

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

**Annual Financial Report
For the Year Ended June 30, 2012**

(With Independent Auditor's Report Thereon)

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

INTRODUCTORY SECTION

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

TABLE OF CONTENTS

June 30, 2012

Introductory Section	<u>Page</u>
Table of Contents	ii-iii
Official Roster	iv

Financial Section

Independent Auditor’s Report	v-vii
Management’s Discussion and Analysis	viii-xii

Basic Financial Statements:

Government-wide Financial Statements

Exhibit

Statements of Net Assets	A	1
Statement of Activities	B	2

Fund Financial Statements

Balance Sheet – Governmental Funds	C	3
Reconciliation of the Balance Sheet to the Statement of Net Assets - Governmental Funds	D	4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	E	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities - Governmental Funds	F	6
Statement of Revenues and Expenditures Budget and Actual (Budgetary Basis) – Major Governmental Funds - General Fund - All Accounts	G	7
Statement of Revenues and Expenditures Budget and Actual (Budgetary Basis) – Major Governmental Funds - Court Mediation Special Revenue Fund ..	H	8
Statement of Fiduciary Assets and Liabilities - Agency Funds	I	9
Notes to the Financial Statements		10-27

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

TABLE OF CONTENTS

June 30, 2012

	<u>Statement</u>	<u>Page</u>
Combining and Individual Fund Financial Statements		
Combining Balance Sheet - General Fund - All Accounts	1	28
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – General Fund - All Accounts	2	29
Combining Statement of Revenues and Expenditures Budget and Actual (Budgetary Basis) - General Fund Accounts	3	30-32
Combining Balance Sheet – Other Governmental Funds	4	33
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Governmental Funds	5	34
Statement of Revenues and Expenditures Budget and Actual (Budgetary Basis) - Other Governmental Funds	6	35-37
<u>Schedule</u>		
Other Supplementary Information Section		
Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds	1	38
Schedule of Operating Transfers	2	39
Schedule of Deposits and Investments	3	40
Schedule of Memorandum of Understanding	4	41
Other Reports		
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		42-43
Schedule of Findings and Responses		44
Financial Statement Preparation and Exit Conference		45

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT

OFFICIAL ROSTER

June 30, 2012

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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SANTA FE, NEW MEXICO 87505-4761

(505) 983-6002

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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, the aggregate remaining fund information, and the budgetary comparisons for the General Fund and major special revenue funds 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, 2012, 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, and budgetary comparisons for all non-major funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the 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 funds, 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, 2012, and the changes in its financial position and budgetary comparisons, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the State of New Mexico, First Judicial District Court, as of June 30, 2012, and the respective changes in financial position thereof, and the respective budgetary comparisons for the General Fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of each non-major governmental fund of the State of New Mexico, First Judicial District Court as of June 30, 2012, and the respective changes in financial position thereof, and the respective budgetary comparisons for all non-major funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with **Government Auditing Standards**, we have also issued our report dated November 27, 2012, 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.

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

Our audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The schedules listed as "other supplementary information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other

records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Robert J. Rivera, CPA, PC". The signature is written in a cursive style.

Robert J. Rivera, CPA, PC
Santa Fe, New Mexico
November 27, 2012

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2012

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, 2012**

Financial Analysis of the Court

Condensed financial information for the current year is as follows:

	06/30/2012	06/30/2011	Increase (Decrease) Change
Assets:			
Current assets	\$ 682,186	\$ 554,765	\$ 127,421
Capital assets, net	78,208	112,381	(34,173)
Total assets	760,394	667,146	93,248
Liabilities:			
Current liabilities	752,051	588,730	163,321
Long-term liabilities	40,427	42,315	(1,888)
Total liabilities	792,478	631,045	161,433
Net assets:			
Invested in capital assets, net	78,208	112,381	(34,173)
Restricted	131,502	166,996	(35,494)
Unrestricted	(241,794)	(243,276)	1,482
Total net assets	\$ (32,084)	\$ 36,101	\$ (68,185)
Program revenues - court fees	\$ 281,228	\$ 308,108	\$ (26,880)
Operating grants	399,622	334,582	65,040
Miscellaneous revenues	1,742	1,513	229
Total program revenue	682,592	644,203	38,389
General revenue, transfers and special items:			
State appropriations, net	5,881,254	6,019,728	(138,474)
Other state funds	132,596	141,417	(8,821)
Loss on disposal of capital assets	(4,089)	(4,361)	272
Total general revenue, transfers and special items	6,009,761	6,156,784	(147,023)
Program expenses	6,760,077	6,869,306	(109,229)
Total expenses	6,760,077	6,869,306	(109,229)
Change in net assets	(67,724)	(68,319)	595
Beginning net assets, as adjusted	35,640	104,420	(68,780)
Ending net assets	\$ (32,084)	\$ 36,101	\$ (68,185)

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2012**

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 2012 General Fund appropriations decreased by (\$138,474) (net of reversion) over approved appropriations for Fiscal Year 2011. The decrease in net assets of (\$68,185) is principally because of the fact that the compensated absences payable has decreased by (\$1,431), non-reverting fund balances have decreased by (\$35,494), and capital assets have decreased by (\$34,173).

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. **Child Support Hearing Enforcement - (General Fund)** - Funds transferred from the NM Human Services Department and used by the Court to operate a Child Support Enforcement program.
3. **Court Mediation Special Revenue Fund** - Funds collected as docket fees on certain type of court cases and used by the Court to operate a domestic mediation program.
4. **Alternative Dispute Resolution (ADR) Special Revenue Fund** - Funds collected as a surcharge on certain type of cases and used by the Court to operate an Alternative dispute Resolution program.
5. **Drug Court Special Revenue 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 Fees Special Revenue Fund** - 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 2012 decreased insignificantly. Revenues were \$138,768 compared to \$152,110 in FY 2011. Alternative Dispute Resolution revenue is collected as a surcharge on certain case types. This revenue decreased insignificantly in 2012 to \$53,745, compared to \$64,110 in FY 2011. Child Support Hearing Enforcement revenue is received from the NM Human Services Department and decreased slightly to \$298,168 compared to \$298,488 in FY 2011. 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 \$84,424 expended through FY12 and the balance to be spent in FY13.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2012**

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 \$20,809 and related accumulated depreciation of \$16,720. Depreciation expense was \$29,582 during the current year. Therefore, net capital assets decreased by \$34,173. The Court does not own any infrastructure assets. The long-term debt for compensated absences has changed from \$42,315 to \$40,427, or an insignificant decrease of \$1,888.

