

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

**Financial Statements
June 30, 2009**

(With Independent Auditor's Report Thereon)

INTRODUCTORY SECTION

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
June 30, 2009**

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ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
June 30, 2009**

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**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
June 30, 2009**

Official Roster

New Mexico District Attorneys' Association Officers

Honorable Richard Flores President
4th Judicial District Attorney

Honorable Matt Chandler
9th Judicial District Attorney Vice-President

Honorable Susanna Martinez Treasurer
3rd 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

Kelly Kuentler, MPA, 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, 2009, 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, 2009, 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, 2009, 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, 2009, 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, 2009, 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 November 20, 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.



Robert J. Rivera, CPA, PC
Santa Fe, New Mexico
November 20, 2009

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Management's Discussion and Analysis
June 30, 2009

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, 2009.

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, 2009**

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, 2009**

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, 2009 and 2008. 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 2009</u>	<u>Prior Year FY 2008</u>	<u>Increase or (Decrease)</u>
Current and other assets	\$ 790,758	\$ 3,230,907	\$ (2,440,149)
Capital assets, net	<u>258,507</u>	<u>226,999</u>	<u>31,508</u>
Total assets	<u>1,049,265</u>	<u>3,457,906</u>	<u>(2,408,641)</u>
Current liabilities	231,968	2,642,560	(2,410,592)
Long-term liabilities	<u>24,946</u>	<u>21,160</u>	<u>3,786</u>
Total liabilities	<u>256,914</u>	<u>2,663,720</u>	<u>(2,406,806)</u>
Net assets:			
Invested in capital assets	258,507	226,999	31,508
Unrestricted	<u>533,844</u>	<u>567,187</u>	<u>(33,343)</u>
Total net assets	<u>\$ 792,351</u>	<u>\$ 794,186</u>	<u>\$ (1,835)</u>

Total Assets:

Consists of investment in State Treasurer General Fund investment pool of \$483,205, prepaid expenses of \$5,525, net receivables of \$302,028 and capital assets, net of accumulated depreciation of \$258,507. Total assets are \$1,049,265. This represents a decrease of 69.7% from fiscal year 2008.

Total Liabilities:

Consists of current liabilities of \$231,968 and long-term liabilities of \$24,946. Total liabilities are \$256,914. This represents a decrease in liabilities of 90.4% from fiscal year 2008.

Net Assets:

Consists of \$258,507 invested in capital assets with no related debt, and unrestricted assets of \$533,844 for a total of \$792,351. This represents a decrease of .3% from the fiscal year 2008 net asset balance of \$794,186.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Management's Discussion and Analysis
June 30, 2009

Changes in Net Assets

Exhibit B summarizes the AODA's changes in net assets for the fiscal years ending June 30, 2009 and 2008. The following condensed financial information was derived from the entity-wide Statement of Activities for the current and prior-year.

	<u>Current Year FY 2009</u>	<u>Prior Year FY 2008</u>	<u>Increase or (Decrease)</u>
Revenues:			
Program revenues:			
Charges for services	\$ 320,491	\$ 352,983	\$ (32,492)
Federal grants - operating	73,335	2,249,138	(2,175,803)
Total revenues	<u>393,826</u>	<u>2,602,121</u>	<u>(2,208,295)</u>
Expenses:			
General government	<u>2,502,439</u>	<u>6,334,104</u>	<u>(3,831,665)</u>
Total expenses	<u>2,502,439</u>	<u>6,334,104</u>	<u>(3,831,665)</u>
Net program (expenses) revenue	<u>(2,108,613)</u>	<u>(3,731,983)</u>	<u>1,623,370</u>
Transfers:			
State General Fund appropriation	2,108,700	2,097,100	11,600
Other appropriations - compensation appropriation	18,000	34,858	(16,858)
Operating transfers in from Department of Public Safety - SWBPI	-	2,019,762	(2,019,762)
Capital assets to district attorneys	(9,999)	(43,041)	33,042
Non-capital assets to district attorneys	-	(31,318)	31,318
Reversions to State General Fund	(9,929)	(20,165)	10,236
Total transfers	<u>2,106,772</u>	<u>4,057,196</u>	<u>(1,950,424)</u>
Change in net assets	<u>(1,841)</u>	<u>325,213</u>	<u>(327,054)</u>
Net assets, beginning (as reported)	794,186	468,973	325,213
Restatements:			
Prior-period adjustment	<u>6</u>	<u>-</u>	<u>6</u>
Net assets, beginning (as restated)	<u>794,192</u>	<u>468,973</u>	<u>325,219</u>
Net assets, ending	<u>\$ 792,351</u>	<u>\$ 794,186</u>	<u>\$ (1,835)</u>

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Management's Discussion and Analysis
June 30, 2009

Change in Net Assets (Cont'd)

Total Revenues and Transfers:

Consists of \$2,520,526 for operational purposes. State General Fund appropriations, worthless checks and pre-prosecution fees and federal awards provide the majority of revenue. This represents an approximate decrease of 62.7% in total revenues and transfers from \$6,753,841 to \$2,520,526.

