

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

**Annual Financial Report
For the Fiscal Year Ended June 30, 2017**

(With Independent Auditor's Report Thereon)

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

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

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STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT

OFFICIAL ROSTER

June 30, 2017

Judges

Honorable Francis J. Mathew	Division 1
Honorable Sarah M. Singleton (Chief Judge).....	Division 2
Honorable Raymond Z. Ortiz	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

Robert J. Rivera, CPA, PC

Certified Public Accountants

6 Calle Medico, Suite 4

Santa Fe, New Mexico 87505-4761

(505) 983-6002

Fax (505) 983-6474

INDEPENDENT AUDITOR'S REPORT

Honorable Mary L. Marlowe Sommer, Chief Judge
First Judicial District Court
Santa Fe, New Mexico
and
Timothy 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, 2017, and the related notes to the financial statements which collectively comprise the Court's basic financial statements 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, 2017, 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.

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 other supplemental information 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 combining and individual fund financial statements and 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 combining and individual fund financial statements and other schedules listed as supplemental information in the table of contents 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 October 20, 2017, on our consideration of the Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Court's internal control over financial reporting and compliance.

Robert J. Rivera, CPA, PC

Robert J. Rivera, CPA, PC
Santa Fe, New Mexico
October 20, 2017

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2017**

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.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2017**

Government-wide Condensed Financial Information

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

<u>Statement of Net Position</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>Increase (Decrease) Change</u>
Assets:			
Current assets	\$ 744,868	\$ 746,073	\$ (1,205)
Capital assets, net	504,236	535,122	(30,886)
Total assets	<u>1,249,104</u>	<u>1,281,195</u>	<u>(32,091)</u>
Liabilities:			
Current liabilities	579,524	549,261	30,263
Long-term liabilities	35,071	38,056	(2,985)
Total liabilities	<u>614,595</u>	<u>587,317</u>	<u>27,278</u>
Net position:			
Invested in capital assets, net	504,236	535,122	(30,886)
Restricted	130,273	158,756	(28,483)
Unrestricted	-	-	-
Total net position	<u>\$ 634,509</u>	<u>\$ 693,878</u>	<u>\$ (59,369)</u>
Changes in Net Position			
Program revenues - court fees	\$ 583,325	\$ 618,067	\$ (34,742)
Operating grants	245,598	323,771	(78,173)
Miscellaneous revenues	360	-	360
Total program revenue	<u>829,283</u>	<u>941,838</u>	<u>(112,555)</u>
General revenue, transfers and special items:			
State appropriations, net	6,814,800	7,090,500	(275,700)
Reversion to State General Fund	(28,939)	(10,436)	(18,503)
Other state funds	83,496	85,164	(1,668)
Donated capital assets transferred from other agencies	35,775	-	35,775
Loss on disposal of capital assets	-	(9,500)	9,500
Total general revenue, transfers and special items	<u>6,905,132</u>	<u>7,155,728</u>	<u>(250,596)</u>
Program expenses	<u>7,793,784</u>	<u>8,158,157</u>	<u>(364,373)</u>
Total expenses	<u>7,793,784</u>	<u>8,158,157</u>	<u>(364,373)</u>
Change in net position	(59,369)	(60,591)	1,222
Beginning net position, as adjusted	<u>693,878</u>	<u>754,469</u>	<u>(60,591)</u>
Ending net position	<u>\$ 634,509</u>	<u>\$ 693,878</u>	<u>\$ (59,369)</u>

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2017**

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 2017 General Fund appropriations decreased by \$275,700 under approved appropriations for Fiscal Year 2016. The net position decreased by \$59,369. These decreases are primarily due to a reduction in the general fund appropriation enacted in a special legislative session in the fall of 2016.

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 appropriations fund and provide information to help the user determine whether there are more or fewer financial resources that are available to finance the Court's core programs.
2. **Mediation Fund:** Funds collected as docket fees on certain type of court cases and used by the Court to operate a domestic mediation program.
3. **Child Support Hearing Officer Fund:** Funds transferred from the NM Human Services Department and used by the Court to operate a Child Support Enforcement Program.
4. **Alternative Dispute Resolution (ADR) Fund:** Funds collected as a surcharge on certain type of cases and used by the Court to operate an Alternative Dispute Resolution program.
5. **Drug Court Program Fees:** Fees collected from adult drug court participants to offset client service costs of the drug court program.

Mediation revenue collected as docket fees was used to support the Court's ongoing Mediation Program. In Fiscal Year 2017, the level of revenue collection for this program maintained the Fiscal Year 2016 levels of approximately \$150,000. Alternative Dispute Resolution revenue is collected as a surcharge on certain case types. Revenue collected in Fiscal Year 2017 increased slightly over Fiscal Year 2016 levels to approximately \$54,000. Child Support Hearing Enforcement revenue is received from the NM Human Services Department and decreased to \$245,598 for the fiscal year. The Court did receive and expend funding from the NM Administrative Office of the Courts (AOC) in support of the Court's Drug Court. Due to a decrease in the AOC's funding for the Drug Court Programs, The Court's budget was decreased by \$33,120 mid-year. The amount allocated to the Court totaled \$302,814 with Adult Drug Court receiving \$182,200, Juvenile Drug Court receiving \$67,988 and Treatment Court receiving \$52,626.

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. General Fund revenue decreased by \$275,700 for Fiscal Year 2017.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2017**

Capital Assets and Long-Term Debt

The Court purchased capital assets during the year totaling \$62,768. Depreciation expense was \$93,564. Net capital assets decreased by \$30,886. The long term debt for compensated absences has changed from \$38,056 to \$35,071 or an insignificant decrease of \$2,985.. The Court does not own any infrastructure assets.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Relatively flat revenues for the State of New Mexico resulted in a slight increase in General Fund Appropriations for the First Judicial District Court. Management of the First Judicial District Court is taking various measures to operate within the reduced budget to include: maintaining personnel vacancies and renegotiating copier contracts.

