

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE
OF THE DISTRICT ATTORNEYS**

**Financial Statements
June 30, 2008**

(With Independent Auditor's Report Thereon)

INTRODUCTORY SECTION

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
June 30, 2008**

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June 30, 2008**

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**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
June 30, 2008**

Official Roster

New Mexico District Attorneys' Association Officers

Honorable Donald Gallegos President
8th Judicial District Attorney

Honorable Clint Wellborn Vice-President
7th Judicial District Attorney

Honorable Richard Flores Treasurer
4th Judicial District Attorney

Administrative

Randy Saavedra Director

Filemon Gonzalez Chief Financial Officer

FINANCIAL SECTION

ROBERT J. RIVERA, CPA, PC

CERTIFIED PUBLIC ACCOUNTANTS
6 CALLE MEDICO, SUITE 4
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INDEPENDENT AUDITOR'S REPORT

Randy Saavedra, Director
Administrative Office of the District Attorneys
and
Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, and the respective budgetary comparisons for the General Fund and major special revenue fund of the State of New Mexico, Administrative Office of the District Attorneys (AODA), as of and for the year ended June 30, 2008, which collectively comprise the State of New Mexico, Administrative Office of the District Attorneys' basic financial statements as listed in the table of contents. We also have audited the AODA's governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements and the respective budgetary comparisons 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 State of New Mexico, Administrative Office of the District Attorneys' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency'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, Administrative Office of the District Attorneys, are intended to present the financial position and changes in financial position of only that portion of the governmental activities and major fund of the State of New Mexico that is attributable to the transactions of the State of New Mexico, Administrative Office of the District Attorneys. 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 changes in its financial position for the year ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the State of New Mexico, Administrative Office of the District Attorneys, as of June 30, 2008, and the respective changes in financial position, thereof, and the respective budgetary comparisons for the General Fund and major special revenue 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 combining and individual fund financial statements referred to above present fairly, in all material respects, the respective financial position of each governmental fund of the State of New Mexico,

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Administrative Office of the District Attorneys as of June 30, 2008, and the respective changes in financial position, thereof, and the respective budgetary comparisons for the governmental funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with **Government Auditing Standards**, we have also issued our report dated August 12, 2009, on our consideration of the State of New Mexico, Administrative Office of the District Attorneys' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with **Government Auditing Standards** and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the individual fund financial statements and budgetary comparisons. The accompanying schedule of expenditures of federal awards listed in the table of contents is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, **Audits of States, Local Governments, and Not-for-Profit Organizations**, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Robert J. Rivera, CPA, PC
Santa Fe, New Mexico
August 12, 2009

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Management's Discussion and Analysis
June 30, 2008

The Administrative Office of the District Attorney's (the AODA) Management's Discussion and Analysis provides the reader of the financial statements this narrative overview and analysis of the financial activities of the AODA for the fiscal year ended June 30, 2008.

The AODA was authorized in Chapter 110, Laws of 1984, (Section 36-1-25, NMSA, 1978) and began operating in August 1984. It is supervised by a director who is appointed by a major vote of the elected or appointed district attorneys of the State of New Mexico. The director's responsibility is to provide administrative, educational and planning assistance to district attorneys statewide. This includes, but is not limited to, preparing personnel pay plans, developing a comprehensive data base for case management, preparing and distributing uniform forms and procedures manuals and developing uniform systems for use by district attorneys'.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of four parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, and a section that presents combining statements for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the AODA.

- A. The first two statements are government-wide financial statements that provide both long-term and short-term information about the AODA's overall financial status.
- B. The remaining statements are fund financial statements that focus on individual parts of the AODA, reporting the AODA's operations in more detail than the government-wide statements.
- C. The governmental funds statements tell how general government services (the primary functions of the AODA) were financed in the short term, as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

REPORTING ON THE AODA AS A WHOLE

Government-Wide Statements

The government-wide statements report information about the AODA as a whole using accounting methods similar to those used by private-sector companies.

The **Statement of Net Assets** presents information on all of the AODA's assets and liabilities, with the difference between the two reported as net assets. Increases or decreases in net assets may serve as a useful indicator of the AODA's financial position over time.

The **Statement of Activities** presents information on how the AODA's net assets changed during the most recent fiscal year. Changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are included in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation and uncollected accounts receivable.)

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Management's Discussion and Analysis
June 30, 2008

REPORTING ON THE AODA AS A WHOLE (Cont'd)

Government-Wide Statements (Cont'd)

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

The government-wide financial statements of the AODA fall into the governmental activities category. State appropriations, federal grants and proceeds from severance tax bond appropriations finance these activities.

REPORTING ON THE AODA'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide more detailed information about the AODA's most significant funds. Funds are accounting devices that the AODA uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law. The State Legislature also establishes other funds to control and manage money for particular purposes or to show that it is properly using certain grants. The AODA's funds are all governmental funds. The **Balance Sheets** and the **Statements of Revenue, Expenditures and Changes in Fund Balance** provide this information.

Governmental Funds –

All of the AODA's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash, flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the AODA's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent pages that explains the relationship (or differences) between them.

The AODA maintains its fund structure in the Statewide Human Resources, Accounting and Management Reporting (SHARE) System. The AODA maintains two accounts which make up the General Fund (General Operating Account - Fund No. 16800, and Forensic Evaluation Program Account - Fund 94600), and one (1) special revenue fund, Computer Enhancement Special Revenue Fund (Fund No. 64500).

Budgetary Comparisons

The budget comparison information required by GASB #34 for the General Fund and major special revenue funds, that have legally adopted budgets, is presented as a part of the basic financial statements. All other budget comparisons that have legally adopted budgets are presented as required supplemental information (RSI). The budgetary comparisons present both the original and final budgets for the reporting period as well as the actual inflows, outflows, and balances on the budgetary basis, which is the modified accrual basis of accounting.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Management's Discussion and Analysis
June 30, 2008**

Financial Analysis of the AODA as a Whole

Statement of Net Assets - Analysis of Financial Position

Exhibit A summarizes the AODA's net assets for the fiscal years ending June 30, 2008 and 2007. The following condensed financial information was derived from the entity-wide Statement of Net Assets for the current and prior-year.

	<u>Current Year FY 2008</u>	<u>Prior Year FY 2007</u>	<u>Increase or (Decrease)</u>
Current and other assets	\$ 3,230,907	\$ 3,083,802	\$ 147,105
Capital assets, net	<u>226,999</u>	<u>113,361</u>	<u>113,638</u>
Total assets	<u>3,457,906</u>	<u>3,197,163</u>	<u>260,743</u>
Current liabilities	2,642,560	2,708,444	(65,884)
Long-term liabilities	<u>21,160</u>	<u>19,746</u>	<u>1,414</u>
Total liabilities	<u>2,663,720</u>	<u>2,728,190</u>	<u>(64,470)</u>
Net assets:			
Invested in capital assets	226,999	113,361	113,638
Unrestricted	<u>567,187</u>	<u>355,612</u>	<u>211,575</u>
Total net assets	<u>\$ 794,186</u>	<u>\$ 468,973</u>	<u>\$ 325,213</u>

Total Assets:

Consists of investment in State Treasurer General Fund investment pool of \$2,934,044, prepaid expenses of \$4,070, net receivables of \$292,793 and capital assets, net of accumulated depreciation of \$226,999. Total assets are \$3,457,906. This represents an increase of 8% from fiscal year 2007.

Total Liabilities:

Consists of current liabilities of \$2,642,560 and long-term liabilities of \$21,160. Total liabilities are \$2,663,720. This represents a decrease in liabilities of 2.36% from fiscal year 2007.

Net Assets:

Consists of \$226,999 invested in capital assets with no related debt, and unrestricted assets of \$567,187 for a total of \$794,186. This represents an increase of 69.35% from the fiscal year 2007 net asset balance of \$468,973.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Management's Discussion and Analysis
June 30, 2008**

Changes in Net Assets

Exhibit B summarizes the AODA's changes in net assets for the fiscal years ending June 30, 2008 and 2007. The following condensed financial information was derived from the entity-wide Statement of Activities for the current and prior-year.

	<u>Current Year FY 2008</u>	<u>Prior Year FY 2007</u>	<u>Increase or (Decrease)</u>
Revenues:			
Program revenues:			
Charges for services	\$ 352,983	\$ 304,578	\$ 48,405
Federal grants - operating	2,249,138	93,097	2,156,041
Total revenues	<u>2,602,121</u>	<u>397,675</u>	<u>2,204,446</u>
Expenses:			
General government	<u>6,334,104</u>	<u>1,980,337</u>	<u>4,353,767</u>
Total expenses	<u>6,334,104</u>	<u>1,980,337</u>	<u>4,353,767</u>
Net program (expenses) revenue	<u>(3,731,983)</u>	<u>(1,582,662)</u>	<u>(2,149,321)</u>
Transfers:			
State General Fund appropriation	2,097,100	3,019,900	(922,800)
Other appropriations - compensation appropriation	34,858	36,594	(1,736)
Operating transfers in from Department of Public Safety - SWBPI	2,019,762	-	2,019,762
Capital assets to district attorneys	(43,041)	(49,587)	6,546
Non-capital assets to district attorneys	(31,318)	-	(31,318)
Reversions to State General Fund	<u>(20,165)</u>	<u>(1,711,740)</u>	<u>1,691,575</u>
Total transfers	<u>4,057,196</u>	<u>1,295,167</u>	<u>2,762,029</u>
Change in net assets	<u>325,213</u>	<u>(287,495)</u>	<u>612,708</u>
Net assets, beginning (as reported)	468,973	733,500	(264,527)
Restatements:			
Prior-period adjustment	<u>-</u>	<u>22,968</u>	<u>(22,968)</u>
Net assets, beginning (as restated)	<u>468,973</u>	<u>756,468</u>	<u>(287,495)</u>
Net assets, ending	<u>\$ 794,186</u>	<u>\$ 468,973</u>	<u>\$ 325,213</u>

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Management's Discussion and Analysis
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Change in Net Assets (Cont'd)

Total Revenues and Transfers:

Consists of \$6,753,841 for operational purposes. State General Fund appropriations, worthless checks and pre-prosecution fees and federal awards provide the majority of revenue. In addition, \$2,019,762 was transferred from the Department of Public Safety, as a residual from the Southwest Border Prosecution Initiative Program. This represents an approximate increase of 95.53% in total revenues and transfers from \$3,454,169 to \$6,753,841.

Total Expenses and Transfers:

Consists of \$6,334,104 mainly for operational, employee salaries and benefits and operating costs purposes. This includes \$2,249,138 of federal pass-through grants transferred to district attorneys. This represents an approximate increase of total expenses of 219.85% from fiscal year 2007.

Change of Net Assets:

The AODA's total revenue and transfers increased by approximately 94.96% from \$3,454,169 to \$6,734,079. The AODA's total expenses increased by approximately 219.85% from \$1,980,337 to \$6,334,104. The increase in the change in net assets was \$612,708 or 113.2%.

There was a minimal change in the AODA's Financial Position (Statement of Net Assets). Total assets increased by approximately 8% from \$3,197,163 to \$3,457,906. However, there was a substantial change in operations (Statement of Activities) from the prior-year. Total net assets increased by approximately 69.35% from \$468,973 to \$794,186.

