



ACCOUNTING & AUDITING SERVICES, LLC

FINANCIAL AUDITS + ATTESTATION ENGAGEMENTS + CONSULTING + TAX

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

**Annual Financial Report
For the Fiscal Year Ended June 30, 2015**

(With Independent Auditor's Report Thereon)

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**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, 2015

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 Jennifer L. Attrep.....	Division 5
Honorable David K. Thomson	Division 6
Honorable T. Glenn Ellington	Division 7
Honorable Mary L. Marlowe Sommer.....	Division 8
Honorable Matthew J. Wilson.....	Division 9

Administrative Officials

Stephen T. Pacheco
Kathleen J. Vigil

Court Executive Officer
Deputy Court Executive Officer

FINANCIAL SECTION



ACCOUNTING & AUDITING SERVICES, LLC

FINANCIAL AUDITS + ATTESTATION ENGAGEMENTS + CONSULTING + TAX

INDEPENDENT AUDITOR'S REPORT

Honorable Raymond Z. Ortiz, Presiding Judge
First Judicial District Court
Santa Fe, New Mexico
and
Mr. Tim Keller
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, 2015, 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 Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, 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, 2015, 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, 2015, 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 xii be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the Court's basic 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 Information

The Schedule of Vendor Information (Schedule 5) as listed in the table of contents is required by 2.2.2 NMAC. The schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015, 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.

Accounting & Auditing Services, LLC

Accounting & Auditing Services, LLC

Santa Fe, New Mexico

November 30, 2015

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2015**

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, and (3) fund transfers from other state agencies.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of four parts: (1) Management's Discussion and Analysis, (2) the basic financial statements, (3) the combining and individual fund financial statements, and (4) other supplementary information that presents schedules. 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. In addition to these required items, we have included a supplementary information section with supporting schedules.

Government-Wide Financial Statements

The government-wide financial 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 financial 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.

Government-wide Condensed Financial Information

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)
June 30, 2015**

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>06/30/2015</u>	<u>06/30/2014</u>	<u>Increase (Decrease) Change</u>
Assets:			
Current assets	\$ 769,804	\$ 529,346	\$ 240,458
Capital assets, net	596,467	611,382	(14,915)
Total assets	<u>1,366,271</u>	<u>1,140,728</u>	<u>225,543</u>
Liabilities:			
Current liabilities	545,771	437,329	108,442
Long-term liabilities	42,161	38,608	3,553
Total liabilities	<u>587,932</u>	<u>475,937</u>	<u>111,995</u>
Net position:			
Invested in capital assets, net	596,467	611,382	(14,915)
Restricted	181,871	53,409	128,462
Unrestricted			
Total net position	<u>\$ 778,338</u>	<u>\$ 664,791</u>	<u>\$ 113,547</u>
Changes in Net Position			
Program revenues-court fees	\$ 278,409	\$ 278,137	\$ 272
Operating grants	335,883	366,979	(31,096)
Miscellaneous revenues	-	-	-
Total program revenue	<u>614,292</u>	<u>645,116</u>	<u>(30,824)</u>
General revenue, transfers and special items:			
State appropriations	6,758,700	6,285,500	473,200
Reversion to State General Fund	(10,471)	-	(10,471)
Other state funds	542,521	403,641	138,880
Donated capital assets transferred from other agencies			
Loss on disposal of capital assets	-	-	-
Total general revenue, transfers and special items	<u>7,290,750</u>	<u>6,689,141</u>	<u>601,609</u>
Program expenses	<u>7,791,496</u>	<u>7,321,098</u>	<u>470,398</u>
Total expenses	7,288,032	7,321,098	(33,066)
Change in net position	113,547	13,159	100,388
Beginning net position, as adjusted	<u>664,791</u>	<u>651,632</u>	<u>13,159</u>
Ending net position	<u>\$ 778,338</u>	<u>\$ 664,791</u>	<u>\$ 113,547</u>

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2015**

Financial Analysis of the Changes in Net Position

During the fiscal year, the Court received the traditional General Fund appropriations to pay the operating expenses of the Court, and any unused balance in this account is reverted after release of this audit report. Fiscal year 2015 General Fund appropriations increased by \$473,200 over approved appropriations for Fiscal Year 2014. The increase in net position of \$113,547 is principally due to an increase of \$89,465 in funding provided by the New Mexico Administrative Office of the Courts to support Problem Solving Courts as well as a Severance Tax Bond appropriation of \$50,000 to support the installation of a wireless network at the Santa Fe Courthouse.

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 Account)** – Funds are 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** – Docket fees for certain types of court cases are collected in this fund and used by the Court to operate a domestic mediation program.
4. **Alternative Dispute Resolution (ADR) Special Revenue Fund** - Funds are 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 which were used by the Court to provide vocational and educational assistance to eligible clients of the Court's Adult Drug Court. The Court did not receive any federal grant awards during the fiscal year ending June 30, 2015.
6. **Drug Court Fees Special Revenue Fund** - Fees are 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. In Fiscal Year 2015, the level of revenue collection for this program increased slightly over the Fiscal Year 2014 levels to approximately \$162,000. Alternative Dispute Resolution revenue is collected as a surcharge on certain case types. This revenue has been decreasing steadily over the last five fiscal years largely due to the increase in free process granted by Judges for indigent parties. Fiscal Year 2010 revenue collected amounted to \$66,200, while in Fiscal Year 2015, revenue for Alternative Dispute Resolution was \$43,000. Child Support Hearing Enforcement revenue is received from the NM Human Services Department and remained relatively stable at \$335,883 for the fiscal year. The Court did receive

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2015**

and expend funding from the NM Administrative Office of the Courts in support of the Court's Drug Court. The funding totaled \$279,657 with Adult Drug Court receiving \$142,741, Juvenile Drug Court receiving \$88,537 and Treatment Court receiving \$48,349.

Budgetary Highlights – General Fund

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. The Other State Funds budget was increased by \$6,030 due to the redistribution of funds processed by the New Mexico Administrative Office for Problem Solving Courts. The additional funds were appropriated to the Juvenile Drug Court of the First Judicial District Court. In addition, \$13,000 of fund balance in the Child Support Hearing Officer fund was budgeted to support the operations of that office.

Capital Assets and Long-Term Debt

The Court purchased capital assets during the year totaling \$76,867. Depreciation expense was \$91,783 during the current year; therefore, net capital assets decreased by \$14,916. The long term debt for compensated absences changed from \$38,608 to \$42,161 or an insignificant increase of \$3,553. The Court does not own any infrastructure assets.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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.