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 nine (9) district judges, nine are based in Santa Fe (Santa Fe County), New Mexico and one travels to 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, 2017**

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, 2017**

	Governmental Activities
<u>Assets</u>	
Interest in the State Treasurer General Fund Investment Pool	\$ 618,307
Petty cash	850
Due from external parties	29,180
Due from State General Fund	123
Due from other state agencies	96,408
Total current assets	744,868
Capital assets	1,075,594
Less accumulated depreciation	(571,358)
Total capital assets, net of depreciation	504,236
Total assets	1,249,104
<u>Liabilities and Net Assets</u>	
Liabilities:	
Vouchers payable	104,829
Accounts payable	2,087
Accrued payroll	111,318
Payroll taxes payable	46,761
Payroll benefits payable	91,467
Due to State General Fund	-
Other liabilities	2,661
Compensated absences payable:	
Due within one year	220,401
Due after one year	35,071
Total liabilities	614,595
Net Position:	
Invested in capital assets	504,236
Restricted for program expenditures, subsequent years	130,273
Unrestricted (deficit)	-
Total net position	634,509
Total liabilities and net position	\$ 1,249,104

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

Exhibit B

STATE OF NEW MEXICO
 FIRST JUDICIAL DISTRICT COURT
 Statement of Activities
 For the Year Ended June 30, 2017

**Governmental
 Activities**

Expenses:

Judicial:

Administrative services	\$ 7,700,131
Depreciation expense	93,653

Total expenses	<u>7,793,784</u>
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Program revenues:

Charges for services	583,325
Operating grants	245,598
Miscellaneous revenues	360

Total program revenue	<u>829,283</u>
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Net program expenses	<u>(6,964,501)</u>
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General revenue, transfers and special items:

Transfers:

General fund appropriation	6,814,800
Reversion to State General Fund	(28,939)
Other state funds	83,496
Capital asset transferred from other agencies	35,775

Total general revenue, transfers and special items	<u>6,905,132</u>
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Change in net position	(59,369)
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Net position, beginning	<u>693,878</u>
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Net position, ending	<u>\$ 634,509</u>
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The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Balance Sheet
Governmental Funds
June 30, 2017

	<u>Major Funds</u>				
	<u>Fund 14100</u>		<u>Fund 91700</u>	<u>(Stmt. 4)</u>	
	<u>and</u>		<u>Mediation</u>	<u>Other</u>	
	<u>Fund 91800</u>		<u>Spec. Rev.</u>	<u>Governmental</u>	<u>Interfund</u>
	<u>General</u>		<u>Fund</u>	<u>Funds</u>	<u>Eliminations</u>
	<u>Fund</u>		<u>Fund</u>	<u>Funds</u>	<u>Eliminations</u>
					<u>Total</u>
					<u>Governmental</u>
					<u>Funds</u>
Assets					
Interest in the State Treasurer					
General Fund Investment Pool	\$ 458,301	\$ 47,213	\$ 112,793	\$ -	\$ 618,307
Petty cash	850	-	-	-	850
Other receivables	26,935	1,780	465	-	29,180
Due from other funds	410	-	2,932	(3,342)	-
Due from State General Fund	123	-	-	-	123
Due from other state agencies	96,408	-	-	-	96,408
	<u>583,027</u>	<u>48,993</u>	<u>116,190</u>	<u>(3,342)</u>	<u>744,868</u>
Total assets	\$ 583,027	\$ 48,993	\$ 116,190	\$ (3,342)	\$ 744,868
Liabilities and Fund Balance					
Liabilities:					
Vouchers payable	\$ 104,340	\$ 362	\$ 127	\$ -	\$ 104,829
Accounts payable	2,087	-	-	-	2,087
Accrued payroll	109,832	1,486	-	-	111,318
Payroll taxes payable	46,209	552	-	-	46,761
Payroll benefits payable	90,268	1,199	-	-	91,467
Due to other funds	3,342	-	-	(3,342)	-
Due to State General Fund	-	-	-	-	-
Other liabilities	1,160	1,501	-	-	2,661
	<u>357,238</u>	<u>5,100</u>	<u>127</u>	<u>(3,342)</u>	<u>359,123</u>
Total liabilities	357,238	5,100	127	(3,342)	359,123
Fund Balance:					
Non-spendable		-	-	-	-
Restricted	224,939	43,893	116,063	-	384,895
Committed		-	-	-	-
Assigned	850	-	-	-	850
Unassigned	-	-	-	-	-
	<u>225,789</u>	<u>43,893</u>	<u>116,063</u>	<u>-</u>	<u>385,745</u>
Total fund balance	225,789	43,893	116,063	-	385,745
Total liabilities and fund balance	\$ 583,027	\$ 48,993	\$ 116,190	(3,342)	\$ 744,868

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

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2017

Total fund balance for the governmental funds (Balance Sheet) Exhibit C	\$	385,745
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Amounts reported for governmental activities in the statement of net assets are different because:

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

Capital assets	\$ 1,075,594	
Accumulated depreciation	<u>(571,358)</u>	
 Total capital assets		 504,236

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

Compensated absences		<u>(255,472)</u>
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Net position of governmental activities (statement of net position) Exhibit A	\$	<u><u>634,509</u></u>
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The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>Fund 14100 and Fund 91800 General Fund</u>	<u>Fund 91700 Mediation Spec. Rev. Fund</u>	<u>(Stmt. 5) Other Governmental Funds</u>	
Revenues:				
Federal grants - interagency	\$ 245,598	\$ -	\$ -	\$ 245,598
Charges for services - interagency	302,525	-	-	302,525
Charges for services - court fees	74,659	150,225	55,916	280,800
Miscellaneous revenues	-	360	-	360
	<u>622,782</u>	<u>150,585</u>	<u>55,916</u>	<u>829,283</u>
Total revenues				
	<u>622,782</u>	<u>150,585</u>	<u>55,916</u>	<u>829,283</u>
Expenditures:				
Judicial:				
Current:				
Administrative services	7,464,921	229,348	5,331	7,699,600
Capital outlay	26,993	-	-	26,993
	<u>7,491,914</u>	<u>229,348</u>	<u>5,331</u>	<u>7,726,593</u>
Total expenditures				
	<u>7,491,914</u>	<u>229,348</u>	<u>5,331</u>	<u>7,726,593</u>
Excess (deficiency) of revenues over expenditures	<u>(6,869,132)</u>	<u>(78,763)</u>	<u>50,585</u>	<u>(6,897,310)</u>
Other financing sources (uses):				
Transfers in:				
State appropriation	6,814,800	-	-	6,814,800
Other state funds	83,496	-	-	83,496
Transfers out:				
Reversions to State General Fund 2017	<u>(28,939)</u>	<u>-</u>	<u>-</u>	<u>(28,939)</u>
Total other financing sources (uses)				
	<u>6,869,357</u>	<u>-</u>	<u>-</u>	<u>6,869,357</u>
Net change in fund balance	225	(78,763)	50,585	(27,953)
Fund balance, beginning	<u>225,564</u>	<u>122,656</u>	<u>65,478</u>	<u>413,698</u>
Fund balance, end of year	<u>\$ 225,789</u>	<u>\$ 43,893</u>	<u>\$ 116,063</u>	<u>\$ 385,745</u>