AODA again anticipates increasing its revenue from the Worthless Check and Pre-Prosecution Diversion Programs. AODA intends to do this through encouraging the 14 District Attorneys' Offices statewide to more aggressively seek candidates for these programs. AODA also intends to lobby the legislature more intensely to increase our funding from General Funds, and it will continue to seek out sources of federal funds.

THE AODA'S FUNDS

As described above, the AODA had three governmental funds. The AODA's general fund is funded primarily through worthless check and pre-prosecution fees (non-reverting revenue sources per Section 36-1-28, NMSA, State General Fund appropriations (reverting) and federal flow-through funds (non-reverting) to the State's District Attorneys under the Southwest Border Prosecution Initiative Program. The Computer System Enhancement Special Revenue Fund is used to account for State General Fund appropriations (reverting) for the purchase of computer equipment, hardware upgrades, and software consistent with the district attorney statewide automation plan.

As the AODA completed the year, its governmental funds (as presented in the balance sheet on page 3) reported a combined fund balance of \$635,943, which is greater than last year's total of \$414,303, an increase of \$221,640. The fund balance of the Computer Enhancement Special Revenue Fund had no change, while the General Fund increased by \$221,640. The primary reason for the increase in fund balance of the governmental funds was the increase in worthless check and pre-prosecution fees and federal funds of \$150,637 available for future budgeting under the Southwest Border Prosecution Initiative Program for administrative purposes.

The General Fund of the AODA reflects a fund balance of \$635,943. This fund balance (\$635,943) represents the non-reverting balances of accumulated worthless check and pre-prosecution fees which are available for budgeting future operations per section 36-1-28, NMSA 1978, and \$150,637 of non-reverting balances of federal Southwest Border Prosecution Initiative Program funds which are available for budgeting future operations.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Management's Discussion and Analysis
June 30, 2008**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The AODA's capital assets consist of furniture and equipment, data processing equipment, vehicles and software, net of accumulated depreciation. The ending asset value for the AODA is \$701,766, which is \$158,186 greater than in fiscal year 2007. The increase in the net value of capital assets is due to capital asset additions of \$201,227, capital asset deletions of \$43,041, and depreciation expense of \$44,548 taken during the current year.

Infrastructure Assets

The AODA does not own any infrastructure assets.

Long-Term Debt

At the end of the current fiscal year, the AODA had total long-term debt outstanding of \$21,160 comprising of accumulated balances for terminal and sick leave eligible for payment to employees upon termination of their employment from the AODA. Employees can receive a compensation for a maximum of 240 hours upon severance.

General Fund Budgetary Highlights

The State Legislature makes annual appropriations to the AODA. Amendments to the budget require approval by the Budget Division of the Department of Finance and Administration (DFA). Over the course of the year, the AODA revised its budget several times. These budget amendments fall into three categories:

- Increase from federal awards unknown at the time of original budget submission.
- Re-budgeting of previous fiscal year dollars to be expended in fiscal year 2009.
- Increases or reallocation of appropriations to prevent budget overruns.

Differences between the original and final amended budget for the General Fund resulted in a 106% increase. Increases of \$2,237,321 to the General Fund budget resulted primarily from \$2,118,321 in Southwest Border Prosecution Initiative Program flow-through funds received and distributed to qualified district attorneys.

In FY 06 AODA was successful in securing a federal grant from the U.S. Department of Transportation through the New Mexico Traffic Safety Bureau for a three year period. AODA hired a Traffic Safety Resource Prosecutor. The Performance Goals under this grant include:

ECONOMIC FACTORS AND SUBSEQUENT EVENTS

- 1) Assist in reducing the number of alcohol-related fatalities from 194 to 183 by the end of calendar year 2008
- 2) Assist in reducing the percent of alcohol-related fatalities among all traffic crash fatalities from 40% to 39% by the end of FY 08
- 3) Assist in reducing the alcohol-involved traffic fatality rate of 0.83 per 100M VMT to 0.77 per 100M VMT by the end of FY 08

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
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June 30, 2008**

ECONOMIC FACTORS AND SUBSEQUENT EVENTS (Cont'd)

- 4) Assist in reducing the alcohol-involved fatal crash rate of 8.54 per 100,000 population to 8.00 per 100,000 population by the end of FY 08
- 5) Assist in reducing the alcohol-involved serious injury crash rate of 45 per 100,000 population to 42 per 100,000 population by the end of FY 08
- 6) Conduct a minimum of four (4) Regional Training sessions per year for DWI Prosecutors
- 7) Attend monthly DWI Leadership Meetings

The Traffic Safety Resource Prosecutor also handles conflict cases or assists in the prosecution of DWI cases throughout the state for the District Attorneys.

The Administrative Office of the District Attorneys FY 09 Budget Request includes an expansion of 4 FTE for a total amount of \$303,200. These positions are desperately needed because the District Attorneys' Fiscal Support and Case Management System has become much more sophisticated and also because the number of users continues to increase. AODA provides services for all fourteen (14) District Attorneys' Offices Statewide which translates into approximately eight hundred (800+) employees statewide.

Due to the limited staff and resources, the staff is often required to work additional hours in order to complete tasks which are absolutely necessary to keep the DA network functioning properly. In order to reduce the down time for employees, AODA IT staff must often perform functions such as backing up, upgrading software or hardware, etc., during non-peak hours.

AODA continually strives to improve its services to the District Attorneys' Offices statewide and to the citizens of New Mexico.

CONTACTING THE ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS' MANAGEMENT

The final report is designed to provide our citizens, taxpayers and creditors with a general overview of the Administrative Office of the District Attorneys' finances and to demonstrate the Administrative Office of the District Attorneys' accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact:

Administrative Office of the District Attorneys
625 Silver Ave., Suite 310
Albuquerque, NM 87102
Ph. (505) 827-3789
Fax. (505) 827-7578

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Statement of Net Assets
June 30, 2008

	<u>Governmental Activities</u>
<u>Assets</u>	
Investment in State Treasurer General Fund investment pool (note 3)	\$ 2,934,044
Due from other state agencies (note 4)	29,426
Due from state general fund (note 5)	263,367
Prepaid expenses	4,070
Capital assets (net of accumulated depreciation)	<u>226,999</u>
Total assets	<u>3,457,906</u>
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	104,054
Interest payable	100
Payroll taxes payable	9,534
Payroll benefits payable	14,956
Accrued payroll payable	32,027
Due to other state agencies (note 4)	2,402,388
Due to State General Fund (note 6)	31,905
Compensated absences	47,596
Long-term liabilities:	
Compensated absences	<u>21,160</u>
Total liabilities	<u>2,663,720</u>
<u>Net Assets</u>	
Invested in capital assets	226,999
Restricted	-
Unrestricted	<u>567,187</u>
Total net assets	<u>\$ 794,186</u>

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

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Statement of Activities
For the Year Ended June 30, 2008**

	Governmental Activities
Expenses:	
Governmental activities:	
General government	\$ 6,289,556
Depreciation	44,548
	6,334,104
Total expenses	6,334,104
Program revenues:	
Charges for services	352,983
Intergovernmental:	
Federal grants-operating	2,249,138
	2,602,121
Total program revenues	2,602,121
Net program (expenses) revenue	(3,731,983)
General revenue and transfers:	
Transfers:	
State General Fund appropriation	2,097,100
Other appropriations - compensation appropriations	34,858
Operating transfers in from Department of Public Safety - SWBPI	2,019,762
Capital asset transfers to district attorneys	(43,041)
Non-capital assets transferred to district attorneys	(31,318)
Reversions to State General Fund - FY 2008	(20,165)
	4,057,196
Total transfers	4,057,196
Change in net assets	325,213
Net assets, beginning	468,973
Net assets, ending	\$ 794,186

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

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Balance Sheet
Governmental Funds
June 30, 2008

	<u>General Fund</u>	<u>Computer Enhancement Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Investment in the State Treasurer General Fund investment pool (note 3)	\$ 2,920,344	\$ 13,700	\$ 2,934,044
Due from other state agencies (note 4)	29,426	-	29,426
Due from state general fund (note 5)	263,367	-	263,367
Prepaid expenses	4,070	-	4,070
	<u>3,217,207</u>	<u>13,700</u>	<u>3,230,907</u>
Total assets	\$ <u>3,217,207</u>	\$ <u>13,700</u>	\$ <u>3,230,907</u>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts payable	\$ 104,054	\$ -	\$ 104,054
Interest payable	100	-	100
Payroll taxes payable	9,534	-	9,534
Payroll benefits payable	14,956	-	14,956
Accrued payroll payable	32,027	-	32,027
Due to other state agencies (note 4)	2,402,388	-	2,402,388
Due to State General Fund (note 6)	18,205	13,700	31,905
	<u>2,581,264</u>	<u>13,700</u>	<u>2,594,964</u>
Total liabilities	<u>2,581,264</u>	<u>13,700</u>	<u>2,594,964</u>
<u>Fund Balance</u>			
Fund balance:			
Unreserved-undesignated	<u>635,943</u>	<u>-</u>	<u>635,943</u>
Total fund balance	<u>635,943</u>	<u>-</u>	<u>635,943</u>
Total liabilities and fund balance	\$ <u>3,217,207</u>	\$ <u>13,700</u>	\$ <u>3,230,907</u>

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

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Statement of Revenues, Expenditures and Changes in
Fund Balance - Governmental Funds
For the Year Ended June 30, 2008

	General Fund	Computer Enhancement Special Revenue Fund	Total Governmental Funds
Revenues:			
Fees:			
Worthless check fees	\$ 126,960	\$ -	\$ 126,960
Pre-prosecution fees	226,023	-	226,023
Intergovernmental:			
Federal funds - operating	2,249,139	-	2,249,139
Total revenues	2,602,122	-	2,602,122
Expenditures:			
Current:			
General government:			
Personal services and employee benefits	1,018,859	-	1,018,859
Contractual services	76,519	-	76,519
Other	944,644	268,342	1,212,986
Capital outlay	110,886	90,340	201,226
Total expenditures	2,150,908	358,682	2,509,590
Excess (deficiency) of revenues over expenditures	451,214	(358,682)	92,532
Other financing sources (uses):			
Transfers in (out):			
State General Fund appropriation	1,730,100	367,000	2,097,100
Other appropriations - compensation appropriation	34,858	-	34,858
Operating transfers in from Department of Public Safety - SWBPI	2,019,762	-	2,019,762
Other financing uses	(4,002,447)	-	(4,002,447)
Reversion to State General Fund - FY 2008	(11,847)	(8,318)	(20,165)
Total other financing sources (uses)	(229,574)	358,682	129,108
Net change in fund balances	221,640	-	221,640
Fund balance, beginning of year	414,303	-	414,303
Fund balance, end of year	\$ 635,943	\$ -	\$ 635,943

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

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Statement of Revenues and Expenditures
Budget and Actual (Budget Basis)
Major Governmental Funds
For the Year Ended June 30, 2008

