

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

**Annual Financial Report  
For the Year Ended June 30, 2013**

**(With Independent Auditor's Report Thereon)**

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

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

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FIRST JUDICIAL DISTRICT COURT**

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STATE OF NEW MEXICO  
FIRST JUDICIAL DISTRICT COURT

OFFICIAL ROSTER

June 30, 2013

Judges

Honorable Francis J. Mathew .....	Division 1
Honorable Sarah M. Singleton .....	Division 2
Honorable Raymond Z. Ortiz - (Presiding Judge) .....	Division 3
Honorable Sylvia LaMar .....	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

Stephen T. Pacheco .....	Court Executive Officer
Kathleen J. Vigil .....	Deputy Court Executive Officer

## **FINANCIAL SECTION**

# ROBERT J. RIVERA, CPA, PC

CERTIFIED PUBLIC ACCOUNTANTS  
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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

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), as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the Court's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Court's non-major governmental funds, the budgetary comparisons for all non-major governmental funds, and the financial statements and budgetary comparisons for the individual general fund SHARE accounts presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Court, as of June 30, 2013, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund and individual general fund SHARE accounts of the Court as of June 30, 2013, and the respective changes in financial position and, the respective budgetary comparisons for all non-major governmental funds and individual general fund SHARE accounts for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages viii through xiii 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.

#### **Other Information**

Our audit was conducted for the purpose of forming opinions on the Court's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The other schedules required by 2.2.2 NMAC (schedules 1-4) as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with **Government Auditing Standards**, we have also issued our report dated November 8, 2013, on our consideration of the 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** in considering the Court's internal control over financial reporting and compliance.



Robert J. Rivera, CPA, PC  
Santa Fe, New Mexico  
November 8, 2013



**STATE OF NEW MEXICO  
FIRST JUDICIAL DISTRICT COURT  
Management's Discussion and Analysis  
(Required Supplementary Information)  
June 30, 2013**

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 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 position includes all of the government's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. 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 position and how it has changed. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g. earned but uncollected grant revenues and earned but unused vacation leave). The government-wide financial statements present the expenses of the Court by function. The Court has only one function - Judicial Services - which is a governmental activity. The Court does not have any business-type activities or any component units. "Net position" is one way to measure the Court's financial position or "health." Over a period of time, increases or decreases in the Court's net position is an indicator of whether its financial health is improving or deteriorating, respectively.

**STATE OF NEW MEXICO**  
**FIRST JUDICIAL DISTRICT COURT**  
**Management's Discussion and Analysis**  
**(Required Supplementary Information)**  
**June 30, 2013**

**Government-wide Condensed Financial Information**

Government-wide condensed financial information is displayed below. Comparative information from the previous fiscal year is included for the reader's information.

<u>Statement of Net Position</u>	<u>6/30/2013</u>	<u>06/30/2012</u>	<u>Increase (Decrease) Change</u>
<b>Assets:</b>			
Current assets	\$ 672,365	\$ 682,186	\$ (9,821)
Capital assets, net	704,065	78,208	625,857
<b>Total assets</b>	<b>1,376,430</b>	<b>760,394</b>	<b>616,036</b>
<b>Liabilities:</b>			
Current liabilities	813,885	752,051	61,834
Long-term liabilities	42,497	40,427	2,070
<b>Total liabilities</b>	<b>856,382</b>	<b>792,478</b>	<b>63,904</b>
<b>Net position:</b>			
Invested in capital assets, net	704,065	78,208	625,857
Restricted	75,692	131,502	(55,810)
Unrestricted	(259,709)	(241,794)	(17,915)
<b>Total net position</b>	<b>\$ 520,048</b>	<b>\$ (32,084)</b>	<b>\$ 552,132</b>
<b>Changes in Net Position</b>			
Program revenues - court fees	\$ 271,900	\$ 281,228	\$ (9,328)
Operating grants	416,308	399,622	16,686
Miscellaneous revenues	2,457	1,742	715
<b>Total program revenue</b>	<b>690,665</b>	<b>682,592</b>	<b>8,073</b>
<b>General revenue, transfers and special items:</b>			
State appropriations, net	6,170,844	5,881,254	289,590
Other state funds	451,948	132,596	319,352
Donated capital assets transferred from other agencies	295,520	-	295,520
Loss on disposal of capital assets	(583)	(4,089)	3,506
<b>Total general revenue, transfers and special items</b>	<b>6,917,729</b>	<b>6,009,761</b>	<b>907,968</b>
<b>Program expenses</b>	<b>7,082,004</b>	<b>6,760,077</b>	<b>321,927</b>
<b>Total expenses</b>	<b>7,082,004</b>	<b>6,760,077</b>	<b>321,927</b>
<b>Change in net position</b>	<b>526,390</b>	<b>(67,724)</b>	<b>594,114</b>
Beginning net position, as adjusted	(6,342)	35,640	(41,982)
<b>Ending net position</b>	<b>\$ 520,048</b>	<b>\$ (32,084)</b>	<b>\$ 552,132</b>

**STATE OF NEW MEXICO  
FIRST JUDICIAL DISTRICT COURT  
Management's Discussion and Analysis  
(Required Supplementary Information)  
June 30, 2013**

**Financial Analysis of the Changes in Net Position**

During the audit year, the court received the traditional State General Fund appropriations to pay the operating expenses of the Court, Fiscal Year 2013 General Fund appropriations increased by \$289,590 (net of reversion) over appropriations for Fiscal Year 2012. The increase in net position of \$552,132, is principally because of the fact that the compensated absences payable has increased by \$17,962, non-reverting fund balances have decreased by (\$55,810), and capital assets have increased by \$625,857.

**Financial Analysis of the Fund Financial Statements**

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 2013 decreased insignificantly. Revenues were \$132,850 compared to \$138,768 in FY 2012.

Alternative Dispute Resolution revenue is collected as a surcharge on certain case types. This revenue decreased insignificantly in FY 2013 to \$52,156, compared to \$53,745 in FY 2012.

Child Support Hearing Enforcement revenue is received from the NM Human Services Department and increased slightly to \$299,501 compared to \$298,168 in FY 2012.

**STATE OF NEW MEXICO  
FIRST JUDICIAL DISTRICT COURT  
Management's Discussion and Analysis  
(Required Supplementary Information)  
June 30, 2013**

The Court did receive and expend federal grant funding from the Department of Justice, Office of Justice Programs in support of two grants awarded to support the Court's Adult Drug Court. The Drug Court Special Revenue Fund No. 01600 received and expended \$105,577 in federal grant funds, and the General Fund (Court Regular Fund) No. 14100 received and expended \$11,231 in federal grant funds during FY 2013.

**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 occupied a new district court building during FY 2013. The construction of the building was funded by the County of Santa Fe, New Mexico and the cost of the building is reflected on the financial statements of the County of Santa Fe, New Mexico. Capital asset additions of the District Court during FY 2013 amounted to \$678,875 as follows:

Furniture and fixtures	\$594,202
Equipment and machinery	59,877
Data processing equipment	<u>24,796</u>
	<u>\$678,875</u>

The County of Santa Fe donated \$270,724 of capital assets and the State of New Mexico - Administrative Office of the Courts donated \$24,796 of capital assets. A total of \$295,520 is also reflected in the statements of activities as "donated capital assets transferred from other agencies." In addition, the remaining \$383,355 of capital asset additions were funded by an \$87,000 loan from the New Mexico State Board of Finance, a grant of \$250,000 from the State Board of Finance, and the remaining \$46,355 from regular FY 2013 State General Appropriations.

The Court disposed of capital assets totaling \$16,951 and related accumulated depreciation of \$16,368. Depreciation expense was \$52,435 during the current year. Therefore, net capital assets increased by \$625,857. The Court does not own any infrastructure assets.

Long-term debt for compensated absences payable increased insignificantly by \$1,001 from \$40,427 to \$41,428.

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.

**STATE OF NEW MEXICO  
FIRST JUDICIAL DISTRICT COURT  
Management's Discussion and Analysis  
(Required Supplementary Information)  
June 30, 2013**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Court's General Fund budget is slowly rebounding from the economic downturn. The FY14 General Fund appropriation has increased \$51,700 over the FY11 General Fund appropriation, about a 1% increase.