Total Expenses and Transfers:

Consists of \$2,522,362 mainly for operational, employee salaries and benefits and operating costs purposes. This represents an approximate decrease of total expenses and transfers of 60.76% from fiscal year 2008.

Change of Net Assets:

The AODA's total revenue and transfers decreased by approximately 62.7% from \$6,753,841 to \$2,520,526. The AODA's total expenses decreased by approximately 60.76% from \$6,428,628 to \$2,522,362. The decrease in the change in net assets was \$327,054 or 100.6%.

There was a significant change in the AODA's Financial Position (Statement of Net Assets). Total assets decreased by approximately 69.7% from \$3,457,906 to \$1,049,265. However, there was a minimal change in operations (Statement of Activities) from the prior-year. Total net assets increased by approximately .3% from \$794,186 to \$792,351.

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 \$609,035, which is less than last year's total of \$635,943, a decrease of \$26,908. The fund balance of the Computer Enhancement Special Revenue Fund had no change, while the General Fund decreased by \$26,908.

The General Fund of the AODA reflects a fund balance of \$609,035. This fund balance (\$609,035) 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, 2009

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 capital asset value for the AODA is \$753,287, which is \$51,521 greater than in fiscal year 2008. The increase in the net value of capital assets is due to capital asset additions of \$110,113, capital asset deletions of \$58,592, and depreciation expense of \$68,606 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 \$24,946 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 four 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.
- Increases from worthless check and pre-prosecution fees to prevent budget overruns.

Differences between the original and final amended budget for the General Fund resulted in a 143% increase. Increases of \$2,829,221 to the General Fund budget resulted primarily from \$2,469,121 in cash balances used to liquidate fiscal year 2008 payables to 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 2010
- 2) Assist in reducing the percent of alcohol-related fatalities among all traffic crash fatalities from 40% to 38% by the end of FY 09
- 3) Assist in reducing the alcohol-involved traffic totality rate of 0.83 per 100M VMT to 0.77 per 100M VMT by the end of FY 09

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ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Management's Discussion and Analysis
June 30, 2009**

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 09
- 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 09
- 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 10 Budget Request includes an expansion of 4 FTE for a total amount of \$183,000. 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, 2009

		<u>Governmental Activities</u>
<u>Assets</u>		
Investment in State Treasurer General Fund investment pool (note 3)	\$	483,205
Due from other state agencies (note 4)		38,661
Due from state general fund (note 5)		263,367
Prepaid expenses		5,525
Capital assets (net of accumulated depreciation)		<u>258,507</u>
Total assets		<u>1,049,265</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable		79,055
Interest payable		100
Payroll taxes payable		11,410
Payroll benefits payable		17,327
Accrued payroll payable		28,117
Due to other state agencies (note 4)		3,880
Due to State General Fund (note 6)		41,834
Compensated absences		50,245
Long-term liabilities:		
Compensated absences		<u>24,946</u>
Total liabilities		<u>256,914</u>
<u>Net Assets</u>		
Invested in capital assets		258,507
Restricted		-
Unrestricted		<u>533,844</u>
Total net assets	\$	<u><u>792,351</u></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, 2009

	Governmental Activities
Expenses:	
Governmental activities:	
General government	\$ 2,433,833
Depreciation	68,606
Total expenses	2,502,439
Program revenues:	
Charges for services	320,491
Intergovernmental:	
Federal grants-operating	73,335
Total program revenues	393,826
Net program (expenses) revenue	(2,108,613)
General revenue and transfers:	
Transfers:	
State General Fund appropriation	2,108,700
Other appropriations - compensation appropriations	18,000
Capital asset transfers to district attorneys	(9,999)
Reversions to State General Fund - FY 2009	(9,929)
Total transfers	2,106,772
Change in net assets	(1,841)
Net assets, beginning, as reported	794,186
Restatement:	
Prior-period adjustment (note 17)	6
Net assets, beginning, as restated	794,192
Net assets, ending	\$ 792,351