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 nine presiding District Judges.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2015**

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, 2015

	Governmental Activities
<u>Assets</u>	
Investment in the State Treasurer General Fund Investment Pool	\$ 699,152
Petty cash	850
Due from external parties	3,725
Due from federal government	-
Due from State General Fund	23,869
Due from other state agencies	42,208
	769,804
Total current assets	769,804
Capital assets	1,052,622
Less accumulated depreciation	(456,155)
	596,467
Total capital assets, net of depreciation	596,467
Total assets	\$ 1,366,271
<u>Liabilities and Net Position</u>	
Liabilities	
Accounts payable	\$ 121,216
Accrued payroll	82,803
Payroll taxes payable	30,296
Payroll benefits payable	68,788
Due to State General Fund	14,893
Other liabilities	269
Compensated absences payable:	
Due within one year	227,505
Due after one year	42,161
	587,932
Total liabilities	587,932
Net Position	
Investment in capital assets	596,467
Restricted for program expenditures, subsequent years	181,871
Unrestricted	-
	778,338
Total net position	778,338
Total liabilities and net position	\$ 1,366,271

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, 2015

	<u>Governmental Activities</u>
Expenses:	
Judicial:	
Administrative services	\$ 7,699,713
Depreciation expense	<u>91,783</u>
Total expenses	<u>7,791,496</u>
Program revenues:	
Charges for services - court fees	278,409
Operating grants	335,883
Miscellaneous revenues	<u>-</u>
Total program revenue	<u>614,292</u>
Net program expenses	<u>(7,177,203)</u>
General revenue, transfers and special items:	
Transfers:	
State General Fund appropriation	6,758,700
Reversion to State General Fund - FY2015 (note 5)	(10,471)
Other state funds	542,521
Donated capital assets transferred from other agencies	-
Loss on disposal of capital assets	<u>-</u>
Total general revenue, transfers and special items	<u>7,290,750</u>
Change in net position	<u>113,547</u>
Net position, beginning, as reported	664,791
Restatements:	
Prior-period adjustments	<u>-</u>
Net position, beginning, as restated	<u>664,791</u>
Net position, ending	<u><u>\$ 778,338</u></u>

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, 2015**

	<u>Major Funds</u>			Sub- total	Interfund Eliminations	Total Governmental Funds
	Fund 14100 and Fund 91800 General Fund	Fund 91700 Mediation Spec. Rev. Fund	(Statement 4) Non-Major Governmental Funds			
Assets						
Investment in the State Treasurer General Fund Investment Pool	\$ 460,251	\$ 180,567	\$ 58,335	\$ 699,153	\$ -	\$ 699,153
Petty cash	850	-	-	850	-	850
Due from other funds	-	-	-	-	-	-
Due from external parties	726	2,094	905	3,725	-	3,725
Due from federal government	-	-	-	-	-	-
Due from State General Fund	23,869	-	-	23,869	-	23,869
Due from other state agencies	42,208	-	-	42,208	-	42,208
Total assets	\$ 527,904	\$ 182,661	\$ 59,240	\$ 769,804	\$ -	\$ 769,804
Liabilities and Fund Balance						
Liabilities:						
Accounts payable	\$ 119,224	\$ 1,521	\$ 471	\$ 121,216	\$ -	\$ 121,216
Accrued payroll	81,763	1,040	-	82,803	-	82,803
Payroll taxes payable	29,909	387	-	30,296	-	30,296
Payroll benefits payable	67,951	837	-	68,788	-	68,788
Due to State General Fund	14,893	-	-	14,893	-	14,893
Other liabilities	269	-	-	269	-	269
Total liabilities	314,009	3,786	471	318,266	-	318,266
Fund Balance:						
Non-spendable	-	-	-	-	-	-
Restricted	213,045	178,875	58,769	450,689	-	450,689
Committed	-	-	-	-	-	-
Assigned	850	-	-	850	-	850
Unassigned	-	-	-	-	-	-
Total fund balance	213,895	178,875	58,769	451,539	-	451,539
Total liabilities and fund balance	\$ 527,904	\$ 182,661	\$ 59,240	\$ 769,805	\$ -	\$ 769,805

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, 2015

Total fund balance for the governmental funds (Balance Sheet - Exhibit C)	\$	451,539
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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	\$	1,052,622	
Accumulated depreciation		<u>(456,155)</u>	
 Total capital assets			 596,467

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		(269,666)	
Rounding		<u>(2)</u>	

Net position of governmental activities (Statement of Net Position - Exhibit A)	\$	<u><u>778,338</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, 2015

	Major Funds			Total Governmental Funds
	Fund 14100 and Fund 91800 General Fund	Fund 91700 Mediation Spec. Rev. Fund	(Statement 5) Non-Major Governmental Funds	
Revenues:				
Federal grants - operating	\$ 335,883	\$ -	\$ -	\$ 335,883
Charges for services - court fees	71,736	162,018	44,656	278,410
Miscellaneous revenue	-	-	-	-
Total revenues	<u>407,619</u>	<u>162,018</u>	<u>44,656</u>	<u>614,293</u>
Expenditures:				
Judicial:				
Current:				
Administrative services	7,578,437	107,812	17,604	7,703,853
Capital outlay	36,100	-	40,767	76,867
Total expenditures	<u>7,614,537</u>	<u>107,812</u>	<u>58,371</u>	<u>7,780,720</u>
Excess (deficiency) of revenues over expenditures	<u>(7,206,918)</u>	<u>54,206</u>	<u>(13,715)</u>	<u>(7,166,427)</u>
Other financing sources (uses):				
Transfers in:				
State General Fund appropriation	6,758,700	-	-	6,758,700
Other state funds	492,521	-	-	492,521
Severance Tax Bond Proceeds	-	-	50,000	50,000
Transfers out:				
Reversions to State General Fund - FY 2015 (note 5)	<u>(10,471)</u>	<u>-</u>	<u>-</u>	<u>(10,471)</u>
Total other financing sources (uses)	<u>7,240,750</u>	<u>-</u>	<u>50,000</u>	<u>7,290,750</u>
Net change in fund balance	<u>33,832</u>	<u>54,206</u>	<u>36,285</u>	<u>124,323</u>
Fund balance, beginning, as reported	180,063	124,669	22,484	327,216
Restatements:				
Prior-period adjustments	-	-	-	-
Fund balance, beginning, as restated	<u>180,063</u>	<u>124,669</u>	<u>22,484</u>	<u>327,216</u>
Fund balance, ending	<u>\$ 213,895</u>	<u>\$ 178,875</u>	<u>\$ 58,769</u>	<u>\$ 451,539</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, 2015**

Net change in fund balance - Governmental Funds (Statement of Revenues, Expenditures and Changes in Fund Balance - Exhibit E)	\$	124,323
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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	\$	76,867	
Depreciation expense		(91,783)	
			(14,916)
Excess of depreciation over capital outlay expense			

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:

-

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

Decrease in current and long term compensated absences			4,140
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Change in net position - Governmental Activities (Statement of Activities - Exhibit B)	\$	113,547
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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
 Major Governmental Funds
 General Fund - All Accounts
 For the Year Ended June 30, 2015

General Fund - All Accounts (From Statement 3, page 3 of 3)				
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:				
State appropriations	\$ 6,758,700	\$ 6,758,700	\$ 6,758,700	\$ -
Intra-state federal grants	599,700	599,700	335,883	(263,817)
Other financing sources - state funds	212,900	218,930	492,521	273,591
Charges for services - court fees	70,000	70,000	71,736	1,736
 Total revenues	7,641,300	7,647,330	\$ 7,658,840	\$ 11,510
 Cash balance appropriated	-	13,000		
 Total budgeted resources	\$ 7,641,300	\$ 7,660,330		
 Expenditures:				
Administrative services:				
Personal services & benefits	\$ 6,883,900	\$ 6,733,900	\$ 6,716,260	\$ 17,640
Contractual services	413,600	476,485	450,533	25,952
Other costs	343,800	449,945	447,744	2,201
 Total expenditures	\$ 7,641,300	\$ 7,660,330	\$ 7,614,537	\$ 45,793
 Reconciliation of GAAP basis to budgetary basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 7,658,840	\$ 7,614,537	
Adjustments: None		-	-	
 Budgetary basis		\$ 7,658,840	\$ 7,614,537	