Over the last three fiscal years, Agency Funds have experienced a decrease in revenue collections due to an increase in free process requests. Since a portion of filing fees is distributed to the Mediation and Alternative Dispute Resolution Divisions, the reduction in filing fees impacts the revenue collected for these funds. Mediation has experienced a decrease in revenue of \$27,700, approximately a 21% decrease and Alternative Dispute Resolution has experienced a \$14,700 decrease in revenue, down about 29%.

**AGENCY HIGHLIGHTS**

The First Judicial District Court operates under the New Mexico state statutes, Sections 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 231) is comprised of three counties: Santa Fe, Rio Arriba and Los Alamos. The District Court is authorized eight (8) district judges, seven are based in Santa Fe (Santa Fe County), New Mexico and one is based in Tierra Amarilla (Rio Arriba County), New Mexico. Trials, hearings and other judicial activities are also occasionally conducted in Los Alamos (Los Alamos County). The First Judicial District Court covers 7,870 square miles of area in north central New Mexico. Since Santa Fe is the state capitol, all case filings involving state government are filed in Santa Fe. Another driver for case file trends in our Court is the location of a maximum-security prison within Santa Fe County.

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 relocated to a new building in June, 2013. The new courthouse is one of the more modern courthouses in New Mexico. It contains eight courtrooms and two hearing rooms, to allow for future expansion. There are three separate circulation paths for the public, staff, and in-custody clients, providing increased security. The courthouse is very technologically advanced with point-to-point video conferencing and a video connection to the jail. Every courtroom contains a presentation podium to allow attorneys and litigants to present cases effectively and large video screens to allow clear viewing of court proceedings for all courtroom participants and observers. Video monitors are mounted outside every courtroom to list the day's docket. Additional windows were built in the Clerk's Office to reduce waiting time for customers and better serve the public.

**STATE OF NEW MEXICO  
FIRST JUDICIAL DISTRICT COURT  
Management's Discussion and Analysis  
(Required Supplementary Information)  
June 30, 2013**

**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**

**STATE OF NEW MEXICO  
FIRST JUDICIAL DISTRICT COURT  
Statement of Net Position  
June 30, 2013**

	<u>Governmental Activities</u>
<b><u>Assets</u></b>	
Investment in the State Treasurer General Fund Investment Pool	\$ 480,919
Petty cash	850
Due from Court Clerk Fees Agency fund	3,042
Due from federal government	66,884
Due from the State General Fund (note 5)	11,240
Due from other state agencies (note 6)	<u>109,430</u>
Total current assets	<u>672,365</u>
Capital assets	982,551
Less accumulated depreciation	<u>(278,486)</u>
Total capital assets, net of depreciation	<u>704,065</u>
Total assets	<u><u>\$ 1,376,430</u></u>
<b><u>Liabilities and Net Position</u></b>	
<b>Liabilities</b>	
Accounts payable	\$ 228,922
Accrued payroll	56,448
Payroll taxes payable	22,743
Payroll benefits payable	40,524
Loans payable (note 9)	87,000
Deferred revenue	158,003
Other liabilities	2,185
Compensated absences payable:	
Due within one year	218,060
Due after one year	<u>42,497</u>
Total liabilities	<u>856,382</u>
<b>Net Position</b>	
Investment in capital assets	704,065
Restricted for program expenditures, subsequent years	75,692
Unrestricted (deficit) (note 16)	<u>(259,709)</u>
Total net position	<u>520,048</u>
Total liabilities and net position	<u><u>\$ 1,376,430</u></u>

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

**STATE OF NEW MEXICO  
FIRST JUDICIAL DISTRICT COURT  
Statement of Activities  
For the Year Ended June 30, 2013**

	<b>Governmental Activities</b>
<b>Expenses:</b>	
Judicial:	
Administrative services	\$ 7,029,569
Depreciation expense	52,435
	7,082,004
Total expenses	7,082,004
<b>Program revenues:</b>	
Charges for services - court fees	271,900
Operating grants	416,308
Miscellaneous revenues	2,457
	690,665
Total program revenue	690,665
Net program expenses	(6,391,339)
<b>General revenue, transfers and special items:</b>	
<b>Transfers:</b>	
State General Fund appropriation	6,175,700
Reversion to State General Fund - FY2013 (note 5)	(4,856)
Other state funds	451,948
Donated capital assets transferred from other agencies	295,520
Loss on disposal of capital assets	(583)
	6,917,729
Total general revenue, transfers and special items	6,917,729
Change in net position	526,390
Net position, beginning, as reported	(32,084)
Restatements:	
Prior-period adjustments (note 18)	25,742
	(6,342)
Net position, beginning, as restated	(6,342)
Net position, ending	\$ 520,048

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



**STATE OF NEW MEXICO  
FIRST JUDICIAL DISTRICT COURT  
Balance Sheet  
Governmental Funds  
June 30, 2013**

	<u>Major Funds</u>			(Stmt. 4) Other Non-Major Governmental Funds	Sub- total	Interfund Eliminations	Total Governmental Funds
	Fund 14100 and Fund 91800 General Fund	Fund 91700 Mediation Spec. Rev. Fund					
<b>Assets</b>							
Investment in the State Treasurer							
General Fund Investment Pool	\$ 349,408	\$ 134,779	\$ 17,973	\$ 502,160	\$ (21,241)	\$	480,919
Petty cash	850	-	-	850	-	-	850
Due from other funds	4,282	-	-	4,282	(4,282)	-	-
Due from Court Clerk Agency Fund	1,274	863	905	3,042	-	-	3,042
Due from federal government	39,048	-	27,836	66,884	-	-	66,884
Due from State General Fund (note 5)	11,240	-	-	11,240	-	-	11,240
Due from other state agencies (note 6)	109,431	-	-	109,431	-	-	109,431
	<u>515,533</u>	<u>135,642</u>	<u>46,714</u>	<u>697,889</u>	<u>(25,523)</u>	<u>\$</u>	<u>672,366</u>
Total assets	<u>\$ 515,533</u>	<u>\$ 135,642</u>	<u>\$ 46,714</u>	<u>\$ 697,889</u>	<u>\$ (25,523)</u>	<u>\$</u>	<u>672,366</u>
<b>Liabilities and Fund Balance</b>							
<b>Liabilities:</b>							
Investment in the State Treasurer							
General Fund Investment							
Pool (deficit)	\$ -	\$ -	\$ 21,241	\$ 21,241	\$ (21,241)	\$	-
Accounts payable	214,558	5,209	9,155	228,922	-	-	228,922
Accrued payroll	54,831	969	648	56,448	-	-	56,448
Payroll taxes payable	22,131	327	285	22,743	-	-	22,743
Payroll benefits payable	39,204	919	401	40,524	-	-	40,524
Loan payable (note 9)	87,000	-	-	87,000	-	-	87,000
Deferred revenue	158,003	-	-	158,003	-	-	158,003
Due to other funds	-	4,282	-	4,282	(4,282)	-	-
Other liabilities	264	1,921	-	2,185	-	-	2,185
	<u>575,991</u>	<u>13,627</u>	<u>31,730</u>	<u>621,348</u>	<u>(25,523)</u>	<u>\$</u>	<u>595,825</u>
Total liabilities	<u>575,991</u>	<u>13,627</u>	<u>31,730</u>	<u>621,348</u>	<u>(25,523)</u>	<u>\$</u>	<u>595,825</u>
<b>Fund Balance:</b>							
Non-spendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	850	122,015	14,984	137,849	-	-	137,849
Unassigned	(61,308)	-	-	(61,308)	-	-	(61,308)
	<u>(60,458)</u>	<u>122,015</u>	<u>14,984</u>	<u>76,541</u>	<u>-</u>	<u>\$</u>	<u>76,541</u>
Total fund balance	<u>(60,458)</u>	<u>122,015</u>	<u>14,984</u>	<u>76,541</u>	<u>-</u>	<u>\$</u>	<u>76,541</u>
Total liabilities and fund balance	<u>\$ 515,533</u>	<u>\$ 135,642</u>	<u>\$ 46,714</u>	<u>\$ 697,889</u>	<u>\$ (25,523)</u>	<u>\$</u>	<u>672,366</u>

