

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

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COMPREHENSIVE FINANCIAL ANNUAL REPORT  
AND  
SUPPLEMENTAL INFORMATION  
YEAR ENDED JUNE 30, 2013  
WITH  
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS



ACCOUNTING & FINANCIAL  
**SOLUTIONS**  
CERTIFIED PUBLIC ACCOUNTANTS

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# INTRODUCTORY SECTION

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

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Year Ended June 30, 2013

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

OFFICIAL ROSTER  
June 30, 2013

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JUDGES

Honorable William C. Birdsall	District Judge
Honorable Louis DePauli, Jr.	District Judge
Honorable Sandra A. Price	District Judge
Honorable John A. Dean Jr.	Chief Judge
Honorable Grant L. Foutz	District Judge
Honorable Daylene Marsh	District Judge
Honorable Robert A. Aragon	District Judge
Honorable Karen L. Townsend	District Judge

ADMINISTRATION

Weldon Neff	Court Executive Officer
Thomas Maxwell	Deputy Court Executive Officer
Francisca Palochak	Deputy Court Executive Officer
Roberta Werito-Jones	Chief Financial Officer

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FINANCIAL SECTION

FISCAL YEAR 2013

JULY 1, 2012 THROUGH JUNE 30, 2013

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of State of New Mexico, Eleventh Judicial District Court, as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise Eleventh Judicial District Court's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Eleventh Judicial District Court's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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, 2013, 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of State of New Mexico, Eleventh Judicial District Court, as of June 30, 2013, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8-15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Eleventh Judicial District Court's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the other schedules required by 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 10, 2013 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Eleventh Judicial District Court's internal control over financial reporting and compliance.

*Accounting & Financial Solutions, LLC*  
Farmington, NM  
December 10, 2013

MANAGEMENT'S  
DISCUSSION AND ANALYSIS

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STATE OF NEW MEXICO  
ELEVENTH JUDICIAL DISTRICT COURT  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For Fiscal Year Ending June 30, 2013

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, 2013. 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 Appropriation, 88.3% or \$5,730,400. This funding source supports Court Regular and Treatment Court in its entirety and partially funds Drug Court. Other State Appropriations provide \$545,018 or 8.4% 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 \$40,000, a grant from Presbyterian Medical Services for Adult Drug Court in the amount of \$15,000, a grant for Youth Treatment Court from the City of Gallup in the amount of \$50,000, fees collected for Mediation \$58,781, Adult Drug Court \$6,501, and reimbursement for copy cost in Regular Court, \$41,023, for a total of \$211,305 or 3.3% of total funds.

The Court complied with budgetary expenditure guidelines in the following categories: Personnel Services and Benefits \$5,306,837, Contractual Services \$617,244, and Operating Expenses \$545,451. Any remaining uncommitted General Fund Money reverts to the State.

The reversion to the General Appropriation for FY 2013 is \$8,218, consisting of the following elements: Court Regular, \$8,218, which includes operating variances of \$3,195; and Copy Cost Reimbursement revenue collected in excess of budget \$5,023.

#### 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 FY 2013, the District comprised of three locations, one in McKinley County (Gallup) and two in San Juan County (Aztec and Farmington). 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 2013 is 9,051, with 2,074 in McKinley County and 6,977 in San Juan County.

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.

STATE OF NEW MEXICO  
ELEVENTH JUDICIAL DISTRICT COURT  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For Fiscal Year Ending June 30, 2013

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.

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.



STATE OF NEW MEXICO  
ELEVENTH JUDICIAL DISTRICT COURT  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For Fiscal Year Ending June 30, 2013

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net position 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, 2013 the amount of \$867,032.

REPORT THE COURT AS A WHOLE

The Statement of Net position 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.

Table A is a summary of page 18 of the FY 2013 Financial Statements and provides an explanation of the Court's net position. A comparison is furnished for June 30, 2012 and June 30, 2013.

