

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

**Financial Statements
June 30, 2012**

(With Independent Auditor's Report Thereon)

**ROBERT J. RIVERA, CPA, PC
CERTIFIED PUBLIC ACCOUNTANTS
SANTA FE, NEW MEXICO 87505-4761**

INTRODUCTORY SECTION

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
June 30, 2012**

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**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
June 30, 2012**

Official Roster

New Mexico District Attorneys' Association Officers

Honorable Mary Lynne Newell President
6th Judicial District Attorney

Honorable Robert Tedrow
11th Judicial District Attorney Vice-President

Honorable Angela "Spence" Pacheco Treasurer
1st Judicial District Attorney

Administrative

Henry R. Valdez Director

Filemon Gonzalez Chief Financial Officer

FINANCIAL SECTION

ROBERT J. RIVERA, CPA, PC

CERTIFIED PUBLIC ACCOUNTANTS
6 CALLE MEDICO, SUITE 4
SANTA FE, NEW MEXICO 87505-4761

(505) 983-6002

FAX (505) 983-6474

INDEPENDENT AUDITOR'S REPORT

Henry R. Valdez, 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, the aggregate remaining fund information, and the budgetary comparisons for the General Fund and major special revenue funds of the State of New Mexico, Administrative Office of the District Attorneys (AODA), a component unit of the State of New Mexico, as of and for the year ended June 30, 2012, 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 non-major governmental funds, and the budgetary comparisons for all non-major funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the AODA's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 funds 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, 2012, 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 previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the State of New Mexico, Administrative Office of the District Attorneys, as of June 30, 2012, and the respective changes in financial position, thereof, and the respective budgetary comparisons for the General Fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of each non-major governmental fund of the State of New



Mexico, Administrative Office of the District Attorneys as of June 30, 2012, and the respective changes in financial position, thereof, and the respective budgetary comparisons for the non-major 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 28, 2012, 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.

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

Our audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, **Audits of States, Local Governments, and Non-Profit Organizations**, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Robert J. Rivera, CPA, PC
Santa Fe, New Mexico
November 28, 2012

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Management's Discussion and Analysis
June 30, 2012

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, 2012.

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, 2012**

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 the Computer Enhancement Fund - Fund 64500, and seven (7) special revenue funds, Statewide Automated Victim Information Notification (SAVIN Enhancement) Special Revenue Fund (Fund No. 94600), Statewide Automated Victim Information Notification (SAVIN) Special Revenue Fund (Fund No. 10860), Southwest Border Prosecution Initiative Special Revenue Fund (Fund 91680), Stop VAWA Grant Special Revenue Fund (Fund 10830), Ed Byrne Memorial Justice Assistance Special Revenue Fund (Fund 10850), ARRA of 2009 Special Revenue Fund (Fund 89000), and District Attorney Special Revenue Fund (Fund 11180).

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, 2012**

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, 2012 and 2011. 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 2012</u> | <u>Current Year FY 2011</u> | <u>Increase or (Decrease)</u> |
|----------------------------|---------------------------------|---------------------------------|-----------------------------------|
| Current and other assets | \$ 1,173,106 | \$ 2,395,367 | \$ (1,222,261) |
| Capital assets, net | <u>161,057</u> | <u>159,667</u> | <u>1,390</u> |
| Total assets | <u>1,334,163</u> | <u>2,555,034</u> | <u>(1,220,871)</u> |
| Current liabilities | 997,421 | 2,200,542 | (1,203,121) |
| Long-term liabilities | <u>19,588</u> | <u>22,863</u> | <u>(3,275)</u> |
| Total liabilities | <u>1,017,009</u> | <u>2,223,405</u> | <u>(1,206,396)</u> |
| Net assets: | | | |
| Invested in capital assets | 161,057 | 159,667 | 1,390 |
| Unrestricted | <u>156,097</u> | <u>171,962</u> | <u>(15,865)</u> |
| Total net assets | <u>\$ 317,154</u> | <u>\$ 331,629</u> | <u>\$ (14,475)</u> |

Total Assets:

Consists of investment in State Treasurer General Fund investment pool of \$1,084,536, prepaid travel expenses of \$796, net receivables of \$87,774 and capital assets, net of accumulated depreciation of \$161,057. Total assets are \$1,334,163. This represents a decrease of \$1,220,871, or 47.8% from fiscal year 2011.

Total Liabilities:

Consists of current liabilities of \$997,421 and long-term liabilities of \$19,588. Total liabilities are \$1,017,009. This represents a decrease in liabilities of \$1,206,396 or 54.3% from fiscal year 2011.

Net Assets:

Consists of \$161,057 invested in capital assets with no related debt, and unrestricted assets of \$156,097 for a total of \$317,154. This represents a decrease of \$14,475, or 4.4% from the fiscal year 2011 net asset balance of \$331,629.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Management's Discussion and Analysis
June 30, 2012

Changes in Net Assets

Exhibit B summarizes the AODA's changes in net assets for the fiscal years ending June 30, 2012 and 2011. The following condensed financial information was derived from the entity-wide Statement of Activities for the current and prior-year.

| | <u>Current Year FY 2012</u> | <u>Current Year FY 2011</u> | <u>Increase or (Decrease)</u> |
|-------------------------------------|---------------------------------|---------------------------------|-----------------------------------|
| Revenues: | | | |
| Program revenues: | | | |
| Charges for services | \$ 339,825 | \$ 341,300 | \$ (1,475) |
| Miscellaneous | 1,114 | 4,453 | (3,339) |
| Federal grants - operating | <u>2,029,540</u> | <u>2,515,775</u> | <u>(486,235)</u> |
| Total revenues | <u>2,370,479</u> | <u>2,861,528</u> | <u>(491,049)</u> |
| Expenses: | | | |
| General government | <u>2,651,078</u> | <u>2,866,109</u> | <u>(215,031)</u> |
| Total expenses | <u>2,651,078</u> | <u>2,866,109</u> | <u>(215,031)</u> |
| Net program (expenses) revenue | <u>(280,599)</u> | <u>(4,581)</u> | <u>(276,018)</u> |
| Transfers: | | | |
| State General Fund appropriation | 1,793,900 | 1,857,000 | (63,100) |
| Operating transfers (out) | (1,518,051) | (1,879,273) | 361,222 |
| Loss on disposal of capital assets | - | (25,832) | 25,832 |
| Reversions to State General Fund | <u>(9,619)</u> | <u>(18,928)</u> | <u>9,309</u> |
| Total transfers | <u>266,230</u> | <u>(67,033)</u> | <u>333,263</u> |
| Change in net assets | <u>(14,369)</u> | <u>(71,614)</u> | <u>57,245</u> |
| Net assets, beginning (as reported) | 331,628 | 413,994 | (82,366) |
| Restatements: | | | |
| Prior-period adjustment | <u>(105)</u> | <u>(10,751)</u> | <u>10,646</u> |
| Net assets, beginning (as restated) | <u>331,523</u> | <u>403,243</u> | <u>(71,720)</u> |
| Net assets, ending | <u>\$ 317,154</u> | <u>\$ 331,629</u> | <u>\$ (14,475)</u> |

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Management's Discussion and Analysis
June 30, 2012

Change in Net Assets (Cont'd)

Total Revenues and Transfers:

Consists of \$4,164,379 for operational purposes. State General Fund appropriations, worthless checks and pre-prosecution fees and federal awards provide the majority of revenue. This represents a decrease of \$554,149, or 11.7% in total revenues and transfers from \$4,718,528 to \$4,164,379.

Total Expenses and Transfers:

Consists of \$4,178,748 mainly for operational, employee salaries and benefits, operating costs, and flow-through grants to sub-grantees. This represents a decrease of total expenses and transfers of \$611,394, or 12.8% from \$4,790,142 to \$4,178,748.

Change of Net Assets:

The AODA's total revenue and transfers decreased by 11.7% from \$4,718,528 to \$4,164,379. The AODA's total expenses decreased by approximately 12.8% from \$4,790,142 to \$4,178,748. The increase in the change in net assets was \$57,245.

There was a change in operations (Statement of Activities) from the prior-year. Total net assets decreased by \$14,475 from \$331,629 to \$317,154 or 4.4%.

AODA'S FUNDS

As described above, the AODA has nine governmental funds. The AODA's General Fund is comprised of two accounts, the General Operating Account (#16800) and the Computer System Enhancement Account (#64500). The AODA's general operating account is funded through State General Fund appropriations. The other seven governmental funds are special revenue funds used to account for specific revenue sources. The special revenue funds are as follows: Statewide Automated Victim Information Notification (SAVIN Enhancement) Special Revenue Fund (#94600), Statewide Automated Victim Information Notification Special Revenue Fund (#10860), Southwest Border Prosecution Initiative Special Revenue Fund (#91680), the Stop Violence Against Women (VAWA) Grant Special Revenue Fund (#10830), the Ed Byrne Memorial Justice Assistance Special Revenue Fund (#10850), the ARRA of 2009 Special Revenue Fund (#89000), and the District Attorney Special Revenue Fund (#11180).

As the AODA completed the year, its governmental funds (as presented in the balance sheet on page 3) reported a combined fund balance of \$236,824, which is less than last year's total of \$259,734, a decrease of \$22,910.