Note: The actual expenditures on the budgetary basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2016 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, 2015

Court Mediation Special Revenue Fund (Fund 91700)				
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:				
Charges for services - court fees	\$ 257,500	\$ 257,500	\$ 162,018	\$ (95,483)
Total revenues	257,500	257,500	<u>\$ 162,018</u>	<u>\$ (95,483)</u>
Cash balance appropriated	-	-		
Total budgeted resources	<u>\$ 257,500</u>	<u>\$ 257,500</u>		
Expenditures:				
Administrative services:				
Personal services and benefits	\$ 173,800	\$ 173,800	\$ 83,987	\$ 89,813
Contractual services	20,000	20,000	3,424	16,576
Other costs	<u>63,700</u>	<u>63,700</u>	<u>20,401</u>	<u>43,299</u>
Total expenditures	<u>\$ 257,500</u>	<u>\$ 257,500</u>	<u>\$ 107,812</u>	<u>\$ 149,688</u>
Reconciliation of GAAP basis to budgetary basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 162,018	\$ 107,812	
Adjustments: None.		-	-	
Budgetary basis		<u>\$ 162,018</u>	<u>\$ 107,812</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 2016 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, 2015

	<u>Agency Funds</u>
<u>Assets</u>	
Cash and cash equivalents	\$ <u>1,525,241</u>
Total Assets	\$ <u><u>1,525,241</u></u>
<u>Liabilities</u>	
Due to First Judicial District Court	\$ 3,725
Due to external parties	<u>1,521,516</u>
Total Liabilities	\$ <u><u>1,525,241</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, 2015**

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. It is the policy of the Court to apply 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. A summary of the Court's significant accounting policies follows:

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

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements (Continued)

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 State General Fund of New Mexico. The fund is a major fund and the SHARE fund number is 14100.

General Fund - Child Support Hearing Officer Account - The Child Support Hearing Officer fund is a component of the General fund. It was created through a contract with the New Mexico Human Services Department (See Schedule 4). The major fund is non-reverting, the SHARE fund number is 91800, and the fund is not required to maintain a minimum balance.

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

Court Mediation Special Revenue Fund - The Court has established a domestic relations mediation program pursuant to Section 40-12-5 NMSA 1978 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 major fund is non-reverting, the SHARE fund number is 91700 and the fund is not required to maintain a minimum balance.

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.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2014**

1. Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements (Continued)

The non-major fund is non-reverting, the SHARE fund number is 87800 and the fund is not required to maintain a minimum balance.

Drug Court Special Revenue Fund - This non-major fund accounts for federal funds received under Title V of the Violent Control and Law Enforcement Act of 1994 and transfers from the NM Administrative Office of the Courts for the Drug Court operation by the Court. The fund is non-reverting, the SHARE fund number is 01600 and the fund is not required to maintain a minimum balance.

Drug Court Fees Special Revenue Fund - This non-major fund accounts for a drug court fee collected by the Court 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 non-reverting, the SHARE fund number is 51600 and the fund is not required to maintain a minimum balance.

STB Capital Outlay Special Revenue Fund - This non-major fund was established to account for a special capital outlay appropriation for information technology from the State Legislature (Laws of 2014, Chapter 66) that was funded from Severance Tax Bond Series 2014A. Any unexpended balance as of June 30, 2016 reverts to the severance tax bond fund. The SHARE fund number is 89200 and the fund is not required to maintain a minimum balance.

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 Court's Litigant Agency Fund is used to account for bonds collected from persons involved in pending litigation which are deposited in the fund and held until a court order is issued. The Court Clerk agency fund is used to account for various fees collected by the Court that are deposited in the agency fund bank accounts and then transferred to the State Treasurer for distribution to other state agencies including the Court.

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.

The **government-wide financial statements** are reported using the "economic resources" measurement focus and the accrual basis of accounting. Under the accrual basis of accounting,

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Presentation (Continued)

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 GASBS 33, *Accounting and Financial Reporting for Non-exchange Transactions*, as amended. Depreciation expense is reported in the Statement of Activities and charged to the Judicial function. Program revenues consist of charges for services (court fines and fees) and operating grants for court programs. Appropriations are recorded when received and grant 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 in the current period or within 60 days after fiscal-year end 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 Court's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, a reconciliation is presented on the page following each fund financial statement which explains the adjustments necessary to convert the fund based financial statements to 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 2014, the Court adopted the following GASB statement: GASBS 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, 2015**

1. Summary of Significant Accounting Policies (Continued)

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 deposit accounts at two banks 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 and sick leave. The liability for these compensated absences is recorded as current and non-current liabilities in the government-wide financial statements.

4. *Equity-Net Position/Fund Balances*

Government-Wide Financial 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, 2015

1. Summary of Significant Accounting Policies (Continued)

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

4. *Equity-Net Position/Fund Balances (Continued)*

- 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. The amount of net position restricted by enabling legislation is \$181,871.
- 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."

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. Per GASB Statement 54, effective for financial statements for periods beginning after June 15, 2010, fund balances are classified into spendable and non-spendable classifications. The non-spendable classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained. The spendable classifications are restricted, committed, assigned or unassigned fund balances.

In the governmental fund financial statements, *restricted fund balances* are reported when constraints placed on the use of resources are either: 1) Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments; or 2) imposed by law through constitutional provisions or enabling legislation. As of June 30, 2015, the fund balance restricted by laws and enabling legislation is: \$213,045 for the Child Support Hearing Officer, \$178,875 for Domestic Relations Mediation, \$51,040 for Alternative Dispute Resolution and \$7,729 for the Drug Court.

Committed fund balances consist of amounts which can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (policy action). The Court has no committed fund balances as of June 30, 2015.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2015**

1. Summary of Significant Accounting Policies (Continued)

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

4. *Equity-Net Position/Fund Balances (Continued)*

Assigned fund balances consist of fund balances which are constrained by the government intent to be used for specific purposes, but are neither committed nor restricted. Intent can be expressed by 1) the governing body itself or 2) a body (such as a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The Court has \$850 (petty cash) of assigned fund balance in the General Fund as of June 30, 2015 for the court clerk activity.

Unassigned fund balances consist of all other fund balances which have not been assigned to other funds and have not been restricted, committed or assigned to specific purposes within the general fund. Generally, the policy of the Court is to first apply committed resources when an expense is incurred for purposes which have committed, assigned or unassigned fund balances available for use. The Court has no unassigned fund balances as of June 30, 2015.

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 Judicial District Court.
3. Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committees. The final outcome of these hearings is incorporated into the General Appropriations Act.
4. The Act is signed into law by the Governor of the State of New Mexico within the legally prescribed time limit.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2015**

1. Summary of Significant Accounting Policies (Continued)

E. Budgets and Budgetary Accounting

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. Appropriations lapse at the end of the fiscal year unless specifically re-appropriated by the Legislature.
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 of 2012, Chapter 19, Section 3, Paragraph M, the budgetary basis is modified accrual. However, there is a 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 2016 budget; at June 30, 2015, there were none.

