

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

**Annual Financial Report
For the Year Ended June 30, 2011**

(With Independent Auditor's Report Thereon)

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

INTRODUCTORY SECTION

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

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

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

OFFICIAL ROSTER

June 30, 2011

Judges

Honorable Barbara J. Vigil - Presiding Judge	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	Division 6
Honorable T. Glenn Ellington	Division 7
Honorable Mary L. 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 Barbara J. Vigil, 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, 2011, 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, 2011, 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, 2011, 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.

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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, 2011, 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, 2011, 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 September 16, 2011, 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 vii through xi 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
September 16, 2011

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2011**

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, 2011**

Financial Analysis of the Court

Condensed financial information for the current year is as follows:

	06/30/2011	06/30/2010	Increase (Decrease) Change
Assets:			
Current assets	\$ 554,765	\$ 663,301	\$ (108,536)
Capital assets, net	112,381	148,222	(35,841)
Total assets	667,146	811,523	(144,377)
Liabilities:			
Current liabilities	588,730	681,290	(92,560)
Long-term liabilities	42,315	34,851	7,464
Total liabilities	631,045	716,141	(85,096)
Net assets:			
Invested in capital assets, net	112,381	148,222	(35,841)
Restricted	166,996	-	166,996
Unrestricted	(243,276)	(52,840)	(190,436)
Total net assets	\$ 36,101	\$ 95,382	\$ (59,281)
Program revenues - court fees	\$ 308,108	\$ 321,889	\$ (13,781)
Operating grants	334,582	462,198	(127,616)
Miscellaneous revenues	1,513	-	1,513
Total program revenue	644,203	784,087	(139,884)
General revenue, transfers and special items:			
State appropriations, net	6,019,728	6,456,112	(436,384)
Other state funds	141,417	85,499	55,918
Loss on disposal of capital assets	(4,361)	-	(4,361)
Total general revenue, transfers and special items	6,156,784	6,541,611	(384,827)
Program expenses	6,869,306	7,288,032	(418,726)
Total expenses	6,869,306	7,288,032	(418,726)
Change in net assets	(68,319)	37,666	(105,985)
Beginning net assets, as adjusted	104,420	57,716	46,704
Ending net assets	\$ 36,101	\$ 95,382	\$ (59,281)

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2011**

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 2011 General Fund appropriations decreased by (\$436,384) (net of reversion) over approved appropriations for Fiscal Year 2010. The decrease in net assets of (\$59,281) is principally because of the fact that the compensated absences payable has increased by \$10,086, non-reverting fund balances have decreased by (\$13,354), and capital assets have decreased by (\$35,841).

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 in FY 2011 decreased slightly. Revenues were \$152,110 compared to \$170,364 in FY 2010. Alternative Dispute Resolution revenue is collected as a surcharge on certain case types. This revenue decreased slightly in 2011 to \$64,110, compared to \$66,195 in FY 2010. Child Support Hearing Enforcement revenue is received from the NM Human Services Department and decreased slightly to \$298,488 compared to \$315,951 in FY 2010. The Court did receive and expend federal grant funding from the Department of Justice, Office of Justice Programs in support of a two year grant awarded to support the Court's Adult Drug Court. The amount of this grant was \$99,055, with \$36,093 expended in FY11 and the balance to be spent in FY12. In addition, the Drug Courts received DWI grant funding through the AOC in the amounts of \$30,303 for Adult Drug Court and \$40,166 for Juvenile Drug Court.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2011**

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 did not purchase any capital assets during the year, but disposed of capital assets totaling \$13,770 and related accumulated depreciation of \$9,410. Depreciation expense was \$31,481 during the current year. Therefore, net capital assets decreased by \$35,841. The long-term debt for compensated absences has changed from \$34,851 to \$42,315, or an insignificant increase of \$7,464. 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

The Court has experienced an 8.6% decrease (\$568,900) in General Fund appropriations over the last three fiscal years. In order to manage the budget decreases that have occurred, the Court will continue to follow the measures outlined below:

- 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
- 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 eight (8) district judges, 7 of whom have all during the annual report period been based in Santa Fe (Santa Fe County) and one who was based in Tierra Amarilla (Rio Arriba County). Trials, hearings and other judicial activities are also conducted on a regular basis in Los Alamos (Los Alamos 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, 2011**

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 eight 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, 2011**

	<u>Governmental Activities</u>
<u>Assets</u>	
Investment in the State Treasurer General Fund Investment Pool	\$ 395,910
Petty cash	750
Due from federal government	58,250
Due from other state agencies	99,770
Travel advances	85
	554,765
Total current assets	554,765
Capital assets	332,082
Less accumulated depreciation	(219,701)
	112,381
Total capital assets, net of depreciation	112,381
	667,146
Total assets	667,146
<u>Liabilities and Net Assets</u>	
Liabilities:	
Accounts payable	61,212
Accrued payroll	158,046
Payroll taxes payable	16,284
Payroll benefits payable	31,438
Deferred revenue	103,472
Due to other state agencies	-
Due to State General Fund (see note 5)	16,567
Compensated absences payable:	
Due within one year	201,711
Due after one year	42,315
	631,045
Total liabilities	631,045
Net Assets:	
Invested in capital assets	112,381
Restricted for program expenditures, subsequent years	166,996
Unrestricted (deficit) (note 15)	(243,276)
	36,101
Total net assets	\$ 36,101