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 13.5% decrease (\$813.4K) 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

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2012**

AGENCY HIGHLIGHTS (Cont'd)

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.

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.

The First Judicial District Court in Santa Fe County has been planning for the move to a new building for the last several years. The building will be complete at the beginning of calendar year 2013 and it is anticipated that the Court will be relocating to the new facility at such time as the Court receives adequate funds for furniture, fixtures and equipment from the Santa Fe County and the State of New Mexico. The new facility will provide greater security and safety to the public, Judges and staff.

In the past year, the Court has taken several steps to work toward becoming a paperless court. All pleadings are being scanned as they are received and the Imaging Division is also pulling pre-2010 cases from the shelves and imaging them. In FY 12, electronic filing became mandatory for attorneys filing civil cases. The scanning and electronic filing processes allow easy access to clear images of complete case files available to Judges, court staff and customers.

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, 2012**

		<u>Governmental Activities</u>
<u>Assets</u>		
Investment in the State Treasurer General Fund Investment Pool	\$	508,235
Petty cash		800
Due from federal government		85,674
Due from other state agencies		<u>87,477</u>
Total current assets		<u>682,186</u>
Capital assets		320,627
Less accumulated depreciation		<u>(242,419)</u>
Total capital assets, net of depreciation		<u>78,208</u>
Total assets		<u>760,394</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable		182,080
Accrued payroll		53,719
Payroll taxes payable		59,285
Payroll benefits payable		113,249
Deferred revenue		131,403
Due to State General Fund (see note 5)		10,030
Other liabilities		117
Compensated absences payable:		
Due within one year		202,168
Due after one year		<u>40,427</u>
Total liabilities		<u>792,478</u>
Net Assets:		
Invested in capital assets		78,208
Restricted for program expenditures, subsequent years		131,502
Unrestricted (deficit) (note 15)		<u>(241,794)</u>
Total net assets	\$	<u><u>(32,084)</u></u>

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, 2012**

	Governmental Activities
Expenses:	
Judicial:	
Administrative services	\$ 6,730,495
Depreciation expense	29,582
	6,760,077
Total expenses	6,760,077
Program revenues:	
Charges for services - court fees	281,228
Operating grants	399,622
Miscellaneous revenues	1,742
	682,592
Total program revenue	682,592
Net program expenses	(6,077,485)
General revenue, transfers and special items:	
Transfers:	
General fund appropriation	5,890,900
Reversion to State General Fund - FY2012	(9,646)
Other state funds	132,596
Loss on disposal of capital assets	(4,089)
	6,009,761
Total general revenue, transfers and special items	6,009,761
Change in net assets	(67,724)
Net assets, beginning, as reported	36,101
Restatements:	
Prior-period adjustments (note 17)	(460)
Rounding	(1)
	35,640
Net assets, beginning, as restated	35,640
Net assets, ending	\$ (32,084)

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, 2012**

	Major Funds			
	Fund 14100 and Fund 91800 General Fund	Fund 91700 Mediation Spec. Rev. Fund	(Stmt. 4) Other Governmental Funds	Total Governmental Funds
Assets				
Investment in the State Treasurer				
General Fund Investment Pool	\$ 390,724	\$ 99,594	\$ 39,066	\$ 529,384
Petty cash	800	-	-	800
Due from federal government	51,414	-	34,260	85,674
Due from other state agencies	87,477	-	-	87,477
	<u>530,415</u>	<u>99,594</u>	<u>73,326</u>	<u>703,335</u>
Total assets	<u>\$ 530,415</u>	<u>\$ 99,594</u>	<u>\$ 73,326</u>	<u>\$ 703,335</u>
Liabilities and Fund Balance				
Liabilities:				
Investment in the State Treasurer				
General Fund Investment Pool (deficit)	\$ -	\$ -	\$ 21,149	\$ 21,149
Accounts payable	165,289	2,723	14,069	182,081
Accrued payroll	52,807	376	535	53,718
Payroll taxes payable	58,297	312	677	59,286
Payroll benefits payable	111,672	428	1,149	113,249
Deferred revenue	131,403	-	-	131,403
Due to State General Fund	10,030	-	-	10,030
Other liabilities	117	-	-	117
	<u>529,615</u>	<u>3,839</u>	<u>37,579</u>	<u>571,033</u>
Total liabilities	<u>529,615</u>	<u>3,839</u>	<u>37,579</u>	<u>571,033</u>
Fund Balance:				
Non-spendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	800	95,755	35,747	132,302
Unassigned	-	-	-	-
	<u>800</u>	<u>95,755</u>	<u>35,747</u>	<u>132,302</u>
Total fund balance	<u>800</u>	<u>95,755</u>	<u>35,747</u>	<u>132,302</u>
Total liabilities and fund balance	<u>\$ 530,415</u>	<u>\$ 99,594</u>	<u>\$ 73,326</u>	<u>\$ 703,335</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, 2012**

Total fund balance for the governmental funds (Balance Sheet) Exhibit C	\$	132,302
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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	\$	320,627	
Accumulated depreciation		(242,419)	
		78,208	
Total capital assets			78,208

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		(242,595)	
Rounding		1	
		(242,594)	

Net assets of governmental activities (statement of net assets) Exhibit A	\$	<u>(32,084)</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, 2012

