOUNTS AND INVESTMENT POLICY - Continued

The credit risk for the balances above for the New Mexico State Treasurer's Investment Pool cannot be determined. The risk would be determined at the State Treasurer's Investment Pool level. The accounts of the State Treasurer's Investment Pool are monitored by the State Treasurers Office and the State Treasurer issues separate financial statements which disclose the collateral pledged to secure these deposits.

Amounts invested in the New Mexico Treasurer's Investment Pool do not require separate collateralization by the District Attorney. The State Treasurer invests the pooled funds and collateralizes the investments in accordance with New Mexico State Statutes 6-10-10.1 and 6-10-15 through 6-10-17, NMSA, 1978 compilation. 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 or are backed by the full faith and credit of 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. However, as mentioned above, the District Attorney did not have any investments for the year ended June 30, 2008.

3. CAPITAL ASSETS

The following schedule shows the changes in capital assets during the year ended June 30, 2008:

	Balance at 6/30/2007	Addition	Deletion	Restatement	Balance at 6/30/2008
Furniture, Fixtures & Equipment	\$ 23,024	\$ -	\$ -	\$ -	\$ 23,024
Data processing	146,771	-	-	-	146,771
Office equipment	77,169	-	-	-	77,169
Vehicles	260,158	-	-	-	260,158
Total capital assets	<u>507,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>507,122</u>
Less: Accumulated depreciation for:					
Furniture, Fixtures & Equipment	(23,024)		-	-	(23,024)
Data Processing	(122,890)	(18,503)	-	-	(141,393)
Office equipment	(73,504)	(2,350)	-	-	(75,854)
Vehicles	(188,341)	(16,583)	-	-	(204,924)
Total accumulated depreciation	<u>(407,759)</u>	<u>(37,436)</u>	<u>-</u>	<u>-</u>	<u>(445,195)</u>
Total net capital assets	<u>\$ 99,363</u>	<u>\$ (37,436)</u>	<u>\$-</u>	<u>\$ -</u>	<u>\$ 61,927</u>

The costs of maintaining and repairing property are charged to operations.

Depreciation expense for \$37,436 is an expense of the function of public safety.

There is no debt relating to capital assets.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2008

4. PERA PENSION PLAN

Substantially all of the District Attorney's full-time employees participate in a public employee retirement system authorized under Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report which may be obtained from PERA, PO Box 2123, Santa Fe, New Mexico, 87504-2123.

Covered employees of the District Attorney are eligible for receiving benefits when the age and service requirements have been met, as follows:

1. Age sixty-five or older and five or more years of credited service,
2. Age sixty-four years and eight or more years of credited service,
3. Age sixty-three years and eleven or more years of credited service,
4. Age sixty-two years and fourteen or more years of credited service,
5. Age sixty-one years and seventeen or more years of credited service,
6. Age sixty years and twenty or more years of credited service,
7. Any age and twenty-five or more years of credited service.

Disability benefits are provided to members who are qualified for such coverage as determined by the disability review committee, pursuant to Chapter 10, Article 11-10.0 NMSA 1978.

Plan members are required to contribute 7.42% of their gross covered salary. The District Attorney is required to contribute 16.59% of covered salary. The contribution requirements of plan members and the District Attorney are established under Chapter 10, Article 11 NMSA 1978. The requirement may be amended by acts of the legislature. The District Attorney's contributions to PERA for the years ending June 30, 2008, 2007, and 2006 were \$487,670, \$427,516, and \$348,046, respectively, equal to the amount of the required contributions for each year.

The District Attorney's employees are covered under the State general member plan 3 as follows:

Employee Group:	
Plan Name:	
State general member coverage	Plan 3
Employee contribution rate on covered wages:	7.42%
Employer contribution rate on covered wages:	16.59%
Authorizing legislation	
Chapter 10 Article 11-:	26.1-26.7
Retirement benefit as a percent of final average salary multiplied by credited years of service:	3.0%
Covered wages during fiscal year ended June 30, 2008	\$2,879,739

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2008

5. POST-EMPLOYMENT BENEFITS

The Retiree Health Care Act (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 to 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 Courts, Magistrate Courts, Municipalities, or Counties, which are affiliated under or covered by the Educational Retirement Act, Public Employees Retirement Act, Volunteer Firefighters 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 before the employer's NMRHCA 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; and former legislators who served at least two years.

