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**STATE OF NEW MEXICO**

**SIXTH JUDICIAL DISTRICT COURT**

**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**

**JUNE 30, 2017**

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

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

OFFICIAL ROSTER  
JUNE 30, 2017

**JUDGES**

<b>Name</b>	<b>Title</b>
<i>Honorable Timothy L. Aldrich</i>	<i>Division I</i>
<i>Honorable Jennifer E. Delaney</i>	<i>Division II</i>
<i>Honorable J.C. Robinson</i>	<i>Chief Judge – Division III</i>
<i>Honorable Jarod K. Hofacket</i>	<i>Division IV</i>

**ADMINISTRATIVE OFFICIALS**

<b>Name</b>	<b>Title</b>
<i>Melissa Frost</i>	<i>Court Executive Officer/CFO</i>
<i>Michael Medina</i>	<i>District Court Clerk – Grant County</i>
<i>Angelic Gutierrez</i>	<i>District Court Clerk – Luna County</i>
<i>Angela Orozco</i>	<i>District Court Clerk – Hidalgo County</i>

## **INDEPENDENT AUDITOR'S REPORT**

Mr. Tim Keller, State Auditor and  
Honorable J.C. Robinson, Chief Judge  
State of New Mexico  
Sixth Judicial District Court  
Silver City, New Mexico

### **Report on 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 the major special revenue fund of the Sixth Judicial District Court, as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise the Sixth Judicial District 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 from 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.

Mr. Tim Keller, State Auditor and  
Honorable J.C. Robinson, Chief Judge  
State of New Mexico  
Sixth Judicial District Court  
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## **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 Sixth Judicial District Court, as of June 30, 2017, and the respective changes in financial position and the respective budgetary comparisons for the general fund and the major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1, the financial statements of the Sixth Judicial District Court, are intended to present the financial position, the changes in financial position, and the respective budgetary comparisons of only that portion of the governmental activities and each major fund of the State of New Mexico that is attributable to the transactions of the Sixth Judicial District Court. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2017, and the changes in its financial position for the year then ended in conformity 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 5 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the Sixth Judicial District Court's financial statements and the budgetary comparisons. The "supplementary information" required by 2.2.2 NMAC is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Mr. Tim Keller, State Auditor and  
Honorable J.C. Robinson, Chief Judge  
State of New Mexico  
Sixth Judicial District Court  
Silver City, New Mexico  
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The additional schedules listed as “supplementary information” 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 the auditing standards generally accepted in the United States of America. In our opinion, the “supplementary information” required by 2.2.2 NMAC is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2017 on our consideration of Sixth Judicial District Court’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sixth Judicial District Court’s internal control over financial reporting and compliance.

*Kriegel/Gray/Shaw & Co., P.C.*

Kriegel/Gray/Shaw & Co., P.C.  
Las Cruces, New Mexico

October 21, 2017

**STATE OF NEW MEXICO**  
**SIXTH JUDICIAL DISTRICT COURT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017

**OVERVIEW**

The following is a summary overview of the Sixth Judicial District Court's previous year of operation, including financial information, internal structure, management structure, and the financial issues that have affected this agency in fiscal year 2017.

This management's discussion and analysis are intended to serve as an introduction to the Sixth Judicial District Court's basic financial statements. The District Court's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. In addition to the basic financial statements, the report contains other supplementary information.

An outline of this agency's approach is to ensure achievement of its future goals and implementation of new projects and improvements.

**History**

The Sixth Judicial District Courts are established in NMSA 1978, §34-6-9 and stationed in Grant, Luna and Hidalgo Counties. The courts are divided into four divisions with two judges based in Grant County and two judges based in Luna County. The workload for the three Counties is distributed among the four judges. The District Court provides litigant due process, access to justice, and resolution of disputes in a timely manner. The court staff maintains accurate records of legal proceedings and accounts for funds they are authorized to receive. When called upon, the District Court of this judicial district protects the rights and liberties of the citizens of these three counties as guaranteed by the Constitutions of both New Mexico and the United States.

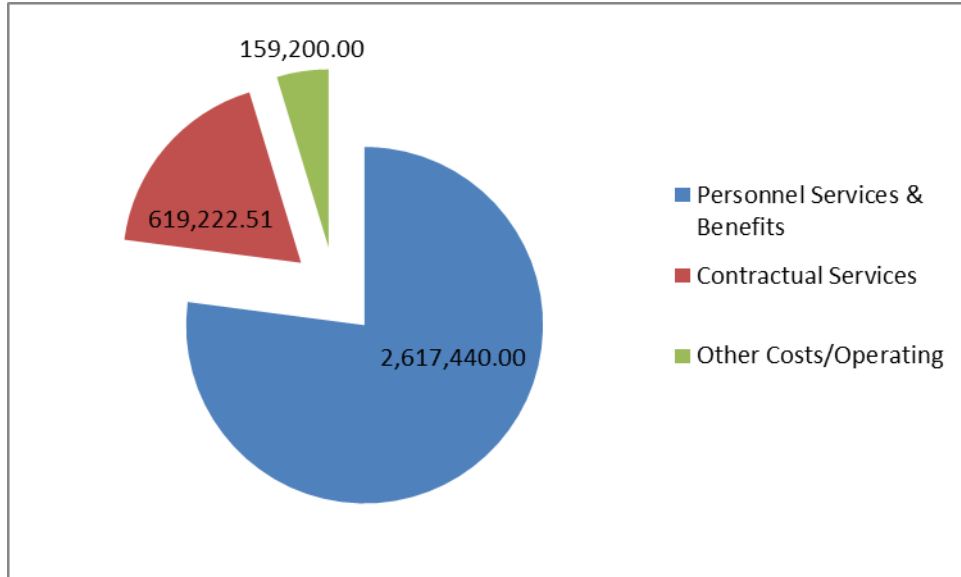
***Court Structure:*** Located in the New Mexico General Appropriation Act of 2015, House Bill 2, the Sixth Judicial District Court is allotted four district judges and 33 employees (*includes two part-time employees*). There are 15.5 District Court employees (includes two judges) in Luna County, while Grant County is served by 19.5 District Court employees (includes two judges), with two employees working in the Hidalgo County Courthouse.

***FY17 Allotment:*** The District's original appropriated operating budget was \$3,286,400 as designated in Laws of 2016, House Bill 2, Second Regular Session, Chapter 11, Section 4. The District received additional financing of \$277,600 for other programs.

The District's budget was reduced in November 2016 by \$98,600 through Senate Bill 9, Special Session, Chapter 6, Section 2-C. The district also decreased its funding from the Administrative Office of the Courts by \$66,037.49. Chart A illustrates the Sixth Judicial District Court's appropriated budget by Category, while Chart B defines the program or services within this agency.