	Major Funds			Total Governmental Funds
	Fund 14100 and Fund 91800 General Fund	Fund 91700 Mediation Spec. Rev. Fund	(Stmt. 5) Other Governmental Funds	
Revenues:				
Federal grants - operating	\$ 346,498	\$ -	\$ 53,124	\$ 399,622
Charges for services - court fees	85,950	138,768	56,510	281,228
Miscellaneous revenue	163	1,489	89	1,741
	<u>432,611</u>	<u>140,257</u>	<u>109,723</u>	<u>682,591</u>
Total revenues				
	<u>432,611</u>	<u>140,257</u>	<u>109,723</u>	<u>682,591</u>
Expenditures:				
Judicial:				
Current:				
Administrative services	6,446,462	155,112	130,354	6,731,928
Capital outlay	-	-	-	-
	<u>6,446,462</u>	<u>155,112</u>	<u>130,354</u>	<u>6,731,928</u>
Total expenditures				
	<u>6,446,462</u>	<u>155,112</u>	<u>130,354</u>	<u>6,731,928</u>
Excess (deficiency) of revenues over expenditures	<u>(6,013,851)</u>	<u>(14,855)</u>	<u>(20,631)</u>	<u>(6,049,337)</u>
Other financing sources (uses):				
Transfers in:				
State appropriation	5,890,900	-	-	5,890,900
Other state funds	132,596	-	-	132,596
Transfers out:				
Reversions to State General Fund 2012	(9,646)	-	-	(9,646)
	<u>6,013,850</u>	<u>-</u>	<u>-</u>	<u>6,013,850</u>
Total other financing sources (uses)				
	<u>6,013,850</u>	<u>-</u>	<u>-</u>	<u>6,013,850</u>
Net change in fund balance	<u>(1)</u>	<u>(14,855)</u>	<u>(20,631)</u>	<u>(35,487)</u>
Fund balance, beginning of year, as reported	750	110,610	56,387	167,747
Restatements:				
Prior-period adjustments (note 17)	51	-	(9)	42
	<u>801</u>	<u>110,610</u>	<u>56,378</u>	<u>167,789</u>
Fund balance, beginning of year, as restated				
	<u>801</u>	<u>110,610</u>	<u>56,378</u>	<u>167,789</u>
Fund balance, end of year	<u>\$ 800</u>	<u>\$ 95,755</u>	<u>\$ 35,747</u>	<u>\$ 132,302</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, 2012**

Net change in fund balance - Governmental Funds (statement of revenues, expenditures and changes in fund balance) Exhibit E	\$	(35,487)
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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		(29,582)	
Excess of depreciation over capital outlay expense		(29,582)	(29,582)

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		(4,089)
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Expenses recognized in the statement of activities, not reported in governmental funds:

Increase in current and long term compensated absences		1,434
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Change in net assets of governmental activities (Statement of Activities) Exhibit B	\$	(67,724)
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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, 2012**

	<u>General Fund - All Accounts (From Statement 3, pg. 3 of 3)</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State appropriations	\$ 5,890,900	\$ 5,890,900	\$ 5,890,900	\$ -
Intrastate - federal	342,200	408,597	374,430	(34,167)
Other financing sources-state funds	87,200	143,200	132,596	(10,604)
Charges for services - court fees	70,000	85,000	85,950	950
Miscellaneous revenue	-	-	163	163
	<u>6,390,300</u>	<u>6,527,697</u>	<u>\$ 6,484,039</u>	<u>\$ (43,658)</u>
Total revenues				
Cash balance appropriated	-	-		
Total budgeted resources	<u>\$ 6,390,300</u>	<u>\$ 6,527,697</u>		
Expenditures:				
Administrative services:				
Personal services and benefits	\$ 5,908,200	\$ 5,796,500	\$ 5,786,968	\$ 9,532
Contractual services	193,300	300,800	278,710	22,090
Other costs	288,800	430,397	380,784	49,613
	<u>6,390,300</u>	<u>6,527,697</u>	<u>6,446,462</u>	<u>\$ 81,235</u>
Total expenditures				
Reconciliation of GAAP basis to budgetary basis:		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 6,456,107	\$ 6,446,462	
Adjustments: increase in deferred revenue		27,932	-	
Budget basis		<u>\$ 6,484,039</u>	<u>\$ 6,446,462</u>	

Note:

The actual expenditures on the budget basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2013 budget.

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

STATE OF NEW MEXICO
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, 2012

<u>Court Mediation Special Revenue Fund (Fund 91700)</u>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Charges for services - court fees	\$ 256,200	\$ 256,200	\$ 138,768	\$ (117,432)
Miscellaneous revenue	-	-	1,489	1,489
	<u>256,200</u>	<u>256,200</u>	<u>\$ 140,257</u>	<u>\$ (115,943)</u>
Total revenues				
Cash balance appropriated	-	-		
Total budgeted resources	<u>\$ 256,200</u>	<u>\$ 256,200</u>		
Expenditures:				
Administrative services:				
Personal services and benefits	\$ 145,000	\$ 145,000	\$ 138,191	\$ 6,809
Contractual services	40,000	40,000	3,985	36,015
Other costs	71,200	71,200	12,936	58,264
	<u>256,200</u>	<u>256,200</u>	<u>\$ 155,112</u>	<u>\$ 101,088</u>
Total expenditures				
Reconciliation of GAAP basis to budgetary basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 140,257	\$ 155,112	
Adjustments: None		-	-	
Budget basis		<u>\$ 140,257</u>	<u>\$ 155,112</u>	

Note:

The actual expenditures on the budget basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2013 budget.

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

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2012

	<u>Agency Funds</u>
<u>Assets</u>	
Cash and cash equivalents	\$ <u>1,196,901</u>
Total assets	<u>1,196,901</u>
<u>Liabilities</u>	
Due to external parties	<u>1,196,901</u>
Total liabilities	<u>1,196,901</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, 2012**

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, 2012**

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, 2012**

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 (Child Support Hearing Officer Fund) - 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, 2012**

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, 2012**

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 \$241,794 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, 2012**

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 Court.
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, Laws 2011, Chapter 179, Section 3, Paragraph O, 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 2012 budget. At June 30, 2012, 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, 2012**

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 Judicial 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, 2012, there were no inter-fund receivables and payables.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2012**

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

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

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

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	\$ 508,235	\$ 508,235
Agency Funds:		
Investment in the State Treasurer Local Government Investment Pool (LGIP)	182,003	182,003
Cash in Bank:		
Wells Fargo Bank-Bonds	907,085	894,545
Community Bank-Bonds	145,072	109,072
Wells Fargo Bank-Court Clerk-Escrow account	13,810	9,748
Community Bank-Court Clerk-Escrow account	2,431	1,533
Total agency funds	<u>1,250,401</u>	<u>1,196,901</u>
Total cash in bank	1,758,636	<u>\$ 1,705,136</u>
Less FDIC or NCUSIF coverage	<u>(500,000)</u>	
Total uninsured public funds	1,258,636	
50% collateral requirements (Sec. 6-10-17, NMSA 1978)	<u>(629,317)</u>	
Pledged Security	*	

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2012**

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

At June 30, 2012 the Court had the following invested in the Schedule of Cash Accounts:

Total Cash per Court's Books: \$508,235

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

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

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2012.

