

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT**

**Annual Financial Report
For the Year Ended June 30, 2010**

(With Independent Auditor's Report Thereon)

INTRODUCTORY SECTION

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT**

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FIRST JUDICIAL DISTRICT COURT**

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STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT

OFFICIAL ROSTER

June 30, 2010

Judges

Honorable Barbara J. Vigil	Division 1
Honorable Sarah M. Singleton	Division 2
Honorable Raymond Z. Ortiz	Division 3
Honorable Michael E. Vigil	Division 4
Honorable Sheri A. Raphaelson	Division 5
Honorable Stephen Pfeffer - Presiding Judge	Division 6
Honorable David K. Thomson	Division 7
Honorable Mary Marlowe Sommer	Division 8

Administrative Officials

Mr. Stephen Pacheco	Court Executive Officer
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FINANCIAL SECTION

ROBERT J. RIVERA, CPA, PC

CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT

Honorable Stephen Pfeffer, Presiding Judge
First Judicial District Court
Santa Fe, New Mexico
and
Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the State of New Mexico, First Judicial District Court (Court), a component unit of the State of New Mexico, as of and for the year ended June 30, 2010, which collectively comprise the State of New Mexico, First Judicial District Court's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the State of New Mexico, First Judicial District Court's non-major governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the State of New Mexico, First Judicial District Court'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 Court'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 to the financial statements, the financial statements of the State of New Mexico, First Judicial District Court are intended to present the financial position and changes in financial position of only that portion of the governmental activities, the major fund, and the budgetary comparison statement and aggregate remaining fund information of the State that is attributable to the transactions of the First Judicial District Court. They do not purport to, and do not present fairly the financial position of the State of New Mexico as of June 30, 2010, and the changes in its financial position and budgetary comparisons, for the year then ended in conformity with accounting principles generally accepted in the United States of America.



In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the State of New Mexico, First Judicial District Court, as of June 30, 2010, 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 above present fairly, in all material respects, the respective financial position of each non-major governmental fund of the State of New Mexico, First Judicial District Court as of June 30, 2010, and the respective changes in financial position thereof, and the respective budgetary comparisons 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 29, 2010, on our consideration of the State of New Mexico, First Judicial District Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with **Government Auditing Standards** and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Court's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The supplementary information listed as schedules in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Court. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented 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 29, 2010

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2010

The First Judicial District Court's "Management's Discussion and Analysis" is intended to provide an overview of the Court's activities and programs resulting in planning and expenditure of the annual budget. The Court's annual budget consists of several fund sources which include: (1) State General Fund appropriations, (2) court fees, (3) fund transfers from other state agencies, and (4) a federal Office of Justice program grant in support of the Court's Treatment Court.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of four parts: (1) Management's Discussion and Analysis, (2) the basic financial statements, (3) required supplementary information that presents schedules, and (4) other supporting reports. The basic financial statements include two types of statements that present a different view of the Court.

- The first two are government-wide financial statements that provide both long and short-term information about the Court's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Court. The governmental fund statements identify how the general government service was 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. In addition to these required items, we have included a section with supporting schedules. The remainder of this section explains the structure and content of each statement.

Government-Wide Statements

The enclosed government-wide statements provide information about the Court as a whole using accounting methods similar to those used by private sector entities. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

The Court has only one activity - Judicial Services - which is a governmental activity. The Court does not have any business-type activities or any component units.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2010**

Financial Analysis of the Court

Condensed financial information for the current year is as follows:

	<u>06/30/2010</u>	<u>06/30/2009</u>	<u>Increase (Decrease) Change</u>
Assets:			
Current assets	\$ 663,301	\$ 735,989	\$ (72,688)
Capital assets, net	148,222	148,769	(547)
Total assets	<u>811,523</u>	<u>884,758</u>	<u>(73,235)</u>
Liabilities:			
Current liabilities	681,290	791,498	(110,208)
Long-term liabilities	34,851	35,058	(207)
Total liabilities	<u>716,141</u>	<u>826,556</u>	<u>(110,415)</u>
Net assets:			
Invested in capital assets, net	148,222	148,769	(547)
Restricted	-	54,021	(54,021)
Unrestricted	(52,840)	(144,588)	91,748
Total net assets	<u>\$ 95,382</u>	<u>\$ 58,202</u>	<u>\$ 37,180</u>
Program revenues - court fees	\$ 321,889	\$ 318,356	\$ 3,533
Operating grants	462,198	412,542	49,656
Miscellaneous revenues	-	-	-
Total program revenue	<u>784,087</u>	<u>730,898</u>	<u>53,189</u>
General revenue and transfers:			
State appropriations, net	6,456,112	6,582,950	(126,838)
Other state funds	85,499	219,300	(133,801)
Capital assets transferred in	-	33,618	(33,618)
Total general revenue	<u>6,541,611</u>	<u>6,835,868</u>	<u>(294,257)</u>
Program expenses	7,288,032	7,512,163	(224,131)
Total expenses	<u>7,288,032</u>	<u>7,512,163</u>	<u>(224,131)</u>
Change in net assets	37,666	54,603	(16,937)
Beginning net assets, as adjusted	57,716	3,599	54,117
Ending net assets	<u>\$ 95,382</u>	<u>\$ 58,202</u>	<u>\$ 37,180</u>

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2010**

Overall Financial Position

During the audit year, the court received the traditional State General Fund appropriations to pay the operating expenses of the Court, and any unused balance in this account is reverted to the State General Fund after release of this audit report. Fiscal Year 2010 General Fund appropriations decreased by \$126,838 (net of reversion) over approved appropriations for Fiscal Year 2009. The increase in net assets of \$37,180 is principally because of the fact that the compensated absences payable has decreased by \$22,622, non-reverting fund balances have increased by \$15,105, and capital assets have decreased by (\$547).

Fund Financial Funds

The fund financial statements provide more detailed information about the Court's significant funds rather than the Court as a whole. "Funds" are accounting devices that the Court uses to keep track of specific sources of funding and expenditures for special purposes.

1. **General Fund** - All of the agency's core judicial services are reflected in the general fund and provide information to help the user determine whether there are more or fewer financial resources that are available to finance the Court's core programs.
2. **Mediation Fund** - Funds collected as docket fees on certain type of court cases and used by the Court to operate a domestic mediation program.
3. **Alternative Dispute Resolution (ADR) Fund** - Funds collected as a surcharge on certain type of cases and used by the Court to operate an Alternative dispute Resolution program.
4. **Child Support Hearing Enforcement Fund** - Funds transferred from the NM Human Services Department and used by the Court to operate a Child Support Enforcement program.
5. **Federal Grant Fund** - Funds provided as a Federal grant award from the Office of Justice Programs, U.S. Department of Justice and are used by the Court to provide a vocational/educational assistance to eligible clients of the Court's Adult Drug Court.
6. **Drug Court Program Fees** - Fees collected from adult drug court participants to offset client service costs of the drug court program.

Mediation revenue collected as docket fees was used to support the Court's ongoing Mediation Program. The level of revenue collection for this program remained stable in FY10 at approximately \$170,600. Alternative Dispute Resolution revenue is collected as a surcharge on certain case types. This revenue increased slightly in 2010 to approximately \$66,300. Child Support Hearing Enforcement revenue is received from the NM Human Services Department and increased to \$333,556 for the audit year. The Court did receive and expend grant funding from the Administrative Office of the Courts in support of a one-year grant awarded to support the Court's Adult Drug Court. The amount of this grant was \$40,000, which was split in half between the Juvenile and Adult Drug Court Programs. In addition, the Court's Treatment Court Program spent \$93,074 of federal grant funding which carried over from the previous year.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2010**

BUDGETARY HIGHLIGHTS

The First Judicial District Court processed budget adjustments during the fiscal year in an effort to better service the internal and external customers of the Court. The adjustments were necessary to reflect minor changes to court operations.

Capital Assets and Long-Term Debt

The Court purchased capital assets during the year totaling \$37,749. Depreciation expense was \$34,543 during the current year. Therefore, net capital assets increased by \$547. The long-term debt for compensated absences has changed from \$35,058 to \$34,851, or an insignificant decrease of \$207. The Court does not own any infrastructure assets.

To the best of our knowledge, the Court will continue to operate the same in the future. We are not aware of any facts, decisions or conditions that will have a significant effect on our financial position or results of operation in the future.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In September, 2010, the Court's FY11 General Fund budget was reduced by \$202,300 or approximately 3.25%. In order to manage the decrease in funding in Fiscal Year 2011, the Court will institute the following measures:

- Reduce Contractual Services funding for key court projects
- Cap the number of clients that programs, including Drug Courts and Mediation can serve
- Maintain open positions in vacant status
- Renegotiate lease contracts for copy machines
- Restrict purchasing of supplies

AGENCY HIGHLIGHTS

The First Judicial District Court operates under the New Mexico state statutes, Section 34-6-1, 34-6-3, 34-6-7, 34-6-17 through 34-6-46 NMSA, 1978 Compilation. The district court is a state court of general jurisdiction and is authorized to hear and determine all civil and criminal cases, which are not specifically exempted from its jurisdiction.