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. Accrued vacation and sick leave pay are recorded as a liability and as an increase or decrease in expenses in the Government-Wide financial statements. Qualified employees accumulate 3.69 hours of sick leave per pay period and accumulate annual leave as follows:

<u>Years of Service</u>	<u>Hours Earned Per Pay Period</u>
0 - 3 years	4.62
Over 3 - 7 years	5.54
Over 7 - 14 years	6.46
Over 14 years	7.39

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2015**

1. Summary of Significant Accounting Policies (Continued)

F. Compensated Absences Payable (Continued)

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.

G. Use of Estimates

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. It is the Court's policy to eliminate internal activity such as inter-fund receivables and payables in the government-wide statements; therefore, transfers and balances between governmental funds are netted as part of the reconciliation to the government-wide statements. In the government-wide and fund financial statements, the amounts due from external parties (Court Clerk Agency Fund) at June 30, 2015 represent court fees collected on or before June 30, 2015 but not distributed to the governmental funds until after fiscal year end.

I. Program Revenues

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

2. Cash in Banks

Section 6-10-17 NMSA 1978 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 New Mexico State Treasurer's Office. The State Treasurer issues separate financial statements which disclose the collateral pledged to secure these deposits.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2015**

2. Cash in Banks (Continued)

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

	<u>Bank Balance</u>	<u>Book Balance</u>
Governmental Funds:		
Petty cash		\$ <u>850</u>
Agency Funds:		
Cash in Banks:		
Wells Fargo Bank (Bonds and Litigants)	\$ 1,330,139	\$ 1,317,900
Community Bank (Bonds and Litigants)	121,480	121,480
Wells Fargo Bank (Court Clerk-Escrow Account)	11,170	13,281
Community Bank (Court Clerk-Escrow Account)	<u>726</u>	<u>852</u>
Total Cash In Banks	1,463,515	\$ <u>1,453,513</u>
Less FDIC coverage	<u>(383,376)</u>	
Total uninsured public funds	1,080,139	
50% collateral requirements (Section 6-10-17 NMSA 1978)	<u>(540,070)</u>	
Pledged Security	<u>*</u>	

* The actual amount and detail of pledged collateral for the uninsured public funds is not available because the banks commingle pledged collateral for all state funds they hold and provide proof of collateral sufficient to cover all state funds deposited with the NM State Treasurer's Office.

3. Investment in the State General Fund Investment Pool and Local Government Investment Pool

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

	<u>State Treasurer Balance</u>	<u>Book Balance</u>
Investments at year-end are classified as follows:		
Governmental Funds:		
State Treasurer's State General Fund Investment Pool (GFIP)	\$ 699,152	\$ 699,152
Agency Funds:		
State Treasurer's Local Government Investment Pool (LGIP)	71,727	71,727
Total In External Investment Pools	\$ <u>770,880</u>	\$ <u>770,880</u>

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2015**

**3. Investment in the State General Fund Investment Pool and Local Government Investment Pool
(Continued)**

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 the 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 State Treasurer's State General Fund Investment Pool is not rated.

For additional GASBS 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, 2015.

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.

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 NMSA 1978. As of June 30, 2015, \$1,080,139 of the Court's bank balances totaling \$1,463,515 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	\$1,080,139
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New Mexico LGIP

The Court invests a portion of its litigant agency funds in the State Treasurer's New Mexico Local Government Investment Pool (LGIP), a money market fund which is rated AAAm by Standard and Poors.

The following additional disclosures are provided for the Court's investment in the New Mexico LGIP as of June 30, 2015:

<u>Account Balance</u>	<u>Credit Risk</u>	<u>Interest Rate Risk Weighted Average Maturity (WAM)</u>
\$71,727	AAAm	WAM(R) 54.6 days; WAM(F) 77.7 days

With respect to foreign currency risk, all investments in the LGIP are in U.S. dollar denominated assets. Therefore, the LGIP has no foreign currency risk. With respect to custodial credit risk, public funds are not required to disclose custodial credit risk for external investment pools. Therefore, the LGIP is exempt from this requirement. With respect to concentration of credit risk, public funds are

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2015

**3. Investment in the State General Fund Investment Pool and Local Government Investment Pool
(Continued)**

not required to disclose concentration of credit risk for external investment pools. Therefore, the LGIP is exempt from this requirement.

On July 1, 2014, \$793 of the total balance in the LGIP was held by the New Mexico State Treasurer's Office in a Reserve Contingency Fund (RCF). The LGIP's investment in the RCF was frozen on September 16, 2008 pending an orderly liquidation of the fund by the SEC. In June 2015 as a result of the Primary Fund-In Liquidation Settlement dated December 9, 2014, the State Treasurer's Office reduced the Court's RCF account balance to \$0 with no corresponding increase in the Court's LGIP account.

State General Fund Investment Pool Not Reconciled

The State General Fund Investment Pool (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 Pool. For cash management and investment purposes, funds of most state agencies are deposited in the Pool as required by state statute, Section 8-6-3 NMSA 1978. Claims on the Pool are reported as assets by the various agencies investing in the Pool including the Court.

In an independent report dated June 20, 2012, Deloitte Consulting LLP revealed that the Pool had not been reconciled to the SHARE General Ledger Accounts since the inception of the Statewide Human Resources, Accounting, and Management Reporting (SHARE) system in July 2006. The report entitled "Current State Diagnostic of Cash Control" described a difference between Pool bank balances and the corresponding general ledger balances and indicated that the effect of reconciling items were unknown. On October 11, 2012, Deloitte Consulting LLP issued a subsequent report entitled "Cash Management Planning and Business Processes." Both reports are available in the resources section of the cash control page of the New Mexico Department of Finance and Administration's website (http://www.nmdfa.state.nm.us/Cash_Control.aspx).

In FY2012, the New Mexico Department of Finance and Administration (DFA) recorded a loss contingency of \$101.7 million in the State General Fund based on its estimate of the effect of issues related to the reconciliation of the Pool, that estimate is still current. Because no specific loss amount is determinable, consistent with generally accepted accounting principles, the amount accrued is the minimum amount that management considers to be probable.

Under the direction of the State Controller, the Financial Control Division of DFA (DFA/FCD) initiated the Cash Management Remediation Project in partnership with the New Mexico State Treasurer's Office, the New Mexico Department of Information Technology, and a contracted third party with expertise in the software system used by the State. The Remediation Project objective was to design and implement changes necessary to ensure ongoing completion of timely, accurate and comprehensive reconciliation of the Pool. Phase I of the Remediation Project (completed in May 2013) implemented statewide business process changes and corrected numerous SHARE system configurations. As a result of the changes and corrections, DFA/FCD was able to begin reconciling activity reported by the State's fiscal agent bank to the SHARE general ledger on a *point-forward basis*

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2015**

**3. Investment in the State General Fund Investment Pool and Local Government Investment Pool
(Continued)**

beginning February 1, 2013. However, it did not resolve historical reconciling items and additional critical business process changes and corrections to configurations within the SHARE system remained to be completed.