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, 2011**

	<u>Governmental Activities</u>
Expenses:	
Judicial:	
Administrative services	\$ 6,837,825
Depreciation expense	<u>31,481</u>
Total expenses	<u>6,869,306</u>
Program revenues:	
Charges for services - court fees	308,108
Operating grants	334,582
Miscellaneous revenues	<u>1,513</u>
Total program revenue	<u>644,203</u>
Net program expenses	<u>(6,225,103)</u>
General revenue, transfers and special items:	
Transfers:	
General fund appropriation	6,031,500
Reversion to State Geneneral Fund - FY2011	(11,772)
Other state funds	141,417
Loss on disposal of capital assets	<u>(4,361)</u>
Total general revenue, transfers and special items	<u>6,156,784</u>
Change in net assets	<u>(68,319)</u>
Net assets, beginning, as reported	95,382
Restatements:	
Prior-period adjustments (note 17)	9,037
Rounding	<u>1</u>
Net assets, beginning, as restated	<u>104,420</u>
Net assets, ending	<u>\$ 36,101</u>

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, 2011**

	<u>Major Funds</u>				
	<u>Fund 14100 and Fund 91800 General Fund</u>	<u>Fund 91700 Mediation Spec. Rev. Fund</u>	<u>(Stmt. 4) Other Governmental Funds</u>	<u>Eliminations</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Investment in the State Treasurer					
General Fund Investment Pool	\$ 216,507	\$ 117,092	\$ 62,311	\$ -	\$ 395,910
Petty cash	750	-	-	-	750
Due from other funds	617	-	-	(617)	-
Due from federal government	58,250	-	-	-	58,250
Due from other state agencies	99,770	-	-	-	99,770
Prepaid travel advances	85	-	-	-	85
	<u>375,979</u>	<u>117,092</u>	<u>62,311</u>	<u>(617)</u>	<u>554,765</u>
Total assets	\$ <u>375,979</u>	\$ <u>117,092</u>	\$ <u>62,311</u>	\$ <u>(617)</u>	\$ <u>554,765</u>
<u>Liabilities and Fund Balance</u>					
Liabilities:					
Accounts payable	\$ 56,151	\$ 845	\$ 4,216	\$ -	\$ 61,212
Accrued payroll	152,740	4,005	1,301	-	158,046
Payroll taxes payable	15,806	397	81	-	16,284
Payroll benefits payable	30,493	753	192	-	31,438
Deferred revenue	103,472	-	-	-	103,472
Due to other funds	-	482	135	(617)	-
Due to other state agencies	-	-	-	-	-
Due to State General Fund	16,567	-	-	-	16,567
	<u>375,229</u>	<u>6,482</u>	<u>5,925</u>	<u>(617)</u>	<u>387,019</u>
Total liabilities	<u>375,229</u>	<u>6,482</u>	<u>5,925</u>	<u>(617)</u>	<u>387,019</u>
Fund Balance:					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	750	110,610	56,386	-	167,746
Unassigned	-	-	-	-	-
	<u>750</u>	<u>110,610</u>	<u>56,386</u>	<u>-</u>	<u>167,746</u>
Total fund balance	<u>750</u>	<u>110,610</u>	<u>56,386</u>	<u>-</u>	<u>167,746</u>
Total liabilities and fund balance	\$ <u>375,979</u>	\$ <u>117,092</u>	\$ <u>62,311</u>	\$ <u>(617)</u>	\$ <u>554,765</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, 2011**

Total fund balance for the governmental funds (Balance Sheet) Exhibit C	\$	167,746
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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	\$	332,082	
Accumulated depreciation		<u>(219,701)</u>	
 Total capital assets			112,381