	<u>General Fund (16800 and 94600)</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
	<u>Approved</u>	<u>Approved</u>	<u>Budgetary</u>	<u>Favorable</u>
	<u>Budget</u>	<u>Budget</u>	<u>Basis</u>	<u>(Unfavorable)</u>
Revenues:				
General Fund appropriations	\$ 1,730,100	\$ 1,730,100	\$ 1,730,100	\$ -
Federal funds	70,300	2,307,621	2,249,139	(58,482)
Other state funds	280,000	280,000	352,983	72,983
Other financing sources	34,800	34,800	34,858	58
Other financing sources-transfers in	-	-	2,019,762	2,019,762
Reversions	-	-	(11,847)	(11,847)
	<u>2,115,200</u>	<u>4,352,521</u>	<u>\$ 6,374,995</u>	<u>\$ 2,022,474</u>
Cash appropriated from prior-year	<u>-</u>	<u>-</u>		
Total budgeted revenues	<u>\$ 2,115,200</u>	<u>\$ 4,352,521</u>		
Expenditures:				
Current:				
General government:				
Personal services and employee benefits	\$ 945,400	\$ 1,013,208	\$ 1,018,859	\$ (5,651)
Contractual services	37,600	88,792	76,519	12,273
Other	1,132,200	1,117,208	1,055,530	61,670
Other-financing uses-transfers out	<u>-</u>	<u>2,133,321</u>	<u>1,603,962</u>	<u>529,359</u>
Total expenditures	<u>\$ 2,115,200</u>	<u>\$ 4,352,529</u>	<u>\$ 3,754,870</u>	<u>\$ 597,651</u>
Reconciliation of GAAP basis to budgetary basis revenue:				
GAAP basis revenue:			\$ 6,374,995	
Adjustments: None			<u>-</u>	
Budget basis revenue			<u>\$ 6,374,995</u>	
Reconciliation of GAAP basis to budgetary basis expenditures:				
GAAP basis expenditures:			\$ 6,153,355	
Adjustments: Due to other state agencies at June 30, 2008 - Southwest Border Prosecution Initiative Program - Federal flow-through funds			<u>(2,398,485)</u>	
Budget basis expenditures			<u>\$ 3,754,870</u>	

Note: The actual expenditures on the budget basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2009 budget.

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

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Statement of Revenues and Expenditures
Budget and Actual (Budget Basis)
Major Governmental Funds
For the Year Ended June 30, 2008

<u>Computer Enhancement Special Revenue Fund (64500)</u>				
	<u>Original Approved Budget</u>	<u>Final Approved Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
General Fund appropriations	\$ 367,000	\$ 367,000	\$ 367,000	\$ -
Reversions	-	-	(8,318)	(8,318)
Total revenues	367,000	367,000	<u>\$ 358,682</u>	<u>\$ (8,318)</u>
Cash balance re-budgeted	-	-		
Total budgeted revenues	<u>\$ 367,000</u>	<u>\$ 367,000</u>		
Expenditures:				
Current:				
General government:				
Contractual services	\$ -	\$ -	\$ -	\$ -
Other	367,000	367,000	358,682	8,318
Total expenditures	<u>\$ 367,000</u>	<u>\$ 367,000</u>	<u>\$ 358,682</u>	<u>\$ 8,318</u>
Reconciliation of GAAP basis to budgetary basis expenditures:				
GAAP basis expenditures			\$ 358,682	
Adjustments: none			<u>-</u>	
Budget basis expenditures			<u>\$ 358,682</u>	

Note:

The actual expenditures on the budget basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2009 budget.

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

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to the Financial Statements
June 30, 2008

1. History and Organization

The Administrative Office of the District Attorneys (AODA) was authorized in Chapter 110, Laws of 1984, (Section 36-1-25, NMSA, 1978) and began operating in August 1984. It is supervised by a director who is appointed by a majority vote of the elected or appointed district attorneys of the State of New Mexico. The director may, with legislative appropriations, appoint necessary personnel and assign their duties. The director's responsibility is to provide administrative, educational and planning assistance to the district attorneys statewide. This includes, but is not limited to, preparing personnel pay plans, developing a comprehensive data base for case management, preparing and distributing uniform forms and procedures manuals and developing uniform systems for use by district attorneys' offices. Section 36-1-26 (G) provides that the AODA shall also prosecute conflict of interest and other cases at the request of an elected or appointed district attorney. Beginning July 1, 1984, New Mexico district attorneys were authorized to collect and deposit with the State Treasurer two classes of revenue in the district attorney fund administered by the AODA. The two classes of revenue are as follows:

- A. Processing fees assessed against persons who are convicted of violating Section 30-36-4, NMSA 1978, of the Worthless Check Act (Section 30-36-1 to Section 30-36-10); and,
- B. Cost paid by defendants referred to a pre-prosecution diversion program in accordance with the provisions of the Pre-prosecution Diversion Act (Section 31-16A-1 to Section 31-16A-8, NMSA 1978), to the extent public or private funds permit. The program includes individual counseling and guidance; required restitution where applicable to the extent practical and may require public service. The district attorney may refer clients for treatment and rehabilitation. Based on financial circumstances, the defendant is required to reimburse the district attorney for costs related to participation in the program.

The various district attorneys are located in the thirteen judicial districts throughout the state. The Eleventh Judicial District Attorney has two divisions. Subsequent to collection of fees and costs as described above, the various district attorneys submit (on at least a monthly basis) the funds to the State Treasurer for deposit into the district attorney fund (AODA operating cash account). Money in the fund is appropriated to the AODA for the sole purpose of meeting necessary expenses incurred in the operation of the AODA. As indicated in Section 36-1-28, these two revenue sources shall not revert to the State General Fund at the end of any fiscal year.

2. Summary of Significant Accounting Policies

The financial statements of the Administrative Office of the District Attorneys have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The AODA applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The more significant of the AODA's accounting policies are described below:

A. Reporting Entity and Component Units

The State of New Mexico Administrative Office of the District Attorneys is a legally separate and fiscally independent of other state agencies. Although the Director serves at the pleasure of the thirteen district attorneys, that person has decision-making authority, the power to manage the activities of the AODA, the responsibility to significantly influence operations and primary accountability for fiscal matters. The AODA is not included in any other governmental "reporting entity" as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*. Included within the reporting entity is the AODA as described above. There are no component units. Other Executive Branch entities of government are excluded because they are established separately by statutes.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to the Financial Statements
June 30, 2008

2. Summary of Significant Accounting Policies (Cont'd)

A. Reporting Entity and Component Units

In evaluating how to define the AODA 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. 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. The other 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 AODA is able to exercise oversight responsibilities. Based upon the application of these criteria, the AODA does not have any component units.

The AODA is not included in any other governmental "reporting entity" as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*, but would be included in a state-wide Comprehensive Annual financial Report (CAFR). The director has decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability of fiscal matters.

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

B. Basic Financial Statements - Government-Wide Statements

The AODA's basic financial statements include both government-wide (based on the AODA as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic statement) categorize primary activities as either governmental or business type, excluding fiduciary funds or component units that are fiduciary in nature. The AODA is a single purpose government entity and has no business type activities. In the government-wide Statement of Net Assets, the governmental activities are presented on a consolidated basis and are reflected on the full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. The AODA's net assets are reported in three parts; invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety), which are otherwise supported by general government revenues. The Statement of Activities reduces gross expense (including depreciation expense on capital assets) by related program revenues, operating and capital grants. Program revenue must be directly associated with the function (general government). Program revenue must be directly associated with the function (general government).

The net cost by function is normally covered by general revenue. Since the AODA only has one program, it does not employ indirect cost allocation. Program revenue consists of federal and state grants and fines and fees.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to the Financial Statements
June 30, 2008

2. Summary of Significant Accounting Policies (Cont'd)

B. Basic Financial Statements - Government-Wide Statements (Cont'd)

The appropriation from the State General Fund not included among program revenues is reported instead as transfers. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB 33. The revenue recognition policy for grants is when the eligibility requirements have been met, and costs have been incurred.

The net cost by function is normally covered by general revenue.

The government-wide focus is more on the sustainability of the AODA as an entity and the change in the AODA's net assets resulting from the current year's activities.

Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted. Generally, the AODA would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

C. Basic Financial Statements - Fund Financial Statements

Emphasis is on the major funds of the governmental category. Non-major funds are summarized into a single column. The AODA's major funds are its General Fund and Computer Enhancement Special Revenue Fund.

The governmental funds in the financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed more appropriate to demonstrate legal and covenant compliance, to demonstrate the source and use of liquid resources and to demonstrate how the AODA's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements governmental column, a reconciliation is presented on the page following each statement, which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

The focus is on the AODA as a whole and the fund financial statements, including the major individual funds of the governmental category.

The financial transactions of the AODA are recorded in individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, expenditures or expenses and other financing sources or uses. Government resources are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The following fund types are used by the AODA:

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to the Financial Statements
June 30, 2008

2. Summary of Significant Accounting Policies (Cont'd)

C. Basic Financial Statements - Fund Financial Statements (Cont'd)

GOVERNMENTAL FUND TYPES

All governmental fund types are accounted for on a spending or financial flow measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of available spendable resources. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period. Revenues are recognized as soon as they are both measurable and available. Due to their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

General fund (Funds #16800 and #94600 - both reverting and non-reverting) - The General Fund is the general operating fund of the AODA and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is funded primarily through worthless check and pre-prosecution fees (non-reverting revenue sources per Section 36-1-28, as indicated in note 1), State General Fund appropriations (reverting) and federal funds (non-reverting). Non-reverting appropriations are commingled with reverting appropriations; however, expenditures are tracked by revenue source for the purpose of calculating reversions to the State General Fund.

Special Revenue Fund (Fund #64500 - reverting) - The Special Revenue Fund is utilized to account for those proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Computer System Enhancement Fund (Fund #64500) was authorized under Laws of 1996, Chapter 12, Section 7; Laws of 1999 (1st SS), Chapter 3, Section 5, Items 75 and Section 7, Item 2; and Laws of 2000, Chapter 5, Section 8, Item 1. Its purpose is the purchase of computer equipment, hardware upgrades, and software consistent with the district attorneys' statewide automation plan. This fund is also considered a major individual fund under GASB 34 criteria.

D. Non-Current Governmental Assets/Liabilities

Such information is incorporated into the governmental column in the government-wide Statement of Net Assets.

E. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the "economic resources" measurement focus and the accrual basis of accounting. The AODA has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. The governmental funds in the fund financial statements are presented on a modified accrual basis. Under the accrual method of accounting, revenues are recognized when earned and expenditures are recognized when incurred.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to the Financial Statements
June 30, 2008

2. Summary of Significant Accounting Policies (Cont'd)

E. Basis of Accounting (Cont'd)

All governmental funds utilize the modified accrual basis of accounting. Under this method, revenues and other governmental fund financial resource increments are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available to finance expenditures of the current fiscal period; available meaning collectible within the current period or soon enough thereafter, 60 days, to be used to pay liabilities of the current period.

Revenues from grants that are restricted for specific uses are recognized as revenues and as receivables when the related costs are incurred. Contributions and other monies held by other state and local agencies are recorded, as a receivable at the time the money is made available to the specific fund. All other revenues are recognized when they are received and are not susceptible to accrual.