On July 11, 2014, DFA/FCD commenced the Historical Cash Reconciliation Project in partnership with Deloitte & Touche, LLP. The scope of this project is July 1, 2006 (SHARE implementation) to January 31, 2013, the point at which DFA/FCD began reconciling cash activity as noted above. According to the State Controller in a letter dated September 18, 2015, "the Historical Cash Reconciliation Project was unsuccessful in part due to incomplete data sets. The absence of all required data suggests that future efforts would be equally inconclusive and therefore not meriting additional energy. While the results of the Historical Cash Reconciliation Project did not yield the hope for closure, significant progress was made in the overall reconciliation process and the FCD now has an operational model that effectively compares statewide claims against the SGFIP and resources held at the State Treasurer's Office. This process has been operational since March 2015 and we have data points for seven consecutive months being with January 2015 business. As a result, FCD is able to make the following representations: 1) The established allowance recorded within the General Operating Reserve Fund is sufficient to accommodate the current calculated difference between resources held in the SGFIP and agency claims; 2) The calculated difference between resources maintained by STO and the agency claims has remained stable during the past seven months in which the process have been employed; and 3) The entirety of any adjustment will be applied against the allowance established in the General Operating Reserve Fund. No portion of the adjustment shall be allocated to any specific business unit that participates in the SGFIP."

The First Judicial District Court has reconciliation policies and procedures in place to ensure 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 the Court flow through the State General Fund Investment Pool. Since SHARE was implemented, the 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 DFA/FCD 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 and 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

STATE OF NEW MEXICO
 FIRST JUDICIAL DISTRICT COURT
 Notes to the Financial Statements
 June 30, 2015

3. Investment in the State General Fund Investment Pool and Local Government Investment Pool
 (Continued)

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

4. Capital Assets - Governmental Activities

<u>Cost</u>	<u>Balance 06/30/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/2015</u>
Furniture and fixtures	\$ 652,456	\$ 24,534	\$ -	\$ 676,990
Equipment and machinery	174,190	-	-	174,190
Data processing	84,030	52,333	-	136,364
Vehicles	35,104	-	-	35,104
Library	29,974	-	-	29,974
Total capital assets	975,755	76,867	-	1,052,622
<u>Accumulated Depreciation</u>				
Furniture and fixtures	(131,562)	(63,916)	-	(195,478)
Equipment and machinery	(96,101)	(14,751)	-	(110,851)
Data processing	(71,633)	(13,116)	-	(84,749)
Vehicles	(35,104)	-	-	(35,104)
Library	(29,974)	-	-	(29,974)
Total accumulated depreciation	(364,373)	(91,783)	-	(456,156)
Net investment in capital assets	\$ 611,382	\$ (14,916)	\$ -	\$ 596,466

Current year depreciation expense of \$91,783 was charged to the judicial expenditure function in the Statement of Activities (Exhibit B).

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2015**

5. Due To and From Other State Agencies

	<u>Purpose</u>	<u>Due From</u>	<u>Due To</u>
<u>Fund 14100 - General Fund - Court Regular</u>			
Department of Finance and Administration	Payroll tax and benefit liability errors in SHARE	\$ 25,692	\$ -
State General Fund	Reversions	-	14,893
State General Fund	Over-reversions (2008-2011)	23,869	-
NM Administrative Office of the Courts	Contract accrual - Interlock and DWI Grant - Adult and Juvenile Drug Court	16,516	-
		<u>\$ 66,077</u>	<u>\$ 14,893</u>

6. Summary of Changes in Compensated Absences Payable

	<u>Balance 6/30/2014</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Balance 6/30/2015</u>
Amount Due Within One Year				
Compensated absences payable	\$ 235,198	\$ 278,315	\$ (286,008)	\$ 227,505
Long-Term				
Compensated absences payable	38,608	21,759	(18,206)	42,161
Total				
Compensated absences payable	<u>\$ 273,806</u>	<u>\$ 300,074</u>	<u>\$ (304,214)</u>	<u>\$ 269,666</u>

The Court's General Fund (#14100) resources have been used to liquidate accrued compensated absences in the past.

7. 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 expenditures for FY2015 were \$63,489. For operating leases with remaining terms in excess of one year as of June 30, 2015, the minimum future rental payments for each of the next five years in the aggregate are as follows:

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2015**

7. Operating Leases (Continued)

<u>Year Ending</u>	<u>Amount</u>
June 30, 2016	\$ 67,777
June 30, 2017	19,280
June 30, 2018	6,948
June 30, 2019	1,805
June 30, 2020	<u>0</u>
	<u>\$ 95,810</u>

8. Pension Plan - Public Employees Retirement Association

Plan Description. Substantially all of the Court's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy. Plan members are required to contribute 8.92% (ranges from 6.28% to 18.15% 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 16.99% (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 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, 2015, 2014 and 2013 were \$637,224, 603,898 and \$528,827, respectively, equal to the amount of the required contributions for each year.

GASB 68 – Financial Reporting and Disclosure for Multiple-Employer Cost Sharing Pension Plans by Employers. Compliant with the requirements of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, the State of New Mexico has implemented the standard for the fiscal year ending June 30, 2015. The First Judicial District Court, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Disclosure requirements for governmental funds apply to the primary government as a whole, and as such, this information will be presented in the Component

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2015**

8. Pension Plan - Public Employees Retirement Association (Continued)

Appropriation Funds Annual Financial Report (General Fund) and the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico. Information concerning the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources of the primary government will be contained in the General Fund and the CAFR and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

9. Pension Plan - Judicial Retirement Act

Plan Description. Substantially all of the First Judicial District Court's Judges or Justices participate in a public employee retirement system authorized under the Judicial Retirement Act. The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy - Plan members are required to contribute 10.5% of their gross salary. The Court is required to contribute 15% of the gross covered salary. The Court's contributions to JRA for the years ending June 30, 2015, 2014, and 2013 were \$152,822, \$107,654 and \$80,115, 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 \$159,602 in filing fees for the year ending June 30, 2015.

GASB 68 – Financial Reporting and Disclosure for Single Employer Pension Plan (Judicial) by Employers. Compliant with the requirements of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, the State of New Mexico has implemented the standard for the fiscal year ending June 30, 2015. The First Judicial District Court, as part of the primary government of the State of New Mexico, is a single employer defined benefit pension plan (Judicial Retirement) administered by the Public Employees Retirement Association (PERA). Disclosure requirements for governmental funds apply to the primary government as a whole, and as such, this information will be presented in the Component Appropriation Funds Annual Financial Report (General Fund) and the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico. Information concerning the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources of the primary government will be contained in the General Fund and the CAFR and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2015**

10. 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 the 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.

11. 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 former legislator or

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2015**

11. Post-Employment Benefits - State Retiree Health Care Plan (Continued)

former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The 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, 2015, 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, 2015, 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, 2015, 2014 and 2013 were \$100,616, 95,439 and \$90,245, respectively, which equal the required contributions for each year.

12. Risk Management and Litigation

The Court is insured through the Risk Management Division of the State of New Mexico, General Services Department. 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. Coverage is provided for all employees of the Court for bonded losses up to \$2,000,000 with a \$2,500 deductible per claim by the State of New Mexico for the period July 1, 2014 through June 30, 2015.