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, 2009

	<u>General Fund</u>	<u>Fund 64500 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)	\$ 442,128	\$ 41,077	\$ 483,205
Due from other state agencies (note 4)	38,661	-	38,661
Due from state general fund (note 5)	263,367	-	263,367
Prepaid expenses	5,525	-	5,525
	<u>749,681</u>	<u>41,077</u>	<u>790,758</u>
Total assets	\$ <u>749,681</u>	\$ <u>41,077</u>	\$ <u>790,758</u>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts payable	\$ 57,950	\$ 21,105	\$ 79,055
Interest payable	100	-	100
Payroll taxes payable	11,410	-	11,410
Payroll benefits payable	17,327	-	17,327
Accrued payroll payable	28,117	-	28,117
Due to other state agencies (note 4)	3,880	-	3,880
Due to State General Fund (note 6)	21,862	19,972	41,834
	<u>140,646</u>	<u>41,077</u>	<u>181,723</u>
Total liabilities	140,646	41,077	181,723
<u>Fund Balance</u>			
Fund balance:			
Reserved for prepaid travel advances	5,525	-	5,525
Unreserved-undesignated	603,510	-	603,510
	<u>609,035</u>	<u>-</u>	<u>609,035</u>
Total fund balance	609,035	-	609,035
Total liabilities and fund balance	\$ <u>749,681</u>	\$ <u>41,077</u>	\$ <u>790,758</u>

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

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2009**

Total fund balance for the governmental funds (balance sheet) - (Exhibit C)	\$	609,035
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Amounts reported for governmental activities in the statement of net assets are different because:

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

These assets consist of:

Furniture and equipment	\$	26,678	
Data processing equipment		400,798	
Vehicles		273,697	
Software		52,114	
Accumulated depreciation		(494,780)	258,507

Some liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet.

These liabilities consist of:

Compensated absences		(75,191)
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Net assets of governmental activities (statement of net assets) - (Exhibit A)	\$	792,351
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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, 2009

	General Fund	Fund 64500 Computer Enhancement Special Revenue Fund	Total Governmental Funds
Revenues:			
Fees:			
Worthless check fees	\$ 118,468	\$ -	\$ 118,468
Pre-prosecution fees	202,023	-	202,023
Intergovernmental:			
Federal funds - operating	73,335	-	73,335
Total revenues	<u>393,826</u>	<u>-</u>	<u>393,826</u>
Expenditures:			
Current:			
General government:			
Personal services and employee benefits	1,116,032	-	1,116,032
Contractual services	84,085	-	84,085
Other	972,672	325,250	1,297,922
Capital outlay	20,995	18,478	39,473
Total expenditures	<u>2,193,784</u>	<u>343,728</u>	<u>2,537,512</u>
Excess (deficiency) of revenues over expenditures	<u>(1,799,958)</u>	<u>(343,728)</u>	<u>(2,143,686)</u>
Other financing sources (uses):			
Transfers in (out):			
State General Fund appropriation	1,758,700	350,000	2,108,700
Other appropriations - compensation appropriation	18,000	-	18,000
Reversion to State General Fund - FY 2009	(3,656)	(6,272)	(9,928)
Total other financing sources (uses)	<u>1,773,044</u>	<u>343,728</u>	<u>2,116,772</u>
Net change in fund balances	<u>(26,914)</u>	<u>-</u>	<u>(26,914)</u>
Fund balance, beginning of year, as reported	635,943	-	635,943
Restatement:			
Prior-period adjustment (note 17)	6	-	6
Fund balance, beginning of year, as restated	<u>635,949</u>	<u>-</u>	<u>635,949</u>
Fund balance, end of year	<u>\$ 609,035</u>	<u>\$ -</u>	<u>\$ 609,035</u>

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

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of Governmental Funds
to the Statement of Activities
June 30, 2009

Net change in fund balances - Governmental Funds (Exhibit E)	\$	(26,914)
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

In the current period, these amounts are:

Depreciation expense		(68,606)
Capital outlay capitalized		110,114

Some items reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

These activities consisted of:

Increase in compensated absences		(6,436)
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Donation of capital assets to various district attorneys' offices decreases net assets in the Statement of Activities, but do not appear in the governmental funds because they are not financial expenditures.

		(9,999)
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Changes in net assets of governmental activities (Exhibit B)	\$	(1,841)
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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, 2009

	All General Fund Accounts (Fund 16800 & Fund 94600)			
	Original Approved Budget	Final Approved Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:				
General Fund appropriations	\$ 1,800,100	\$ 1,758,700	\$ 1,758,700	\$ -
Federal funds	50,000	172,500	73,335	(99,165)
Other state funds	80,000	279,000	320,491	41,491
Other financing sources	18,000	18,000	18,000	-
Total revenues	1,948,100	2,228,200	\$ 2,170,526	\$ (57,674)
Cash balance re-budgeted	20,000	2,569,121		
Total budgeted revenues	\$ 1,968,100	\$ 4,797,321		
Expenditures:				
Current:				
General government:				
Personal services and employee benefits	\$ 938,300	\$ 1,125,200	\$ 1,116,032	\$ 9,168
Contractual services	38,200	107,000	84,085	22,915
Other	991,600	1,016,000	993,667	22,333
Other-financing uses-transfers out	-	2,549,121	-	2,549,121
Total expenditures	\$ 1,968,100	\$ 4,797,321	\$ 2,193,784	\$ 2,603,537
Reconciliation of GAAP basis to budgetary basis revenue:				
GAAP basis revenue:			\$ 2,170,526	
Adjustments: None			-	
Budget basis revenue			\$ 2,170,526	
Reconciliation of GAAP basis to budgetary basis expenditures:				
GAAP basis expenditures:			\$ 2,193,784	
Adjustments: None			-	
Budget basis expenditures			\$ 2,193,784	

