

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

**REPORT ON EXAMINATION OF FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2009

**STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
TABLE OF CONTENTS
JUNE 30, 2009**

	<u>PAGE</u>
Directory of Officials.....	1
Independent Auditors' Report	2-3
Management's Discussion and Analysis.....	4-11
 Governmental-Wide Financial Statements:	
Statement of Net Assets	12
Statement of Activities.....	13
 Governmental Funds Financial Statements:	
Balance Sheet – Governmental Funds	14
Reconciliation of the Balance Sheet Governmental Funds to the Statement of Net Assets	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	16
Reconciliation of Statement of Revenues, Expenditures Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	17
Schedule of Revenues, Expenditures Budget (Modified Accrual Basis) and Actual on Budgetary Basis:	
General Fund	18
Child Support Hearing Officer Fund	19
 Fiduciary Financial Statements:	
Statement of Fiduciary Assets and Liabilities – Agency Fund	20
Notes to the Financial Statements	21-36
 Individual Fund Statements:	
<i>Non-Major Fund</i>	
Balance Sheet – Mediation Program	37
Statement of Revenues, Expenditures and Changes in Fund Balances – Mediation Program.....	38
Schedule of Revenues and Expenditures Budget (Modified Accrual Basis) and Actual on Budgetary Basis: Mediation Program.....	39

**STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
TABLE OF CONTENTS
JUNE 30, 2009**

	<u>PAGE</u>
Other Supplemental Financial Information:	
Schedule of Changes in Assets and Liabilities – Agency Fund	40
Schedule of Pledged Collateral.....	41
Cooperative Agreement	42
Additional Independent Auditors’ Report	
Report on Internal Control over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Audit Standards</i>	43-44
Schedule of Findings and Responses	45
Exit Conference and Financial Statement Preparation	46

**STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
DIRECTORY OF OFFICIALS
JUNE 30, 2009**

JUDGES

Honorable Stephen K. Quinn	Division I
Honorable Drew D. Tatum	Division II
Honorable Teddy L. Hartley	Chief Judge, Division III
Honorable Robert S. Orlik	Division IV
Honorable David P. Reeb	Division V

ADMINISTRATIVE OFFICIALS

Louis Moore	Court Executive Officer
Orlando Ulibarri	Deputy Court Executive Officer
Jo Ann Tootikian	Chief Financial Officer

Ed Fierro, CPA • Rose Fierro, CPA

527 Brown Road • Las Cruces, NM 88005
Bus: (575) 525-0313 • Fax: (575) 525-9708
www.fierrocpa.com

Independent Auditors' Report

Hector Balderas, State Auditor
and
Honorable Teddy L. Hartley, Chief Judge
State of New Mexico, Ninth Judicial District Court
Clovis, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the state of New Mexico, Ninth Judicial District Court (Court), as of and for the year ended June 30, 2009, which collectively comprise the Court's basic financial statements as listed in the table of contents. We have also audited the financial statements of the Court's nonmajor governmental fund presented as supplementary information in the accompanying individual fund financial statements as of, and for the year ended, June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Court's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements of the Ninth Judicial Court are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of the state of New Mexico that is attributable to the transactions of the Ninth Judicial Court. They do not purport to, and do not, present fairly the financial position of the state of New Mexico as of June 30, 2009, 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.


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 Ninth Judicial District Court, as of June 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the nonmajor governmental fund of the Ninth Judicial District Court, as of June 30, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Additionally, in our opinion, the general fund, child support hearing officer fund and the non-major fund referred to above present fairly, in all material respects, the budgetary comparisons for each fund of the Court for the year ended June 30, 2009, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2009, 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* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages four through twelve is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, the individual fund financial statements, and the budgetary comparisons. The accompanying schedule of changes in assets and liabilities and the cooperative agreement listed as other supplemental financial information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements and the other opinion units listed above. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and the other opinion units listed above and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements and the other opinion units listed above, taken as a whole.



Fierro & Fierro, P.A.
Las Cruces, New Mexico

December 4, 2009

STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

The following is an overview of the financial condition for the Office of the Ninth Judicial District Court (District Court) for the fiscal year ended June 30, 2009. This narrative highlights the major aspects of the District Court's financial status for this period, and should be considered in conjunction with the information presented in other sections of this audit report.

Financial Highlights

The District Court was statutorily created to service Curry and Roosevelt Counties in the State of New Mexico. The county seat for Curry County is located in Clovis, and the county seat for Roosevelt County is located in Portales. State district courts exist to provide equal access to justice, to resolve disputes in a just and timely manner, and to maintain accurate records of legal proceedings in order to protect the rights and liberties guaranteed by the constitutions of the state of New Mexico and the United States of America.

The District Court is comprised of five Judicial Divisions: Judicial Divisions I, III, IV, and V serve the citizens of Curry County in Clovis. Division II serves the citizens of Roosevelt County in Portales. The Chief District Judge, Teddy L. Hartley, is the sitting judge of Division III. The supporting departments include the Curry County District Court Clerk's Office, the Roosevelt County District Court Clerk's Office, the Administrative Division, Special Programs Division, Domestic Violence Division, Adult Drug Court Division, the Pro Se /Trial Court Staff Attorney Division. The District Court also administers the Child Support Hearing Officer Program for 11 of the 33 counties in the State of New Mexico, spanning four Judicial Districts (4th, 8th, 9th, and 10th Judicial Districts) encompassing the northeastern quadrant of the State.

The major financial issue and goal facing this agency during fiscal year 2009 was dealing with the substantial budget cuts implemented by the New Mexico Legislature. The District Court kept the staff attorney position vacant for the entire fiscal year and implemented a number of strategies to lower expenses. Fiscal staff monitored supply usage and looked for ways to lower the amount and cost of supplies. The fiscal staff did an exceptional job of keeping the District Court's expenditures within the reduced budget for FY 2009.