There is a pending and threatened legal proceeding the Court is a party to which is being covered by the policy with the Risk Management Division. At June 30, 2015, the Court had no claims which the

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2015**

12. Risk Management and Litigation (Continued)

Risk Management Division has determined would not be covered and which would become the responsibility of the Court.

13. Special and Other Specific Appropriations

During the fiscal year ending June 30, 2015, the Court received the following special capital outlay appropriation for information technology:

Authority: Laws of 2014, Chapter 66, Severance Tax Bonds Series 2014A (14-1345)

Appropriation Amount: \$50,000

Appropriation Period: July 1, 2014 through June 30, 2016

Expenditures to Date: \$50,000

Outstanding Encumbrances: \$0

Unencumbered Balance: \$0

The Court used the appropriation to install a wifi internet system and a server in the Court's main office building in Santa Fe, New Mexico.

14. Subsequent Events Review

A review of subsequent events through November 30, 2015 revealed no significant subsequent events which require disclosure.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2015**

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COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Combining Balance Sheet
General Fund - All Accounts
June 30, 2015**

	General Fund		Total General Fund
	Fund 14100 Court Regular Account	Fund 91800 Hearing Officer Account	
<u>Assets</u>			
Investment in the State Treasurer General Fund			
Investment Pool	\$ 239,158	\$ 221,093	\$ 460,251
Petty cash	850	-	850
Due from other funds	-	-	-
Due from Court Clerk Fees Fund	726	-	726
Due from federal government	-	-	-
Due from State General Fund	23,869	-	23,869
Due from other state agencies	42,208	-	42,208
	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ <u>306,811</u>	\$ <u>221,093</u>	\$ <u>527,904</u>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts payable	\$ 117,294	\$ 1,929	\$ 119,224
Accrued payroll	78,830	2,933	81,763
Payroll taxes payable	28,460	1,449	29,909
Payroll benefits payable	66,215	1,736	67,951
Due to other funds	-	-	-
Due to State General Fund	14,893	-	14,893
Other liabilities	269	-	269
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>305,961</u>	<u>8,048</u>	<u>314,009</u>
Fund Balance:			
Non-spendable	-	-	-
Restricted	-	213,045	213,045
Committed	-	-	-
Assigned	850	-	850
Unassigned	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>850</u>	<u>213,045</u>	<u>213,895</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balance	\$ <u>306,811</u>	\$ <u>221,093</u>	\$ <u>527,904</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, 2015

	General Fund		Total General Fund
	Fund 14100 Court Regular Acct.	Fund 91800 Hearing Officer Acct.	
Revenues:			
Federal grants - operating	\$ -	\$ 335,883	\$ 335,883
Charges for services - court fees	71,736	-	71,736
Miscellaneous revenues - refunds	-	-	-
	<u>71,736</u>	<u>335,883</u>	<u>407,619</u>
Total revenues	<u>71,736</u>	<u>335,883</u>	<u>407,619</u>
Expenditures:			
Current:			
Administrative Services	7,276,386	302,051	7,578,437
Capital outlay	36,100	-	36,100
	<u>7,312,486</u>	<u>302,051</u>	<u>7,614,537</u>
Total expenditures	<u>7,312,486</u>	<u>302,051</u>	<u>7,614,537</u>
Excess (deficiency) of revenues over expenditures	<u>(7,240,750)</u>	<u>33,832</u>	<u>(7,206,918)</u>
Other financing sources:			
Transfer in:			
State general fund appropriation	6,758,700	-	6,758,700
Other state funds	492,521	-	492,521
Transfers out:			
Reversions to State General Fund FY 2015	<u>(10,471)</u>	<u>-</u>	<u>(10,471)</u>
Total other financing sources (uses)	<u>7,240,750</u>	<u>-</u>	<u>7,240,750</u>
Net change in fund balances	<u>(0)</u>	<u>33,832</u>	<u>33,832</u>
Fund balance, beginning, as reported	850	-	850
Restatements:			
Prior-period adjustments	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning as restated	<u>850</u>	<u>179,213</u>	<u>180,063</u>
Fund balance, ending	<u>\$ 850</u>	<u>\$ 213,045</u>	<u>\$ 213,895</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, 2015

General Fund - Court Regular Account - Fund 14100

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State appropriations	\$ 6,758,700	\$ 6,758,700	\$ 6,758,700	\$ -
Intra-state federal grants	273,600	273,600	-	(273,600)
Other financing sources - state funds	212,900	218,930	492,521	273,591
Charges for services - court fees	<u>70,000</u>	<u>70,000</u>	<u>71,736</u>	<u>1,736</u>
 Total revenues	 7,315,200	 7,321,230	 <u>\$ 7,322,957</u>	 <u>\$ 1,727</u>
 Cash balance appropriated	 <u>-</u>	 <u>-</u>		
 Total budgeted resources	 <u>\$ 7,315,200</u>	 <u>\$ 7,321,230</u>		
 Expenditures:				
Administrative services:				
Personal services & benefits	\$ 6,581,100	\$ 6,431,100	\$ 6,431,062	\$ 38
Contractual services	408,600	448,485	440,870	7,615
Other costs	<u>325,500</u>	<u>441,645</u>	<u>440,554</u>	<u>1,091</u>
 Total expenditures	 <u>\$ 7,315,200</u>	 <u>\$ 7,321,230</u>	 <u>\$ 7,312,486</u>	 <u>\$ 8,744</u>
 Reconciliation of GAAP basis to budgetary basis:				
GAAP basis		<u>Revenues</u>	<u>Expenditures</u>	
		\$ 7,322,957	\$ 7,312,486	
Adjustments: None		<u>-</u>	<u>-</u>	
Budgetary basis		<u>\$ 7,322,957</u>	<u>\$ 7,312,486</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 2016 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, 2015

General Fund - Hearing Officer Account - Fund 91800				
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:				
Intra-state federal grants	\$ 326,100	\$ 326,100	\$ 335,883	\$ 9,783
 Total revenues	 326,100	 326,100	 \$ 335,883	 \$ 9,783
 Cash balance appropriated	 -	 13,000		
 Total budgeted resources	 \$ 326,100	 \$ 339,100		
 Expenditures:				
Administrative services:				
Personal services & benefits	\$ 302,800	\$ 302,800	\$ 285,198	\$ 17,602
Contractual services	5,000	28,000	9,663	18,337
Other costs	18,300	8,300	7,190	1,110
 Total expenditures	 \$ 326,100	 \$ 339,100	 \$ 302,051	 \$ 37,049
 Reconciliation of GAAP basis to budgetary basis:				
GAAP basis		\$ 335,883	\$ 302,051	
Adjustments: None		-	-	
 Budgetary basis		 \$ 335,883	 \$ 302,051	

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 2016 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, 2015

(To Exhibit G)