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>(244,026)</u>
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Net assets of governmental activities (statement of net assets) Exhibit A	\$	<u><u>36,101</u></u>
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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, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	<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	\$ 334,582	\$ -	\$ -	\$ 334,582
Charges for services - court fees	87,050	152,110	68,948	308,108
Miscellaneous revenue	1,513	-	-	1,513
Total revenues	<u>423,145</u>	<u>152,110</u>	<u>68,948</u>	<u>644,203</u>
Expenditures:				
Judicial:				
Current:				
Administrative services	6,568,766	183,831	59,373	6,811,970
Capital outlay	15,769	-	-	15,769
Total expenditures	<u>6,584,535</u>	<u>183,831</u>	<u>59,373</u>	<u>6,827,739</u>
Excess (deficiency) of revenues over expenditures	<u>(6,161,390)</u>	<u>(31,721)</u>	<u>9,575</u>	<u>(6,183,536)</u>
Other financing sources (uses):				
Transfers in:				
State appropriation	6,031,500	-	-	6,031,500
Other state funds	141,417	-	-	141,417
Transfers out:				
Reversions to State General Fund 2011	(11,772)	-	-	(11,772)
Total other financing sources (uses)	<u>6,161,145</u>	<u>-</u>	<u>-</u>	<u>6,161,145</u>
Net change in fund balance	<u>(245)</u>	<u>(31,721)</u>	<u>9,575</u>	<u>(22,391)</u>
Fund balance, beginning of year, as reported	750	141,602	38,748	181,100
Restatements:				
Prior-period adjustments (note 17)	245	729	8,063	9,037
Fund balance, beginning of year, as restated	<u>995</u>	<u>142,331</u>	<u>46,811</u>	<u>190,137</u>
Fund balance, end of year	<u>\$ 750</u>	<u>\$ 110,610</u>	<u>\$ 56,386</u>	<u>\$ 167,746</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, 2011

Net change in fund balance - Governmental Funds (statement of revenues, expenditures and changes in fund balance) Exhibit E	\$	(22,391)
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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	\$	-	
Depreciation expense		(31,481)	
		(31,481)	
Excess of depreciation over capital outlay expense			(31,481)

Government funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal:

Loss on disposal of capital assets	(4,361)
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Expenses recognized in the statement of activities, not reported in governmental funds:

Increase in current and long term compensated absences	(10,086)
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Change in net assets of governmental activities (Statement of Activities) Exhibit B	\$	(68,319)
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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, 2011

General Fund - All Accounts (From Statement 3, pg. 3 of 3)				
	Original Budget	Final Budget	Actual Budget Basis	Variance Favorable (Unfavorable)
Revenues:				
State appropriations	\$ 6,031,500	\$ 6,031,500	\$ 6,031,500	\$ -
Intra-state - federal	345,500	444,555	362,194	(82,361)
Other financing sources-state funds	87,200	157,670	141,417	(16,253)
Charges for services - court fees	70,000	85,000	87,050	2,050
Miscellaneous revenue	-	-	1,513	1,513
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	6,534,200	6,718,725	<u>\$ 6,623,674</u>	<u>\$ (95,051)</u>
Cash balance appropriated	<hr/>	<hr/>		
Total budgeted resources	<u>\$ 6,534,200</u>	<u>\$ 6,718,725</u>		
Expenditures:				
Administrative services:				
Personal services and benefits	\$ 5,716,600	\$ 5,986,600	\$ 5,949,057	\$ 37,543
Contractual services	615,000	316,375	251,160	65,215
Other costs	202,600	415,750	384,318	31,432
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	<u>\$ 6,534,200</u>	<u>\$ 6,718,725</u>	<u>\$ 6,584,535</u>	<u>\$ 134,190</u>
Reconciliation of GAAP basis to budgetary basis:				
GAAP basis		<u>\$ 6,596,062</u>	<u>\$ 6,584,535</u>	
Adjustments: increase in deferred revenue		27,612	-	
		<hr/>	<hr/>	
Budget basis		<u>\$ 6,623,674</u>	<u>\$ 6,584,535</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 2012 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, 2011**

Court Mediation Special Revenue Fund (Fund 91700)				
	Original Budget	Final Budget	Actual Budget Basis	Variance Favorable (Unfavorable)
Revenues:				
Charges for services - court fees	\$ 278,800	\$ 278,800	\$ 152,110	\$ (126,690)
Total revenues	278,800	278,800	\$ 152,110	\$ (126,690)
Cash balance appropriated	-	-		
Total budgeted resources	\$ 278,800	\$ 278,800		
Expenditures:				
Administrative services:				
Personal services and benefits	\$ 167,600	\$ 167,600	\$ 157,419	\$ 10,181
Contractual services	40,000	40,000	6,441	33,559
Other costs	71,200	71,200	19,971	51,229
Total expenditures	\$ 278,800	\$ 278,800	\$ 183,831	\$ 94,969
Reconciliation of GAAP basis to budgetary basis:				
		Revenues	Expenditures	
GAAP basis	\$	152,110	\$ 183,831	
Adjustments: None		-	-	
Budget basis	\$	152,110	\$ 183,831	

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 2012 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, 2011**

	<u>Agency Funds</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 3,426,748
Total assets	<u>3,426,748</u>
<u>Liabilities</u>	
Due to external parties	<u>3,426,748</u>
Total liabilities	<u>3,426,748</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, 2011**

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, 2011**

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, 2011**

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, 2011**

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, 2011**

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 \$243,276 is due primarily to accrued compensated absences (annual and sick leave) that have not been funded for potential payments to employees.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned and unassigned as per GASB Statement 54, effective for financial statements for periods beginning after June 15, 2010.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2011**

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 6, Laws 2010, 2nd Special Session, Section 4, 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 2011 budget. At June 30, 2011, 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, 2011**

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, 2011, 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, 2011**

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.