TABLE A  
STATEMENT OF NET POSITION

	<u>2012</u>	<u>2013</u>	<u>Percent Change</u>
Current Assets	487,547	431,856	-11.4%
Capital Assets	759,314	686,908	-9.5%
Total Assets	<u>1,246,861</u>	<u>1,118,764</u>	-10.3%
Current Liabilities	257,928	213,470	-17.2%
Long Term Liabilities	154,130	199,848	29.7%
Total Liabilities	<u>412,058</u>	<u>413,318</u>	0.3%
Net Assets			
Capital Assets	759,314	686,908	-9.5%
Unrestricted	75,489	18,538	-75.4%
Total Net Position	<b>\$ 834,803</b>	<b>\$ 705,446</b>	<b>-15.5%</b>

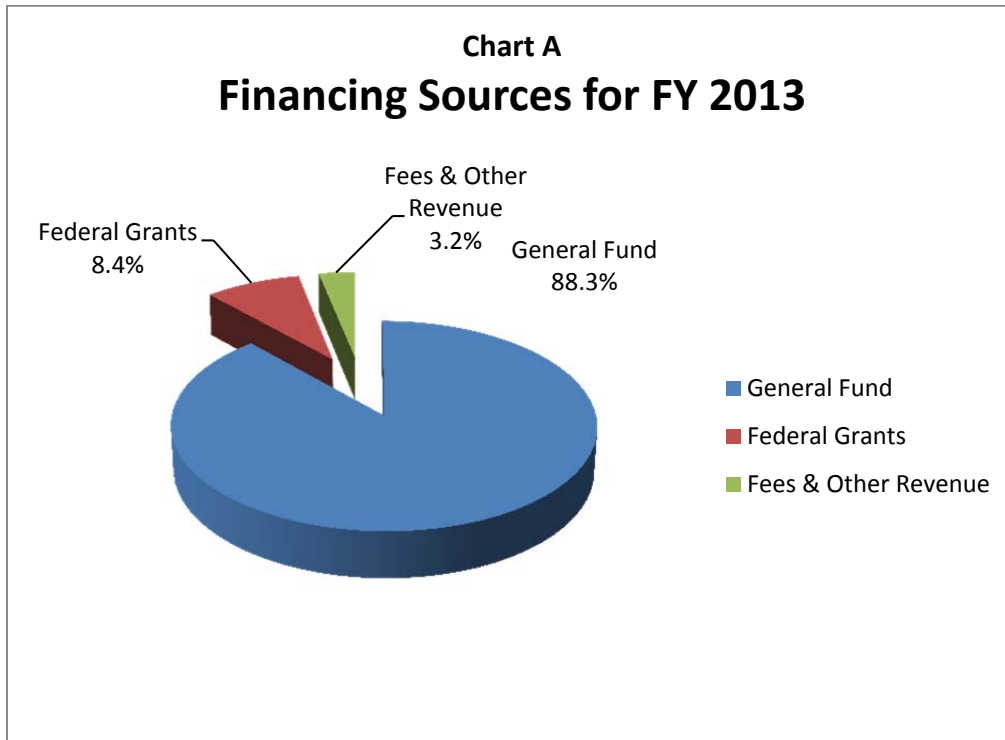
The decrease in Total Net position from FY 2012 to FY 2013 is due to the use of prepaid postage, depreciation of capital assets, and an increase in compensated absences in FY 2013.

STATE OF NEW MEXICO  
ELEVENTH JUDICIAL DISTRICT COURT  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For Fiscal Year Ending June 30, 2013

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.

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 2013 are as follows: State General Fund appropriations \$5,727,205, Federal Grants \$545,018, and Fees and Other Revenues \$206,282, for a total revenue of \$6,478,505 (adjusted for reversions of \$8,218). Chart A below provides a graphic presentation of financing sources for FY 2013.



STATE OF NEW MEXICO  
 ELEVENTH JUDICIAL DISTRICT COURT  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 For Fiscal Year Ending June 30, 2013

EXPENSES

The Court's total expenditure for FY 2013 was \$6,469,532 with the following components: Personnel Services & Benefits \$5,306,837 or 82.0% of the total, Contractual Services \$617,244 or 9.5% of the total, Operating Cost \$545,451 or 8.4% of the total. Chart B below illustrates expenditures for FY 2013.