The First Judicial District Court (Agency 23100) is comprised of three counties: Santa Fe, Rio Arriba and Los Alamos. The District Court is authorized seven (7) district judges who have all during the annual report period been based in Santa Fe (Santa Fe County). Trials, hearings and other judicial activities are also conducted on a regular basis in Los Alamos (Los Alamos County) and Tierra Amarilla (Rio Arriba County). The First Judicial District Court covers 7,870 square miles of area in north central New Mexico. Since Santa Fe is the state capitol, all case filings involving state government are filed in Santa Fe. Another driver for case file trends in our Court is the location of a maximum-security prison within Santa Fe County.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2010**

AGENCY HIGHLIGHTS (Cont'd)

The current total caseload for the First Judicial District Court is over 10,000 new and reopened cases. The adjudication of this caseload is distributed among all seven presiding District Judges.

CONTACTS ON THE AGENCY'S FINANCIAL STATEMENTS

The First Judicial District Court financial report is designed to provide citizens, taxpayers, customers, legislators and creditors with general overview of the agency and to demonstrate the agency's accountability for the funds it receives. If there are any questions about this report or if additional information is needed, please contact:

**Mr. Stephen Pacheco, Court Executive Officer
First Judicial District Court
P. O. Box 2268
Santa Fe, NM 87504**

BASIC FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Statement of Net Assets
June 30, 2010**

	Governmental Activities
<u>Assets</u>	
Investment in the State Treasurer General Fund Investment Pool	\$ 570,873
Petty cash	750
Due from federal government	39,048
Due from other state agencies	52,630
Total current assets	663,301
Capital assets	345,852
Less accumulated depreciation	(197,630)
Total capital assets, net of depreciation	148,222
Total assets	811,523
<u>Liabilities and Net Assets</u>	
Liabilities:	
Accounts payable	71,956
Accrued payroll	151,543
Payroll taxes payable	57,373
Payroll benefits payable	100,779
Deferred revenue	76,179
Due to other state agencies	8,783
Due to State General Fund (see note 5)	15,588
Compensated absences payable:	
Due within one year	199,089
Due after one year	34,851
Total liabilities	716,141
Net Assets:	
Invested in capital assets	148,222
Restricted for program expenditures, subsequent years	180,350
Unrestricted (deficit) (note 15)	(233,190)
Total net assets	\$ 95,382

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

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Statement of Activities
For the Year Ended June 30, 2010**

	Governmental Activities
Expenses:	
Judicial:	
Administrative services	\$ 7,253,489
Depreciation expense	34,543
Total expenses	7,288,032
Program revenues:	
Charges for services - court fees	321,889
Operating grants	462,198
Miscellaneous revenues	-
Total program revenue	784,087
Net program expenses	(6,503,945)
General revenue and transfers:	
Transfers:	
General fund appropriation	6,471,700
Reversion to State General Fund - FY2010	(15,588)
Other state funds	85,499
Total general revenue and transfers	6,541,611
Change in net assets	37,666
Net assets, beginning, as reported	58,202
Restatements:	
Prior-period adjustments (note 17)	(486)
Net assets, beginning, as restated	57,716
Net assets, ending	\$ 95,382

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

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Balance Sheet
Governmental Funds
June 30, 2010**

	<u>Major Funds</u>					
	<u>Fund 14100</u>		<u>Fund 91700</u>	<u>(Stmt. 4)</u>		<u>Total</u>
	<u>and</u>		<u>Mediation</u>	<u>Other</u>		<u>Governmental</u>
	<u>Fund 91800</u>		<u>Spec. Rev.</u>	<u>Governmental</u>	<u>Eliminations</u>	<u>Funds</u>
	<u>General</u>		<u>Fund</u>	<u>Funds</u>		
	<u>Fund</u>		<u>Fund</u>	<u>Funds</u>		<u>Funds</u>
Assets						
Investment in the State Treasurer						
General Fund Investment Pool	\$ 369,543	\$ 152,002	\$ 49,328	\$ -	\$ -	\$ 570,873
Petty cash	750	-	-	-	-	750
Due from other funds	617	-	-	(617)	-	-
Due from federal government	39,048	-	-	-	-	39,048
Due from other state agencies	52,630	-	-	-	-	52,630
	<u>462,588</u>	<u>152,002</u>	<u>49,328</u>	<u>(617)</u>	<u>-</u>	<u>663,301</u>
Total assets	\$ <u>462,588</u>	\$ <u>152,002</u>	\$ <u>49,328</u>	\$ <u>(617)</u>	\$ <u>-</u>	\$ <u>663,301</u>
Liabilities and Fund Balance						
Liabilities:						
Accounts payable	\$ 68,814	\$ 2,783	\$ 359	-	-	\$ 71,956
Accrued payroll	147,261	3,043	1,239	-	-	151,543
Payroll taxes payable	56,015	1,054	304	-	-	57,373
Payroll benefits payable	97,981	2,309	489	-	-	100,779
Deferred revenue	76,179	-	-	-	-	76,179
Due to other funds	-	482	135	(617)	-	-
Due to other state agencies	-	729	8,054	-	-	8,783
Due to State General Fund	15,588	-	-	-	-	15,588
	<u>461,838</u>	<u>10,400</u>	<u>10,580</u>	<u>(617)</u>	<u>-</u>	<u>482,201</u>
Total liabilities	461,838	10,400	10,580	(617)	-	482,201
Fund Balance:						
Reserved for:						
Petty cash	750	-	-	-	-	750
Program expenditures in subsequent year	-	141,602	38,748	-	-	180,350
	<u>750</u>	<u>141,602</u>	<u>38,748</u>	<u>-</u>	<u>-</u>	<u>181,100</u>
Total fund balance	750	141,602	38,748	-	-	181,100
Total liabilities and fund balance	\$ <u>462,588</u>	\$ <u>152,002</u>	\$ <u>49,328</u>	<u>(617)</u>	<u>-</u>	\$ <u>663,301</u>

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

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
June 30, 2010

Total fund balance for the governmental funds (Balance Sheet)		
Exhibit C	\$	181,100

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of the following:

Capital assets	\$	345,852
Accumulated depreciation		<u>(197,630)</u>
 Total capital assets		 148,222

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of the following:

Compensated absences		<u>(233,940)</u>
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Net assets of governmental activities (statement of net assets)		
Exhibit A	\$	<u><u>95,382</u></u>

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

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>Fund 14100 and Fund 91800 General Fund</u>	<u>Fund 91700 Mediation Spec. Rev. Fund</u>	<u>(Stmt. 5) Other Governmental Funds</u>	
Revenues:				
Federal grants - operating	\$ 462,198	\$ -	\$ -	\$ 462,198
Charges for services - court fees	80,435	170,364	71,090	321,889
Miscellaneous revenue	-	-	-	-
Total revenues	<u>542,633</u>	<u>170,364</u>	<u>71,090</u>	<u>784,087</u>
Expenditures:				
Judicial:				
Current:				
Administrative services	7,046,434	131,024	41,304	7,218,762
Capital outlay	95,098	-	-	95,098
Total expenditures	<u>7,141,532</u>	<u>131,024</u>	<u>41,304</u>	<u>7,313,860</u>
Excess (deficiency) of revenues over expenditures	<u>(6,598,899)</u>	<u>39,340</u>	<u>29,786</u>	<u>(6,529,773)</u>
Other financing sources (uses):				
Transfers in:				
State appropriation	6,471,700	-	-	6,471,700
Other state funds	85,499	-	-	85,499
Transfers out:				
Reversions to State General Fund 2010	<u>(15,588)</u>	<u>-</u>	<u>-</u>	<u>(15,588)</u>
Total other financing sources (uses)	<u>6,541,611</u>	<u>-</u>	<u>-</u>	<u>6,541,611</u>
Net change in fund balance	<u>(57,288)</u>	<u>39,340</u>	<u>29,786</u>	<u>11,838</u>
Fund balance, beginning of year, as reported	54,771	102,262	8,962	165,995
Restatements:				
Prior-period adjustments (note 17)	<u>3,267</u>	<u>-</u>	<u>-</u>	<u>3,267</u>
Fund balance, beginning of year, as restated	<u>58,038</u>	<u>102,262</u>	<u>8,962</u>	<u>169,262</u>
Fund balance, end of year	<u>\$ 750</u>	<u>\$ 141,602</u>	<u>\$ 38,748</u>	<u>\$ 181,100</u>

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

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances to the Statement of Activities
Governmental Funds
For the Year Ended June 30, 2010**

Net change in fund balance - Governmental Funds (statement of revenues, expenditures and changes in fund balance) Exhibit E	\$	11,838
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period these amounts are:

