

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012
WITH
INDEPENDENT AUDITORS' REPORT

 KEYSTONE ACCOUNTING, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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INTRODUCTORY SECTION

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STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

OFFICIAL ROSTER
JUNE 30, 2012

Honorable William C. Birdsall	Division I Judge
Honorable Louis DePauli, Jr.	Division II Judge
Honorable Sandra A. Price	Division III Judge
Honorable John A. Dean Jr.	Chief Judge/Division IV Judge
Honorable Grant L. Foutz	Division V Judge
Vacant	Division VI Judge
Honorable Robert A Aragon	Division VII Judge
Honorable Karen L. Townsend	Division VIII Judge
Weldon Neff	Court Executive Officer
Thomas Maxwell	Deputy Court Executive Officer
Francisca Palochak	Deputy Court Executive Officer
Roberta Werito-Jones	Financial Administrator, CFO

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STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

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

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FINANCIAL SECTION

FISCAL YEAR 2012

JULY 1, 2011 THROUGH JUNE 30, 2012

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas, State Auditor, and
Honorable John A. Dean Jr. State of New Mexico of
Eleventh Judicial District Court

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of the State of New Mexico, Eleventh Judicial District Court (the District Court), as of and for the year ended June 30, 2012, which collectively comprise the District Court's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the District Court's non-major governmental funds and the budgetary comparisons of all nonmajor funds presented as supplemental information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of Eleventh Judicial District 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 misstatements. 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 Eleventh Judicial District Court are intended to present the respective financial position, and the changes in respective financial position, of only that portion of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of the State of New Mexico that is attributable to the transactions of the Eleventh 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, 2012, 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 previously 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 State of New Mexico, Eleventh Judicial District Court as of June 30, 2012, and the respective changes in financial position, thereof, and the respective budgetary comparisons for the General Fund and Drug Court Grant Special Revenue Fund 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 each non-major governmental fund for the Eleventh Judicial District Court, as of June 30, 2012, and the respective changes in financial position thereof and the respective budgetary comparisons of all non-major governmental funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Hector H. Balderas, State Auditor, and
Honorable John A. Dean Jr. State of New Mexico of
Eleventh Judicial District Court

In accordance with Government Auditing Standards, we have also issued a report dated November 28, 2012, on our consideration of the Eleventh 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 and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 9 through 18 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 no opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements and budgetary comparisons. The additional schedules listed as "supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Keystone Accounting, LLC

November 28, 2012
Farmington, NM

MANAGEMENTS DISCUSSION AND ANALYSIS

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STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

Management's Discussion and Analysis
Unaudited
June 30, 2012

This section of the Eleventh Judicial District Court's annual financial report presents our discussion and analysis of the Court's financial performance during the fiscal year that ended June 30, 2012. Please read it in conjunction with the Court's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The principal revenue source for the Court is the General Fund, 88.0% or \$5,538,500. This funding source supports Regular and Treatment Court in its entirety and partially funds Drug Court. State interfund transfers provide \$521,445 or 8.3% of total funding in support of the CASA Program, Water Rights, Adult Drug Court, and Child Support Enforcement through an agreement with the New Mexico Human Services Department. Other financing sources derive from a grant for Pretrial Services from San Juan County in the amount of \$50,000, a grant for Youth Treatment Court from McKinley County in the amount of \$25,000, fees collected for Mediation \$91,573, Adult Drug Court \$5,176, and reimbursement for copy cost in Regular Court, \$43,268, for a total of \$215,017 or 3.4% of total funds. In FY 2012, special revenue funding from severance tax bonds for the 11th District Courthouse in Aztec, expansion and renovation for \$19,938 or 0.3% of funding was received.

The Court complied with budgetary expenditure guidelines in the following categories: Personnel Services and Benefits \$5,134,345, Contractual Services \$583,024, Operating Expenses \$540,546, and Capital Outlay \$19,938. Any remaining uncommitted General Fund Money reverts to the State.

The reversion to the General Fund for FY 2012 is \$3,160, consisting of the following elements: Court Regular, \$3,110, which includes operating variances of \$843; and Copy Cost Reimbursement revenue of \$2,268; Drug Courts, \$50, due to an operating variance in Salaries and Benefits.

AGENCY HIGHLIGHTS

The Eleventh Judicial District is an amalgam of activities that seeks to protect all constitutional and legislative provisions while functioning as an efficient and responsive government operation. The Mission of the Eleventh Judicial District Court is to provide access to justice; resolve disputes justly and timely; and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the Constitution of New Mexico and the United States.

In the beginning of FY 2012, the District comprised of four locations, one in McKinley County (Gallup) and three in San Juan County (Aztec and two in Farmington). In December 2011, renovations were completed and one of the Farmington locations was closed, and the employees moved to the Aztec location. There are three divisions in Aztec, two in Farmington, and three in Gallup. One District Judge presides over each Division. The total number of new and reopened case filings for FY 2012 is 9,238, with 1,809 in McKinley County and 7,429 in San Juan County.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

Management's Discussion and Analysis
Unaudited
June 30, 2012

Within the structure of the Eleventh District Court are a number of programs with specific purposes. A brief discussion follows to describe these various activities of the Court to provide a sense of its importance in promoting the overall well being of the community.

Court Appointed Special Advocate (CASA) is a program with the mission to support effective volunteer advocacy for the best interests of abused and neglected children involved in the court system. The objective of the program is to ensure that every child has a safe, supportive and permanent home. A CASA is trained, community volunteer, appointed by a judge to represent the best interests of the child in court. Once appointed to a case, the CASA becomes an official part of the judicial proceeding, working alongside attorneys and social workers as an appointed officer of the court. A CASA program exists in San Juan County.

Three Drug Courts exist with the District Court, one for adult offenders and two for juveniles. The Drug Court Program's mission is to assist drug-addicted individuals that have entered the court system in becoming productive, sober, law-abiding citizens. An intensive program of counseling and drug test monitoring supports the staff in imposing appropriate sanctions for noncompliance to program rules. The goals and objectives of this program are to reduce drug usage among nonviolent offenders and, in turn reduce the rate of recidivism in the commission of crimes. The improvement in the crime rate among these offenders will reduce incarceration and aid with overcrowding in the jails. In addition, the Juvenile Drug and Youth Treatment Court focuses on improving self-esteem by developing responsibility and accountability among juvenile offenders. Both the Adult and Juvenile Drug Courts exist in San Juan County, and the Youth Treatment Court exists in McKinley County.

Treatment Court is a new program that was implemented in FY 2009 in San Juan County to provide support to nonviolent offenders with mental health problems, by evaluating offenders for supervised release and intensive counseling treatment. Treatment Court serves as an opportunity for, nonviolent offenders to receive treatment for their mental illness, be accountable to the courts, and to integrate successfully back into society as productive citizens. The Treatment Court program has proven successful, and currently has 20 active clients with a capacity of 20.

A Grade Court in San Juan County aims to reduce commitment of juvenile offenders to institutions by enhancing the self-esteem and abilities of children and their families. The child, parents, school officials, probation officer and Court work as a team to provide positive reinforcement for the juvenile to improve academic performance and school attendance. A sanction is imposed immediately on an individual found in noncompliance and thus empowers parents and the school to deal effectively with the offender. The result is that accountability to the Court from the student and parents is increased. Upon completion of high school, a college scholarship is provided to the student to encourage them to further their education.

Domestic Violence Programs exist in both San Juan and McKinley Counties. The goals of the programs are to assist victims of domestic abuse; education the parties about domestic abuse and its effects through mandatory counseling, and to help the parties live in an abuse free home.