The District Court "received" a funding allotment in the amount of \$221,300, which was the District Court's portion of the \$2,300,000 in capital funds that were appropriated to the Administrative Office of the Courts as part of a single year judiciary-wide capital appropriation that expires as of the end of FY2009. The Judiciary's Budget Committee and Supreme Court scrutinized, prioritized and approved requests for capital project funding for the various judicial entities. The District Court made several security enhancements for both the Curry and Roosevelt County Courthouses, including a secure jury room with bathrooms in the Curry County Courthouse, a security lobby for the Curry County Court Annex, a security counter in the Roosevelt County Court Clerk's Office and, security walls and doors for the Roosevelt County Judge's Chambers. The District Court also bought three new magnetometers, an x-ray machine and updated security cameras and security doors. In addition, a new sound system was purchased and installed in Division IV and a new court-wide phone system was purchased to replace the four obsolete phone systems that had been servicing the various court facilities.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District Court's basic financial statements.

STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

Overview of the Financial Statements (continued)

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 also contains other supplementary information.

The government-wide financial statements are designed to provide readers with a broad overview of the District Court's finances, in a manner similar to a private-sector business. The statement of net assets presents information on all of the District Court's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District Court is improving or deteriorating.

The statement of activities presents information showing how the District Court's net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows; thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. The government-wide financial statements can be found on pages twelve and thirteen of this report.

Fund Financial Statements

A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District Court, like other state agencies, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the District Court's funds can be divided into two categories: governmental and fiduciary.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District Court's financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

In addition to the general fund, the District Court maintains two other individual governmental funds that are both classified as special revenue funds.

STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

Governmental Funds (continued)

Information for the general fund and the child support hearing officer fund, both of which are considered to be major funds, is presented separately in the government fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. Individual fund data for the non-major governmental fund is provided following the notes to the financial statements.

The New Mexico Legislature makes annual appropriations for the District Court's general fund. Amendments to the budget require approval by the budget division of the Department of Finance and Administration (DFA). Over the course of the fiscal year, the District Court revised the general fund budget and the child support hearing officer fund budget once each. Budgetary comparison statements for the general and special revenue major funds are located on pages eighteen and nineteen. The budgetary comparison statement for the special revenue non-major fund, which was not revised, can be found on page thirty-nine.

The basic governmental fund financial statements can be found on pages fourteen through nineteen of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the agency. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District Court's own programs. The accounting used for fiduciary funds is equivalent to what is used for proprietary funds. The fiduciary fund financial statements can be found on pages twenty and forty.

Notes to the Financial Statements

The notes provide additional information that is essential to gain a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found on pages twenty-one through thirty-six of this report.

Government-Wide Financial Analysis

Condensed Statement of Net Assets Governmental Activities	June 30, 2009	June 30, 2008
Assets:		
Current and other assets	\$ 310,432	\$ 277,011
Capital assets, net of accumulated depreciation	<u>238,667</u>	<u>306,253</u>
Total assets	549,099	583,264

**STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

Government-Wide Financial Analysis (continued)

Liabilities:		
Current liabilities	368,250	337,531
Long-term liabilities	<u>28,980</u>	<u>36,661</u>
Total liabilities	<u>397,230</u>	<u>374,192</u>
Net Assets:		
Invested in capital assets	238,667	306,253
Restricted for program expenses	62,842	42,845
Unrestricted	<u>(149,640)</u>	<u>(140,026)</u>
Total net assets	<u>\$ 151,869</u>	<u>\$ 209,072</u>

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District Court's primary government, assets exceeded liabilities by \$151,869 at the close of the most recent fiscal year. The District Court's activities during the fiscal year decreased the District Court's net assets by \$57,203. The decrease is attributed in large part to the recording of depreciation expense and compensating absences. Net assets are composed of investment in capital assets (e.g., furniture, equipment and vehicles) of \$238,667 and \$62,842 restricted for program expenses netted with unrestricted deficit of \$149,640. The deficit amount is representative of the current and long-term portions of compensated absences that are accrued in the government-wide statements. The District Court uses its capital assets to provide services to the citizens; consequently, these assets are not available for future spending. The District Court made no purchases of additional capital assets during the most recent fiscal year.

Current and other assets consist of cash, investments, and receivables, all collectible within one year of the closing of the fiscal year. The amount increased by \$33,421 due in large part to amounts held by the District Court to satisfy third party liabilities from employee withholdings and payroll related taxes.

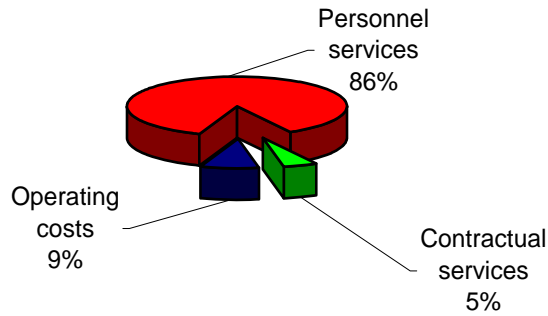
Current liabilities which consist of accounts payable, accrued salaries, current amounts of compensated absences, and amounts due to the state general fund and other state agencies as of June 30, 2009 equaled \$368,250. At June 30, 2008, the District Court reported an amount equal to \$337,531. The current liability increased by \$30,719.