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	\$ 395,910	\$ 395,910
Agency Funds:		
Investment in the State Treasurer Local Government Investment Pool (LGIP)	191,169	191,170
Cash in Bank:		
Wells Fargo Bank-Bonds	3,026,494	2,962,969
Community Bank-Bonds	266,357	263,357
Bank of America-Court Clerk-Escrow account	4,613	6,863
Community Bank-Court Clerk-Escrow account	2,158	2,389
	<u>3,490,791</u>	<u>3,426,748</u>
Total agency funds	3,490,791	3,426,748
Total cash in bank	3,886,701	\$ <u><u>3,822,658</u></u>
Less FDIC or NCUSIF coverage	<u>(500,000)</u>	
Total uninsured public funds	3,386,701	
50% collateral requirements (Sec. 6-10-17, NMSA 1978)	<u>(1,693,350)</u>	
Pledged Security	*	

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2011**

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 through O, NMSA 1978, as amended.

*Detail of pledged collateral for the \$3,386,701 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, 2011, \$3,386,701 of the Court's bank balances totaling \$3,386,701 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	\$3,386,701
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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, 2011</u>	<u>Rating</u>	<u>Account Balance</u>	<u>Credit Risk</u>	<u>Interest Rate Risk Weighted Avg. Maturity (WAM)</u>
New MexiGROW LGIP	AAAm	\$191,169	AAAm	36 days

With respect to foreign currency risk, all investments in the LGIP are in U.S. dollar denominated assets. Therefore, the LGIP has no foreign currency risk.

With respect to custodial credit risk, public funds are not required to disclose custodial credit risk for external investment pools. Therefore, the LGIP is exempt from this requirement.

With respect to concentration of credit risk public funds are not required to disclose concentration of credit risk for external investment pools. Therefore the LGIP is exempt from this requirement.

Included in the account balance in the LGIP of \$191,169, is \$4,443 invested by the New Mexico State Treasurer's Office in the Reserve Primary Fund (referred to as the Reserve Contingency Fund). These holdings were frozen on September 16, 2008, and were transferred to a liquidating service agent. These funds may not be recovered in the future and the total value of the LGIP may be adjusted.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2011**

4. Capital Assets - Governmental Activities

Cost	Audit Balance 06/30/2010	Adj.'s	Adjusted Balance 06/30/2010	Additions	Deletions	Balance 06/30/2011
Furniture and fixtures	\$ 92,062	\$ (15,075)	\$ 76,987	\$ -	\$ -	\$ 76,987
Equipment and machinery	122,931	15,075	138,006	-	(13,770)	124,236
Data processing	65,781	-	65,781	-	-	65,781
Vehicles	35,104	-	35,104	-	-	35,104
Library	29,974	-	29,974	-	-	29,974
Total capital assets	345,852	-	345,852	-	(13,770)	332,082
Accumulated Depreciation						
Furniture and fixtures	(62,070)	15,074	(46,996)	(5,489)	-	(52,485)
Equipment and machinery	(44,727)	(15,074)	(59,801)	(12,181)	9,410	(62,572)
Data processing	(51,498)	-	(51,498)	(6,790)	-	(58,288)
Vehicles	(9,361)	-	(9,361)	(7,021)	-	(16,382)
Library	(29,974)	-	(29,974)	-	-	(29,974)
Total accumulated depreciation	(197,630)	-	(197,630)	(31,481)	9,410	(219,701)
Net capital assets	\$ 148,222	\$ -	\$ 148,222	\$ (31,481)	\$ (4,360)	\$ 112,381

Current year depreciation expense of \$31,481 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 \$16,567 in the Statement of Net Assets consists of FY2011 and FY2010 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, 2011		\$ 156,634
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	24,429	
Due from other state agencies, Drug Court Grant (AOC)	20,991	
Due from federal government, Bureau of Justice Grant	58,250	
Prepaid travel advances	85	104,372
Amount available (all state cash)		261,006
Less:		
Accounts payable, 6/30/2011	(55,513)	
Accrued payroll, 6/30/2011	(144,765)	
Payroll taxes payable, 6/30/2011	(14,962)	
Payroll benefits payable, 6/30/2011	(29,199)	(244,439)
Due To State General Fund, June 30, 2011		\$ 16,567
FY 2011	\$ 16,567	
FY 2010	-	
	<u>\$ 16,567</u>	

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2011**

6. Due To/Due From Other State Agencies

	<u>Purpose</u>	<u>Due From</u>	<u>Due To</u>
Fund 14100 - Court Regular - General Fund			
Department of Finance and Administration	Payroll tax and payroll benefit liability errors - SHARE	\$ 24,429	\$ -
Administrative Office of the Courts	Contract accrual-Interlock and DWI Grant-Adult and Juvenile Drug Court	20,991	-
		<u>\$ 45,420</u>	<u>\$ -</u>
Fund 91800 - Hearing Officer - General Fund			
NM Department of Human Services	Contract-accrual of May & June 2011-Child Support Hearing Officer	54,350	-
		<u>\$ 54,350</u>	<u>\$ -</u>

7. Due from Federal Government

The amount of \$58,250 is due from the federal government at June 30, 2011 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 \$99,050 for the period from October 1, 2010 to September 30, 2012. Cumulative expenditures through June 30, 2011 were \$36,093.