The Mediation Program is designed to settle disagreements about the care of children following separation and divorce. Mediation requires both parties to agree to the rights and responsibilities of each parent and the way in which the children's' needs will be met. A court order requires the parties to meet with an independent mediator for the purpose of reaching an acceptable agreement. Mediation is available in both San Juan and McKinley Counties.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

Management's Discussion and Analysis
Unaudited
June 30, 2012

In San Juan County, Pretrial Services serves to screen the adult felony population for release suitability. Pretrial Services goal is to maximize defendant release rates at the earliest possible time after arrest while minimizing failure to appear and the risk to the community.

Both McKinley and San Juan Counties offer a Self-Represented Resource Center to provide a forum for self-represented litigants to bring actions in the District Court.

In San Juan County, the Court supports a Water Rights case established to resolve water rights issues and disputes in the case of State of New Mexico vs. The United State of America. This litigation has been ongoing since 1975. The Court's goal is to resolve all issues in this case in an orderly and timely manner.

A Child Support Hearing Officer serves jointly in San Juan County and McKinley County to provide a cooperative structure for the judicial district and Human Services Department to implement the Child Support Hearing Officer Act. The focus of the act is to insure prompt and full payment by obligated parties of child support for their dependent children and where applicable, attendant spouse support.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provides information about the activities of the Court as a whole. The Court has no business-type activities but rather solely supports government operations. For government activities, these statements reflect how these services were financed in the current year and what remains for future spending. The fund financial statements report the Court's operations in more detail than the government-wide statements by providing information about the Court's most significant funds.

The remaining statements provide financial information about activities for which the Court acts solely in a fiduciary capacity for monies held in trust until litigation is completed. Pursuant to state statutes, this Court held in trust for litigants as of June 30, 2012 the amount of \$1,260,303.

REPORT THE COURT AS A WHOLE

The Statement of Net Assets and the Statement of Activities report information about the Court as a whole. These statements include all assets and liabilities using an accrual basis of accounting, similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

Management's Discussion and Analysis
Unaudited
June 30, 2012

Table A is a summary of page 20 of the FY 2012 Financial Statements and provides an explanation of the Court's net assets. A comparison is furnished for June 30, 2011 and June 30, 2012.

**TABLE A
STATEMENT OF NET ASSETS**

	<u>2011</u>	<u>2012</u>	<u>Percent Change</u>
Current Assets	444,647	487,547	9.6%
Capital Assets	<u>813,416</u>	<u>759,314</u>	<u>-6.7%</u>
Total Assets	1,258,063	1,246,861	-0.9%
Current Liabilities	237,238	257,928	8.7%
Long Term Liabilities	<u>154,059</u>	<u>154,130</u>	<u>0.0%</u>
Total Liabilities	391,297	412,058	5.3%
Net Assets			
Capital Assets	813,416	759,314	-6.7%
Unrestricted	<u>53,350</u>	<u>75,489</u>	41.5%
Total Net Assets	\$ 866,766	\$ 834,803	-3.7%

The decrease in Total Net Assets from FY 2011 to FY 2012 is largely due to the disposition and depreciation of capital assets in FY 2012.

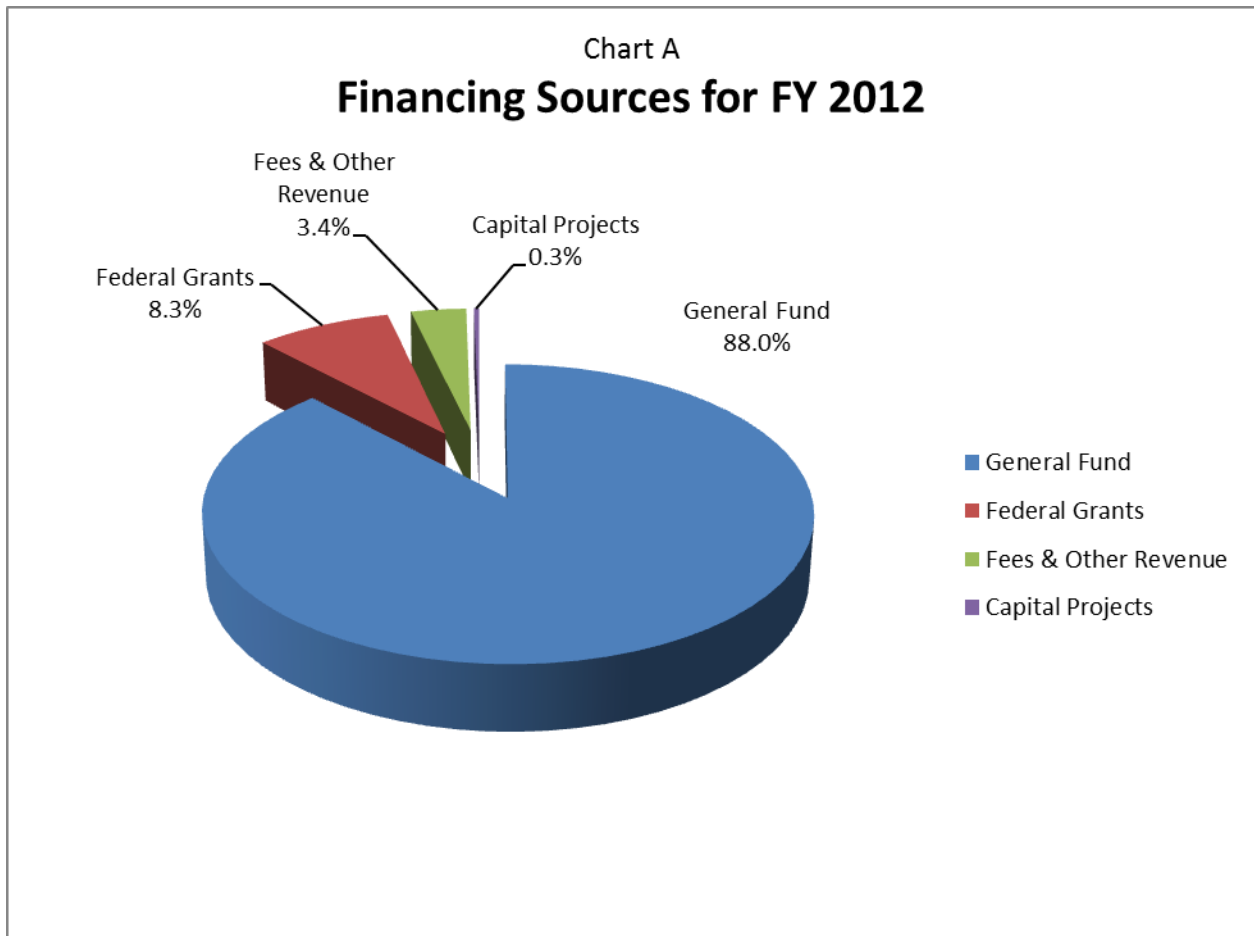
The Long Term Liabilities are related to compensated absences. GASB34 requires a disclosure of compensated absences as a liability on the Balance Sheet. The Court does not carry forward a fund balance for future year expenditures but returns unspent appropriations to the General Fund.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

Management's Discussion and Analysis
Unaudited
June 30, 2012

FINANCING SOURCES

As previously stated, the District Court serves as an umbrella organization for the administration of many different activities. Viewed as a whole, the Court is one program. Financing sources for the program for FY 2012 are as follows: State General Fund appropriations \$5,537,607, Federal Grants \$521,445, Fees and Other Revenues \$212,749 and Capital Project Fund \$19,938, for a total revenue of \$6,291,739 (adjusted for reversions of \$3,160). Chart A below provides a graphic presentation of financing sources for FY 2012.