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 2010 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, 2009

	Computer Enhancement Special Revenue Fund (Fund 64500)			
	Original Approved Budget	Final Approved Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:				
General Fund appropriations	\$ 350,000	\$ 350,000	\$ 350,000	\$ -
Total revenues	350,000	350,000	<u>\$ 350,000</u>	<u>\$ -</u>
Cash balance re-budgeted	-	-		
Total budgeted revenues	<u>\$ 350,000</u>	<u>\$ 350,000</u>		
Expenditures:				
Current:				
General government:				
Contractual services	\$ -	\$ -	\$ -	\$ -
Other	<u>350,000</u>	<u>350,000</u>	<u>343,728</u>	<u>6,272</u>
Total expenditures	<u>\$ 350,000</u>	<u>\$ 350,000</u>	<u>\$ 343,728</u>	<u>\$ 6,272</u>
Reconciliation of GAAP basis to budgetary basis expenditures:				
GAAP basis expenditures			\$ 343,728	
Adjustments: none			<u>-</u>	
Budget basis expenditures			<u>\$ 343,728</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 2010 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, 2009

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, 2009

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, 2009

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, 2009

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 of fund liabilities.

General Fund (Operating Account Fund #16800 and Forensic Evaluation Account Fund #94600 - both reverting and non-reverting) - The General Fund 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.

Computer System Enhancement 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 fund 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, 2009

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, 2009

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, Chapter 3, Laws of 2008, Section 3, Paragraph 0) 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 2009.
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, 2009

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, 2009

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, 2009, 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, 2009

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.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
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June 30, 2009

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 2008, Chapter 3, Section 3, Subsection 0, states that "for the purpose of administering the General Appropriations Act of 2008, 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, 2009. 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, 2009. 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, 2009.

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

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Notes to the Financial Statements
June 30, 2009**

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 06/30/2009	Reconciled Balance at 6/30/2009
		Agency Number	Fund Number				
State Treasurer General Fund Investment Pool:							
NM State Treasurer	Administrative Office of the District Attorneys'	26400	16800	State Treasury	No	\$184,488	\$184,488
NM State Treasurer	Forensic Evaluation Program	26400	94600	State Treasury	No	257,640	257,640
NM State Treasurer	Computer Enhancement Special Revenue Fund	26400	64500	State Treasury	No	41,077	41,077
Total Governmental Fund Types						<u>\$483,205</u>	<u>\$483,205</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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Notes to the Financial Statements
June 30, 2009

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 (c) 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 (c) 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, 2009.

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:

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

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

	Purpose	Due From	Due To
Fund 16800-General Fund			
Due to Department of Finance and Admin.	Payroll liability underpayment	\$ -	\$ 3,880
Due from NM Dept. of Transportation	Federal grant	38,661	-
		\$ 38,661	\$ 3,880

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, 2009	\$ 257,640	
Less: Accounts payable, June 30, 2009	(50,283)	
Due to other funds, June 30, 2009	(34,858)	
Non-reverting balance of Southwest Border Prosecution Initiative Funds (Available for appropriation)	(150,637)	
Due to State General Fund, June 30, 2009		\$ 21,862
Fiscal year 2007	\$ 6,359	
Fiscal year 2008	11,847	
Fiscal year 2009	3,656	

Computer Enhancement Special Revenue Fund 64500

Cash balance, June 30, 2009	41,077	
Less: Accounts payable, June 30, 2009	(21,105)	
Due to State General Fund, June 30, 2009		19,972
Fiscal year 2007	5,382	
Fiscal year 2008	8,318	
Fiscal year 2009	6,272	

All Funds

Due to State General Fund - all funds, June 30, 2009		\$ 41,834
Fiscal year 2007	11,741	
Fiscal year 2008	20,165	
Fiscal year 2009	9,928	

7. Accrued Payroll Payable

Accrued payroll payable at June 30, 2009 amounted to \$28,117. This amount represents 100% of the total payroll paid on July 3, 2009, for the pay period ended June 26, 2009, and 10% of the total payroll paid on July 17, 2009, for the pay period ended July 10, 2009.