8. Compensated Absences

The following is a summary of changes in compensated absences:

	<u>Balance</u>	<u>Adjust.</u>	<u>Adjusted</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Balance</u>
	<u>6/30/2010</u>	<u>6/30/2010</u>	<u>Balance</u>	<u>6/30/2010</u>	<u>6/30/2010</u>	<u>6/30/2011</u>
Amount Due Within One Year						
Compensated Absences Payable	\$ 199,089	\$ 1,497	\$ 200,586	\$ 252,194	\$ (251,069)	\$ 201,711
Long-Term						
Compensated Absences Payable	34,851	(4,784)	30,067	41,515	(29,267)	42,315
Total						
Compensated Absences Payable	<u>\$ 233,940</u>	<u>\$ (3,287)</u>	<u>\$ 230,653</u>	<u>\$ 293,709</u>	<u>\$ (280,336)</u>	<u>\$ 244,026</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, 2011**

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 2011 were \$65,383.

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, 2011, 2010, and 2009 were \$541,166, \$554,927, and \$632,278, 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, 2011, 2010, and 2009 were \$94,321, \$94,389, and \$90,580, 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, 2011**

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 \$230,847 in filing fees for the year ending June 30, 2011.

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.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2011**

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 1.666% of each participating employee's annual salary; each participating employee was required to contribute .833% of their salary. In the fiscal years ending June 30, 2012 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>
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]), during the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 2.084% of each participating employee's annual salary, and each participating employee was required to contribute 1.042% of their salary. In the fiscal years ending June 30, 2012 and June 30, 2013, the contribution rates for both employees and employers will rise as follows:

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

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2011**

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

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.

The First Judicial District Court's contributions (employer and employee) to the RHCA for the years ended June 30, 2011, 2010, and 2009, were \$77,882, \$86,921, and \$85,739, 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, 2010 through June 30, 2011.

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 (\$243,276). 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

None

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2011**

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

Net Assets

Net assets, June 30, 2010 (as reported)	\$	95,382
Adjustment to prepaid travel advances-General Fund 14100		245
Adjustment to payroll tax and payroll benefits payable-SHARE-Mediation Special Revenue Fund 91700		729
Adjustment to payroll tax and payroll benefits payable-SHARE-Alternative Dispute Resolution Special Revenue Fund 87800		8,063
Rounding		1
		1
Net Assets, June 30, 2010 (as restated)	\$	104,420

Fund Balances (Governmental funds)

a. General Fund 14000

Fund balance, June 30, 2010 (as reported)	\$	750
Adjustment to prepaid travel advances		245
		995
Fund balance, June 30, 2010 (as restated)	\$	995

b. Mediation Special Revenue Fund 91700

Fund balance, June 30, 2010 (as reported)	\$	141,602
Adjustment to payroll tax and payroll benefits payable-SHARE		729
		142,331
Fund balance, June 30, 2010 (as restated)	\$	142,331

c. Alternative Dispute Resolution Special Revenue Fund 87800

Fund balance, June 30, 2010 (as reported)	\$	35,221
Adjustment to payroll tax and payroll benefits payable-SHARE		8,063
Rounding		(1)
		43,283
Fund balance, June 30, 2010 (as restated)	\$	43,283

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Combining Balance Sheet
General Fund - All Accounts
June 30, 2011**

	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	\$ 156,634	\$ 59,873	\$ 216,507
Petty cash	750	-	750
Due from other funds	617	-	617
Due from federal government	58,250	-	58,250
Due from other state agencies	45,420	54,350	99,770
Prepaid travel advances	85	-	85
	<hr/>	<hr/>	<hr/>
Total assets	\$ 261,756	\$ 114,223	\$ 375,979
	<hr/>	<hr/>	<hr/>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts payable	\$ 55,513	\$ 638	\$ 56,151
Accrued payroll	144,765	7,975	152,740
Payroll taxes payable	14,962	844	15,806
Payroll benefits payable	29,199	1,294	30,493
Deferred revenue	-	103,472	103,472
Due to State General Fund	16,567	-	16,567
	<hr/>	<hr/>	<hr/>
Total liabilities	261,006	114,223	375,229
	<hr/>	<hr/>	<hr/>
Fund Balance:			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	750	-	750
Unassigned	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balance	750	-	750
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	\$ 261,756	\$ 114,223	\$ 375,979
	<hr/>	<hr/>	<hr/>