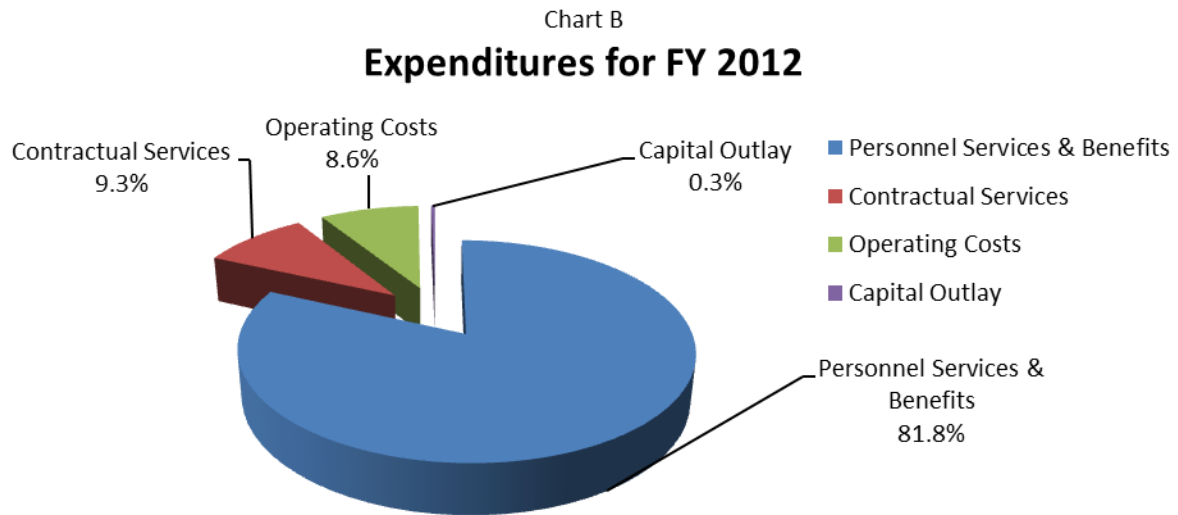


STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

Management's Discussion and Analysis
Unaudited
June 30, 2012

EXPENSES

The Court's total expenditure for FY 2012 was \$6,277,854 with the following components: Personnel Services & Benefits \$5,134,345 or 81.8% of the total, Contractual Services \$583,024 or 9.3% of the total, Operating Cost \$540,546 or 8.6% of the total, and with Capital Outlay accounting for \$19,938 or 0.3% of the total. Chart B below illustrates expenditures for FY 2012.



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

Management's Discussion and Analysis
Unaudited
June 30, 2012

Table B is a summary of page 21 of the FY 2012 Financial Statements and provides an explanation of the Court's changes in net assets. A comparison is furnished for June 30, 2011 and June 30, 2012.

Table B
CHANGE IN NET ASSETS

	<u>2011</u>	<u>2012</u>	<u>Change in Net Assets</u>
State General Fund	5,642,100	5,538,850	-1.8%
State Severance Tax Bonds	47,892		-100.0%
Federal Grants	577,144	541,033	-6.3%
Gain (Loss) Sale of Capital Assets	-	(15,444)	
	<u>6,267,136</u>	<u>6,064,439</u>	<u>-3.2%</u>
Administrative services	5,917,915	6,001,379	1.4%
Depreciation expense	141,478	95,023	-32.8%
Total Expenses	<u>6,059,393</u>	<u>6,096,402</u>	<u>0.6%</u>
Change in Net Assets	207,743	(31,963)	-115.4%
Net Assets - Beginning	<u>659,023</u>	<u>866,766</u>	<u>31.5%</u>
Net Assets - Ending	<u><u>866,766</u></u>	<u><u>834,803</u></u>	<u><u>-3.7%</u></u>

The decrease in total net assets is attributable to fewer purchases made for capital expenditure items in FY 2012, and disposition of items no longer needed.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

Management's Discussion and Analysis
Unaudited
June 30, 2012

BUDGETARY COMPARISONS

Table C below provides a summary of budget to actual comparisons for the activity in the three major funds for FY 2012. All funding sources, General Funds, Federal Funds, and Other Revenue sources are included in the analysis. An explanation of the major variances follows.

Table C
Budget to Actuals

	Original Budget	Final Budget	Actual	Variance
Revenues: (Including State Appropriation)	6,264,800	6,292,846	6,280,530	12,316
Expenditures:				
Personnel Services & Benefits	5,215,500	5,134,500	5,134,345	155
Contractual Services	675,900	617,268	583,396	33,872
Operating Costs	373,400	541,078	540,175	903
Total Expenditures	<u>6,264,800</u>	<u>6,292,846</u>	<u>6,257,916</u>	<u>34,930</u>

The variance in actual revenue received over final budget was the result of several elements. In Court Regular, we received \$2,268 more than budgeted for Copy fees. In Drug Courts, we did not collect Drug Court fees in the amount of \$14,824 of the budget amount, and we did not expend \$9432 of the fund balance. In Mediation, we collected \$21,673 in excess of budget, and did not expend \$12,000 of the fund balance. The variance for Copy Fees will revert to the state General Fund, the fund balances amounts that were not expended for Drug Courts and Mediation will return to the non-reverting fund balance, and the excess revenues received for Mediation will return to the non-reverting fund balance.

The variance in actual expenditures over the final budget was the result of changes in Personnel Services & Benefits was related to actual expended costs being less than the projected amounts. In Contractual Services, there was an operating variance in Court regular of \$206; in Drug Courts, we did not expend the amount related to uncollected drug court fees of \$14,824, the amount of \$9,432 from the Drug Court fund balance, \$9,460 for Mediation. In the Operating Costs, the actual expended costs were less than projected amounts.

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

Management's Discussion and Analysis
Unaudited
June 30, 2012

CAPITAL ASSET ACTIVITY FOR FY 2012

The requirement of GASB34 includes analysis of capital asset activity. The Eleventh District Court has elected to treat investment in Law Library materials as a historical collection and therefore, the items recognized as cost of operations at the time costs are incurred. Recording these purchases as expenses and maintaining an inventory of volumes gives a meaningful presentation of the value of the District's Law Libraries. The historical collections status is based upon the following criteria:

- The libraries are held for use by the public for educational purposes. Investment in the libraries for public service rather than financial gain.
- The libraries are preserved, maintained, and protected at San Juan Community College and the McKinley County Courthouse.
- Any proceeds that results from the sale of books from the collection will be used to purchase other books for the Law Library.

The following Table D provides a comparison between FY 2011 and FY 2012 of the Court's capital assets:

**Table D
Eleventh District Court's Capital Assets
(Net of Depreciation)**

	FY 2011	FY 2012	
Building Improvements	544,042	499,148	-8.3%
Furniture and Fixtures	179,415	152,560	-15.0%
Equipment	25,019	32,887	31.4%
Automobiles	63,995	48,621	-24.0%
Information Technology/ Software	946	26,099	2658.9%
	<u><u>\$ 813,417</u></u>	<u><u>\$ 759,315</u></u>	<u><u>-6.7%</u></u>

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

Management's Discussion and Analysis
Unaudited
June 30, 2012

LONG-TERM DEBT ACTIVITY

The Court's long-term debt consists of compensated absences that are payable to employees upon separation from service. The total liability accumulated through June 30, 2012 is \$154,130.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, legislators, and creditors with a general overview of the Court's finances and to demonstrate the agency's accountability for the funds it receives. If you have any questions about this report, or need additional information contact:

The Eleventh Judicial District Court
103 S. Oliver Drive
Aztec, NM 87401

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

STATEMENT OF NET ASSETS
June 30, 2012

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Investment in the state treasurer general fund investment pool	\$ 354,245
Intergovernmental receivable	32,016
Prepaid postage	101,286
Non-current:	
Depreciable capital assets, net	<u>759,314</u>
Total assets	<u>\$ 1,246,861</u>
 <u>LIABILITIES</u>	
Accounts payable	\$ 47,436
Accrued salaries and wages	207,332
Accrued compensated absenses	154,130
Due to state - reversion	<u>3,160</u>
Total liabilities	<u>412,058</u>
 <u>NET ASSETS</u>	
Invested in capital assets	759,314
Unrestricted	<u>75,489</u>
Total net assets	<u>\$ 834,803</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:					
Governmental activities:					
Judicial government:					
Personnel services and benefits	\$ 5,134,416	\$ 131,966	\$ 75,000	\$ -	\$ (4,927,450)
Contractual services	583,024	3,999	-	-	(579,025)
Operating costs	495,140	3,396	-	-	(491,744)
Depreciation expense	<u>95,679</u>	<u>656</u>	<u>-</u>	<u>-</u>	<u>(95,023)</u>
Total governmental activities	<u>\$ 6,308,259</u>	<u>\$ 140,017</u>	<u>\$ 75,000</u>	<u>\$ -</u>	<u>(6,093,242)</u>
General revenue:					
					\$ 5,538,850
					541,033
					<u>(15,444)</u>
					6,064,439
					<u>(3,160)</u>
					(31,963)
					<u>866,766</u>
					<u>\$ 834,803</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

	<u>General Fund</u>	<u>Drug Court Grant Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Current assets:				
Investment in the state treasurer general fund investment pool	\$ 218,464	\$ 25,894	\$ 109,887	\$ 354,245
Intergovernmental receivable	27,542	4,474	-	32,016
Prepaid	<u>70,900</u>	<u>30,386</u>	<u>-</u>	<u>101,286</u>
 Total assets	 <u>\$ 316,906</u>	 <u>\$ 60,754</u>	 <u>\$ 109,887</u>	 <u>\$ 487,547</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Current liabilities:				
Accounts payable	\$ 22,069	\$ 22,082	\$ 3,285	\$ 47,436
Accrued liabilities	181,234	26,098	-	207,332
Due to state - Reversion	<u>3,160</u>	<u>-</u>	<u>-</u>	<u>3,160</u>
 Total current liabilities	 206,463	 48,180	 3,285	 257,928
 Fund equity :				
Undesignated	<u>87,318</u>	<u>35,699</u>	<u>106,602</u>	<u>229,619</u>
 Total liabilities and fund balance	 <u>\$ 293,781</u>	 <u>\$ 83,879</u>	 <u>\$ 109,887</u>	 <u>\$ 487,547</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

RECONCILIATION OF THE BALANCE SHEET - ALL
GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

June 30, 2012

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

Net assets - total governmental funds	\$ 229,619
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets	2,022,973
Accumulated depreciation	(1,263,659)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.	
Accrued vacation payable	<u>(154,130)</u>
Net assets of governmental activities	<u>\$ 834,803</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
Year Ended June 30, 2012

	General <u>Fund</u>	Drug Court Grant <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:				
Federal grants	\$ 50,000	\$ 25,000	\$ -	\$ 75,000
Fees	-	-	91,573	91,573
Other revenue	<u>43,268</u>	<u>5,176</u>	<u>-</u>	<u>48,444</u>
 Total revenues	 <u>93,268</u>	 <u>30,176</u>	 <u>91,573</u>	 <u>215,017</u>
 Expenditures:				
Current:				
Judicial government:				
Personnel services and benefits	4,488,695	645,650	-	5,134,345
Contractual services	182,262	331,222	69,540	583,024
Operating costs	309,005	183,235	2,900	495,140
Capital outlay	<u>51</u>	<u>37,032</u>	<u>19,938</u>	<u>57,021</u>
 Total expenditures	 <u>4,980,013</u>	 <u>1,197,139</u>	 <u>92,378</u>	 <u>6,269,530</u>
 Excess (deficiency) of revenues over expenditures	 <u>(4,886,745)</u>	 <u>(1,166,963)</u>	 <u>(805)</u>	 <u>(6,054,513)</u>
 Other financing sources and uses:				
State appropriations - regular	4,416,500	1,122,350	-	5,538,850
State appropriations - compensation	476,095	45,000	19,938	541,033
Reversions - fiscal year	<u>(3,160)</u>	<u>-</u>	<u>-</u>	<u>(3,160)</u>
 Total other financing sources and uses	 <u>4,889,435</u>	 <u>1,167,350</u>	 <u>19,938</u>	 <u>6,076,723</u>
 Net change in fund balance	 2,690	 387	 19,133	 22,210
 Fund balance at beginning of the year	 <u>84,628</u>	 <u>35,312</u>	 <u>87,469</u>	 <u>207,409</u>
 Fund balance at end of the year	 <u>\$ 87,318</u>	 <u>\$ 35,699</u>	 <u>\$ 106,602</u>	 <u>\$ 229,619</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2012

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

Net change in fund balance - total governmental funds	\$	22,210
<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 and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current year</p>		
Capital outlay		57,021
Depreciation		(95,679)
<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 the governmental funds.</p>		
Compensated absences at:		
June 30, 2012		(154,130)
June 30, 2011		154,059
Loss on asset disposal		<u>(15,444)</u>
Change in net assets of governmental activities	\$	<u>(31,963)</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal grants	\$ -	\$ 50,000	\$ 50,000	\$ -
Other revenue	<u>36,000</u>	<u>41,000</u>	<u>43,268</u>	<u>2,268</u>
 Total revenues	 <u>36,000</u>	 <u>91,000</u>	 <u>93,268</u>	 <u>2,268</u>
 Expenditures:				
Current:				
Judicial government:				
Personnel services and benefits	4,458,800	4,488,800	4,488,695	105
Contractual services	208,800	182,468	182,262	206
Operating costs	330,100	312,277	309,005	3,272
Capital outlay:				
Equipment	<u>-</u>	<u>51</u>	<u>51</u>	<u>-</u>
 Total expenditures	 <u>4,997,700</u>	 <u>4,983,596</u>	 <u>4,980,013</u>	 <u>3,583</u>
 Excess (deficiency) of revenues over expenditures	 <u>(4,961,700)</u>	 <u>(4,892,596)</u>	 <u>(4,886,745)</u>	 <u>5,851</u>
 Other financing sources and uses:				
State appropriations - regular	4,416,500	4,416,500	4,416,500	-
State appropriations - compensation	545,200	476,096	476,095	(1)
Reversions - fiscal year	<u>-</u>	<u>-</u>	<u>(3,160)</u>	<u>(3,160)</u>
 Total other financing sources and uses	 <u>4,961,700</u>	 <u>4,892,596</u>	 <u>4,889,435</u>	 <u>(3,161)</u>
 Net change in fund balance	 -	 -	 2,690	 2,690
 Fund balance at beginning of the year	 <u>-</u>	 <u>-</u>	 <u>84,628</u>	 <u>84,628</u>
 Fund balance at end of the year	 <u>\$ -</u>	 <u>\$ -</u>	 87,318	 <u>\$ 87,318</u>
 RECONCILIATION TO GAAP BASIS:				
Change in reversions			<u>-</u>	
			<u>\$ 87,318</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