Expenditures are recorded as liabilities when incurred. An exception to this general rule is that accumulated unpaid annual, compensatory and certain sick leave are not accrued as current liabilities, but as non-current liabilities. However, in the government-wide financial statements, both current and long-term are accrued. Expenditures charged to federal programs are recorded utilizing the cost principles described by the various funding sources.

In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB Statement No. 33, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements including time, requirements, are met. Resources transmitted before the eligibility requirement are met, under most circumstances, should be reported as advances by the provider and deferred revenue by the recipient.

F. Budgets and Budgetary Accounting

The State Legislature makes annual appropriations to the AODA which lapse at fiscal year end. Legal compliance is monitored through the establishment of a budget and a financial control system, which permits a budget-to-actual expenditure comparison. Expenditures may not legally exceed appropriations for each budget at the appropriation unit level.

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

The General Appropriations Act of 2004 established the modified accrual basis of accounting for governmental funds in accordance with the Manual of Model Accounting Practices issued by the Department of Finance and Administration as the budgetary basis of accounting for the State of New Mexico. The change in policy resulted in the recognition of budgetary control from a fiscal year to an appropriation period. Under the budgetary basis, prior year encumbrances allowed for money to be expended in one fiscal year, while charging the expenditure to another year's budget. Under the new policy, as long as the appropriation period has not lapsed, and a budget has been approved by the Department of Finance and Administration, an encumbrance can be charged against the budget. However, when the appropriation period has lapsed, so does the authority for the budget.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to the Financial Statements
June 30, 2008

2. Summary of Significant Accounting Policies (Cont'd)

F. Budgets and Budgetary Accounting (Cont'd)

The General Fund and Special Revenue Funds budgetary legal authorization to incur obligations is on a basis that differs from the basis of accounting required by generally accepted accounting principles (GAAP). The budget is prepared on a modified accrual basis and may include encumbrances for multiple year appropriations in fund expenditures (commitments for the expenditure of monies relating to unperformed contracts of orders for goods and services). GAAP includes accrued expenditures but does not include encumbrances in fund expenditures.

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

1. No later than September 1, the AODA submits to the Legislative Finance Committee (LFC) and the Budget Division of the Department of Finance and Administration (DFA) an appropriation request for the fiscal year commencing the following July 1. The appropriation request includes proposed expenditures and the means of financing them.
2. Budget hearings are scheduled before the New Mexico House of Appropriations and Senate Finance Committees. The final outcome of those hearings are incorporated into the state's General Appropriations Act.
3. The Act is signed into law by the Governor of the State of New Mexico within the legally prescribed time limit, at which time the approved budget becomes a legally binding document.
4. No later than May 1, the AODA submits to DFA an annual operating budget by appropriation unit and object code based upon the appropriation made by the Legislature. The DFA Budget Division reviews and approves the operating budget which becomes effective on July 1.

All subsequent budgetary adjustments must be approved by the Director of the DFA Budget Division and by the LFC.

5. Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund and Special Revenue Funds.
6. Budgetary control is exercised by the AODA at the appropriation unit level. Budget Adjustment Requests (BARs) are approved by the DFA Budget Division.
7. The budget for the General Fund and all special revenue funds is adopted on a modified accrual basis of accounting (General Appropriations Act, Laws of 2007, Chapter 28, Section 3, Subsection N) except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline (Section 6-10-4 NMSA 1978) that must be paid out of next year's budget. A reconciliation of budgetary basis to GAAP basis will be necessary if any accounts payable at the end of the fiscal year are not paid by the statutory deadline. The AODA has included such reconciliation for fiscal year 2008.
8. The original budgets differ from the final budgets presented in the budget comparison statements by amendments made during the fiscal year.
9. Appropriations lapse at the end of the fiscal year except for those amounts related to unexpended valid encumbrances for multi-year appropriations.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to the Financial Statements
June 30, 2008

2. Summary of Significant Accounting Policies (Cont'd)

F. Budgets and Budgetary Accounting (Cont'd)

In accordance with the requirements of Section 2.2.2.10.A (2) (b) of 2.2.2 NMAC Requirements for Contracting and Conducting Audits of Agencies and the allowance made by GASB 34, footnote 53, the budgetary comparison statements for major funds have been included as part of the basic financial statements.

G. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent fiscal year. Unused and excess encumbrances are adjusted in the year that the appropriation lapses.

H. Cash

Cash is deposited by the AODA into its accounts with the State Treasurer which are pooled and invested by the State Treasurer at various financial institutions.

I. Federal Grants Receivable (Deferred Revenue)

Various reimbursement procedures are used for federal awards received by the AODA. Consequently, timing differences between expenditures and program reimbursements can exist at any time during the fiscal year. Receivable balances at fiscal year-end represent an excess of modified accrual basis expenditures over cash reimbursements received to date. Conversely, deferred revenue balances represent an overdraw of cash (advances) in excess of modified accrual basis expenditures. Generally, receivable or deferred balances caused by differences in the timing of cash reimbursements and expenditures will be reversed or returned to the grantor in the remaining grant period.

Determining the amount of expenditures reimbursable by the federal government, in some cases, requires management to estimate allowable costs to be charged to the federal government. As a result of this and other issues, management provides an allowance for potential contractual allowances for federal revenue. Any changes in these estimates are recorded in the period that the estimate is changed.

Certain federal program funds are passed through the AODA to subgrantee organizations.

J. Capital Assets

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

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to the Financial Statements
June 30, 2008**

2. Summary of Significant Accounting Policies (Cont'd)

J. Capital Assets (Cont'd)

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

<u>Assets</u>	<u>Years</u>
Furniture and equipment	6
Data processing equipment	3
Vehicles	5
Software	3

K. Accrued Compensated Absences - Annual and Sick Leave

Qualified employees accumulate annual leave as follows:

<u>Years of Service</u>	<u>Hours Earned Per Month</u>	<u>Days Earned Per Month</u>	<u>Days of Maximum Accrual</u>
1-3	6.67	0.83	30
4-6	8.00	1.00	30
7-10	9.99	1.25	30
11-14	12.00	1.50	30
15th/Beyond	13.33	1.67	30

Thirty (30) days of accrued annual leave may be carried forward into the beginning of the next calendar year and any excess is forfeited. When employees terminate, they are compensated for accumulated annual leave as of the date of termination, up to a maximum of thirty (30) days. Accrued annual leave is recorded as a non-current liability in the government-wide financial statements.

Employees who have over 600 hours of accumulated sick leave can receive payment for hours over 600, up to 120 hours on July 1 or January 1 of each year. However, sick leave is paid at fifty percent of the employee's regular hourly wage. At retirement, employees can receive fifty percent payment for up to 400 hours for the hours over 600 hours of accumulated sick leave. Therefore, the only leave which has been accrued represents the hours earned at June 30, 2008, over 600 hours up to 120 hours per employee. Expenditures for accumulated sick pay for hours under 600 hours will be recognized as employees take such absences. Accrued vested sick pay is recorded as a non-current liability in the government-wide financial statements.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to the Financial Statements
June 30, 2008

2. Summary of Significant Accounting Policies (Cont'd)

K. Accrued Compensated Absences - Annual and Sick Leave (Cont'd)

Fair Labor Standards Act (FLSA) nonexempt employees accumulate compensation time at the rate of 1.5 times the number of hours worked, in excess of forty hours per week, based on their regular hourly rate. Exempt and classified employees who are FLSA exempt accumulate compensation time at the same rate as the number of hours worked. Overtime must be pre-approved by management. Payment of this liability can be made by compensated leave time or cash payment.

In accordance with GASB 16, accrued compensated absences consist of accumulated annual leave, sick leave between 600 and 720, and compensatory leave for employees, including the related employers' matching FICA and Medicare payroll taxes.

L. Reservations and Designations - Fund Balance

Reservations of fund balance in the governmental fund statements are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated, or (2) identify the portion of the fund balance that is appropriated for future expenditures.

M. Net Assets

The government-wide financial statements utilize a net asset presentation. Net assets are categorized as investments in capital assets (net of related debt), restricted and unrestricted.

Investment in Capital Assets - is intended to reflect the portion of net assets which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Assets - are liquid assets (generated from revenues and not bond proceeds appropriations), which have third-party (statutory enabling legislation or granting agency) limitation on their use, and which are legally enforceable as to their use.

Unrestricted Assets - represent unrestricted liquid assets.

The AODA allocates expenses to restricted or unrestricted resources based on the budgeted source of funds. It is the AODA's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of American requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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2. Summary of Significant Accounting Policies (Cont'd)

O. Reversions to State General Fund

Any unexpended balances remaining in SHARE funds #16800, #94600 and #64500 are generally reverted to the State General Fund. The General Appropriations Act of 2007, Section 3, Subsection N, states that "for the purpose of administering the General Appropriations Act of 2007, the State of New Mexico shall follow the modified accrual basis of accounting for governmental funds in accordance with the manual of model accounting practices issued by the Department of Finance and Administration." In accordance with the Department of Finance and Administration's "Basis of Accounting-Modified Accrual and the Budgetary Basis," the AODA has accrued as payables, amounts owed for goods and services received by June 30, 2008. Any remaining fund balance not specifically reserved is reverted to the State General Fund in accordance with Section 6-5-10, NMSA 1978. The AODA has both reverting and non-reverting funds which are commingled in the General Fund (#16800). The AODA calculates any reversions owing to the State General Fund at year end by taking the cash balance at year end and deducting all known non-reverting monies included in the cash balance. The remaining balance would be owing to the State General Fund. There were no remaining cash balances at year end which are owing to the State General Fund. All General Fund appropriations have been expended at June 30, 2008. Accordingly, no reversions have been recorded in the current year for State General Fund appropriations.

In addition, unexpended balances of special appropriations are reverted when required by law.

P. Net Assets/Fund Equity

In the **government-wide financial statements**, net assets consist of three components: invested in capital assets, net of related debt; restricted; and unrestricted. The AODA has no debt related to capital assets; therefore, net assets invested in capital assets equal the capital assets, net of related accumulated depreciation. The AODA's financial statement does not show any net assets restricted because it does not have any resources remaining in the net assets that were received or earned with the explicit understanding between the AODA and the resource provider (grantor, contributor, other government, or enabling legislation) that the funds would be used for a specific purpose. Therefore, all remaining net assets that are not related to capital assets are shown as unrestricted.

In the **fund financial statements**, reservations of fund balance are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated, or (2) identify the portion of the fund balance that is not appropriable for future expenditures. There were no reservations of fund balance at June 30, 2008.