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

*Detail of pledged collateral for the \$1,258,636 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, 2012, \$1,258,636 of the Court's bank balances totaling \$1,258,636 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	\$1, 258,636
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New MexiGROW LGIP

The 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.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2012**

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

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

<u>June 30, 2012</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	\$182,003	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 \$182,003, is \$793 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.

General Fund Investment Pool Not Reconciled

In June 2012 an independent diagnostic report revealed that the State of New Mexico's General Fund Investment Pool has not been reconciled since the implementation of the Statewide Human resources, Accounting, and management REporting system (SHARE) in July of 2006. The Department of Finance and Administration (DFA) has commissioned two reports that address statewide cash reconciliation issues. They are (1) *Current State of Diagnostic of Cash Controls*, dated June 20, 2012 prepared by Deloitte Consulting, LLP and (2) *Cash Management Plan and Business Processes*, dated October 11, 2012, also prepared by Deloitte Consulting, LLP. The diagnostic reports are available in the resources section of the cash control page of the New Mexico Department of Finance and Administration's website at: http://www.nmdfa.state.nm.us/Cash_Control.aspx. DFA has commenced the Cash Management Remediation Project (Remediation Project) in partnership with the New Mexico State Treasurer's Office, the New Mexico Department of Information Technology, and a contracted third party PeopleSoft Treasury expert. The purpose of the Remediation Project is to design and implement the changes necessary to reconcile the General Fund Investment Pool in a manner that is complete, accurate, and timely. It is the DFA/FCD's responsibility to perform the monthly reconciliation at the business unit/fund level to the General Fund Investment Pool. The Remediation Project will make changes to the State's current SHARE system configuration, cash accounting policies and procedures, business practices, and banking structure. The scheduled implementation date for the changes associated with the Remediation Project is February 1, 2013.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2012**

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

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

Per the directive issued by the Office of the State Auditor on October 30, 2012, a note disclosure relating to this issue is required for all State of New Mexico state agencies for financial statements issued for fiscal year ended June 30, 2012.

That directive instructed agencies to do the following:

1. Provide copies of the referenced reports to the agency's Independent Public Accountant (IPA) performing the FY12 audit;
2. Explain to the IPA what policies and procedures the agency has in place to ensure that the agency's cash balances in SHARE are correct; and
3. Disclose in the agency's notes to the financial statements the facts about the statewide cash reconciliation as of June 30, 2012, and what the agency's policies and procedures were during the FY12 to mitigate the risk that the agency's cash balances would be misstated as of June 30, 2012.

The First Judicial District Court (Court) has provided copies of the referenced diagnostic reports to the IPA. The Court has also explained and provided copies to the IPA what policies and procedures are in place that ensures that the cash balances in SHARE are correct to the extent that the Court has control (i.e. collection, depositing, reconciling, bank statement validation, and documentation of outstanding reconciling items) of the cash it receipts and transfers to the state general fund and other state agencies pursuant to state statute.

The Court has 4 bank accounts, two for Rio Arriba County and two for Santa Fe/Los Alamos Counties. One bank account in each county is held under the oversight of the State Treasurer's Office and one account in each county is held for litigant and court clerk trust funds. To the extent possible the Court reconciles all fines, fees and transfers that come into its possession including those receipts that are statutorily mandated to be sent to the state general fund. The cash transactions processed by Court flow through the state general fund investment pool. Since SHARE was implemented, Court recognized the statewide cash reconciliation issue and in response, developed internal reconciliation procedures to ensure that cash receipts and disbursements recorded in the SHARE system are in fact transactions that have been initiated by Court. The reconciliation occurs each month and any required adjustments are forwarded to the Financial Control Division at DFA for correction. Monthly reconciliation procedures throughout the Fiscal Year, include, but are not limited to validation of: allotments, deposits, expenditures, all general entries, operating transfers, payroll expenditures/payroll liabilities by fund, and review of outstanding warrants within the court's statewide case management system. The Court reports the timely completion of the reconciliation process to Court management monthly and conducts

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2012**

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

monthly management budget reviews to ensure that all cash deposits and financial transactions are accurately recorded and posted to the SHARE system. This monthly internal reconciliation of cash receipts and disbursements flowing through Court's share of the state general fund investment pool provides management assurance that the balance reflected in State General Fund Investment Pool account is accurate as of the end of the reporting period. In addition, Court reconciles other asset and liability accounts on the Balance Sheet of each fund type. This process also provides additional assurance that transactions affecting Court's share in the State General Fund Investment Pool account are accurate.

4. Capital Assets - Governmental Activities

<u>Cost</u>	<u>Audit Balance 06/30/2011</u>	<u>Adj.'s</u>	<u>Adjusted Balance 06/30/2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/2012</u>
Furniture and fixtures	\$ 76,987	\$ (100)	\$ 76,887	\$ -	\$ -	\$ 76,887
Equipment and machinery	124,236	9,625	133,861	-	(17,268)	116,593
Data processing	65,781	(171)	65,610	-	(3,541)	62,069
Vehicles	35,104	-	35,104	-	-	35,104
Library	29,974	-	29,974	-	-	29,974
Total capital assets	332,082	9,354	341,436	-	(20,809)	320,627
Accumulated Depreciation						
Furniture and fixtures	(52,485)	60	(52,425)	(5,438)	-	(57,863)
Equipment and machinery	(62,572)	(10,087)	(72,659)	(10,350)	13,179	(69,830)
Data processing	(58,288)	171	(58,117)	(6,773)	3,541	(61,349)
Vehicles	(16,382)	-	(16,382)	(7,021)	-	(23,403)
Library	(29,974)	-	(29,974)	-	-	(29,974)
Total accumulated depr.	(219,701)	(9,856)	(229,557)	(29,582)	16,720	(242,419)
Net capital assets	\$ 112,381	\$ (502)	\$ 111,879	\$ (29,582)	\$ (4,089)	\$ 78,208

Current year depreciation expense of \$29,582 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 \$10,030 in the Statement of Net Assets consists of FY2012 and FY2011 reversions that will be remitted to the state general fund during fiscal year ending June 30, 2013.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2012**