DRUG COURT GRANT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Federal grants	\$ -	\$ 25,000	\$ 25,000	\$ -
Other revenue	<u>35,000</u>	<u>20,000</u>	<u>5,176</u>	<u>(14,824)</u>
 Total revenues	 <u>35,000</u>	 <u>45,000</u>	 <u>30,176</u>	 <u>(14,824)</u>
 Expenditures:				
Current:				
Judicial government:				
Personnel services and benefits	756,700	645,700	645,650	50
Contractual services	408,100	355,800	331,222	24,578
Operating costs	40,400	188,818	183,235	5,583
Capital outlay:				
Equipment	<u>-</u>	<u>37,032</u>	<u>37,032</u>	<u>-</u>
 Total expenditures	 <u>1,205,200</u>	 <u>1,227,350</u>	 <u>1,197,139</u>	 <u>30,211</u>
Excess (deficiency) of revenues over expenditures	<u>(1,170,200)</u>	<u>(1,182,350)</u>	<u>(1,166,963)</u>	<u>15,387</u>
 Other financing sources:				
State appropriations - regular	1,122,000	1,122,350	1,122,350	-
State appropriations - compensation	<u>48,200</u>	<u>45,000</u>	<u>45,000</u>	<u>-</u>
 Total other financing sources	 <u>1,170,200</u>	 <u>1,167,350</u>	 <u>1,167,350</u>	 <u>-</u>
 Net change in fund balance	 -	 (15,000)	 387	 15,387
Beginning cash balance budgeted	-	15,000	-	(15,000)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>35,312</u>	<u>35,312</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>35,699</u>	<u>\$ 35,699</u>
 RECONCILIATION TO GAAP BASIS:				
Change in reversions			<u>-</u>	
			<u>\$ 35,699</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS
June 30, 2012

ASSETS

Pooled cash and investments	\$ <u>1,260,303</u>
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LIABILITIES

Deposits held for others	\$ <u>1,260,303</u>
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The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

Notes to the Financial Statements
June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The State of New Mexico, Eleventh Judicial District Court (the District Court) operates under Section 34-6-1 through 34-6-3, and 34-6-17 through 34-6-47, NMSA, 1978 Compilation. The Judicial District covers McKinley and San Juan Counties. The District Court is comprised of seven divisions as authorized in the above statutes. The District Court is the state court of general jurisdiction and is authorized to hear and determine all civil and criminal cases not specifically exempted from its jurisdiction. Financing of the court is by state appropriation.

During the 76th fiscal year the district established a domestic relations mediation program pursuant to Section 5 [40-12-5, NMSA 1978 Compilation] of the Domestic Relations Mediation Act. Deposits to the fund shall include payments made through the imposition of a sliding fee scale pursuant to Section 5 [40-12-5, NMSA, 1978 Compilation] of the Domestic Relations Mediation Act and the collection of the surcharge provided for in the Section 6 [40-12-6, NMSA, 1978 Compilation] of that act.

The Eleventh Judicial District Court is a part of the Judicial branch of the State of New Mexico and these financial statements include all funds and activities over which the District Court has oversight responsibility. Oversight responsibility includes such aspects as designation of management, the ability to significantly influence operations, and accountability for fiscal matters. Based upon the application of these criteria, no component units or fiduciary units were included in the financial statements.

The accounting policies of the District Court conform to generally accepted accounting principles (GAAP) as applicable to governments.

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 non-fiduciary activities of the district court. For the most part, the effect of interfund activity has been removed from these statements.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

Notes to the Financial Statements
June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-wide and fund financial statements (continued)

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 for litigation or filing fees of the court, 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. Appropriations and other items not properly included among program revenues are reported instead as general revenues.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide 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. Appropriations are recorded as amounts are received from the State of New Mexico. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

All other revenue items are considered to be measurable and available only when the cash is received by the District Court.

Government Funds

The District Court reports the following major governmental funds:

General Fund – The General Fund is the District Court’s primary operating fund. It accounts for all financial resources of the District Court, except those required to be accounted for in another fund.

Drug Court – The Drug Court is a court-managed intensive treatment program for adults and juveniles non-violent drug and alcohol users. The program is funded by appropriations, grants and fees. The appropriations are reverting, and the grants and fees are non-reverting according to NMSA 1978 Section 34-6-45.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

Notes to the Financial Statements
June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Additionally, the government reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources – which are legally restricted to expenditures for specified purposes.

Capital Projects Funds – Capital Projects Funds are used to account for financial resources to be used for the building improvement renovations and the purchase of equipment.

FIDUCIARY FUNDS

Fiduciary Funds – Fiduciary Funds are used to account for financial resources collected by the District Court pending the resolution of litigation matters assigned to the District Court.

Similar to private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government 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.

Amounts reported as program revenues include 1) charges to litigants or filing fees of the District Court, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Equity

1. Cash and cash equivalents

The District Court's cash and cash equivalents are demand deposits and savings accounts.

2. Intergovernmental receivable

Intergovernmental receivable consists of amounts due from various New Mexico State Agencies.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

Notes to the Financial Statements
June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Equity (continued)

3. Capital assets

Capital assets, which include property, plant, and equipment (software), are reported in the applicable governmental-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Software costs have been included with the cost of computer equipment and are capitalized with that equipment.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest on construction projects has not been capitalized.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Asset category</u>	<u>Years</u>
Building Improvements	20
Furniture and Fixtures	10
Equipment and Machinery	5
Automotive	7
Information Technology Equipment and Software	3

The District Court views the law libraries for San Juan County and McKinley County as historical collections. This determination is based on the following criteria:

- a. The libraries are held for the use by the public for education and research purposes.
- b. The investments in the libraries are for public service rather than financial gain.
- c. The libraries are preserved, maintained, and protected at San Juan Community College and the McKinley County Courthouse.
- d. Any proceeds that result from the sale of books from the collection will be used to purchase other books for the law library.

The District Court expenses the cost related to the law libraries because they are considered to be a historical collection.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

Notes to the Financial Statements
June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Equity (continued)

4. Compensated absences

It is the District Court's policy to permit certain employees to accumulate earned but unused vacation and sick pay benefits. These benefits are accrued when incurred in the government-wide financial statements. Earned sick pay benefits are computed in accordance with State Statutes. Employees who have over 600 hours of accumulated sick leave can receive payment for the hours over 600 hours up to 120 hours on July 1, and January 1 of each year. However, the sick leave will be paid at fifty percent (50%) payment for up to 120 hours, for the hours over 600 hours of accumulated sick leave. Therefore, the only sick leave which has been accrued represents the hours earned at the end of the fiscal year over 600 hours.

5. Reversions to the State of New Mexico

General Fund: Unused state appropriation and revenue accounts revert to the State of New Mexico General Fund at the end of each fiscal year.

Drug Court Special Revenue Fund: Unused State appropriations revert to the State of New Mexico General fund at the end of each fiscal year. Drug Court fees do not revert to the State of New Mexico General Fund and are available for expenditure from year to year.

Mediation Special Revenue Fund: Unused funds do not revert to the State of New Mexico General fund and are available for expenditure from year to year.

Capital Project Fund: Upon completion of the projects for a multi-year plan, unexpended money will revert to the State of New Mexico General fund.

6. Cost of operations not included in statements

San Juan and McKinley counties provide the cost of building space and related expense.

7. Estimates

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

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

Notes to the Financial Statements
June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Equity (continued)

8. Equity

Government-Wide Financial Statements classifications:

1. Invested in capital assets, net of related debt – Consists of capital assets, net of accumulated depreciation, and reduced by any outstanding debt. The District Court has no outstanding debt relating to capital assets.
2. Restricted net assets – Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

Fund Financial Statements

In the fund financial statements, governmental funds report reservations for fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change

9. Encumbrances

The portion of an encumbrance representing goods and services received by the last day of the fiscal year are reclassified as accounts payable. If the legislature provides a new appropriation for a specific encumbrance, it is carried forward to a new appropriation period to be charged against the new budget.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

Notes to the Financial Statements
June 30, 2012

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

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

1. No later than September 1, the Eleventh Judicial District Court submits to the Judicial Budget Office (JBO), the Legislative Finance Committee (LFC), and the Department of Finance and Administration (DFA) an appropriation request for the fiscal year commencing the following July 1. The appropriation request includes proposed expenditures and the means of financing them.
2. Appropriation request hearings are scheduled by the JBO. Recommendations are made by the JBO to the Supreme Court for their approval. The Supreme Court approved appropriation request is then submitted to the Legislature as the Supreme Court's recommended appropriation request for the Eleventh District.
3. Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committees. The final outcomes of these hearings are incorporated into the General Appropriations Act.
4. The Governor of the State of New Mexico, within the legally prescribed time limit, signs the Act into law.
5. The Eleventh District Court submits, no later than May 1, 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. All subsequent budget adjustments must be approved by the JBO and the director of the DFA – Budget Division. The budget was amended in a legal manner for the current year.
6. Legal budget control for expenditure and encumbrances is by category.
7. Formal budgetary integration is employed as a management control device during the fiscal year for the General and Special Revenue Funds.
8. The budget for the General and Special Revenue Funds is adopted on a modified accrual basis of accounting except for payables accrued at the end of the fiscal year that do not get paid by statutory deadlines that must be paid out of the next year's budget.
9. With the exception of the mediation fund, drug court fees, and those amounts encumbered, appropriations lapse at the end of the fiscal year.