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

8. Capital Assets

The capital asset activity for the governmental activities for the year ended June 30, 2009, is as follows:

	<u>Balance</u> <u>June 30, 2008</u>		<u>Additions</u>		<u>(Deletions)</u>		<u>Balance</u> <u>June 30, 2009</u>
Capital assets -							
Furniture and equipment	\$ 25,060	\$	1,618	\$	-	\$	26,678
Data processing equipment	323,297		87,500		(9,999)		400,798
Vehicles	301,295		20,995		(48,593)		273,697
Software	52,114		-		-		52,114
	<u>701,766</u>		<u>110,113</u>		<u>(58,592)</u>		<u>753,287</u>
Accumulated depreciation -							
Furniture and equipment	(23,883)		(1,690)		-		(25,573)
Data processing equipment	(264,380)		(17,239)		-		(281,619)
Vehicles	(159,601)		(49,677)		48,593		(160,685)
Software	(26,903)		-		-		(26,903)
	<u>(474,767)</u>		<u>(68,606)</u>		<u>48,593</u>		<u>(494,780)</u>
Net capital assets	\$ <u>226,999</u>	\$	<u>41,507</u>	\$	<u>(9,999)</u>	\$	<u>258,507</u>

The AODA does not have any debt related to capital assets. Depreciation expense for the year was \$68,606 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</u> <u>July 1, 2008</u>		<u>Increase</u>		<u>(Decrease)</u>		<u>Balance</u> <u>June 30, 2009</u>
Compensated absences - current	\$ 47,596	\$	43,907	\$	(41,259)	\$	50,244
Compensated absences - long-term	<u>21,160</u>		<u>22,983</u>		<u>(19,196)</u>		<u>24,947</u>
Total compensated absences	<u>\$ 68,756</u>		<u>\$ 66,890</u>		<u>\$(60,455)</u>		<u>\$ 75,191</u>

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

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June 30, 2009

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, 2009, were \$214,608. Future minimum rental payments under these operating leases are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2010	\$ 159,838
2011	43,865
2012	9,875
2013	1,030
2014	<u> </u>
Total	<u>\$ 214,608</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 appropriate for future expenditures.

There were reservations of fund balance at June 30, 2009 totaling \$5,525 for prepaid travel advances.

The unreserved/designated fund balance for the governmental fund represents the amount of \$452,873 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, 2009, 2008, and 2007 were \$147,262, \$114,285, and \$78,688, respectively, equal to the amount of the required contributions for each year.

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Notes to the Financial Statements
June 30, 2009

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, 2009, 2008, and 2007 were \$14,589, \$13,430, and \$11,403, 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, 2009

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, 2008, through June 30, 2009.

15. Transfers To/From Other State Agencies

From Agency/Fund	To Agency/Fund	Amount	Purpose
34100/62000	26400/16800	18,000	Compensation appropriation
36900/85300	26400/16800	1,598,700	State General Fund appropriation
36900/85300	26400/94600	160,000	State General Fund appropriation
36900/85300	26400/64500	350,000	State General Fund appropriation
26400/94600	25200/26000	(74,613)	SWBPI-Due to 2nd DA
26400/94600	25300/48500	(348,846)	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	(119,796)	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	26500/16900	(82,793)	SWBPI-Due to 11th DA, Div. II
26400/94600	26200/16600	(181,455)	SWBPI-Due to 12th DA
26400/94600	26300/16700	(363,418)	SWBPI-Due to 13th DA
26400/94600	36900/85300	(3,656)	Reversion to State General Fund - Forensic Evaluation
26400/64500	36900/85300	(6,272)	Reversion to State General Fund - Computer Enhancement Fund

16. Special and Other Specific Appropriations

Fund/Fund No.	Appropriation Laws	Amount	Appropriation Period	Expenditures to Date	Unencumbered Balance
Computer Enhancement Fund 64500	Laws 2008, Ch. 3	\$ 350,000	7/1/08 - 6/30/09	\$ 343,728	\$ 6,272
General Fund 16800	Laws 2008, Ch. 3	1,598,700	7/1/08 - 6/30/09	1,598,700	-
Forensic Evaluation Fund 94600	Laws 2008, Ch. 3	160,000	7/1/08 - 6/30/09	156,344	3,656
Due to State General Fund, June 30, 2008				\$	<u>9,928</u>

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

17. Prior-period Adjustment

Forensic Evaluation Account - Fund 94600

Overstatement in Due to other state agencies, June 30, 2008

\$ 6

\$ 6

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
All General Fund Accounts
June 30, 2009