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

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances to the Statement of Activities
Governmental Funds
For the Year Ended June 30, 2017

Net change in fund balance - Governmental Funds
(Statement of Revenues, Expenditures and Changes in
Fund Balance) Exhibit E

\$ (27,953)

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	\$	26,993	
Depreciation expense		<u>(93,653)</u>	
Excess of depreciation over capital outlay expense			(66,660)

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:

35,775

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

Increase in current and long term compensated absences			<u>(531)</u>
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Change in net position of governmental activities
(Statement of Activities) Exhibit B

\$ (59,369)

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

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Statement of Revenues and Expenditures
Budget and Actual (Budgetary Basis)
Major Governmental Funds
General Fund - All Accounts
For the Year Ended June 30, 2017**

<u>General Fund - All Accounts (From Statement 3, pg. 3 of 3)</u>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State appropriations	\$ 7,025,600	\$ 6,814,800	\$ 6,814,800	\$ -
Federal contract - interagency	335,900	335,900	245,598	(90,302)
Other financing sources-other state funds	83,500	83,500	83,496	(4)
Charges for services - interagency	336,000	336,000	302,525	(33,475)
Charges for services - court fees	<u>70,000</u>	<u>70,000</u>	<u>74,659</u>	<u>4,659</u>
Total revenues	7,851,000	7,640,200	<u>\$ 7,521,078</u>	<u>\$ (119,122)</u>
Cash balance appropriated	<u>-</u>	<u>-</u>		
Total budgeted resources	<u>\$ 7,851,000</u>	<u>\$ 7,640,200</u>		
Expenditures:				
Administrative services:				
Personal services and benefits	\$ 7,087,400	\$ 6,658,800	\$ 6,582,694	\$ 76,106
Contractual services	430,900	468,900	421,345	47,555
Other costs	<u>332,700</u>	<u>512,500</u>	<u>487,875</u>	<u>24,625</u>
Total expenditures	<u>\$ 7,851,000</u>	<u>\$ 7,640,200</u>	<u>\$ 7,491,914</u>	<u>\$ 148,286</u>
Reconciliation of GAAP basis to budgetary basis:				
GAAP basis		\$ 7,521,078	\$ 7,491,914	
Adjustments: None		<u>-</u>	<u>-</u>	
Budgetary basis		<u>\$ 7,521,078</u>	<u>\$ 7,491,914</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 2018 budget.

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

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Statement of Revenues and Expenditures
Budget and Actual (Budgetary Basis)
Major Governmental Funds
Court Mediation Special Revenue Fund (Fund 91700)
For the Year Ended June 30, 2017

	Court Mediation Special Revenue Fund (Fund 91700)			
	Original Budget	Final Budget	Actual Budget Basis	Variance Favorable (Unfavorable)
Revenues:				
Charges for services - court fees	\$ 257,300	\$ 280,300	\$ 150,225	\$ (130,075)
Miscellaneous revenue	-	-	360	360
Total revenues	257,300	280,300	\$ 150,585	\$ (129,715)
Cash balance appropriated	-	-		
Total budgeted resources	\$ 257,300	\$ 280,300		
Expenditures:				
Administrative services:				
Personal services and benefits	\$ 173,600	\$ 234,600	\$ 223,657	\$ 10,943
Contractual services	20,000	2,000	-	2,000
Other costs	63,700	43,700	5,691	38,009
Total expenditures	\$ 257,300	\$ 280,300	\$ 229,348	\$ 50,952
Reconciliation of GAAP basis to budgetary basis:				
GAAP basis		\$ 150,585	\$ 229,348	
Adjustments: None		-	-	
Budgetary basis		\$ 150,585	\$ 229,348	

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 2018 budget.

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

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2017**

	<u>Agency Funds</u>
<u>Assets</u>	
Cash and cash equivalents	\$ <u>12,840,021</u>
Total Assets	\$ <u><u>12,840,021</u></u>
<u>Liabilities</u>	
Due to First Judicial District Court	\$ 3,489
Due to external parties	<u>12,836,532</u>
Total Liabilities	\$ <u><u>12,840,021</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, 2017

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 part of the judicial branch of government 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. New Mexico issues 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 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, 2017

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

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2017**

1. **Summary of Significant Accounting Policies (Continued)**

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

obtains its resources from the imposition of a \$15 fee on all new and reopened civil cases. 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.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2017**

1. Summary of Significant Accounting Policies (Continued)

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

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, 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, 2017**

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, 2017**

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 \$130,273.
- 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, 2017, the fund balance restricted by laws and enabling legislation is: \$224,939 for the Child Support Hearing Officer, \$43,893 for Domestic Relations Mediation, \$108,084 for Alternative Dispute Resolution and \$7,979 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, 2017.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2017**

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, 2017 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, 2017.