The budget for this State Agency is adopted on the modified accrual basis of accounting except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline, that must be paid out of the next year's budget.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

Notes to the Financial Statements
June 30, 2012

III. DETAILED NOTES ON ALL FUNDS

A. Cash and temporary investments

At June 30, 2012, the District Court maintained separate cash accounts for its various funds. These funds are deposited in checking and savings accounts with federally insured banks in San Juan and McKinley Counties. The District Court also maintains an investment account with the New Mexico State Treasurer’s Office, in the State Treasurer General Fund Investment Pool. The bank balances of these accounts are as follows:

	Wells Fargo Bank	Bank of America	Total	Investment in the State Treasurer General Fund Investment Pool
Checking	\$ 868,667	\$ 344,375	\$ 1,213,042	\$ 354,245
Savings	47,261	-	47,261	-
	\$ 915,928	\$ 344,375	\$ 1,260,303	\$ 354,245

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District Court’s deposit may not be returned to it. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping account receipt be issued, to the State of New Mexico for at least one half of the amount on deposit with the institution. The collateralization of the District Court’s accounts is monitored by the State Treasures Office. The State Treasure issues separate financial statements that disclose the collateral pledged to secure deposits.

The Eleventh District Court has provided copies of the referenced diagnostic reports to the Independent Public Accountant. The Court has also explained and provided copies to the Independent Public Accountant what policies and procedures are in place that ensures that cash balances in Statewide Human Resource Accounting and Management Reporting System (SHARE) are correct to the extent that the Court has control (i.e. collections, deposits, reconciling, bank statement validation, and documentation of outstanding reconciling items) of the cash it receipts and transfers to the state general fund and other agencies pursuant to state statute.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

Notes to the Financial Statements
June 30, 2012

III. DETAILED NOTES ON ALL FUNDS(continued)

A. Cash and temporary investments (continued)

The Eleventh District Court has twelve bank accounts, ten of which are fiduciary funds held for others, and the remaining two are deposit only accounts for the State Treasurer's Office (one each for San Juan County and McKinley County). To the extent possible the Court does reconcile all transfers that come into its possession included those receipts that are statutorily mandated to be sent to the state general fund. The cash transactions processed by the Court flow through the state general fund investment pool. Since the SHARE was implemented, the Court recognized the statewide cash reconciliation issue and in response, developed internal reconciliation procedures to ensure that cash receipts and disbursements recorded in the SHARE system are in fact transactions that have been initiated by the Court. The reconciliation occurs each month and any required adjustments are forwarded to the Department of Finance, Financial Control Division for correction. Monthly reconciliation procedures throughout the Fiscal Year include, but are not limited to validation of: allotments, deposits, expenditures, all journal entries, operating transfers, payroll expenditures/liabilities by fund, and review of outstanding warrants within the Court's statewide case management system. The Court reports the timely completion of the reconciliation process to Court management monthly and conducts monthly management budget reviews to ensure that all cash deposits and financial transactions are accurately recorded and posted to SHARE system. This monthly internal reconciliation of cash receipts and disbursements flowing through the Court's share of the state general fund investment pool provides management assurance that the balance reflected in the State General Fund Investment Pool account is accurate as of the end of the reporting period. In addition, the Court reconciles other asset and liability accounts on the Balance Sheet of each fund type. This process also provides additional assurance that transactions affecting the Court's share in the State General Fund Investment Pool account are correct.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

Notes to the Financial Statements
June 30, 2012

III. DETAILED NOTES ON ALL FUNDS(continued)

A. Cash and temporary investments (continued)

At June 30, 2012 the Eleventh Judicial District Court had the following invested in the Schedule of Cash Accounts:

Total Cash per Books:

<u>Wells Fargo Bank</u>		
District Court Trust Fund	Checking	\$ 866,437
First Bank vs Joe Solar	Savings	422
Countywide Funding vs Mohan	Savings	256
D C Tower vs Bolack Minerals	Savings	11,601
First Nationwide vs Estate of Navel	Savings	2,365
Chase Mortgage vs Gary Wilson	Savings	9,656
WMC Mtg. vs Lou Horvat	Savings	3,650
Midfirst Bank vs Tony Williams	Savings	10,219
Mellon Mtg vs James Anderson	Savings	3,867
State Treasurer, District Court	Checking	5,225
State Treasurer, District Court	Checking	<u>2,230</u>
		915,928
 <u>Bank of America</u>		
District Court Trust Fund	Checking	<u>344,375</u>
 Invested in State Treasurers Office:		
General		218,464
Drug Court		25,894
Mediation		109,887
Capital Projects		<u>-</u>
Total		354,245

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

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

Notes to the Financial Statements
June 30, 2012

III. DETAILED NOTES ON ALL FUNDS(continued)

A. Cash and temporary investments (continued)

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

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2012.

B. Intergovernmental receivable

Intergovernmental receivables as of the year end for the government's individual major funds and non-major funds in the aggregate, include the following:

	General
Human Services Department	\$ 27,542
Local Governments	4,474
Due from other governments	\$ 32,016

C. Accrued liabilities

Accrued liabilities as of the year end for the government's individual major funds and non-major funds in the aggregate, include the following:

	General	Drug Court	Total
Accrued payroll	\$ 41,416	\$ 6,383	\$ 47,799
Accrued taxes	48,462	6,049	54,511
Accrued benefits	91,356	13,666	105,022
Accrued liabilities	\$ 181,234	\$ 26,098	\$ 207,332

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

Notes to the Financial Statements
June 30, 2012

III. DETAILED NOTES ON ALL FUNDS (continued)

D. Capital Assets

A summary of changes in capital assets is as follows:

	Balance			Balance
Capital Assets:	<u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2012</u>
Furniture	\$ 406,783	\$ 11,164	\$ 22,821	\$ 395,126
Equipment	398,377	14,538	8,617	404,298
Computers	280,847	31,319	(1,619)	313,785
Improvements	649,540	-	20,532	629,008
Automobiles	<u>280,756</u>	<u>-</u>	<u>-</u>	<u>280,756</u>
Total Capital Assets	<u>2,016,303</u>	<u>57,021</u>	<u>50,351</u>	<u>2,022,973</u>
 Accumulated Depreciation:				
Furniture	(227,367)	(35,922)	(20,722)	(242,567)
Equipment	(367,685)	(6,670)	(2,944)	(371,411)
Computers	(285,576)	(6,165)	(4,055)	(287,686)
Improvements	(105,497)	(31,548)	(7,186)	(129,859)
Automobiles	<u>(216,762)</u>	<u>(15,374)</u>	<u>-</u>	<u>(232,136)</u>
Total Accumulated Depreciation	<u>(1,202,887)</u>	<u>(95,679)</u>	<u>(34,907)</u>	<u>(1,263,659)</u>
Net Capital Assets	<u>\$ 813,416</u>	<u>\$ (38,658)</u>	<u>\$ 15,444</u>	<u>\$ 759,314</u>

The Schedule of Capital Assets Used by Source is from the capital outlay appropriation, and the Schedule of Changes in Capital Assets by Function and Activity would be in the operating activity.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

Notes to the Financial Statements
June 30, 2012

III. DETAILED NOTES ON ALL FUNDS (continued)

E. Changes in long-term debt

During the year ended June 30, 2012, the following changes occurred in compensated absences:

	Balance <u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2011</u>	Current <u>Portion</u>
Compensated Absences:					
Annual Leave	\$ 154,059	\$ 199,812	\$ (199,741)	\$ 154,130	\$ 154,130

The District considers the entire amount of annual leave due within one year from the statement date (current). Compensated absences are generally liquidated by the general fund and the Drug Court Fund.