Condensed Statement of Activities Governmental Activities	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Revenues:		
Program revenues:		
Operating grants and contributions	\$ 510,590	\$ 468,534
Charges for services	67,976	78,318
General revenues:		
State general fund appropriations	<u>3,496,600</u>	<u>3,413,571</u>
Total revenues	4,075,166	3,960,423
Expenses:		
Judicial	<u>4,132,369</u>	<u>4,002,220</u>
Change in net assets	<u>\$ (57,203)</u>	<u>\$ (41,797)</u>

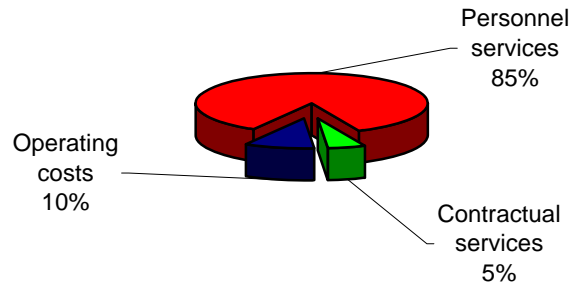
**STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

Government-Wide Financial Analysis (continued)

Operating Expenses - FYE 6-30-09



Operating Expenses - FYE 06-30-08



The statement of activities shows increases in both revenues and expenses for fiscal year 2009 from fiscal year 2008. General fund appropriations increased by \$83,029 or 2.43%. Operating grants and contributions increased by \$42,056 due to the contract with the Human Services Department for the Child Support Hearing Officer program which services the 4th, 8th, 9th, and 10th Judicial District Courts covering the northeast quadrant of the State of New Mexico encompassing eleven of the thirty-three counties state wide that the Ninth Judicial District Court administers. Overall, court filing fees and cost revenues decreased by \$10,342, even though drug court fees increased by \$3,863. The decrease is due in large part, to the local post office initiating a passport processing center in Curry County.

The overall increase in judicial expenses was \$130,149, which was largely attributed to increases in salaries and benefits of \$132,757 and netted with a decrease in other operating expenses of \$2,608.

STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

Analysis of Individual Governmental Funds

Besides the general fund, the District Court has two other governmental funds: the Child Support Hearing Officer fund, and the Mediation Program fund. A detailed description of these two funds can be found on page twenty-three. The District Court received grant revenues of \$510,590 from the New Mexico Human Services Department to fund the Child Support Hearing Officer fund for the year ended June 30, 2009. The District Court expended \$499,203 of this grant revenue. The Child Support Hearing Officer fund has been funded for FY2010 at the same level as FY2009.

The Mediation Program fund is supported by mediation fees. The District Court collected \$16,800 in fees and spent \$16,500 in contractual services for the fiscal year 2009.

Analysis of Budget Results for the Governmental Funds

During FY2009, the District Court revised its original general fund budget once to account for a decrease in the personal services/employee benefits category in the amount of \$4,800 due to the agency's vacant staff attorney position; a decrease in the contractual services category in the amount of \$39,000 due to the cancellation of (1) a supplemental drug court treatment provider contract, and (2) a court security contract with Curry County; and the corresponding increase in the other (operating) cost category in the amount of \$43,800. The unreserved fund balance from state appropriations remaining at the end of the fiscal year 2009 that reverts to the general fund of the state of New Mexico is \$1,347.

During FY2009, the District Court revised its original Child Support Hearing Officer Fund budget once to account for a decrease of \$91,910 that was the difference between the FY2009 general appropriations act amount and the actual contract revenue amount received for the program from the Human Services Department. The unreserved fund balance in this fund does not revert to the general fund of the state of New Mexico as its source is flow-through revenues from the federal government.

The District Court did not revise its original mediation program budget. The unreserved fund balance in this fund does not revert to the general fund of the state of New Mexico per the Domestic Relations Mediations Act.

Capital Assets

The District Court's investment in net assets as of June 30, 2009, amounted to \$238,667 (net of accumulated depreciation). This investment in capital assets includes furniture and fixtures, equipment and vehicles. The following chart shows the breakdown of assets by classification:

**STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

Capital Assets (continued)

Ninth Judicial District Court Capital Assets (Net of Accumulated Depreciation)	June 30, 2009	June 30, 2008
Equipment	\$ 86,364	\$ 117,810
Vehicles	116,654	142,156
Furniture and Fixtures	30,533	35,599
Data Processing	5,116	10,489
Library	-	199
	<u>\$ 238,667</u>	<u>\$ 306,253</u>

The District Court did not purchase any capital additions for the fiscal year ended June 30, 2009. Additional information on the District Court's capital assets can be found in note five on pages thirty and thirty-one of this report.

Currently Known Facts, Decisions, or Conditions

The major operational changes, directly affecting the financial position of the District Court, stemming from fiscal year 2009 are as follows:

The FY2009 general fund total appropriation was only a 2.43% increase over FY2008, which includes the FY2009 compensation package for agency-wide salary increases. Once the compensation package of \$66,300 has been removed, then the overall total FY2009 general fund appropriation was only a \$16,729 increase from the FY2008 appropriation level.

The original general fund appropriation of the other operating cost category was funded at \$186,700, which is actually \$32,300 less than the FY2004 appropriation level. Given these funding issues, the District Court has decided to leave the staff attorney position vacant (which is one of the agency's higher paying positions) until the agency can reach its appropriation level. In addition, a few contractual services will have to be postponed to balance the budget.

For many decades, the District Court, in both Curry and Roosevelt Counties, was the only U.S. passport processing agency within 100 miles. In late summer 2008, the U.S. Postal Service in Clovis began processing U.S. passports. It is yet unclear how much this will affect the District Court's long term miscellaneous revenue collections. Historically, passport processing fees make up over half of the miscellaneous revenue source, which is over 1.7% of this agency's operating fund budget.

In late November 2009, a special session of the New Mexico legislature cut the District Court's fiscal year 2010 budget by 2%. Further budget cuts to the FY2010 budget are expected when the legislature convenes in January 2010.

In order to avoid furloughs or court closure, the District Court anticipates continuing vacancy savings of the staff attorney and a 0.5 FTE Financial Specialist. In addition, the cost of an administrative assistant position will be saved when the incumbent retires effective 12-31-2009.

STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

Currently Known Facts, Decisions, or Conditions (continued)

In contrast, the Child Support Hearing Officer program's FY2009 contract was increased by almost 9.0% from the FY2008 contract amount of \$468,534 to \$510,590, but the FY2010 contract amount was held at the same contract amount of \$510,590.

The agency did not receive any capital asset funding for FY2010.