**STATE OF NEW MEXICO  
SIXTH JUDICIAL DISTRICT COURT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

Chart A: Categories



**Internal Funds and Departments**

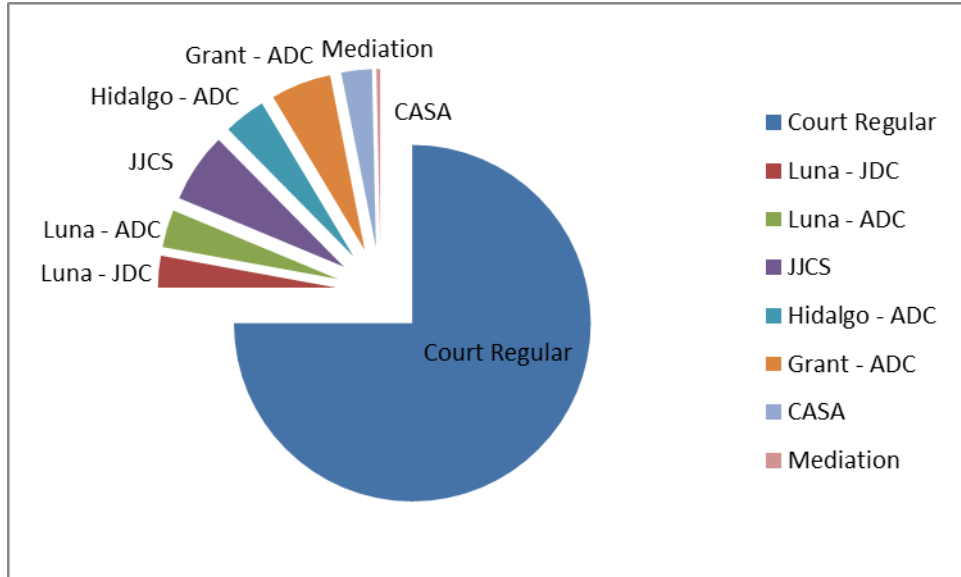
The Sixth Judicial District Court's operating budget has two (2) primary funds. Fund 14600 manages court-operating costs, while Fund 52100 manages court mediation costs. The Mediation Fund is a non-reverting revenue fund as mandated by NMSA 1976 §34-96-44 and §40-12-4. Within each fund are departments for designated program/purpose as indicated below:

<b>Fund Name</b>	<b>Department Number</b>	<b>Program/Services</b>
<b><u>14600</u></b>	0611000000	Court Regular
	0621000000	Luna County - Juvenile Drug Court Program
	0622000000	Juvenile Justice Continuum of Services (JJCS) - Serves Grant, Luna & Hidalgo Counties
	0623000000	Luna County - Adult Drug Court Program
	0624000000	Hidalgo County - Adult Drug Court Program
	0625000000	Grant County - Adult Drug Court Program
	0631000000	CASA Program - Serves Grant, Luna & Hidalgo
	<b><u>52100</u></b>	0641111111



**STATE OF NEW MEXICO  
SIXTH JUDICIAL DISTRICT COURT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

Chart B: Programs/Services



**Net Position**

The Sixth Judicial District Court reported balances in three net asset categories for fiscal year ending June 30, 2017. These categories are Invested Capital Assets, Restricted Assets, and Unrestricted Assets.

State statute regarding restricted net assets is required to be utilized for mediation programs that target domestic relations cases. Unrestricted Net Assets are negative, due to the government's policy to fund compensated absences payable out of current resources as they become due.

While Non-Current Liabilities increased, due to the slight increase in Compensated Absences, the change in total liabilities is a result of improved processing of day-to-day expenditures and the turn around time from DFA, as our agency's working knowledge of the SHARE program improves.

**STATE OF NEW MEXICO  
SIXTH JUDICIAL DISTRICT COURT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

**Statement of Net Position**

	2017	2016
<b>Assets</b>		
Current and other assets	\$171,883	\$251,222
Capital assets, net of accumulated depreciation	94,990	63,333
<b>Total assets</b>	<b>\$266,873</b>	<b>\$314,555</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>	\$122,159	\$205,009
<b>Noncurrent Liabilities</b>		
Compensated absences payable	94,331	110,933
<b>Total liabilities</b>	216,490	315,942
<b>Net Assets</b>		
Invested in capital assets	94,990	63,333
Restricted	49,724	46,213
Unrestricted (deficit)	(94,331)	(110,933)
<b>Total net assets</b>	50,383	(1,387)
<b>Total liabilities and net assets</b>	<b>\$266,873</b>	<b>\$314,555</b>

**Statement of Activities:** The following represents the revenue and expenses for fiscal year 2017. The changes in net position as shown below are a result of increases in operational costs outpacing operating revenues to manage court programs.

**Statement of Activities**

	2017	2016
<b>Revenue</b>		
Intergovernmental programs	\$161,542	\$245,768
General fund appropriation	3,187,800	3,305,900
Miscellaneous revenue	34,186	36,194
Reversion to state general fund	(2,212)	(5,033)
<b>Total revenues</b>	<b>\$3,381,316</b>	<b>\$3,582,829</b>

**STATE OF NEW MEXICO**  
**SIXTH JUDICIAL DISTRICT COURT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017

	<b>2017</b>	<b>2016</b>
<b>Expenses</b>		
General government	(\$3,329,546)	(\$3,627,672)
Change in net position	51,770	(44,843)
<i>Net Position - Beginning of Year</i>	(1,387)	43,456
<i>Net Position - End of Year</i>	\$50,383	(\$1,387)

**Expenditures**

The Department of Finance and Administration designates three (3) categories for expenditures which are utilized by this agency. These categories are Category 200 - *Personal Services and Benefits*, Category 300 - *Contractual Services* and Category 400 - *Other Costs*.

**Capital Assets:** The Court did purchase but did not dispose of any capital assets during the year. The Court purchased audio systems for two court houses (\$48,887) and a vehicle (\$19,200).

**Long Term Debt:** This agency had a total long term debt that consists of accumulated leave balances, sick leave balances over 600 hours, and terminal leave that eligible employees received upon termination:

	<b>2017</b>	<b>2016</b>
Compensated Absences Payable	\$94,331	\$110,933

**Budgetary Comparison**

The required budgetary comparison schedules are for the general fund and the special revenue funds for which this agency obtains a legally adopted annual budget. This is in compliance with the Office of the State Auditor requirements under 2.2.2 NMAC.

The appropriated balance changes for fiscal year 2017 were due to the requested and approved budget adjustment reallocations (BAR) to different categories. All BAR's are reviewed and approved by the Department of Finance and Administration.

**STATE OF NEW MEXICO**  
**SIXTH JUDICIAL DISTRICT COURT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017

**Review of Departments**

**Court Regular:** This department is composed of various factors and elements, which are significant in operating this agency to its full capacity. In fiscal year 2017, the District employed 31 full-time employees and four judges. The District experienced two judges retire while two new judges were appointed. Overall the District totaled five retirements, seven resignations/terminations, and seven new hires. The District's continued priorities are to provide adequate salaries to current staff and staff sustainability. The District also continues to focus on staffing the needs of its changing environment. All employees were compensated for their services from *Personal Services and Benefits*.