	Total General Fund			
	Court Regular (Fund 14100) and Hearing Officer (Fund 91800)			
	Original Budget	Final Budget	Actual Budget Basis	Variance Favorable (Unfavorable)
Revenues:				
State appropriations	\$ 6,758,700	\$ 6,758,700	\$ 6,758,700	\$ -
Intra-state federal grants	599,700	599,700	335,883	(263,817)
Other financing sources - state funds	212,900	218,930	492,521	273,591
Charges for services - court fees	<u>70,000</u>	<u>70,000</u>	<u>71,736</u>	<u>1,736</u>
 Total revenues	 7,641,300	 7,647,330	 <u>\$ 7,658,840</u>	 <u>\$ 11,510</u>
 Cash balance appropriated	 <u>-</u>	 <u>13,000</u>		
 Total budgeted resources	 <u>\$ 7,641,300</u>	 <u>\$ 7,660,330</u>		
 Expenditures:				
Administrative services:				
Personal services & benefits	\$ 6,883,900	\$ 6,733,900	\$ 6,716,260	\$ 17,640
Contractual services	413,600	476,485	450,533	25,952
Other costs	<u>343,800</u>	<u>449,945</u>	<u>447,744</u>	<u>2,201</u>
 Total expenditures	 <u>\$ 7,641,300</u>	 <u>\$ 7,660,330</u>	 <u>\$ 7,614,537</u>	 <u>\$ 45,793</u>
 Reconciliation of GAAP basis to budgetary basis:			<u>Revenues</u>	<u>Expenditures</u>
GAAP basis			\$ 7,658,840	\$ 7,614,537
Adjustments: None			<u>-</u>	<u>-</u>
 Budgetary basis			 <u>\$ 7,658,840</u>	 <u>\$ 7,614,537</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 2016 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, 2015

	Special Revenue Funds			Fund 89200 STB Capital Outlay	(Exhibit C) Total Non-Major Governmental Funds
	Fund 87800 Alternative Dispute Resolution	Fund 51600 Drug Court Fees	Fund 01600 Drug Court		
Assets					
Investment in State Treasurer					
General Fund Investment Pool	\$ 50,656	\$ 7,679	\$ -	\$ -	\$ 58,335
Due from Court Clerk Agency Fund	855	50	-	-	905
Due from other funds	-	-	-	-	-
Due from other state agencies	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 51,511</u>	<u>\$ 7,729</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,240</u>
Liabilities and Fund Balance					
Liabilities:					
Accounts payable	\$ 471	\$ -	\$ -	\$ -	\$ 471
Accrued payroll	-	-	-	-	-
Payroll taxes payable	-	-	-	-	-
Payroll benefits payable	-	-	-	-	-
Due to other state agencies	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>471</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>471</u>
Fund balance:					
Non-spendable	-	-	-	-	-
Restricted	51,040	7,729	-	-	58,769
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>51,040</u>	<u>7,729</u>	<u>-</u>	<u>-</u>	<u>58,769</u>
Total liabilities and fund balance	<u>\$ 51,511</u>	<u>\$ 7,729</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,240</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, 2015

	Special Revenue Funds				(Exhibit E)
	Fund 87800 Alternative Dispute Resolution	Fund 51600 Drug Court Fees	Fund 01600 Drug Court	Fund 89200 STB Capital Outlay	Total Non-Major Governmental Funds
Revenues:					
Federal grants - operating	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services - court fees	43,050	1,606	-	-	44,656
Total revenues	<u>43,050</u>	<u>1,606</u>	<u>-</u>	<u>-</u>	<u>44,656</u>
Expenditures:					
Current:					
Administrative Services	8,323	48	-	9,233	17,604
Capital Outlay	-	-	-	40,767	40,767
Total Expenditures	<u>8,323</u>	<u>48</u>	<u>-</u>	<u>50,000</u>	<u>58,371</u>
Excess (deficiency) of revenues over expenditures	<u>34,727</u>	<u>1,558</u>	<u>-</u>	<u>(50,000)</u>	<u>(13,715)</u>
Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Net change in fund balances	34,727	1,558	-	-	36,285
Fund balance, beginning	<u>16,313</u>	<u>6,171</u>	<u>-</u>	<u>-</u>	<u>22,484</u>
Fund balance, ending	<u>\$ 51,040</u>	<u>\$ 7,729</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,769</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, 2015

	Alternative Dispute Resolution Special Revenue - Fund 87800			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:				
Charges for services - court fees	\$ 132,200	\$ 132,200	\$ 43,050	\$ (89,150)
Total revenues	132,200	132,200	<u>43,050</u>	<u>(89,150)</u>
Cash balance appropriated	-	-		
Total budgeted resources	<u>\$ 132,200</u>	<u>\$ 132,200</u>		
Expenditures:				
Administrative services:				
Personal services & benefits	\$ 101,800	\$ 101,800	\$ 2,929	\$ 98,871
Contractual services	15,000	15,000	-	15,000
Other costs	15,400	15,400	5,393	10,007
Total expenditures	<u>\$ 132,200</u>	<u>\$ 132,200</u>	<u>\$ 8,323</u>	<u>\$ 123,877</u>

Reconciliation of GAAP basis to budgetary basis:	Revenues	Expenditures
GAAP basis	\$ 43,050	\$ 8,323
Adjustments: None	-	-
Budgetary basis	<u>\$ 43,050</u>	<u>\$ 8,323</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 2016 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, 2015

Drug Court Fees Special Revenue - Fund 51600				
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:				
Charges for services - court fees	\$ 5,000	\$ 5,000	\$ 1,606	\$ (3,394)
Total revenues	5,000	5,000	<u>\$ 1,606</u>	<u>\$ (3,394)</u>
Cash balance appropriated	-	-		
Total budgeted resources	<u>\$ 5,000</u>	<u>\$ 5,000</u>		
Expenditures:				
Administrative services:				
Personal services & benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	-	-	-	-
Other costs	<u>5,000</u>	<u>5,000</u>	<u>48</u>	<u>4,952</u>
Total expenditures	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 48</u>	<u>\$ 4,952</u>
Reconciliation of GAAP basis to budgetary basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 1,606	\$ 48	
Adjustments: None.		-	-	
Budgetary basis		<u>\$ 1,606</u>	<u>\$ 48</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 2016 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, 2015

<u>Drug Court Account Special Revenue - Fund 01600</u>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal grants	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	\$ -	\$ -
Cash balance appropriated	-	-		
Total budgeted resources	\$ -	\$ -		
Expenditures:				
Administrative services:				
Personal services & benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	-	-	-	-
Other costs	-	-	-	-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Reconciliation of GAAP basis to budgetary basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ -	\$ -	
Adjustments: None.		-	-	
Budgetary basis		\$ -	\$ -	

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 2016 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, 2015

STB Capital Outlay - Fund 89200				
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:				
Other financing sources:				
STB proceeds	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
 Total revenues	 50,000	 50,000	 \$ 50,000	 \$ -
 Cash balance appropriated	 -	 -		
 Total budgeted resources	 \$ 50,000	 \$ 50,000		
 Expenditures:				
Administrative services:				
Personal services & benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	-	-	-	-
Other costs	50,000	50,000	50,000	-
 Total expenditures	 \$ 50,000	 \$ 50,000	 \$ 50,000	 \$ -
 Reconciliation of GAAP basis to budgetary basis:				
GAAP basis			\$ 50,000	\$ 50,000
Adjustments: None.			-	-
 Budgetary basis			 \$ 50,000	 \$ 50,000