Request for Information

This financial report is designed to provide a general overview of the District Court's finances and to show the District Court's accountability for the money it receives. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Court Executive Officer of the Ninth Judicial District Court at 700 Main Street, Suite 12, Clovis, New Mexico 88101.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
STATEMENT OF NET ASSETS
JUNE 30, 2009

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 450
Investments	266,576
Receivables	43,406
Capital assets, net of accumulated depreciation	<u>238,667</u>
Total assets	<u>549,099</u>
LIABILITIES	
Accounts payable	71,463
Accrued salaries	76,204
Payroll taxes payable	28,248
Employee withholdings payable	57,619
Due to other state agencies	7,900
Due to state general fund	5,806
Long-term liabilities:	
Due in one year	121,010
Due in more than one year	<u>28,980</u>
Total liabilities	<u>397,230</u>
NET ASSETS	
Invested in capital assets	238,667
Restricted for program expenses	62,842
Unrestricted	<u>(149,640)</u>
Total net assets	<u><u>\$ 151,869</u></u>

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

STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Governmental Activities</u>
Program Expenses:	
Judicial administration	\$ 3,158,077
Child Support Hearing Officer	499,203
Adult Drug Court	347,242
Court Appointed Special Advocates	80,000
Juvenile Drug Court	30,000
Mediation	<u>16,500</u>
Total program expenses	4,131,022
Program Revenues:	
Program-specific operating grants	510,590
Charges for services	<u>67,976</u>
Total program revenues	<u>578,566</u>
Net program expense	<u>(3,552,456)</u>
Transfers:	
State general fund appropriations	3,386,600
Other state general fund appropriations	110,000
Reversion to the state general fund - FY09	<u>(1,347)</u>
Total net transfers	<u>3,495,253</u>
Change in net assets	(57,203)
Net assets, beginning of year	<u>209,072</u>
Net assets, end of year	<u><u>\$ 151,869</u></u>

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

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Child Support Hearing Officer Fund</u>	<u>Non-Major Fund</u>	
ASSETS				
Cash	\$ 350	\$ 100	\$ -	\$ 450
Investments	226,830	15,189	24,557	266,576
Receivables	857	42,549	-	43,406
Total assets	<u>\$ 228,037</u>	<u>\$ 57,838</u>	<u>\$ 24,557</u>	<u>\$ 310,432</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 60,657	\$ 9,431	\$ 1,375	\$ 71,463
Accrued salaries	66,002	10,202	-	76,204
Payroll taxes payable	24,562	3,686	-	28,248
Employee withholdings payable	50,083	7,536	-	57,619
Due to other state agencies	7,900	-	-	7,900
Due to state general fund	5,726	80	-	5,806
Total liabilities	214,930	30,935	1,375	247,240
Fund Balances:				
Unreserved	350	-	-	350
Reserved for program expenditures	12,757	26,903	23,182	62,842
Total fund balances	<u>13,107</u>	<u>26,903</u>	<u>23,182</u>	<u>63,192</u>
Total liabilities and fund balances	<u>\$ 228,037</u>	<u>\$ 57,838</u>	<u>\$ 24,557</u>	<u>\$ 310,432</u>

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

STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balance governmental funds (page fourteen)	\$ 63,192
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	238,667
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(149,990)</u>
Net assets of governmental activities (page thirteen)	<u><u>\$ 151,869</u></u>

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

STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Major Funds			Total Governmental Funds
	General Fund	Child Support Hearing Officer Fund	Non-Major Fund	
Revenues:				
Federal grants	\$ -	\$ 510,590	\$ -	\$ 510,590
Court fees	51,176	-	16,800	67,976
Total revenues	51,176	510,590	16,800	578,566
Expenditures:				
Current:				
Personnel services and employee benefits	3,088,687	417,001	-	3,505,688
Contractual services	179,713	5,000	16,500	201,213
Other operating costs	269,719	77,202	-	346,921
Total expenditures	3,538,119	499,203	16,500	4,053,822
Excess (deficiency) of revenues over expenditures	(3,486,943)	11,387	300	(3,475,256)
Other Financing Sources (Uses):				
State general fund appropriations	3,386,600	-	-	3,386,600
Other state appropriations	110,000	-	-	110,000
Reversions to state general fund - FY09	(1,347)	-	-	(1,347)
Total other financing sources (uses)	3,495,253	-	-	3,495,253
Net change in fund balances	8,310	11,387	300	19,997
Fund balances, beginning of year	4,797	15,516	22,882	43,195
Fund balances, end of year	\$ 13,107	\$ 26,903	\$ 23,182	\$ 63,192

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

STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES
CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances total governmental funds (page sixteen)	\$ 19,997
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. The amount by which capital outlay exceeded depreciation in the current period.	(67,586)
Compensated absences 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.	<u>(9,614)</u>
Change in net assets of governmental activities (page thirteen)	<u><u>\$ (57,203)</u></u>

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

STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL ON BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Court fees	\$ 60,000	\$ 60,000	\$ 51,176	\$ (8,824)
Expenditures:				
Current:				
Personnel services and employee benefits	3,138,300	3,088,800	3,088,687	113
Contractual services	220,400	179,900	179,713	187
Other operating costs	<u>246,700</u>	<u>287,900</u>	<u>269,719</u>	<u>18,181</u>
Total expenditures	<u>3,605,400</u>	<u>3,556,600</u>	<u>3,538,119</u>	<u>18,481</u>
Excess (deficiency) of revenues over expenditures	(3,545,400)	(3,496,600)	(3,486,943)	9,657
Other Financing Sources (Uses):				
State general fund appropriations	3,435,400	3,386,600	3,386,600	-
Other state appropriations	110,000	110,000	110,000	-
Reversions to state general fund-FY09	<u>-</u>	<u>-</u>	<u>(1,347)</u>	<u>1,347</u>
Total other financing sources (uses)	<u>3,545,400</u>	<u>3,496,600</u>	<u>3,495,253</u>	<u>(1,347)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,310</u>	<u>\$ 8,310</u>