The agency contracted specific contractors for various specialized services for the continuing operation of the agency. The District contracted two Special Masters, one located in Deming and one located in Silver City; however, the contracts were terminated due to the General Fund reduction. The District contracts two *Pro Se* Litigant Officers who serves all three counties.

**Mediation:** The court is authorized to collect a \$30.00 fee each time a domestic relations case is filed/opened in the District Court Clerk's Office. The purpose for the additional fee is to provide mediation for parties when conflict is present.

An experienced mediator is contracted for negotiation between the parties. The mediator is paid from the revenue collected from this fee. In fiscal year 2017, the court collected \$12,395 and expended \$8,884. The balance is non-reverting and remains available for use the following year.

**Luna County Juvenile Drug Court:** The Juvenile Drug Court Program operates under the direction of Judge Jarod Hofacket since November 2016. The program manager manages this program as well as the Luna County Adult Drug Court Program. Two-hundred and thirty-two have benefited from participation in the program since its inception in July 2000. The program is designed to provide treatment for youth with clinically significant substance use disorders at the community level in lieu of more restrictive and costly modalities such as detention centers, group homes, treatment foster care, and residential treatment centers. In order to graduate from the program the client must have a minimum of 90 days of sobriety, be in school or employed, attend group, individual, and family treatment sessions, and comply with numerous other program components. Other program components include drug testing and intensive monitoring, anger management classes, parenting classes and community service activities. The recidivism rate for program graduates is 16.7% and the recidivism rate for all program participants is 25%. The program did not receive Liquor Excise Tax Funds from the Administrative Office of the Courts. Expenditures for Luna County Juvenile Drug Court Program total \$98,300.00.

**Luna County Adult Drug Court:** The Luna County Adult Drug Court Program has been operational since March 2016, under the supervision of Judge Jennifer DeLaney. The program has had 17 participants in the short period it has operated. Cost-per-client-per-day is \$30.03 and, although 4 participants have been discharged, the program is expecting to graduate its first participant in July 2017. An accomplishment worth noting is the program celebrated its first drug-free baby born to a female participant as the mom was in the program her 2nd and 3rd trimester. Expenditure for the Luna County Adult Drug Court Program totaled \$115,600.00.

**STATE OF NEW MEXICO**  
**SIXTH JUDICIAL DISTRICT COURT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017

**Hidalgo County Adult Drug Court:** The Hidalgo Adult Drug Court Program has been operating since February 2008, under the supervision of Judge JC Robinson and Judge Daniel Viramontes who retired August 2016. The program manager manages this program as well as the Grant County Adult Drug Court Program. The program has had 103 participants since inception with 65 successful graduates. The program contracts with two contractual surveillance officers and one female day reporter. In addition to these team members, the Hidalgo County Magistrate Judge is an active member. The Hidalgo Adult Drug Court has implemented group incentives for those progressing in a positive direction; this has been beneficial to keeping participants closer together. The participants encourage each other to focus and reach for a better style of living. For fiscal year, 2017, the graduation and retention rate was 100%. The cost per client is \$31.90 per day. Expenditures for Hidalgo County Adult Drug Court Program totaled \$129,200.00.

**Grant County Adult Drug Court:** The Grant County Adult Drug Court Program was initiated on July 6, 2009. Since the inception, the program has had 179 participants, with 90 successfully graduates. Currently, the program has 23 participants. The graduation rate is 83.3%, and the retention rate is 87.2%. The employment rate for the participants who have successfully graduated from the program is 100%. The client cost per day since inception is \$30.53. The peer recovery program and MRT treatment modules have been introduced to the clients' with little resistance. A parenting program is also provided to ADC clients' who have children. The clients continue to receive Intensive outpatient services and individual counseling monthly. ADC provides 1-1 tutoring when participants need extra guidance to pass their GED. Expenditures for Grant County Adult Drug Court Program totaled \$185,400.00.

**Juvenile Justice Continuum Services:** The Sixth Judicial District expensed general funds for the Juvenile Justice Continuum Services Program (JJCS) in the amount of \$215,000.0. This funding was distributed to the three counties that comprise the Sixth Judicial District.

JJCS is supervised by the Board of Directors, which includes District Judge J.C. Robinson as representative for Grant County, District Judge Daniel G. Viramontes (retired in August 2016) while Judge Jarod K. Hofacket is the current representative for Hidalgo and Luna County. The Chief JPPO Officer and six key members (representatives from the three counties) also serve as Directors. Rachel Pelz, program manager for Luna Juvenile & Adult Drug Court Program also administers this program.

JJCS assists the youth in the community through intervention, prevention, and positive youth development through proactive programs such as comprehensive after-school programs, bicycle recycle, teen outreach, and others.

**CASA - (Court Appointed Special Advocates):** During fiscal year 2017, this judicial district had one contractor to provide CASA services in all three counties with a budget of \$93,934.00. CASA oversees its volunteers by screening, selecting, training, and managing those who devote their time to this important program. The CASA volunteers were available to serve in each abuse or neglect case in the District's Children's Court. The volunteers visit the children's homes, attend court hearings, and provide the Court reports and recommendations as how to best deal with children of troubled families.

**STATE OF NEW MEXICO**  
**SIXTH JUDICIAL DISTRICT COURT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017

**Internal Management**

The Sixth Judicial District Court is comprised of three counties, which are Grant County (Silver City), Luna County (Deming), and Hidalgo County (Lordsburg). The District's FTE position count as indicated in House Bill 2 totals 38 permanent employees.

The District's internal mission is to continue to supply justice to the community by operating to its full potential in all three counties by providing eight hours of customer service with normal daily/weekly business hours. All programs are operating accurately and efficiently through team participation.

The District collects revenues through the clerk's office from filing fees, mediation fees, and fines, which are deposited to designated accounts and then transferred to the State Treasurer's Office located in Santa Fe, New Mexico. The revenue taken in from all three District Court Clerk's Offices for fiscal year 2017 is as follows:

	<u>2017</u>	<u>2016</u>
Grant County	\$99,595	\$106,338
Luna County	88,831	83,039
Hidalgo County	19,074	16,833
	<u><b>\$207,500</b></u>	<u><b>\$206,210</b></u>

The statewide financial and human resource program called SHARE is provided by the Department of Finance and Administration. This program is utilized with a great amount of efficiency; however, the Financial and HR Departments continue to utilize internal books to maintain internal accuracy, assurance, and accountability.

The Sixth Judicial District Court's main goal during fiscal year 2017 was to provide daily operational needs efficiently and effectively. The Chief Judge is consulted in all major decisions, issues, and resolutions. Meetings are also held with the participation of the other judges for involvement, understanding, and agreement regarding issues of particular interest to this agency.

In addition, there is communication between the supervisors and the Court Executive Officer on either financial and/or human resource matters that involve subordinates.

**Economic Factors and Next Year's Budget**

The Sixth Judicial District's internal mission is to provide equal and exact justice for all who are involved in litigation before the Court. The Sixth District Court staff continues to conduct its business with integrity, competence, and commitment to excellence in order to promote public trust and confidence in the judicial system. During fiscal year 2017, the agency continued to operate with a budget reduction. The District's fiscal year 2017 priorities are focused on staffing needs and filling vacant positions.

