

AUDITED FINANCIAL STATEMENTS  
STATE OF NEW MEXICO  
THIRTEENTH JUDICIAL DISTRICT ATTORNEY  
For the Year Ended June 30, 2013

ROBERT S. MARQUEZ  
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STATE OF NEW MEXICO  
THIRTEENTH JUDICIAL DISTRICT ATTORNEY

TABLE OF CONTENTS  
For the Year Ended June 30, 2013

	<u>Exhibit</u>	<u>Page</u>
<b>INTRODUCTORY SECTION</b>		
Table of Contents		i-ii
Official Roster		1
<b>FINANCIAL SECTION</b>		
Independent Auditor's Report		2-4
Management's Discussion and Analysis		5-6
<b>Financial Statements</b>		
Government-wide Statement of Net Assets	A	7
Government-wide Statement of Activities	B	8
Balance Sheet - Governmental Funds	C	9
Reconciliation of the Governmental Funds Balance Sheet	D	10
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	E	11
Reconciliation of Changes in Fund Balance of Government Funds To Changes in Net Assets per the Statement of Activities	F	12
Statement of Revenues, Expenditures and Encumbrances - Budget and Actual (Budget Basis) - Major Governmental Funds	G	13
Statement of Fiduciary Assets and Liabilities – Agency Funds	H	14
Notes to Financial Statements		15-27
<b>GENERAL FUND</b>		
Balance Sheet	I	28
Statement of Revenues, Expenditures, and Changes in Fund Balance	J	29

STATE OF NEW MEXICO  
THIRTEENTH JUDICIAL DISTRICT ATTORNEY

TABLE OF CONTENTS, Continued  
For the Year Ended June 30, 2013

	<u>Exhibit</u>	<u>Page</u>
<b>NON-MAJOR FUNDS</b>		
Combining Balance Sheet	K	30
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	L	31
<b>FIDUCIARY FUNDS</b>		
Schedule of Changes in Assets and Liabilities-Agency Funds	M	32
<b>COMPLIANCE</b>		
Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards		33-34
<b>FINDINGS</b>		
Schedule of Findings and Responses		35
Exit Conference		36

STATE OF NEW MEXICO  
THIRTEENTH JUDICIAL DISTRICT ATTORNEY

OFFICIAL ROSTER  
As of June 30, 2013

**Name**

Mr. Lemuel Martinez

Ms. Kathleen M. Colley

**Title**

District Attorney

District Office Manager

**ROBERT S. MARQUEZ**

**CERTIFIED PUBLIC ACCOUNTANT  
1809 MOON ST. NE, SUITE 11  
ALBUQUERQUE, NEW MEXICO 87112**

**PHONE (505) 265-2211**

**INDEPENDENT AUDITOR'S REPORT**

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund of the State of New Mexico, Thirteenth Judicial District Attorney (DA) as of and for the year ended June 30, 2013, which collectively comprise the DA's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the DA's non-major governmental funds presented as supplemental information in the accompanying combining and individual funds financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatements, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the DA's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness on the DA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the DA as of June 30, 2013, and respective changes in financial position for the year then ended in accordance 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 budgetary comparisons for the major governmental funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board who considers it to be essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

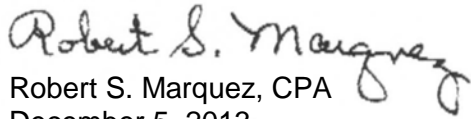
Our audit was conducted for the purpose of forming opinions on the DA's financial statements and the budgetary comparisons. The "other supplementary information" as identified in the table of contents required and presented for purposes of additional analysis and are not a required part of the basic financial statements.

The additional schedules listed as "other supplementary information" in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion additional statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2013 on our consideration of the DA's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the DA's internal control over financial reporting and compliance.



Robert S. Marquez, CPA  
December 5, 2013

STATE OF NEW MEXICO  
Thirteenth Judicial District Attorney

Management's Discussion and Analysis

June 30, 2013

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 position 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 positions 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 Position)

Total Assets: Consist of cash of \$502,883 on deposit, accounts receivable of \$28,023 and capital assets, net of accumulated depreciation of \$40,402. Total assets are \$571,308.