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, 2017**

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 2018 budget; at June 30, 2017, 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, 2017**

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, 2017 represent court fees collected on or before June 30, 2017 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, 2017**

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)	\$ 12,553,834	\$ 12,544,934
NM Bank & Trust (Bonds and Litigants)	212,706	212,706
Wells Fargo Bank (Court Clerk-Escrow Account)	-	3,029
NM Bank & Trust (Court Clerk-Escrow Account)	<u>7,239</u>	<u>7,290</u>
Total Cash In Banks	12,773,779	<u>\$ 12,767,959</u>
Less FDIC coverage	<u>(469,945)</u>	
Total uninsured public funds	12,303,834	
50% collateral requirements (Section 6-10-17 NMSA 1978)	<u>(6,151,917)</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. Interest 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>
Interests at year-end are classified as follows:		
Governmental Funds:		
State Treasurer's State General Fund Investment Pool (GFIP)	\$ 618,307	\$ 618,307
Agency Funds:		
State Treasurer's Local Government Investment Pool (LGIP)	72,063	72,063
Total In External Investment Pools	<u>\$ 690,370</u>	<u>\$ 690,370</u>

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2017**

3. Interest 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.

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. 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, 2017.

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, 2017, \$12,303,834 of the Court's bank balances totaling \$12,773,779 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	\$12,303,834
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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 interest in the New Mexico LGIP as of June 30, 2017:

<u>Account Balance</u>	<u>Credit Risk</u>	<u>Interest Rate Risk Weighted Average Maturity (WAM)</u>
\$72,063	AAAm	(58) day WAM(R); (106) day WAM(F)

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.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2017**

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

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

State General Fund Investment Pool Reconciliation Update

According to the State Controller in a letter dated August 8, 2016 (Statewide Cash Reconciliation Update), "the Financial Control Division (FCD) in collaboration with the State Treasurer's Office implemented a comprehensive reconciliation model that compared aggregated agency claims on the State General Fund Investment Pool and to the associated resources held by the State Treasurer's Office. This process has now been reviewed by the IPAs performing audits of the State General Fund, the Department of Finance and Administration and the State of New Mexico's Comprehensive Annual Financial Report for fiscal year 2016. Each review of the process deemed it to be adequate and the findings related to Cash Reconciliation were significantly reduced or eliminated. Successfully addressing this issue allowed the Department to reinstate \$100 million that had been reserved as a loss contingency. For FY2017, the following assertions are provided: 1) The calculated difference between resources maintained by STO and the agency claims has remained stable and within a narrow and acceptable range (less than \$200,000 standard deviation) over the last twelve months; 2) Resources are sufficient to cover claims and there is no need to adjust any specific business unit claim on the State General Fund Investment Pool; and 3) All claims will be honored at face value."

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 cash deposits and financial transactions are accurately recorded

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2017**

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

State General Fund Investment Pool Reconciliation Update (Continued)

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. GASB Statement Adopted

GASB 79, Certain External Investment Pools and Pool Participants. This statement establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes.

5. Due To and From Other Funds

<u>Due From Fund</u>	<u>Amount</u>	<u>Due To Fund</u>	<u>Amount</u>
General Fund -014100	\$ 3,342	General Fund - 91800	\$ 410
	-	Alternative Dispute Resolution - 87800	2,932
	<u>\$ 3,342</u>		<u>\$ 3,342</u>

Amounts transferred to reflect vouchers payable.

**STATE OF NEW MEXICO
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6. Capital Assets - Governmental Activities

<u>Cost</u>	<u>Balance 06/30/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/2017</u>
Furniture and fixtures	\$ 697,047	\$ -	\$ -	\$ 697,047
Equipment and machinery	124,805	8,247	-	133,052
Data processing	142,775	54,521	-	197,296
Vehicles	18,225	-	-	18,225
Library	29,974	-	-	29,974
	<u>1,012,826</u>	<u>62,768</u>	<u>-</u>	<u>1,075,594</u>
<u>Accumulated Depreciation</u>				
Furniture and fixtures	(259,027)	(64,301)	-	(323,328)
Equipment and machinery	(82,020)	(8,210)	-	(90,230)
Data processing	(106,379)	(17,498)	-	(123,877)
Vehicles	(304)	(3,645)	-	(3,949)
Library	(29,974)	-	-	(29,974)
	<u>(477,704)</u>	<u>(93,654)</u>	<u>-</u>	<u>(571,358)</u>
Net investment in capital assets	<u>\$ 535,122</u>	<u>\$ (30,886)</u>	<u>\$ -</u>	<u>\$ 504,236</u>

Current year depreciation expense of \$93,654 was charged to the judicial expenditure function in the Statement of Activities (Exhibit B). During the fiscal year, the Court capitalized equipment and data processing equipment for \$62,768, with \$35,775 in assets transferred from the Administrative Office of the Courts.

7. Due To and From Other State Agencies

<u>Due From Agency-Fund</u>	<u>Due to Agency-Fund</u>	<u>Name of Other Agency</u>	<u>Due From</u>	<u>Due To</u>
21800-13900	23100-14100	Administrative Office of the Courts	\$ 70,066	\$ -
34101-95300	23100-14100	Department of Finance and Administration	123	-
63000-05200	23100-91800	Human Services Department	26,342	-
			<u>\$ 96,531</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2017**

8. Summary of Changes in Compensated Absences Payable

	<u>Balance 6/30/2016</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Balance 6/30/2017</u>
Amount Due Within One Year:				
Compensated absences payable	\$ 216,885	\$ 309,244	\$ (305,728)	\$ 220,401
Long-Term:				
Compensated absences payable	<u>38,056</u>	<u>37,001</u>	<u>(39,986)</u>	<u>35,071</u>
Total:				
Compensated absences payable	\$ <u>254,941</u>	\$ <u>346,245</u>	\$ <u>(345,714)</u>	\$ <u>255,472</u>

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

9. Operating Leases

The First Judicial District Court has various leases for photocopy and other machines which can be terminated, with no penalty to the Court, if the NM State Legislature does not appropriate funds to the Court. Total lease and rent of equipment expenditures for FY2017 were \$50,260. For operating leases with remaining terms in excess of one year as of June 30, 2017, the minimum future rental payments for each of the next five years in the aggregate are as follows:

<u>Year Ending</u>	<u>Amount</u>
June 30, 2018	\$ 43,324
June 30, 2019	12,012
June 30, 2020	-
June 30, 2021	-
June 30, 2022	-
	<u>\$55,336</u>

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2017**

10. Pension Plan - Public Employees Retirement Association

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

Funding Policy. Plan members are required to contribute 8.92% (ranges from 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, 2017, 2016 and 2015 were \$620,479, \$657,048 and \$637,229, 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, 2016. 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 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.