Capital outlay	\$	37,749	
Depreciation expense		(34,543)	
Excess of depreciation over capital outlay expense		3,206	3,206

Expenses recognized in the statement of activities, not reported in governmental funds:

Decrease in compensated absences		22,622
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Change in net assets of governmental activities (Statement of Activities) Exhibit B	\$	37,666
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The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Statement of Revenues and Expenditures
Budget and Actual (Budgetary Basis)
Major Governmental Funds
General Fund - All Accounts
For the Year Ended June 30, 2010

	<u>General Fund - All Accounts (From Statement 3, pg. 3 of 3)</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State appropriations	\$ 6,566,700	\$ 6,471,700	\$ 6,471,700	\$ -
Intra-state - federal	510,277	510,277	507,599	(2,678)
Other financing sources-state funds	90,000	90,000	85,499	(4,501)
Charges for services - court fees	75,000	75,000	80,435	5,435
Miscellaneous revenue	-	-	-	-
Total revenues	<u>7,241,977</u>	<u>7,146,977</u>	<u>\$ 7,145,233</u>	<u>\$ (1,744)</u>
Cash balance appropriated	-	54,021		
Total budgeted resources	<u>\$ 7,241,977</u>	<u>\$ 7,200,998</u>		
Expenditures:				
Administrative services:				
Personal services and benefits	\$ 5,972,200	\$ 5,979,450	\$ 5,969,981	\$ 9,469
Contractual services	583,210	573,210	562,328	10,882
Other costs	686,567	648,338	610,751	37,587
Total expenditures	<u>\$ 7,241,977</u>	<u>\$ 7,200,998</u>	<u>\$ 7,143,060</u>	<u>\$ 57,938</u>
Reconciliation of GAAP basis to budgetary basis:				
GAAP basis		<u>\$ 7,099,832</u>	<u>\$ 7,143,060</u>	
Adjustments: Deferred revenue		45,401	-	
Budget basis		<u>\$ 7,145,233</u>	<u>\$ 7,143,060</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 2011 budget.

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

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Statement of Revenues and Expenditures
Budget and Actual (Budgetary Basis)
Major Governmental Funds
Court Mediation Special Revenue Fund (Fund 91700)
For the Year Ended June 30, 2010

<u>Court Mediation Special Revenue Fund (Fund 91700)</u>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Charges for services - court fees	\$ 278,800	\$ 278,800	\$ 170,364	\$ (108,436)
Total revenues	278,800	278,800	\$ 170,364	\$ (108,436)
Cash balance appropriated	-	-		
Total budgeted resources	\$ 278,800	\$ 278,800		
Expenditures:				
Administrative services:				
Personal services and benefits	\$ 136,900	\$ 136,900	\$ 103,352	\$ 33,548
Contractual services	51,800	51,800	9,196	42,604
Other costs	90,100	90,100	18,476	71,624
Total expenditures	\$ 278,800	\$ 278,800	\$ 131,024	\$ 147,776
Reconciliation of GAAP basis to budgetary basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 170,364	\$ 131,024	
Adjustments: None		-	-	
Budget basis		\$ 170,364	\$ 131,024	

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 2011 budget.

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

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2010**

	<u>Agency Funds</u>
<u>Assets</u>	
Cash and cash equivalents	\$ <u>2,809,915</u>
Total assets	<u>2,809,915</u>
<u>Liabilities</u>	
Due to external parties	<u>2,809,915</u>
Total liabilities	<u>2,809,915</u>
Total net assets	\$ <u><u>-</u></u>

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

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2010**

1. Summary of Significant Accounting Policies

Financial Reporting Entity

The First Judicial District Court operates under Section 34-6-1, 34-6-2, 34-6-4 and 34-6-17 through 34-6-46, NMSA 1978 Compilation. The First Judicial District Court covers Santa Fe, Rio Arriba and Los Alamos Counties. The District Court is the State Court of general jurisdiction and is authorized to hear and determine all civil and criminal cases which are not specifically exempted from its jurisdiction. Financing of the court is by state appropriation.

The financial reporting entity as defined by GASB Statement 14 consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. This definition of the reporting entity is based primarily on the notion of financial accountability as the "cornerstone of all financial reporting in government."

The First Judicial District Court is a component unit of the Judicial Branch and these financial statements include all funds and activities over which the Court has oversight responsibility. The court is part of the primary government of the State of New Mexico and its financial data should be included with the financial data of the state. However, New Mexico does not at present issue an audited Comprehensive Annual Financial Report inclusive of all agencies of the primary government. The District Court has decision-making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters. The Court has no component units that are required to be reported in its financial statements.

The accounting policies of the First Judicial District Court conform to generally accepted accounting principles (GAAP) as applicable to governments. The financial statements of the First Judicial District Court have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles 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. They are applied to the government-wide financial statements. A summary of the Court's significant accounting policies follows:

A. Basis of Accounting - GASB Statement No. 34

The basic financial statements include both government-wide and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as governmental activities.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2010**

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

B. Basis of Presentation - Fund Accounting

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Court, the primary government, as a whole, without displaying individual funds or fund types. Generally, these statements distinguish between activities that are governmental and those that are considered business-type activities. The Court has no business-type activities, therefore these statements only reflect governmental activities. Government-wide financial statements exclude information about fiduciary funds and component units that are fiduciary in nature.

The government-wide statements are prepared using the "economic resources" measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. 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. Appropriations are recorded when received and grants revenue is recorded when all applicable eligibility or reimbursement requirements are met.

Fund Financial Statements

The governmental fund financial statements are presented on a current financial resources measurement focus and on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days in order to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

The presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the Courts actual experience confirms to the budget of fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund statement, which briefly explains the adjustment necessary to transform the fund based financial statements into the government-wide presentation.

The Court's fiduciary fund (agency funds) is presented in the fund financial statements. The agency fund is presented on the accrual basis of accounting. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated in the government-wide financial statements.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2010**

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

B. Basis of Presentation - Fund Accounting (Cont'd)

Fund Financial Statements (Cont'd)

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Court first uses restricted resources, then unrestricted resources.

The accounts of the Court are organized on a fund basis, 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 equity, revenues and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which spending activities are controlled. The following fund types are used by the Court.

Governmental Funds

General Fund

General Fund (Court Regular Account) - The General Fund is the general operating fund of the District Court. It is used to account for all financial resources except those required to be accounted for in another fund. Unless any state general fund appropriations are designated for expenditure in subsequent fiscal years, any unexpended balance remaining in the General Fund at the end of the fiscal year reverts to the General Fund of the State of New Mexico. The fund number and description of the General Fund of the Court is #14100 - Court Regular.

General Fund (Hearing Officer) - The Child Support Enforcement Hearing Officer Fund is a component of the General fund. It was created through a contract with the Human Services Department. Unused funds are to be refunded to the Human Services Department at program termination. The fund number is #91800.

Special Revenue Funds - Special Revenue Funds account for revenues sources that are legally restricted to expenditures for specific purposes. No expenditures can be made from special revenue funds for operations of the Court.

Court Mediation Special Revenue Fund - The Court has established a domestic relations mediation program pursuant to Section 5 (40-12-5, NMSA 1978 Comp.) of the Domestic Relations Mediations Act. Deposits to this fund shall include payments made through the imposition of a sliding fee scale and the collection of a surcharge provided for in the Domestic Relations Mediation Act. The fund is non-reverting. The fund number of the Mediation Fund is #91700. This fund is a major fund.

Alternative Dispute Resolution Special Revenue Fund - The Court has established an Alternative Dispute Resolution Fund pursuant to Section 34-6-45 NMSA 1978. The fund obtains its resources from the imposition of a \$15 fee on all new and reopened civil cases. The fund is non-reverting. The fund number is #87800.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2010**

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

B. Basis of Presentation - Fund Accounting (Cont'd)

Governmental Funds (Cont'd)

Drug Court Special Revenue Fund - Accounts for Federal funds received under Title V of the Violent Control and Law Enforcement Act of 1994 and transfers from the Human Services Department as payment for the Juvenile Drug Court operation by the Court. The fund number is #01600. This fund is a non-major fund that is non-reverting.

Drug Court Fees Special Revenue Fund - The Court collects a drug court fee pursuant to Section 34-6-47 NMSA 1978. Money in the fund is administered to offset client service costs of the drug court program, consistent with standards approved by the Supreme Court. The fund number is #51600. The fees do not revert to the State General Fund.

Fiduciary Funds

Agency Funds - Agency Funds are used to account for assets held by the Court in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency fund is used to collect and distribute court fees assessed per state statute.

C. Assets, Liabilities and Equity

Cash and Investments

The Court's cash and cash equivalents are in the State Treasurer's General Fund Investment Pool. The Court's Agency Funds are in demand deposits and the State Treasurer's Local Government Investment Pool.