Total Liabilities: Consist of current liabilities \$245,955. Total liabilities are \$245,955.

Net Position: Consist of \$40,402 invested in capital assets and net of related debt, \$325,353.

Results of Operation (Statement of Activities)

Total Revenues: Consist of \$4,598,600 for operational purposes, State General Fund appropriation.

Total Expenses: Consist of \$4,560,633 mainly for operational, employee salaries and benefits and operating costs purposes.

Changes in Net Assets: The Thirteenth Judicial District Attorney's total operational revenue increased by approximately 1.62% from \$4,525,300 to \$4,598,600. The total operational expenses increased by approximately 1.94% from \$4,473,832 to \$4,560,633.



STATE OF NEW MEXICO  
Thirteenth Judicial District Attorney

Management's Discussion and Analysis

June 30, 2013

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 Position) and Operations (Statement of Activities) from prior year. Total assets decreased from \$617,026 to \$571,308. Net position increased from a \$287,386 to \$325,353.

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).

<b><u>Statement of Net Position</u></b>	<b><u>June 30, 2012</u></b>	<b><u>June 30, 2013</u></b>	<b><u>Increase (Decrease)</u></b>
Assets:			
Current assets	\$ 553,851	\$ 530,906	\$ (22,945)
Noncurrent assets	<u>63,175</u>	<u>40,402</u>	<u>(22,773)</u>
Total assets	<u><u>617,026</u></u>	<u><u>571,308</u></u>	<u><u>(45,718)</u></u>
Liabilities:			
Current liabilities	<u>329,640</u>	<u>245,955</u>	<u>(83,685)</u>
Total current liabilities	<u><u>329,640</u></u>	<u><u>245,955</u></u>	<u><u>(83,685)</u></u>
Net Position:			
Invested in capital assets	63,175	40,402	(22,773)
Fund balance	<u>224,211</u>	<u>284,951</u>	<u>60,740</u>
Total net position	<u><u>\$ 287,386</u></u>	<u><u>\$ 325,353</u></u>	<u><u>\$ 37,967</u></u>

<b><u>Statement of Activities</u></b>			
Expenses:			
Public Safety	\$ 4,473,832	\$ 4,560,633	\$ 86,801
Reversion	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>4,473,832</u>	<u>4,560,633</u>	<u>86,801</u>
Revenues	<u>4,525,300</u>	<u>4,598,600</u>	<u>73,300</u>
Increase (decrease) in net assets	<u><u>\$ 51,468</u></u>	<u><u>\$ 37,967</u></u>	<u><u>\$ (13,501)</u></u>

STATE OF NEW MEXICO  
Thirteenth Judicial District Attorney

Statement of Net Position

As of June 30, 2013

	<b><u>Governmental Activities</u></b>
<b>ASSETS</b>	
Current assets:	
Investment in the State Treasurer General Fund Investment Pool	\$ 502,883
Receivables	<u>28,023</u>
Total current assets	<u>530,906</u>
Capital assets, net	<u>40,402</u>
 Total assets	 <u>571,308</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	50,197
Payroll benefits payable	20,266
Payroll taxes payable	10,738
Accrued payroll	35,700
Due General Fund	-
Accrued compensated absences	<u>129,054</u>
 Total liabilities	 <u>245,955</u>
<b>NET POSITION</b>	
Net investment in capital assets	40,402
Unrestricted (deficit)	(111,019)
Restricted	<u>395,970</u>
 Total net position	 <u>325,353</u>
 Total liabilities and net position	 <u>\$ 571,308</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 Activities