The purpose of this financial report is to provide the public and other interested parties with a general overview of the Sixth Judicial District Court's finances and accountability of funds. Questions or concerns resulting from the review of this report should be addressed to the Sixth Judicial District Court, Administration Department, P.O. Box 2339, (201 N. Cooper Street, First Floor-88061), Silver City, New Mexico, 88062.

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

STATEMENT OF NET POSITION

JUNE 30, 2017

**ASSETS**

**Current Assets:**

Investment in the State Treasurer General Fund Investment Pool	\$171,883
<i>Total current assets</i>	<u>171,883</u>

**Noncurrent Assets:**

Capital assets	452,919
Less: accumulated depreciation	(357,929)
<i>Total capital assets, net of depreciation</i>	<u>94,990</u>

<i>Total assets</i>	<u>266,873</u>
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**LIABILITIES**

**Current Liabilities:**

Accounts payable	25,808
Accrued payroll and payroll liabilities	94,983
Due to State general fund	1,368
<i>Total current liabilities</i>	<u>122,159</u>

**Long-Term Liabilities:**

Compensated absences - long term	94,331
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<i>Total liabilities</i>	216,490
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**NET POSITION**

Net investment in capital assets	94,990
Restricted for mandates per state statute	49,724
Unrestricted	(94,331)

<i>Total net position</i>	<u>\$50,383</u>
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The Notes to Financial Statements are an integral part of these statements.

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

STATEMENT OF ACTIVITIES

JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
Judiciary	\$3,293,116	\$34,186	\$0	\$0	(\$3,258,930)
Depreciation expense - unallocated	36,430	0	0	0	(36,430)
<b><i>Total governmental activities and primary government</i></b>	<b>\$3,329,546</b>	<b>\$34,186</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$3,295,360)</b>

	Primary Government Governmental Activities
<b>Change in Net Position:</b>	
Net (expense) revenue	(\$3,295,360)
<b>General Revenues and Transfers:</b>	
State general fund appropriations	3,187,800
Operating transfers, net	161,542
Reversions to State General Fund - 2017	(2,212)
<b><i>Total revenues and transfers</i></b>	<b>3,347,130</b>
<i>Change in net position</i>	51,770
Net position - June 30, 2016	(1,387)
<b><i>Net position - June 30, 2017</i></b>	<b>\$50,383</b>

The Notes to Financial Statements are an integral part of these statements.



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

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2017

	Major Funds		Total
	General Fund #14600	Other Programs #52100	
<b>ASSETS</b>			
Investment in the State Treasurer General Fund Investment Pool	\$122,159	\$49,724	\$171,883
<b><i>Total assets</i></b>	<b>\$122,159</b>	<b>\$49,724</b>	<b>\$171,883</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$25,808	\$0	\$25,808
Accrued payroll and payroll liabilities	94,983	0	94,983
Due to State general fund	1,368	0	1,368
<i>Total liabilities</i>	122,159	0	122,159
<b>FUND BALANCES</b>			
Assigned	0	0	0
Restricted for mandates per state statute	0	49,724	49,724
<i>Total fund balances</i>	0	49,724	49,724
<b><i>Total liabilities and fund balances</i></b>	<b>\$122,159</b>	<b>\$49,724</b>	<b>\$171,883</b>

The Notes to Financial Statements are an integral part of these statements.

**STATE OF NEW MEXICO**  
**SIXTH JUDICIAL DISTRICT COURT**  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2017

<b>FUND BALANCE of Governmental Funds</b>	\$49,724
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.	94,990
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(94,331)
<hr/>	
<b><i>Net position of governmental activities</i></b>	<b>\$50,383</b>
<hr/>	

The Notes to Financial Statements are an integral part of these statements.

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

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Major Funds		Total
	General Fund #14600	Other Programs #52100	
<b>REVENUES</b>			
Court fees	\$0	\$12,395	\$12,395
Miscellaneous revenue	21,791	0	21,791
<i>Total revenues</i>	21,791	12,395	34,186
<b>EXPENDITURES</b>			
Current:			
Personal services	2,519,427	0	2,519,427
Contractual services	569,897	8,884	578,781
Other costs	211,510	0	211,510
Capital outlay	68,087	0	68,087
<i>Total expenditures</i>	3,368,921	8,884	3,377,805
<b>OTHER FINANCING SOURCES (USES)</b>			
State general fund appropriations	3,187,800	0	3,187,800
Transfers from (to) other state agencies	161,542	0	161,542
Transfers - reversion to State General Fund 2017	(2,212)	0	(2,212)
<i>Total other financing sources (uses)</i>	3,347,130	0	3,347,130
<i>Net change in fund balance</i>	0	3,511	3,511
Fund balance, beginning of year, as previously stated	0	46,213	46,213
<b><i>Fund balance, end of year - June 30, 2017</i></b>	<b>\$0</b>	<b>\$49,724</b>	<b>\$49,724</b>

The Notes to Financial Statements are an integral part of these statements.

**STATE OF NEW MEXICO**  
**SIXTH JUDICIAL DISTRICT COURT**  
RECONCILIATION OF THE CHANGE IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<b>Net Change in Fund Balances - Governmental Funds</b>	<b>\$3,511</b>
<p>Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Capital outlays and depreciation in the current period are:</p>	
Depreciation expense	(36,430)
Capital outlay additions	68,087
Capital outlay deletions	0
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.</p>	
Change in compensated absences	16,602
<hr/>	
<b><i>Change in net position of governmental activities</i></b>	<b><i>\$51,770</i></b>
<hr/>	

The Notes to Financial Statements are an integral part of these statements.

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

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Budget Original	Budget Final	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
State general fund appropriations	\$3,187,800	\$3,187,800	\$3,187,800	\$0
Miscellaneous revenue	168,200	87,608	89,399	1,791
Other financing sources	93,900	93,900	93,934	34
<i>Total revenues</i>	<u>3,449,900</u>	<u>3,369,308</u>	<u>3,371,133</u>	<u>1,825</u>
<b>EXPENDITURES</b>				
Personal services	2,661,400	2,519,940	2,519,427	513
Contractual services	629,300	570,168	569,897	271
Other costs	159,200	279,200	279,597	(397)
<i>Total expenditures</i>	<u>3,449,900</u>	<u>3,369,308</u>	<u>3,368,921</u>	<u>387</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>\$0</u>	<u>\$0</u>	<u>\$2,212</u>	<u>\$2,212</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$2,212
Adjustments for current year reversions	(2,212)
Adjustment for unrealized gains - investments	0
<u>Net change in fund balance</u>	<u>\$0</u>

The Notes to Financial Statements are an integral part of these statements.