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

**STATE OF NEW MEXICO  
FIRST JUDICIAL DISTRICT COURT  
Reconciliation of the Balance Sheet to the Statement of Net Position  
Governmental Funds  
June 30, 2013**

<b>Total fund balance for the governmental funds (Balance Sheet) Exhibit C</b>	\$	76,541
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Amounts reported for governmental activities in the statement of net position 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	\$	982,551	
Accumulated depreciation		<u>(278,486)</u>	
 Total capital assets			704,065

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		(260,557)	
Rounding		<u>(1)</u>	

<b>Net position of governmental activities (statement of net position) Exhibit A</b>	\$	<u><u>520,048</u></u>
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The accompanying notes are an integral part of these 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, 2013**

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>Fund 14100 and Fund 91800 General Fund</u>	<u>Fund 91700 Mediation Spec. Rev. Fund</u>	<u>(Stmt. 5) Other Non-Major Governmental Funds</u>	
<b>Revenues:</b>				
Federal grants - operating	\$ 310,732	\$ -	\$ 105,577	\$ 416,309
Charges for services - court fees	82,655	132,850	56,395	271,900
Miscellaneous revenue	-	2,457	-	2,457
	<u>393,387</u>	<u>135,307</u>	<u>161,972</u>	<u>690,666</u>
<b>Total revenues</b>				
	<u>393,387</u>	<u>135,307</u>	<u>161,972</u>	<u>690,666</u>
<b>Expenditures:</b>				
Judicial:				
Current:				
Administrative services	7,019,043	109,047	182,735	7,310,825
Capital outlay	84,136	-	-	84,136
	<u>7,103,179</u>	<u>109,047</u>	<u>182,735</u>	<u>7,394,961</u>
<b>Total expenditures</b>				
	<u>7,103,179</u>	<u>109,047</u>	<u>182,735</u>	<u>7,394,961</u>
Excess (deficiency) of revenues over expenditures	<u>(6,709,792)</u>	<u>26,260</u>	<u>(20,763)</u>	<u>(6,704,295)</u>
<b>Other financing sources (uses):</b>				
<b>Transfers in:</b>				
State General Fund appropriation	6,175,700	-	-	6,175,700
Other state funds	451,948	-	-	451,948
<b>Transfers out:</b>				
Reversions to State General Fund - FY 2013 (note 5)	<u>(4,856)</u>	<u>-</u>	<u>-</u>	<u>(4,856)</u>
<b>Total other financing sources (uses)</b>	<u>6,622,792</u>	<u>-</u>	<u>-</u>	<u>6,622,792</u>
<b>Net change in fund balance</b>	<u>(87,000)</u>	<u>26,260</u>	<u>(20,763)</u>	<u>(81,503)</u>
Fund balance, beginning, as reported	800	95,755	35,747	132,302
Restatements:				
Prior-period adjustments (note 18)	<u>25,742</u>	<u>-</u>	<u>-</u>	<u>25,742</u>
<b>Fund balance, beginning, as restated</b>	<u>26,542</u>	<u>95,755</u>	<u>35,747</u>	<u>158,044</u>
<b>Fund balance, ending</b>	<u>\$ (60,458)</u>	<u>\$ 122,015</u>	<u>\$ 14,984</u>	<u>\$ 76,541</u>

The accompanying notes are an integral part of these 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, 2013**

<b>Net change in fund balance - Governmental Funds (statement of revenues, expenditures and changes in fund balance) Exhibit E</b>	\$	(81,503)
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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	\$	84,135	
Depreciation expense		(52,435)	
Excess of depreciation over capital outlay expense			31,700

The value of donated capital assets are included as expenditures in governmental funds. However, in the statement of activities, the value of the donated assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		594,739
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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		(583)
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Expenses recognized in the statement of activities, not reported in governmental funds:

Increase in current and long term compensated absences		(17,963)
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<b>Change in net position of governmental activities (Statement of Activities) Exhibit B</b>	\$	526,390
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The accompanying notes are an integral part of these 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, 2013**

<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>
<b>Revenues:</b>				
State appropriations	\$ 6,175,700	\$ 6,175,700	\$ 6,175,700	\$ -
Intrastate - federal	401,900	416,531	310,732	(105,799)
Other financing sources-state funds	87,200	555,200	451,948	(103,252)
Charges for services - court fees	<u>70,000</u>	<u>82,000</u>	<u>82,655</u>	<u>655</u>
Total revenues	6,734,800	7,229,431	<u>\$ 7,021,035</u>	<u>\$ (208,396)</u>
Cash balance appropriated	<u>-</u>	<u>-</u>		
Total budgeted resources	<u>\$ 6,734,800</u>	<u>\$ 7,229,431</u>		
<b>Expenditures:</b>				
Administrative services:				
Personal services and benefits	\$ 6,175,700	\$ 5,782,700	\$ 5,765,894	\$ 16,806
Contractual services	329,300	409,235	349,931	59,304
Other costs	<u>229,800</u>	<u>1,037,496</u>	<u>987,354</u>	<u>50,142</u>
Total expenditures	<u>\$ 6,734,800</u>	<u>\$ 7,229,431</u>	<u>\$ 7,103,179</u>	<u>\$ 126,252</u>
<b>Reconciliation of GAAP basis to budgetary basis:</b>				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 6,993,103	\$ 7,103,179	
Adjustments: increase in deferred revenue		<u>27,932</u>	<u>-</u>	
Budget basis		<u>\$ 7,021,035</u>	<u>\$ 7,103,179</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 2014 budget.

The accompanying notes are an integral part of these 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, 2013**

	<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>
<b>Revenues:</b>				
Charges for services - court fees	\$ 258,300	\$ 258,300	\$ 135,307	\$ (122,993)
Total revenues	258,300	258,300	<u>\$ 135,307</u>	<u>\$ (122,993)</u>
Cash balance appropriated	<u>-</u>	<u>-</u>		
Total budgeted resources	<u>\$ 258,300</u>	<u>\$ 258,300</u>		
<b>Expenditures:</b>				
Administrative services:				
Personal services and benefits	\$ 227,600	\$ 227,600	\$ 78,945	\$ 148,655
Contractual services	20,000	10,000	5,250	4,750
Other costs	<u>10,700</u>	<u>20,700</u>	<u>24,852</u>	<u>(4,152)</u>
Total expenditures	<u>\$ 258,300</u>	<u>\$ 258,300</u>	<u>\$ 109,047</u>	<u>\$ 149,253</u>
<b>Reconciliation of GAAP basis to budgetary basis:</b>				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 135,307	\$ 109,047	
Adjustments: None		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 135,307</u>	<u>\$ 109,047</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 2014 budget.

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

**STATE OF NEW MEXICO  
FIRST JUDICIAL DISTRICT COURT  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2013**

	<u>Agency Funds</u>
<b><u>Assets</u></b>	
Cash and cash equivalents	\$ <u>1,210,357</u>
Total assets	\$ <u><u>1,210,357</u></u>
<b><u>Liabilities</u></b>	
Due to First District Court Governmental Funds	\$ 3,042
Due to external parties	<u>1,207,315</u>
Total liabilities	\$ <u><u>1,210,357</u></u>

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

**STATE OF NEW MEXICO  
FIRST JUDICIAL DISTRICT COURT  
Notes to the Financial Statements  
June 30, 2013**

**1. Summary of Significant Accounting Policies**

The financial statements of the First Judicial District Court (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. The more significant of the Court's accounting policies are described below:

**A. 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 (U.S. 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:



STATE OF NEW MEXICO  
FIRST JUDICIAL DISTRICT COURT  
Notes to the Financial Statements  
June 30, 2013

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

**B. Government-wide and Fund Financial Statements**

In the **government-wide financial statements**, the statement of net position 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 **fund financial statements**, the balance sheet and the statement of revenues, expenditures, and changes in fund balances are presented to report additional and detailed information about the Court. 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.