As of June 30, 2013

<b>Functions/Programs</b>	<b><u>Expenses</u></b>	<b><u>Program Operating Grants and Contributions</u></b>	<b><u>Net (Expense) Revenue and Changes in Net Assets for Governmental Activities</u></b>
<b>Governmental activities:</b>			
Public safety	\$ 4,688,869	\$ -	\$ -
Depreciation expense	<u>22,773</u>	<u>-</u>	<u>-</u>
Program expenses	<u>\$ 4,711,642</u>	<u>\$ 151,009</u>	<u>4,560,633</u>
<b>General revenues:</b>			
Transfers:			
State general fund appropriations:			
General			(4,598,600)
Other state funds			-
Reversions to state general fund - current			<u>-</u>
Total revenues, special items and transfers			<u>(4,598,600)</u>
Change in net position			37,967
Net position, beginning of year			<u>287,386</u>
Net position, end of year			<u>\$ 325,353</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, 2013

	<u>General Fund</u>	<u>Aggregated Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Current assets:			
Investment in the state general fund investment pool	\$ 484,848	\$ 18,035	\$ 502,883
Receivables	<u>28,023</u>	<u>-</u>	<u>28,023</u>
Total assets	<u>512,871</u>	<u>18,035</u>	<u>530,906</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	50,197	-	50,197
Payroll benefits payable	20,266	-	20,266
Payroll taxes payable	10,738	-	10,738
Accrued payroll	35,700	-	35,700
Due general Fund	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>116,901</u>	<u>-</u>	<u>116,901</u>
<b>FUND BALANCES</b>			
Unassigned	-	-	-
Restricted - assigned	<u>395,970</u>	<u>18,035</u>	<u>414,005</u>
Total fund balances	<u>395,970</u>	<u>18,035</u>	<u>414,005</u>
<b>Total liabilities and fund balances</b>	<u>\$ 512,871</u>	<u>\$ 18,035</u>	<u>\$ 530,906</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 Balance Sheet to the Statement of Net Position

As of June 30, 2013

Total fund balance - governmental funds (balance sheet) \$ 414,005

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

These assets consist of:

Capital assets	\$ 549,394	
Accumulated depreciation	<u>(508,992)</u>	
		40,402

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>(129,054)</u>
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Total net position \$ 325,353

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, 2013

	<b>General Fund</b>	<b>Aggregated Non-Major Funds</b>	<b>Total</b>
<b>Revenues</b>			
Intergovernmental revenues	\$ 151,009	\$ -	\$ 151,009
Federal grant revenue	-	-	-
Total revenues	<u>151,009</u>	<u>-</u>	<u>151,009</u>
<b>Expenditures</b>			
Current:			
Personal services	3,905,417	-	3,905,417
Contractual services	102,187	-	102,187
Other costs	686,949	-	686,949
Capital outlay	-	-	-
Total expenditures	<u>4,694,553</u>	<u>-</u>	<u>4,694,553</u>
Excess (deficiency) of revenues over expenditures before other financing sources	<u>(4,543,947)</u>	<u>-</u>	<u>(4,543,947)</u>
<b>Other financing sources</b>			
Transfers:			
State general fund appropriations	4,598,600	-	4,598,600
Other state funds	-	-	-
Reversions to state general fund - current	-	-	-
	<u>4,598,600</u>	<u>-</u>	<u>4,598,600</u>
<b>Net change in fund balances</b>	<u>55,056</u>	<u>-</u>	<u>55,056</u>
<b>Fund balances - beginning of year</b>	340,914	18,035	358,949
<b>Restatements</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances - end of year</b>	<u>\$ 395,970</u>	<u>\$ 18,035</u>	<u>\$ 414,005</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, 2013

Net change in fund balances - total governmental funds \$ 55,056

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.

These activities consist of:

Decrease in compensated absences 5,684

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense in the current period.