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

OTHER PROGRAMS FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Budget Original	Budget Final	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Court costs	\$12,000	\$12,000	\$12,395	\$395
Miscellaneous revenues	0	0	0	0
General fund appropriation	0	0	0	0
Other financing sources	0	0	0	0
<i>Total revenues</i>	12,000	12,000	12,395	395
<b>EXPENDITURES</b>				
Current:				
Personal services	0	0	0	0
Contractual services	12,000	12,000	8,884	3,116
Other costs	0	0	0	0
<i>Total expenditures</i>	12,000	12,000	8,884	3,116
<i>Excess (deficiency) of revenues over expenditures</i>	\$0	\$0	\$3,511	\$3,511

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$3,511
Adjustments for current year reversions	0
Adjustment for unrealized gains - investments	0
<b>Net change in fund balance</b>	<b>\$3,511</b>

The Notes to Financial Statements are an integral part of these statements.

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

AGENCY FUND

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

JUNE 30, 2017

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash	\$271,036
<b><i>Total assets</i></b>	<b><i>\$271,036</i></b>
<b>LIABILITIES</b>	
Deposits held in custody for others	\$271,036
Due to other agencies	0
<b><i>Total liabilities</i></b>	<b><i>\$271,036</i></b>

The Notes to Financial Statements are an integral part of these statements.

**STATE OF NEW MEXICO**  
**SIXTH JUDICIAL DISTRICT COURT**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Sixth Judicial District Court (Court) operates under Section 34-6-1, 34-6-9 and 34-6-17 through 34-6-46, NMSA 1978 Compilation. The Court covers Grant, Luna, and Hidalgo Counties. The Court is comprised of six divisions as authorized in the above sections. The 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 primarily by state appropriation and grant funds.

**Reporting Entity**

The financial reporting entity as defined by GASB Statement 61 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."

These financial statements include all funds and activities over which the Court has oversight responsibility. The Court has decision-making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters. Additionally, 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, when it issues an audited Comprehensive Annual Financial Report inclusive of all agencies of the primary government.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP and GASB Statement 14.

The basic, but not the only criterion for including a potential component unit within the reporting entity, is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Court is able to exercise oversight responsibility. Based on the application of these criteria, there are no component units identified or excluded from the reporting entity.

The Sixth Judicial District Court is a component unit of the Judicial Branch and these financial statements include all funds and activities over which the Court has oversight responsibility. The Court is not included in any other government "reporting entity" as described in Section 2100, "Codification of Government Accounting and Financial Reporting Standards".



**STATE OF NEW MEXICO**  
**SIXTH JUDICIAL DISTRICT COURT**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government. All assets, all liabilities and deferred outflows and inflows of resources are included on the statement of net position. At June 30, 2017, the Court did not have any deferred outflows or inflows of resources. The effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District Court does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the judiciary and (2) grants and contributions that are restricted to meeting the operational or capital requirements of the judiciary. Taxes and other items not properly included among *program revenues* are reported instead as *general revenues*.

Separate financial statements are provided for the governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide and fiduciary funds financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period. For this purpose, the District Court considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All other revenues are recognized when they are received and are not susceptible to accrual, because they are usually not measurable until payment is actually received. Expenditures are recorded as liabilities when they are incurred, except for certain compensated absences that are recognized when the obligations are expected to be liquidated with expendable available financial resources. When both restricted and unrestricted resources are available for use, it is the Court's policy to use restricted resources first and then unrestricted resources as they are recorded.

**STATE OF NEW MEXICO**  
**SIXTH JUDICIAL DISTRICT COURT**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The District Court reports the following major governmental funds:

General Fund

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. Any unreserved fund balance from state appropriations remaining at the end of the fiscal year reverts to the general fund of the state of New Mexico. The SHARE fund number and description for the general fund of the District Court is 14600 - Sixth Judicial District Court.

The Court receives special appropriations and federal grants to operate certain special programs including the CASA program, Juvenile Drug Court and Adult Drug Court.

Other Programs Fund

The Court provides, on a fee basis, a mediation alternative to legal resolution of domestic disputes such as consideration of divorce, child custody and visitation issues. The authority for the creation and maintenance of the fund is given under New Mexico State Statutes 34-6-47 and 40-12-4 and, as such, the fund balance will not revert to the state of New Mexico's general fund. The SHARE fund number is 52100.

**Fiduciary Funds**

Agency Funds

Agency funds are used to account for assets held by the District 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 District Court has two agency funds:

1. Litigant's Fund – These monies are amounts collected from persons involved in pending lawsuits. The District Court has custody and, if directed by the District Court, may invest these monies until refunded to litigants. The interest earned, if stated in the court order, is refunded and, if not stated, the interest earned is transferred to the state general fund.
2. Treasurer's Fund – These monies are collected from individuals filing with the District Court. These monies are remitted intact to the New Mexico State Treasurer.

**STATE OF NEW MEXICO**  
**SIXTH JUDICIAL DISTRICT COURT**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Budgets

The District Court follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 15<sup>th</sup>, the District Court submits to the Department of Finance and Administration (DFA) an appropriation request for the fiscal year commencing the following July 1<sup>st</sup>. The appropriation request includes proposed expenditures and the means of financing those expenditures.
2. 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.
3. The governor of the state of New Mexico signs the Act into law, within the legally prescribed time limit.
4. The District Court submits, no later than May 1<sup>st</sup> to DFA, an annual operating budget by category and line item based upon the appropriation made by the Legislature. The DFA - Budget Division reviews and approves the operating budget, which becomes effective on July 1<sup>st</sup>. The Legislative Finance Committee and the State Budget Division must approve all subsequent budget adjustments. The budget for the current year was amended in a legal manner.
5. Legal budget control for expenditures is by the appropriation program level.
6. Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund.
7. The General Appropriation Act, Laws of 2008, Section 3, Subsection F establishes the modified accrual basis of accounting for governmental funds as the budgetary basis of accounting for the state of New Mexico. So long as the appropriation period has not lapsed and a budget has been approved by the DFA, an encumbrance can be charged against that budget. However, when the appropriation period lapses, so does the authority for the budget. The result is the encumbrance can no longer be charged to that budget. If the Legislature has provided a new appropriation, the encumbrance is carried forward to a new appropriation period to be charged against the new budget. If the Legislature has not provided a new appropriation, the encumbrance is no longer authorized and the amount of the encumbrance must be restored to unreserved fund balance. For reverting funds, the unreserved fund balance must revert to the state general fund at the end of the appropriation period.
8. There is one statutory exception to the modified accrual basis for budget. That exception addresses accounts payable accrued at the end of the fiscal year that are not paid by the statutory deadline, per Section 6-10-4 NMSA 1978. Accounts payable that are not paid timely must be paid out of the following year's budget.
9. Each year the Legislature approves multiple year appropriations, which the State considers as continuing appropriations. The Legislature authorizes these appropriations for two to five years; however, it does not identify the authorized amount by fiscal year. Consequently, the appropriation is budgeted in its entirety the first year that the Legislature authorizes it. The unexpended portion of the budget is carried forward as the next year's beginning budget balance until either the project period has expired or the appropriation has been fully expended. The budget presentations in these financial statements are consistent with this budgeting methodology.