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 2016 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, 2015

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
<u>Assets</u>				
Cash and cash equivalents:				
Court Clerk Accounts	\$ 7,647	\$ 913,145	\$ (906,659)	\$ 14,133
Bond and Litigant Accounts	<u>1,405,911</u>	<u>1,455,448</u>	<u>(1,350,251)</u>	<u>1,511,108</u>
 Total Assets	 <u>\$ 1,413,558</u>	 <u>\$ 2,368,592</u>	 <u>\$ (2,256,910)</u>	 <u>\$ 1,525,241</u>
 <u>Liabilities</u>				
Due to First Judicial District Court				
- Governmental Funds:				
Due to General Fund - Court Regular	\$ 338	\$ 70,428	\$ (70,040)	\$ 726
Due to Alternative Dispute Resolution	615	43,185	(42,945)	855
Due to Drug Court Fees	-	1,606	(1,556)	50
Due to Mediation	<u>639</u>	<u>163,057</u>	<u>(161,602)</u>	<u>2,094</u>
 Due to First Judicial District Court	 <u>1,592</u>	 <u>278,276</u>	 <u>(276,143)</u>	 <u>3,725</u>
 Due to External Parties:				
Due to State General Fund	1,100	94,971	(94,421)	1,650
Due to Other State Agencies	4,955	537,483	(532,223)	10,215
Due to Litigants	<u>1,405,911</u>	<u>1,457,862</u>	<u>(1,354,123)</u>	<u>1,509,651</u>
 Due to External Parties	 <u>1,411,966</u>	 <u>2,090,316</u>	 <u>(1,980,767)</u>	 <u>1,521,516</u>
 Total Liabilities	 <u>\$ 1,413,558</u>	 <u>\$ 2,368,592</u>	 <u>\$ (2,256,910)</u>	 <u>\$ 1,525,241</u>

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, 2015

	From SHARE Agency/Fund	To SHARE Agency/Fund	Name of Agency	Transfer	
				In	Out
1	21800/13900	23100-14100	Administrative Office of the Courts	\$ 85,164	\$ -
2	21800-13900	23100-14100	Administrative Office of the Courts	279,657	-
3	34100/85300	23100/14100	Department of Finance and Administration	6,758,700	-
4	34100/85300	23100/14100	Department of Finance and Administration	127,700	-
				<u>\$ 7,251,221</u>	<u>\$ -</u>

Purpose of Operating Transfers:

- 1 NM Administrative Office of the Courts-Casa and Water Appropriation
- 2 NM Administrative Office of the Courts-Interlock and DWI Grant
- 3 FY 2015 State General Fund Appropriation
- 4 FY 2015 State General Fund Compensation Distribution

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, 2015

	Type of Account	Fund No.	Balance per Depository	Reconciling Items		Reconciled Balance at June 30, 2015
				Outstanding Checks	Deposits in Transit	
<u>Governmental Funds</u>						
Investment in State General Fund Investment Pool:						
General Fund - Court Regular	Operating	14100	\$ 239,729	\$ (571)	\$ -	\$ 239,158
Child Support Hearing Officer	Operating	91800	221,092	-	-	221,092
Court Mediation	Operating	91700	180,567	-	-	180,567
Drug Court	Operating	01600	-	-	-	-
Alternative Dispute Resolution	Operating	87800	50,085	-	571	50,656
STB Capital Outlay	Operating	89200	-	-	-	-
Drug Court Fees	Operating	51600	7,679	-	-	7,679
			699,152	(571)	571	699,152
Petty Cash	N/A		850	-	-	850
Total Governmental Funds			\$ 700,002	\$ (571)	\$ 571	\$ 700,002
<u>Agency Funds</u>						
Litigant Accounts:						
Wells Fargo Bank (Bonds)	Checking		\$ 1,330,139	\$ (12,239)	\$ -	\$ 1,317,900
Community Bank (Bonds)	Checking		121,480	-	-	121,480
New Mexico Local Government Investment Pool						
	Investment		71,727	-	-	71,727
			1,523,346	(12,239)	-	1,511,107
Court Clerk Accounts:						
Wells Fargo Bank	Checking		11,170	-	2,111	13,281
Community Bank	Checking		726	-	126	852
			11,896	-	2,237	14,133
Total Agency Funds			\$ 1,535,242	\$ (12,239)	\$ 2,237	\$ 1,525,240

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, 2015

- a) Participants: The First Judicial District Court and the NM Human Services Department (HSD).
- 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 Section 40-4B-1 NMSA 1978 by:
 - 1. Providing a cooperative structure for the First Judicial District Court and HSD to implement the Child Support Hearing Officer Act (Section 40-4B-1 to 40-4B-10 NMSA 1978);
 - 2. Providing the additional personnel, support and procedures necessary to ensure prompt and full payment by obligated parties of child and medical support obligations 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 support obligations;
 - 5. Improving compliance and speeding up the processing of cases and completion of paternity, child and medical support actions, and maintaining compliance with federal performance measures;
 - 6. Providing additional court monitoring for the increased caseload;
 - 7. Providing raises to court staff as provided by law; and
 - 8. Increasing the transmittal of child support payments to CSED in accordance with the provisions in Section 40-4A-4.1 NMSA 1978 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, 2014 to June 30, 2015.
- e) Total estimated amount of project is \$335,883. The Human Services Department shall contribute \$335,883.
- 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.

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Schedule of Vendor Information
June 30, 2015

RFP #: None.

Type of Procurement: Request for proposals.

Awarded Vendor: Millennium Treatment Services.

Amount of Awarded Contract: \$85,000.

Amount of Amended Contract: \$100,188.

Name and physical address of all vendors that responded to RFP:

Millennium Treatment Services
1219 Luisa Street, Suite 9
P.O. Box 4144
Santa Fe, NM 87502-4144

In-State Vendor (Based on Statutory Definition): Yes.

Was the vendor in-state and chose Veteran's preference: No.

Brief Description of the Scope of Work:

Drug and alcohol treatment service provided to Adult Drug Court Participants in the First Judicial District Court's Santa Fe County Drug Court Program starting July 1, 2013.

OTHER REPORTS



ACCOUNTING & AUDITING SERVICES, LLC

FINANCIAL AUDITS + ATTESTATION ENGAGEMENTS + CONSULTING + TAX

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. Tim Keller
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, 2015, 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 30, 2015.

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.

Accounting & Auditing Services, LLC

Accounting & Auditing Services, LLC
Santa Fe, New Mexico
November 30, 2015

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Schedule of Findings and Responses
June 30, 2015

I. STATUS OF PRIOR-YEAR AUDIT FINDINGS

a. Repeated in current-year

None.

b. Resolved and not included in current-year

None.

II. CURRENT-YEAR AUDIT FINDINGS

None.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Financial Statement Preparation and
Exit Conference
June 30, 2015**

Financial Statement Preparation

The financial statements and schedules were prepared by the independent certified public accountant performing the audit with the assistance of the Court's staff. Management of the Court 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 and schedules.

Exit Conference

An exit conference was held on November 30, 2015, to discuss the results of the audit and the contents of this report. 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 – Accounting & Auditing Services, LLC

Steve B. Archibeque, CPA