Each participating employer makes contributions to the fund in the amount of 1.3 percent of each participating employee's annual salary. Each participating employee contributes to the fund an employees contribution equal to 0.65 percent of the employee's annual salary. Each participating retiree pays a monthly premium for the medical plus basic life plan and an additional participation fee of five dollars (\$5.00) if the eligible participant retired prior to the employer's NMRHCA effective date or is a former legislator. Participants may also enroll in optional plans of coverage.

Contributions from participating employers and employees become the property of the Retiree Health Care Fund and are not refundable under any circumstances, including termination of employment or termination of the participating employer's operation or participation in the Retiree Health Care Act.

The Retiree Health Care Authority issues a separate publicly available audited financial report that includes post employment benefits 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, 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Retiree Health Care Authority is implementing GASB 43 IN FY07. The existence of the new GASB standard and it expected impact on the District is unknown.

For the fiscal year June 30, 2008, the District Attorney remitted \$33,892 in employer contributions and \$16,946 in employee contributions to the Retiree Health Care Authority.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2008

6. DEFERRED COMPENSATION PLAN

The State of New Mexico offers state, local government and school district employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan available to all State employees and those local government and school district employees whose employers have elected participation in the plan permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

There are employees that are making contributions to the Deferred Compensation Plan. Neither the District Attorney nor the State of New Mexico make any contributions to the deferred compensation plan. All contributions withheld from participants by the District Attorney have been paid to the New Mexico Public Employees' Retirement Association, which administers the plan.

7. DEFERRED REVENUE

Deferred revenue represents funds received from Cities and Tribal governments and federal contracts for services to be provided in the future.

8. CHANGE IN LONG-TERM DEBT

Long-term debt consists only of compensated absences payable, paid by general funds.

Balance at June 30, 2007	\$ 80,482
Leave accrued	183,217
Leave used	<u>(115,493)</u>
Balance at June 30, 2008	148,206
Less current portion	<u>148,206</u>
Long-term debt	<u><u>\$ -</u></u>

9. RENT COMMITMENT

The District Attorney rents its office space on a month to month basis for \$3,592 a month.

10. RISK MANAGEMENT

The District Attorney is exposed to various risks of loss relating to torts, thefts of, damage to, and destruction of property, errors and omissions and natural disasters. The District Attorney participates with other New Mexico State agencies in the Coverage obtained through the State of New Mexico Risk Management Division of the General Services Department.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2008

10. RISK MANAGEMENT - Continued

The General Services Department, Risk Management Division, is responsible for the acquisition and administration of all insurance purchased by the State. Various statutes have been passed which allow the Risk Management Division to insure, self-insure or use a combination of both in all areas of insurance.

The insurance programs apply to all State Agencies as defined by the Tort Claims Act. Risk Management Division provides coverage in the following three major areas:

- 1) Liability and Civil Rights protection for claims made by others against the State.
- 2) Coverage to protect the State property and assets.
- 3) Fringe benefits coverage to the State employees.

11. Receivables

The amount is due from the State Agencies and Local Governments of Finance for acquired vehicles; management feels that it is fully collectible.

GENERAL FUND

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

STATE OF NEW MEXICO
Thirteenth Judicial District Attorney

General Fund – Balance Sheet
As of June 30, 2008

	<u>General Fund</u>
ASSETS	
Cash on deposit with State Treasurer	\$ 522,530
Receivables	<u>31,609</u>
 Total assets	 <u><u>554,139</u></u>
 LIABILITIES	
Accounts payable	13,145
Payroll benefits payable	59,293
Payroll taxes payable	31,741
Accrued payroll	83,003
Due general fund	32,329
Deferred revenue	<u>334,628</u>
Total liabilities	<u><u>554,139</u></u>
 FUND BALANCE/NET ASSETS	
Fund Balance:	
Unrestricted	<u>-</u>
Total fund balance	<u>-</u>
 Total liabilities and fund balance	 <u><u>\$ 554,139</u></u>

See Independent Auditor's Report.