The General Fund of the AODA reflects a zero fund balance. The Southwest Border Prosecution Initiative Special Revenue Fund has \$150,398 of non-reverting balances of federal Southwest Border Prosecution Initiative Program funds which are available for budgeting future operations, and District Attorney Special Revenue Fund has \$86,426 of non-reverting balances of worthless check and pre-prosecution fees which are available for budgeting future operations per Section 36-1-28, NMSA 1978.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Management's Discussion and Analysis
June 30, 2012

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The AODA's capital assets consist of furniture and equipment, data processing equipment, vehicles and software, totaling \$859,382 at June 30, 2012. Accumulated depreciation at June 30, 2012, totaled \$698,325. Capital assets, net of accumulated depreciation totaled \$161,057 at June 30, 2012. Capital assets increased by \$118,384 from the previous year, from \$740,998 to \$859,382. The increase in the net value of capital assets is due to capital asset additions of \$118,384, capital asset deletions of \$ -0-, and depreciation expense of \$116,994 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 \$80,727 comprising of accumulated balances for annual and sick leave eligible for payment to employees upon termination of their employment from the AODA. This was an insignificant decrease of \$7,045 from the long-term debt outstanding at June 30, 2011 of \$87,772. Employees can receive a compensation for a maximum of 240 hours upon severance.

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 2013.
- Increases or reallocation of appropriations to prevent budget overruns.
- Increases from worthless check and pre-prosecution fees to prevent budget overruns.

The Administrative Office of the District Attorneys' initial FY2013 operating budget is \$1,840,000. This is considerably less than the FY 2012 adjusted budget of \$5,686,166. However, the AODA will be requesting additional budget authority of \$936,405 in federal funds from the SW Border Prosecution Initiative Grant during FY2013, thus making the overall budget comparable to FY2012.

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.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Management's Discussion and Analysis
June 30, 2012**

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) 242-3227**

BASIC FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Statement of Net Assets
June 30, 2012**

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| <u>Assets</u> | |
| Investment in State Treasurer General Fund investment pool (note 3) | \$ 1,084,536 |
| Other receivables | - |
| Due from other state agencies (note 4) | 1,676 |
| Due from federal government (note 16) | 86,098 |
| Travel advances | 796 |
| Capital assets (net of accumulated depreciation) | <u>161,057</u> |
| Total assets | <u>1,334,163</u> |
| <u>Liabilities</u> | |
| Current liabilities: | |
| Accounts payable | 86,513 |
| Payroll taxes payable | 15,387 |
| Payroll benefits payable | 23,785 |
| Accrued payroll payable | 11,101 |
| Due to other state agencies (note 4) | 789,849 |
| Due to State General Fund (note 5) | 9,647 |
| Compensated absences payable | 61,139 |
| Long-term liabilities: | |
| Compensated absences | <u>19,588</u> |
| Total liabilities | <u>1,017,009</u> |
| <u>Net Assets</u> | |
| Invested in capital assets | 161,057 |
| Restricted | - |
| Unrestricted | <u>156,097</u> |
| Total net assets | <u>\$ 317,154</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, 2012**

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Expenses: | |
| Governmental activities: | |
| General government | \$ 2,534,084 |
| Depreciation | <u>116,994</u> |
| Total expenses | <u>2,651,078</u> |
| Program revenues: | |
| Charges for services - fees | 339,825 |
| Miscellaneous revenue | 1,114 |
| Intergovernmental: | |
| Federal grants-operating | <u>2,029,540</u> |
| Total program revenues | <u>2,370,479</u> |
| Net program (expenses) revenue | <u>(280,599)</u> |
| General revenue, transfers and special items: | |
| State General Fund appropriation | 1,793,900 |
| Transfers (out) | (1,518,051) |
| Reversion to State General Fund - FY 2012 | <u>(9,619)</u> |
| Total general revenues, transfers and special items | <u>266,230</u> |
| Change in net assets (decrease) | <u>(14,369)</u> |
| Net assets, beginning, as reported | 331,628 |
| Restatement: | |
| Prior-period adjustment (note 15) | <u>(105)</u> |
| Net assets, beginning, as restated | <u>331,523</u> |
| Net assets, ending | <u>\$ 317,154</u> |

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, 2012

| | Major | | | | Non-Major | | Total Governmental Funds |
|---|-------------------|---|--|--|------------------|-------------------|--------------------------------|
| | (Fund 16800) | (Fund 10860) | (Fund 91680) | (Fund 11180) | Other Funds | Elimina- tions | |
| | General Fund | Statewide Automated Victim Information Notification Special Revenue | SW Border Prosecution Initiative Special Revenue | District Attorney Fund Special Revenue | | | |
| Assets | | | | | | | |
| Investment in the State Treasurer | | | | | | | |
| General Fund Investment Pool (note 3) | \$ 143,388 | - | \$ 944,295 | \$ 53,794 | - | - | \$ 1,141,477 |
| Due from other funds (note 17) | 6,412 | - | - | 58,399 | - | (64,811) | - |
| Due from other state agencies (note 4) | - | - | - | - | 1,676 | - | 1,676 |
| Due from federal government (note 16) | - | 6,579 | - | - | 79,519 | - | 86,098 |
| Other receivables | - | - | - | - | - | - | - |
| Travel advances | - | - | - | 796 | - | - | 796 |
| Total assets | \$ 149,800 | \$ 6,579 | \$ 944,295 | \$ 112,989 | \$ 81,195 | \$(64,811) | \$ 1,230,047 |
| Liabilities and Fund Balance | | | | | | | |
| Liabilities: | | | | | | | |
| Investment in the State Treasurer | | | | | | | |
| General Fund Investment Pool (note 3) | - | \$ 3,769 | - | - | \$ 53,172 | - | \$ 56,941 |
| Accounts payable | 36,410 | - | 7,888 | 21,919 | 20,296 | - | 86,513 |
| Payroll taxes payable | 13,096 | 620 | - | 1,671 | - | - | 15,387 |
| Payroll benefits payable | 20,670 | 1,621 | - | 1,494 | - | - | 23,785 |
| Accrued payroll payable | 9,055 | 567 | - | 1,479 | - | - | 11,101 |
| Due to other state agencies (note 4) | 2,525 | - | 786,009 | - | 1,315 | - | 789,849 |
| Due to State General Fund (note 5) | 9,645 | 2 | - | - | - | - | 9,647 |
| Due to other funds (note 17) | 58,399 | - | - | - | 6,412 | (64,811) | - |
| Total liabilities | 149,800 | 6,579 | 793,897 | 26,563 | 81,195 | (64,811) | 993,223 |
| Fund Balance | | | | | | | |
| Fund balance: | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - |
| Restricted | - | - | - | - | - | - | - |
| Committed | - | - | - | - | - | - | - |
| Assigned | - | - | - | 796 | - | - | 796 |
| Unassigned | - | - | 150,398 | 85,630 | - | - | 236,028 |
| Total fund balance | - | - | 150,398 | 86,426 | - | - | 236,824 |
| Total liabilities and fund balance | \$ 149,800 | \$ 6,579 | \$ 944,295 | \$ 112,989 | \$ 81,195 | \$(64,811) | \$ 1,230,047 |

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, 2012

| | Major | | | | Non-Major | Total Governmental Funds |
|---|------------------|---|--|--|----------------|--------------------------------|
| | (Fund 16800) | (Fund 10860) | (Fund 91680) | (Fund 11180) | Other Funds | |
| | General Fund | Statewide Automated Victim Information Notification Special Revenue | SW Border Prosecution Initiative Special Revenue | District Attorney Fund Special Revenue | | |
| Revenues: | | | | | | |
| Fees: | | | | | | |
| Worthless check fees | \$ - | \$ - | \$ - | \$ 66,430 | \$ - | \$ 66,430 |
| Pre-prosecution fees | - | - | - | 273,395 | - | 273,395 |
| Intergovernmental: | | | | | | |
| Federal funds - operating | - | 215,850 | 1,462,997 | - | 350,693 | 2,029,540 |
| Miscellaneous | 583 | - | - | 531 | - | 1,114 |
| Total revenues | 583 | 215,850 | 1,462,997 | 340,356 | 350,693 | 2,370,479 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government: | | | | | | |
| Personal services and employee benefits | 1,070,620 | 6,572 | - | 83,205 | 166,985 | 1,327,382 |
| Contractual services | 33,223 | 59,540 | - | 3,270 | 129,958 | 225,991 |
| Other | 681,052 | 31,354 | 28,249 | 248,414 | 53,750 | 1,042,819 |
| Capital outlay | - | 118,384 | - | - | - | 118,384 |
| Total expenditures | 1,784,895 | 215,850 | 28,249 | 334,889 | 350,693 | 2,714,576 |
| Excess (deficiency) of revenues over expenditures | (1,784,312) | - | 1,434,748 | 5,467 | - | (344,097) |
| Other financing sources (uses): | | | | | | |
| Transfers in (out): | | | | | | |
| State General Fund appropriation | 1,793,900 | - | - | - | - | 1,793,900 |
| Other financing sources-transfers in | - | - | - | - | - | - |
| Other financing (uses)-transfers out | - | - | - | - | - | - |
| Other financing (uses) | - | - | (1,462,987) | - | - | (1,462,987) |
| Reversion to State General Fund - FY 2012 | (9,619) | - | - | - | - | (9,619) |
| Total other financing sources (uses) | 1,784,281 | - | (1,462,987) | - | - | 321,294 |
| Net change in fund balances (decrease) | (31) | - | (28,239) | 5,467 | - | (22,803) |
| Fund balance, beginning of year, as reported | 136 | - | 178,637 | 80,959 | - | 259,732 |
| Restatement: | | | | | | |
| Prior-period adjustment (note 15) | (105) | - | - | - | - | (105) |
| Fund balance, beginning of year, as restated | 31 | - | 178,637 | 80,959 | - | 259,627 |
| Fund balance, end of year | \$ - | \$ - | \$ 150,398 | \$ 86,426 | \$ - | \$ 236,824 |

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, 2012

Net change in fund balances - Governmental Funds (Exhibit E) \$ (22,803)