Capital Assets

In the government-wide financial statements, property, plant and equipment is accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated assets which are recorded at their estimated fair value at the date of donation. New Mexico Laws of 2005, Chapter 237, Section 1 changed the capitalization threshold for movable chattel and equipment from items costing more than \$1,000 to \$5,000. Under this new law, items in the capital asset inventory that do not meet the new capitalization threshold continue to be depreciated in future periods until they are fully depreciated. Any software acquired is also included in capital assets and depreciated.

Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2010**

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

C. Assets, Liabilities and Equity (Cont'd)

Capital Assets (Cont'd)

Furniture and Fixtures	10	years
Equipment and Machinery	5-10	years
Data Processing	3	years
Library	5	years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Long-Term Liabilities

Compensated Absences

The Court's policies regarding annual leave permits employees to accumulate earned but unused annual leave. The liability for these compensated absences is recorded as current and non-current liabilities in the government-wide statements.

Equity

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

1. *Invested in capital assets, net of related debt*, consists of capital assets net of accumulated depreciation and reduced by any outstanding debt. The Court has no outstanding debt relating to capital assets.
2. *Restricted net assets*, consists of net assets with constraints placed on their use by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. (See note 16)
3. *Unrestricted net assets* are all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt". The unrestricted deficit of \$233,190 is due primarily to accrued compensated absences that have not been funded.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2010**

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

D. Budgets and Budgetary Accounting

The First Judicial District Court follows these procedures in establishing the budget data reflected in the financial statements:

1. No later than September 1, the First Judicial District Court submits to the Judicial Budget Office (JBO), the Legislative Finance Committee (LFC) and the Department of Finance and Administration an appropriation request for the fiscal year commencing the following July. The appropriation includes proposed expenditures and the means of financing them.
2. Appropriation request hearings are scheduled by the JBO. Recommendations are made by the JBO to the Supreme Court for their approval. The Supreme Court approved appropriation request is then submitted to the Legislature as the Supreme Court's recommended appropriation request for the First District.
3. Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committees. The final outcome of these hearings is incorporated into the General Appropriations Act.
4. The Act is signed into law by the Governor of the State of New Mexico within the legally prescribed time limit.
5. The First Judicial District Court submits, no later than May 1, to DFA an annual operating budget by category and line item based upon the appropriations made by the Legislature. The DFA - Budget Division reviews and approves the operating budget which becomes effective in July. All subsequent budget adjustments must be approved by the JBO and the director of the DFA - Budget Division. The current year budget was revised in a legal manner.
6. Legal budget control for expenditures is by appropriation unit and formal budgetary integration is employed as a management control device during the fiscal year for the Governmental Funds.
7. The budget for the General Fund and special revenue funds are adopted on a modified accrual basis of accounting. The modified accrual basis of accounting for governmental funds is the budgetary basis of accounting for the State of NM. Per the General Appropriations Act, Chapter 124, Laws 2009, Section 3, Paragraph N, the budgetary basis is modified accrual. However, there is statutory exception. The budget is adopted on the modified accrual basis of accounting except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline per Section 6-10-4 NMSA 1978. Those accounts payable require approval to pay prior year bills out of the FY 2010 budget. At June 30, 2010, there were none.
8. Appropriations lapse at the end of the fiscal year unless specifically reappropriated by the legislature.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2010**

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

E. Compensated Absences Payable

Vacation and sick leave earned and not taken is cumulative; however, upon termination of employment, sick pay for such leave hours accumulated up to 600 hours is forfeited, and vacation pay is limited to payment of 240 hours. Vacation leave up to the maximum of 240 hours is payable upon separation from service at the employee's current hourly rate. Sick leave is payable semiannually to qualified employees for hours accumulated above 600 hours at a rate equal to 50 percent of their hourly rate, not to exceed 120 hours each semi-annual period. Upon retirement, payment for sick leave is limited to 400 hours accumulated above 600 hours at a rate equal to 50 percent of their hourly rate, not to exceed 120 hours each semi-annual period. Upon retirement, payment for sick leave is limited to 400 hours accumulated in excess of 600 hours at the 50 percent hourly rate. Accrued vacation and sick leave pay are recorded as a liability and as an increase or decrease in expenses in the Government-Wide financial statements.

Qualified employees accumulate annual leave as follows:

<u>Years of Service</u>	<u>Hours Earned Per Pay Period</u>
1 pay period - 3 years	4.62
Over 3 - 7 years	5.54
Over 7 - 14 years	6.46
Over 14 years - beyond	7.39

The maximum accrued annual leave may be carried forward into the beginning of the next calendar year and any excess is lost.

In addition, the First District Court allows FLSA non-exempt employees to accumulate compensatory leave in certain approved circumstances. Compensatory leave may be carried forward into the next calendar year and any unused portion is paid at termination to non-exempt employees under the Federal Labor Standards Act.

Court General Fund resources have been used to liquidate accrued compensated absences in the past.

F. Use of Estimate

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

G. Inter-fund Activity

Inter-fund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements. At June 30, 2010, the Mediation Special Revenue Fund (Fund 91700) owed the General Fund \$482

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2010**

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

G. Inter-fund Activity (Cont'd)

resulting from a deposit error, and the Alternative Dispute Resolution Special Revenue Fund (Fund 87800) owed the General Fund (Fund 14100) \$135 resulting from a deposit error which was duplicated.

H. Program Revenues

Program revenues include federal and state grants, charges for tapes and copies of court proceedings and court fees collected per statute designated for court operations.

2. Collateral Pledged by Financial Institutions

Section 6-10-17, NMSA 1978 compilation requires that banks or savings and loans provide additional collateral on funds held that exceed the FDIC insurance limit. These excess funds are required to be fifty percent collateralized. The collateralization of the Court's bank accounts is monitored by the State Treasurer's Office. The State Treasurer issues separate financial statements which disclose the collateral pledged to secure these deposits.

3. Cash in Banks and Investment in the State Treasurer General Fund Investment Pool

Cash and cash equivalents at year end are classified as follows:

	<u>Bank Balance</u>	<u>Book Balance</u>
Governmental Funds:		
Investment in the State Treasurer General Fund Investment Pool	\$ 570,873	\$ 570,873
Agency Funds:		
Investment in the State Treasurer Local Government Investment Pool (LGIP)	256,223	256,223
Cash in Bank:		
Wells Fargo Bank	2,551,439	2,509,668
Community Bank	44,624	44,024
Total agency funds	<u>2,852,286</u>	<u>2,809,915</u>
Total cash in bank	3,423,159	<u>\$ 3,380,788</u>
Less FDIC or NCUSIF coverage	<u>(500,000)</u>	
Total uninsured public funds	2,923,159	
50% collateral requirements (Sec. 6-10-17, NMSA 1978)	<u>(1,461,580)</u>	
Pledged Security	*	

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2010**

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

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

*Detail of pledged collateral for the \$2,923,159 is not available because the banks commingle pledged collateral for all state funds they hold. These banks provide proof of collateral sufficient to cover all state funds deposited to the State Treasurer. (See Schedule 3.)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure the Court's deposits may not be returned. The Court's policy with regard to custodial credit risk is to adhere to the statutes of the State of New Mexico, Sections 6-10-15 through 6-10-21. As of June 30, 2010, \$2,923,159 of the Court's bank balances totaling \$3,423,159 was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank not in the name of the Court or the State of New Mexico	\$2,923,159
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New MexiGROW LGIP

The District Court invests a portion of litigant funds as imposed by the Court in District Courts Agency Funds. These funds are invested in the State Treasurer's New MexiGROW Local Government Investment Pool (LGIP), a government investment pool which is rated AAAm by Standards and Poors.

The following disclosure is provided for the Courts investment in the New MexiGROW LGIP:

<u>June 30, 2010</u>	<u>Rating</u>	<u>Account Balance</u>	<u>Credit Risk</u>	<u>Weighted Avg. Maturity (WAM)</u>
New MexiGROW LGIP	AAAm	\$256,223	AAAm	50 days

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2010**

4. Capital Assets - Governmental Activities

<u>Cost</u>	<u>Audit Balance 06/30/2009</u>	<u>Adj.'s</u>	<u>Adjusted Balance 06/30/2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/2010</u>
Furniture and fixtures	\$ 92,062	\$ -	\$ 92,062	\$ -	\$ -	\$ 92,062
Equipment and machinery	98,146	-	98,146	24,785	-	122,931
Data processing	52,817	-	52,817	12,964	-	65,781
Vehicles	35,104	-	35,104	-	-	35,104
Library	29,974	-	29,974	-	-	29,974
Total capital assets	308,103	-	308,103	37,749	-	345,852
Accumulated Depreciation						
Furniture and fixtures	(55,041)	-	(55,041)	(7,029)	-	(62,070)
Equipment and machinery	(32,976)	-	(32,976)	(11,751)	-	(44,727)
Data processing	(39,003)	(3,753)	(42,756)	(8,742)	-	(51,498)
Vehicles	(2,340)	-	(2,340)	(7,021)	-	(9,361)
Library	(29,974)	-	(29,974)	-	-	(29,974)
Total accumulated depreciation	(159,334)	(3,753)	(163,087)	(34,543)	-	(197,630)
Net capital assets	\$ 148,769	\$ (3,753)	\$ 145,016	\$ 3,206	\$ -	\$ 148,222

Current year depreciation expense of \$34,543 was charged to the judicial expenditure function in the Statement of Activities.