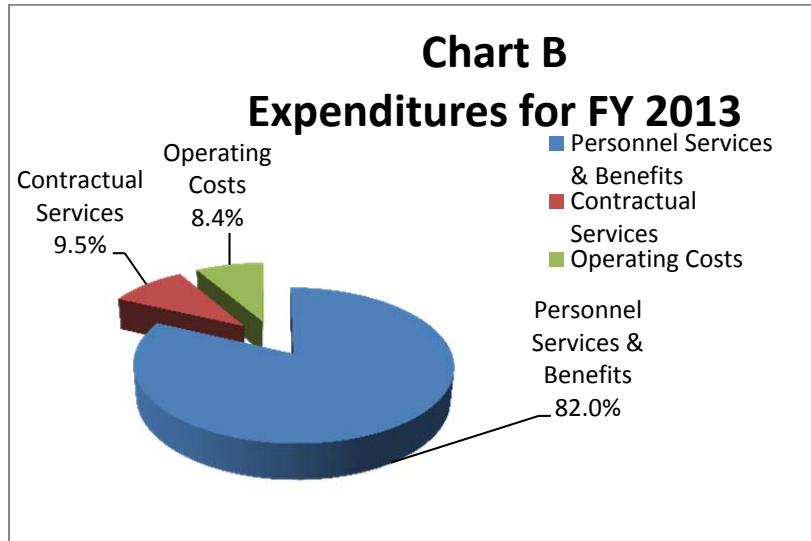


Table B is a summary of page 19 of the FY 2013 Financial Statements and provides an explanation of the Court's changes in net position. A comparison is furnished for June 30, 2012 and June 30, 2013.

Table B  
 CHANGE IN NET POSITION

	2012	2013	Change in Net Position
State General Fund	5,538,850	5,730,400	3.5%
State Severance Tax Bonds	-	-	0.0%
Federal Grants	541,033	545,018	0.7%
Gain (Loss) Sale of Capital Assets	(15,444)		
	6,064,439	6,275,418	3.5%
Administrative services	6,001,379	6,306,291	5.1%
Depreciation expense	95,023	98,484	3.6%
Total Expenses	6,096,402	6,404,775	5.1%
Change in Net Assets	(31,963)	(129,357)	304.7%
Net Position - Beginning	866,766	834,803	-3.7%
Net Position - Ending	834,803	705,446	-15.5%

STATE OF NEW MEXICO  
 ELEVENTH JUDICIAL DISTRICT COURT  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 For Fiscal Year Ending June 30, 2013

The decrease in total net position is attributable to fewer purchases made for capital expenditure items in FY 2013, and related depreciation expense.

BUDGETARY COMPARISONS

Table C below provides a summary of budget to actual comparisons for the activity in the three major funds for FY 2013. 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)	6,374,100	6,483,318	6,486,723	(3,405)
Expenditures:				
Personnel Services & Benefits	5,443,700	5,318,200	5,306,837	11,363
Contractual Services	638,300	638,948	617,244	21,704
Operating Costs	292,100	546,170	545,451	719
Total Expenditures	6,374,100	6,503,318	6,469,532	33,786

The variance in actual revenue received over the final budget was the result of several elements. In Court Regular, \$5,022 for Copy Fees was collected in excess of budget; in Drug Courts, \$1,501 was collected in excess of budget; in Mediation \$8,881 was collected in excess of budget. Fund balance budget in Drug Courts of \$20,000 was not used, and Mediation Fund Balance of \$5,736 was not used. The variance for the Copy Fees will revert to the state General Fund, the balances related to Drug Court and Mediation return are non-reverting.

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, Court Regular \$2,995 and Drug Courts \$8,368. In Contractual Services, the operating variance relates to Drug Courts, we did not expend the amount related to fund balance of \$12,849, and \$8,855 for Mediation. In the Operating Costs, the actual expended costs were less than projected amounts, Court Regular \$200 and Drug Courts \$519.

STATE OF NEW MEXICO  
 ELEVENTH JUDICIAL DISTRICT COURT  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 For Fiscal Year Ending June 30, 2013

CAPITAL ASSET ACTIVITY FOR FY 2013

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 2012 and FY 2013 of the Court's capital assets:

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

	FY 2012	FY 2013	Percent Change
Building Improvements	499,148	467,600	-6.3%
Furniture and Fixtures	152,560	117,705	-22.8%
Equipment	32,887	24,419	-25.7%
Automobiles	48,621	60,738	24.9%
Information Technology/ Software	26,099	16,445	-37.0%
	<b>\$ 759,315</b>	<b>\$ 686,908</b>	<b>-9.5%</b>

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, 2013 is \$199,848.