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 | (116,994) |
| Capital outlay capitalized | 118,384 |

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:

| | |
|----------------------------------|-------|
| Decrease in compensated absences | 7,044 |
|----------------------------------|-------|

Changes in net assets of governmental activities (Exhibit B) \$ (14,369)

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
General Fund
Operating Account (Fund 16800)
For the Year Ended June 30, 2012

| | Original Approved Budget | Final Approved Budget | Actual Budgetary Basis | Variance Favorable (Unfavorable) |
|--|---|--------------------------------------|---------------------------------------|---|
| Revenues: | | | | |
| General Fund appropriations | \$ 1,793,900 | \$ 1,793,900 | \$ 1,793,900 | \$ - |
| Miscellaneous revenue | - | - | 583 | 583 |
| Total revenues | 1,793,900 | 1,793,900 | \$ 1,794,483 | \$ 583 |
| Cash balance re-budgeted | - | - | | |
| Total budgeted revenues | \$ 1,793,900 | \$ 1,793,900 | | |
| Expenditures: | | | | |
| Current: | | | | |
| General government: | | | | |
| Personal services and employee benefits | \$ 969,200 | \$ 1,077,406 | \$ 1,070,620 | \$ 6,786 |
| Contractual services | 47,200 | 33,700 | 33,223 | 477 |
| Other | 777,500 | 682,794 | 681,052 | 1,742 |
| Total expenditures | \$ 1,793,900 | \$ 1,793,900 | \$ 1,784,895 | \$ 9,005 |
| Reconciliation of GAAP basis to budget basis: | | | | |
| GAAP basis: | | \$ 1,794,483 | \$ 1,784,895 | |
| Adjustments: | | | | |
| None | | - | - | |
| Budget basis | | \$ 1,794,483 | \$ 1,784,895 | |

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 2013 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
Statewide Automated Victim Information Notification Special Revenue Fund (Fund 10860)
For the Year Ended June 30, 2012

| | <u>Original Approved Budget</u> | <u>Final Approved Budget</u> | <u>Actual Budgetary Basis</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|---|--------------------------------------|---------------------------------------|---|
| Revenues: | | | | |
| Federal grants | \$ - | \$ 272,101 | \$ 215,850 | \$ (56,251) |
| Total revenues | - | 272,101 | <u>\$ 215,850</u> | <u>\$ (56,251)</u> |
| Cash balance re-budgeted | - | - | | |
| Total budgeted revenues | <u>\$ -</u> | <u>\$ 272,101</u> | | |
| Expenditures: | | | | |
| Current: | | | | |
| General government: | | | | |
| Personal services and employee benefits | \$ - | \$ 62,823 | \$ 6,572 | \$ 56,251 |
| Contractual services | | 59,540 | 59,540 | - |
| Other | | 149,738 | 149,738 | - |
| Total expenditures | <u>\$ -</u> | <u>\$ 272,101</u> | <u>\$ 215,850</u> | <u>\$ 56,251</u> |

| Reconciliation of GAAP basis to budget basis: | <u>Revenues</u> | <u>Expenditures</u> |
|--|-------------------|---------------------|
| GAAP basis | \$ 215,850 | \$ 215,850 |
| Adjustments: | | |
| None | - | - |
| Budget basis | <u>\$ 215,850</u> | <u>\$ 215,850</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 2013 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
Southwest Border Prosecution Initiative Special Revenue Fund (Fund 91680)
For the Year Ended June 30, 2012

| | <u>Original Approved Budget</u> | <u>Final Approved Budget</u> | <u>Actual Budgetary Basis</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|---|--------------------------------------|---------------------------------------|---|
| Revenues: | | | | |
| Federal grants | \$ - | \$ 3,333,862 | \$ 1,462,997 | \$ (1,870,865) |
| Total revenues | - | 3,333,862 | <u>\$ 1,462,997</u> | <u>\$ (1,870,865)</u> |
| Cash balance re-budgeted | - | 286,303 | | |
| Total budgeted revenues | <u>\$ -</u> | <u>\$ 3,620,165</u> | | |
| Expenditures: | | | | |
| Current: | | | | |
| General government: | | | | |
| Personal services and employee benefits | \$ - | \$ - | \$ - | \$ - |
| Contractual services | - | - | - | - |
| Other | - | 178,637 | 28,249 | 150,388 |
| Other financing uses | - | 3,441,528 | - | 3,441,528 |
| Total expenditures | <u>\$ -</u> | <u>\$ 3,620,165</u> | <u>\$ 28,249</u> | <u>\$ 3,591,916</u> |

| Reconciliation of GAAP basis to budget basis: | <u>Revenues</u> | <u>Expenditures</u> |
|---|---------------------|---------------------|
| GAAP basis | \$ 1,462,997 | \$ 1,491,236 |
| Adjustments: | | |
| Due to other state agencies (other financing uses) | <u>-</u> | <u>(1,462,987)</u> |
| Budget basis | <u>\$ 1,462,997</u> | <u>\$ 28,249</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 2013 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
District Attorney Special Revenue Fund (Fund 11180)
For the Year Ended June 30, 2012

| | <u>Original Approved Budget</u> | <u>Final Approved Budget</u> | <u>Actual Budgetary Basis</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|---|--------------------------------------|---------------------------------------|---|
| Revenues: | | | | |
| Court fines & forfeitures - | | | | |
| Worthless check fees | \$ 30,000 | \$ 73,200 | \$ 66,430 | \$ (6,770) |
| Other penalties - | | | | |
| Pre-prosecution fees | 170,000 | 234,800 | 273,395 | 38,595 |
| Miscellaneous revenue | <u>-</u> | <u>-</u> | <u>531</u> | <u>531</u> |
| Total revenues | 200,000 | 308,000 | <u>\$ 340,356</u> | <u>\$ 32,356</u> |
| Cash balance re-budgeted | <u>-</u> | <u>80,809</u> | | |
| Total budgeted revenues | <u>\$ 200,000</u> | <u>\$ 388,809</u> | | |
| Expenditures: | | | | |
| Current: | | | | |
| General government: | | | | |
| Personal services and | | | | |
| employee benefits | \$ - | \$ 100,000 | \$ 83,205 | \$ 16,795 |
| Contractual services | - | 15,000 | 3,270 | 11,730 |
| Other | <u>200,000</u> | <u>273,809</u> | <u>248,414</u> | <u>25,395</u> |
| Total expenditures | <u>\$ 200,000</u> | <u>\$ 388,809</u> | <u>\$ 334,889</u> | <u>\$ 53,920</u> |
| Reconciliation of GAAP basis to budget basis: | | | | |
| GAAP basis | | <u>Revenues</u> | <u>Expenditures</u> | |
| | | \$ 340,356 | \$ 334,889 | |
| Adjustments: | | | | |
| None | | <u>-</u> | <u>-</u> | |
| Budget basis | | <u>\$ 340,356</u> | <u>\$ 334,889</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 2013 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, 2012

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 district attorney fund 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

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to the Financial Statements
June 30, 2012

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

A. Reporting Entity and Component Units (Cont'd)

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.

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).

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to the Financial Statements
June 30, 2012

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

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

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.

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, the Statewide Victims Notification Special Revenue Fund, the Southwest Border Prosecution Initiative Special Revenue Fund and the District Attorney 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

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to the Financial Statements
June 30, 2012

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

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

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:

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

General Fund (Operating Account Fund #16800 - 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 State General Fund appropriations.

General Fund (Computer System Enhancement Account Fund #64500 - reverting) - The fund was originally 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 and is an account of the AODA's General Fund.

Special Revenue Funds

Statewide Automated Victim Information Notification Enhancement Special Revenue Fund #94600 - (SAVIN Enhancement) (Non-reverting) The Statewide Automated Victim Information Notification Enhancement Fund (SAVIN Enhancement) is used to account for funds authorized pursuant to 42 U.S.C. 10603(a) which ensures that victims of crime receive accurate and timely information regarding the status of offenders and events related to their cases. The enhancements anticipated include text messaging and the Spanish language VINE link to the SAVIN program for the State of New Mexico. Funding is through the U.S. Department of Justice on a reimbursement basis.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to the Financial Statements
June 30, 2012

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

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

GOVERNMENTAL FUND TYPES (Cont'd)

Special Revenue Funds (Cont'd)

Statewide Automated Victim Information Notification Special Revenue Fund #10860 - (Non-reverting)

The Statewide Automated Victim Information Notification Special Revenue Fund is used to account for funds authorized pursuant to 42 U.S.C. 10603(a) (BJA-SAVIN) which ensures that victims of crime receive accurate and timely information regarding the status of offenders and events related to their cases. Funding is through the U.S. Department of Justice on a reimbursement basis.

Southwest Border Prosecution Initiative Special Revenue Fund #91680 - The Southwest Border Prosecution Initiative Program (SWBPI) Special Revenue Fund is used to account for funds received from the US Department of Justice, Bureau of Justice Assistance, pursuant to Public Law 106-246, as amended by Public Law 106-554, authorizing the reimbursement of county and municipal governments in State of California, Texas, and the New Mexico state government, for specific categories of expenses associated with the handling and processing of federally initiated controlled substances cases along the Southwest Border with the prosecution of criminal cases declined by local U.S. Attorneys' offices. AODA submits reimbursement claims on behalf of the various NM district attorney's and funds flow through the AODA to the various district attorney's offices. While funds from the SWBPI federal payments may be used by applicant jurisdictions for any purpose not otherwise prohibited by federal law, using funds for the support and enhancement of prosecutorial and detention services is encouraged.