11. 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

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2017**

11. Pension Plan - Judicial Retirement Act (Continued)

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, 2017, 2016, and 2015 were \$160,715, \$160,100 and \$152,822, 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 \$186,701 in filing fees for the year ending June 30, 2017.

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, 2017. 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.

12. Deferred Compensation

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

There are employees that are making contributions to the Deferred Compensation Plan. Neither the 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.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2017**

13. 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 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

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2017**

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

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, 2016, 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, 2016, 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, 2017, 2016 and 2015 were \$99,826, \$104,924 and \$100,616, respectively, which equal the required contributions for each year.

14. Risk Management and Litigation

The Court obtains coverage 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 \$5,000,000 with a \$1,000 deductible per claim by the State of New Mexico for the period July 1, 2016 through June 30, 2017.

The Court is exposed to various risks of loss related to torts; theft of, damage to, and destruction of asset; errors and omissions; and natural disasters for which the agency carries insurance (workers' compensation, unemployment compensation, employee liability, and transportation property) with the State of New Mexico Risk Management Division (RMD) of the General Services Department.

Risk Management

The Court is insured through the Risk Management Division of the State of New Mexico. The Court pays annual premiums to the Risk Management Division for coverage provided in the following areas:

1. Liability and civil rights protection for claims made by others against the state of New Mexico.
2. Coverage to protect the state of New Mexico's property and assets.

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Notes to the Financial Statements
June 30, 2017**

14. Risk Management and Litigation (Continued)

3. Fringe benefit coverage for Court employees

There is a pending and threatened legal proceeding against the Court which is being covered by the policy with the Risk Management Division. At June 30, 2017, the Court had no claims which the Risk Management Division has determined would not be covered and which would become the responsibility of the Court.

15. Prior Period Adjustment

There are off-setting \$225 prior period adjustments between the two general fund classified funds, Court Regular (Fund 14100) and Hearing Officer (Fund 91800) caused by the vouchers payable beginning balances being incorrect.

16. Reversion to the State General Fund

The reversion to the State General Fund for fiscal year 2017 resulting from unused state general fund appropriations amounted to \$28,939. The Court actually reverted \$29,062, resulting in an over reversion of \$123. This amount is due from the state general fund.

17. Subsequent Events Review

A review of subsequent events through October 20, 2017 revealed no subsequent events which require disclosure.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Combining Balance Sheet
General Fund - All Accounts
June 30, 2017

	<u>General Fund</u>		<u>Total General Fund</u>
	<u>Fund 14100 Court Regular Account</u>	<u>Fund 91800 Hearing Officer Account</u>	
<u>Assets</u>			
Interest in the State Treasurer General Fund			
Investment Pool	\$ 249,113	\$ 209,188	\$ 458,301
Petty cash	850	-	850
Other receivables	26,935	-	26,935
Due from other funds	-	410	410
Due from State General Fund	123	-	123
Due from other state agencies	70,066	26,342	96,408
	<u>347,087</u>	<u>235,940</u>	<u>583,027</u>
Total assets	\$ <u>347,087</u>	\$ <u>235,940</u>	\$ <u>583,027</u>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Vouchers payable	\$ 104,085	\$ 255	\$ 104,340
Accounts payable	2,087	-	2,087
Accrued payroll	104,168	5,664	109,832
Payroll taxes payable	44,004	2,205	46,209
Payroll benefits payable	87,391	2,877	90,268
Due to other funds	3,342	-	3,342
Due to State General Fund	-	-	-
Other liabilities	1,160	-	1,160
	<u>346,237</u>	<u>11,001</u>	<u>357,238</u>
Total liabilities	346,237	11,001	357,238
Fund Balance:			
Non-spendable	-	-	-
Restricted	-	224,939	224,939
Committed	-	-	-
Assigned	850	-	850
Unassigned	-	-	-
	<u>850</u>	<u>224,939</u>	<u>225,789</u>
Total fund balance	850	224,939	225,789
Total liabilities and fund balance	\$ <u>347,087</u>	\$ <u>235,940</u>	\$ <u>583,027</u>

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

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
General Fund - All Accounts
Year Ended June 30, 2017

	<u>General Fund</u>		<u>Total General Fund</u>
	<u>Fund 14100 Court Regular Acct.</u>	<u>Fund 91800 Hearing Officer Acct.</u>	
Revenues:			
Federal grants - interagency	\$ -	\$ 245,598	\$ 245,598
Charges for services - interagency	302,525	-	302,525
Charges for services - court fees	74,659	-	74,659
Total revenues	<u>377,184</u>	<u>245,598</u>	<u>622,782</u>
Expenditures:			
Current:			
Administrative Services	7,219,323	245,598	7,464,921
Capital outlay	26,993	-	26,993
Total expenditures	<u>7,246,316</u>	<u>245,598</u>	<u>7,491,914</u>
Excess (deficiency) of revenues over expenditures	<u>(6,869,132)</u>	<u>-</u>	<u>(6,869,132)</u>
Other financing sources:			
Transfer in:			
State general fund appropriation	6,814,800	-	6,814,800
Other state funds	83,496	-	83,496
Transfers out:			
Reversions to State General Fund FY 2017	<u>(28,939)</u>	<u>-</u>	<u>(28,939)</u>
Total other financing sources (uses)	<u>6,869,357</u>	<u>-</u>	<u>6,869,357</u>
Net change in fund balances	<u>225</u>	<u>-</u>	<u>225</u>
Fund balance, beginning of year, as reported	850	224,714	225,564
Restatements:			
Prior-period adjustments (note 15)	<u>(225)</u>	<u>225</u>	<u>-</u>
Fund balance, beginning of year, as restated	<u>625</u>	<u>224,939</u>	<u>225,564</u>
Fund balance, end of year	<u>\$ 850</u>	<u>\$ 224,939</u>	<u>\$ 225,789</u>