5. Due to State General Fund (Cont'd)

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

Cash Balance, June 30, 2012		\$	302,346
Add:			
Due from other state agencies, payroll tax and payroll benefit liability errors	\$	3,525	-
Due from other state agencies, Drug Court Grant (AOC)		29,602	-
Due from federal government, Bureau of Justice Grant		51,414	84,541
Amount available (all state cash)			386,887
Less:			
Accounts payable, 6/30/2012		(164,735)	-
Accrued payroll, 6/30/2012		(50,048)	-
Payroll taxes payable, 6/30/2012		(55,190)	-
Payroll benefits payable, 6/30/2012		(106,767)	-
Other liabilities, 6/30/2012		(117)	(376,857)
Due To State General Fund, June 30, 2012			\$ 10,030
FY 2012	\$	10,030	
FY 2011		-	
	\$	10,030	

6. Due To/Due From Other State Agencies

	Purpose	Due From	Due To
<u>Fund 14100 - Court Regular - General Fund</u>			
Department of Finance and Administration	Payroll tax and payroll benefit liability errors - SHARE	\$ 3,525	\$ -
Administrative Office of the Courts	Contract accrual-Interlock and DWI Grant-Adult and Juvenile Drug Court	29,602	-
		33,127	-
<u>Fund 91800 - Hearing Officer - General Fund</u>			
NM Department of Human Services	Contract-accrual of May & June 2012-Child Support Hearing Officer	54,350	-
		54,350	-
Total due to/due from other state agencies, June 30, 2012		\$ 87,477	\$ -

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2012**

7. Due from Federal Government

The amount of \$51,414 is due from the federal government at June 30, 2012, 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 Court's Treatment Court. The grant award is for \$99,050 for the period from October 1, 2010, to September 30, 2012. Cumulative expenditures through June 30, 2012 were \$84,423.

The amount of \$34,260 is due from the federal government at June 30, 2012, in the Drug Court Special Revenue Fund #01600, for a grant from the Department of Justice, Office of Justice Programs, Bureau of Justice Assistance. The purpose of the grant is to provide financial and technical assistance to state courts to develop and supplement drug treatment courts that effectively integrate substance abuse, treatment, mandatory drug testing, and transitional services in a judicially supervised court setting with jurisdiction over non-violent, substance abuse offenders. The grant award is for \$199,580 for the period from October 1, 2011, through September 30, 2013. Cumulative expenditures through June 30, 2012, were \$53,124.

8. Compensated Absences

The following is a summary of changes in compensated absences:

	<u>Balance</u> <u>6/30/2011</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Balance</u> <u>6/30/2012</u>
Amount Due Within One Year				
Compensated Absences Payable	\$ 201,711	\$ 267,364	\$ (266,907)	\$ 202,168
Long-Term				
Compensated Absences Payable	<u>42,315</u>	<u>52,117</u>	<u>(54,005)</u>	<u>40,427</u>
Total				
Compensated Absences Payable	<u>\$ 244,026</u>	<u>\$ 319,481</u>	<u>\$ (320,912)</u>	<u>\$ 242,595</u>

The General Fund is used to liquidate compensated absences.

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 2012 were \$53,418.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2012**

10. Pension Plan - Public Employees Retirement Association

Plan Description. Substantially all of the 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% (ranges from 3.83% to 16.65% depending upon the plan - i.e. state general, state hazardous duty, state police and adult correctional officers, municipal general, municipal police, municipal fire, municipal detention officer) of their gross salary. The Court is required to contribute 15.09% (ranges from 7.0% to 25.72% depending upon the plan) of the gross covered salary. The contribution requirements of plan members and the 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 Court's employer contribution to PERA for the years ending June 30, 2012, 2011, and 2010 were \$549,833, \$541,166, and \$554,927, respectively, equal to the amount of the required contributions for each year.

11. Pension Plan - Judges Retirement Act

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 Court is required to contribute 10.5 percent of the gross covered salary. The Court's contributions to JRA for the years ending June 30, 2012, 2011, and 2010 were \$80,408, \$94,321, and \$94,389, respectively, equal to the amount of the required contributions for each year.

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 \$193,545 in filing fees for the year ending June 30, 2012.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2012**

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

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

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

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2012**

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

of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2012, the statute required each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee was required to contribute .917% of their salary. In the fiscal year ending June 30, 2013, the contribution rates for employees and employers will rise as follows:

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

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

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, 2012, the statute required each participating employer to contribute 2.292% of each participating employee's annual salary, and each participating employee was required to contribute 1.146% of their salary. In the fiscal year ending 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>
FY13	2.500%	1.250%

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

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

The Court's contributions to the RHCA for the years ended June 30, 2012, 2011, and 2010, were \$84,955, \$77,882, and \$86,921, respectively, which equal the required contributions for each year.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2012**

14. Risk Management and Litigation

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, 2011 through June 30, 2012.

There are no pending or known threatened legal proceedings involving material matters to which the Court is a party.

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 (\$241,794). 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

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

Net Assets

Net assets, June 30, 2011 (as reported)	\$	36,101
Adjustment to prepaid travel advances-General Fund 14100		51
Adjustment to capital assets		(502)
Adjustment to payroll tax and payroll benefits payable-SHARE-Alternative Dispute Resolution Special Revenue Fund 87800		(9)
Rounding		(1)
Net Assets, June 30, 2011 (as restated)	\$	<u>35,640</u>

Fund Balances (Governmental funds)

a. General Fund 14000

Fund balance, June 30, 2011 (as reported)		750
Adjustment to prepaid travel advances		51
Fund balance, June 30, 2011 (as restated)	\$	<u>801</u>

b. Alternative Dispute Resolution Special Revenue Fund 87800

Fund balance, June 30, 2011 (as reported)	\$	56,387
Adjustment to payroll tax and payroll benefits payable-SHARE		(9)
Fund balance, June 30, 2011 (as restated)	\$	<u>56,378</u>

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Combining Balance Sheet
General Fund - All Accounts
June 30, 2012**