STATE OF NEW MEXICO  
FIRST JUDICIAL DISTRICT COURT  
Notes to the Financial Statements  
June 30, 2013

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

B. **Government-wide and Fund Financial Statements (Cont'd)**

***Governmental Funds (Cont'd)***

**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 a nonmajor fund that is non-reverting. The fund number is #87800.

**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. This fund is a non-major fund that is non-reverting. The fund number is #01600.

**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 is a non-major fund and the fees do not revert to the State General Fund. The fund number is #51600.

***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. **Measurement Focus, Basis of Accounting and Financial Presentation**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

**STATE OF NEW MEXICO  
FIRST JUDICIAL DISTRICT COURT  
Notes to the Financial Statements  
June 30, 2013**

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

C. Measurement Focus, Basis of Accounting and Financial Presentation (Cont'd)

The **government-wide statements** are reported using the “economic resources” measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, in exchange transactions, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. In non-exchange transactions, revenues, expenses, gains, and losses, are recognized in accordance with the requirements of GASB 33, *Accounting and Financial Reporting for Non-exchange Transactions*, as amended. Depreciation expense is reported in the Statement of Activities. Appropriations are recorded when received and grants revenue is recorded when all applicable eligibility or reimbursement requirements are met.

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 60 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.

During fiscal year 2013, the First Judicial District Court adopted the following GASB statement:

GASB 63 amended previous guidance on deferred revenue in the government-wide financial statements to include deferred outflow of resources, which is the consumption of net assets by the government that is applicable to a future reporting period and deferred inflow of resources, which is acquisition of net assets by the government that is applicable to a future reporting period.

STATE OF NEW MEXICO  
FIRST JUDICIAL DISTRICT COURT  
Notes to the Financial Statements  
June 30, 2013

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

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. *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.

2. *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 the 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:

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.

3. *Compensated Absences Payable*

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.

4. *Equity-Net Position/Fund Balances*

**Government-Wide Statements**

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

**STATE OF NEW MEXICO  
FIRST JUDICIAL DISTRICT COURT  
Notes to the Financial Statements  
June 30, 2013**

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

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Cont'd)**

**4. *Equity-Net Position/Fund Balances (Cont'd)***

**Government-Wide Statements (Cont'd)**

- a. *Investment 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.
- b. *Restricted net position*, consists of net position 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.
- c. *Unrestricted net position* are all other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt". The unrestricted deficit of \$259,709 is due primarily to accrued compensated absences (annual and sick leave) that have not been funded for potential payments to employees.

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

**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.

**E. 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.

**STATE OF NEW MEXICO  
FIRST JUDICIAL DISTRICT COURT  
Notes to the Financial Statements  
June 30, 2013**

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

**E. Budgets and Budgetary Accounting**

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 2012, Chapter 19, Section 3, Paragraph M, 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 2013 budget. At June 30, 2013, there were none.
8. Appropriations lapse at the end of the fiscal year unless specifically reappropriated by the legislature.

**F. 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

**STATE OF NEW MEXICO  
FIRST JUDICIAL DISTRICT COURT  
Notes to the Financial Statements  
June 30, 2013**

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

**F. Compensated Absences Payable (Cont'd)**

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.

The Court Regular General Fund resources are used to liquidate accrued compensated absences.

**G. Use of Estimate**

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

**H. 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.

**I. 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.

**STATE OF NEW MEXICO  
FIRST JUDICIAL DISTRICT COURT  
Notes to the Financial Statements  
June 30, 2013**

**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>
<b>Governmental Funds:</b>		
Investment in the State Treasurer General Fund Investment Pool	\$ 480,919	\$ 480,919
<b>Agency Funds:</b>		
Investment in the State Treasurer Local Government Investment Pool (LGIP)	182,319	182,319
Cash in Bank:		
Wells Fargo Bank (Bonds)	942,852	838,203
Community Bank (Bonds)	174,990	174,990
Wells Fargo Bank (Court Clerk-Escrow Account)	13,050	13,050
Community Bank (Court Clerk-Escrow Account)	1,511	1,795
Total agency funds	1,314,722	1,210,357
Total cash in bank	1,795,641	\$ 1,691,276
Less FDIC or NCUSIF coverage	(500,000)	
Total uninsured public funds	1,295,641	
50% collateral requirements (Sec. 6-10-17, NMSA 1978)	(647,820)	
Pledged Security	*	

At June 30, 2013 the Court had the following invested in the Schedule of Cash Accounts:

Total Cash per Court's Books: \$480,919



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

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

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

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, 2013.

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 \$1,295,641 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, 2013, \$1,295,641 of the Court's bank balances totaling \$1,295,641 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	\$1,295,641
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**New Mexico 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 Mexico Local Government Investment Pool (LGIP), a government investment pool which is rated AAAM by Standards and Poors.

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

<u>June 30, 2013</u>	<u>Rating</u>	<u>Account Balance</u>	<u>Credit Risk</u>	<u>Interest Rate Risk Weighted Avg. Maturity (WAM)</u>
New Mexico LGIP	AAAM	\$182,319	AAAM	[59] days WAM(R) [90] days WAM(F)

**STATE OF NEW MEXICO  
FIRST JUDICIAL DISTRICT COURT  
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**3. Cash in Banks and Investment in the State Treasurer General Fund Investment Pool (Cont'd)**

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 \$182,319, is \$793 invested by the New Mexico State Treasurer's Office in the Reserve Primary Fund (referred to as the Reserve Contingency Fund). The Reserve Contingency Fund, which is not rated, is a non-performing asset and, as such, a WAM cannot be calculated. 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 expert diagnostic report revealed that the General Fund Investment Pool balances have not been reconciled at the business unit/fund level since the inception of the Statewide Human resources, Accounting, and management REporting system (SHARE) system in July 2006. The diagnostic report is available in the resources section of the cash control page of the New Mexico Department of Finance and Administration's website at: [http://www.nmdfa.state.nm.us/Cash\\_Control.aspx](http://www.nmdfa.state.nm.us/Cash_Control.aspx). The document title is Current State Diagnostic of Cash Control.

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

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

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

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

The purpose of the Remediation Project is to design and implement the changes necessary to reconcile the General Fund Investment Pool in a manner that is complete, accurate, and timely. The Remediation Project will make changes to the State's current SHARE system configuration, cash accounting policies and procedures, business practices, and banking structure. The scheduled implementation date for the changes associated with the Remediation Project was February 1, 2013. An approach and plan to address the population of historical reconciling items

will be developed during the Remediation Project, but a separate initiative will be undertaken to resolve the historical reconciling items.

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

The First Judicial District Court has reconciliation policies and procedures 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 four 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 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

**STATE OF NEW MEXICO  
FIRST JUDICIAL DISTRICT COURT  
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**3. Cash in Banks and Investment in the State Treasurer General Fund Investment Pool (Cont'd)**

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>Balance 06/30/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/2013</u>
Furniture and fixtures	\$ 76,887	\$ 594,202	\$ (11,837)	\$ 659,252
Equipment and machinery	116,593	59,877	(2,279)	174,191
Data processing	62,069	24,796	(2,835)	84,030
Vehicles	35,104	-	-	35,104
Library	29,974	-	-	29,974
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets	320,627	678,875	(16,951)	982,551
	<hr/>	<hr/>	<hr/>	<hr/>
<b><u>Accumulated Depreciation</u></b>				
Furniture and fixtures	(57,863)	(28,349)	11,254	(74,958)
Equipment and machinery	(69,830)	(12,212)	2,279	(79,763)
Data processing	(61,349)	(4,853)	2,835	(63,367)
Vehicles	(23,403)	(7,021)	-	(30,424)
Library	(29,974)	-	-	(29,974)
	<hr/>	<hr/>	<hr/>	<hr/>
Total accumulated depreciation	(242,419)	(52,435)	16,368	(278,486)
	<hr/>	<hr/>	<hr/>	<hr/>
Net investment in capital assets	\$ 78,208	\$ 626,440	\$ (583)	\$ 704,065
	<hr/>	<hr/>	<hr/>	<hr/>

Current year depreciation expense of \$52,435 was charged to the judicial expenditure function in the Statement of Activities (Exhibit B).