3. Cash (Investment in the State Treasurer General Fund Investment Pool)

Investment in the State Treasurer General Fund Investment Pool. All funds allotted to the AODA are held by the New Mexico State Treasurer. Deposits are non-interest bearing. Money deposited by the AODA with the State Treasurer is pooled and invested by the State Treasurer. The State Treasurer deposits monies with New Mexico financial institutions in denominations which generally are in excess of the \$100,000 in insurance coverage provided by federal agencies. Accordingly, the State Treasurer requires that depository financial institutions provide additional collateral for such investments. The collateral generally is in the form of marketable debt securities and is required in amounts ranging from 50% to 102% of the par value of the investment dependent upon the institutions operating results and capital. Collateral for the fiscal account is required in amounts equal to 50% of the average investment balance. Separate financial statements of the State Treasurer indicate collateral categories of risk and market value of purchased investments. All collateral is held in third-party safekeeping. A supplemental schedule of cash that the AODA held as of June 30, 2008, is presented in the

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3. Cash (Investment in the State Treasurer General Fund Investment Pool) (Cont'd)

financial statements as supplemental information. Cash on deposit with the State Treasurer in the General Fund Investment Pool consists of the following:

Name of Depository	Account Name	SHARE		Type of Account	Interest Bearing	Depository Balance at 06/30/2008	Reconciled Balance at 6/30/2008
		Agency Number	Fund Number				
State Treasurer General Fund Investment Pool:							
NM State Treasurer	Administrative Office of the District Attorneys'	26400	16800	State Treasury	No	\$308,274	\$308,274
NM State Treasurer	Forensic Evaluation Program	26400	94600	State Treasury	No	2,612,070	2,612,070
NM State Treasurer	Computer Enhancement Special Revenue Fund	26400	64500	State Treasury	No	13,700	13,700
Total Governmental Fund Types						<u>\$2,934,044</u>	<u>\$2,934,044</u>

Cash accounts on deposit with the New Mexico State Treasurer do not require collateral to be pledged because they are deposits with another governmental entity. The AODA is not authorized to make investments. However, certain cash accounts are authorized to earn interest and are deposited by DFA into the New Mexico State Treasurer's Office Interest Bearing Pool. The pool invests in repurchase agreements secured at 102% by U. S. Treasury notes and bills, certificates of deposit and other interest bearing instruments. Because all monies are held by another governmental entity, Governmental Accounting Standards Board Statement # 3, "Deposit with Financial Institutions Investments (Including Repurchase Agreements)," and "Reverse Purchase Agreements" is not applicable. Deposits do not have to be classified according to custodial credit risk.

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

- (a) Securities issued by the United States (U.S.) government or by its departments or agencies and direct obligations of the U.S. or are backed by the full faith and credit of the U.S. government or agencies sponsored by the U.S. government;
- (b) Contracts for the present purchase and resale at a specified time in the future, not to exceed one year or, in the case of bond proceeds appropriations, not to exceed three years, of specific securities at specified prices at a price differential representing the interest income to be earned by the state. No such contract shall be invested in unless the contract is fully secured by obligations of the United States or other securities backed by the United States having a market value of at least one hundred two percent of the amount of the contract;

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3. Cash (Investment in the State Treasurer General Fund Investment Pool) (Cont'd)

- (c) Contracts for the temporary exchange of state-owned securities for the use of broker-dealers, banks or other recognized institutional investors in securities, for periods not to exceed one year for a specified fee rate. No such contract shall be invested in unless the contract is fully secured by exchange of an irrevocable letter of credit running to the state, cash or equivalent collateral of at least one hundred two percent of the market value of the securities plus accrued interest temporarily exchanged. The collateral required for either of the forms of investment in sections (b) and © shall be delivered to the fiscal agent of New Mexico or its designee contemporaneously with the transfer of funds or delivery of the securities at the earliest time industry practice permits, but in all cases, settlement shall be on the same-day basis. Neither of the contracts in (b) or © shall be invested in unless the contracting bank, brokerage firm or recognized institutional investor has a net worth in excess of five hundred million dollars;
- (d) Any of the following investments in an amount not to exceed forty percent of any fund that the state treasurer invests: (1) commercial paper rated "prime" quality by a national rating service, issued by corporations organized and operating within the U.S.; (2) medium-term notes and corporate notes with a maturity not exceeding five years that are rated A or its equivalent or better by a nationally recognized rating service and that are issued by a corporation organized and operating in the U.S.; or (3) an asset-backed obligation with a maturity not exceeding five years that is rated AAA or its equivalent by a nationally recognized rating service;
- (e) Shares of an open-ended diversified investment company registered pursuant to the federal Investment Company Act of 1940 that invests in U.S. fixed income securities or debt instruments authorized pursuant to (a), (b) and (d) above provided that the investment company has total assets under management of at least one billion dollars and the investments made by the State Treasurer pursuant to this paragraph are less than five percent of the assets of the investment company; or,
- (f) Individual, common or collective trust funds of banks or trust companies that invest in U.S. fixed income securities or debt instruments authorized pursuant to (a), (b) and (d) above provided that the investment manager has assets under management of at least one billion dollars and the investments made by the state treasurer pursuant to this paragraph are less than five percent of the assets of the individual, common or collective trust fund.

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

For additional GASB 40 disclosure information regarding cash held by the State Treasurer, the reader should see the separate audit report for the State Treasurer's Office for the fiscal year ended June 30, 2008.

4. Due From/To Other State Agencies

The following are short-term amounts owed between other state agencies and are classified as due from other state agencies:

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4. Due From/To Other State Agencies (Cont'd)

	<u>Purpose</u>	<u>Due From</u>	<u>Due To</u>
<u>Fund 16800-General Fund</u>			
Due to Department of Finance and Admin.	Payroll liability underpayment	\$ -	\$ 3,903
Due from NM Dept. of Transportation	Federal grant	29,426	-
		<u>29,426</u>	<u>3,903</u>
<u>Fund 94600 - Forensic Evaluation Fund (General Fund Account)</u>			
Due to 2nd District Attorney	Southwest Border Prosecution Initiative	-	74,613
Due to 3rd District Attorney	Southwest Border Prosecution Initiative	-	348,847
Due to 4th District Attorney	Southwest Border Prosecution Initiative	-	36,016
Due to 5th District Attorney	Southwest Border Prosecution Initiative	-	340,235
Due to 6th District Attorney	Southwest Border Prosecution Initiative	-	119,797
Due to 9th District Attorney	Southwest Border Prosecution Initiative	-	169,195
Due to 10th District Attorney	Southwest Border Prosecution Initiative	-	20,579
Due to 11th District Attorney Div. I	Southwest Border Prosecution Initiative	-	661,497
Due to 11th District Attorney Div. II	Southwest Border Prosecution Initiative	-	82,793
Due to 12th District Attorney	Southwest Border Prosecution Initiative	-	181,495
Due to 13th District Attorney	Southwest Border Prosecution Initiative	-	363,418
		<u>-</u>	<u>2,398,485</u>
		<u>\$ 29,426</u>	<u>\$ 2,402,388</u>

5. Due from the State General Fund

This represents amounts of \$263,367, due from the State of New Mexico Department of Finance and Administration to SHARE funds #16800. The AODA reverted \$1,700,000 that was intended to repay unauthorized federal Southwest Border Prosecution Initiative funds. The amount due from the State General Fund is the amount actually repaid. Non-reverting revenue sources were used to make payment.

6. Due to State General Fund (Reversions)

Forensic Evaluation Account 94600 (General Fund)			
Cash balance, June 30, 2008		\$ 2,612,070	
Add: Due from State General Fund, June 30, 2008		-	
Less: Accounts payable, June 30, 2008		(9,885)	
Due to other funds, June 30, 2008		(34,858)	
Non-reverting balance of Southwest Border Prosecution Initiative Funds (Due to District Attorneys)		(2,398,485)	
Non-reverting balance of Southwest Border Prosecution Initiative Funds (Available for appropriation)		<u>(150,637)</u>	
Due to State General Fund, June 30, 2008			\$ 18,205
Fiscal year 2007	\$ 6,358		
Fiscal year 2008	11,847		
Computer Enhancement Special Revenue Fund 64500			
Cash balance, June 30, 2008		13,700	
Add: Due from State General Fund, June 30, 2008		-	
Less: Accounts payable, June 30, 2008		-	
Due to State General Fund, June 30, 2008			<u>13,700</u>
Fiscal year 2007	5,382		
Fiscal year 2008	8,318		
Due to State General Fund - all funds, June 30, 2008			<u>\$ 31,905</u>
Fiscal year 2007	11,740		
Fiscal year 2008	20,165		

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7. Accrued Payroll Payable

Accrued payroll payable at June 30, 2008 amounted to \$32,027. This amount represents 100% of the total payroll paid on July 3, 2008, for the pay period ended June 27, 2008, and 10% of the total payroll paid on July 17, 2008, for the pay period ended July 11, 2008.

8. Capital Assets

The capital asset activity for the governmental activities for the year ended June 30, 2008, is as follows:

	<u>Balance June 30, 2007</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Balance June 30, 2008</u>
Capital assets -				
Furniture and equipment	\$ 25,060	\$ -	\$ -	\$ 25,060
Data processing equipment	274,793	91,545	(43,041)	323,297
Vehicles	191,613	109,682	-	301,295
Software	52,114	-	-	52,114
Capital assets	<u>543,580</u>	<u>201,227</u>	<u>(43,041)</u>	<u>701,766</u>
Accumulated depreciation -				
Furniture and equipment	(21,392)	(2,491)	-	(23,883)
Data processing equipment	(258,269)	(6,111)	-	(264,380)
Vehicles	(125,002)	(34,599)	-	(159,601)
Software	(25,556)	(1,347)	-	(26,903)
Accumulated depreciation	<u>(430,219)</u>	<u>(44,548)</u>	<u>-</u>	<u>(474,767)</u>
Net capital assets	<u>\$ 113,361</u>	<u>\$ 156,679</u>	<u>\$ (43,041)</u>	<u>\$ 226,999</u>

The AODA does not have any debt related to capital assets. Depreciation expense for the year was \$44,548 and is considered a public safety expense.

9. Changes in Long-Term Debt-Compensated Absences Payable

A summary of changes in the current and long-term portion of compensated absences follows:

	<u>Balance July 1, 2007</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Balance June 30, 2008</u>
Compensated absences - current	\$ 38,944	\$35,394	\$(26,742)	\$ 47,596
Compensated absences - long-term	19,746	15,735	(14,321)	21,160
Total compensated absences	<u>\$ 58,690</u>	<u>\$ 51,129</u>	<u>\$(41,063)</u>	<u>\$ 68,756</u>

Compensated absences are paid with state general fund appropriations revenue out of the SHARE Fund #16800.

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June 30, 2008**

10. Operating Leases

The AODA leases certain office space and equipment under least agreements with terms ranging from one year to five years with options to renew for additional one to seven year terms. Expenditures for operating leases and other rentals for the year ended June 30, 2008, were \$214,745. Future minimum rental payments under these operating leases are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2009	\$156,732
2010	159,838
2011	43,865
2012	9,875
2013	<u>1,030</u>
Total	<u>\$371,340</u>

11. Fund Balance

Reservations of fund balance of the governmental funds are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures.

There were no reservations of fund balance at June 30, 2008.

The unreserved/designated fund balance for the governmental fund represents the amount of \$485,306 available for budgeting future operations from non-reverting Worthless Check and Pre-Prosecution Diversion Program funds per Section 36-1-28, NMSA, 1978, and federal Southwest Border Prosecution Initiative Program Funds amounting to \$150,637 available for budgeting future operations.