Stop Violence Against Women (VAWA) Grant Special Revenue Fund #10830 - The Stop Violence Against Women (VAWA) Grant Special Revenue Fund is used to account for Victims of Crime Act (VOCA) Victims Assistance Grant Program Funds, US Department of Justice, passed through the State of New Mexico, Crime Victims Reparation Commission. These funds do not revert to the State General Fund. VOCA is authorized by the Crime Victims Reparation Commission (CVRC) as authorized by the Victims of Crime Act of 1984.

Ed Byrne Memorial Justice Assistance Special Revenue Fund #10850 - The Ed Byrne Memorial Justice Assistance Special Revenue Fund is used to account for funds authorized pursuant to 42 U.S.C. 3751(a) of criminal justice funding to state and local jurisdictions to support a broad range of activities to prevent and control crime based on local needs and conditions. Funding is through the U.S. Department of Justice, through the State of New Mexico, Department of Public Safety on a reimbursement basis.

ARRA of 2009 Special Revenue Fund #89000 - The ARRA of 2009 Special Revenue Fund is used to account for funds authorized by the FY 09 Recovery Act (BJA-Rural Law Enforcement) Pub. L. No. 111-5, 123 Stat. 115, 130. The purpose of the grant is to combat crime and drugs and facilitating rural justice information system. Funding is through the U.S. Department of Justice and is on a reimbursement basis.

District Attorney Special Revenue Fund #11180 - The District Attorney Fund is used to account for funds authorized by Section 36-1-28 NMSA 1978 and is used for general operations. The District Attorney Fund is funded through worthless check and pre-prosecution fees (non-reverting revenue sources per Section 36-1-28, as indicated in note 1).

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

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.

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

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June 30, 2012

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

F. Budgets and Budgetary Accounting (Cont'd)

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.

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 or 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.

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Notes to the Financial Statements
June 30, 2012

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

F. Budgets and Budgetary Accounting (Cont'd)

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 179, Laws of 2011, Section 3, Paragraph O) 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 2012.
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.

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 (Investment in the State General Fund Investment Pool)

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

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

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Notes to the Financial Statements
June 30, 2012**

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

I. Federal Grants Receivable (Deferred Revenue) (Cont'd)

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.

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 |

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Notes to the Financial Statements
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2. Summary of Significant Accounting Policies (Cont'd)

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

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, 2012, 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.

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.

STATE OF NEW MEXICO
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Notes to the Financial Statements
June 30, 2012

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

N. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

O. Reversions to State General Fund

Any unexpended State General Fund appropriation balances remaining in SHARE funds #16800, #64500 are generally reverted to the State General Fund. The General Appropriations Act, Chapter 179, Laws of 2011, Section 3, Paragraph O, states that "for the purpose of administering the General Appropriations Act of 2011, 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, 2012. Any remaining fund balance not specifically reserved is reverted to the State General Fund in accordance with Section 6-5-10, NMSA 1978. There were unexpended balances in the General Fund Account (Fund #16800) of \$9,645 and the Statewide Automated Victim Information Notification Special Revenue Fund (Fund # 10860) of \$2, totaling \$9,647, which will be reverted to the State General Fund. Also, in addition, \$26 remained owing the State General Fund from fiscal year 2011.

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

P. Net Assets/Fund Equity/Fund Balances

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.

Fund Financial Statements

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definition, was implemented by the Commission for the year ending June 30, 2012. Statement No. 54 replaces the old fund balance terminology ("reserved", "unreserved", "designated", and "undesignated") with new financial reporting categories for fund balances of governmental funds.

STATE OF NEW MEXICO
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Notes to the Financial Statements
June 30, 2012

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

P. Net Assets/Fund Equity (Cont'd)

Fund Financial Statements (Cont'd)

Governmental fund balances are now divided into five classifications based on the extent to which government is bound to honor constraints on the specific purposes for which amounts in that fund can be spent.

Non-spendable includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact..

The spendable fund categories can be depicted as follows:

Restricted are amounts that are so due to enabling legislation, constitutional provisions, externally imposed by grantors, contributors, laws or regulations of other governments, or by creditors, such as through debt covenants.

Committed are amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and removal of the constraint would require a formal action by the same authority.

Assigned consists of amounts that are intended to be used for a specific purpose established by the government's highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the general fund, assigned fund balance represents the residual amount in the fund balance.

Unassigned represents the residual amount after all classifications have been considered for the government's general fund, and could report a surplus or a deficit.

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 \$250,000 in insurance coverage provided by federal agencies. Accordingly, the State Treasurer requires that depository financial institutions provide additional collateral for such investments. The collateral generally is in the form of marketable debt securities and is required in amounts ranging from 50% to 102% of the par value of the investment dependent upon the institutions operating results and capital. Collateral for the fiscal account is required in amounts equal to 50% of the average investment balance. Separate financial statements of the State Treasurer indicate collateral categories of risk and market value of purchased investments. All collateral is held in third-party safekeeping. Cash on deposit with the State Treasurer in the General Fund Investment Pool at June 30, 2012, consists of the following:

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ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to the Financial Statements
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3. Cash (Investment in the State Treasurer General Fund Investment Pool) (Cont'd)

| Name of Depository | Account Name | Fund Type | Agency Number | SHARE Fund Number | Type of Account | Interest Bearing | Depository Balance at 06/30/2012 | Reconciled Balance at 6/30/2012 |
|--|---|--------------------|------------------|-------------------------|--------------------|---------------------|--|---------------------------------------|
| State Treasurer General Fund Investment Pool: | | | | | | | | |
| NM State Treasurer | Administrative Office of the District Attorneys' | General | 26400 | 16800 | State Treasury | No | \$134,333 | \$143,388 |
| NM State Treasurer | Computer Enhancement | General | 26400 | 64500 | State Treasury | No | - | - |
| NM State Treasurer | SAVIN Enhancement | Special Revenue | 26400 | 94600 | State Treasury | No | (9,684) | (9,684) |
| NM State Treasurer | Statewide Victims Notification | Special Revenue | 26400 | 10860 | State Treasury | No | (3,769) | (3,769) |
| NM State Treasurer | Southwest Border Prosecution Initiative | Special Revenue | 26400 | 91680 | State Treasury | No | 944,295 | 944,295 |
| NM State Treasurer | Stop Violence Against Women (VAWA) | Special Revenue | 26400 | 10830 | State Treasury | No | (29,022) | (29,022) |
| NM State Treasurer | Ed Byrne Memorial Justice Assistance | Special Revenue | 26400 | 10850 | State Treasury | No | (405) | (405) |
| NM State Treasurer | ARRA of 2009 | Special Revenue | 26400 | 89000 | State Treasury | No | (12,169) | (14,061) |
| NM State Treasurer | District Attorney Fund | Special Revenue | 26400 | 11180 | State Treasury | No | 53,794 | 53,794 |
| Total Governmental Fund Types | | | | | | | <u>\$1,077,373</u> | <u>\$1,084,536</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.

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

Interest Rate Risk - The New Mexico State Treasurer's Office has an investment policy that limits investment maturities to five years or less on allowable investments. This policy is means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

Credit Risk - The New Mexico State Treasurer pools are not rated.

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;
- (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,

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

- (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 disclosure information regarding the investment in the State Treasurer's SGFIP, the reader should see the separate audit report for the State Treasurer's Office for the fiscal year ended June 30, 2012, review the State Treasurer's Investment Policy at <http://www.stonm.org/Investments/InvestmentPolicy>, and review Sections 2.60.4.1 through 2.60.4.15 of the New Mexico Administrative Code, regarding Investment of Deposits of Public Funds Depository Bank Requirements, Collateral Level Requirements, and Custodial Bank Requirements.

General Fund Investment Pool Not Reconciled

In June 2012, an independent expert diagnostic report revealed that the General Fund Investment Pool balances have not been reconciled at the business unit/fund level since the inception of the Statewide Human resources, Accounting, and management REporting system (SHARE) system in July 2006. The diagnostic report is available in the resources section of the cash control page of the New Mexico Department of Finance and Administration's website at: http://www.nmdfa.state.nm.us/Cash_Control.aspx. The document title is Current State Diagnostic of Cash Control.

The General Fund Investment Pool is the State of New Mexico's main operating account. State revenues such as income taxes, sales taxes, rents and royalties, and other recurring revenues are credited to the General Fund Investment Pool. The fund also comprises numerous State agency accounts whose assets, by statute (Section 8-6-3 NMSA 1978), must be held at the State Treasury.

As of June 30, 2012, the General Fund Investment Pool has not been reconciled at the business unit/fund level. Essentially, independent, third-party verification/confirmation of the Administrative Office of the District Attorney's balances at the business unit/fund level is not possible. It is the DFA/FCD's responsibility to perform the monthly reconciliation at the business unit/fund level to the General Fund Investment Pool.

Under the direction of the State Controller/Financial Control Division Director, the Financial Control Division of the New Mexico Department of Finance and Administration (DFA/FCD) is taking aggressive action to resolve this serious problem. DFA/FCD has commenced the Cash Management Remediation Project (Remediation Project) in partnership with the New Mexico State Treasurer's Office, the New Mexico Department of Information Technology, and a contracted third party PeopleSoft Treasury expert.

The purpose of the Remediation Project is to design and implement the changes necessary to reconcile the General Fund Investment Pool in a manner that is complete, accurate, and timely. The Remediation Project will make changes to the State's current SHARE system configuration, cash accounting policies and procedures, business practices, and banking structure. The scheduled implementation date for the changes associated with

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June 30, 2012**

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

General Fund Investment Pool Not Reconciled (Cont'd)

the Remediation Project is February 1, 2013. An approach and plan to address the population of historical reconciling items will be developed during the Remediation Project, but a separate initiative will be undertaken to resolve the historical reconciling items.