**5. Due to/Due From State General Fund**

The First Judicial District Court over-reverted general fund dollars for fiscal years ending June 30, 2008 through the fiscal year ending June 30, 2011. The over-reversions were due to the anticipation that monies due from the state general fund of \$16,096 for payroll errors starting in fiscal year 2008 were to be received. This amount was reduced by \$4,856 in potential general fund reversions at the fiscal year ending June 30, 2013, for a net amount "due from the State General Fund" as shown below:

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June 30, 2013**

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

Due to State General Fund, June 30, 2012	\$	9,646
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Less:

Amount reverted during FY 2013		-
Prior-period adjustment to amount due State General Fund at June 30, 2012		(9,646)
Prior-period adjustment for over-reversion of funds to the State General Fund in prior-years resulting from anticipation of monies which were due to the Court by the DFA (payroll account) for payroll taxes payable and payroll benefits payable liabilities errors caused by the DFA payroll system starting in FY 2008.		(16,096)

Add:

Computed reversion to the State General Fund (see below) for unexpended budget appropriations and miscellaneous revenue for FY 2013.		4,856
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<b>Net Amount Due From the State General Fund, June 30, 2013</b>	<b>\$</b>	<b><u>(11,240)</u></b>
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**Computation of Reversion to the State General Fund for FY 2013**

Cash balance, June 30, 2013	\$	239,819
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Add:

Other receivable, Court clerk fees, June 30, 2013	\$	1,274	
Due from other funds (Mediation Fund) June 30, 2013		4,282	
Due from other state agencies (DFA-Payroll errors) FY 2013		4,423	
Due from other state agencies (DFA-Payroll errors) FY 2008		21,269	
Due from other state agencies (Drug Court Grant) June 30, 2013		29,389	
Due from federal government (Drug Court Grant) June 30, 2013		39,048	
Due from State General Fund, June 30, 2013 (prior-year over-reversions)		<u>16,096</u>	<u>115,781</u>
			355,600

Less:

Accounts payable, June 30, 2013	\$	(214,303)	
Accrued payroll, June 30, 2013		(51,855)	
Payroll taxes payable, June 30, 2013		(21,028)	
Payroll benefits payable, June 30, 2013		(37,602)	
Due to other state agencies, June 30, 2013		(5)	
Other liabilities, June 30, 2013		(259)	
Reserve for uncollected amount due from DFA-payroll errors from FY 2008		(4,423)	
Reserve for uncollected amount due from DFA-payroll errors from FY 2013		<u>(21,269)</u>	<u>(350,744)</u>

Due to State General Fund, June 30, 2013 ( see above)	\$	<u>4,856</u>
(Netted above to Amount Due From State General Fund)		

**STATE OF NEW MEXICO  
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June 30, 2013**

**6. Due To/Due From Other State Agencies**

	<u>Purpose</u>	<u>Due From</u>	<u>Due To</u>
<b><u>Fund 14100 - Court Regular - General Fund</u></b>			
Department of Finance and Administration	Payroll tax and payroll benefit liability errors - SHARE	\$ 25,691	\$ -
Administrative Office of the Courts	Contract accrual-Interlock and DWI Grant-Adult and Juvenile Drug Court	29,389	-
		<u>55,080</u>	<u>-</u>
<b><u>Fund 91800 - Hearing Officer - General Fund</u></b>			
NM Department of Human Services	Contract-accrual of May & June 2013-Child Support Hearing Officer	54,350	-
		<u>54,350</u>	<u>-</u>
Total due to/due from other state agencies, June 30, 2013		<u>\$ 109,430</u>	<u>\$ -</u>

**7. Due from Federal Government**

The amount of \$39,048 is due from the federal government at June 30, 2013, in the Court Regular General 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 amount which is outstanding dates back to FY 2010. The Court has been unable to collect the amount owing, but has continued its effort.

The amount of \$27,836 is due from the federal government at June 30, 2013, 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, 2013, were \$105,577.

**8. Compensated Absences Payable**

The following is a summary of changes in compensated absences:

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**8. Compensated Absences (Cont'd)**

	<u>Balance</u> <u>6/30/2012</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Balance</u> <u>6/30/2013</u>
<b>Amount Due Within One Year</b>				
Compensated absences payable	\$ 202,168	\$ 257,208	\$ (240,247)	\$ 219,129
<b>Long-Term</b>				
Compensated absences payable	<u>40,427</u>	<u>49,599</u>	<u>(48,598)</u>	<u>41,428</u>
<b>Total</b>				
Compensated absences payable	<u>\$ 242,595</u>	<u>\$ 306,807</u>	<u>\$ (288,845)</u>	<u>\$ 260,557</u>

The Court Regular General Fund is used to liquidate compensated absences.

**9. Loans Payable - NM State Board of Finance**

A loan for \$87,000 was obtained from the NM State Board of Finance (State General Fund Operating Reserve) on June 21, 2012, to pay the costs associated with the purchase of security equipment for the new judicial complex in Santa Fe, New Mexico. The loan is interest free and matures on June 30, 2013. As of June 30, 2013, no payments had been made, and the loan balance of \$87,000 was outstanding.

**10. 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. Total lease and rent of equipment payments for 2013 were \$59,564.

Minimum future rental payments under operating leases having remaining terms in excess of one year as of June 30, 2013, for each of the next five years in the aggregate are as follows:

<u>Year Ending</u>	<u>Amount</u>
June 30, 2014	\$ 68,189
June 30, 2015	43,893
June 30, 2016	39,830
June 30, 2017	-
June 30, 2018	<u>-</u>
	<u>\$ 151,912</u>

**STATE OF NEW MEXICO  
FIRST JUDICIAL DISTRICT COURT  
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**11. 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](http://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, 2013, 2012, and 2011 were \$528,827, \$549,833, and \$541,166, respectively, equal to the amount of the required contributions for each year.

**12. 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](http://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, 2013, 2012, and 2011 were \$80,115, \$80,408, and \$94,321, 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 \$185,431 in filing fees for the year ending June 30, 2013.



**STATE OF NEW MEXICO  
FIRST JUDICIAL DISTRICT COURT  
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**13. 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.

**14. Post Employment Benefits - State Retiree Health Care Plan**

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

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

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

***Funding Policy.*** The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a

**STATE OF NEW MEXICO**  
**FIRST JUDICIAL DISTRICT COURT**  
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**June 30, 2013**

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

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](http://www.nmrhca.state.nm.us).

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

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. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Court's contributions to the RHCA for the years ended June 30, 2013, 2012, and 2011, were \$90,245, \$84,955, and \$77,882, respectively, which equal the required contributions for each year.

**15. 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, 2012 through June 30, 2013.

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

**STATE OF NEW MEXICO  
FIRST JUDICIAL DISTRICT COURT  
Notes to the Financial Statements  
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**16. Net Position-Deficit**

GASB #34 requires capitalized assets, net of accumulated depreciation, and the inclusion of long-term debt resulting in an unrestricted net position deficit of (\$259,709). This deficit is created by compensated absence liabilities which will be paid from subsequent years State General Fund Appropriations.

**17. Special and Other Specific Appropriations**

None

**18. Prior-Period Adjustments to Net Position/Fund Balance**

**Net Position**

Net position, June 30, 2012 (as reported)	\$ (32,084)
Adjustment to amount due to the state general fund at June 30, 2012	9,646
Adjustment to amount due from the state general fund for over-reversion of funds to the State General Fund in prior years resulting from anticipation of monies which were due to the Court by the DFA payroll account for payroll tax payable and payroll benefits payable liabilities errors caused by the DFA payroll system starting in FY 2008	16,096
Net position, June 30, 2012 (as restated)	\$ (6,342)

**Fund Balances (Governmental funds)**

**General Fund 14000**

Fund balance, June 30, 2012 (as reported)	\$ 800
Adjustment to amount due to the state general fund at June 30, 2012	9,646
Adjustment to amount due from the state general fund for over-reversion of funds to the State General Fund in prior years resulting from anticipation of monies which were due to the Court by the DFA payroll account for payroll tax payable and payroll benefits payable liabilities errors caused by the DFA payroll system starting in FY 2008	16,096
Fund balance, June 30, 2012 (as restated)	\$ 26,542

**19. Subsequent Events Review**

A review of subsequent events through November 8, 2013, which is the date the financial statements were available for issuance, revealed no significant subsequent events which require disclosure.