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

STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL ON BUDGETARY BASIS
CHILD SUPPORT HEARING OFFICER FUND
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal grants	\$ 602,500	\$ 510,590	\$ 510,590	\$ -
Expenditures:				
Current:				
Personnel services	500,000	418,268	417,001	1,267
Contractual services	5,000	5,000	5,000	-
Other costs	<u>97,500</u>	<u>87,322</u>	<u>77,202</u>	<u>10,120</u>
Total expenditures	<u>602,500</u>	<u>510,590</u>	<u>499,203</u>	<u>11,387</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,387</u>	<u>\$ (11,387)</u>

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

FIDUCIARY FINANCIAL STATEMENTS

STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2009

ASSETS

Cash	<u>\$ 452,657</u>
------	-------------------

LIABILITIES

Amounts held for others	<u>\$ 452,657</u>
-------------------------	-------------------

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

STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Ninth Judicial District Court (District Court) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

The District Court is given its authority under Section 13 of the New Mexico State Constitution and Sections 34-6-1, 34-6-2, 34-6-12 and 36-5-17 through 34-6-47 of the New Mexico State Statutes Annotated, 1978 Compilation, and is a component unit of the state of New Mexico. The agency code assigned by the Department of Finance and Administration for the District Court is 23900. The District Court judges are elected to their position in a partisan election prior to being eligible for a nonpartisan retention election. Thereafter, each judge is subject to retention or rejection on a nonpartisan ballot every sixth year. 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 District Court is by state appropriations.

The District Court's basic financial statements include all activities and accounts of the District Court's "financial reporting entity."

The financial reporting entity consists of the primary government, and another organization 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.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens, on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, activities, or level of services performed or provided by the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

The District Court's Office has no component units.

STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. 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 a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. 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.

C. 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 60 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. Expenditure is recorded as liabilities when they are incurred, except for certain compensated absences which 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 government's policy to use restricted resources first, and then unrestricted resources as they are recorded.

STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting,

C. and Financial Statement Presentation (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 14900 – Ninth Judicial District Court.

Child Support Hearing Officer Fund

The *Child Support Hearing Officer fund* is used to account for the proceeds from state pass through grants from the New Mexico State Department of Human Services and the expenditures there from. The authority for the creation and maintenance of the fund is given under New Mexico State Statute 40-4B-1. The fund balance will not revert to the state of New Mexico's general fund as the source of revenues is the federal government. The District Court has determined that the *Child Support Hearing Officer fund* is a major fund whose SHARE fund number is 92700.

The District Court reports the following non-major governmental fund:

Mediation Program Fund

The *Mediation Program fund* is used to account for proceeds from surcharges on domestic filing fees. The authority for the creation and maintenance of the fund is given under New Mexico State Statute 40-12-5 of the Domestic Relations Mediations Act. The Court collects fees to finance a mediation alternative to legal resolution of domestic disputes such as consideration of divorce, child custody, and visitation issues. The fund is non-reverting. The District Court has determined that the *Mediation Program fund* is a nonmajor fund whose SHARE fund number is 84700.

All government-wide financial statements of the District Court follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board pronouncements. Governments also have the option of following subsequent private-sector guidance for the government-wide financial statements. The District Court has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting,

C. and Financial Statement Presentation (continued)

Exceptions to this general rule are charges between the government's risk management and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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. Court Clerk's Fund – These monies are collected from individuals filing with the District Court. These monies are remitted intact to the New Mexico State Treasurer.

D. Budgets

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

1. Prior to September 15th, the District Court submits to the Department of Finance and Administration (DFA) an appropriation request for the fiscal year commencing the following July 1st. The appropriation request includes proposed expenditures and the means of financing them.
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 within the legally prescribed time limit signs the Act into law.

STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets (continued)

4. The District Court submits, no later than May 1st, 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 1st. 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 expenditure category.
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 in accordance with the manual of model accounting practices issued by DFA. 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 do not get paid by the statutory deadline per Section 6-10-4 NMSA 1978. Those accounts payable that do not get paid timely must be paid out of the next year's budget. Encumbrances related to single year appropriations lapse at year end. Appropriation periods are sometimes for periods in excess of twelve months (multiple-year appropriations). When multiple-year appropriation periods lapse, the authority for the budget also lapses and encumbrances can no longer be charged to that budget. For reverting funds, the unreserved fund balance must revert to the state general fund at the end of the appropriation period.
8. 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 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.

E. Assets, Liabilities, and Net Assets or Equity

1. Cash

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

STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Liabilities, and Net Assets or Equity (continued)

2. Receivables and Payables

Activity 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 available financial resources.

3. 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 as 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 its useful life. Purchased computer software is recorded at historical cost.

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	7 years
Equipment and machinery	6 years
Automotive	5 years
Data processing	3 years
Library	3 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
NINTH JUDICIAL DISTRICT COURT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Liabilities, and Net Assets or Equity (continued)

4. 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.

5. Net Assets

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

Investment in capital assets, net of related debt – This category reflects the portion of net assets that are associated with capital assets less outstanding capital asset related debt.

Restricted – This category reflects the portion of net assets that have third party limitations on their use.

Unrestricted – This category reflects net assets of the District Court, not restricted for any project or other purpose.

6. 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 and 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
NINTH JUDICIAL DISTRICT COURT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

2. CASH AND DEPOSITS

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 bank 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 or 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 Treasurer's investment pool, or in securities which are issued by the state or by the United States government, or by 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 two financial institutions. The District Court's deposits are carried at cost.