These amounts consist of:

Net decrease in capital assets (22,773)

Change in net assets \$ 37,967

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 and Expenditures  
Budget and Actual (Budget Basis)  
Major Governmental Funds  
For the Fiscal Year Ended June 30, 2013

	General fund			Variance Favorable (Unfavorable)
	Beginning Approved Budget	Final Approved Budget	Actual	
State general fund appropriations	\$ 4,598,600	\$ 4,598,600	\$ 4,598,600	\$ -
Intergovernmental revenue	<u>149,400</u>	<u>337,098</u>	<u>151,009</u>	<u>104,379</u>
Total revenues	<u>4,748,000</u>	<u>4,935,698</u>	<u>4,749,609</u>	<u>104,379</u>
Expenditures:				
Personal services	4,459,800	3,966,800	3,905,417	61,383
Contractual services	22,200	125,200	102,187	23,013
Other costs	266,000	843,698	686,949	156,749
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 4,748,000</u>	<u>\$ 4,935,698</u>	<u>\$ 4,694,553</u>	<u>\$ 241,145</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, 2013

	<u>Worthless Check Fees</u>	<u>Pre-Prosecution Diversion Fees</u>	<u>Total</u>
<b>ASSETS</b>			
Cash in bank	<u>\$ 10</u>	<u>\$ 185</u>	<u>\$ 195</u>
<b>LIABILITIES</b>			
Deposits held for others	<u>\$ 10</u>	<u>\$ 185</u>	<u>\$ 195</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, 2013**

**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.

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.

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**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.

**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, 2013**

**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. 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, 2013**

**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.

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 1<sup>st</sup>, 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, 2013**

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, 2013, 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.

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, 2013.

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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 Position**

Net position is net investment in capital assets (net of related debt), restricted net position reflects the portion of net position that has third party limitations on its use, and unrestricted (deficit) net position represents the net position of the DA that is not restricted for any project of other purpose.

**Special Revenue Funds (Recorded as deferred income in prior years)**

**Southwest Border Prosecution Initiative Fund** – A Federal Grant awarded through The U.S. Department of Justice, Bureau of Justice Assistance. The grant provides funding to eligible jurisdictions in Arizona, California, New Mexico and Texas to prosecute and resolve felony and misdemeanor cases that occur along the border. These funds do not revert to the State General Fund.

**The City of Grants Fund** – A Memorandum of Understanding between the City of Grants and the 13th Judicial District Attorney which provides funding to represent the City of Grants in municipal court cases. These funds do not revert to the State General Fund.

**The Pueblo of Acoma Fund** – A Memorandum of Understanding between The Pueblo of Acoma and the District Attorney's Office which provides funding to investigate and prosecute state crimes that occur on Pueblo of Acoma lands. These funds do not revert to the State General Fund.

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**The Pueblo of Santa Ana Fund** – A Memorandum of Understanding between the Pueblo of Acoma and the District Attorney’s Office which provides funding to investigate and prosecute state crimes that occur on the Pueblo of Santa Ana lands. These funds do not revert to the State General Fund.

**VAWA STOP Grant Fund** – A Federal Grant award authorized by the Crime Victim Reparation Commission as referenced in the Violence Against Women Act. These funds do not revert to the State General Fund.

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.

**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:

	Agency	Fund	Amount
General Fund	26300	167	\$ 484,848
Special Revenue Fund (Non-major):			
Victims of Crime	26300	944	-
Drug Control Program	26300	945	18,035
			\$ 502,883

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.

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

Agency trust funds are used to account for assets held as an agent for other government units, individuals and other funds; they are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation.

The agency trust fund is used to account for activities in which the Thirteenth Judicial District Attorney is acting in an agency capacity for the Administrative Office of the District Attorneys, District Attorney Fund.



**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

Cost reimbursements or processing fees are received from clients/offenders as authorized in the Pre-prosecution Division Act and the Worthless Checks Act.

All amounts collected are payable to the Administrative Office of the District Attorneys.

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.

Type of Account	State Warrant	State Warrant	Checking
Balance per State Treasurer/ Financial Institution	\$ 484,848	\$ 18,035	\$ 195
Outstanding Warrants/Checks	<u>-</u>	<u>-</u>	<u>-</u>
Book Balance	<u>\$ 484,848</u>	<u>\$ 18,035</u>	<u>\$ 195</u>

The District Attorney did not purchase, hold or sell investments during the fiscal year ended June 30, 2013.