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

STATE OF NEW MEXICO
Thirteenth Judicial District Attorney

Statement of Revenues, Expenditures, and Changes in Fund Balances – General Fund
For the Year Ended June 30, 2008

Revenues:	
Intergovernmental revenues	\$ 245,246
Total revenues	<u>245,246</u>
Expenditures	
Current:	
Personal services	4,002,132
Contractual services	47,414
Other costs	<u>339,107</u>
Total expenditures	<u>4,388,653</u>
Excess (deficiency) of revenues over expenditures before other financing sources	<u>(4,143,407)</u>
Other financing sources	
State general fund appropriations	4,151,900
Reversions to state general fund	<u>(8,493)</u>
	<u>4,143,407</u>
Net change in fund balances	-
Fund balance:	
Beginning of year	<u>-</u>
	<u>-</u>
End of year	<u>\$ -</u>

See Independent Auditor's Report.

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

NON-MAJOR FUND

VICTIM OF CRIME FUND – To account for shared funds received from the State Crime Reparation Commission. The program provided training and personnel salaries in dealing with crime victims.

DRUG CONTROL GRANT FUND - To account for shared funds from the State through the Drug Control and Systems Improvement Grant Program, through the Second Judicial District Attorney.

STATE OF NEW MEXICO
Thirteenth Judicial District Attorney

Non-Major Funds
Combining Balance Sheet
As of June 30, 2008

	<u>Victims of Crime Fund</u>	<u>Drug Control Grant</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash	\$ -	\$ 18,035	\$ 18,035
Total assets	<u>-</u>	<u>18,035</u>	<u>18,035</u>
LIABILITIES AND FUND BALANCE			
Current Liabilities:			
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities			
Fund Balance			
Unreserved, un-designated	<u>-</u>	<u>18,035</u>	<u>18,035</u>
Total fund balance	<u>-</u>	<u>18,035</u>	<u>18,035</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 18,035</u>	<u>\$ 18,035</u>

See Independent Auditor's Report.

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

STATE OF NEW MEXICO
Thirteenth Judicial District Attorney

Non-Major Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2008

	<u>Victims of Crime Fund</u>	<u>Drug Control Grant</u>	<u>Total</u>
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Personnel services	-	-	-
Employee benefits	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, at beginning of year	-	18,035	18,035
Restatement	-	-	-
Restated beginning fund balance	<u>-</u>	<u>18,035</u>	<u>18,035</u>
Fund balance, at end of year	<u>\$ -</u>	<u>\$ 18,035</u>	<u>\$ 18,035</u>

See Independent Auditor's Report.

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

FIDUCIARY FUNDS

WORTHLESS CHECK FUND - Fees charged upon the collection of worthless checks. Fees are paid by persons who write the useless check. Fees are remitted to the State Treasurer for the account of the Administration Office of the District Attorneys.

PRE-PROSECUTION DIVERSION PROGRAM - Fees charged to individuals in the pre-prosecution diversion program, in accordance with agreements between the program participant and the district attorney. Fees are remitted to the State Treasurer for the account of the Administration Office of the District Attorneys.

STATE OF NEW MEXICO
Thirteenth Judicial District Attorney

Fiduciary Funds
Schedule of Changes in Assets and Liabilities – Agency Funds
For the Year Ended June 30, 2008

	<u>Balance at June 30, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2008</u>
Worthless Check Charges:				
ASSETS				
Cash in bank	\$ 2,456	\$ 2,919	\$ 5,265	\$ 110
LIABILITIES				
Deposits held	<u>2,456</u>	<u>2,919</u>	<u>5,265</u>	<u>110</u>
Pre-prosecution Diversion Fees:				
ASSETS				
Cash in bank	<u>18,944</u>	<u>19,200</u>	<u>35,319</u>	<u>2,825</u>
LIABILITIES				
Deposits held	<u>18,944</u>	<u>19,200</u>	<u>35,319</u>	<u>2,825</u>
Totals:				
ASSETS				
Cash in bank	<u>21,400</u>	<u>22,119</u>	<u>40,584</u>	<u>2,935</u>
LIABILITIES				
Deposits held	\$ <u>21,400</u>	\$ <u>22,119</u>	\$ <u>40,584</u>	\$ <u>2,935</u>

See Independent Auditor's Report.