**STATE OF NEW MEXICO**  
**SIXTH JUDICIAL DISTRICT COURT**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets Liabilities and Net Position or Equity**

Cash

The District Court has defined cash to include cash on hand and demand deposits.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” or “advances to/from other funds”. Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable or not available, expendable financial resources.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Prior to June 17, 2005, the District Court defined capital assets as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Effective June 17, 2005, in accordance with Section 12-6-10 NMSA 1978, the District Court changed its capitalization threshold to include only assets with a cost of \$5,000 or more. All assets capitalized prior to June 17, 2005 that are property of the District Court remain on the financial and accounting records of the District Court.

Purchased or constructed assets are recorded at historical cost or estimated cost. Donated capital assets are recorded at estimated fair market value at the date of the donation. Costs other than personnel expenses for computer software developed internally, are capitalized and depreciated over the useful life of the software. Purchased computer software is recorded at historical cost.

Depreciation is provided over 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	7 years
Equipment and machinery	7 years
Automobiles	7 years
Data processing	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.

**STATE OF NEW MEXICO**  
**SIXTH JUDICIAL DISTRICT COURT**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Compensated Absences

District Court employees may accumulate limited amounts of vacation pay, which are payable to the employee upon termination or retirement. For governmental funds, expenditures are recognized during the period in which vacation costs become payable from available, expendable resources. A liability for amounts earned but not payable from available, expendable resources is reported in the government-wide financial statements. District Court employees may accumulate limited amounts of sick leave. For governmental funds, expenditures are recognized during the period in which sick leave costs become payable from available, expendable resources. A liability for amounts earned but not payable from available, expendable resources is reported in the government-wide financial statements.

Net Position

The government-wide and business-type activities fund financial statements utilize a net position presentation. Net position is categorized as follows:

1. *Net investment in capital assets* - This category reflects the portion of net position that is associated with capital assets less outstanding capital asset-related debt.
2. *Restricted* - This category reflects the portion of net position that has third party limitations on their use.
3. *Unrestricted* - This category reflects net position of the District Court not restricted for any project or other purpose.

Fund Equity Reservation and Designations

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – i.e., prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

*Restricted fund balance* - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* - These amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the Court - the entity's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Court Executive Officer removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**STATE OF NEW MEXICO**  
**SIXTH JUDICIAL DISTRICT COURT**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Assigned fund balance* - This classification reflects the amounts constrained by the District Court's "intent" to be used for specific purposes, but are neither restricted nor committed. This intent can be expressed by the Court, or through the Court delegating this responsibility to the Court Executive Officer through the budgetary process. Assigned fund balances include any remaining amounts (except negative balances) that are reported in governmental funds other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance* - This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the District Court's policy to use externally restricted resources first, then unrestricted resources - committed, assigned, and unassigned - in order, as needed.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**STATE OF NEW MEXICO**  
**SIXTH JUDICIAL DISTRICT COURT**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 2. CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS**

Cash

New Mexico State Statutes provide authoritative guidance regarding the deposit of cash and idle cash. Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District Court. Deposits may be made to the extent that they are insured by an agency of the United States of America, by collateral deposited as security, or by bond given by the financial institution. The rate of interest in non-demand interest-bearing accounts shall be set by the state Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit. Idle cash may be invested in a wide variety of instruments including money market accounts, certificates of deposit, the New Mexico State Treasurers investment pool, or in securities which are issued by the state or by the United States government or their departments or agencies, and which are either direct obligations of the state or the United States, or are backed by the full faith and credit of those governments. Cash includes cash on hand and cash deposits in financial institutions. The District Court's deposits are carried at cost.

As of June 30, 2017, the amount of cash reported on the financial statements differs from the amount on deposit with the various institutions because of transactions in transit and outstanding checks. The locations and amounts deposited are as follows:

Account	Per Financial Institution	Reconciling Items	Per Financial Statements
<b>Agency Funds:</b>			
<u>Silver City Trust Account:</u>			
Wells Fargo Bank 1201 N. Pope St. Silver City, New Mexico 88061	Checking \$29,693	\$0	\$29,693
<u>Deming Trust Account:</u>			
Wells Fargo Bank 223 N. Gold Ave. Deming, New Mexico 88030	Checking 225,015	0	225,015
<u>Lordsburg Trust Account:</u>			
Western Bank 140 E. Motel Dr. Lordsburg, New Mexico 88045	Checking 14,695	0	14,695
<u>State Treasurer Trust Account - Lordsburg:</u>			
Western Bank Master Depository Acct 6th JDC (23600) Hidalgo County	Checking 1,633	0	1,633
	<b>\$271,036</b>	<b>\$0</b>	<b>\$271,036</b>

**STATE OF NEW MEXICO**  
**SIXTH JUDICIAL DISTRICT COURT**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 2. CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS (CONTINUED)**

The amounts reported as cash for the government within the financial statements is displayed as:

Statement of net position - cash equivalents	\$171,883
Statement of fiduciary net position	271,036
	\$442,919

Except for items in transit, the carrying value of deposits by the respective depositories equated to the carrying value by the District Court. All deposits are collateralized with eligible securities, as described by New Mexico State Statute, in amounts equal to at least 50% of the Court's carrying value of the deposits (demand and certificates of deposit).

Such collateral, as permitted by the state statutes, is held in each respective depository bank's collateral pool at a Federal Reserve Bank or member bank other than the depository bank, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds, with the exception of deposit insurance provided by the Federal Deposit Insurance Corporation.

	Wells Fargo Bank	Western Bank
Demand deposits (interest bearing)	\$254,708	\$16,328
FDIC coverage	(250,000)	(16,328)
	\$4,708	\$0

According to the Federal Deposit Insurance Corporation, a public unit is insured through its official custodian. All demand deposits owned by the public unit and held by the public unit's official custodian in an insured depository institution within the state at which the public unit is located are added together and insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit time and savings deposits at the same institution.

*Custodial Credit Risk - Deposits* - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District Court does not have a deposit policy for custodial credit risk. As of June 30, 2017, \$4,708 of the District Court's agency fund demand deposits of \$271,036 was exposed to custodial credit risk as follows:

	Wells Fargo Bank	Western Bank
Uninsured and collateral held by agent, not in the District Court's name.	\$4,708	\$0



**STATE OF NEW MEXICO**  
**SIXTH JUDICIAL DISTRICT COURT**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 3. INVESTMENTS**

New Mexico State statutes require that the New Mexico State Treasurer hold and manage all operating funds on behalf of the District Court. Such funds are held in the State’s General Fund Investment Pool. The District Court’s interest in the pool is considered to be a cash equivalent. At June 30, 2017, the balance is as follows:

	Share Fund	Fund	Maturities	Fair Value
State General Fund Investment Pool	14600	General	1 day to 3 years	\$122,159
State General fund Investment Pool	52100	Other Programs	1 day to 3 years	\$49,724

*Interest Rate Risk* – The District Court does not have an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk* – The State’s General Fund Investment Pool is not rated.