As of June 30, 2009, 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:

	<u>Type of Account</u>	<u>Per Institution</u>	<u>Reconciling Items</u>	<u>Per Financial Statements</u>
<i>General Fund</i>				
Cash on hand		\$ -	\$ 450	\$ 450
<i>Agency Funds</i>				
Clovis Trust Account:				
Bank of Clovis 300 Main Street Clovis, New Mexico	Checking	344,972	(600)	344,372
Portales Trust Account:				
Wells Fargo Bank, N.A. 316 West Second Street Portales, New Mexico	Checking	<u>108,285</u>	<u>-</u>	<u>108,285</u>
Total		<u>\$ 453,257</u>	<u>\$ (150)</u>	<u>\$ 453,107</u>

Statement of Net Assets	\$ 450
Statement of Fiduciary Net Assets	<u>452,657</u>
Total cash reported on financial statements	<u>\$ 453,107</u>

**STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

2. CASH AND DEPOSITS (continued)

Cash (continued)

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.

	Bank of Clovis	Wells Fargo Bank
Demand deposits	\$ 344,972	\$ 108,285
FDIC coverage	(250,000)	(250,000)
Total uninsured public funds	\$ 94,972	\$ (141,715)
Pledged securities	1,525,000	Unavailable
Collateral requirements (50% of uninsured public funds)	47,486	
Over (under) collateralization	\$ 1,477,514	

A detail listing of the pledged collateral is contained in the supplemental financial information section of this report. According to the Federal Deposit Insurance Corporation, public unit deposits are owned by the public unit. Time deposits, savings deposits and interest bearing money market accounts at a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand 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, 2009, \$94,972 of the District Court's agency fund demand deposits of \$453,257 was exposed to custodial credit risk as follows:

	Bank of Clovis
Uninsured and collateral held by pledging banks' trust department or agent, not in the District Court's name	\$ 94,972

3. INVESTMENTS

New Mexico State statutes require that the New Mexico State Treasurer holds all operating funds on behalf of the District Court. Such funds are held in the State's General Fund Investment Pool. Those funds are reflected as investments on the District Court's statements of financial position. At June 30, 2009, the balance is as follows:

**STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

3. INVESTMENTS (continued)

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.

	Share Fund	Fund	Maturities	Fair Value
<i>State General Fund Investment Pool</i>	14900	General	1 day to 3 years	\$ 226,830
<i>State General Fund Investment Pool</i>	92700	Child Support Hearing Officer	1 day to 3 years	\$ 15,189
<i>State General Fund Investment Pool</i>	84700	Mediation Program	1 day to 3 years	\$ 24,557

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, 2009.

4. RECEIVABLE

Receivable at June 30, 2009 consisted of the following:

Human Services Department grant	\$ 42,549
Refund from PERA	745
State general fund for payroll correction	112
Total	\$ 43,406

The amounts are expected to be collected in full subsequent to year end.

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009, was as follows:

	Balance 06/30/08	Increases	Decreases	Balance 06/30/09
Capital assets, being depreciated:				
Furniture and fixtures	\$ 81,167	-	-	\$ 81,167
Equipment	286,734	-	-	286,734
Data processing	45,059	-	-	45,059
Vehicles	297,131	-	(26,925)	270,206
Library	5,744	-	-	5,744
Total capital assets, being depreciated	715,835	-	(26,925)	688,910

**STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

5. CAPITAL ASSETS (continued)

	Balance 6/30/08	Increases	Decreases	Balance 06/30/09
Capital assets, being depreciated:				
Furniture and fixtures	\$ 83,597	\$ -	\$ (2,430)	\$ 81,167
Equipment	304,884	-	(18,150)	286,734
Data processing	46,770	-	(1,711)	45,059
Vehicles	237,590	59,541	-	297,131
Library	5,744	-	-	5,744
	<u>678,585</u>	<u>59,541</u>	<u>(22,291)</u>	<u>715,835</u>
Total capital assets, being depreciated				
	678,585	59,541	(22,291)	715,835
Less accumulated depreciation for:				
Furniture and fixtures	(45,568)	(5,066)	-	(50,634)
Equipment	(168,924)	(31,446)	-	(200,370)
Data processing	(34,570)	(5,373)	-	(39,943)
Vehicles	(154,975)	(25,502)	26,925	(153,552)
Library	(5,545)	(199)	-	(5,744)
	<u>(409,582)</u>	<u>(67,586)</u>	<u>26,925</u>	<u>(450,243)</u>
Total accumulated depreciation				
	(409,582)	(67,586)	26,925	(450,243)
Total capital assets, net	<u>\$ 306,253</u>	<u>\$ (67,586)</u>	<u>\$ -</u>	<u>\$ 238,667</u>

The District Court recorded a depreciation expense of \$67,586 for the year ended June 30, 2009. The depreciation expense is a direct expense of the public safety function. The District Court does not have any debt related to capital assets.

6. DUE TO STATE OF NEW MEXICO GENERAL FUND

For the year ending June 30, 2009, the amounts due to the state of New Mexico general fund is as follows:

June 2009 court costs collected	\$ 3,659
Fiscal year 2009 reversion	1,347
Miscellaneous receipts	<u>800</u>
Total due state of New Mexico General Fund	<u>\$ 5,806</u>

7. DUE TO OTHER STATE AGENCIES

For the year ending June 30, 2009, the amounts due to other state agencies is as follows:

	Share Fund	Purpose	Amounts
PERA	60300	District Judge's retirement	\$ 5,548
NM Compilation Commission	07600	CV filing fees	1,752
Administrative Office of the Courts	01200	Court costs/jury demand fees	<u>600</u>
			<u>\$ 7,900</u>

**STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

8. COMPENSATED ABSENCES

Accrued Annual Leave

Qualified employees accumulate annual leave as a rate of:

<u>Years of Service</u>	<u>Hours Earned Per Pay Period</u>	<u>Hours of Maximum Accrual</u>
1 pay period - 3 years	4.62	240
Over 3 years - 7 years	5.54	240
Over 7 years - 14 years	6.46	240
Over 14 years and beyond	7.38	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.