The accompanying notes are an integral part of the financial statements

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Combining Statement of Revenues and Expenditures
Budget and Actual (Budgetary Basis)
General Fund - Court Regular Account - (Fund 14100)
For the Year Ended June 30, 2017

	General Fund - Court Regular Account - Fund 14100			
	Original Budget	Final Budget	Current Year Actual Budget Basis	Variance Favorable (Unfavorable)
Revenues:				
State appropriations	\$ 7,025,600	\$ 6,814,800	\$ 6,814,800	\$ -
Other financing sources - other state funds	83,500	83,500	83,496	(4)
Charges for services - interagency	336,000	336,000	302,525	(33,475)
Charges for services - court fees	70,000	70,000	74,659	4,659
Total revenues	7,515,100	7,304,300	\$ <u>7,275,480</u>	\$ <u>(28,820)</u>
Cash balance appropriated	-	-		
Total budgeted resources	\$ <u>7,515,100</u>	\$ <u>7,304,300</u>		
Expenditures:				
Administrative services:				
Personal services & benefits	\$ 6,779,800	\$ 6,351,200	\$ 6,340,554	\$ 10,646
Contractual services	420,900	458,900	421,345	37,555
Other costs	314,400	494,200	484,417	9,783
Total expenditures	\$ <u>7,515,100</u>	\$ <u>7,304,300</u>	\$ <u>7,246,316</u>	\$ <u>57,984</u>
Reconciliation of GAAP basis to budgetary basis:				
GAAP basis		\$ 7,275,480	\$ 7,246,316	
Adjustments: None		-	-	
Budgetary basis		\$ <u>7,275,480</u>	\$ <u>7,246,316</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 2018 budget.

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

STATE OF NEW MEXICO
 FIRST JUDICIAL DISTRICT COURT
 Combining Statement of Revenues and Expenditures
 Budget and Actual (Budgetary Basis)
 General Fund - Hearing Officer Account (Fund 91800)
 For the Year Ended June 30, 2017

General Fund - Hearing Officer Account - Fund 91800				
	Original Budget	Final Budget	Actual Budget Basis	Variance Favorable (Unfavorable)
Revenues:				
Federal contract - Interagency	\$ 335,900	\$ 335,900	\$ 245,598	\$ (90,302)
Total revenues	335,900	335,900	\$ 245,598	\$ (90,302)
Cash balance appropriated	-	-		
Total budgeted resources	\$ 335,900	\$ 335,900		
Expenditures:				
Administrative services:				
Personal services & benefits	\$ 307,600	\$ 307,600	\$ 242,140	\$ 65,460
Contractual services	10,000	10,000	-	10,000
Other costs	18,300	18,300	3,458	14,842
Total expenditures	\$ 335,900	\$ 335,900	\$ 245,598	\$ 90,302
Reconciliation of GAAP basis to budgetary basis:				
GAAP basis			\$ 245,598	\$ 245,598
Adjustments: None			-	-
Budgetary basis			\$ 245,598	\$ 245,598

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 2018 budget.

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, 2017

(To Exhibit G)

		Total General Fund			
		Court Regular (Fund 14100) and Hearing Officer (Fund 91800)			
		Original	Final	Actual	Variance
		Budget	Budget	Budget	Favorable
		Budget	Budget	Basis	(Unfavorable)
Revenues:					
State appropriations	\$	7,025,600	\$ 6,814,800	\$ 6,814,800	\$ -
Federal contract - interagency		335,900	335,900	245,598	(90,302)
Other financing sources - other state funds		83,500	83,500	83,496	(4)
Charges for services - interagency		336,000	336,000	302,525	(33,475)
Charges for services - court fees		<u>70,000</u>	<u>70,000</u>	<u>74,659</u>	<u>4,659</u>
 Total revenues		 7,851,000	 7,640,200	 \$ <u>7,521,078</u>	 \$ <u>(119,122)</u>
 Cash balance appropriated		 <u>-</u>	 <u>-</u>		
 Total budgeted resources	 \$	 <u>7,851,000</u>	 \$ <u>7,640,200</u>		
 Expenditures:					
Administrative services:					
Personal services & benefits	\$	7,087,400	\$ 6,658,800	\$ 6,582,694	\$ 76,106
Contractual services		430,900	468,900	421,345	47,555
Other costs		<u>332,700</u>	<u>512,500</u>	<u>487,875</u>	<u>24,625</u>
 Total expenditures	 \$	 <u>7,851,000</u>	 \$ <u>7,640,200</u>	 \$ <u>7,491,914</u>	 \$ <u>148,286</u>
 Reconciliation of GAAP basis to budgetary basis:					
GAAP basis			\$ 7,521,078	\$ 7,491,914	
Adjustments: None			<u>-</u>	<u>-</u>	
 Budgetary basis			 \$ <u>7,521,078</u>	 \$ <u>7,491,914</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 2018 budget.

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

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Combining Balance Sheet
Other Governmental Funds
June 30, 2017

	Special Revenue Funds				(Exhibit C)
	Fund 87800 Alternative Dispute Resolution	Fund 51600 Drug Court Fees	Fund 01600 Drug Court	Fund 89200 STB Capital Outlay	Total Other Governmental Funds
Assets					
Interest in the State Treasurer General Fund Investment Pool	\$ 104,814	\$ 7,979	\$ -	\$ -	\$ 112,793
Other receivables	465	-	-	-	465
Due from other funds	2,932	-	-	-	2,932
Total assets	\$ 108,211	\$ 7,979	\$ -	\$ -	\$ 116,190
Liabilities and Fund Balance					
Liabilities:					
Vouchers payable	\$ 127	\$ -	\$ -	\$ -	\$ 127
Total liabilities	127	-	-	-	127
Fund balance:					
Non-spendable	-	-	-	-	-
Restricted	108,084	7,979	-	-	116,063
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	108,084	7,979	-	-	116,063
Total liabilities and fund balance	\$ 108,211	\$ 7,979	\$ -	\$ -	\$ 116,190