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.

Management feels that the receivables are fully collectible.

**3. STATE GENERAL FUND INVESTMENT POOL**

For cash management and investment purposes, funds of various state agencies are deposited in the State General Fund Investment Pool (the Pool), which is managed by the Office of the New Mexico State Treasurer. Claims on the Pool are reported as assets by the various agencies investing in the Pool.

In June 2012, an independent diagnostic report revealed that Pool balances had not been reconciled at a "business unit by fund" level since the inception of the Statewide Human Resources, Accounting, and Management Reporting System (SHARE) system in July 2006. This report, entitled "Current State Diagnostic of Cash Control," also described a difference between Pool bank balances and the corresponding general ledger balances and indicated that the effect of reconciling items were unknown. The report, dated June 20, 2012, is available on the website

## NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2013

of the New Mexico Department of Finance & Administration at:  
[http://www.nmdfa.state.nm.us/Cash\\_Control.aspx](http://www.nmdfa.state.nm.us/Cash_Control.aspx).

By state statute, the New Mexico Department of Finance and Administration (DFA) is responsible for the performance of monthly reconciliations with the balances and accounts kept by the State Treasurer. Therefore, under the direction of the State Controller / Financial Control Division Director, the Financial Control Division (FCD) of the New Mexico Department of Finance & Administration undertook action to address the situation. DFA/FCD initiated the Cash Management Remediation Project (Remediation Project) in partnership with the Office of the New Mexico State Treasurer, the New Mexico Department of Information Technology, and a contracted third party with expertise in the Enterprise System Software used by the State.

The Remediation Project objective was to design and implement changes necessary to ensure ongoing completion of timely, accurate and comprehensive reconciliation of the Pool. DFA has or is in the process of implementing all the recommendations resulting for the Remediation Project and has made changes to the State's SHARE system configuration, cash accounting policies and procedures, business practices, and banking structure. This has enabled DFA to complete timely and accurate reconciliation of bank to book balances at the State and Business Unit level on a post-implementation basis, however it did not resolve historical reconciling items. Additional changes recommended by the Project continue to be cascaded through DFA and state agencies to support the Business Unit by Fund accounting requirements.

A plan to address historical reconciling items is being assessed and a separate initiative will need to be undertaken to resolve the historical reconciling items. Management considers it unlikely that this separate initiative will be successful in allocating all historical reconciling items to the State entities invested in the Pool. As a result, any remaining differences post specific allocation to Pool participants will be reported in the State General Fund.

Management in FY 2012 recorded a loss contingency of \$101.7 million in the General Fund based on its estimate of the effect of issues related to the reconciliation of the Pool, that estimate is still current. Because no specific loss amount is determinable, consistent with generally accepted accounting principles, the amount accrued is the minimum amount that management considers to be probable. Ultimately, the loss could exceed the amount accrued, perhaps by a substantial amount.

#### 4. STATEWIDE CASH RECONCILIATION

In June 2012, an independent diagnostic report revealed that the State's cash balances have not been reconciled since the inception of the **Statewide Human resource, Accounting, and management Reporting (SHARE)** system in July of 2006. Per the directive issued by the Office of the State Auditor on October 30, 2012, a note disclosure relating to this issue is required for all New Mexico state agencies for financial statement issued for the fiscal year ended June 30, 2013.

In conjunction with this directive, the Office has provided copies of the required reports to the Independent Auditors. In addition, the Office has explained to the Independent Auditors the policies and procedures the Office has in place to ensure that the Office's cash balances in SHARE are correct.

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

The Office monitors cash receipts and cash deposits regularly. The Office verifies and reconciles to the Trial Balance on a monthly basis with Share generated reports.

The Independent Auditors confirm that the Office has performed these procedures with respect of cash reconciliations. Therefore, it is determined that there is little risk of misstatement of the Office's cash accounts due to the issue raised here regarding statewide cash reconciliations to the SHARE system.