The initial phase of the Remediation Project, completed on October 11, 2012, focused on developing a project plan and documenting current statewide business processes. The work product of the initial phase of the Remediation Project is a document entitled Cash Management Plan and Business Processes. This document is available on the Cash Control page of the New Mexico Department of Finance and Administration's website at: http://www.nmdfa.state.nm.us/Cash_Control.aspx.

The Administrative Office of the District Attorneys has cash reconciliation policies and procedures in place which are performed on a monthly basis to ensure that the agency's cash balances in SHARE are correct and to mitigate the risk that the agency's cash balances would be misstated as of June 30, 2012.

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:

| | <u>Purpose</u> | <u>Due From</u> | <u>Due To</u> |
|--|---|-----------------|-------------------|
| <u>Fund 16800-General Fund</u> | | | |
| Due to Department of Finance and Admin. | Payroll liability underpayment | \$ - | \$ 2,525 |
| <u>Fund 89000-ARRA of 2010</u> | | | |
| Due from Department of Finance and Admin. | Payroll liability overpayment | 1,676 | - |
| <u>Fund 94600-SAVIN Enhancement</u> | | | |
| Due to Department of Finance and Admin. | Payroll liability underpayment | - | 1,315 |
| | | <u>1,676</u> | <u>3,840</u> |
| <u>Fund 91680-Southwest Border Prosecution Initiative</u> | | | |
| Due to 3rd District Attorney's Office | Southwest Border Prosecution Initiative | - | 468,023 |
| Due to 11th, Div. II District Attorney's Office | Southwest Border Prosecution Initiative | - | 167,431 |
| Due to 12th District Attorney's Office | Southwest Border Prosecution Initiative | - | 104,734 |
| Due to 13th District Attorney's Office | Southwest Border Prosecution Initiative | - | 45,821 |
| | | <u>-</u> | <u>786,009</u> |
| | | <u>\$ 1,676</u> | <u>\$ 789,849</u> |

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to the Financial Statements
June 30, 2012

5. Due to State General Fund (Reversions)

Operating Account Fund 16800 (General Fund Account)

| | | | |
|--|----|----------|-------|
| Cash balance, June 30, 2012 (as adjusted) | \$ | 143,388 | |
| Add: Due from other funds, June 30, 2012 | | 6,412 | |
| Less: Accounts payable, June 30, 2012 | | (36,410) | |
| Payroll benefits payable, June 30, 2012 | | (20,670) | |
| Payroll taxes payable, June 30, 2012 | | (13,096) | |
| Accrued payroll payable, June 30, 2012 | | (9,055) | |
| Due to other state agencies, June 30, 2012 | | (2,525) | |
| Due to other funds, June 30, 2012 | | (58,399) | |
| Due to State General Fund, June 30, 2012 | | \$ | 9,645 |
| Fiscal year 2012 | \$ | 9,645 | |
| | \$ | 9,645 | |

**Statewide Automated Victim Information Notification
Special Revenue Fund 10860**

| | | | |
|---|----|---------|---|
| Cash balance, June 30, 2012 | | (3,769) | |
| Add: Due from federal government, June 30, 2012 | | 6,578 | |
| Payroll benefits payable, June 30, 2012 | | (1,620) | |
| Payroll taxes payable, June 30, 2012 | | (620) | |
| Accrued payroll payable, June 30, 2012 | | (567) | |
| Due to State General Fund, June 30, 2012 | | \$ | 2 |
| Fiscal year 2012 | \$ | 2 | |
| | \$ | 2 | |

All Funds

| | | | | |
|--|----|-------|----|-------|
| Due to State General Fund - all funds, June 30, 2012 | | | \$ | 9,647 |
| Fiscal year 2012 | \$ | 9,647 | | |
| | \$ | 9,647 | | |

6. Accrued Payroll Payable

Accrued payroll payable at June 30, 2012 amounted to \$11,101.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to the Financial Statements
June 30, 2012

7. Capital Assets

The capital asset activity for the governmental activities for the year ended June 30, 2012, is as follows:

| | <u>Balance</u> <u>June 30, 2011</u> | <u>Additions</u> | <u>(Deletions)</u> | <u>Balance</u> <u>June 30, 2012</u> |
|-----------------------------------|--|------------------|--------------------|--|
| Capital assets - | | | | |
| Furniture and equipment | \$ 26,678 | \$ - | \$ - | \$ 26,678 |
| Data processing equipment | 426,078 | 118,384 | - | 544,462 |
| Vehicles | 236,128 | - | - | 236,128 |
| Software | 52,114 | - | - | 52,114 |
| | <u>740,998</u> | <u>118,384</u> | <u>-</u> | <u>859,382</u> |
| Accumulated depreciation - | | | | |
| Furniture and equipment | (28,315) | (1,087) | - | (29,402) |
| Data processing equipment | (373,737) | (73,189) | - | (446,926) |
| Vehicles | (152,376) | (42,718) | - | (195,094) |
| Software | (26,903) | - | - | (26,903) |
| | <u>(581,331)</u> | <u>(116,994)</u> | <u>-</u> | <u>(698,325)</u> |
| Net capital assets | <u>\$ 159,667</u> | <u>\$ 1,390</u> | <u>\$ -</u> | <u>\$ 161,057</u> |

The AODA does not have any debt related to capital assets. Depreciation expense for the year was \$116,994 and is considered a public safety expense.

8. 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, 2011</u> | <u>Increase</u> | <u>(Decrease)</u> | <u>Balance</u> <u>June 30, 2012</u> |
|----------------------------------|---------------------------------------|------------------|--------------------|--|
| Compensated absences - current | \$ 64,909 | \$ 52,758 | \$ (56,528) | \$ 61,139 |
| Compensated absences - long-term | <u>22,863</u> | <u>16,903</u> | <u>(20,178)</u> | <u>19,588</u> |
| Total compensated absences | <u>\$ 87,772</u> | <u>\$ 69,661</u> | <u>\$ (76,706)</u> | <u>\$ 80,727</u> |

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

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to the Financial Statements
June 30, 2012**

9. 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, 2012, were \$120,433. Future minimum lease rental payments under these operating leases are as follows (this does not include month-to-month rental payments):

| <u>Year Ending June 30</u> | <u>Amount</u> |
|----------------------------|------------------|
| 2013 | \$114,028 |
| 2014 | 93,978 |
| 2015 | 77,409 |
| 2016 | 79,499 |
| Thereafter | <u>90,793</u> |
| Total | <u>\$455,707</u> |

10. Fund Balance

As described in the Summary of Significant Accounting Policies, governmental fund balances are now divided into five classifications based on the extent to which government is bound to honor constraints on the specific purposes for which amounts in that fund can be spent.

There were "assigned" fund balances at June 30, 2012, totaling \$796 for prepaid travel advances in the District Attorney Special Revenue Fund (No. 11180).

The "unassigned" fund balance for the District Attorney Fund represents the amount of \$85,630 available for budgeting future operations from non-reverting Worthless Check and Pre-Prosecution Diversion Program funds per Section 36-1-28, NMSA, 1978. Federal Southwest Border Prosecution Initiative Program Special Revenue Funds amounting to \$150,398 are available for budgeting future operations for administrative purposes.

11. 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 8.92% (ranges from 3.83% to 16.65% depending upon the plan, i.e., state general, state hazardous duty, state police and adult correctional officers, municipal general, municipal police, municipal fire, municipal detention officer) of their gross salary. The AODA is required to contribute 15.09% (ranges from 7.0% to 25.72% depending upon the plan) of the gross covered salary. The contribution requirements of plan members and the AODA 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, 2012, 2011 and 2010, were \$123,954, \$144,085, and \$130,728, respectively, equal to the amount of the required contributions for each year.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to the Financial Statements
June 30, 2012**

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

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

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. During the fiscal year ended June 30, 2012, the statute required each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee was required to contribute .917% of their salary. In the fiscal year ending June 30, 2013, the contribution rates for employees and employers will rise as follows:

For employees who are not members of an enhanced retirement plan the contribution rates will be:

| <u>Fiscal Year</u> | <u>Employer Contribution Rate</u> | <u>Employee Contribution Rate</u> |
|--------------------|-----------------------------------|-----------------------------------|
| FY13 | 2.000% | 1.000% |

Also, employers joining the program after January 1, 1998, are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to the Financial Statements
June 30, 2012**

12. Post Employment Benefits - State Retiree Health Care Plan (Cont'd)

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, 2012, 2011, and 2010, were \$16,903, \$15,829, and \$11,103, respectively, which equals the required contributions for the fiscal year.

13. 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, 2011, through June 30, 2012.