IV. OTHER INFORMATION

F. Contingencies and Commitments

Risk Management

The District Court is exposed to various risk of loss related to torts, thefts of, destruction of property, errors and omissions, natural disasters, workmen's compensation and unemployment compensation. The District Court Participates in the Risk Management Division of the General Services Department, which is accounted for as an external service fund of the State of New Mexico.

The District Court is not liable for more than the premiums paid. The Risk Management Division response to suits against the State of New Mexico. The Risk Management Division has not provided information on an entity basis that would allow for a reconciliation of charges in the aggregate liabilities for the current and prior fiscal years.

Grants

The District Court receives grants and other forms of reimbursement from various federal and state agencies. These activities are subject to audit by agents of the funding authority, the purpose of which is to ensure compliance with conditions precedent to proving such funds. District Court administration believes that liability, if any, for reimbursement that may arise as the results of audits, would not be material to the financial position of operations of the District Court.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

Notes to the Financial Statements
June 30, 2012

V. OTHER INFORMATION (continued)

G. Retirement Plan – Judges

Plan Description

Substantially all of the District Judges or Justices participate in a public employee retirement system authorized under the Judicial Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employee Retirement Board (PERA) is the administrator of the plan. The plan provides for retirement, 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, New Mexico 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Retirement Eligibility

Eligibility for receiving the monthly benefit equal to the number of years of credited service times a percentage of the final average monthly salary, the thirty-six consecutive months of credited service producing the largest average, is as follows:

- Any age with 25 or more years of credited service; or age 60 or older with 20 or more years of credit service, or
- Age 50 or older with 18 or more years of credited service or
- Age 60 or older with 15 or more years of credited service or
- Age 64 or older with 5 or more years of credited service.

Funding Policy

Judges contribute 10.75% of their salaries to the plan. The District Court remits \$38 for each filing fee paid plus 8.75% of the gross salary into the Judges Retirement Fund. The contribution requirements of the plan members and the District Court are established in Chapter 10, Article 12B NMSA 1978. The requirements may be amended by acts of the legislature. The District Court's contributions to the Judges retirement plan for the years ending June 30, 2012, 2011 and 2010 were \$189,751, \$221,636, and \$233,036 respectively, which equal the amount of the required contributions for each fiscal year.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

Notes to the Financial Statements
June 30, 2012

V. OTHER INFORMATION (continued)

H. Retirement Plan – Employees Other Than Judges

Substantially all of the District Court's full-time employees participate in a public employee retirement system authorized under the Public Employee Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employee Retirement Board (PERA) is the administrator of the plan. The plan provides for retirement, 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, New Mexico 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Retirement Eligibility

Eligibility for receiving the monthly benefit equal to the number of years of credit service times 3.0% of their final average monthly salary, the thirty-six consecutive months of credited service producing the largest average, is as follows:

Any age with 25 or more years of credited service; or age 60 or older with 20 or more years of credit service; or

Age 61 or older with 17 or more years of credited service or
Age 62 or older with 14 or more years of credited service or
Age 63 or older with 11 or more years of credited service or
Age 64 or older with 8 or more years of credited service or
Age 65 or older with 5 or more years of credited service.

Funding Policy

Plan members are required to contribute 10.67% of their gross salary. The District Court is required to contribute 13.34% of the gross covered salary. The contribution requirements of plan members and the District Court are established in 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 years ended June 30, 2012, 2011, and 2010 were \$363,039, \$413,279, and \$457,773, respectively. Which equal the amount of the required contribution for each fiscal year.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

Notes to the Financial Statements
June 30, 2012

V. OTHER INFORMATION (continued)

I. Postretirement health care 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 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 the 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 supplemental 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) authorized 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) is the statutory authority that establishes the required contributions of participating employers and their employee. The statute requires each participating employer to contribute 1.3 percent of each participating employee's annual salary, each participating employee is required to contribute .65 percent of the employee's salary.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

Notes to the Financial Statements
June 30, 2012

V. OTHER INFORMATION (continued)

I. Postretirement health care benefits – State Retiree Health Care Plan(continued)

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.

For District Court’s contributions to the RHCA for the years ended June 30, 2012, 2011, and 2010 were \$72,318, \$65,593, and \$51,584, respectively, which equal the required contributions for each year.

J. Detail of appropriations

The Office of the state Auditor requires the following information on special and severance bond tax appropriations:

<u>Discription</u>	<u>Appropriation Period</u>	<u>Original Appropriation</u>	<u>Expenditures to Date</u>	<u>Unencumbered Balance</u>
Eleventh Judicial District Court Furnishings and Equipment - Aztec	7/1/09 to 6/30/13	\$ 375,000	\$ 375,000	\$ -

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

Notes to the Financial Statements
June 30, 2012

V. OTHER INFORMATION (continued)

K. Inter-agency transfers

The following is a list of inter-agency transfers for the year ended June 30, 2012:

<u>Agency Number</u>	<u>Share Fund Number</u>	<u>Description</u>	<u>In</u>	<u>Out</u>
24100	151000	General Fund Appropriation	\$ 4,416,500	\$ -
24100	151000	Compensation Appropriation	476,095	-
24100	151000	Reversion State General Fund	-	3,160
24100	335000	General Fund Appropriation	1,122,350	-
24100	335000	Compensation Appropriation	45,000	-
24100	526000	Capital Projects	19,938	-
			<u>\$ 6,079,883</u>	<u>\$ 3,160</u>

L. Reversions

The following is a list of reversions for the year ended June 30, 2012:

Reversions for	<u>General</u>	<u>Drug Court</u>
June 30, 2012	<u>\$ 3,160</u>	<u>\$ -</u>

NON-MAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2012

	Special Revenue		
<u>ASSETS</u>	<u>Mediation Grant Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Current assets:			
Investment in the state treasurer general fund investment pool	\$ 109,887	\$ -	\$ 109,887
 <u>LIABILITIES AND FUND BALANCE</u>			
Fund balance:			
Unreserved and reported in:			
Special revenue	106,602	-	106,602
Total fund balance	106,602	-	106,602
Total liabilities and fund balance	\$ 109,887	\$ -	\$ 109,887

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2012

	<u>Special Revenue</u>		
	Mediation Grant <u>Fund</u>	Capital Projects <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
Revenues:			
Fees	\$ 91,573	\$ -	\$ 91,573
 Expenditures:			
Current:			
Judicial government:			
Contractual services	69,540	-	69,540
Operating costs	2,900	-	2,900
Capital outlay	<u>-</u>	<u>19,938</u>	<u>19,938</u>
Total expenditures	<u>72,440</u>	<u>19,938</u>	<u>92,378</u>
 Excess (deficiency) of revenues over expenditures	19,133	(19,938)	(805)
 Other financing sources:			
State appropriations - compensation	<u>-</u>	<u>19,938</u>	<u>19,938</u>
 Net change in fund balance	19,133	-	19,133
 Fund balance at beginning of the year	<u>87,469</u>	<u>-</u>	<u>87,469</u>
 Fund balance at end of the year	<u>\$ 106,602</u>	<u>\$ -</u>	<u>\$ 106,602</u>