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, 2011

	General Fund		Total General Fund
	Fund 14100 Court Regular	Fund 91800 Hearing Officer	
Revenues:			
Federal grants - operating	\$ 36,094	\$ 298,488	\$ 334,582
Charges for services - court fees	87,050	-	87,050
Miscellaneous revenues - refunds	1,513	-	1,513
Total revenues	124,657	298,488	423,145
Expenditures:			
Current:			
Administrative Services	6,270,278	298,488	6,568,766
Capital outlay	15,769	-	15,769
Total expenditures	6,286,047	298,488	6,584,535
Excess (deficiency) of revenues over expenditures	(6,161,390)	-	(6,161,390)
Other financing sources:			
Transfer in:			
State general fund appropriation	6,031,500	-	6,031,500
Other state funds	141,417	-	141,417
Transfers out:			
Reversions to State General Fund FY 2011	(11,772)	-	(11,772)
Total other financing sources (uses)	6,161,145	-	6,161,145
Net change in fund balances	(245)	-	(245)
Fund balance, beginning of year, as reported	750	-	750
Restatements:			
Prior-period adjustments	245	-	245
Fund balance, beginning of year, as restated	995	-	995
Fund balance, end of year	\$ 750	\$ -	\$ 750

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, 2011

General Fund - Court Regular Account - Fund 14100				
	Original Budget	Final Budget	Current Year Actual Budget Basis	Variance Favorable (Unfavorable)
Revenues:				
State appropriations	\$ 6,031,500	\$ 6,031,500	\$ 6,031,500	\$ -
Intra-state - Federal grants	-	99,055	36,094	(62,961)
Other financing sources - state funds	87,200	157,670	141,417	(16,253)
Charges for services - court fees	70,000	85,000	87,050	2,050
Miscellaneous revenue	-	-	1,513	1,513
	6,188,700	6,373,225	\$ 6,297,574	\$ (75,651)
Total revenues				
Cash balance appropriated (multi-year budgets)	-	-		
Total budgeted resources	\$ 6,188,700	\$ 6,373,225		
Expenditures:				
Administrative services:				
Personal services & benefits	\$ 5,397,200	\$ 5,667,200	\$ 5,663,083	\$ 4,117
Contractual services	615,000	316,375	251,160	65,215
Other costs	176,500	389,650	371,804	17,846
	\$ 6,188,700	\$ 6,373,225	\$ 6,286,047	\$ 87,178
Total expenditures				
Reconciliation of GAAP basis to budgetary basis:				
GAAP basis		\$ 6,297,574	\$ 6,286,047	
Adjustments: None		-	-	
Budget basis		\$ 6,297,574	\$ 6,286,047	

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 2012 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, 2011

	<u>General Fund - Hearing Officer Account - Fund 91800</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intra-state - Federal	\$ 345,500	\$ 345,500	\$ 326,100	\$ (19,400)
Miscellaneous revenue	-	-	-	-
Total revenues	<u>\$ 345,500</u>	<u>\$ 345,500</u>	<u>\$ 326,100</u>	<u>\$ (19,400)</u>
Expenditures:				
Administrative services:				
Personal services & benefits	\$ 319,400	\$ 319,400	\$ 285,974	\$ 33,426
Contractual services	-	-	-	-
Other costs	<u>26,100</u>	<u>26,100</u>	<u>12,514</u>	<u>13,586</u>
Total expenditures	<u>\$ 345,500</u>	<u>\$ 345,500</u>	<u>\$ 298,488</u>	<u>\$ 47,012</u>
Reconciliation of GAAP basis to budgetary basis:				
GAAP basis		<u>\$ 298,488</u>	<u>\$ 298,488</u>	
Adjustments: increase in deferred revenue		<u>27,612</u>	<u>-</u>	
Budget basis		<u>\$ 326,100</u>	<u>\$ 298,488</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 2012 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, 2011

(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	\$ 6,031,500	\$ 6,031,500	\$ 6,031,500	\$ -
Intra-state - Federal grants	345,500	444,555	362,194	(82,361)
Other financing sources - state funds	87,200	157,670	141,417	(16,253)
Charges for services - court fees	70,000	85,000	87,050	2,050
Miscellaneous revenue	-	-	1,513	1,513
	<u>6,534,200</u>	<u>6,718,725</u>	<u>\$ 6,623,674</u>	<u>\$ (95,051)</u>
 Total revenues				
Cash balance appropriated	-	-		
	<u>\$ 6,534,200</u>	<u>\$ 6,718,725</u>		
 Expenditures:				
Administrative services:				
Personal services & benefits	\$ 5,716,600	\$ 5,986,600	\$ 5,949,057	\$ 37,543
Contractual services	615,000	316,375	251,160	65,215
Other costs	202,600	415,750	384,318	31,432
	<u>\$ 6,534,200</u>	<u>\$ 6,718,725</u>	<u>\$ 6,584,535</u>	<u>\$ 134,190</u>
 Total expenditures				
 Reconciliation of GAAP basis to budgetary basis:				
GAAP basis		<u>\$ 6,596,062</u>	<u>\$ 6,584,535</u>	
Adjustments: increase in deferred revenue		27,612	-	
Budget basis		<u>\$ 6,623,674</u>	<u>\$ 6,584,535</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 2012 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, 2011**