5. Due to State General Fund

The Due to State General Fund of \$15,588 in the Statement of Net Assets consists of FY2010 and FY2009 reversions that will be remitted to the state general fund during fiscal year ending June 30, 2011.

Due to State General Fund - Court Regular - General Fund 14100

Cash Balance, June 30, 2010	\$ 308,402
Add:	
Due from other funds (Mediation Fund 91700)	\$ 482
Due from other funds (Alternative Dispute Fund 87800)	135
Due from other state agencies, payroll tax and payroll benefit liability errors	3,245
Due from other state agencies, Drug Court Grant (AOC)	21,269
Due from federal government, Bureau of Justice Grant	39,048
	<u>64,179</u>
Amount available (all state cash)	372,581
Less:	
Accounts payable, 6/30/2010	(68,260.00)
Accrued payroll, 6/30/2010	(140,815.00)
Payroll taxes payable, 6/30/2010	(53,498.00)
Payroll benefits payable, 6/30/2010	(94,420.00)
	<u>(356,993)</u>
Due To State General Fund, June 30, 2010	\$ <u>15,588</u>
FY 2010	\$ <u>15,588</u>

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2010**

6. Due To/Due From Other State Agencies

	<u>Purpose</u>	<u>Due From</u>	<u>Due To</u>
<u>Fund 14100 - Court Regular - General Fund</u> Department of Finance and Administration	Payroll tax and payroll benefit liability errors-SHARE	24,514	-
<u>Fund 91800 - Hearing Officer - General Fund</u> Department of Finance and Administration	Payroll tax and payroll benefit liability errors-SHARE	320	-
NM Department of Human Services	Contract-accrual of June 2010 allocation	27,796	
		<u>28,116</u>	
<u>Fund 91700 - Mediation Fund</u> Department of Finance and Administration	Payroll tax and payroll benefit liability errors-SHARE	-	729
<u>Fund 87800 - Dispute Resolution Fund</u> Department of Finance and Administration	Payroll tax and payroll benefit liability errors-SHARE	-	8,054
		<u>\$ 52,630</u>	<u>\$ 8,783</u>

7. Due from Federal Government

The amount of \$39,048 is due from the federal government at June 30, 2010 in the Court Regular Account Fund 14100, for a grant from the Department of Justice, Office of Justice Programs, Bureau of Justice Assistance. The purpose of the grant is to support the District's Treatment Court. The grant award was for \$178,870 for the period from October 1, 2008 to September 30, 2009. Cumulative expenditures through June 30, 2010 were \$160,340.

8. Compensated Absences

The following is a summary of changes in compensated absences:

	<u>Balance</u> <u>06/30/2009</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Balance</u> <u>06/30/2010</u>
Amount Due Within One Year				
Compensated Absences Payable	\$ 221,504	\$ 266,591	\$ (289,006)	\$ 199,089
Long-Term				
Compensated Absences Payable	35,058	42,547	(42,754)	34,851
Total				
Compensated Absences Payable	<u>\$ 256,562</u>	<u>\$ 309,138</u>	<u>\$ (331,760)</u>	<u>\$ 233,940</u>

The General Fund is used to liquidate compensated absences.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2010**

9. Operating Leases

The First Judicial District Court has various leases for photocopy and other machines which can be terminated, with no penalty to the Court, if the NM State Legislature does not appropriate funds to the Court. Therefore, no long-term lease commitments exist which require disclosure. Total lease and rent of equipment payments for 2010 were \$68,751.

10. PERA Retirement Plan

Substantially all of the First Judicial District Court'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% of their gross salary. The First Judicial District Court is required to contribute 15.09% of the gross covered salary. The contribution requirements of plan members and the Court's are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The First Judicial District Court's employer contributions to PERA for the years ending June 30, 2010, 2009, and 2008 were \$554,927, \$632,278, and \$613,690, respectively, equal to the amount of the required contributions for each year.

11. JRA Retirement Plan

Substantially all of the First Judicial District Court's Judges or Justices participate in a public employee retirement system authorized under the Judicial Retirement Act. The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, 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. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 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 9.0 percent of their gross salary. The First Judicial District Court is required to contribute 10.5 percent of the gross covered salary. The First Judicial District Court's contributions to JRA for the years ending June 30, 2010, 2009, and 2008 were \$94,389, \$90,580, and \$91,975, respectively, equal to the amount of the required contributions for each year.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2010**

11. JRA Retirement Plan (Cont'd)

In addition to the above, the Court remits \$38 of each filing fee collected by the Court into the Judicial Retirement Act plan as required by Section 10-12b-11, NMSA 1978. These fees are remitted directly to PERA and are not included within the accompanying financial statements. The Court remitted \$226,666 in filing fees for the year ending June 30, 2010.

12. Deferred Compensation

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

There are employees that are making contributions to a Deferred Compensation Plan. Neither the First Judicial District Court nor the State of New Mexico make any contributions to the Deferred Compensation Plan. All contributions withheld from participants by the First Judicial District Court have been paid to the New Mexico Public Employee's Retirement Association, which administers the plan.

13. Post Employment Benefits - State Retiree Health Care Plan

Plan Description. The First Judicial District Court 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.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2010**

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

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, 2010, the statute required each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee was required to contribute .65% of their salary. In the fiscal years ending June 30, 2011 through 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>
FY11	1.666%	.833%
FY12	1.834%	.917%
FY13	2.000%	1.000%

For employees who are members of an enhanced retirement plan (state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4 and 5; municipal fire member coverage plan 3, 4 and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act [10-12B-1 NMSA 1978]) the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY11	2.084%	1.042%
FY12	2.292%	1.146%
FY13	2.500%	1.250%

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.

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.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2010**

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

The First Judicial District Court's contributions (employer and employee) to the RHCA for the years ended June 30, 2010, 2009, and 2008, were \$86,921, \$85,739, and \$83,766, respectively, which equal the required contributions for each year.

14. Risk of Loss

The Court obtains coverage through the 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 Court are covered by a blanket fidelity bond with a \$5,000,000 coverage limit with a \$1,000 deductive per occurrence by the State of New Mexico for the period July 1, 2009 through June 30, 2010.

15. Deficit Net Assets

GASB #34 requires capitalized assets, net of accumulated depreciation, and the inclusion of long-term debt resulting in an unrestricted net asset deficit of (\$233,190). This deficit is created by compensated absence liabilities which will be paid from subsequent years State General Fund Appropriations.

16. Special and Other Specific Appropriations

Fund/ Fund No.	Appropriation Laws	Amount	Appropri- ation Period	Expenditures to Date	Unexpended Balance
Court Regular 14100	Laws 2006, Ch. 111, Rio Arriba furniture and equipment (Statement 11 - Dept. A060746)	\$50,000	7/1/06 to 6/30/10	\$49,988	\$12
Court Regular 14100	Laws 2007, Ch. 2, Sec. 9 Electronic Document Mgmt. Sys. (Statement 8 - Dept. A073041)	20,000	7/1/07 to 6/30/11	20,000	-
Court Regular 14100	Laws 2007, Ch. 42, Sec. 46 (Statement 10 - Dept. A073911)	50,000	7/1/07 to 6/30/11	50,000	-
Court Regular 14100	Laws 2008, Ch. 92, Sec. 41 Electronic Document Mgmt. Sys. (Statement 9 - Dept. A083409)	25,000	7/1/07 to 6/30/10	25,000	-
		<u>\$145,000</u>		<u>\$144,988</u>	<u>\$12</u>

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2010**

17. Prior-Period Adjustments to Net Assets/Fund Balance

a. Net assets at June 30, 2009:	
Adjustment to accumulated depreciation	\$ (3,753)
Adjustment to accounts payable	(1,528)
Adjustment to due to other state agencies	<u>4,795</u>
Restatement to June 30, 2009, net assets balance	\$ <u>(486)</u>
b. Fund balance at June 30, 2010	
Fund 14100 - Court Regular - General Fund:	
Adjustment to accounts payable	\$ (1,528)
Adjustment to due to other state agencies	<u>4,795</u>
Restatement to June 30, 2009 fund balance	
Fund 14100 - Court Regular - General Fund	\$ <u>3,267</u>

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Combining Balance Sheet
General Fund - All Accounts
June 30, 2010**