12. Pension Plan - Public Employees Retirement Association

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

Funding Policy. Plan members are required to contribute 7.42% of their gross salary. The AODA is required to contribute 16.59% of the gross covered salary. The contribution requirements of plan members and the AODA's are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The AODA's employer contributions to PERA for the years ending June 30, 2008, 2007 and 2006 were \$114,285, \$78,688 and \$88,140 respectively, equal to the amount of the required contributions for each year.

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13. Post Employment Benefits - State Retiree Health Care Plan

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

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after January 1, 1998, are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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

The AODA's contributions to the RHCA for the years ended June 30, 2008, 2007, and 2006 were \$13,430, \$11,403 and \$9,825 respectively, which equals the required contributions for the fiscal year.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to the Financial Statements
June 30, 2008

14. Insurance Coverage - Risk Management

The AODA obtains coverage through Risk Management Division of the State of New Mexico General Services Department. This coverage includes liability and civil rights, property, vehicle, employer bond, workers' compensation, group insurance and state unemployment. These coverages are designed to satisfy the requirements of the State Tort Claims Act. All employees of the AODA are covered by blanket fidelity bond up to \$5,000,000 with a \$1,000 deductible per occurrence by the State of New Mexico for the period July 1, 2007, through June 30, 2008.

15. Transfers To/From Other State Agencies

From Agency/Fund	To Agency/Fund	Amount	Purpose
34100/62000	26400/16800	34,858	Compensation appropriation
36900/85300	26400/16800	1,570,100	State General Fund appropriation
36900/85300	26400/94600	160,000	State General Fund appropriation
36900/85300	26400/64500	367,000	State General Fund appropriation
79000/79000	26400/94600	2,019,762	Transfer from Dept. of Public Safety-SWBPI residual
34100/34100	26400/94600	46,717	Southwest Border Prosecution Initiative funding
26400/94600	25200/25200	(5,233)	Southwest Border Prosecution Initiative funding
26400/94600	25300/25300	(948,930)	Southwest Border Prosecution Initiative funding
26400/94600	25600/25600	(83,108)	Southwest Border Prosecution Initiative funding
26400/94600	26000/26000	(134,156)	Southwest Border Prosecution Initiative funding
26400/94600	26100/26100	(94,203)	Southwest Border Prosecution Initiative funding
26400/94600	26200/26200	(188,482)	Southwest Border Prosecution Initiative funding
26400/94600	26300/26300	(41,868)	Southwest Border Prosecution Initiative funding
26400/94600	26500/26500	(107,982)	Southwest Border Prosecution Initiative funding
26400/94600	25200/26000	(74,613)	SWBPI-Due to 2nd DA
26400/94600	25300/48500	(348,847)	SWBPI-Due to 3rd DA
26400/94600	25400/15800	(36,016)	SWBPI-Due to 4th DA
26400/94600	25500/15900	(340,235)	SWBPI-Due to 5th DA
26400/94600	25600/16000	(119,797)	SWBPI-Due to 6th DA
26400/94600	25900/16300	(169,195)	SWBPI-Due to 9th DA
26400/94600	26000/16400	(20,579)	SWBPI-Due to 10th DA
26400/94600	26100/16500	(661,497)	SWBPI-Due to 11th DA, Div. I
26400/94600	25600/16900	(82,793)	SWBPI-Due to 11th DA, Div. II
26400/94600	26200/16600	(181,495)	SWBPI-Due to 12th DA
26400/94600	26300/16700	(363,418)	SWBPI-Due to 13th DA
26400/94600	36900/85300	(11,847)	Reversion to State General Fund - Forensic Evaluation
26400/64500	36900/85300	(8,318)	Reversion to State General Fund - Computer Enhancement Fund

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to the Financial Statements
June 30, 2008**

16. Special and Other Specific Appropriations

<u>Fund/Fund No.</u>	<u>Appropriation Laws</u>	<u>Amount</u>	<u>Appropriation Period</u>	<u>Expenditures to Date</u>	<u>Unencumbered Balance</u>
Computer Enhancement Fund 64500	Laws 2007, Ch. 28	\$367,000	7/1/07 - 6/30/08	\$358,682	\$8,318
General Fund 16800	Laws 2007, Ch. 28	1,530,100	7/1/07 - 6/30/08	1,530,100	-
General Fund 16800	Laws 2007, Ch. 21	40,000	7/1/07 - 6/30/08	40,000	-
Forensic Evaluation Fund 94600	Laws 2007, Ch. 28	160,000	7/1/07 - 6/30/08	148,153	<u>11,847</u>
Due to State General Fund, June 30, 2008					<u>\$20,165</u>

General Fund (Funds #16800 and #94600 - both reverting and non-reverting)

The General Fund is the general operating fund of the AODA and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is funded primarily through worthless check and pre-prosecution fees (non-reverting per Section 36-1-28, as indicated in note 1), State General Fund appropriations (reverting) and federal funds (non-reverting).

Special Revenue Fund (Fund #64500 - reverting)

The Special Revenue Fund is utilized to account for those proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Computer System Enhancement Fund (Fund #64500) was authorized under Laws of 1996, Chapter 12, Section 7; Laws of 1999 (1st SS), Chapter 3, Section 5, Items 75 and Section 7, Item 2; and Laws of 2000, Chapter 5, Section 8, Item 1. Its purpose is the purchase of computer equipment, hardware upgrades, and software consistent with the district attorneys' statewide automation plan. This fund is also considered a major individual fund under GASB 34 criteria.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Combining Balance Sheet
Governmental Funds
General Fund Accounts
June 30, 2008

	(16800) Operating Account	(94600) Forensic Evaluation Account	Eliminations	Total General Fund
<u>Assets</u>				
Investment in the State Treasurer General				
Fund investment pool	\$ 308,274	\$ 2,612,070	\$ -	\$ 2,920,344
Due from other state agencies (note 4)	29,426	-	-	29,426
Due from state general fund (note 5)	263,367	-	-	263,367
Due from other funds	34,858	-	(34,858)	-
Prepaid expenses	4,070	-	-	4,070
	<u>639,995</u>	<u>2,612,070</u>	<u>(34,858)</u>	<u>3,217,207</u>
Total assets	\$ <u>639,995</u>	\$ <u>2,612,070</u>	\$ <u>(34,858)</u>	\$ <u>3,217,207</u>
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable	\$ 94,169	\$ 9,885	\$ -	\$ 104,054
Interest payable	100	-	-	100
Payroll taxes payable	9,534	-	-	9,534
Payroll benefits payable	14,956	-	-	14,956
Accrued payroll payable	32,027	-	-	32,027
Due to other state agencies (note 4)	3,903	2,398,485	-	2,402,388
Due to State General Fund (note 6)	-	18,205	-	18,205
Due to other funds	-	34,858	(34,858)	-
	<u>154,689</u>	<u>2,461,433</u>	<u>(34,858)</u>	<u>2,581,264</u>
Total liabilities	154,689	2,461,433	(34,858)	2,581,264
<u>Fund Balance/Net Assets</u>				
Fund balance:				
Unreserved-undesignated	485,306	150,637	-	635,943
	<u>485,306</u>	<u>150,637</u>	<u>-</u>	<u>635,943</u>
Total fund balance	485,306	150,637	-	635,943
	<u>639,995</u>	<u>2,612,070</u>	<u>(34,858)</u>	<u>3,217,207</u>
Total liabilities and fund balance	\$ <u>639,995</u>	\$ <u>2,612,070</u>	\$ <u>(34,858)</u>	\$ <u>3,217,207</u>

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

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
General Fund Accounts
For the Year Ended June 30, 2008

	<u>(16800)</u> <u>Operating</u> <u>Account</u>	<u>(94600)</u> <u>Forensic</u> <u>Evaluation</u> <u>Account</u>	<u>Total</u> <u>General</u> <u>Fund</u>
Revenues:			
Fees:			
Worthless check fees	\$ 126,960	\$ -	\$ 126,960
Pre-prosecution fees	226,023	-	226,023
Intergovernmental			
Federal funds - operating	115,817	2,133,322	2,249,139
Total revenues	<u>468,800</u>	<u>2,133,322</u>	<u>2,602,122</u>
Expenditures:			
Current:			
General government:			
Personal services and employee benefits	1,018,859	-	1,018,859
Contractual services	76,519	-	76,519
Other	796,491	148,153	944,644
Capital outlay	110,886	-	110,886
Total expenditures	<u>2,002,755</u>	<u>148,153</u>	<u>2,150,908</u>
Excess (deficiency) of revenues over expenditures	<u>(1,533,955)</u>	<u>1,985,169</u>	<u>451,214</u>
Other financing sources (uses):			
Transfers in (out):			
State General Fund appropriation	1,570,100	160,000	1,730,100
Other appropriations - compensation appropriation	34,858	-	34,858
Operating transfers in from Department of			
Public Safety - SWBPI	-	2,019,762	2,019,762
Other financing (uses)	-	(4,002,447)	(4,002,447)
Reversion to the State General Fund - FY 2008	-	(11,847)	(11,847)
Total other financing sources (uses)	<u>1,604,958</u>	<u>(1,834,532)</u>	<u>(229,574)</u>
Net change in fund balances	71,003	150,637	221,640
Fund balance, beginning of year	<u>414,303</u>	<u>-</u>	<u>414,303</u>
Fund balance, end of year	<u>\$ 485,306</u>	<u>\$ 150,637</u>	<u>\$ 635,943</u>

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

INDIVIDUAL FUND BUDGET COMPARISON SCHEDULES

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Governmental Funds
General Fund Accounts
All Activities (Funds 16800 and 94600)
Schedule of Revenues and Expenditures
Budget and Actual (Budget Basis)
Year Ended June 30, 2008

	<u>Original Approved Budget</u>	<u>Final Approved Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
General Fund appropriations	\$ 1,730,100	\$ 1,730,100	\$ 1,730,100	\$ -
Federal funds	70,300	2,307,621	2,249,139	(58,482)
Other state funds	280,000	280,000	352,983	72,983
Other financing sources	34,800	34,800	2,054,620	2,019,820
Reversions	-	-	(11,847)	(11,847)
Total revenues	<u>2,115,200</u>	<u>4,352,521</u>	<u>\$ 6,374,995</u>	<u>\$ 2,022,474</u>
Cash appropriated from prior-year	-	-		
Total budgeted revenues	<u>\$ 2,115,200</u>	<u>\$ 4,352,521</u>		
Expenditures:				
Current:				
General government:				
Personal services and employee benefits	\$ 945,400	\$ 1,013,208	\$ 1,018,859	\$ (5,651)
Contractual services	37,600	88,792	76,519	12,273
Other	1,132,200	1,117,200	1,055,530	61,670
Other financing uses-transfers out	-	2,133,321	1,603,962	529,359
Total expenditures	<u>\$ 2,115,200</u>	<u>\$ 4,352,521</u>	<u>\$ 3,754,870</u>	<u>\$ 597,651</u>
Reconciliation of GAAP basis to budgetary basis revenue:				
GAAP basis revenue:			\$ 6,347,995	
Adjustments: None			-	
Budget basis revenue			<u>\$ 6,347,995</u>	
Reconciliation of GAAP basis to budgetary basis expenditures:				
GAAP basis expenditures:			\$ 6,153,355	
Adjustments: Due to other state agencies at June 30, 2008 - Southwest Border Prosecution Initiative Program - Federal flow-through funds			<u>(2,398,485)</u>	
Budget basis expenditures			<u>\$ 3,754,870</u>	

Note: The actual expenditures on the budget basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2009 budget.