14. Transfers To/From Other State Agencies

| <u>From Agency/Fund</u> | <u>To Agency/Fund</u> | <u>Amount</u> | <u>Purpose</u> |
|-----------------------------|---------------------------|---------------|--|
| 34100/85300 | 26400/16800 | \$ 1,793,900 | State General Fund appropriation |
| 34100/85300 | 26400/89000 | 120,748 | ARRA grant transfer to AODA from DFA |
| 26400/91680 | 25100/15500 | 21,839 | SWBPI-1st DA |
| 26400/91680 | 25200/15600 | 236,134 | SWBPI-2nd DA |
| 26400/91680 | 25300/15600 | 596,929 | SWBPI-3rd DA |
| 26400/91680 | 25500/15600 | 624,104 | SWBPI-5th DA |
| 26400/91680 | 25600/15600 | 418,124 | SWBPI-6th DA |
| 26400/91680 | 26100/16500 | 503,016 | SWBPI-11th DA, Div. I |
| 26400/91680 | 26200/16600 | 87,355 | SWBPI-12th DA |
| 26400/91680 | 26300/16600 | 168,009 | SWBPI-13th DA |
| 26400/91680 | 25300/15600 | 468,023 | SWBPI-Due to 3rd DA |
| 26400/91680 | 26500/27700 | 167,431 | SWBPI-Due to 11th DA, Div. II |
| 26400/91680 | 26200/16600 | 104,734 | SWBPI-Due to 12th DA |
| 26400/91680 | 26300/16700 | 45,821 | SWBPI-Due to 13th DA |
| 26400/16800 | 34100/85300 | 19,243 | Reversion to State General Fund - Operating Fund-FY2011 |
| 35000/19704 | 26400/16800 | 28 | EAP refunds for FY08, FY09 and FY10 |
| 26300/16600 | 26400/16800 | 615 | FY07 and FY08 Payroll liability corrections, accts 223500, 223900 and 222900 |
| 34101/85300 | 26400/16800 | 690 | Correction of stale-dated warrants |

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to the Financial Statements
June 30, 2012**

15. Prior-period Adjustment

General Fund - Fund 16800

| | | |
|--|----|---------------------|
| Overstatement in travel advance at June 30, 2011 | \$ | <u>(105)</u> |
| | | |
| Total restatement to General Fund Fund Balance at June 30, 2011 and Net Assets in the Government-wide financial statements at June 30, 2011 | \$ | <u><u>(105)</u></u> |

16. Due From Federal Government

The following amounts are due from the U.S. Department of Justice at June 30, 2012, from various federal grants.

| <u>Grant Name</u> | <u>Fund No.</u> | <u>Amount</u> |
|--|-----------------|-------------------------|
| ARRA of 2009 - Recovery Act Rural Law Enforcement Assistance - Facilitating Rural Justice Information Sharing | 89000 | \$ 12,385 |
| STOP Violence Against Women Program Grant | 10830 | 51,351 |
| Statewide Automated Victim Information Notification Program Grant | 10860 | 6,579 |
| Ed Byrne Memorial Justice Grant | 10850 | 4,784 |
| Statewide Automated Victim Information Notification (SAVIN Enhancement) Program Grant | 94600 | <u>10,999</u> |
| Total | | \$ <u><u>86,098</u></u> |

17. Due To/From Other Funds

The following amounts are due to/from other funds:

| | <u>Due From</u> | <u>Due To</u> |
|--|-------------------------|-------------------------|
| General Fund (Operating Account), Fund No. 16800 | \$ 6,412 | \$ - |
| Stop VAWA Grant Special Revenue Fund No. 10830 | - | 2,033 |
| Ed Byrne Memorial Justice Special Revenue Fund No. 10850 | <u>-</u> | <u>4,379</u> |
| | <u>6,412</u> | <u>6,412</u> |
| | | |
| District Attorney Special Revenue Fund No.11180 | 58,399 | - |
| General Fund (Operating Account), Fund No. 16800 | <u>-</u> | <u>58,399</u> |
| | <u>58,399</u> | <u>58,399</u> |
| | \$ <u><u>64,811</u></u> | \$ <u><u>64,811</u></u> |

General Fund

General Fund (General Operating Account Fund #16800 - 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 through State General Fund appropriations.

General Fund (Computer Enhancement Account Fund #64500 - reverting)

The Computer System Enhancement General Fund Account (Fund #64500) was originally 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. The Computer Enhancement General Fund Account is funded through State General Fund appropriations. 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 and is an account of the AODA's General Fund.

Special Revenue Funds

Statewide Automated Victim Information Notification (SAVIN Enhancement) Special Revenue Fund #94600 - non-reverting

The Statewide Automated Victim Information Notification (SAVIN Enhancement) Fund used to account for funds authorized pursuant to 42 U.S.C. 10603(a) which ensures that victims of crime receive accurate and timely information regarding the status of offenders and events related to their cases. The enhancements anticipated include text messaging and the Spanish language VINE link to the SAVIN program for the State of New Mexico. Funding is through the U.S. Department of Justice on a reimbursement basis.

Statewide Automated Victim Information Notification Special Revenue Fund #10860 - non-reverting

The Statewide Automated Victim Information Notification Special Revenue Fund is used to account for funds authorized pursuant to 42 U.S.C. 10603(a) (BJA-SAVIN) which ensures that victims of crime receive accurate and timely information regarding the status of offenders and events related to their cases. Funding is through the U.S. Department of Justice on a reimbursement basis.

Southwest Border Prosecution Initiative Special Revenue Fund #91680 - non-reverting

The Southwest Border Prosecution Initiative Program (SWBPI) Special Revenue Fund is used to account for funds received from the US Department of Justice, Bureau of Justice Assistance, pursuant to Public Law 106-246, as amended by Public Law 106-554, authorizing the reimbursement of county and municipal governments in State of California, Texas, and the New Mexico state government, for specific categories of expenses associated with the handling and processing of federally initiated controlled substances cases along the Southwest Border with the prosecution of criminal cases declined by local U.S. Attorneys' offices. AODA submits reimbursement claims on behalf of the various NM district attorney's and funds flow through the AODA to the various district attorney's offices. While funds from the SWBPI federal payments may be used by applicant jurisdictions for any purpose not otherwise prohibited by federal law, using funds for the support and enhancement of prosecutorial and detention services is encouraged.

Stop Violence Against Women (VAWA) Grant Special Revenue Fund #10830 - non-reverting

The Stop Violence Against Women (VAWA) Grant Special Revenue Fund is used to account for Victims of Crime Act (VOCA) Victims Assistance Grant Program Funds, US Department of Justice, passed through the State of New Mexico, Crime Victims Reparation Commission. These funds do not revert to the State General Fund. VOCA is authorized by the Crime Victims Reparation Commission (CVRC) as authorized by the Victims of Crime Act of 1984.

Ed Byrne Memorial Justice Assistance Special Revenue Fund #10850 - non-reverting

The Ed Byrne Memorial Justice Assistance Special Revenue Fund is used to account for funds authorized pursuant to 42 U.S.C. 3751(a) of criminal justice funding to state and local jurisdictions to support a broad range of activities to prevent and control crime based on local needs and conditions. Funding is through the U.S. Department of Justice, through the State of New Mexico, Department of Public Safety on a reimbursement basis.

ARRA of 2009 Special Revenue Fund #89000 - non-reverting

The ARRA of 2009 Special Revenue Fund is used to account for funds authorized by the FY 09 Recovery Act (BJA-Rural Law Enforcement) Pub. L. No. 111-5,123 Stat. 115,130. The purpose of the grant is to combat crime and drugs and facilitating rural justice information system. Funding is through the U.S. Department of Justice and is on a reimbursement basis.

District Attorney Special Revenue Fund #11180 - non-reverting

The District Attorney Fund is used to account for funds authorized by Section 36-1-28 NMSA 1978 and is used for general operations. The District Attorney Fund is funded through worthless check and pre-prosecution fees (non-reverting revenue sources per Section 36-1-28, as indicated in note 1). This fund was started in FY2011. The revenue sources were previously accounted for in the General Operating Account, #16800.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2012

| | <u>Special Revenue Funds</u> | | | | Total Non-Major Governmental Funds |
|---|--------------------------------|---|-------------------------|------------------------------|---|
| | <u>(Fund 10830)</u> | <u>(Fund 10850)</u> | <u>(Fund 89000)</u> | <u>(Fund 94600)</u> | |
| | Stop VAWA Grant | Ed Byrne Memorial Justice Assistance | ARRA of 2009 | SAVIN Enhancement | |
| <u>Assets</u> | | | | | |
| Investment in the State Treasurer General | | | | | |
| Fund Investment Pool | \$ - | \$ - | \$ - | \$ - | \$ - |
| Due from other state agencies | - | - | 1,676 | - | 1,676 |
| Due from federal government (note 16) | 51,351 | 4,784 | 12,385 | 10,999 | 79,519 |
| Total assets | \$ 51,351 | \$ 4,784 | \$ 14,061 | \$ 10,999 | \$ 81,195 |
| <u>Liabilities and Fund Equity</u> | | | | | |
| Liabilities: | | | | | |
| Investment in the State Treasurer General | | | | | |
| Fund Investment Pool-deficit (note 3) | \$ 29,022 | \$ 405 | \$ 14,061 | \$ 9,684 | \$ 53,172 |
| Accounts payable | 20,296 | - | - | - | 20,296 |
| Payroll taxes payable | - | - | - | - | - |
| Payroll benefits payable | - | - | - | - | - |
| Accrued payroll payable | - | - | - | - | - |
| Due to other funds | 2,033 | 4,379 | - | - | 6,412 |
| Due to other state agencies | - | - | - | 1,315 | 1,315 |
| Total liabilities | 51,351 | 4,784 | 14,061 | 10,999 | 81,195 |
| Fund Equity: | | | | | |
| Unassigned | - | - | - | - | - |
| Total fund equity | - | - | - | - | - |
| Total liabilities and fund equity | \$ 51,351 | \$ 4,784 | \$ 14,061 | \$ 10,999 | \$ 81,195 |

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
Non-Major Governmental Funds
Year Ended June 30, 2012

| | <u>Special Revenue Funds</u> | | | | <u>Total Non-Major Governmental Funds</u> |
|--|--------------------------------|---|-------------------------|------------------------------|---|
| | <u>(Fund 10830)</u> | <u>(Fund 10850)</u> | <u>(Fund 89000)</u> | <u>(Fund 94600)</u> | |
| | <u>Stop VAWA Grant</u> | <u>Ed Byrne Memorial Justice Assistance</u> | <u>ARRA of 2009</u> | <u>SAVIN Enhancement</u> | |
| Revenues: | | | | | |
| Federal funds | \$ 58,176 | \$ 4,784 | \$ 224,792 | \$ 62,941 | \$ 350,693 |
| Total revenues | <u>58,176</u> | <u>4,784</u> | <u>224,792</u> | <u>62,941</u> | <u>350,693</u> |
| Expenditures: | | | | | |
| Judicial: | | | | | |
| Current: | | | | | |
| Personal services and employee benefits | - | - | 104,044 | 62,941 | 166,985 |
| Contractual services | 9,210 | - | 120,748 | - | 129,958 |
| Other costs | 48,966 | 4,784 | - | - | 53,750 |
| Total expenditures | <u>58,176</u> | <u>4,784</u> | <u>224,792</u> | <u>62,941</u> | <u>350,693</u> |
| Change in fund balance | - | - | - | - | - |
| Fund balance, beginning of year | - | - | - | - | - |
| Fund balance, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