	General Fund		Total General Fund
	Fund 14100 Court Regular Account	Fund 91800 Hearing Officer Account	
<u>Assets</u>			
Investment in the State Treasurer General Fund			
Investment Pool	\$ 308,402	\$ 61,141	\$ 369,543
Petty cash	750	-	750
Due from other funds	617	-	617
Due from federal government	39,048	-	39,048
Due from other state agencies	24,514	28,116	52,630
	<hr/>	<hr/>	<hr/>
Total assets	\$ <u>373,331</u>	\$ <u>89,257</u>	\$ <u>462,588</u>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts payable	\$ 68,260	\$ 554	\$ 68,814
Accrued payroll	140,815	6,446	147,261
Payroll taxes payable	53,498	2,517	56,015
Payroll benefits payable	94,420	3,561	97,981
Deferred revenue	-	76,179	76,179
Due to State General Fund	15,588	-	15,588
	<hr/>	<hr/>	<hr/>
Total liabilities	372,581	89,257	461,838
Fund Balance:			
Reserved for:			
Petty cash	750	-	750
Program expenditures in subsequent year (note 16)	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balance	750	-	750
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	\$ <u>373,331</u>	\$ <u>89,257</u>	\$ <u>462,588</u>

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

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
General Fund - All Accounts
Year Ended June 30, 2010

	General Fund		Total General Fund
	Fund 14100 Court Regular	Fund 91800 Hearing Officer	
Revenues:			
Federal grants - operating	\$ 146,247	\$ 315,951	\$ 462,198
Charges for services - court fees	80,435	-	80,435
Total revenues	<u>226,682</u>	<u>315,951</u>	<u>542,633</u>
Expenditures:			
Current:			
Administrative Services	6,730,483	315,951	7,046,434
Capital outlay	95,098	-	95,098
Total expenditures	<u>6,825,581</u>	<u>315,951</u>	<u>7,141,532</u>
Excess (deficiency) of revenues over expenditures	<u>(6,598,899)</u>	<u>-</u>	<u>(6,598,899)</u>
Other financing sources:			
Transfer in:			
State general fund appropriation	6,471,700	-	6,471,700
Other state funds	85,499	-	85,499
Transfers out:			
Reversions to State General Fund FY 2010	<u>(15,588)</u>	<u>-</u>	<u>(15,588)</u>
Total other financing sources (uses)	<u>6,541,611</u>	<u>-</u>	<u>6,541,611</u>
Net change in fund balances	<u>(57,288)</u>	<u>-</u>	<u>(57,288)</u>
Fund balance, beginning of year, as reported	54,771	-	54,771
Restatements:			
Prior-period adjustments	<u>3,267</u>	<u>-</u>	<u>3,267</u>
Fund balance, beginning of year, as restated	<u>58,038</u>	<u>-</u>	<u>58,038</u>
Fund balance, end of year	<u>\$ 750</u>	<u>\$ -</u>	<u>\$ 750</u>

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

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Combining Statement of Revenues and Expenditures
Budget and Actual (Budgetary Basis)
General Fund - Court Regular Account - (Fund 14100)
For the Year Ended June 30, 2010**

(From Statements 7, 8, 9, & 10)

	General Fund - Court Regular Account - Fund 14100			
	Original Budget	Final Budget	Current Year Actual Budget Basis	Variance Favorable (Unfavorable)
Revenues:				
State appropriations	\$ 6,566,700	\$ 6,471,700	\$ 6,471,700	\$ -
Intra-state - Federal grants	164,777	164,777	146,247	(18,530)
Other financing sources - state funds	90,000	90,000	85,499	(4,501)
Charges for services - court fees	75,000	75,000	80,435	5,435
Miscellaneous revenue	-	-	-	-
	6,896,477	6,801,477	\$ 6,783,881	\$ (17,596)
Cash balance appropriated (multi-year budgets)	-	54,021		
Total budgeted resources	\$ 6,896,477	\$ 6,855,498		
Expenditures:				
Administrative services:				
Personal services & benefits	\$ 5,666,700	\$ 5,666,700	\$ 5,664,225	\$ 2,475
Contractual services	583,210	573,210	562,328	10,882
Other costs	646,567	615,588	600,556	15,032
Total expenditures	\$ 6,896,477	\$ 6,855,498	\$ 6,827,109	\$ 28,389
Reconciliation of GAAP basis to budgetary basis:				
GAAP basis		\$ 6,783,881	\$ 6,827,109	
Adjustments: Deferred revenue		-	-	
Budget basis		\$ 6,783,881	\$ 6,827,109	

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 2011 budget.

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

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Combining Statement of Revenues and Expenditures
Budget and Actual (Budgetary Basis)
General Fund - Hearing Officer Account (Fund 91800)
For the Year Ended June 30, 2010**

General Fund - Hearing Officer Account - Fund 91800				
	Original Budget	Final Budget	Actual Budget Basis	Variance Favorable (Unfavorable)
Revenues:				
Intra-state - Federal	\$ 345,500	\$ 345,500	\$ 361,352	\$ 15,852
Miscellaneous revenue	-	-	-	-
Total revenues	\$ 345,500	\$ 345,500	\$ 361,352	\$ 15,852
Expenditures:				
Administrative services:				
Personal services & benefits	\$ 305,500	\$ 312,750	\$ 305,756	\$ 6,994
Contractual services	-	-	-	-
Other costs	40,000	32,750	10,195	22,555
Total expenditures	\$ 345,500	\$ 345,500	\$ 315,951	\$ 29,549
Reconciliation of GAAP basis to budgetary basis:				
GAAP basis		\$ 315,951	\$ 315,951	
Adjustments: Deferred revenue		45,401	-	
Budget basis		\$ 361,352	\$ 315,951	

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 2011 budget.

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

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Combining Statement of Revenues and Expenditures
Budget and Actual (Budgetary Basis)
Total General Fund - Court Regular Account (Fund 14100) and Hearing Officer Account (Fund 91800)
For the Year Ended June 30, 2010

(To Exhibit G)

	Total General Fund			
	Court Regular - Fund 14100 and		Hearing Officer - Fund 91800	
	Original Budget	Final Budget	Actual Budget Basis	Variance Favorable (Unfavorable)
Revenues:				
State appropriations	\$ 6,566,700	\$ 6,471,700	\$ 6,471,700	\$ -
Intra-state - Federal grants	510,277	510,277	507,599	(2,678)
Other financing sources - state funds	90,000	90,000	85,499	(4,501)
Charges for services - court fees	75,000	75,000	80,435	5,435
Miscellaneous revenue	-	-	-	-
	7,241,977	\$ 7,146,977	\$ 7,145,233	\$ (1,744)
Cash balance appropriated	-	54,021		
	\$ 7,241,977	\$ 7,200,998		
Expenditures:				
Administrative services:				
Personal services & benefits	\$ 5,972,200	\$ 5,979,450	\$ 5,969,981	\$ 9,469
Contractual services	583,210	573,210	562,328	10,882
Other costs	686,567	648,338	610,751	37,587
	\$ 7,241,977	\$ 7,200,998	\$ 7,143,060	\$ 57,938
Reconciliation of GAAP basis to budgetary basis:				
		Revenues	Expenditures	
GAAP basis		\$ 7,099,832	\$ 7,143,060	
Adjustments: Deferred revenue		45,401	-	
Budget basis		\$ 7,145,233	\$ 7,143,060	

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 2011 budget.

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

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Combining Balance Sheet
Other Governmental Funds
June 30, 2010**

	<u>Special Revenue Funds</u>		(Exhibit C)
	<u>Fund 87800</u>	<u>Fund 51600</u>	<u>Total</u>
	<u>Alternative</u>	<u>Drug</u>	<u>Other</u>
	<u>Dispute</u>	<u>Court Fees</u>	<u>Governmental</u>
	<u>Resolution</u>	<u> </u>	<u>Funds</u>
<u>Assets</u>			
Investment in the State Treasurer General Fund Investment Pool	\$ 45,501	\$ 3,827	\$ 49,328
Total assets	<u>\$ 45,501</u>	<u>\$ 3,827</u>	<u>\$ 49,328</u>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts payable	\$ 59	\$ 300	\$ 359
Accrued payroll	1,239	-	1,239
Payroll taxes payable	304	-	304
Payroll benefits payable	489	-	489
Due to other funds	135	-	135
Due to other state agencies	8,054	-	8,054
Total liabilities	<u>10,280</u>	<u>300</u>	<u>10,580</u>
Fund balance:			
Reserved for:			
Program expenditures	35,221	3,527	38,748
Total fund balance	<u>35,221</u>	<u>3,527</u>	<u>38,748</u>
Total liabilities and fund balance	<u>\$ 45,501</u>	<u>\$ 3,827</u>	<u>\$ 49,328</u>