Accrued Sick Leave

Chapter 150, Laws of 1983 provided for the payment to employees for accumulated sick leave under certain conditions. Employees who have over 600 hours of accumulated sick leave can receive payment for the hours over 600 up to 120 hours on the payday following the first full pay period or the paydays following the first full pay period in January of each year. However, the sick leave will be paid at fifty percent of the employee's regular hourly wage. A maximum of 120 hours of sick leave can be paid in one fiscal year. 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 which has been accrued represents the hours earned at June 30, 2009, over 600 hours. Expenditures for accumulated sick leave pay for less than 600 hours will be recognized as employees take such absences.

The current period adjustment recorded as a charge to the general government function for compensated absences is \$9,614.

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:

	<u>Balance 06/30/08</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 06/30/09</u>	<u>Amounts Due Within One Year</u>
Accrued annual leave	\$ 137,528	\$ 165,636	\$ 158,265	\$ 144,899	\$ 115,919
Accrued sick leave	2,848	8,011	5,768	5,091	5,091
Total	<u>\$ 140,376</u>	<u>\$ 173,647</u>	<u>\$ 164,033</u>	<u>\$ 149,990</u>	<u>\$ 121,010</u>

In the prior years, eighty-five percent has been paid by the general fund and fifteen percent by the child support hearing officer fund.

**STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

9. OPERATING LEASES

The District Court has the operating leases for three mailing machines and ten copiers. The leases have terms that vary from four to five years and are payable on a monthly or quarterly basis. Each individual lease can be terminated due to lack of funding from the legislature with no penalty to the District Court. Minimum future rental payments under operating leases having terms in excess of one year as of June 30, 2009, and for the next four years and in the aggregate are:

<u>Period Ending</u>	<u>Amounts</u>
June 30, 2010	\$ 24,563
June 30, 2011	16,684
June 30, 2012	11,260
June 30, 2013	<u>5,335</u>
	<u>\$ 57,842</u>

The District Court recorded rental of equipment expense of \$39,023 for the year ending June 30, 2009.

10. PENSION PLANS

Public Employees Retirement Association (PERA)

Plan Description. Substantially all of the District 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 7.42% of their gross salary. The District Court is required to contribute 16.59% of the gross covered salary. The contribution requirements of plan members and the 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 District Court’s contributions to PERA for the fiscal years ending June 30, 2009, 2008, and 2007, were \$327,191, \$314,342 and, \$278,022 respectively, which equal to the amount of the required contributions for each fiscal year.

STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

10. PENSION PLANS (continued)

Judicial Retirement Act (JRA)

Plan Description. Substantially, all of the District Court's Judges or Justices participate in a public employee retirement system authorized under the Judicial Retirement Act (10-12B-1 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 7.5% of their gross salary. The District Court is required to contribute 12.0% of the gross covered salary. The District Court's contributions to JRA for the fiscal years ending June 30, 2009, 2008, and 2007 were \$67,129, \$65,506 and, \$60,460 respectively, which equal the amount of the required contributions for each fiscal 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 \$65,588, \$61,370 and, \$64,828 in filing fees for the fiscal years ending June 30, 2009, 2008, and 2007, respectively.

11. POST EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

Plan Description. The District Court contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit post employment 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 the 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.

STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

11. POST EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (continued)

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the post employment 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 Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is a statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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

The District Court's contributions to the RHCA for the years ended June 30, 2009, 2008 and 2007 were \$30,309, \$29,119 and, \$26,353 respectively, which equal the required contributions for each year.

Pursuant to GASB 43, a legal determination has been made whereby the Retiree Health care Authority is considered a multiple employer cost sharing trust. Under this determination, the extensive OPEB disclosure concerning the funded status of the plan is made on the Authority's books rather than at the participant or agency level. Accordingly, no accrual has been made for this liability on the District Court's books.

12. 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.

**STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

12. RISK OF LOSS (continued)

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.

13. UNRESTRICTED DEFICIT NET ASSETS

GASB 34 requires recording of capitalized assets, net of accumulated depreciation and long term liabilities, which results in an unrestricted net asset deficit of \$149,640. The deficit is created by compensated absence liabilities which are expected to be paid from subsequent years state general fund appropriations.

14. STATEMENT INTER-AGENCY TRANSFERS

	<u>From/To Fund No.</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund - 14900			
Department of Finance and Administration State General Fund Appropriation Laws of 2008, Chapter 6	85300	\$ 3,320,300	
Department of Finance and Administration State Compensation Package Laws of 2008, Chapter 6	62000	66,300	
Department of Finance and Administration Fiscal year 2009 reversion	85300		1,347
Department of Finance and Administration Senate Bill 165 Laws of 2008, Chapter 6	85300	30,000	
Administrative Office of the Courts CASA Appropriation, Laws of 2008	13900	80,000	-
		<u>\$ 3,496,600</u>	<u>\$ 1,347</u>

INDIVIDUAL FUND STATEMENTS

**STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
BALANCE SHEET – NON-MAJOR FUND
MEDIATION PROGRAM
JUNE 30, 2009**

ASSETS

Investments	<u>\$ 24,557</u>
-------------	------------------

LIABILITIES AND FUND BALANCES

Liabilities:	
Accounts payable	\$ 1,375
Fund Balances:	
Reserved for program expenditures	<u>23,182</u>
Total liabilities and fund balances	<u>\$ 24,557</u>

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

STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – NON-MAJOR FUND
MEDIATION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2009

	Mediation Program
Revenues:	
Court fees	\$ 16,800
Expenditures:	
Current:	
Contractual services	16,500
Excess of revenues over expenditures	300
Fund balance, beginning of year	22,882
Fund balance, end of year	\$ 23,182

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

STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL ON BUDGETARY BASIS
NON-MAJOR FUND
MEDIATION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Court fees	\$ 18,000	\$ 18,000	\$ 16,800	\$ (1,200)
Expenditures:				
Current:				
Contractual services	16,500	16,500	16,500	-
Other costs	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Total expenditures	<u>18,000</u>	<u>18,000</u>	<u>16,500</u>	<u>1,500</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ 300</u>