	(Fund 16800)	(Fund 94600)		
	Operating	Forensic		Total
	Account	Evaluation	Eliminations	General
	Account	Account		Fund
<u>Assets</u>				
Investment in the State Treasurer General				
Fund investment pool	\$ 184,488	\$ 257,640	\$ -	\$ 442,128
Due from other state agencies (note 4)	38,661	-	-	38,661
Due from state general fund (note 5)	263,367	-	-	263,367
Due from other funds	34,858	-	(34,858)	-
Prepaid expenses	5,525	-	-	5,525
	<u>526,899</u>	<u>257,640</u>	<u>(34,858)</u>	<u>749,681</u>
Total assets	\$ <u>526,899</u>	\$ <u>257,640</u>	\$ <u>(34,858)</u>	\$ <u>749,681</u>
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable	\$ 7,667	\$ 50,283	\$ -	\$ 57,950
Interest payable	100	-	-	100
Payroll taxes payable	11,410	-	-	11,410
Payroll benefits payable	17,327	-	-	17,327
Accrued payroll payable	28,117	-	-	28,117
Due to other state agencies (note 4)	3,880	-	-	3,880
Due to State General Fund (note 6)	-	21,862	-	21,862
Due to other funds	-	34,858	(34,858)	-
	<u>68,501</u>	<u>107,003</u>	<u>(34,858)</u>	<u>140,646</u>
Total liabilities	68,501	107,003	(34,858)	140,646
<u>Fund Balance/Net Assets</u>				
Fund balance:				
Unreserved-undesignated	458,398	150,637	-	609,035
	<u>458,398</u>	<u>150,637</u>	<u>-</u>	<u>609,035</u>
Total fund balance	458,398	150,637	-	609,035
	<u>526,899</u>	<u>257,640</u>	<u>(34,858)</u>	<u>749,681</u>
Total liabilities and fund balance	\$ <u>526,899</u>	\$ <u>257,640</u>	\$ <u>(34,858)</u>	\$ <u>749,681</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
All General Fund Accounts
For the Year Ended June 30, 2009

	(Fund 16800) Operating Account	(Fund 94600) Forensic Evaluation Account	Total General Fund
Revenues:			
Fees:			
Worthless check fees	\$ 118,468	\$ -	\$ 118,468
Pre-prosecution fees	202,023	-	202,023
Intergovernmental			
Federal funds - operating	73,335	-	73,335
Total revenues	393,826	-	393,826
Expenditures:			
Current:			
General government:			
Personal services and employee benefits	1,116,032	-	1,116,032
Contractual services	84,085	-	84,085
Other	816,322	156,350	972,672
Capital outlay	20,995	-	20,995
Total expenditures	2,037,434	156,350	2,193,784
Excess (deficiency) of revenues over expenditures	(1,643,608)	(156,350)	(1,799,958)
Other financing sources (uses):			
Transfers in (out):			
State General Fund appropriation	1,598,700	160,000	1,758,700
Other appropriations - compensation appropriation	18,000	-	18,000
Reversion to the State General Fund - FY 2009	-	(3,656)	(3,656)
Total other financing sources (uses)	1,616,700	156,344	1,773,044
Net change in fund balances	(26,908)	(6)	(26,914)
Fund balance-beginning , as reported	485,306	150,637	635,943
Restatement:			
Prior-period adjustment (note 17)	-	6	6
Fund balance-beginning, as restated	485,306	150,643	635,949
Fund balance- ending	\$ 458,398	\$ 150,637	\$ 609,035

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, 2009

	<u>Original Approved Budget</u>	<u>Final Approved Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
General Fund appropriations	\$ 1,800,100	\$ 1,758,700	\$ 1,758,700	\$ -
Federal funds	50,000	172,500	73,335	(99,165)
Other state funds	80,000	279,000	320,491	41,491
Other financing sources	18,000	18,000	18,000	-
Total revenues	<u>1,948,100</u>	<u>2,228,200</u>	<u>\$ 2,170,526</u>	<u>\$ (57,674)</u>
Cash appropriated from prior-year	<u>20,000</u>	<u>2,569,121</u>		
Total budgeted revenues	<u>\$ 1,968,100</u>	<u>\$ 4,797,321</u>		
Expenditures:				
Current:				
General government:				
Personal services and employee benefits	\$ 938,300	\$ 1,125,200	\$ 1,116,032	\$ 9,168
Contractual services	38,200	107,000	84,085	22,915
Other	991,600	1,016,000	993,667	22,333
Other financing uses-transfers out	<u>-</u>	<u>2,549,121</u>	<u>-</u>	<u>2,549,121</u>
Total expenditures	<u>\$ 1,968,100</u>	<u>\$ 4,797,321</u>	<u>\$ 2,193,784</u>	<u>\$ 2,603,537</u>
Reconciliation of GAAP basis to budgetary basis revenue:				
GAAP basis revenue:			\$ 2,170,526	
Adjustments: None			<u>-</u>	
Budget basis revenue			<u>\$ 2,170,526</u>	
Reconciliation of GAAP basis to budgetary basis expenditures:				
GAAP basis expenditures:			\$ 2,193,784	
Adjustments: None			<u>-</u>	
Budget basis expenditures			<u>\$ 2,193,784</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 2010 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, 2009