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

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2010

	<u>Special Revenue Funds</u>		(Exhibit E)
	<u>Fund 87800</u> <u>Alternative</u> <u>Dispute</u> <u>Resolution</u>	<u>Fund 51600</u> <u>Drug</u> <u>Court Fees</u>	<u>Total</u> <u>Other</u> <u>Governmental</u> <u>Funds</u>
Revenues:			
Charges for services - court fees	\$ 66,195	\$ 4,895	\$ 71,090
Expenditures:			
Current:			
Administrative Services	36,836	4,468	41,304
Excess (deficiency) of revenues over expenditures	29,359	427	29,786
Other financing sources (uses)	-	-	-
Net change in fund balances	29,359	427	29,786
Fund balance, beginning of year	5,862	3,100	8,962
Fund balance, end of year	\$ 35,221	\$ 3,527	\$ 38,748

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

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Statement of Revenues and Expenditures
Budget and Actual (Budgetary Basis)
Other Governmental Funds
For the Year Ended June 30, 2010

	<u>Alternative Dispute Resolution Special Revenue - Fund 87800</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Charges for services - court fees	\$ <u>140,400</u>	\$ <u>140,400</u>	\$ <u>66,195</u>	\$ <u>(74,205)</u>
Expenditures:				
Administrative services:				
Personal services & benefits	\$ 113,100	\$ 113,100	\$ 31,082	\$ 82,018
Contractual services	8,900	8,900	-	8,900
Other costs	<u>18,400</u>	<u>18,400</u>	<u>5,754</u>	<u>12,646</u>
Total expenditures	\$ <u>140,400</u>	\$ <u>140,400</u>	\$ <u>36,836</u>	\$ <u>103,564</u>

Reconciliation of GAAP basis to budgetary basis:	<u>Revenues</u>	<u>Expenditures</u>
GAAP basis	\$ 66,195	\$ 36,836
Adjustments: None	<u>-</u>	<u>-</u>
Budget basis	\$ <u>66,195</u>	\$ <u>36,836</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 2011 budget.

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

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Statement of Revenues and Expenditures
Budget and Actual (Budgetary Basis)
Other Governmental Funds
For the Year Ended June 30, 2010**

Drug Court Fees Special Revenue - Fund 51600				
	Original Budget	Final Budget	Actual Budget Basis	Variance Favorable (Unfavorable)
Revenues:				
Charges for services - court fees	\$ 5,000	\$ 5,000	\$ 4,895	\$ (105)
Expenditures:				
Administrative services:				
Personal services & benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	-	-	-	-
Other costs	5,000	5,000	4,468	532
Total expenditures	\$ 5,000	\$ 5,000	\$ 4,468	\$ 532
Reconciliation of GAAP basis to budgetary basis:				
GAAP basis		\$ 4,895	\$ 4,468	
Adjustments: None		-	-	
Budget basis		\$ 4,895	\$ 4,468	

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 2011 budget.

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

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Combining Statement of Revenues and Expenditures
Budget and Actual (Budgetary Basis)
General Fund - Court Regular Account - Fund 14100 (Dept. P231)
For the Year Ended June 30, 2010

(To statement 3, pg. 1 of 3)

	<u>General Fund - Court Regular Account - Fund 14100 (Dept. P231)</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Favorable</u>
			<u>Basis</u>	<u>(Unfavorable)</u>
Revenues:				
State appropriations	\$ 6,471,700	\$ 6,471,700	\$ 6,471,700	\$ -
Intra-state - Federal grants	164,777	164,777	146,247	(18,530)
Other financing sources - state funds	90,000	90,000	85,499	(4,501)
Charges for services - court fees	75,000	75,000	80,435	5,435
Miscellaneous revenue	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	6,801,477	6,801,477	<u>\$ 6,783,881</u>	<u>\$ (17,596)</u>
Cash balance appropriated	<hr/>	<hr/>		
	-	-		
Total budgeted resources	<u>\$ 6,801,477</u>	<u>\$ 6,801,477</u>		
Expenditures:				
Administrative services:				
Personal services & benefits	\$ 5,666,700	\$ 5,666,700	\$ 5,664,225	\$ 2,475
Contractual services	583,210	573,210	562,328	10,882
Other costs	551,567	561,567	546,547	15,020
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	<u>\$ 6,801,477</u>	<u>\$ 6,801,477</u>	<u>\$ 6,773,100</u>	<u>\$ 28,377</u>
Reconciliation of GAAP basis to budgetary basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 6,783,881	\$ 6,773,100	
Adjustments: None		<hr/>	<hr/>	
		-	-	
Budget basis		<u>\$ 6,783,881</u>	<u>\$ 6,773,100</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 2011 budget.

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

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Statement of Revenues and Expenditures
Multi Year Budget and Actual (Budgetary Basis)
General Fund - Court Regular Account - Fund 14100 (Dept. A073041)
Laws 2007, Ch. 2, Sec. 8, Electronic Document Maintenance System (Lapses 6/30/2011)
For the Year Ended June 30, 2010

		General Fund - Court Regular Account - Fund 14100				
		Electronic Document Maintenance System				
		<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Actual</u>	<u>Variance</u>
		<u>Budget</u>	<u>Budget</u>	<u>Prior</u>	<u>Current</u>	<u>Favorable</u>
				<u>Years</u>	<u>Year</u>	<u>(Unfavorable)</u>
Revenues:						
State appropriations	\$	20,000	\$ -	\$ 20,000	\$ -	\$ -
Total revenues		20,000	-	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ -</u>
Cash balance appropriated		-	321			
Total budgeted resources	\$	<u>20,000</u>	<u>\$ 321</u>			
Expenditures:						
Administrative services:						
Personal services & benefits	\$	-	\$ -	\$ -	\$ -	\$ -
Contractual services		-	-	-	-	-
Other costs		<u>20,000</u>	<u>321</u>	<u>19,679</u>	<u>321</u>	<u>-</u>
Total expenditures	\$	<u>20,000</u>	<u>\$ 321</u>	<u>\$ 19,679</u>	<u>\$ 321</u>	<u>\$ -</u>
Reconciliation of GAAP basis to budgetary basis:				<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis				\$ -	\$ 321	
Adjustments: None				<u>-</u>	<u>-</u>	
Budget basis				<u>\$ -</u>	<u>\$ 321</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 2011 budget.

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

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Statement of Revenues and Expenditures
Multi-Year Budget and Actual (Budgetary Basis)
General Fund - Court Regular Account - Fund 14100 (Dept. A083409)
Laws 2008, Ch. 92, Sec. 41, Electronic Document Maintenance System (Lapses 6/30/2010)
For the Year Ended June 30, 2010

(To Statement 3, pg. 1 of 3)

General Fund - Court Regular Account - Fund 14100					
Electronic Document Maintenance System					
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Prior Years</u>	<u>Actual Current Year</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
State appropriations	\$ 25,000	\$ -	\$ 25,000	\$ -	\$ -
Total revenues	25,000	-	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ -</u>
Cash balance appropriated	-	3,700			
Total budgeted resources	<u>\$ 25,000</u>	<u>\$ 3,700</u>			
Expenditures:					
Administrative services:					
Personal services & benefits	\$ -	\$ -	\$ -	\$ -	\$ -
Contractual services	-	-	-	-	-
Other costs	25,000	3,700	21,300	3,700	-
Total expenditures	<u>\$ 25,000</u>	<u>\$ 3,700</u>	<u>\$ 21,300</u>	<u>\$ 3,700</u>	<u>\$ -</u>
Reconciliation of GAAP basis to budgetary basis:					
GAAP basis			<u>\$ -</u>	<u>\$ 3,700</u>	
Adjustments: None			-	-	
Budget basis			<u>\$ -</u>	<u>\$ 3,700</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 2011 budget.

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

STATE OF NEW MEXICO
 FIRST JUDICIAL DISTRICT COURT
 Statement of Revenues and Expenditures
 Multi-Year Budget and Actual (Budgetary Basis)
 General Fund - Court Regular Account - Fund 14100 (Dept. A060746)
 Laws 2006, Ch. 111, Rio Arriba Furniture and Equipment (Lapses 6/30/2010)
 For the Year Ended June 30, 2010

(To Statement 3, pg. 1 of 3)

		General Fund - Court Regular Account - Fund 14100				
		Rio Arriba Court Facility Furniture and Equipment				
		<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Actual</u>	<u>Variance</u>
		<u>Budget</u>	<u>Budget</u>	<u>Prior</u>	<u>Current</u>	<u>Favorable</u>
				<u>Years</u>	<u>Year</u>	<u>(Unfavorable)</u>
Revenues:						
State appropriations	\$	50,000	-	50,000	-	-
Total revenues		50,000	-	<u>50,000</u>	<u>-</u>	<u>-</u>
Cash balance appropriated		-	50,000			
Total budgeted resources	\$	<u>50,000</u>	<u>50,000</u>			
Expenditures:						
Administrative services:						
Personal services & benefits	\$	-	-	-	-	-
Contractual services		-	-	-	-	-
Other costs		<u>50,000</u>	<u>50,000</u>	-	49,988	12
Total expenditures	\$	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>49,988</u>	<u>12</u>
Reconciliation of GAAP basis to budgetary basis:				<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis				\$ -	\$ 49,988	
Adjustments: None				-	-	
Budget basis				<u>\$ -</u>	<u>\$ 49,988</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 2011 budget.