	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	\$ 302,346	\$ 88,378	\$ 390,724
Petty cash	800	-	800
Due from other funds	-	-	-
Due from federal government	51,414	-	51,414
Due from other state agencies	33,127	54,350	87,477
	<u>387,687</u>	<u>142,728</u>	<u>530,415</u>
Total assets	\$ <u>387,687</u>	\$ <u>142,728</u>	\$ <u>530,415</u>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts payable	\$ 164,735	\$ 554	\$ 165,289
Accrued payroll	50,048	2,759	52,807
Payroll taxes payable	55,190	3,107	58,297
Payroll benefits payable	106,767	4,905	111,672
Deferred revenue	-	131,403	131,403
Due to State General Fund	10,030	-	10,030
Other liabilities	117	-	117
	<u>386,887</u>	<u>142,728</u>	<u>529,615</u>
Total liabilities	386,887	142,728	529,615
Fund Balance:			
Non-spendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	800	-	800
Unassigned	-	-	-
	<u>800</u>	<u>-</u>	<u>800</u>
Total fund balance	800	-	800
Total liabilities and fund balance	\$ <u>387,687</u>	\$ <u>142,728</u>	\$ <u>530,415</u>

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

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
General Fund - All Accounts
Year Ended June 30, 2012**

	General Fund		Total General Fund
	Fund 14100 Court Regular Acct.	Fund 91800 Hearing Officer Acct.	
Revenues:			
Federal grants - operating	\$ 48,330	\$ 298,168	\$ 346,498
Charges for services - court fees	85,950	-	85,950
Miscellaneous revenues - refunds	155	8	163
Total revenues	<u>134,435</u>	<u>298,176</u>	<u>432,611</u>
Expenditures:			
Current:			
Administrative Services	6,148,286	298,176	6,446,462
Capital outlay	-	-	-
Total expenditures	<u>6,148,286</u>	<u>298,176</u>	<u>6,446,462</u>
Excess (deficiency) of revenues over expenditures	<u>(6,013,851)</u>	<u>-</u>	<u>(6,013,851)</u>
Other financing sources:			
Transfer in:			
State general fund appropriation	5,890,900	-	5,890,900
Other state funds	132,596	-	132,596
Transfers out:			
Reversions to State General Fund FY 2012	<u>(9,646)</u>	<u>-</u>	<u>(9,646)</u>
Total other financing sources (uses)	<u>6,013,850</u>	<u>-</u>	<u>6,013,850</u>
Net change in fund balances	<u>(1)</u>	<u>-</u>	<u>(1)</u>
Fund balance, beginning of year, as reported	750	-	750
Restatements:			
Prior-period adjustments	<u>51</u>	<u>-</u>	<u>51</u>
Fund balance, beginning of year, as restated	<u>801</u>	<u>-</u>	<u>801</u>
Fund balance, end of year	<u>\$ 800</u>	<u>\$ -</u>	<u>\$ 800</u>

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

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Combining Statement of Revenues and Expenditures
Budget and Actual (Budgetary Basis)
General Fund - Court Regular Account - (Fund 14100)
For the Year Ended June 30, 2012**

General Fund - Court Regular Account - Fund 14100				
	Original Budget	Final Budget	Current Year Actual Budget Basis	Variance Favorable (Unfavorable)
Revenues:				
State appropriations	\$ 5,890,900	\$ 5,890,900	\$ 5,890,900	\$ -
Intrastate - Federal grants	-	66,397	48,330	(18,067)
Other financing sources - state funds	87,200	143,200	132,596	(10,604)
Charges for services - court fees	70,000	85,000	85,950	950
Miscellaneous revenue	-	-	155	155
	6,048,100	6,185,497	\$ 6,157,931	\$ (27,566)
 Total revenues				
Cash balance appropriated	-	-		
 Total budgeted resources	\$ 6,048,100	\$ 6,185,497		
Expenditures:				
Administrative services:				
Personal services & benefits	\$ 5,612,700	\$ 5,501,000	\$ 5,498,657	\$ 2,343
Contractual services	193,300	295,800	277,510	18,290
Other costs	242,100	388,697	372,119	16,578
	6,048,100	6,185,497	6,148,286	37,211
 Total expenditures				
Reconciliation of GAAP basis to budgetary basis:				
GAAP basis		\$ 6,157,931	\$ 6,148,286	
Adjustments: None		-	-	
 Budget basis		\$ 6,157,931	\$ 6,148,286	

Note:

The actual expenditures on the budget basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2013 budget.

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

**STATE OF NEW MEXICO
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, 2012**

General Fund - Hearing Officer Account - Fund 91800				
	Original Budget	Final Budget	Actual Budget Basis	Variance Favorable (Unfavorable)
Revenues:				
Intrastate - Federal	\$ 342,200	\$ 342,200	\$ 326,100	\$ (16,100)
Miscellaneous revenue	-	-	8	8
Total revenues	342,200	342,200	\$ <u>326,108</u>	\$ <u>(16,092)</u>
Cash balance appropriated	-	-		
Total budgeted resources	\$ <u>342,200</u>	\$ <u>342,200</u>		
Expenditures:				
Administrative services:				
Personal services & benefits	\$ 295,500	\$ 295,500	\$ 288,311	\$ 7,189
Contractual services	-	5,000	1,200	3,800
Other costs	46,700	41,700	8,665	33,035
Total expenditures	\$ <u>342,200</u>	\$ <u>342,200</u>	\$ <u>298,176</u>	\$ <u>44,024</u>
Reconciliation of GAAP basis to budgetary basis:				
		Revenues	Expenditures	
GAAP basis		\$ 298,176	\$ 298,176	
Adjustments: increase in deferred revenue		<u>27,932</u>	-	
Budget basis		\$ <u>326,108</u>	\$ <u>298,176</u>	

Note:

The actual expenditures on the budget basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2013 budget.

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

STATE OF NEW MEXICO
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, 2012

(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	\$ 5,890,900	\$ 5,890,900	\$ 5,890,900	\$ -
Intrastate - Federal grants	342,200	408,597	374,430	(34,167)
Other financing sources - state funds	87,200	143,200	132,596	(10,604)
Charges for services - court fees	70,000	85,000	85,950	950
Miscellaneous revenue	-	-	163	163
	6,390,300	6,527,697	\$ 6,484,039	\$ (43,658)
 Total revenues				
Cash balance appropriated	-	-		
 Total budgeted resources	\$ 6,390,300	\$ 6,527,697		
 Expenditures:				
Administrative services:				
Personal services & benefits	\$ 5,908,200	\$ 5,796,500	\$ 5,786,968	\$ 9,532
Contractual services	193,300	300,800	278,710	22,090
Other costs	288,800	430,397	380,784	49,613
	6,390,300	6,527,697	\$ 6,446,462	\$ 81,235
 Total expenditures				
 Reconciliation of GAAP basis to budgetary basis:				
		Revenues	Expenditures	
GAAP basis		\$ 6,456,107	\$ 6,446,462	
Adjustments: increase in deferred revenue		27,932	-	
 Budget basis		\$ 6,484,039	\$ 6,446,462	

Note:

The actual expenditures on the budget basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2013 budget.