**STATE OF NEW MEXICO  
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**20. Subsequent Accounting Standard Pronouncements**

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is effective for financial statements for period beginning after December 15, 2012. Earlier application is encouraged. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This statement amends the net assets reporting requirements in Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure of net position, rather than net assets. The Court has made the change.

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO  
FIRST JUDICIAL DISTRICT COURT  
Combining Balance Sheet  
General Fund - All Accounts  
June 30, 2013**

	<u>General Fund</u>		<u>Total General Fund</u>
	<u>Fund 14100 Court Regular Account</u>	<u>Fund 91800 Hearing Officer Account</u>	
<b><u>Assets</u></b>			
Investment in the State Treasurer General Fund			
Investment Pool	\$ 239,819	\$ 109,589	\$ 349,408
Petty cash	850	-	850
Due from other funds	4,282	-	4,282
Due from other Court Clerk Fees Fund	1,274	-	1,274
Due from federal government	39,048	-	39,048
Due from State General Fund (note 5)	11,240	-	11,240
Due from other state agencies (note 6)	55,081	54,350	109,431
	<u>55,081</u>	<u>54,350</u>	<u>109,431</u>
 Total assets	 <u>\$ 351,594</u>	 <u>\$ 163,939</u>	 <u>\$ 515,533</u>
<b><u>Liabilities and Fund Balance</u></b>			
Liabilities:			
Accounts payable	\$ 214,303	\$ 255	\$ 214,558
Accrued payroll	51,855	-	51,855
Payroll taxes payable	21,028	2,976	24,004
Payroll benefits payable	37,602	1,103	38,705
Loans payable (note 9)	87,000	1,602	88,602
Deferred revenue	-	158,003	158,003
Other liabilities	264	-	264
	<u>264</u>	<u>-</u>	<u>264</u>
 Total liabilities	 <u>412,052</u>	 <u>163,939</u>	 <u>575,991</u>
Fund Balance:			
Non-spendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	850	-	850
Unassigned	(61,308)	-	(61,308)
	<u>(61,308)</u>	<u>-</u>	<u>(61,308)</u>
 Total fund balance	 <u>(60,458)</u>	 <u>-</u>	 <u>(60,458)</u>
 Total liabilities and fund balance	 <u>\$ 351,594</u>	 <u>\$ 163,939</u>	 <u>\$ 515,533</u>

The accompanying notes are an integral part of these 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, 2013

	General Fund		Total General Fund
	Fund 14100 Court Regular Acct.	Fund 91800 Hearing Officer Acct.	
<b>Revenues:</b>			
Federal grants - operating	\$ 11,231	\$ 299,501	\$ 310,732
Charges for services - court fees	82,655	-	82,655
Miscellaneous revenues - refunds	-	-	-
Total revenues	<u>93,886</u>	<u>299,501</u>	<u>393,387</u>
<b>Expenditures:</b>			
Current:			
Administrative Services	6,719,542	299,501	7,019,043
Capital outlay	84,136	-	84,136
Total expenditures	<u>6,803,678</u>	<u>299,501</u>	<u>7,103,179</u>
Excess (deficiency) of revenues over expenditures	<u>(6,709,792)</u>	<u>-</u>	<u>(6,709,792)</u>
<b>Other financing sources:</b>			
Transfer in:			
State general fund appropriation	6,175,700	-	6,175,700
Other state funds	451,948	-	451,948
Transfers out:			
Reversions to State General Fund FY 2013	<u>(4,856)</u>	<u>-</u>	<u>(4,856)</u>
Total other financing sources (uses)	<u>6,622,792</u>	<u>-</u>	<u>6,622,792</u>
Net change in fund balances	<u>(87,000)</u>	<u>-</u>	<u>(87,000)</u>
Fund balance, beginning, as reported	800	-	800
Restatements:			
Prior-period adjustments (note 18)	<u>25,742</u>	<u>-</u>	<u>25,742</u>
Fund balance, beginning, as restated	<u>26,542</u>	<u>-</u>	<u>26,542</u>
Fund balance, ending	<u>\$ (60,458)</u>	<u>\$ -</u>	<u>\$ (60,458)</u>

The accompanying notes are an integral part of these 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, 2013**

<b>General Fund - Court Regular Account - Fund 14100</b>				
			<b>Current Year</b>	
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Budget Basis</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>				
State appropriations	\$ 6,175,000	\$ 6,175,700	\$ 6,175,700	\$ -
Intrastate - Federal grants	56,000	70,631	11,231	(59,400)
Other financing sources - state funds	87,200	468,200	451,948	(16,252)
Charges for services - court fees	<u>70,000</u>	<u>82,000</u>	<u>82,655</u>	<u>655</u>
 Total revenues	 6,388,200	 6,796,531	 <u>\$ 6,721,534</u>	 <u>\$ (74,997)</u>
 Cash balance appropriated	 <u>-</u>	 <u>-</u>		
 Total budgeted resources	 <u>\$ 6,388,200</u>	 <u>\$ 6,796,531</u>		
<b>Expenditures:</b>				
Administrative services:				
Personal services & benefits	\$ 5,879,300	\$ 5,486,300	\$ 5,474,630	\$ 11,670
Contractual services	324,300	404,235	349,381	54,854
Other costs	<u>185,300</u>	<u>992,996</u>	<u>979,667</u>	<u>13,329</u>
 Total expenditures	 <u>\$ 6,388,900</u>	 <u>\$ 6,883,531</u>	 <u>\$ 6,803,678</u>	 <u>\$ 79,853</u>
<b>Reconciliation of GAAP basis to budgetary basis:</b>				
		<b><u>Revenues</u></b>	<b><u>Expenditures</u></b>	
GAAP basis		\$ 6,721,534	\$ 6,803,678	
Adjustments: None		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 6,721,534</u>	<u>\$ 6,803,678</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 2014 budget.

The accompanying notes are an integral part of these 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, 2013**

<b>General Fund - Hearing Officer Account - Fund 91800</b>				
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Budget Basis</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>				
Intrastate - Federal	\$ 345,900	\$ 345,900	\$ 299,501	\$ (46,399)
Total revenues	345,900	345,900	<u>\$ 299,501</u>	<u>\$ (46,399)</u>
Cash balance appropriated	-	-		
Total budgeted resources	<u>\$ 345,900</u>	<u>\$ 345,900</u>		
<b>Expenditures:</b>				
Administrative services:				
Personal services & benefits	\$ 296,400	\$ 296,400	\$ 291,264	\$ 5,136
Contractual services	5,000	500	550	(50)
Other costs	<u>44,500</u>	<u>44,500</u>	<u>7,687</u>	<u>36,813</u>
Total expenditures	<u>\$ 345,900</u>	<u>\$ 341,400</u>	<u>\$ 299,501</u>	<u>\$ 41,899</u>
<b>Reconciliation of GAAP basis to budgetary basis:</b>				
		<b>Revenues</b>	<b>Expenditures</b>	
GAAP basis		\$ 272,901	\$ 299,501	
Adjustments: increase in deferred revenue		<u>26,599</u>	<u>-</u>	
Budget basis		<u>\$ 299,500</u>	<u>\$ 299,501</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 2014 budget.