The accompanying notes are an integral part of the financial statements

STATE OF NEW MEXICO
 FIRST JUDICIAL DISTRICT COURT
 Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balances
 Other Governmental Funds
 For the Year Ended June 30, 2017

	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 Other Governmental Funds
Revenues:					
Federal grants - operating	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services - court fees	<u>54,351</u>	<u>1,565</u>	<u>-</u>	<u>-</u>	<u>55,916</u>
Total revenues	<u>54,351</u>	<u>1,565</u>	<u>-</u>	<u>-</u>	<u>55,916</u>
Expenditures:					
Current:					
Administrative Services	<u>4,056</u>	<u>1,275</u>	<u>-</u>	<u>-</u>	<u>5,331</u>
Excess (deficiency) of revenues over expenditures	50,295	290	-	-	50,585
Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	50,295	290	-	-	50,585
Fund balance, beginning of year	<u>57,789</u>	<u>7,689</u>	<u>-</u>	<u>-</u>	<u>65,478</u>
Fund balance, end of year	<u>\$ 108,084</u>	<u>\$ 7,979</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,063</u>

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

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Statement of Revenues and Expenditures
Budget and Actual (Budgetary Basis)
Non-Major Governmental Funds
For the Year Ended June 30, 2017

<u>Alternative Dispute Resolution Special Revenue - Fund 87800</u>				
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
	<u>Budget</u>	<u>Budget</u>	<u>Budgetary</u>	<u>Favorable</u>
			<u>Basis</u>	<u>(Unfavorable)</u>
Revenues:				
Charges for services - court fees	\$ 132,100	\$ 132,100	\$ 54,351	\$ (77,749)
Total revenues	<u>\$ 132,100</u>	<u>\$ 132,100</u>	<u>\$ 54,351</u>	<u>\$ (77,749)</u>
Expenditures:				
Administrative services:				
Personal services & benefits	\$ 101,700	\$ 101,700	\$ -	\$ 101,700
Contractual services	15,000	15,000	-	15,000
Other costs	<u>15,400</u>	<u>15,400</u>	<u>4,056</u>	<u>11,344</u>
Total expenditures	<u>\$ 132,100</u>	<u>\$ 132,100</u>	<u>\$ 4,056</u>	<u>\$ 128,044</u>
Reconciliation of GAAP basis to budgetary basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 54,351	\$ 4,056	
Adjustments: None.		<u>-</u>	<u>-</u>	
Budgetary basis		<u>\$ 54,351</u>	<u>\$ 4,056</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 2018 budget.

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, 2017

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	\$ 1,565	\$ (3,435)
Total revenues	\$ 5,000	\$ 5,000	\$ 1,565	\$ (3,435)
Expenditures:				
Administrative services:				
Personal services & benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	-	-	-	-
Other costs	5,000	5,000	1,275	3,725
Total expenditures	\$ 5,000	\$ 5,000	\$ 1,275	\$ 3,725
Reconciliation of GAAP basis to budgetary basis:				
		Revenues	Expenditures	
GAAP basis		\$ 1,565	\$ 1,275	
Adjustments: None.		-	-	
Budgetary basis		\$ 1,565	\$ 1,275	

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 2018 budget.

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, 2017

Drug Court Account Special Revenue - Fund 01600				
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
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:				
		Revenues	Expenditures	
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 2018 budget.

**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, 2017**

STB Capital Outlay - Fund 89200				
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:				
Other financing sources:				
STB proceeds	\$ -	\$ -	\$ -	\$ -
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:			Revenues	Expenditures
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 2018 budget.

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2017

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Assets</u>				
Cash and cash equivalents:				
Court Clerk Accounts	\$ 4,151	\$ 1,023,114	\$ (1,016,946)	\$ 10,319
Bond and Litigant Accounts	<u>1,627,343</u>	<u>18,287,296</u>	<u>(7,084,936)</u>	<u>12,829,703</u>
 Total Assets	 <u>\$ 1,631,494</u>	 <u>\$ 19,310,410</u>	 <u>\$ (8,101,883)</u>	 <u>\$ 12,840,021</u>
 <u>Liabilities</u>				
Due to First Judicial District Court				
- Governmental Funds:				
Due to General Fund - Court Regular	\$ 251	\$ 76,354	\$ (75,361)	\$ 1,244
Due to Alternative Dispute Resolution	180	54,066	(53,781)	465
Due to Drug Court Fees	-	1,565	(1,565)	-
Due to Mediation	<u>1,031</u>	<u>150,121</u>	<u>(149,372)</u>	<u>1,780</u>
 Due to First Judicial District Court	 <u>1,462</u>	 <u>282,106</u>	 <u>(280,079)</u>	 <u>3,489</u>
 Due to External Parties:				
Due to State General Fund	454	114,486	(113,795)	1,145
Due to Other State Agencies	2,235	626,523	(623,072)	5,685
Due to Litigants	<u>1,627,343</u>	<u>18,287,296</u>	<u>(7,084,937)</u>	<u>12,829,702</u>
 Due to External Parties	 <u>1,630,032</u>	 <u>19,028,304</u>	 <u>(7,821,805)</u>	 <u>12,836,532</u>
 Total Liabilities	 <u>\$ 1,631,494</u>	 <u>\$ 19,310,410</u>	 <u>\$ (8,101,883)</u>	 <u>\$ 12,840,021</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, 2017

	From SHARE Agency/Fund	To SHARE Agency/Fund	Title	Transfer	
				In	Out
1	23100/14100	34100/85300	Department of Finance and Administration	\$ -	\$ 10,519
2	21800/13900	23100-14100	Administrative Office of the Courts	83,496	-
3	21800-13900	23100-14100	Administrative Office of the Courts	200	-
4	21800-13900	23100-14100	Administrative Office of the Courts	250,552	-
5	63000-05200	23100-91800	Human Services Department	245,598	-
6	23100-14100	36100-20360	Department of Information Technology	-	34,930
7	23100-14100	35000-35603	General Services Department	-	1,279
8	23100-14100	35000-35703	General Services Department	-	28,886
9	23100-14100	35000-35903	General Services Department	-	10,872
10	23100-14100	35000-36503	General Services Department	-	1,253
11	23100-14100	35000-80603	General Services Department	-	2,307
12	23100-91700	35000-80603	General Services Department	-	123
13	23100-14100	37100-79900	Secretary of State	-	20
14	23100-87800	37100-79900	Secretary of State	-	20
15	34100/85300	23100/14100	Department of Finance and Administration	6,814,800	-
16	23100/14100	34100/85300	Department of Finance and Administration	-	29,062
				<u>\$ 7,394,646</u>	<u>\$ 119,271</u>