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

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## BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION  
June 30, 2013

	Governmental <u>Activities</u>
<u>ASSETS</u>	
Investment in the state treasurer general fund investment pool	\$ 311,381
Intergovernmental receivable	39,396
Prepaid postage	81,080
Non-current:	
Depreciable capital assets, net	<u>686,908</u>
Total assets	<u>\$ 1,118,765</u>
<u>LIABILITIES</u>	
Accounts payable	\$ 70,056
Accrued salaries and wages	126,265
Accrued compensated absences	199,848
Due to state - reversion	<u>17,150</u>
Total liabilities	<u>413,319</u>
<u>NET POSITION</u>	
Net investment in capital assets	686,908
Unrestricted	<u>18,538</u>
Total net position	<u>\$ 705,446</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, 2013

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>
<u>Expenses</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	\$ 5,352,555	\$ 113,511	\$ 90,000	\$ -	\$ (5,149,044)
Contractual services	617,244	3,832	-	-	(613,412)
Operating costs	539,578	3,350	-	-	(536,228)
Depreciation expense	<u>98,484</u>	<u>611</u>	<u>-</u>	<u>-</u>	<u>(97,873)</u>
Total governmental activities	<u>\$ 6,607,861</u>	<u>\$ 121,304</u>	<u>\$ 90,000</u>	<u>\$ -</u>	<u>(6,396,557)</u>
			General revenue:		
			State appropriations - regular	\$ 5,730,400	
			State appropriations - compensation	545,018	
			Gain (loss) on sale of capital assets	<u>-</u>	
			Total general revenues	<u>6,275,418</u>	
			Transfers - reversions	<u>(8,218)</u>	
			Change in net position	(129,357)	
			Net position - beginning	<u>834,803</u>	
			Net position - ending	<u>\$ 705,446</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, 2013

	<u>General Fund #151</u>	<u>Drug Court Grant Fund #335</u>	<u>Mediation Grant Fund #928</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Current assets:				
Investment in the state treasurer general fund investment pool	\$ 139,182	\$ 58,412	\$ 113,787	\$ 311,381
Intergovernmental receivable	27,542	11,854	-	39,396
Prepaid	70,900	10,180	-	81,080
Total assets	\$ 237,624	\$ 80,446	\$ 113,787	\$ 431,857
 <u>LIABILITIES AND FUND BALANCE</u>				
Current liabilities:				
Accounts payable	\$ 35,898	\$ 32,709	\$ 1,449	\$ 70,056
Accrued payroll	106,146	20,119	-	126,265
Due to state - Reversion	8,263	8,887	-	17,150
Total current liabilities	150,307	61,715	1,449	213,471
 Fund balance:				
Unrestricted:				
Unassigned	87,317	18,731	112,338	218,386
Total liabilities and fund balance	\$ 237,624	\$ 80,446	\$ 113,787	\$ 431,857

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 POSITION

June 30, 2013

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

Net position - total governmental funds	\$ 218,386
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets	2,049,051
Accumulated depreciation	(1,362,143)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.	
Accrued vacation payable	<u>(199,848)</u>
Net position of governmental activities	<u>\$ 705,446</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, 2013

	General Fund #151	Drug Court Grant Fund #335	Mediation Grant Fund #928	Total Governmental Funds
Revenues:				
Federal grants	\$ -	\$ 90,000	\$ -	\$ 90,000
Fees	-	15,000	58,781	73,781
Other revenue	41,022	6,501	-	47,523
Total revenues	<u>41,022</u>	<u>111,501</u>	<u>58,781</u>	<u>211,304</u>
Expenditures:				
Current:				
Judicial government:				
Personnel services and benefits	4,471,205	835,632	-	5,306,837
Contractual services	90,048	477,051	50,145	617,244
Operating costs	402,770	133,908	2,900	539,578
Capital outlay	-	26,078	-	26,078
Total expenditures	<u>4,964,023</u>	<u>1,472,669</u>	<u>53,045</u>	<u>6,489,737</u>
Excess (deficiency) of revenues over expenditures	<u>(4,923,001)</u>	<u>(1,361,168)</u>	<u>5,736</u>	<u>(6,278,433)</u>
Other financing sources and uses:				
State appropriations - regular	4,458,700	1,271,700	-	5,730,400
State appropriations - compensation	472,518	72,500	-	545,018
Reversions - fiscal year	(8,218)	-	-	(8,218)
Total other financing sources and uses	<u>4,923,000</u>	<u>1,344,200</u>	<u>-</u>	<u>6,267,200</u>
Net change in fund balance	(1)	(16,968)	5,736	(11,233)
Fund balance at beginning of the year	<u>87,318</u>	<u>35,699</u>	<u>106,602</u>	<u>229,619</u>
Fund balance at end of the year	<u>\$ 87,317</u>	<u>\$ 18,731</u>	<u>\$ 112,338</u>	<u>\$ 218,386</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, 2013