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BUDGETARY PRESENTATION
NON-MAJOR SPECIAL REVENUE FUND
CAPITAL PROJECTS FUND

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

MEDIATION GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Fees	\$ 49,900	\$ 69,900	\$ 91,573	\$ 21,673
Expenditures:				
Current:				
Judicial government:				
Contractual services	59,000	79,000	69,540	9,460
Operating costs	<u>2,900</u>	<u>2,900</u>	<u>2,900</u>	<u>-</u>
Total expenditures	<u>61,900</u>	<u>81,900</u>	<u>72,440</u>	<u>9,460</u>
Excess (deficiency) of revenues over expenditures	(12,000)	(12,000)	19,133	31,133
Beginning cash balance budgeted	12,100	12,100	-	(12,100)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>87,469</u>	<u>87,469</u>
Fund balance at end of the year	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 106,602</u>	<u>\$ 106,502</u>

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

CAPITAL PROJECTS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Other revenue	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Operating costs	-	-	-	-
Capital outlay:				
Buildings and improvements	-	-	19,938	(19,938)
Deficiency of revenues over expenditures	-	-	(19,938)	(19,938)
Other financing sources:				
State appropriations - severance bonds	\$ -	\$ -	\$ 19,938	\$ 19,938
Net change in fund balance	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION TO GAAP BASIS:				
Change in modified accrual and budget basis			-	
			<u>\$ -</u>	

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SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
Year Ended June 30, 2012

<u>ASSETS</u>	Account Type	Balance <u>June 30, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance <u>June 30, 2012</u>
<u>Wells Fargo Bank</u>					
District Court Trust Fund	Checking	\$ 910,327	\$ 448,384	\$ 492,274	\$ 866,437
First Bank vs Joe Solar	Savings	422	-	-	422
Countywide Funding vs Mohan	Savings	256	-	-	256
D C Tower vs Bolack Minerals	Savings	11,596	5	-	11,601
First Nationwide vs Estate of Navel	Savings	2,364	1	-	2,365
Chase Mortgage vs Gary Wilson	Savings	9,652	4	-	9,656
WMC Mtg. vs Lou Horvat	Savings	3,648	2	-	3,650
Midfirst Bank vs Tony Williams	Savings	10,215	4	-	10,219
Mellon Mtg vs James Anderson	Savings	3,865	2	-	3,867
State Treasurer, District Court	Checking	35,607	863,104	893,486	5,225
State Treasurer, District Court	Checking	-	114,494	112,264	2,230
		<u>987,952</u>	<u>1,426,000</u>	<u>1,498,024</u>	<u>915,928</u>
 <u>Bank of America</u>					
District Court Trust Fund	Checking	<u>121,757</u>	<u>517,420</u>	<u>294,802</u>	<u>344,375</u>
Pooled cash and investments		<u>\$ 1,109,709</u>	<u>\$ 1,943,420</u>	<u>\$ 1,792,826</u>	<u>\$ 1,260,303</u>
 <u>LIABILITIES</u>					
Due to State Treasurer		\$ 1,067,691	\$ 114,494	\$ 112,264	\$ 1,218,267
Due to Litigants		<u>42,018</u>	<u>1,828,926</u>	<u>1,680,562</u>	<u>42,036</u>
Deposits held for others		<u>\$ 1,109,709</u>	<u>\$ 1,943,420</u>	<u>\$ 1,792,826</u>	<u>\$ 1,260,303</u>

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

SCHEDULE OF PLEDGED COLLATERAL
June 30, 2012

	<u>Wells Fargo Bank</u>	<u>Bank of America</u>	<u>Total Bank</u>
Checking accounts	\$ 868,667	\$ 344,375	\$ 1,213,042
Savings Accounts	<u>47,261</u>	<u>-</u>	<u>47,261</u>
Cash on deposit at June 30, 2012	<u>\$ 915,928</u>	<u>\$ 344,375</u>	<u>\$ 1,260,303</u>
Less FDIC coverage	<u>915,928</u>	<u>-</u>	<u>915,928</u>
Uninsured funds	-	344,375	344,375
50% collateral requirement	<u>-</u>	<u>172,187</u>	<u>172,187</u>
Amount requiring pledged collateral	<u>\$ -</u>	<u>\$ 172,188</u>	<u>\$ 172,188</u>
Pledged collateral	<u>-</u>	<u>172,188</u>	<u>172,188</u>
Excess of pledged collateral	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation to financial statements:			
Total per banks	\$ 915,928	\$ 344,375	\$ 1,260,303
Reconciling items	<u>-</u>	<u>-</u>	<u>-</u>
Total per books	<u>\$ 915,928</u>	<u>\$ 344,375</u>	1,260,303
Cash with NM State Treasurer			<u>354,245</u>
Total			<u>\$ 1,614,548</u>
Total per statement of net assets			\$ 354,245
Total per statement of fiduciary net assets - agency funds			<u>1,260,303</u>
			<u>\$ 1,614,548</u>

Detail of pledged collateral specific to this agency is unavailable because the bank commingles pledged collateral for all state funds it holds. However, the State Treasurer's Office Collateral Bureau monitors pledged collateral for all state funds held by state agencies in such "authorized" bank accounts.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

SCHEDULE OF CASH ACCOUNTS
June 30, 2012

<u>New Mexico State Treasurer</u>		<u>Balance</u> <u>June 30, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2012</u>
Eleventh Judicial District Court	151	\$ 243,736	\$ 4,954,741	\$ 4,980,013	\$ 218,464
Drug Court and Federal Funds	335	84,912	1,138,121	1,197,139	25,894
Capital Projects Account	526	-	19,938	19,938	-
Mediation Account	928	<u>84,924</u>	<u>97,403</u>	<u>72,440</u>	<u>109,887</u>
		<u>\$ 413,572</u>	<u>\$ 6,210,203</u>	<u>\$ 6,269,530</u>	<u>\$ 354,245</u>

**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**

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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 the
Honorable John A Dean Jr. State of New Mexico of
Eleventh Judicial District Court

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue fund, and the combining and individual funds and related budgetary comparisons presented as supplemental information of the Eleventh Judicial District Court, as of and for the year ended June 30, 2012, and have issued our report thereon dated November 28, 2012. 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

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

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 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.

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

Hector H. Balderas, State Auditor, and
Honorable John A Dean Jr. State of New Mexico of
Eleventh Judicial District Court

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eleventh 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 did not disclose 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 the New Mexico State Auditor, New Mexico State Legislature, New Mexico Department of Finance and Administration, management, others within the organization and applicable federal grantors and is not intended to be and should not be used by anyone other than these specified parties.

Keystone Accounting, LLC

November 28, 2012
Farmington, NM

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2012

A. PRIOR YEAR AUDIT FINDINGS

No prior year audit findings.

STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2012

B. CURRENT YEAR AUDIT FINDINGS - FINANCIAL STATEMENTS AUDIT

No current year audit findings.

REQUIRED DISCLOSURE

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STATE OF NEW MEXICO
ELEVENTH JUDICIAL DISTRICT COURT

REQUIRED DISCLOSURE
JUNE 30, 2012

REQUIRED DISCLOSURE

The financial statements were prepared by Keystone Accounting, LLC.

EXIT CONFERENCE

An exit conference was held on December 6, 2012, and the following were in attendance:

State of New Mexico, Eleventh Judicial District Court

John A. Dean Jr.	Chief District Judge
Weldon J. Neff	Court Executive Officer
Roberta Werito-Jones	Financial Administrator

Keystone Accounting, LLC

Terry Ogle, CPA	Partner
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