	Original Approved Budget	Final Approved Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:				
General Fund appropriations	\$ 1,640,100	\$ 1,598,700	\$ 1,598,700	\$ -
Federal funds	50,000	172,500	73,335	(99,165)
Other state funds	80,000	279,000	320,491	41,491
Other financing sources - compensation appropriation	18,000	18,000	18,000	-
Total revenues	1,788,100	2,068,200	\$ 2,010,526	\$ (57,674)
Cash balance re-budgeted	20,000	20,000		
Total budgeted revenues	\$ 1,808,100	\$ 2,088,200		
Expenditures:				
Current:				
General government:				
Personal services and employee benefits	\$ 938,300	\$ 1,125,200	\$ 1,116,032	\$ 9,168
Contractual services	38,200	107,000	84,085	22,915
Other	831,600	856,000	837,317	18,683
Total expenditures	\$ 1,808,100	\$ 2,088,200	\$ 2,037,434	\$ 50,766
Reconciliation of GAAP basis to budgetary basis expenditures:				
GAAP basis expenditures			\$ 2,037,434	
Adjustments: none			-	
Budget basis expenditures			\$ 2,037,434	

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 2010 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, 2009

	Original Approved Budget	Final Approved Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:				
General Fund appropriations	\$ 160,000	\$ 160,000	\$ 160,000	\$ -
Federal funds	-	-	-	-
Other financing sources-transfers in	-	-	-	-
	160,000	160,000	\$ 160,000	\$ -
Cash balance re-budgeted	-	2,549,121		
Total budgeted revenues	\$ 160,000	\$ 2,709,121		
Expenditures:				
Current:				
General government:				
Personal services and employee benefits	\$ -	\$ -	\$ -	\$ -
Other	160,000	160,000	156,350	3,650
Other financing uses-transfers out	-	2,549,121	-	2,549,121
	160,000	2,709,121	\$ 156,350	\$ 2,552,771
Total expenditures	\$ 160,000	\$ 2,709,121	\$ 156,350	\$ 2,552,771
Reconciliation of GAAP basis to budgetary basis revenue:				
GAAP basis revenue:			\$ 160,000	
Adjustments: None			-	
Budget basis revenue			\$ 160,000	
Reconciliation of GAAP basis to budgetary basis expenditures:				
GAAP basis expenditures:			\$ 156,350	
Adjustments:				
None			-	
Budget basis expenditures			\$ 156,350	

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 2010 budget.

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

OTHER REPORTS

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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*

Kelly Kuenstler, MPA, 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, 2009, and have issued our report thereon dated November 20, 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 (2007-1, 2007-2, and 2009-1) 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 item 2009-1 to be a material weakness.

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 instances of noncompliance or other matters that are required to be reported under **Government Auditing Standards**, which are described in the accompanying schedule of findings and responses as items 2008-1 and 2009-1.

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
November 20, 2009

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Schedule of Findings and Responses
Year Ended June 30, 2009**

I. PRIOR-YEAR AUDIT FINDINGS

a. Repeated in current-year

2007-1	Timely Payment of Vendor Invoices - (significant deficiency)
2007-2	Revenue/Deposit Accounting Classifications - (significant deficiency)
2008-1	Failure to Revert Unexpended State General Fund Appropriations to the State General Fund - (compliance)

b. Resolved and not included in current-year

2006-1	Timely Deposits
2007-4	Late Delivery of Audit Report to State Auditor
2008-2	Preparation of the Financial Statements - (significant deficiency and material weakness)

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

2007-1 Timely payment of Vendor Invoices (Repeated) - (Significant Deficiency)

Condition

We noted twenty-four invoice payments out of one hundred thirty-three invoice payments tested which were not paid within thirty days.

Criteria

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

Effect

If invoices are not paid within thirty days, the Office 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 and were not properly supervised.

Recommendation

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

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Schedule of Findings and Responses
Year Ended June 30, 2009**

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

2007-1 Timely payment of Vendor Invoices (Repeated) - (Significant Deficiency) (Cont'd)

Department Response

The office implemented a new procedure this year which date stamps each invoice received by the AODA. Without this in place, we are unable to tell how long an invoice took to be paid/processed. No late fee assessments have ever been charged to or paid by AODA. AODA will make every effort to process invoices submitted for payment within 48 hours.