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

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Combining Balance Sheet
Other Governmental Funds
June 30, 2012**

	<u>Special Revenue Funds</u>			(Exhibit C)
	<u>Fund 87800</u> <u>Alternative</u> <u>Dispute</u> <u>Resolution</u>	<u>Fund 51600</u> <u>Drug</u> <u>Court Fees</u>	<u>Fund 01600</u> <u>Drug</u> <u>Court</u>	<u>Total</u> <u>Other</u> <u>Governmental</u> <u>Funds</u>
<u>Assets</u>				
Investment in the State Treasurer General Fund Investment Pool	\$ 36,393	\$ 2,673	\$ -	\$ 39,066
Due from federal government	-	-	34,260	34,260
Total assets	\$ 36,393	\$ 2,673	\$ 34,260	\$ 73,326
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Investment in the State Treasurer General Fund Investment Pool (deficit)	\$ -	\$ -	\$ 21,149	\$ 21,149
Accounts payable	543	415	13,111	14,069
Accrued payroll	535	-	-	535
Payroll taxes payable	677	-	-	677
Payroll benefits payable	1,149	-	-	1,149
Total liabilities	2,904	415	34,260	37,579
Fund balance:				
Non-spendable				-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	33,489	2,258	-	35,747
Unassigned	-	-	-	-
Total fund balance	33,489	2,258	-	35,747
Total liabilities and fund balance	\$ 36,393	\$ 2,673	\$ 34,260	\$ 73,326

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, 2012

	<u>Special Revenue Funds</u>			(Exhibit E)
	<u>Fund 87800</u> <u>Alternative</u> <u>Dispute</u> <u>Resolution</u>	<u>Fund 51600</u> <u>Drug</u> <u>Court Fees</u>	<u>Fund 01600</u> <u>Drug</u> <u>Court</u>	<u>Total</u> <u>Other</u> <u>Governmental</u> <u>Funds</u>
Revenues:				
Federal grants - operating	\$ -	\$ -	\$ 53,124	\$ 53,124
Charges for services - court fees	53,745	2,765	-	56,510
Miscellaneous revenues	2	87	-	89
Total revenues	\$ 53,747	\$ 2,852	\$ 53,124	\$ 109,723
Expenditures:				
Current:				
Administrative Services	72,263	4,967	53,124	130,354
Excess (deficiency) of revenues over expenditures	(18,516)	(2,115)	-	(20,631)
Other financing sources (uses)	-	-	-	-
Net change in fund balances	(18,516)	(2,115)	-	(20,631)
Fund balance, beginning of year (as reported)	52,013	4,374	-	56,387
Restatements:				
Prior-period adjustment	(9)	-	-	(9)
Rounding	1	(1)	-	-
Fund balance, beginning of year (as restated)	52,005	4,373	-	56,378
Fund balance, end of year	\$ 33,489	\$ 2,258	\$ -	\$ 35,747

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, 2012

	<u>Alternative Dispute Resolution Special Revenue - Fund 87800</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Charges for services - court fees	\$ 132,600	\$ 132,600	\$ 53,745	\$ (78,855)
Miscellaneous revenue	-	-	2	2
	<u>132,600</u>	<u>132,600</u>	<u>\$ 53,747</u>	<u>\$ (78,853)</u>
Total revenues				
Cash balance appropriated	-	-		
Total budgeted resources	<u>\$ 132,600</u>	<u>\$ 132,600</u>		
Expenditures:				
Administrative services:				
Personal services & benefits	\$ 105,300	\$ 105,300	\$ 59,086	\$ 46,214
Contractual services	15,000	15,000	4,940	10,060
Other costs	<u>12,300</u>	<u>12,300</u>	<u>8,237</u>	<u>4,063</u>
Total expenditures	<u>\$ 132,600</u>	<u>\$ 132,600</u>	<u>\$ 72,263</u>	<u>\$ 60,337</u>

Reconciliation of GAAP basis to budgetary basis:	<u>Revenues</u>	<u>Expenditures</u>
GAAP basis	\$ 53,747	\$ 72,263
Adjustments: None	<u>-</u>	<u>-</u>
Budget basis	<u>\$ 53,747</u>	<u>\$ 72,263</u>

Note:

The actual expenditures on the budget basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2013 budget.

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

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Statement of Revenues and Expenditures
Budget and Actual (Budgetary Basis)
Other Governmental Funds
For the Year Ended June 30, 2012**

Drug Court Fees Special Revenue - Fund 51600				
	Original Budget	Final Budget	Actual Budget Basis	Variance Favorable (Unfavorable)
Revenues:				
Charges for services - court fees	\$ 5,000	\$ 5,000	\$ 2,765	\$ (2,235)
Miscellaneous revenue	-	-	87	87
Total revenues	5,000	5,000	\$ 2,852	\$ (2,148)
Cash balance appropriated	-	-		
Total budgeted resources	\$ 5,000	\$ 5,000		
Expenditures:				
Administrative services:				
Personal services & benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	-	-	-	-
Other costs	5,000	5,000	4,967	33
Total expenditures	\$ 5,000	\$ 5,000	\$ 4,967	\$ 33
 Reconciliation of GAAP basis to budgetary basis:				
		Revenues	Expenditures	
GAAP basis		\$ 2,852	\$ 4,967	
Adjustments: None		-	-	
Budget basis		\$ 2,852	\$ 4,967	

Note:

The actual expenditures on the budget basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2013 budget.