The accompanying notes are an integral part of these 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, 2013**

(To Exhibit G)

	<b>Total General Fund</b>			
	<b>Court Regular (Fund 14100) and Hearing Officer (Fund 91800)</b>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>				
State appropriations	\$ 6,175,700	\$ 6,175,700	\$ 6,175,700	\$ -
Intrastate - Federal grants	401,900	416,531	310,732	(105,799)
Other financing sources - state funds	87,200	555,200	451,948	(103,252)
Charges for services - court fees	<u>70,000</u>	<u>82,000</u>	<u>82,655</u>	<u>655</u>
Total revenues	6,734,800	7,229,431	<u>\$ 7,021,035</u>	<u>\$ (208,396)</u>
Cash balance appropriated	<u>-</u>	<u>-</u>		
Total budgeted resources	<u>\$ 6,734,800</u>	<u>\$ 7,229,431</u>		
<b>Expenditures:</b>				
Administrative services:				
Personal services & benefits	\$ 6,175,700	\$ 5,782,700	\$ 5,765,894	\$ 16,806
Contractual services	329,300	409,235	349,931	59,304
Other costs	<u>229,800</u>	<u>1,037,496</u>	<u>987,354</u>	<u>50,142</u>
Total expenditures	<u>\$ 6,734,800</u>	<u>\$ 7,229,431</u>	<u>\$ 7,103,179</u>	<u>\$ 126,252</u>
<b>Reconciliation of GAAP basis to budgetary basis:</b>				
GAAP basis		<u>\$ 6,993,103</u>	<u>\$ 7,103,179</u>	
Adjustments: increase in deferred revenue		<u>27,932</u>	<u>-</u>	
Budget basis		<u>\$ 7,021,035</u>	<u>\$ 7,103,179</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 2014 budget.

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

**STATE OF NEW MEXICO  
FIRST JUDICIAL DISTRICT COURT  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2013**

	<u>Special Revenue Funds</u>			(Exhibit C)
	<u>Fund 87800</u>	<u>Fund 51600</u>	<u>Fund 01600</u>	<u>Total</u>
	<u>Alternative</u>	<u>Drug</u>	<u>Drug</u>	<u>Non-Major</u>
	<u>Dispute</u>	<u>Court Fees</u>	<u>Court</u>	<u>Governmental</u>
	<u>Resolution</u>			<u>Funds</u>
<b><u>Assets</u></b>				
Investment in the State Treasurer General				
Fund Investment Pool	\$ 12,507	\$ 5,466	\$ -	\$ 17,973
Due from Court Clerk Agency Funds	810	95	-	905
Due from federal government	-	-	27,836	27,836
	<u>-</u>	<u>-</u>	<u>27,836</u>	<u>27,836</u>
Total assets	\$ <u>13,317</u>	\$ <u>5,561</u>	\$ <u>27,836</u>	\$ <u>46,714</u>
<b><u>Liabilities and Fund Balance</u></b>				
<b>Liabilities:</b>				
Investment in the State Treasurer General				
Fund Investment Pool (deficit)	\$ -	\$ -	\$ 21,241	\$ 21,241
Accounts payable	2,560	-	6,595	9,155
Accrued payroll	648	-	-	648
Payroll taxes payable	285	-	-	285
Payroll benefits payable	401	-	-	401
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>3,894</u>	<u>-</u>	<u>27,836</u>	<u>31,730</u>
<b>Fund balance:</b>				
Non-spendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	9,423	5,561	-	14,984
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>9,423</u>	<u>5,561</u>	<u>-</u>	<u>14,984</u>
Total liabilities and fund balance	\$ <u>13,317</u>	\$ <u>5,561</u>	\$ <u>27,836</u>	\$ <u>46,714</u>

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

STATE OF NEW MEXICO  
 FIRST JUDICIAL DISTRICT COURT  
 Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balances  
 Non-Major Governmental Funds  
 For the Year Ended June 30, 2013

	<u>Special Revenue Funds</u>			(Exhibit E) Total Non-Major Governmental Funds
	<u>Fund 87800 Alternative Dispute Resolution</u>	<u>Fund 51600 Drug Court Fees</u>	<u>Fund 01600 Drug Court</u>	
<b>Revenues:</b>				
Federal grants - operating	\$ -	\$ -	\$ 105,577	\$ 105,577
Charges for services - court fees	<u>52,156</u>	<u>4,239</u>	<u>-</u>	<u>56,395</u>
Total revenues	<u>52,156</u>	<u>4,239</u>	<u>105,577</u>	<u>161,972</u>
<b>Expenditures:</b>				
Current:				
Administrative Services	<u>76,222</u>	<u>936</u>	<u>105,577</u>	<u>182,735</u>
Excess (deficiency) of revenues over expenditures	(24,066)	3,303	-	(20,763)
<b>Other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(24,066)	3,303	-	(20,763)
Fund balance, beginning	<u>33,489</u>	<u>2,258</u>	<u>-</u>	<u>35,747</u>
Fund balance, ending	<u>\$ 9,423</u>	<u>\$ 5,561</u>	<u>\$ -</u>	<u>\$ 14,984</u>

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

**STATE OF NEW MEXICO**  
**FIRST JUDICIAL DISTRICT COURT**  
**Statement of Revenues and Expenditures**  
**Budget and Actual (Budgetary Basis)**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2013**

	<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>
<b>Revenues:</b>				
Charges for services - court fees	\$ 133,600	\$ 133,600	\$ 52,156	\$ (81,444)
Total revenues	133,600	133,600	<u>\$ 52,156</u>	<u>\$ (81,444)</u>
Cash balance appropriated	<u>-</u>	<u>-</u>		
Total budgeted resources	<u>\$ 133,600</u>	<u>\$ 133,600</u>		
<b>Expenditures:</b>				
Administrative services:				
Personal services & benefits	\$ 100,900	\$ 100,900	\$ 64,170	\$ 36,730
Contractual services	15,000	15,000	-	15,000
Other costs	<u>17,700</u>	<u>17,700</u>	<u>12,052</u>	<u>5,648</u>
Total expenditures	<u>\$ 133,600</u>	<u>\$ 133,600</u>	<u>\$ 76,222</u>	<u>\$ 57,378</u>

<b>Reconciliation of GAAP basis to budgetary basis:</b>	<u>Revenues</u>	<u>Expenditures</u>
GAAP basis	\$ 52,156	\$ 76,222
Adjustments: None	<u>-</u>	<u>-</u>
Budget basis	<u>\$ 52,156</u>	<u>\$ 76,222</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 2014 budget.

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

**STATE OF NEW MEXICO**  
**FIRST JUDICIAL DISTRICT COURT**  
**Statement of Revenues and Expenditures**  
**Budget and Actual (Budgetary Basis)**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2013**

	<u>Drug Court Fees Special Revenue - Fund 51600</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>				
Charges for services - court fees	\$ 5,000	\$ 5,000	\$ 4,239	\$ (761)
Total revenues	5,000	5,000	<u>\$ 4,239</u>	<u>\$ (761)</u>
Cash balance appropriated	-	-		
Total budgeted resources	<u>\$ 5,000</u>	<u>\$ 5,000</u>		
<b>Expenditures:</b>				
Administrative services:				
Personal services & benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	-	-	-	-
Other costs	<u>5,000</u>	<u>5,000</u>	<u>936</u>	<u>4,064</u>
Total expenditures	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 936</u>	<u>\$ 4,064</u>
<b>Reconciliation of GAAP basis to budgetary basis:</b>				
GAAP basis		<u>\$ 4,329</u>	<u>\$ 936</u>	
Adjustments: None		-	-	
Budget basis		<u>\$ 4,329</u>	<u>\$ 936</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 2014 budget.

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

**STATE OF NEW MEXICO**  
**FIRST JUDICIAL DISTRICT COURT**  
**Statement of Revenues and Expenditures**  
**Budget and Actual (Budgetary Basis)**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2013**

<b>Drug Court Account Special Revenue - Fund 01600</b>				
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Budget Basis</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>				
Federal grants	\$ -	\$ 146,456	\$ 105,577	\$ (40,879)
Total revenues	-	146,456	<u>\$ 105,577</u>	<u>\$ (40,879)</u>
Cash balance appropriated	-	-		
Total budgeted resources	<u>\$ -</u>	<u>\$ 146,456</u>		
<b>Expenditures:</b>				
Administrative services:				
Personal services & benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	-	95,453	93,497	1,956
Other costs	-	51,003	12,080	38,923
Total expenditures	<u>\$ -</u>	<u>\$ 146,456</u>	<u>\$ 105,577</u>	<u>\$ 40,879</u>
<b>Reconciliation of GAAP basis to budgetary basis:</b>				
GAAP basis		<u>\$ 105,577</u>	<u>\$ 105,577</u>	
Adjustments: None		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 105,577</u>	<u>\$ 105,577</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 2014 budget.