- 1 State General Fund reversions - 2016
- 2 Administrative Office of the Courts-Casa and Water Appropriation
- 3 Administrative Office of the Courts-Language Access Symposium
- 4 Administrative Office of the Courts-Drug Court Appropriation
- 5 Human Services Department - Payroll Transfer
- 6 Department of Information Technology-SHARE annual subscription
- 7 General Services Department-Insurance
- 8 General Services Department-Insurance
- 9 General Services Department-Insurance
- 10 General Services Department-Motor Pool
- 11 General Services Department-Printing Services
- 12 General Services Department-Printing Services
- 13 Secretary of State-Notary Public Application
- 14 Secretary of State-Notary Public Application
- 15 FY 2013 State General Fund appropriation
- 16 State General Fund reversion - 2017 (over-reverted by \$123)

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, 2017

	Type of Account	Fund No.	Balance per Depository	Reconciling Items		Reconciled Balance at June 30, 2016
				Outstanding Checks	Deposits in Transit	
<u>Governmental Funds</u>						
Interest in State General Fund Investment Pool:						
General Fund - Court Regular	Operating	14100	\$ 249,113	\$ -	\$ -	\$ 249,113
Child Support Hearing Officer	Operating	91800	209,188	-	-	209,188
Court Mediation	Operating	91700	47,213	-	-	47,213
Drug Court	Operating	01600	-	-	-	-
Alternative Dispute Resolution	Operating	87800	104,814	-	-	104,814
STB Capital Outlay	Operating	89200	-	-	-	-
Drug Court Fees	Operating	51600	7,979	-	-	7,979
			618,307	-	-	618,307
Petty Cash	N/A		850	-	-	850
Total Governmental Funds			\$ 619,157	\$ -	\$ -	\$ 619,157
<u>Agency Funds</u>						
Litigant Accounts:						
Wells Fargo Bank (Bonds)	Checking		\$ 12,553,834	\$ (8,900)	\$ -	\$ 12,544,934
NM Bank & Trust (Bonds)	Checking		212,706	-	-	212,706
New Mexico Local Government Investment Pool						
	Interest		72,063	-	-	72,063
			12,838,602	(8,900)	-	12,829,703
Court Clerk Accounts:						
Wells Fargo Bank	Checking		-	-	3,029	3,029
NM Bank & Trust	Checking		7,239	-	51	7,290
			7,239	-	3,080	10,319
Total Agency Funds			\$ 12,845,841	\$ (8,900)	\$ 3,080	\$ 12,840,021

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, 2017**

New Mexico Human Services Department

- 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, 2016 to June 30, 2017.
- e) Total estimated amount of project is \$256,548. The Human Services Department shall contribute \$256,548.
- 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 Memorandum of Understanding
June 30, 2017

Administrative Office of the Courts

- a) Participants: The First Judicial District Court and the Administrative Office of the Courts (AOC).
- b) Responsible party for operations: The First Judicial District Court.
- c) Descriptions: To support problem-solving (i.e. drug and mental health) courts by:
 - 1. For the drug court program: providing treatment and counseling to drug-dependent offenders, who are in the criminal justice system due to drug-related charges, with the aim of eliminating their substance abuse;
 - 2. For the mental health court program: providing treatment, counseling and appropriate ancillary services to offenders whose mental health issues lead them into repeated contact with the criminal justice system, with the aim of mental health stabilization and improved quality of life.
- d) Beginning and ending dates of agreement: July 1, 2016 to June 30, 2017.
- e) Total estimated amount of project is \$302,812. The AOC shall contribute \$302,812.
- 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, 2017**

	1	2	3
RFB/RFP	N/A	N/A	N/A
Type of Procurement	Competitive	Competitive	Competitive
Awarded Vendor	Millenium Treatment Services	Human Resource Development Associates, Inc.	Court Appointed Special Advocates
Address (City, State)	Santa Fe, NM	Taos, NM	Santa Fe, NM
Amount of Awarded Contract	\$ 120,353.90	\$ 73,679.00	\$ 83,500.00
Amount of Amended Contract	N/A	N/A	N/A
Documentation of Eligibility			
In-state preference	No	No	No
Veterans' preference	No	No	No
Brief Description of Scope of Work	For drug and alcohol treatment services provided to adult drug court participants in the First Judicial District Court's Santa Fe County Drug Court Program.	For drug and alcohol treatment services provided to adult drug court participants in the First Judicial District Court's Rio Arriba County Drug Court Program.	Coordinates, supervise and service the Court Appointed Special Advocate (CASA) Program of the First Judicial District Court

OTHER REPORTS

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

Honorable Mary L. Marlowe Sommer, Chief Judge
First Judicial District Court
Santa Fe, New Mexico
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, 2017, 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 October 20, 2017.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material

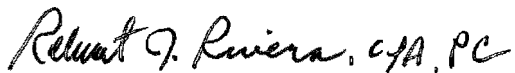
weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist and were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Court's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Robert J. Rivera, CPA, PC
Santa Fe, New Mexico
October 20, 2017

**STATE OF NEW MEXICO
FIRST JUDICIAL DISTRICT COURT
Schedule of Findings and Responses
June 30, 2017**

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, 2017**

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 October 31, 2017, 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 Mary L. Marlowe, Chief Judge
Stephen T. Pacheco, Court Executive Officer
Kathleen J. Vigil, Deputy Court Executive Officer
Nina T. Ulibarri, Financial Specialist Supervisor

Audit Firm – Robert J. Rivera, CPA, PC

Robert J. Rivera, CPA
William J. Valdes