**5. INTEREST IN THE GENERAL FUND INVESTMENT POOL**

State law (Section 8-6-3 NMSA 1978) requires the Department's cash be managed by the New Mexico State Treasurer's Office. Accordingly, the investments of the Department consist of an interest in the General Fund Investment Pool managed by the New Mexico State Treasurer's Office.

**6. CAPITAL ASSETS**

The following schedule shows the changes in capital assets during the year ended June 30, 2013:

	Balance at 6/30/2011	Addition	Deletion	Restatement	Balance at 6/30/2012
Furniture, Fixtures & Equipment	\$ 23,024	\$ -	\$ -	\$ -	\$ 23,024
Data processing	136,527	-	-	-	136,527
Office equipment	77,169	-	-	-	77,169
Vehicles	312,674	-	-	-	312,674
Total capital assets	<u>549,394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>549,394</u>
Less: Accumulated depreciation for:					
Furniture, Fixtures & Equipment	(23,024)	-	-	-	(23,024)
Data Processing	(136,527)	-	-	-	(136,527)
Office equipment	(77,169)	-	-	-	(77,169)
Vehicles	(249,499)	(22,773)	-	-	(272,272)
Total accumulated depreciation	<u>(486,219)</u>	<u>(22,773)</u>	<u>-</u>	<u>-</u>	<u>(508,992)</u>
Total net capital assets	<u>\$ 63,175</u>	<u>\$ (22,773)</u>	<u>\$-</u>	<u>\$ -</u>	<u>\$ 40,402</u>

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

Depreciation expense of \$22,773 is an expense of the function of public safety.

There is no debt relating to capital assets.

**7. PENSION PLAN – Public Employees Retirement Association**

**Plan Description**

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

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013**

for retirement, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, PO Box 2123, Santa Fe, New Mexico, 87504-2123. The report is also available on PERA's website at <http://www.pera.state.nm.us>.

**Funding Policy**

Plan members are required to contribute 7.42% of their gross covered salary. The District Attorney is required to contribute 16.59% of the gross covered salary. The contribution requirements of plan members and the District Attorney are established in State statute under Chapter 10, Article 11 NMSA 1978. The requirement may be amended by acts of the legislature. The District Attorney's contributions to PERA for the fiscal years ending June 30, 2013, 2012, and 2011 were \$408,716, \$378,602, and \$457,138, respectively, which equal the amount of the required contributions for each fiscal 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, 2013	\$2,704,571

**8. POST-EMPLOYMENT BENEFITS**

The District Attorney contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses and dependents. The RHCA Board was established the Retire 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 Retiree Health Care Act 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) and former legislators who served at least two years.

## **NOTES TO FINANCIAL STATEMENTS** **For the Year Ended June 30, 2013**

The RHCA issues a publicly stand-alone financial report that includes financial statements for the postemployment healthcare plan. The report can be obtained by writing to the Retire Health Care Authority at 4308 Carlisle NE, Suite 104 Albuquerque, New Mexico 87107.

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. The monthly premium rate schedule can be obtained from the RHCA.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary and each participating employee is required to contribute .65% of their salary. Employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of the 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 contribution can be changed by the New Mexico State Legislature.

The District Attorney contributions to the RHCA for the years ended June 30, 2011, 2012 and 2013 were \$50,014, \$51,443, and \$53,327, respectively, which equal the required contributions for each year.

### **9. 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.

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**10. CHANGE IN LONG-TERM DEBT**

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

Balance at June 30, 2012	\$ 134,738
Leave accrued	94,524
Leave used	<u>(100,208)</u>
Balance at June 30, 2013	129,054
Less current portion	<u>129,054</u>
Long-term debt	<u><u>\$ -</u></u>

**11. OPERATING LEASES**

The District Attorney has operating leases for office space and equipment which can be terminated without penalty to the District Attorney if the NM Legislature does not appropriate funds to the District Attorney. Operating lease expenditures for these leases for the year ended June 30, 2013 totaled \$77,322.

**12. 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.

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.