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

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Governmental Funds
General Fund Accounts
Operating Account (Fund 16800)
Schedule of Revenues and Expenditures
Budget and Actual (Budget Basis)
Year Ended June 30, 2008

	<u>Original Approved Budget</u>	<u>Final Approved Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
General Fund appropriations	\$ 1,570,100	\$ 1,570,100	\$ 1,570,100	\$ -
Federal funds	70,300	174,300	115,817	(58,483)
Other state funds	280,000	280,000	352,983	72,983
Other financing sources - compensation appropriation	<u>34,800</u>	<u>34,800</u>	<u>34,858</u>	<u>58</u>
Total revenues	1,955,200	2,059,200	<u>\$ 2,073,758</u>	<u>\$ 14,558</u>
Cash balance re-budgeted	<u>-</u>	<u>-</u>		
Total budgeted revenues	<u>\$ 1,955,200</u>	<u>\$ 2,059,200</u>		
Expenditures:				
Current:				
General government:				
Personal services and employee benefits	\$ 945,400	\$ 1,013,208	\$ 1,018,859	\$ (5,651)
Contractual services	37,600	88,792	76,519	12,273
Other	<u>972,200</u>	<u>957,200</u>	<u>907,377</u>	<u>49,823</u>
Total expenditures	<u>\$ 1,955,200</u>	<u>\$ 2,059,200</u>	<u>\$ 2,002,755</u>	<u>\$ 56,445</u>
Reconciliation of GAAP basis to budgetary basis expenditures:				
GAAP basis expenditures			\$ 2,002,755	
Adjustments: none			<u>-</u>	
Budget basis expenditures			<u>\$ 2,002,755</u>	

Note:

The actual expenditures on the budget basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2009 budget.

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

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Governmental Funds
General Fund Accounts
Forensic Evaluation Program Account (Fund 94600)
Schedule of Revenues and Expenditures
Budget and Actual (Budget Basis)
Year Ended June 30, 2008

	Original Approved Budget	Final Approved Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:				
General Fund appropriations	\$ 160,000	\$ 160,000	\$ 160,000	\$ -
Federal funds	-	2,133,321	2,133,322	1
Other financing sources-transfers in	-	-	2,019,762	2,019,762
Reversions	-	-	(11,847)	(11,847)
	<u>160,000</u>	<u>2,293,321</u>	<u>4,301,237</u>	<u>2,007,916</u>
Total revenues	\$ <u>160,000</u>	\$ <u>2,293,321</u>	\$ <u>4,301,237</u>	\$ <u>2,007,916</u>
Expenditures:				
Current:				
General government:				
Personal services and employee benefits	\$ -	\$ -	\$ -	\$ -
Other	160,000	160,000	148,153	11,847
Other financing uses-transfers out	-	2,133,321	1,603,962	529,359
	<u>160,000</u>	<u>2,293,321</u>	<u>1,752,115</u>	<u>541,206</u>
Total expenditures	\$ <u>160,000</u>	\$ <u>2,293,321</u>	\$ <u>1,752,115</u>	\$ <u>541,206</u>
Reconciliation of GAAP basis to budgetary basis revenue:				
GAAP basis revenue:			\$ 4,301,237	
Adjustments: None			<u>-</u>	
Budget basis revenue			<u>\$ 4,301,237</u>	
Reconciliation of GAAP basis to budgetary basis expenditures:				
GAAP basis expenditures:			\$ 4,150,600	
Adjustments: Due to other state agencies at June 30, 2008 - Southwest Border Prosecution Initiative Program - Federal flow-through funds			<u>(2,398,485)</u>	
Budget basis expenditures			<u>\$ 1,752,115</u>	

Note: The actual expenditures on the budget basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2009 budget.

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

SINGLE AUDIT INFORMATION

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2008

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal Catalog of Domestic Assist. Number</u>	<u>Award Number</u>	<u>Award Amount</u>	<u>Current Federal Expen- ditures</u>	<u>To Sub- Recipients</u>	<u>For Adminis- tration</u>
U.S. Department of Justice						
Direct Flow Through						
Southwest Border Prosecution Initiative	16.755	2008BWBX07A03395	\$ 469,055			
	16.755	2008BWBX07D03807	1,664,267			
			2,133,322	\$ 2,133,322	\$ 2,133,322	\$ -
Total U.S. Department of Justice				2,133,322	2,133,322	-
U.S. Department of Transportation						
New Mexico Traffic Safety						
Bureau - Pass-Through						
Traffic Safety Resource Prosecutor (TSRP) DWI Program	20.608	008-AL-64-P15	172,500	115,817	-	-
Total U.S. Department of Transportation				115,817	-	-
Total Expenditure of Federal Awards				\$ 2,249,139	\$ 2,133,322	\$ -

The accompanying notes are an integral part of this schedule.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2008**

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Administrative Office of the District Attorneys (AODA) which is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented, or used in the preparation of the basic financial statements.

2. Reconciliation of Schedule to Basic Financial Statements

Expenditures per Schedule of Expenditures of Federal Awards	\$2,249,139
Adjustments: None	(<u> - </u>)
Federal revenues per the Fund Financial Statements	<u>\$2,249,139</u>

SINGLE AUDIT INFORMATION

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

Randy Saavedra, Director
Administrative Office of the District Attorneys
and
Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the financial statements of the governmental activities, each major fund, the budgetary comparisons for the general fund and major special revenue fund, and the combining and individual funds, and budgetary comparisons presented as supplemental information of the State of New Mexico, Administrative Office of the District Attorneys, (AODA) as of and for the year ended June 30, 2008, and have issued our report thereon dated August 12, 2009. 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 State of New Mexico, Administrative Office of the District Attorneys' 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 State of New Mexico, Administrative Office of the District Attorneys' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the State of New Mexico, Administrative Office of the District Attorneys' internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the AODA'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 AODA's financial statements that is more than inconsequential will not be prevented or detected by the State of New Mexico, Administrative Office of the District Attorneys' internal control. We consider the deficiencies described in the accompanying schedule of findings and responses (2006-1, 2007-1, 2007-2, 2007-4, 2008-1 and 2008-2) to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the State of New Mexico, Administrative Office of the District Attorneys' internal control.



Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2006-1 and 2007-1 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of New Mexico, Administrative Office of the District Attorneys' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under **Government Auditing Standards**.

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

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



Robert J. Rivera, CPA, PC
Santa Fe, New Mexico
August 12, 2009

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Randy Saavedra, Director
Administrative Office of the District Attorneys
and
Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

Compliance

We have audited the compliance of the State of New Mexico, Administrative Office of the District Attorneys (AODA) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The AODA's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the AODA's management. Our responsibility is to express an opinion on the Department's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the AODA's compliance with those requirements.

In our opinion, the State of New Mexico, Administrative Office of the District Attorneys, complied, in all material respects, with the requirements referred to above that are applicable to each of its major programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the AODA is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the AODA's internal control over compliance with the requirements that could have a direct and material effect on a major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of the AODA's internal control over compliance.



A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. *A significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first 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 compliance that we consider to be material weaknesses, as defined above.

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



Robert J. Rivera, CPA, PC
Santa Fe, New Mexico
August 12, 2009

**STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
 Schedule of Findings and Questioned Costs
 (Single Audit-Federal Award Programs)
 Year Ended June 30, 2008**

I. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements and the combining and individual fund financial statements of the State of New Mexico, Administrative Office of the District Attorneys.
2. There were SIX significant deficiencies disclosed during the audit of the financial statements of the State of New Mexico, Administrative Office of the District Attorneys. TWO of the deficiencies are reported as a material weakness.
3. No instances of noncompliance material to the financial statements of the State of New Mexico, Administrative Office of the District Attorneys which would be required to be reported in accordance with **Government Auditing Standards**, were disclosed during the audit.
4. There were no significant deficiencies in internal control over major federal award programs disclosed during the audit of the State of New Mexico, Administrative Office of the District Attorneys.
5. The auditor's report on compliance for the major federal award programs for the State of New Mexico, Administrative Office of the District Attorneys expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs including the following:

CFDA Number

Name of Federal Program

	US DEPARTMENT OF JUSTICE
16.755	Southwest Border Prosecution Initiative Program

8. The threshold for distinguishing between Types A and B programs was \$300,000.
9. The State of New Mexico, Administrative Office of the District Attorneys does not qualify as a low-risk auditee.

**STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
 Schedule of Findings and Questioned Costs
 (Single Audit-Federal Award Programs)
 Year Ended June 30, 2008**

II. FINDINGS - FINDINGS and QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

	Questioned Costs
US DEPARTMENT OF JUSTICE:	
CFDA 16.755 Southwest Border Prosecution Initiative Program	\$ -

III. STATUS OF PRIOR AUDIT FINDINGS and QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS (As reported in the audit report of the New Mexico Department of Public Safety (DPS), the predecessor agency to the Southwest Border Prosecution Initiative Program now handled by the New Mexico Administrative Office of the District Attorneys (AODA) effective July 1, 2007)

US DEPARTMENT OF JUSTICE-Bureau of Justice Assistance

**Finding 2006-8 Internal Control System for Sub-recipient Monitoring-Material Weakness
 CFDA 16.755 (Southwest Border Prosecution Initiative Program)**

Condition: This finding was a material weakness stating that the Department of Public Safety did not appear to have adequate records regarding the Southwest Border Prosecution Initiative (SWBPI) grant program sufficient to determine that all reimbursements to the Department and District Attorneys were allowable according to the federal program's guidelines. As a result of an audit by the Federal Government, approximately \$1 million in costs that had already been reimbursed by the Federal Government to the Department were disallowed leaving the Department with a liability for the amount. As of the fiscal year ending June 30, 2007, the Department of Public Safety still owed the Federal Government approximately \$260,000.

Recommendation: The auditor recommended that the Department of Public Safety develop a system of internal controls and procedures to ensure compliance with the SWBPI's guidelines.