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

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2010

	<u>Beginning Balance</u>		<u>Additions</u>		<u>Deletions</u>		<u>Ending Balance</u>
<u>Assets</u>							
<u>Cash and cash equivalents:</u>							
Court Clerk Accounts	\$ 4,775	\$	1,166,436	\$	(1,171,211)	\$	-
Litigant Accounts	<u>2,915,632</u>		<u>7,257,149</u>		<u>(7,362,866)</u>		<u>2,809,915</u>
 Total assets	 <u>\$ 2,920,407</u>	 \$	 <u>8,423,585</u>	 \$	 <u>(8,534,077)</u>	 \$	 <u>2,809,915</u>
 <u>Liabilities</u>							
<u>Due to external parties:</u>							
Due to Mediation	\$ -	\$	171,560	\$	(171,260)	\$	300
Due to Alternative Dispute	465		65,865		(66,330)		-
Due to Court Operating	56		137,400		(137,456)		-
Due to Drug Court Fees	-		4,895		(4,895)		-
Due to State General Fund	764		137,766		(138,530)		-
Due to Other Agencies	3,490		649,250		(652,740)		-
Due to Litigants	<u>2,915,632</u>		<u>7,257,149</u>		<u>(7,362,866)</u>		<u>2,809,915</u>
 Total liabilities	 <u>\$ 2,920,407</u>	 \$	 <u>8,423,885</u>	 \$	 <u>(8,534,077)</u>	 \$	 <u>2,810,215</u>

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

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Schedule of Operating Transfers
For the Year Ended June 30, 2010**

	From SHARE Agency/Fund	To SHARE Agency/Fund	Title	Transfer	
				In	Out
1	34100/85300	23100/14100	Department of Finance and Administration	\$ 6,471,700	\$ -
2	23100/14100	34100/85300	Department of Finance and Administration	-	27,741
				<u>\$ 6,471,700</u>	<u>\$ 27,741</u>

- 1 General Fund Appropriation, Laws of 2009, Chapter 124, Section 4.
- 2 FY 2009 Reversion to State General Fund

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

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Schedule of Deposits and Investments
June 30, 2010**

	Type of Account	Fund No.	Balance per Depository	Reconciling Items		Reconciled Balance at June 30, 2009
				Outstanding Warrants	Deposits in Transit	
Governmental Funds						
Investment in State Treasurer						
General Fund Investment Pool						
Court Regular	Operating	14100	\$ 308,402	\$ -	\$ -	\$ 308,402
Child Support Hearing Officer	Operating	91800	61,141	-	-	61,141
Court Mediation	Operating	91700	152,002	-	-	152,002
Drug Court	Operating	01600	-	-	-	-
Alternative Dispute Resolution	Operating	87800	45,501	-	-	45,501
Drug Court Fees	Operating	51600	3,827	-	-	3,827
			570,873	-	-	570,873
Petty Cash	N/A		750	-	-	750
Total governmental funds			\$ 571,623	\$ -	\$ -	\$ 571,623
Agency Funds						
Litigant Accounts:						
Wells Fargo Bank	Checking		\$ 2,551,439	\$ (42,421)	\$ 650	\$ 2,509,668
Community Bank	Checking		44,624	(600)	-	44,024
New Mexico State Treasurer- Pooled investment	LGIP		256,223	-	-	256,223
			-	-	-	-
			2,852,286	(43,021)	650	2,809,915
Court Clerk Account:						
Bank of America-St. Treasurer	Checking		-	-	-	-
Community Bank	Checking		-	249	(249)	-
			-	249	(249)	-
Total Agency Fund			\$ 2,852,286	\$ (42,772)	\$ 401	\$ 2,809,915

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

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Schedule of Memorandum of Understanding
June 30, 2010

- a) Participants: The First Judicial District Court and the Human Services Department.
- b) Responsible party for operations: The First Judicial District Court.
- c) Descriptions: To implement measures for the use of child support hearing officers in the adjudication of legal actions for child support pursuant to NMSA 1978 Sec. 40-4B-1 et seq, by:
 - 1. Providing a cooperative structure for the Judicial District and HSD to implement the Child Support Hearing Officer Act;
 - 2. Providing the additional staff, personnel and procedures necessary to ensure prompt and full payment by obligated parties of child support obligations for their dependent children and, where applicable, attendant spousal support obligations;
 - 3. Insuring that support payments are made in compliance with federal regulations governing the state's federally mandated program pursuant to Title IV D of the federal Social Security Act;
 - 4. Complying with the state plan and program to enforce child support obligations;
 - 5. Improving compliance and speeding up the processing of cases and completion of enforcement actions, thereby reducing expenditures and increasing recovery for the Temporary Assistance to Needy Families (TANF) program;
 - 6. Providing additional court monitoring for the increased caseload;
 - 7. Providing raises to court staff as provided by law;
 - 8. Increasing the transmittal of child support payments to CSED in accordance with the provisions in 40-4A-4.1 NMSA and ensuring prompt and full payment by obligated parties of child support obligations for their dependent children and, where applicable, attendant spousal support obligations.
- d) Beginning and ending dates of agreement: July 1, 2009 to June 30, 2010.
- e) Total estimated amount of project is \$333,556. The Human Services Department shall contribute \$333,556.
- f) The First Judicial District Court made no contribution in the current fiscal year.
- g) The First Judicial District Court has audit responsibility.
- h) The First Judicial District Court is the fiscal agent.
- i) The First judicial District Court reports all revenues and expenditures.

OTHER REPORTS

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

Honorable Stephen Pfeffer, Presiding Judge
First Judicial District Court
and
Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the financial statements of the governmental activities, each major fund, the budgetary comparison statement for the general fund and major special revenue fund, and the aggregate remaining fund information, of the State of New Mexico, First Judicial District Court (Court), a component unit of the State of New Mexico, as of and for the year ended June 30, 2010, which collectively comprise the Court's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Court's non-major governmental funds and budgetary comparisons presented as supplementary information as of and for the year ended June 30, 2010, as listed in the table of contents, and have issued our report thereon dated November 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Court's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Court's internal control over financial reporting.

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 controls 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.

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



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under **Government Auditing Standards** which are described in the accompanying Schedule of Findings and Responses as item 2010-1.

This report is intended solely for the information and use of the Court's management, others within the agency, the State Auditor, the New Mexico Department of Finance and Administration, and the New Mexico Legislature, 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 29, 2010

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Schedule of Findings and Responses
June 30, 2010**

I. PRIOR-YEAR AUDIT FINDINGS

a. Repeated in current-year

None

b. Resolved and not included in current-year

None

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

Finding 2010-1 - Late Delivery of Audit Report to State Auditor's Office

Condition

The June 30, 2010 fiscal year financial and compliance audit of the First Judicial District Attorney was not submitted to the State Auditor's Office by the required due date of November 20, 2010. The audit report was submitted on December 14, 2010.

Criteria

Subsection A of 2.2.2.9 (2.2.2 NMAC), Requirements for Contracting and Conducting Audits of Agencies, and the audit contract requires that audit reports for state agencies are due no later than 60 days after the Financial Control Division of the Department of Finance and Administration provides the State Auditor with notice that the agency's books and records are ready and available for audit; however, the deadline cannot exceed beyond December 15th.

Effect

Since the audit report was not delivered to State Auditor's Office by November 20, 2010, this is in noncompliance with State Auditor Rule 2.2.2.9 A and the provisions of the audit contract.

Cause

The auditor did not complete the audit report by the required due date.

Recommendation

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

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Schedule of Findings and Responses
June 30, 2010**

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

Finding 2010-1 - Late Delivery of Audit Report to State Auditor's Office

Entity Response and Corrective Action Plan

The First Judicial District Court has a contract approved by the State Auditor's Office with the submission deadline of December 15th, which conflicts with the State Auditor Rule 2.2.2.9 A. In future fiscal years, our audit will commence on October 15th to comply with the rule.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Financial Statement Preparation and
Exit Conference
June 30, 2010**

Financial Statement Preparation

The financial statements were prepared by the independent certified public accountant performing the audit with the assistance of the Court's 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 14, 2010, to discuss the audit. The following individuals were in attendance:

State of New Mexico - First Judicial District Court

Honorable Stephen Pfeffer, Presiding Judge
Stephen T. Pacheco, Court Executive Officer
Kathleen J. Vigil, Court Financial Manager
Nina Ulibarri, Financial Specialist

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

Robert J. Rivera, CPA
Bill Valdes