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

Mr. Hector H. Balderas
New Mexico State Auditor
and
Mr. Lemuel Martinez
Thirteenth Judicial District Attorney
Rio Rancho, New Mexico

**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**

We have audited the financial statements of the governmental activities, each major fund, the general fund budgetary comparison, the aggregate remaining fund, and the combining and individual funds presented as supplemental information of Thirteenth Judicial District Attorney, State of New Mexico as of and for the year ended June 30, 2008 and have issued our report thereon dated December 9, 2008. 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 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 District Attorney's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District Attorney's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the District Attorney's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District Attorney's financial statements that is more than inconsequential will not be prevented or detected by the District Attorney's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Thirteenth 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 grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Robert S. Marquez, CPA
December 9, 2008

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

**Schedule of Findings and Recommendations
June 30, 2008**

Status on Prior Year Findings

Finding No. 07-1 Public Employees Retirement Act compliance - Resolved

Finding No. 07-2 Late Audit Report - Resolved

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

**FINDINGS
For the Year Ended June 30, 2008**

Current Year Findings

Finding No. 07-1 Public Employees Retirement Act compliance

Condition

The agency wages do not agree with PERA records. PERA records are overstated by \$152,997.

Criteria

Public Employees Retirement Act (10-11-1 to 10-11-38 NMSA 1976) requires that the agency and PERA wage records agree.

Effect

The tax rate is not being applied to the correct wages.

Cause

The difference has been identified by the agency but has not been corrected by PERA.

Recommendation

The agency should continue to contact PERA to correct the difference.

Management's Response

"PERA balance discrepancy (sic) between our agency and DFA was caused by the SHARE reporting system. Due to the implementation of the SHARE reporting system by the Department of Finance and Administration, this District immediately experienced widespread problems throughout the fiscal year. One of these problems was the inaccurate general ledger balances at year end in the 'payroll taxes payable' and the 'other liabilities payable' accounts resulted from inaccurate postings of payroll transactions during the year. The Department of Finance is working on eliminating this issue and this agency is working closely with the Administrative Office of the District Attorneys to become more knowledgeable of the accounting principles used in the SHARE system. The result of this finding was not the fault of the Thirteenth District Attorney Office."

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

**FINDINGS
For the Year Ended June 30, 2008**

Current Year Findings

Finding No 07-2 Late Audit Report

Condition

The audit report was filed late; it was filed February 25, 2008

Criteria

Audit Rule 2.2.2 NMAC requires that the agency reports be filed by December 15.

Effect

The users of the financial statements such as legislators etc. do not have timely audit reports and financial statements for their review.

Cause

The agency did not timely receive a final detailed listing of accounts payable, accrued payroll, accrued payroll taxes, and other liabilities from the service organization to support the financial activity reported on the statements of governmental activities and the general fund.

Recommendation

The agency should continue to request that information be provided timely by the service organization.

Management's response

"The late audit report was caused by the failure of DFA to provide accurate 'general ledger' and 'other liabilities' balances to our office. Due to the fact that reports from DFA were not given to this agency in a timely manner this agency was unable to file our audit within the deadline. The implementation of the SHARE reporting system by the Department of Finance and Administration immediately caused this District to experience widespread problems throughout the fiscal year. Some of these problems include, but not limited to: Posting of inaccurate payroll account information during the fiscal year with numerous correction journal entries to correct payroll; Inaccurate general ledger balances at year end in the 'payroll taxes payable' and the 'other liabilities payable' accounts resulted from inaccurate posting of payroll transactions during the year; There were no cash reports issued to user organizations by the State Treasurer's Office during the fiscal year. The Department of Finance has been working on clearing up these issues. The Administrative Office of the District Attorneys is working closely with DFA to provide training to help eliminate many of these user and system issues which will hopefully allow for the next audit report to be filed in a timely manner. The result of this finding was not the fault of the Thirteenth District Attorney Office."

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

**EXIT CONFERENCE
For the Year Ended June 30, 2008**

An exit conference was held on December 9, 2009, at the District Attorney's office. In attendance were:

For the Thirteenth Judicial District Attorney:

Lemuel Martinez

District Attorney

Brenda Rael

Chief Financial Officer

For Robert S. Marquez, CPA:

Robert S. Marquez

FINANCIAL STATEMENTS

The financial statements of the District Attorney as of June 30, 2008, were substantially prepared by the auditors, however, the financial statements are the responsibility of management.