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

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Statement of Revenues and Expenditures
Budget and Actual (Budgetary Basis)
Other Governmental Funds
For the Year Ended June 30, 2012**

Drug Court Account Special Revenue - Fund 01600				
	Original Budget	Final Budget	Actual Budget Basis	Variance Favorable (Unfavorable)
Revenues:				
Federal grants	\$ -	\$ 199,580	\$ 53,124	\$ (146,456)
Miscellaneous revenue	-	-	-	-
Total revenues	-	199,580	<u>\$ 53,124</u>	<u>\$ (146,456)</u>
Cash balance appropriated	-	-		
Total budgeted resources	<u>\$ -</u>	<u>\$ 199,580</u>		
 Expenditures:				
Administrative services:				
Personal services & benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	-	140,180	44,727	95,453
Other costs	-	59,400	8,397	51,003
Total expenditures	<u>\$ -</u>	<u>\$ 199,580</u>	<u>\$ 53,124</u>	<u>\$ 146,456</u>
 Reconciliation of GAAP basis to budgetary basis:				
		Revenues	Expenditures	
GAAP basis		\$ 53,124	\$ 53,124	
Adjustments: None		-	-	
Budget basis		<u>\$ 53,124</u>	<u>\$ 53,124</u>	

Note:

The actual expenditures on the budget basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2013 budget.

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

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, 2012

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Assets</u>				
<u>Cash and cash equivalents:</u>				
Court Clerk Accounts	\$ 9,252	\$ 1,027,555	\$ (1,025,526)	\$ 11,281
Litigant Accounts	<u>3,417,495</u>	<u>4,003,324</u>	<u>(6,235,199)</u>	<u>1,185,620</u>
 Total assets	 <u>\$ 3,426,747</u>	 <u>\$ 5,030,879</u>	 <u>\$ (7,260,725)</u>	 <u>\$ 1,196,901</u>
 <u>Liabilities</u>				
<u>Due to external parties:</u>				
Due to Mediation	\$ 931	\$ 454	\$ (931)	\$ 454
Due to Alternative Dispute	630	885	(630)	885
Due to Court Operating	858	601	(858)	601
Due to State General Fund	1,171	1,571	(1,171)	1,571
Due to Other Agencies	5,662	7,770	(5,662)	7,770
Due to Litigants	<u>3,417,495</u>	<u>4,003,324</u>	<u>(6,235,199)</u>	<u>1,185,620</u>
 Total liabilities	 <u>\$ 3,426,747</u>	 <u>\$ 4,014,605</u>	 <u>\$ (6,244,451)</u>	 <u>\$ 1,196,901</u>

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

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Schedule of Operating Transfers
For the Year Ended June 30, 2012**

	From SHARE Agency/Fund	To SHARE Agency/Fund	Title	Transfer	
				In	Out
1	23100/14100	34100/85300	Department of Finance and Administration	\$ -	\$ 16,567
2	21800/13900	23100-14100	Administrative Office of the Courts	76,595	-
3	21800-13900	23100-14100	Administrative Office of the Courts	56,364	-
4	23100/14100	35000/35303	General Services Department	-	57,496
5	35000/35303	23100/14100	General Services Department	155	-
6	35000/35303	23100/87800	General Services Department	2	-
7	35000/35303	23100/91700	General Services Department	5	-
8	35000/35303	23100/91800	General Services Department	8	-
9	34100/85300	23100/14100	Department of Finance and Administration	5,890,900	-
				<u>\$ 6,024,029</u>	<u>\$ 74,063</u>

- 1 FY 2011 Reversion to State General Fund (transferred in FY2012)
- 2 Administrative Office of the Courts-Casa and Water Appropriation
- 3 Administrative Office of the Courts-Interlock and DWI Grant
- 4 General Services Department-Insurance Premiums
- 5 General Services Department-EAP Refunds-Fund 14100
- 6 General Services Department-EAP Refunds-Fund 87800
- 7 General Services Department-EAP Refunds-Fund 91700
- 8 General Services Department-EAP Refunds-Fund 91800
- 9 FY 2012 State General Fund appropriation

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, 2012

	Type of Account	Fund No.	Balance per Depository	Reconciling Items		Reconciled Balance at June 30, 2012
				Outstanding Warrants	Deposits in Transit	
<u>Governmental Funds</u>						
Investment in State Treasurer						
General Fund Investment Pool						
Court Regular	Operating	14100	\$ 302,346	\$ -	\$ -	\$ 302,346
Child Support Hearing Officer	Operating	91800	88,378	-	-	88,378
Court Mediation	Operating	91700	99,594	-	-	99,594
Drug Court	Operating	01600	(21,149)	-	-	(21,149)
Alternative Dispute Resolution	Operating	87800	36,393	-	-	36,393
Drug Court Fees	Operating	51600	2,673	-	-	2,673
			508,235	-	-	508,235
Petty Cash	N/A		800			800
Total governmental funds			\$ 509,035	\$ -	\$ -	\$ 509,035
<u>Agency Funds</u>						
Litigant Accounts:						
Wells Fargo Bank	Checking		\$ 907,085	\$ (12,540)	\$ -	\$ 894,545
Community Bank	Checking		145,072	(36,000)	-	109,072
New Mexico State Treasurer- Pooled investment	LGIP		182,003	-	-	182,003
			1,234,160	(48,540)	-	1,185,620
Court Clerk Account:						
Wells Fargo Bank-St. Treasurer	Checking		13,810	(6,091)	2,029	9,748
Community Bank	Checking		2,431	(1,243)	345	1,533
			16,241	(7,334)	2,374	11,281
Total Agency Fund			\$ 1,250,401	\$ (55,874)	\$ 2,374	\$ 1,196,901

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, 2012**

- 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, 2011 to June 30, 2012.
- 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

ROBERT J. RIVERA, CPA, PC

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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 aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, and the combining and individual funds and related budgetary comparisons presented as supplemental 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, 2012, and have issued our report thereon dated November 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Court is responsible for establishing and maintaining effective 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 control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 applicable federal grantors and is not intended to be and should not be used by anyone other than these specified parties.



Robert J. Rivera, CPA, PC
Santa Fe, New Mexico
November 27, 2012

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Schedule of Findings and Responses
June 30, 2012**

I. PRIOR-YEAR AUDIT FINDINGS

a. Repeated in current-year

None

b. Resolved and not included in current-year

None

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

None

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Financial Statement Preparation and
Exit Conference
June 30, 2012**

Financial Statement Preparation

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

Exit Conference

An exit conference was held on December 7, 2012, to discuss the audit. The following individuals were in attendance:

State of New Mexico - First Judicial District Court

Honorable Raymond Ortiz
Stephen T. Pacheco, Court Executive Officer
Kathleen J. Vigil, Court Financial Manager

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

Robert J. Rivera, CPA