	<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>Funds</u>
<u>Assets</u>			
Investment in the State Treasurer General Fund			
Investment Pool	\$ 57,938	\$ 4,373	\$ 62,311
	<u>57,938</u>	<u>4,373</u>	<u>62,311</u>
Total assets	\$ <u>57,938</u>	\$ <u>4,373</u>	\$ <u>62,311</u>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts payable	\$ 4,216	\$ -	\$ 4,216
Accrued payroll	1,301	-	1,301
Payroll taxes payable	81	-	81
Payroll benefits payable	192	-	192
Due to other funds	135	-	135
Due to other state agencies	-	-	-
	<u>5,925</u>	<u>-</u>	<u>5,925</u>
Total liabilities	5,925	-	5,925
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	52,013	4,373	56,386
Unassigned	-	-	-
	<u>52,013</u>	<u>4,373</u>	<u>56,386</u>
Total fund balance	52,013	4,373	56,386
Total liabilities and fund balance	\$ <u>57,938</u>	\$ <u>4,373</u>	\$ <u>62,311</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, 2011**

	<u>Special Revenue Funds</u>		(Exhibit E)
	<u>Fund 87800 Alternative Dispute Resolution</u>	<u>Fund 51600 Drug Court Fees</u>	<u>Total Other Governmental Funds</u>
Revenues:			
Charges for services - court fees	\$ 64,110	\$ 4,838	\$ 68,948
Expenditures:			
Current:			
Administrative Services	55,380	3,993	59,373
Excess (deficiency) of revenues over expenditures	8,730	846	9,575
Other financing sources (uses)	-	-	-
Net change in fund balances	8,730	846	9,575
Fund balance, beginning of year (as reported)	35,221	3,527	38,748
Restatements:			
Prior-period adjustment	8,063	-	8,063
Rounding	(1)	1	-
Fund balance, beginning of year (as restated)	43,283	3,528	46,811
Fund balance, end of year	\$ 52,013	\$ 4,374	\$ 56,386

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, 2011

	Alternative Dispute Resolution Special Revenue - Fund 87800			
	Original Budget	Final Budget	Actual Budget Basis	Variance Favorable (Unfavorable)
Revenues:				
Charges for services - court fees	\$ 140,400	\$ 140,400	\$ 64,110	\$ (76,290)
Expenditures:				
Administrative services:				
Personal services & benefits	\$ 88,100	\$ 88,100	\$ 37,546	\$ 50,554
Contractual services	15,000	15,000	11,906	3,094
Other costs	37,300	37,300	5,928	31,372
Total expenditures	\$ 140,400	\$ 140,400	\$ 55,380	\$ 85,020

Reconciliation of GAAP basis to budgetary basis:	Revenues	Expenditures
GAAP basis	\$ 64,110	\$ 55,380
Adjustments: None	-	-
Budget basis	\$ 64,110	\$ 55,380

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 2012 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, 2011**

Drug Court Fees Special Revenue - Fund 51600				
	Original Budget	Final Budget	Actual Budget Basis	Variance Favorable (Unfavorable)
Revenues:				
Charges for services - court fees	\$ <u>5,000</u>	\$ <u>5,000</u>	\$ <u>4,838</u>	\$ <u>(162)</u>
Expenditures:				
Administrative services:				
Personal services & benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	-	-	-	-
Other costs	<u>5,000</u>	<u>5,000</u>	<u>3,993</u>	<u>1,007</u>
Total expenditures	\$ <u>5,000</u>	\$ <u>5,000</u>	\$ <u>3,993</u>	\$ <u>1,007</u>
Reconciliation of GAAP basis to budgetary basis:				
GAAP basis		\$ <u>4,838</u>	\$ <u>3,993</u>	
Adjustments: None		<u>-</u>	<u>-</u>	
Budget basis		\$ <u>4,838</u>	\$ <u>3,993</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 2012 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, 2011