## 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, 2013

	<u>General Fund</u>
<b>ASSETS</b>	
Cash on deposit with State Treasurer	\$ 484,848
Due from other state agencies	<u>28,023</u>
 Total assets	 <u><u>512,871</u></u>
 <b>LIABILITIES</b>	
Accounts payable	50,197
Payroll benefits payable	20,266
Payroll taxes payable	10,738
Accrued payroll	35,700
Due general fund	<u>-</u>
 Total liabilities	 <u><u>116,901</u></u>
 <b>FUND BALANCE/NET ASSETS</b>	
Fund Balance:	
Restricted	<u>395,970</u>
Total fund balance	<u><u>395,970</u></u>
 Total liabilities and fund balance	 <u><u>\$ 512,871</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, 2013

Revenues:	
Intergovernmental revenues	\$ <u>151,009</u>
Total revenues	<u>151,009</u>
Expenditures	
Current:	
Personal services	3,905,417
Contractual services	102,187
Other costs	686,949
Capital Outlay	<u>-</u>
Total expenditures	<u>4,694,553</u>
Excess (deficiency) of revenues over expenditures before other financing sources	<u>(4,543,947)</u>
Other financing sources	
State general fund appropriations	4,598,600
Other state funds	-
Reversions to state general fund	<u>-</u>
	<u>4,598,600</u>
Net change in fund balances	55,056
Fund balance, beginning of year	340,914
Restatements	<u>-</u>
Fund balance, end of year	<u>\$ 395,970</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, 2013

	<u>Victims of Crime Fund</u>	<u>Drug Control Grant</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets:			
Cash	\$ -	\$ 18,035	\$ 18,035
Total assets	<u>-</u>	<u>18,035</u>	<u>18,035</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Current Liabilities:			
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities			
Fund Balance			
Restricted	<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, 2013

	<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, 2013

	<u>Balance at June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2013</u>
Worthless Check Charges:				
ASSETS				
Cash in bank	\$ 50	\$ 915	\$ 955	\$ 10
LIABILITIES				
Deposits held	50	915	955	10
Pre-prosecution Diversion Fees:				
ASSETS				
Cash in bank	2,827	36,703	39,345	185
LIABILITIES				
Deposits held	2,827	36,703	39,345	185
Totals:				
ASSETS				
Cash in bank	2,877	37,618	40,300	195
LIABILITIES				
Deposits held	\$ 2,877	\$ 37,618	\$ 40,300	\$ 195

See Independent Auditor's Report.

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

**ROBERT S. MARQUEZ**  
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**INDEPENDENT AUDITOR'S 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**

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparison of the general fund, and the agency fund of Thirteenth Judicial District Attorney (DA), State of New Mexico as of and for the year ended June 30, 2013 and the related notes to the financial statements which collectively comprise the DA's basic financial statements and have issued our report thereon dated December 5, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the DA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the DA's internal control. Accordingly, we do not express an opinion of the effectiveness of the DA's internal control.

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 entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

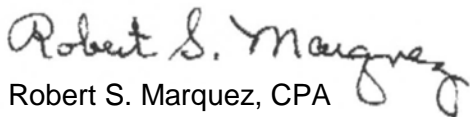
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### 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.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the DA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Robert S. Marquez, CPA  
December 5, 2013



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

**Schedule of Findings and Responses  
June 30, 2013**

**Prior Year Finding**

None

**Current Year Findings**

None

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

**EXIT CONFERENCE  
For the Year Ended June 30, 2013**

An exit conference was held on December 5, 2013 at the District Attorney's office. In attendance were:

For the Thirteenth Judicial District Attorney:

Lemuel Martinez	District Attorney
Kathleen M. Colley	District Office Manager
Alberto Cuessy	Chief Financial Officer

For Robert S. Marquez, CPA:

Robert S. Marquez

**FINANCIAL STATEMENTS**

The financial statements of the District Attorney as of June 30, 2013, were substantially prepared by the auditors; however, the financial statements are the responsibility of management.