Current Status: *This finding has been resolved.* The Southwest Border Prosecution Initiative Program was transferred to the Administrative Office of the District Attorneys from the Department of Public Safety effective July 1, 2007. The AODA is the flow-through, fiscal agent handling the administrative duties of collecting and submitting the application data from the district attorneys throughout the State of New Mexico, to the federal government. The AODA then receives and disburses the federal awards to each of the district attorneys. Sub-grant agreements are not issued for this program by the AODA since funding is determined with each quarterly application submission by the AODA on behalf of the district attorneys. A lump sum is received by the AODA by wire transfer for dissemination to the judicial district attorneys throughout the state, based on the number of cases submitted. All application and reimbursement records submitted and received by the AODA are maintained by the AODA to support the application to the federal government. The AODA requires that all judicial district attorneys complete a certification form with a corresponding case log and a sample of cases that demonstrate federal initiation, federal declination-referral and case disposition. AODA also conducts site-visits to all judicial district attorneys offices for the purpose of determining compliance with the SWBPI guidelines. On February 8, 2008, the AODA paid the Department of Justice \$263,367.38 for questioned costs resulting from the an audit conducted by the Department of Justice, Office of Inspector General, Denver Regional Office on the SWBPI program funds. The audit report was issued on December 20, 2006.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Schedule of Findings and Responses
(Pertaining to Financial Statements)
Year Ended June 30, 2008**

I. PRIOR-YEAR AUDIT FINDINGS

a. Repeated in current-year

2006-1	Timely Deposits
2007-1	Timely Payment of Vendor Invoices
2007-2	Revenue/Deposit Accounting Classifications
2007-4	Late Delivery of Audit Report to State Auditor

b. Resolved and not included in current-year

2007-3	Accounting System-SHARE
2007-5	Appropriation Request Form

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

2008-1	Failure to Revert Unexpended State General Fund Appropriations to the State General Fund
2008-2	Preparation of the Financial Statements

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Schedule of Findings and Responses
(Pertaining to Financial Statements)
Year Ended June 30, 2008**

II. CURRENT-YEAR FINDINGS PERTAINING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED (Cont'd)

Finding 2006-1 - Timely Deposits (Repeated)

Condition

We noted six deposits of cash collections totaling \$57,338 received out of twenty-two days tested which were not deposited by the close of the next succeeding business day after receipt in accordance with Section 6-10-3 NMSA 1978.

Criteria

Deposit of checks must be made by the close of the next succeeding business day after receipt in accordance with Section 6-10-3 NMSA 1978.

Effect

Collections of un-deposited receipts makes them susceptible to misappropriation.

Cause

The personnel involved in the depositing of public funds did not perform their assigned duties on a timely basis and in accordance with Section 6-10-3, NMSA 1978 which requires that public funds be deposited by the close of the next succeeding business day. Personnel were not properly supervised.

Recommendation

We recommend that the AODA comply with the provisions of Section 6-10-3 NMSA 1978.

Entity Response

Personnel issues in the fiscal department played a role in which deposits were not properly tracked and dated. This issue has been resolved. A second reason for the untimely deposits is the agency not receiving worthless check and PPD deposits from outside agencies within the stated time period. AODA will work on this process with individual District Attorneys' Offices.

Finding 2007-1 - Timely Payment of Vendor Invoices (Repeated)

Condition

We noted thirteen invoice payments out of seventy-seven invoice payments tested totaling \$217,759 which were not paid within thirty days of the certification date in accordance with Section 13-1-158 NMSA 1978. We noted two instances where late fees were assessed and paid.

Criteria

Section 13-1-158 NMSA 1978 requires that invoices be paid within thirty days of certification that the goods or services were received.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Schedule of Findings and Responses
(Pertaining to Financial Statements)
Year Ended June 30, 2008**

II. CURRENT-YEAR FINDINGS PERTAINING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED (Cont'd)

Finding 2007-1 - Timely Payment of Vendor Invoices (Cont'd)

Effect

If invoices are not paid within thirty days, the AODA will be liable for late fee assessments which are neither budgeted nor appropriated per statute.

Cause

The personnel involved in the processing of vendor payments did not perform their duties on a timely basis in accordance with Section 13-1-158, NMSA 1978, and were not properly supervised.

Recommendation

We recommend that the AODA comply with the provisions of Section 13-1-158 NMSA 1978.

Entity Response

Due to the extremely slow and delayed vouchering process in SHARE for FY08, some vendors were not paid in a timely manner. This issue was addressed by DFA and in turn, payments will be turned around quickly. Also personnel issues in the fiscal department played a role in which invoices were not properly tracked. This issue has been resolved.

Finding 2007- 2 - Revenue/Deposit Classifications (Revised and Repeated)

Condition

Deposits are sometimes not identified as to the revenue source. These deposits are posted to the "Receipts Held in Suspense" account. The AODA is not doing the work necessary to clear the account and to post the deposits to the proper revenue account. Over \$9,916 in receipts during fiscal year 2008 were not posted properly.

Criteria

Deposits must be posted to the appropriate revenue account in a timely manner. Office of the State Treasurer policy is to record any deposit not allocated to revenue sources in the "Receipts Held in Suspense" account. Agencies are given fifteen days to post the deposit before the AODA takes that action.

Effect

Revenues on the financial statements are understated.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Schedule of Findings and Responses
(Pertaining to Financial Statements)
Year Ended June 30, 2008

II. CURRENT-YEAR FINDINGS PERTAINING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED (Cont'd)

Finding 2007- 2 - Revenue/Deposit Classifications (Cont'd)

Cause

The accounting personnel involved in the posting of accounting transactions to the general ledger did not timely review the general ledger transactions during the year to ensure that assets, liabilities, revenues and expenditures were properly stated on the financial statements. Accounting personnel were apparently not aware that this function had to be performed or were not properly supervised.

Recommendation

We recommend that the AODA post all receipts to the proper revenue account within ten working days of the receipt.

Entity Response

Confusion between the State Treasurer's Office (STO) and AODA caused deposits to be misapplied. After continued discussion with the STO and since the change in our fiscal personnel, a new deposit process has been established to better track the entries for said deposits.

Finding 2007-4 - Late Delivery of Audit Report to State Auditor's Office (Revised and Repeated)

Condition

The June 30, 2008, fiscal year financial and compliance audit of the Administrative Office of the District Attorney's, was performed by Robert J. Rivera, CPA, PC. The audit report was not submitted to the State Auditor's Office by the required due date of December 17, 2008.

Criteria

In accordance with Section 2.2.2.9 A (2.2.2 NMAC), Requirements for Contracting and Conducting Audits of Agencies, and the audit contract, the June 30, 2008 fiscal year audit report for the Administrative Office of the District Attorney's shall be delivered to the State Auditor's Office by December 15, 2008.

Effect

Since the audit report was not delivered to State Auditor's Office by December 15, 2008, this is in noncompliance with State Auditor Rule 2.2.2.9 A.

Cause

The AODA did not contract with an independent public accountant to perform the fiscal year 2008 financial and compliance audit until May 2009.

**STATE OF NEW MEXICO
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Schedule of Findings and Responses
(Pertaining to Financial Statements)
Year Ended June 30, 2008**

II. CURRENT-YEAR FINDINGS PERTAINING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED (Cont'd)

Finding 2007-4 - Late Delivery of Audit Report to State Auditor Office (Cont'd)

Recommendation

We recommend that the audit report be delivered to State Auditor's Office by the contracted delivery date in compliance with State Auditor Rule 2.2.2.9 A, and the provisions of the audit contract.

Entity Response

AODA made several attempts to contract with an auditor for FY08, but was unsuccessful in doing so. There were many reasons that the auditors could not, and would not contract with us. This has been resolved for FY09.

Finding 2008-1 - Failure to Revert Unexpended State General Fund Appropriations to the State General Fund

Condition

As of June 30, 2007, the AODA's Computer Enhancement Fund (SHARE Fund No. 64500) and the Forensic Evaluation Fund (SHARE Fund No. 94600) had liabilities of \$5,382 and \$6,358 respectively owing to the State General Fund resulting from unencumbered balances in these accounts. These amounts should have been transferred to the State General Fund by October 1, 2007. The AODA has not transferred the monies to the State General Fund.

As of June 30, 2008 the AODA's Computer Enhancement Fund (SHARE Fund No. 64500) and the Forensic Evaluation Fund (SHARE Fund No. 94600) had additional liabilities of \$2,937 and \$5,488 respectively owing to the State General Fund resulting from unencumbered balances in these accounts related to FY 2008 which should have been transferred to the State General Fund by October 1, 2008. The AODA has not transferred the monies to the State General Fund.

Criteria

Section 3 of the General Appropriations Act of 2006, being Laws 2006, Chapter 109 and Section 3 of the General Appropriations Act of 2007, being Laws 2007, Chapter 28, requires any unencumbered general fund balances in agency accounts remaining at the end of fiscal year 2007 and fiscal year 2008 respectively, shall revert to the general fund by October 1, 2007 and October 1, 2008 respectively, unless otherwise indicated.

There was no indication in either General Appropriations Act that general fund balances should not revert.

In addition, Section 6-5-10 NMSA 1978, requires "all unreserved, undesignated fund balances in reverting funds and accounts as reflected in the central accounting system as of June 30 shall revert by September 30, to the general fund. The division may adjust the reversion within forty-five days of release of the audit report for that fiscal year."

Cause

The AODA was aware of the reverting requirements, but failed to meet the reversion deadlines.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Schedule of Findings and Responses
(Pertaining to Financial Statements)
Year Ended June 30, 2008**

II. CURRENT-YEAR FINDINGS PERTAINING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED (Cont'd)

Finding 2008-1 - Failure to Revert Unexpended State General Fund Appropriations to the State General Fund (Cont'd)

Effect

The AODA did not comply with the provisions of the General Appropriation Acts of 2007 nor 2008 or with the provisions of Section 6-5-10, NMSA 1978.

Recommendation

We recommend that the AODA comply with the reversion provisions of the annual General Appropriations Act as required by Section 6-5-10, NMSA 1978.

Entity Response

After the personnel change in AODA's Financial Department, there were many budget accounting questions as to the reversion of funds back to the general fund. The reversion was not done because clarification was needed of the actual reversion amount. After working with DFA and the auditor, it was made clear which funds reverted and which did not.

Finding 2008-2 - Auditor Preparation of the Financial Statements

Condition

The June 30, 2008, financial statements were prepared by the independent public accountant (IPA).

Criteria

Statement on Auditing Standards (SAS) No 112 establishes standards and provides guidance on communicating matters related to an entity's internal control over financial reporting identified in an audit of financial statements.

Cause

The Administrative Office of the District Attorneys currently has limited staff with insufficient expertise to apply generally accepted accounting principles (GAAP) in recording the AODA's financial transactions or preparing its financial statements.

Effect

The AODA paid the IPA to prepare the financial statements.

Recommendation

We recommend that the AODA either hire additional staff or train existing staff to prepare the financial statements.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Schedule of Findings and Responses
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Year Ended June 30, 2008**

**II. CURRENT-YEAR FINDINGS PERTAINING TO THE FINANCIAL STATEMENTS WHICH ARE
REQUIRED TO BE REPORTED (Cont'd)**

Finding 2008-2 - Auditor Preparation of the Financial Statements (Cont'd)

Entity Response

Due to the lateness and urgency to complete the FY08 Audit by June 30, 2009, it was agreed by this agency that the auditor prepare the financial statements. The AODA CFO will prepare the financial statements for FY09.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
June 30, 2008**

Financial Statement Preparation

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

* * * * *

Exit Conference

An exit conference was held on July 17, 2009, and on August 13, 2009, to discuss the audit. The following individuals were in attendance:

State of New Mexico - Administrative Office of the District Attorneys

Randy Saavedra, Executive Director and Kelly Kuenstler, Acting Director (effective July 28, 2009)
Filemon Gonzalez, Chief Financial Officer

A member of the AODA's association was not available to attend the exit conference due to the scheduling and distance of travel. The audit was discussed by telephone with Donald Gallegos, 8th Judicial District Attorney, President.

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

Robert J. Rivera, CPA
Bill Valdes, Staff Accountant