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

**OTHER 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, 2013

	<u>Beginning Balance</u>	<u>* Adj's.</u>	<u>Adjusted Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b><u>Assets</u></b>						
<b><u>Cash and cash equivalents:</u></b>						
Court Clerk Accounts	\$ 11,281	\$ -	\$ 11,281	\$ 986,725	\$ (983,161)	\$ 14,845
Litigant Accounts	<u>1,185,620</u>	<u>25,000</u>	<u>1,210,620</u>	<u>1,009,614</u>	<u>(1,024,722)</u>	<u>1,195,512</u>
Total assets	<u>\$ 1,196,901</u>	<u>\$ 25,000</u>	<u>\$ 1,221,901</u>	<u>\$ 1,996,339</u>	<u>\$ (2,007,883)</u>	<u>\$ 1,210,357</u>
<b><u>Liabilities</u></b>						
<b><u>Due to First District Court</u></b>						
<b><u>Governmental Funds:</u></b>						
Due to Court General Operating	\$ 601	\$ -	\$ 601	\$ 81,938	\$ (81,265)	\$ 1,274
Due to Alternative Dispute	885	-	885	51,045	(51,120)	810
Due to Drug Court Fees	-	-	-	4,548	(4,453)	95
Due to Mediation	<u>454</u>	<u>-</u>	<u>454</u>	<u>136,641</u>	<u>(136,232)</u>	<u>863</u>
	<u>1,940</u>	<u>-</u>	<u>1,940</u>	<u>274,172</u>	<u>(273,070)</u>	<u>3,042</u>
<b><u>Due to External Parties:</u></b>						
Due to State General Fund	1,571	-	1,571	108,032	(107,861)	1,742
Due to Other State Agencies	7,770	-	7,770	604,521	(602,230)	10,061
Due to Litigants	<u>1,185,620</u>	<u>25,000</u>	<u>1,210,620</u>	<u>1,009,614</u>	<u>(1,024,722)</u>	<u>1,195,512</u>
	<u>1,194,961</u>	<u>25,000</u>	<u>1,219,961</u>	<u>1,722,167</u>	<u>(1,734,813)</u>	<u>1,207,315</u>
Total liabilities	<u>\$ 1,196,901</u>	<u>\$ 25,000</u>	<u>\$ 1,221,901</u>	<u>\$ 1,996,339</u>	<u>\$ (2,007,883)</u>	<u>\$ 1,210,357</u>

\* Voided check on 11/4/2011 for \$25,000

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

**STATE OF NEW MEXICO  
FIRST JUDICIAL DISTRICT COURT  
Schedule of Operating Transfers  
For the Year Ended June 30, 2013**

	From SHARE Agency/Fund	To SHARE Agency/Fund	Title	Transfer	
				In	Out
1	23100/14100	34100/85300	Department of Finance and Administration	\$ -	\$ 384
2	21800/13900	23100-14100	Administrative Office of the Courts	70,948	-
3	21800-13900	23100-14100	Administrative Office of the Courts	69,596	-
4	21800-13900	23100-14100	Administrative Office of the Courts	40,349	-
5	69000-06700	23100-14100	Children, Youth and Families Department	1,280	-
6	34100-20900	23100-14100	Department of Finance and Administration	87,000	-
7	34100-20900	23100-14100	Department of Finance and Administration	250,000	-
8	34100/85300	23100/14100	Department of Finance and Administration	6,175,700	-
				<u>\$ 6,694,873</u>	<u>\$ 384</u>

- 1 Reversion of stale-dated warrants
- 2 Administrative Office of the Courts-Casa and Water Appropriation
- 3 Administrative Office of the Courts-Interlock and DWI Grant
- 4 Administrative Office of the Courts-Drug Court Appropriation
- 5 Children, Youth and Families Department-Payroll Transfer
- 6 Board of Finance Approved Loan
- 7 Board of Finance Approved Grant
- 8 FY 2013 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, 2013**

	<u>Type of Account</u>	<u>Fund No.</u>	<u>Balance per Depository</u>	<u>Reconciling Items</u>		<u>Reconciled Balance at June 30, 2013</u>
				<u>Outstanding Warrants</u>	<u>Deposits in Transit</u>	
<b><u>Governmental Funds</u></b>						
Investment in State Treasurer						
General Fund Investment Pool						
General - Court Regular	Operating	14100	\$ 239,819	\$ -	\$ -	\$ 239,819
Child Support Hearing Officer	Operating	91800	109,589	-	-	109,589
Court Mediation	Operating	91700	134,779	-	-	134,779
Drug Court	Operating	01600	(21,241)	-	-	(21,241)
Alternative Dispute Resolution	Operating	87800	12,507	-	-	12,507
Drug Court Fees	Operating	51600	5,466	-	-	5,466
			480,919	-	-	480,919
Petty Cash	N/A		850	-	-	850
Total governmental funds			\$ 481,769	\$ -	\$ -	\$ 481,769
<b><u>Agency Funds</u></b>						
Litigant Accounts:						
Wells Fargo Bank (Bonds)	Checking		\$ 942,852	\$ (104,649)	\$ -	\$ 838,203
Community Bank (Bonds)	Checking		174,990	-	-	174,990
New Mexico State Treasurer- Pooled investment	LGIP		182,319	-	-	182,319
			1,300,161	(104,649)	-	1,195,512
Court Clerk Account:						
Wells Fargo Bank-St. Treasurer	Checking		13,050	-	-	13,050
Community Bank	Checking		1,511	-	284	1,795
			14,561	-	284	14,845
Total Agency Fund			\$ 1,314,722	\$ (104,649)	\$ 284	\$ 1,210,357

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, 2013**

- 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, 2012 to June 30, 2013.
- e) Total estimated amount of project is \$326,100. The Human Services Department shall contribute \$326,100.
- f) The First Judicial District Court made no contribution in the current fiscal year.
- g) The First Judicial District Court has audit responsibility.
- h) The First Judicial District Court is the fiscal agent.
- i) The First Judicial District Court reports all revenues and expenditures.

## OTHER REPORTS

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## INDEPENDENT AUDITOR'S 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 Raymond Z. Ortiz, Presiding Judge  
First Judicial District Court  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds, of the State of New Mexico, First Judicial District Court (Court), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Court's basic financial statements, and the combining and individual funds and related budgetary comparisons of the State of New Mexico, First Judicial District Court, presented as supplemental information, and have issued our report thereon dated November 8, 2013.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Court's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Court's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist and were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Court's financial statements are free from 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**.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with **Government Auditing Standards** in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Robert J. Rivera, CPA, PC  
Santa Fe, New Mexico  
November 8, 2013

**STATE OF NEW MEXICO  
FIRST JUDICIAL DISTRICT COURT  
Schedule of Findings and Responses  
June 30, 2013**

**I. FOLLOW-UP ON PRIOR-YEAR AUDIT FINDINGS**

a. Repeated in current-year

None

b. Resolved and not included in current-year

None

**II. CURRENT-YEAR FINDINGS**

None



**STATE OF NEW MEXICO  
FIRST JUDICIAL DISTRICT COURT  
Financial Statement Preparation and  
Exit Conference  
June 30, 2013**

**Financial Statement Preparation**

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

**Exit Conference**

An exit conference was held on November 26, 2013, to discuss the audit. The following individuals were in attendance:

**State of New Mexico - First Judicial District Court**

Honorable Raymond Z. Ortiz, Presiding Judge  
Stephen T. Pacheco, Court Executive Officer  
Kathleen J. Vigil, Deputy Court Executive Officer  
Nina T. Ulibarri, Financial Specialist Senior

**Audit Firm - Robert J. Rivera, CPA, PC**

Robert J. Rivera, CPA