For additional GASB 40 disclosure information related to the State’s General Fund Investment Pool, the reader should see the separate audit report for the State Treasurer for the fiscal year ended June 30, 2017.

**General Fund Investment Pool Not Reconciled**

In June 2013, an independent diagnostic report revealed that the State of New Mexico General Fund Investment Pool balances had not been reconciled at a “business unit by fund” level since the inception of the Statewide Human Resources, Accounting, and Management Reporting System (SHARE) system in July 2006. By state statute, the New Mexico Department of Finance and Administration (DFA) is responsible for the performance of monthly reconciliations with the balances and accounts kept by the State Treasurer.

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 now has been reviewed by the IPAs performing audits of the General Fund, the Department of Finance and Administration and the State of New Mexico’s Comprehensive Annual Financial Report for fiscal year 2015. 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 \$100M that had been reserved as a loss contingency.

For FY 2017 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 (< \$200k 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 SGFIP
3. All claims will be honored at face value.

**STATE OF NEW MEXICO**  
**SIXTH JUDICIAL DISTRICT COURT**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 3. INVESTMENTS (CONTINUED)**

The Court's general operating bank account is under the oversight of the State Treasurer's Office. Since SHARE was implemented, the Court has performed internal reconciliation procedures to ensure that cash receipts and disbursements recorded in the SHARE system are, in fact, transactions that have been initiated by the Court. The reconciliation occurs each month and any required adjustments are addressed with the Financial Control Division at DFA and corrected. Monthly reconciliation procedures throughout the Fiscal Year include, but are not limited to, validation of deposits, expenditures, all general entries, operating transfers, and payroll expenditures/liabilities by fund. This monthly internal reconciliation of cash receipts and disbursements flowing through the Court's share of the state general fund investment pool provides court 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 assets and liability accounts on the Balance Sheet of each fund. This process also provides additional assurance that transactions affecting the Court's share in the State General Fund Investment Pool account are accurate.

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017, was as follows:

	Balance June 30, 2016	Reclassifications	Additions	Deletions	Balance June 30, 2017
Capital assets, being depreciated:					
Furniture and fixtures	\$52,874	\$0	\$0	\$0	\$52,874
Equipment	237,912	0	48,887	0	286,799
Vehicles	110,866	0	19,200	(16,820)	113,246
<i>Total capital assets, being depreciated</i>	<u>401,652</u>	<u>0</u>	<u>68,087</u>	<u>(16,820)</u>	<u>452,919</u>
Less accumulated depreciation for:					
Furniture and fixtures	(47,609)	0	(4,509)	0	(52,118)
Equipment	(208,480)	0	(20,294)	0	(228,774)
Vehicles	(82,230)	0	(11,627)	16,820	(77,037)
<i>Total accumulated depreciated</i>	<u>(338,319)</u>	<u>0</u>	<u>(36,430)</u>	<u>16,820</u>	<u>(357,929)</u>
<b><i>Total capital assets, net</i></b>	<b><u>\$63,333</u></b>	<b><u>\$0</u></b>	<b><u>\$31,657</u></b>	<b><u>\$0</u></b>	<b><u>\$94,990</u></b>

The District Court recorded depreciation expense of \$36,430 for the year ended June 30, 2017. The depreciation expense is a direct expense of the judicial administration function. The District Court does not have any debt related to capital assets.

**STATE OF NEW MEXICO  
SIXTH JUDICIAL DISTRICT COURT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 5. DUE TO STATE OF NEW MEXICO GENERAL FUND**

For the year ending June 30, 2017, the amounts due to the State of New Mexico general fund is as follows:

	General Fund	Other Programs Fund	Total
Fiscal year 2017 reversions	\$1,368	\$0	\$1,368

**NOTE 6. COMPENSATED ABSENCES**

Accrued Annual Leave

Qualified employees accumulate annual leave at a rate of:

Year of Service	Hours Earned Per Pay Period	Hours of Maximum Accrual
Pay 1 – 3 years	4.62	240
Over 3 – 7 years	5.54	240
Over 7 – 14 years	6.46	240
Over 14 years and beyond	7.39	240

A maximum of 240 hours of accrued annual leave may be carried forward into the beginning of the next calendar year and any excess is lost. When employees terminate, they are compensated for accumulated unpaid annual leave as of the date of termination, up to the aforementioned maximums.

**STATE OF NEW MEXICO**  
**SIXTH JUDICIAL DISTRICT COURT**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 6. COMPENSATED ABSENCES (CONTINUED)**

Accrued Sick Leave

Under provisions of NMSA 1978, Section 10-7-10, employees who accumulate more than 600 hours of sick leave are entitled to be paid for unused sick leave in excess of 600 hours at a rate equal to 50% of the employee's hourly rate of pay for up to 120 hours of sick leave. Payments may be made only once per fiscal year in either July or January. At retirement, employees can receive fifty percent payment for up to 400 hours for the hours over 600 hours of accumulated sick leave.

Employees who terminate receive no payment for accumulated sick leave. Therefore, the only sick leave that has been accrued represents the hours earned at June 30, 2017, over 600 hours. Expenditures for accumulated sick leave pay for less than 600 hours will be recognized as employees take such absences.

The amount recorded as a long-term liability in the government-wide statements for compensated absences consist of accrued annual leave and accrued sick leave as follows:

	Balance			Balance	Amounts
	June 30, 2016	Increases	Decreases	June 30, 2017	Due Within One Year
Accrued compensated absences	\$110,933	\$127,292	(\$143,894)	\$94,331	\$0

**NOTE 7. OPERATING LEASES**

The District Court has operating leases for three postage machines for Grant, Luna, and Hidalgo counties. The leases have 4-year terms and are payable on a quarterly basis. Each individual lease can be terminated due to lack of funding from the legislature with no penalty to the District Court. None of the operating leases had terms in excess of one year as of June 30, 2017.

The District Court recorded rental of equipment expense of \$4,713 for the year ending June 30, 2017.

**STATE OF NEW MEXICO**  
**SIXTH JUDICIAL DISTRICT COURT**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 8. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

*Plan Description.* Compliant with the requirements of Government 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 Sixth 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 State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe. New Mexico. 87501.

*Funding Policy.* Plan members are required to contribute 8.92% of their gross salary. The Sixth Judicial District Court is required to contribute 16.99% of the gross covered salary. The contribution requirements of plan members and the Sixth Judicial District Court are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Sixth Judicial District Court's contributions to PERA for the fiscal years ending June 30, 2017, 2016 and 2015 were \$220,977, \$225,993, and \$284,903, respectively, which equal the amount of the required contributions for each fiscal year.

**NOTE 9. PENSION PLAN – JUDICIAL RETIREMENT ACT (JRA)**

*Plan Description.* Compliant with the requirements of Government 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 Sixth 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 State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe. New Mexico. 87501.

*Funding Policy.* Plan members are required to contribute 10.5% of their gross salary. The District Court is required to contribute 15.0% of the gross covered salary. The District Court's contributions to JRA for the years ending June 30, 2017, 2016, and 2015 were \$64,950, \$71,304, and \$41,122, respectively, which equal to the amount of the required contributions for each fiscal year.