INDIVIDUAL FUND BUDGET COMPARISON SCHEDULES

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Non-Major Governmental Funds
Combining of All Non-Major Special Funds
Schedule of Revenues and Expenditures
Budget and Actual (Budget Basis)
Year Ended June 30, 2012

| | <u>Original Approved Budget</u> | <u>Final Approved Budget</u> | <u>Actual Budget Basis</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|---|--------------------------------------|------------------------------------|---|
| Revenues: | | | | |
| Federal funds | \$ - | \$ 432,688 | \$ 350,693 | \$ (81,995) |
| Total revenues | - | 432,688 | <u>\$ 350,693</u> | <u>\$ (81,995)</u> |
| Cash balance re-budgeted | - | - | | |
| Total budgeted revenues | <u>\$ -</u> | <u>\$ 432,688</u> | | |
| Expenditures: | | | | |
| Current: | | | | |
| General government: | | | | |
| Personal services and employee benefits | \$ - | \$ 246,607 | \$ 166,985 | \$ 79,622 |
| Contractual services | - | 130,578 | 129,958 | 620 |
| Other | - | 55,503 | 53,750 | 1,753 |
| Total expenditures | <u>\$ -</u> | <u>\$ 432,688</u> | <u>\$ 350,693</u> | <u>\$ 81,995</u> |
| Reconciliation of GAAP basis to budget basis: | | | | |
| | | <u>Revenues</u> | <u>Expenditures</u> | |
| GAAP basis: | | \$ 350,693 | \$ 350,693 | |
| Adjustments: | | | | |
| None | | - | - | |
| Budget basis | | <u>\$ 350,693</u> | <u>\$ 350,693</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 2013 budget.

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

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Non-Major Governmental Funds
Stop VAWA Grant Special Revenue Fund (Fund 10830)
Schedule of Revenues and Expenditures
Budget and Actual (Budget Basis)
Year Ended June 30, 2012

| | <u>Original Approved Budget</u> | <u>Final Approved Budget</u> | <u>Actual Budget Basis</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|---|--------------------------------------|------------------------------------|---|
| Revenues: | | | | |
| Federal funds | \$ - | \$ 60,424 | \$ 58,176 | \$ (2,248) |
| Total revenues | - | 60,424 | <u>\$ 58,176</u> | <u>\$ (2,248)</u> |
| Cash balance re-budgeted | - | - | | |
| Total budgeted revenues | <u>\$ -</u> | <u>\$ 60,424</u> | | |
| Expenditures: | | | | |
| Current: | | | | |
| General government: | | | | |
| Personal services and employee benefits | \$ - | \$ - | \$ - | \$ - |
| Contractual services | - | 9,705 | 9,210 | 495 |
| Other | - | 50,719 | 48,966 | 1,753 |
| Total expenditures | <u>\$ -</u> | <u>\$ 60,424</u> | <u>\$ 58,176</u> | <u>\$ 2,248</u> |

| Reconciliation of GAAP basis to budget basis: | <u>Revenues</u> | <u>Expenditures</u> |
|--|------------------|---------------------|
| GAAP basis: | \$ 58,176 | \$ 58,176 |
| Adjustments: | | |
| None | - | - |
| Budget basis | <u>\$ 58,176</u> | <u>\$ 58,176</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 2013 budget.

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

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Non-Major Governmental Funds
Ed Byrne Memorial Justice Assistance Special Revenue Fund (Fund 10850)
Schedule of Revenues and Expenditures
Budget and Actual (Budget Basis)
Year Ended June 30, 2012

| | Original Approved Budget | Final Approved Budget | Actual Budget Basis | Variance Favorable (Unfavorable) |
|--|--------------------------------|-----------------------------|---------------------------|--|
| Revenues: | | | | |
| Federal funds | \$ - | \$ 4,784 | \$ 4,784 | \$ - |
| Total revenues | - | 4,784 | <u>\$ 4,784</u> | <u>\$ -</u> |
| Cash balance re-budgeted | - | - | | |
| Total budgeted revenues | <u>\$ -</u> | <u>\$ 4,784</u> | | |
| Expenditures: | | | | |
| Current: | | | | |
| General government: | | | | |
| Personal services and employee benefits | \$ - | \$ - | \$ - | \$ - |
| Contractual services | - | - | - | - |
| Other | - | 4,784 | 4,784 | - |
| Total expenditures | <u>\$ -</u> | <u>\$ 4,784</u> | <u>\$ 4,784</u> | <u>\$ -</u> |

| Reconciliation of GAAP basis to budget basis: | Revenues | Expenditures |
|--|-----------------|---------------------|
| GAAP basis: | \$ 4,784 | \$ 4,784 |
| Adjustments: | | |
| None | - | - |
| Budget basis | <u>\$ 4,784</u> | <u>\$ 4,784</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 2013 budget.

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

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Non-Major Governmental Funds
ARRA of 2009 Special Revenue Fund (Fund 89000)
Schedule of Revenues and Expenditures
Budget and Actual (Budget Basis)
Year Ended June 30, 2012

| | <u>Original Approved Budget</u> | <u>Final Approved Budget</u> | <u>Actual Budget Basis</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|---|--------------------------------------|------------------------------------|---|
| Revenues: | | | | |
| Federal funds | \$ - | \$ 302,773 | \$ 224,792 | \$ (77,981) |
| Total revenues | - | 302,773 | <u>\$ 224,792</u> | <u>\$ (77,981)</u> |
| Cash balance re-budgeted | - | - | | |
| Total budgeted revenues | <u>\$ -</u> | <u>\$ 302,773</u> | | |
| Expenditures: | | | | |
| Current: | | | | |
| General government: | | | | |
| Personal services and employee benefits | \$ - | \$ 181,900 | \$ 104,044 | \$ 77,856 |
| Contractual services | - | 120,873 | 120,748 | 125 |
| Other | - | - | - | - |
| Total expenditures | <u>\$ -</u> | <u>\$ 302,773</u> | <u>\$ 224,792</u> | <u>\$ 77,981</u> |
| Reconciliation of GAAP basis to budget basis: | | | | |
| | | <u>Revenues</u> | <u>Expenditures</u> | |
| GAAP basis: | | \$ 224,792 | \$ 224,792 | |
| Adjustments: | | | | |
| None | | - | - | |
| Budget basis | | <u>\$ 224,792</u> | <u>\$ 224,792</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 2013 budget.

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

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Non-Major Governmental Funds
SAVIN Enhancement Special Revenue Fund (Fund 94600)
Schedule of Revenues and Expenditures
Budget and Actual (Budget Basis)
Year Ended June 30, 2012

| | <u>Original Approved Budget</u> | <u>Final Approved Budget</u> | <u>Actual Budget Basis</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|---|--------------------------------------|------------------------------------|---|
| Revenues: | | | | |
| Federal funds | \$ - | \$ 64,707 | \$ 62,941 | \$ (1,766) |
| Total revenues | - | 64,707 | <u>\$ 62,941</u> | <u>\$ (1,766)</u> |
| Cash balance re-budgeted | - | - | | |
| Total budgeted revenues | <u>\$ -</u> | <u>\$ 64,707</u> | | |
| Expenditures: | | | | |
| Current: | | | | |
| General government: | | | | |
| Personal services and employee benefits | \$ - | \$ 64,707 | \$ 62,941 | \$ 1,766 |
| Contractual services | - | - | - | - |
| Other | - | - | - | - |
| Total expenditures | <u>\$ -</u> | <u>\$ 64,707</u> | <u>\$ 62,941</u> | <u>\$ 1,766</u> |
| Reconciliation of GAAP basis to budget basis: | | | | |
| | | <u>Revenues</u> | <u>Expenditures</u> | |
| GAAP basis: | | \$ 62,941 | \$ 62,941 | |
| Adjustments: | | | | |
| None | | - | - | |
| Budget basis | | <u>\$ 62,941</u> | <u>\$ 62,941</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 2013 budget.