	<u>Beginning Balance</u>	<u>Adj's.</u>	<u>Adjusted 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	\$ -	\$ -	\$ -	\$ 1,183,423	\$ (1,174,171)	\$ 9,252
Litigant Accounts	<u>2,809,915</u>	<u>(3,250)</u>	<u>2,806,665</u>	<u>2,777,822</u>	<u>(2,166,991)</u>	<u>3,417,496</u>
Total assets	<u>\$ 2,809,915</u>	<u>\$ (3,250)</u>	<u>\$ 2,806,665</u>	<u>\$ 3,961,245</u>	<u>\$ (3,341,162)</u>	<u>\$ 3,426,748</u>
<u>Liabilities</u>						
<u>Due to external parties:</u>						
Due to Mediation	\$ -	\$ -	\$ -	\$ 153,104	\$ (152,173)	\$ 931
Due to Alternative Dispute	-	-	-	68,220	(67,590)	630
Due to Court Operating	-	-	-	90,896	(90,038)	858
Due to Drug Court Fees	-	-	-	4,838	(4,838)	-
Due to State General Fund	-	-	-	138,687	(137,516)	1,171
Due to Other Agencies	-	-	-	727,678	(722,016)	5,662
Due to Litigants	<u>2,809,915</u>	<u>(3,250)</u>	<u>2,806,665</u>	<u>2,777,822</u>	<u>(2,166,991)</u>	<u>3,417,496</u>
Total liabilities	<u>\$ 2,809,915</u>	<u>\$ (3,250)</u>	<u>\$ 2,806,665</u>	<u>\$ 3,961,245</u>	<u>\$ (3,341,162)</u>	<u>\$ 3,426,748</u>

Adjustments to Beginning Balance

A litigant's account invested in the Local Government Investment Pool (LGIP) at the State Treasurer's Office for \$3,250 was closed on 3/10/2010, but remained on the First Judicial District Court's accounting records in error at 6/30/2010.

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, 2011**

	From SHARE Agency/Fund	To SHARE Agency/Fund	Title	Transfer	
				In	Out
1	34100/85300	23100/14100	Department of Finance and Administration	\$ 6,031,500	\$ -
2	23100/14100	34100/85300	Department of Finance and Administration	-	10,793
3	21800/13900	23100-14100	Administrive Office of the Courts	70,948	-
4	21800-13900	23100-14100	Administrive Office of the Courts	49,479	-
5	23100/14100	35000/35303	General Services Department	-	36,805
6	35000/35303	23100/14100	General Services Department	1,513	-
				<u>\$ 6,153,440</u>	<u>\$ 47,598</u>

- 1 General Fund Appropriation, 2nd Special Session, Laws of 2010, Chapter 6, Section 4
- 2 FY 2010 Reversion to State General Fund
- 3 Administrative Office of the Courts-Casa and Water Appropriation
- 4 Administrative Office of the Courts-Interlock and DWI Grant
- 5 General Services Department-Insurance Premiums
- 6 General Services Department-EAP Refunds for FY08, FY09 and FY2010

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, 2011

	Type of Account	Fund No.	Balance per Depository	Reconciling Items		Reconciled Balance at June 30, 2011
				Outstanding Warrants	Deposits in Transit	
Governmental Funds						
Investment in State Treasurer						
General Fund Investment Pool						
Court Regular	Operating	14100	\$ 156,634	\$ -	\$ -	\$ 156,634
Child Support Hearing Officer	Operating	91800	59,873	-	-	59,873
Court Mediation	Operating	91700	117,092	-	-	117,092
Drug Court	Operating	01600	-	-	-	-
Alternative Dispute Resolution	Operating	87800	57,938	-	-	57,938
Drug Court Fees	Operating	51600	4,373	-	-	4,373
			395,910	-	-	395,910
Petty Cash	N/A		750	-	-	750
Total governmental funds			\$ 396,660	\$ -	\$ -	\$ 396,660
Agency Funds						
Litigant Accounts:						
Wells Fargo Bank	Checking		\$ 3,026,494	\$ (63,524)	\$ -	\$ 2,962,970
Community Bank	Checking		266,357	(3,000)	-	263,357
New Mexico State Treasurer- Pooled investment						
	LGIP		191,169	-	-	191,169
			3,484,020	(66,524)	-	3,417,496
Court Clerk Account:						
Bank of America-St. Treasurer	Checking		4,613	-	2,250	6,863
Community Bank	Checking		2,158	-	231	2,389
			6,771	-	2,481	9,252
Total Agency Fund			\$ 3,490,791	\$ (66,524)	\$ 2,481	\$ 3,426,748

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, 2011

- 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, 2010 to June 30, 2011.
- e) Total estimated amount of project is \$326,100. The Human Services Department shall contribute \$326,100.
- 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 Barbara J. Vigil, 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, 2011, which collectively comprise the State of New Mexico, First Judicial District 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, 2011, as listed in the table of contents, and have issued our report thereon dated September 16, 2011. 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 no instances of noncompliance or other matters that are required to be reported under **Government Auditing Standards**.

This report is intended solely for the information and use of the 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
September 16, 2011

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Schedule of Findings and Responses
June 30, 2011**

I. PRIOR-YEAR AUDIT FINDINGS

a. Repeated in current-year

None

b. Resolved and not included in current-year

2010-01 - Late Delivery of Audit Report to State Auditor's Office

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

None

**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 November 8, 2011, to discuss the audit. The following individuals were in attendance:

State of New Mexico - First Judicial District Court

Honorable Barbara J. Vigil, 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