**STATE OF NEW MEXICO**  
**SIXTH JUDICIAL DISTRICT COURT**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 10. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN**

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

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2017, the statutes required each participating employer to contribute 2.5 percent of each participating employee's annual salary; and each participating employee was required to contribute 1.25 percent of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2017, the statute required each participating employer to contribute 2.0 percent of each participating employee's annual salary; each participating employee was required to contribute 1.0 percent of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2015, 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 Sixth Judicial District Court's contributions to the RHCA for the years ended June 30, 2017, 2016 and 2015 were \$36,679, \$38,833, and \$37,071, respectively, which equal the required contributions for each year.

**STATE OF NEW MEXICO**  
**SIXTH JUDICIAL DISTRICT COURT**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 11. RISK OF LOSS**

The District Court’s Office is insured through the Risk Management Division of the General Services Department, which is accounted for as an internal service fund of the state of New Mexico.

In general, Risk Management Division responds to suits against the state and state agencies, manages funds to provide unemployment compensation, tort liability insurance, workman’s compensation, general and property insurance, and attempts to reduce the number of suits against the state and state agencies through the risk management process. The actuarial gains and losses of Risk Management Division were not available and are not included in this report. However, the District Court is not liable for more than the premiums paid.

**NOTE 12. UNRESTRICTED DEFICIT NET POSITION**

GASB 34 requires recording of capitalized assets, net of accumulated depreciation and long term liabilities, which results in an unrestricted net position deficit of \$94,331. The deficit is created by compensated absence liabilities which are expected to be paid from subsequent years state general fund appropriations.

**NOTE 13. STATEMENT OF INTER-AGENCY TRANSFERS**

	From/To Fund No.	Transfer In	Transfer Out
<b>General Fund – 15200</b>			
Department of Finance and Administration			
State General Fund Appropriation			
Laws of 2010, 2nd SS, Chap 6, Sec. 14	85300	\$3,187,800	\$0
Administrative Office of the Courts			
Problem-Solving Court Program Funding	13900	67,608	0
Administrative Office of the Courts			
Court Appointed Special Advocates (CASA) for Children Grant	13900	93,934	0
Department of Finance and Administration			
Fiscal year 2017 reversion	85300	0	2,212
		\$3,349,342	\$2,212

**NOTE 14. SUBSEQUENT EVENTS**

Subsequent events were evaluated through October 21, 2017, which is the date the financial statements were available to be issued.

## SUPPLEMENTARY INFORMATION



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

AGENCY FUND

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

JUNE 30, 2017

	June 30, 2016	Additions	Deletions	June 30, 2017
<b>LITIGANTS FUND:</b>				
<b>ASSETS</b>				
Cash - Litigant Accounts	\$268,983	\$865,722	(\$865,302)	\$269,403
Cash - State Treasurer Accounts	288	20,419	(19,074)	1,633
<b>Total assets</b>	<b>\$269,271</b>	<b>\$886,141</b>	<b>(\$884,376)</b>	<b>\$271,036</b>
<b>LIABILITIES</b>				
Deposits held in custody of others	\$268,983	\$865,722	(\$865,302)	\$269,403
Due to others	288	20,419	(19,074)	1,633
<b>Total liabilities</b>	<b>\$269,271</b>	<b>\$886,141</b>	<b>(\$884,376)</b>	<b>\$271,036</b>

The Notes to Financial Statements are an integral part of these statements.

**STATE OF NEW MEXICO**  
**SIXTH JUDICIAL DISTRICT COURT**  
SCHEDULE OF CASH / INVESTMENT ACCOUNTS  
JUNE 30, 2017

	Type of Account	Per Bank Balance June 30, 2017	Reconciling Items	Reconciled Balance June 30, 2017
<b><u>Investment in the State Treasurer General Fund</u></b>				
<b><u>Investment Pool:</u></b>				
<b>GENERAL FUND</b>				
New Mexico State Treasurer	Checking	\$122,159	\$0	\$122,159
<b>OTHER FUNDS</b>				
New Mexico State Treasurer	Checking	49,724	0	49,724
<b><i>Balance per statement of net position</i></b>		<b>\$171,883</b>	<b>\$0</b>	<b>\$171,883</b>
<b>AGENCY FUNDS</b>				
<b>Litigant's Fund:</b>				
State Treasurer - Wells Fargo - Silver City	Checking	\$0	\$0	\$0
State Treasurer - Wells Fargo - Deming	Checking	0	0	0
State Treasurer - Wells Fargo - Lordsburg	Checking	1,633	0	1,633
Wells Fargo Bank - Silver City	Checking	29,693	0	29,693
Wells Fargo Bank - Deming	Checking	225,015	0	225,015
Western Bank - Lordsburg	Checking	14,695	0	14,695
<b><i>Total Litigant's Fund</i></b>		<b>\$271,036</b>	<b>\$0</b>	<b>\$271,036</b>

The Notes to Financial Statements are an integral part of these statements.

**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***

**Independent Auditor's Report**

Mr. Tim Keller, State Auditor and  
Honorable J.C. Robinson, Chief Judge  
State of New Mexico  
Sixth Judicial District Court  
Silver City, 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, the budgetary comparisons of the general fund and major special revenue funds, of the Sixth Judicial District Court as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Sixth Judicial District Court's basic financial statements and have issued our report thereon dated October 21, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit, of the financial statements, we considered Sixth Judicial District 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 Sixth Judicial District Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sixth Judicial District 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.

Mr. Tim Keller, State Auditor and  
Honorable J.C. Robinson, Chief Judge  
State of New Mexico  
Sixth Judicial District Court  
Silver City, New Mexico  
Page Two

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 that 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.

### **Compliance and Other Matters**

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

### **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 result 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.

*Kriegel/Gray/Shaw & Co., P.C.*

Kriegel/Gray/Shaw & Co., P.C.  
Las Cruces, New Mexico

October 21, 2017

**SIXTH JUDICIAL DISTRICT COURT**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**CURRENT YEAR FINDINGS:**

None.

**CURRENT STATUS OF PRIOR YEAR AUDIT FINDINGS:**

None.

**STATE OF NEW MEXICO**  
**SIXTH JUDICIAL DISTRICT COURT**  
EXIT CONFERENCE  
JUNE 30, 2017

**EXIT CONFERENCE:**

The exit conference was held October 26, 2017 and was attended by the following:

**Representing Sixth Judicial District Court:**

Honorable Jarod K. Hofacket, Judge  
Melissa Frost, Court Executive Officer/CFO  
Angelic M. Hoover, Administrative Assistant 2

**Representing Kriegel/Gray/Shaw & Co., P.C.:**

Debbie Gray, CPA/Shareholder

**FINANCIAL STATEMENT PREPARATION**

The auditing firm of Kriegel/Gray/Shaw & Co., P.C., with the aid of responsible Sixth Judicial District Court personnel, prepared the financial statements of the Sixth Judicial District Court as of and for the year ended June 30, 2017.