2007-2 Revenue/Deposits Classification (Revised and Repeated) - (Significant Deficiency)

Condition

Deposits are sometimes not identified as to the revenue source. These deposits are posted to the Receipts Held in Suspense account. The Office is not doing the work necessary to clear the account and to post the deposits to the proper revenue account. Over \$17,327.00 in receipts during fiscal year 2009 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 Office takes that action.

Effect

Revenues on the financial statements are understated.

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 Office post all receipts to the proper revenue account within ten working days of the receipt.

Department Response

Although the deposits show posted, AODA is unable to identify the agency who made the deposit unless the agency sends a copy of the deposit to the AODA Office. AODA did not receive Worthless Check or PPD Deposits from several outside agencies within the stated time period. AODA is aware of and will continue to reconcile on a monthly basis to identify these mistakes in order to fix them in a timely manner.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Schedule of Findings and Responses
Year Ended June 30, 2009

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

2008-1 Failure to Revert Unexpended State General Fund Appropriations to the State General Fund (Modified and Repeated) - (Compliance)

Condition

As of June 30, 2007, the Office'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 unexpended balances in these accounts. These amounts should have been transferred to the State General Fund by October 1, 2007. The Office has not transferred the monies to the State General Fund.

As of June 30, 2008, the Office's Computer Enhancement Fund (SHARE Fund No. 64500) and the Forensic Evaluation Fund (SHARE Fund No. 94600) had additional liabilities of \$8,318 and \$11,847 respectively owing to the State General Fund resulting from unexpended balances in these accounts related to FY 2008 which should have been transferred to the State General Fund by October 1, 2008. The Office has not transferred the monies to the State General Fund.

As of June 30, 2009, the Office has not transferred the monies to the State General Fund from either of the Office's funds.

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 Office was aware of the reverting requirements but failed to meet the reversion deadlines.

Effect

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

Recommendation

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

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Schedule of Findings and Responses
Year Ended June 30, 2009

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 (Modified and Repeated) - (Compliance) (Cont'd)

Department Response

Because the FY 08 audit had not been contracted, and was not completed until June 30, 2009 (late audit), the CFO did not revert general fund balances because he assumed the auditor's reversion numbers would be different than his, and in fact, the auditor's reversion amounts were different. AODA will ensure that reversions are done within stated guidelines by DFA next year.

2009-1 Payment for Services Not Rendered - (Significant Deficiency, Material Weakness and Compliance)

Condition

A payment of \$23,140.38 was made to the Public Employees Retirement Association to purchase Additional Service Credit (Air Time) on behalf of a former employee of the Office. This appears to be in violation of the "anti-donation clause" of the New Mexico Constitution. The Office has been unable to produce documentation that would support the legality of this payment.

Criteria

Article IX, Section 14 of the New Mexico Constitution prohibits any donation to or in aid of any person.

Cause

The Office, with the approval of the Department of Finance and Administration, made payment to the Public Employees Retirement Association on behalf of the former employee.

Effect

The Office has made a possibly illegal payment in violation of the "anti-donation clause" of the New Mexico Constitution.

Recommendation

We recommend that the Office comply with the provisions of Article IX, Section 14 of the New Mexico Constitution which prohibits any donation to or in aid of any person. If the Office cannot produce documentation to support this payment, we further recommend that action be taken to recover the aforementioned payment from the former employee.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Schedule of Findings and Responses
Year Ended June 30, 2009**

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

2009-1 Payment for Services Not Rendered - (Significant Deficiency, Material Weakness and Compliance) (Cont'd)

Entity Response

The agency does not have documentation in their possession to support "the legality" of this payment; however, the previous AODA Director reported he had conversations and ultimately approval from Risk Management Division prior to submitting this payment to the Department of Finance and Administration. The current administration has been unable to locate any supporting documentation to validate this conversation. The Department of Finance and Administration also approved this payment.

The Current Director and Chief Financial Officer have submitted an Investigative Complaint Form to the New Mexico Attorney General's Office asking for that agency to investigate this matter since allegations of a possible illegal payment were made. After the Attorney General's Investigation is complete, AODA will follow any directives given in relation to this matter.

Furthermore, the Agency will not process any payment without supporting documentation in their possession which shows a payment was tendered legally.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
June 30, 2009**

Financial Statement Preparation

The financial statements were prepared by the office staff with the assistance of 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 December 11, 2009, to discuss the audit. The following individuals were in attendance:

State of New Mexico - Administrative Office of the District Attorneys

Kelly Kuenstler, MPA, Director (effective October 19, 2009)
Filemon Gonzalez, Chief Financial Officer

This report was also discussed December 1, 2009, with the Honorable Donald Gallegos, Eighth Judicial District Attorney who is a member of the New Mexico District Attorney's Association.

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

Robert J. Rivera, CPA