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

OTHER SUPPLEMENTAL FINANCIAL INFORMATION

STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Balance 06/30/08</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/09</u>
Assets				
Cash - Litigant accounts	\$ 645,470	\$ 633,406	\$ (826,219)	\$ 452,657
Cash - Court clerk account	(217)	330,319	(330,102)	-
Receivable	217	-	(217)	-
Total assets	<u>\$ 645,470</u>	<u>\$ 963,725</u>	<u>\$ (1,156,538)</u>	<u>\$ 452,657</u>
Liabilities				
Amounts held for others	\$ 645,470	\$ 633,406	\$ (826,219)	\$ 452,657
Due to other agencies	-	330,319	(330,319)	-
Total liabilities	<u>\$ 645,470</u>	<u>\$ 963,725</u>	<u>\$ (1,156,538)</u>	<u>\$ 452,657</u>

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

STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
SCHEDULE OF PLEDGED COLLATERAL
JUNE 30, 2009

The collateral pledged by Bank of Clovis is as follows:

Security	CUSIP#	Maturity	Par Value
Cloudcroft NM IS - Municipal Bond	189134EA3	8/1/2015	\$ 125,000
Cloudcroft NM IS - Municipal Bond	189134EB1	8/1/2016	150,000
Bernalillo NM IS - Municipal Bond	085279JF5	8/1/2011	450,000
Los Lunas NM ISD - Municipal Bond	545562MT4	7/15/2017	400,000
Los Lunas NM ISD - Municipal Bond	545562MS6	7/15/2016	400,000
			<u>\$ 1,525,000</u>

The holder of the above listed collateral is the Bank of Clovis, 300 Main Street, Clovis, New Mexico.

Detail of pledged collateral specific to the Ninth Judicial District Court from Wells Fargo Bank is unavailable because the bank co-mingles pledged collateral for all state funds it holds. However, the Office of the State Treasurer's Collateral Bureau monitors pledged collateral for all state funds by state agencies in such authorized bank accounts.

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

STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
GOVERNMENT SERVICES
COOPERATIVE AGREEMENT
JUNE 30, 2009

- A. Participants – The New Mexico Human Services Department and the Ninth Judicial District Court.
- B. Party responsible for operations – The Ninth Judicial District Court.
- C. Description – For the provision of a Child Support Hearing Officer and related services pursuant to NMSA 1978, Section 40-4B-1 etseq. (1999 Repl. Pam).

The purpose of this cooperative agreement is to provide additional personnel and procedures to promote prompt and full payment by obligated parties of child support obligations for their dependent children and, where applicable, attendant spousal support obligations. The agreement has a further purpose of 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. Improved compliance will speed up the processing of cases and completion of enforcement actions, thereby reducing expenditures of the Temporary Aid to Needy Families Program (TANF). The Judicial District shall be the employer of any and all hearing officers, and any and all personnel employed to carry out the terms of this agreement for the following jurisdictions: Fourth Judicial District, Eighth Judicial District, Ninth Judicial District and Tenth Judicial District.

- D. Beginning and ending of agreement – August 22, 2005 to June 30, 2009.
- E. Total estimated amount of cooperative agreement - \$1,710,680.
- F. Amount contributed – The Human Services Department contributed \$510,590 in the current fiscal year.
- G. Entity responsible for the annual audit – The Ninth Judicial District Court has audit responsibility.
- H. Fiscal agent - The Ninth Judicial District Court is the fiscal agent.
- I. Name of entity accounting for revenues and expenditures – The Ninth Judicial District Court has reflected all revenues and expenses.

ADDITIONAL INDEPENDENT AUDITORS' REPORTS

Ed Fierro, CPA • Rose Fierro, CPA527 Brown Road • Las Cruces, NM 88005
Bus: (575) 525-0313 • Fax: (575) 525-9708
www.fierrocpa.com

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*

Hector H. Balderas, State Auditor
and
Honorable Teddy L. Hartley, Chief Judge
State of New Mexico, Ninth Judicial District Court
Clovis, New Mexico

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and each major special revenue fund of the State of New Mexico's Ninth Judicial District Court (District Court) as of and for the year ended June 30, 2009, and have issued our report thereon dated December 4, 2009. We also have audited the financial statements of each of the District Court's nonmajor governmental funds and the respective budgetary comparison for the nonmajor special revenue funds presented as supplementary information in the accompanying individual fund financial statements as of and for the year ended June 30, 2009, and have issued our report thereon dated December 4, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District Court's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District Court's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of District Court's internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

This report is intended solely for the information and use of management, the New Mexico State Auditor, the New Mexico State Legislature and its committees, New Mexico Department of Finance and Administration and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Fierro & Fierro, P.A.".

Fierro & Fierro, P.A.
Las Cruces, New Mexico

December 4, 2009

**STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2009**

PRIOR YEAR FINDINGS

Item 2008-01 - Negative Cash Balance in Trust Account

At June 30, 2008, the Ninth Judicial District Court recorded a negative cash balance of \$217. During the year the Court collected on an insufficient fund check that caused the negative cash balance. The finding is considered resolved.

STATE OF NEW MEXICO
NINTH JUDICIAL DISTRICT COURT
EXIT CONFERENCE AND FINANCIAL STATEMENT PREPARATION
JUNE 30, 2009

Exit Conference

This report was discussed during the exit conference held in Clovis, New Mexico on December 4, 2009. Present for the Ninth Judicial District Court were Honorable Judge Hartley, Louis Moore, court executive officer; and Jo Ann Tootikian, chief financial officer. Present for the auditing firm was Rose Fierro, CPA.

Financial Statement Preparation

The auditing firm of Fierro & Fierro, Certified Public Accountants, assisted in the preparation of the financial statements of the District Court as of June 30, 2009. The District Court's management has reviewed and approved the financial statements and related notes, and they believe that the District Court's books and records adequately support them.