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

SINGLE AUDIT INFORMATION

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Schedule of Expenditures of Federal Awards
For Year Ending June 30, 2012

| Federal Grantor/Pass Through Grantor/Program Title | | Federal Catalog of Domestic Assist. Number | Pass- Through Entity/Grant Identifying Number | Award Amount | Federal Expenditures | To Sub- recipients |
|---|-------|---|---|-----------------|-------------------------|--------------------------|
| U.S. Department of Justice: | | | | | | |
| Office of Justice Programs | | | | | | |
| Automated Victim Information and Notification Savin Automation Project | MAJOR | 16.740 | 2009-VN-CX-0013 | \$ 272,101 \$ | 215,850 \$ | - |
| Office of Justice Programs | | | | | | |
| ARRA of 2009 Recovery Act - Rural Law Enforcement to Combat Crimes and Drugs: Facilitating Rural Justice Information Sharing | MAJOR | 16.810 | 2009-SD-B9-0192 | 181,900 | 224,792 | - |
| Bureau of Justice Assistance | | | | | | |
| Southwest Border Prosecution Initiative - Direct flow-through | MAJOR | 16.755 | 2009BWBXO8803833 | 3,441,528 | 1,462,997 | 1,462,997 |
| Office of Justice Programs | | | | | | |
| Savin Enhancement Project | MAJOR | 16.740 | 2010-VN-CX-0013 | 157,186 | 62,941 | - |
| Bureau of Justice Assistance | | | | | | |
| NM Department of Public Safety Ed Byrne Memorial Justice Assistance JAG Program | | 16.738 | DPSJAG09AODA | 4,784 | 4,784 | - |
| Office of Justice Programs | | | | | | |
| NM Crime Victims Reparation Commission Stop Violence Against Women (VAWA) | | 16.588 | 2010-WF-AX0047 | 60,424 | 58,176 | - |
| Total U.S. Department of Justice | | | | | <u>2,029,540</u> | <u>1,462,997</u> |
| Total Expenditure of Federal Awards | | | | | <u>\$ 2,029,540</u> | <u>\$ 1,462,997</u> |

See accompanying notes to schedule of expenditures of federal awards.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012**

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of the Administrative Office of the District Attorneys (AODA) under programs of the federal government for the year ended June 30, 2012. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of AODA, it is not intended to and does not present the financial position, changes in assets, or cash flows of AODA.

2. Reconciliation of Schedule to Basic Financial Statements

| | |
|--|------------------------|
| Expenditures per schedule of expenditures of federal awards | \$2,029,540 |
| Less: None | <u> -</u> |
| Federal revenues per the fund financial statements (exhibit E) | <u>\$2,029,540</u> |

3. Summary of Significant Accounting Policies

- A. Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122 Principles for Non-profit Organizations, wherein types of expenditures are not allowable or are limited as to reimbursement.
- B. Pass-through entity identifying numbers are presented where available.

ROBERT J. RIVERA, CPA, PC

CERTIFIED PUBLIC ACCOUNTANTS
6 CALLE MEDICO, SUITE 4
SANTA FE, NEW MEXICO 87505-4761

(505) 983-6002

FAX (505) 983-6474

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

Henry R. Valdez, 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 aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, the combining and individual funds and related budgetary comparisons presented as supplemental information of the State of New Mexico, Administrative Office of the District Attorneys (AODA), a component unit of the State of New Mexico, as of and for the year ended June 30, 2012, and have issued our report thereon dated November 28, 2012. 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

Management of the State of New Mexico, Administrative Office of the District Attorneys is responsible for establishing and maintaining effective 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 the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses to be a material weaknesses (2010-1).



Compliance and Other Matters

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

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 28, 2012

ROBERT J. RIVERA, CPA, PC

CERTIFIED PUBLIC ACCOUNTANTS
6 CALLE MEDICO, SUITE 4
SANTA FE, NEW MEXICO 87505-4761

(505) 983-6002

FAX (505) 983-6474

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the State of New Mexico, Administrative Office of the District Attorneys (AODA) compliance with the types of compliance requirements described in the **U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement** that could have a direct and material effect on each of AODA's major federal programs for the year ended June 30, 2012. The AODA's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the AODA's management. Our responsibility is to express an opinion on the AODA's compliance based on our audit.

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

In our opinion, AODA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of AODA is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the AODA's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of the AODA's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the AODA's management, others within the AODA, the State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration, federal awarding agencies 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 28, 2012

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Schedule of Findings and Questioned Costs
(Single Audit-Federal Award Programs)
Year Ended June 30, 2012**

I. SUMMARY OF AUDIT RESULTS

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

| <u>CFDA Number</u> | <u>Name of Federal Program</u> |
|--------------------|---|
| | US Department of Justice |
| 16.740 | SAVIN Enhancement Project |
| 16.740 | Automated Victim Information and Notification |
| 16.755 | Southwest Border Prosecution Initiative Program |
| 16.810 | Recovery Act-Rural Law Enforcement (ARRA) |

8. The threshold for distinguishing between Type A and B programs was \$300,000
9. The Administrative Office of the District Attorneys **qualifies** as a low-risk auditee.

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

| | | | <u>Questioned Costs</u> |
|---------------------------------|--------|---|-----------------------------|
| US DEPARTMENT OF JUSTICE | | | |
| CFDA | 16.740 | SAVIN Enhancement Project | None |
| CFDA | 16.740 | Automated Victim Information and Notification | None |
| CFDA | 16.755 | Southwest Border Prosecution Initiative Program | None |
| CFDA | 16.810 | Recovery Act-Rural Law Enforcement (ARRA) | None |

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Schedule of Findings and Questioned Costs
(Single Audit-Federal Award Programs)
Year Ended June 30, 2012**

III. STATUS OF PRIOR AUDIT FINDINGS and QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS

None

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Schedule of Findings and Responses
(Pertaining to the Financial Statements)
Year Ended June 30, 2012**

I. PRIOR-YEAR AUDIT FINDINGS

a. Repeated in current-year

2010-1 Reconciliation of Accounting Records (SHARE) - (Material Weakness - Modified and Repeated)

b. Resolved and not included in current-year

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

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

2010-1 Finding Reconciliation of Accounting Records-General Ledger (SHARE) - (Material Weakness) (Repeated and Modified)

Condition

During the previous fiscal years (FY 2010 and FY 2011), the AODA did not monitor and properly reconcile all general ledger accounts throughout the year. As a result, numerous audit adjusting journal entries were required at year end. During the previous fiscal year(FY 2011), the AODA improved its monitoring and reconciliation process, but did not reconcile all general ledger accounts on a monthly basis throughout the year. As a result, numerous audit adjusting journal entries were required at year end.

During the current year (FY 2012), the AODA continued to improve its process for the review and reconciliation of the general ledger accounts, However, at year end, there were still some general ledger accounts which had not been adjusted by the AODA and had to be adjusted by the auditors. There were approximately 23 adjusting journal which had to be made by the auditors as a means of adjusting the general ledger accounts for June 30, 2011, and 29 adjusting journal entries June 30, 2012.

Criteria

In accordance with State Auditor Rule 2.2.2.8J(2), the AODA is responsible for maintaining a complete and accurate set of books and records that are properly adjusted and ready for audit. The DFA's Manual of Model Accounting Practices (MAPs), Volume 1, Chapter 8, Section 3.2 requires monthly reconciliation of all accounts. Individual accounts should be reconciled on a monthly basis and discrepancies should be investigated and corrected as soon as they are discovered. In addition, sound internal controls include procedures to ensure that financial closing and reporting are completed timely and lead to accurate financial reporting.

Cause

AODA accounting personnel are not continuously reviewing and reconciling all of the SHARE general ledger accounts. As a result, all necessary adjustments to the general ledger are not being made by accounting personnel of the AODA. Accounting personnel had previously identified accounts of concern, but lack of proper financial reporting, training and management oversight has allowed some of the general ledger accounts to be misstated. Some, but not all corrections and reconciliations to the accounts was performed by the AODA staff. The auditors assisted the AODA in making the

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
Schedule of Findings and Responses
(Pertaining to the Financial Statements)
Year Ended June 30, 2012**

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

2010-1 Finding Reconciliation of Accounting Records-General Ledger (SHARE) - (Material Weakness) (Repeated and Modified) - (Cont'd)

necessary adjustments to the general ledger at June 30, 2012. In addition, the DFA is not recording some of the auditor adjustments at year-end which relate to payroll tax liability, payroll benefits liability, and other liabilities accounts which would bring certain balance sheet accounts to their correct amount.

Effect

As a result of not reconciling all general ledger accounts on a timely basis, accurate financial reporting is lacking. Errors may not be prevented or discovered without proper, consistent and timely reconciliations and financial statement preparation. In addition, since certain SHARE system payroll tax and other liability accounts have not posted to the general ledger by the DFA,, the correct balances are not reflected in the general ledger. For audit report financial statement presentation, however, all of the auditors adjusting journal entries are reflected in the year-end financial statements.

Recommendation

We recommend that management review the current responsibilities and tasks of the AODA accounting staff. A complete understanding of the general ledger accounts reconciliation process is essential to those who are assigned this task. Employees involved in the general ledger reconciliation process tasks should be provided with cross training in multiple financial reporting areas. Account balances in the general ledger should be adjusted to reflect their accurate balances prior to preparing financial statements. In addition, we recommend that the AODA continue to work with the DFA in order to correct SHARE system payroll tax liability and other liability accounts balances.

Entity Response

As mentioned above, and with DFA's assistance, AODA did come up with a reconciliation process during FY10. One critical final step was missed in the close-out period that would have eliminated many of the adjustments. Many of the adjustments were in the Federal Grants. An attempt was made by AODA to correct these but was rejected by DFA when in fact the Auditor agreed that it was a legitimate correction. AODA is a teaching and training agency and is improving in the reporting and recording of its financial data. AODA went from having one fund to having eight funds, each with different funding sources, and is in the process of constantly improving its reconciliation process during this adjustment period. This Agency does not agree that it is not reviewing all accounts on a regular basis; in fact we have been doing so and have made many adjustments throughout the year and attempted to make additional adjustments at the end, which were rejected. AODA Financial staff does understand the responsibilities and processes and will continue to improve them. The DA CAFR unit has been very helpful and AODA will continue to work with them to correct it.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS
June 30, 2012**

Financial Statement Preparation

The financial statements were prepared by the independent certified public accountant performing the audit with the assistance of the AODA staff. 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 13, 2012, to discuss the audit. The following individuals were in attendance:

State of New Mexico - Administrative Office of the District Attorneys

Henry R. Valdez, Director
Filemon Gonzalez, Chief Financial Officer

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

Robert J. Rivera, CPA
William J. Valdes