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

Net change in fund balance - total governmental funds	\$	(11,233)
<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		26,078
Depreciation		(98,484)
<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>		
<p>Compensated absences at:</p>		
June 30, 2013		(199,848)
June 30, 2012		<u>154,130</u>
Change in net position of governmental activities	\$	<u>(129,357)</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues:				
Other revenue	\$ 36,000	\$ 36,000	\$ 41,022	\$ 5,022
Expenditures:				
Current:				
Judicial government:				
Personnel services and benefits	4,537,700	4,474,200	4,471,205	2,995
Contractual services	174,000	90,048	90,048	-
Operating costs	248,800	402,970	402,770	200
Total expenditures	4,960,500	4,967,218	4,964,023	3,195
Excess (deficiency) of revenues over expenditures	(4,924,500)	(4,931,218)	(4,923,001)	8,217
Other financing sources and uses:				
State appropriations - regular	4,458,700	4,458,700	4,458,700	-
State appropriations - compensation	465,800	472,518	472,518	-
Reversions - fiscal year	-	-	(8,218)	(8,218)
Total other financing sources and uses	4,924,500	4,931,218	4,923,000	(8,218)
Net change in fund balance	-	-	(1)	(1)
Fund balance at beginning of the year	-	-	87,318	87,318
Fund balance at end of the year	\$ -	\$ -	87,317	\$ 87,317
RECONCILIATION TO GAAP BASIS:				
Change in reversions			-	
			\$ 87,317	

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Federal grants	\$ -	\$ 90,000	\$ 90,000	\$ -
Other revenue	35,000	5,000	6,501	1,501
Total revenues	35,000	110,000	111,501	1,501
Expenditures:				
Current:				
Judicial government:				
Personnel services and benefits	906,000	844,000	835,632	8,368
Contractual services	405,300	489,900	477,051	12,849
Operating costs	40,400	140,300	133,908	6,392
Capital outlay:				
Equipment	-	-	26,078	(26,078)
Total expenditures	1,351,700	1,474,200	1,472,669	1,531
Excess (deficiency) of revenues over expenditures	(1,316,700)	(1,364,200)	(1,361,168)	3,032
Other financing sources:				
State appropriations - regular	1,271,700	1,271,700	1,271,700	-
State appropriations - compensation	45,000	72,500	72,500	-
Total other financing sources	1,316,700	1,344,200	1,344,200	-
Net change in fund balance	-	(20,000)	(16,968)	3,032
Beginning cash balance budgeted	-	20,000	-	(20,000)
Fund balance at beginning of the year	-	-	35,699	35,699
Fund balance at end of the year	\$ -	\$ -	18,731	\$ 18,731
RECONCILIATION TO GAAP BASIS:				
Change in reversions			-	
			\$ 18,731	

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

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

**MEDIATION GRANT SPECIAL REVENUE FUND**  
 STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues:				
Fees	\$ 49,900	\$ 49,900	\$ 58,781	\$ 8,881
Expenditures:				
Current:				
Judicial government:				
Contractual services	59,000	59,000	50,145	8,855
Operating costs	2,900	2,900	2,900	-
Total expenditures	61,900	61,900	53,045	8,855
Excess (deficiency) of revenues over expenditures	(12,000)	(12,000)	5,736	17,736
Beginning cash balance budgeted	12,000	12,000	-	(12,000)
Fund balance at beginning of the year	-	-	106,602	106,602
Fund balance at end of the year	\$ -	\$ -	112,338	\$ 112,338
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
			\$ 112,338	

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, 2013

ASSETS

Pooled cash and investments	\$ <u>867,032</u>
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LIABILITIES

Deposits held for others	\$ <u>867,032</u>
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The notes to the financial statements are an integral part of this statement.

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# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

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# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

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## I. SUMMARY OF ALL 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 District Court 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.

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 Eleventh Judicial District Court is not included in any other government "reporting entity" as described in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*.

Generally Accepted Accounting Principles (GAAP) requires that financial statements present the District Court (primary government) and its component units. The District Court has no component units that are required to be presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*.

#### 1. Blended Component Units

The District Court does not have any component units reported as blended component units.

#### 2. Discretely Presented Component Units

The District Court does not have any component units reported as discretely presented component units.

The summary of significant accounting policies of the District Court is presented to assist in the understanding of the District Court's financial statements. The financial statements and notes are the representation of District Court's management who is responsible for their integrity and objectivity. The financial statements of the District Court conform to GAAP as applied to governmental units. 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.

### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District Court. For the most part, the effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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 governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

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## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

During fiscal year 2013, Eleventh Judicial District Court adopted the following GASB Statements:

- GASB 60, Accounting and Financial Reporting for Service Concession Arrangements, improves financial reporting by addressing uses related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. This Statement establishes recognition, measurement, and disclosure requirements for SCAs for both transferors and governmental operators.
- GASB 61, The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34, is effective for the District Court beginning with its year ending June 30, 2013. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity
- GASB 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, is effective for the District Court beginning with its year ending June 30, 2013. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.
- GASB 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position.
- GASB 64, Derivative Instruments: Application of Hedge Accounting Termination Provisions — an Amendment to GASB Statement No. 53, which had no impact on the current year financial statements. The objective of this statement is to enhance comparability and improve financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced.
- GASB 65, Items Previously Reported as Assets and Liabilities, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Other accounting standards that Eleventh Judicial District Court is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 66, Technical Corrections: an amendment to GASB Statements No. 10 and No. 62, resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. This Statement will be effective for the year ended June 30, 2014.
- GASB 67, Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25, establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans. This Statement will be effective for the year ended June 30, 2014.
- GASB 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27, this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. This Statement will be effective for the year ended June 30, 2015.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

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## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (cont'd)

- GASB 69, Government Combinations and Disposals of Government Operations, which had distinguishes between a government merger and a government acquisition and establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This Statement will be effective for the year ended June 30, 2015.
- GASB 70, Accounting and Financial Reporting for Nonexchange Financial, June 30, 2014 the requirements of this Statement will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This Statement will be effective for the year ended June 30, 2014.

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. Property taxes are recognized as revenues, net of estimated refunds and estimated uncollectable amounts, in the year for which they are levied. 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.

The accounts of the Eleventh Judicial District Court are organized on a fund basis, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise assets, liabilities, fund equity, revenues and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purpose for which spending activities are controlled.

The government reports the following major governmental funds:

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

Drug Court Special Revenue Fund – The Drug Court is a court-managed intensive treatment program for adult and juvenile 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.

Mediation Grant Special Revenue Fund – The District Court has 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 Section 6 [40-12-6, NMSA 1978 Compilation] of that act. The Mediation Fund is a non-reverting fund.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

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## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (cont'd)

Additionally, the government reports the following fund types:

Fiduciary Funds – Fiduciary Funds are the agency funds used to account for financial resources collected by the District Court pending the resolution of litigation matters assigned to the District Court. Agency funds for the District Court are as follows:

1. Litigant's Fund – these monies are amounts collected from persons involved in pending litigation. The Court has custody and may invest these monies until 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 Court. These monies are remitted intact to the New Mexico State Treasurer.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, 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. Likewise, general revenues include all taxes.

### D. Assets, Liabilities, and Net Position or Equity

#### 1. *Investment with the state treasurer*

The government's cash and cash equivalents are considered to be demand deposits with the State Treasurer.

#### 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 from/to other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due from/to other funds."

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

#### 3. *Capital assets*

Capital assets, which include property, plant, and equipment (software), are reported in the applicable governmental-wide financial statements. Beginning July 1, 2005, the threshold for defining Capital assets by the government was raised from \$1,000 to 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. The District Court does not develop software for internal use or any other use.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

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## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### D. Assets, Liabilities, and Net Position or Equity (cont'd)

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Improvements	20
Furniture and Fixtures	10
Automobiles	7
Equipment	5
Computers	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.

#### 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.

#### 6. *Cost of operations not included in statement*

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



# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

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## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### D. Assets, Liabilities, and Net Position or Equity (cont'd)

#### 7. *Fund balance*

##### a. Non-Spendable

The non-spendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

##### b. Restricted

Fund balance is reported as restricted when constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

##### c. Committed

Amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action of the District Court's Board of Education should be reported as committed fund balance. The committed amounts cannot be used for any other purpose unless the District Court's Board of Education removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District Court did not have committed fund balances for the year ended June 30, 2013.

##### d. Assigned

Assigned fund balance includes (a) all remaining amounts, except for negative balances, that are reported in governmental funds, other than the general fund, that are not classified as non-spendable and are neither restricted nor committed and amounts in the general fund that are constrained by the District Court's intent to be used for specific purposes, but are neither restricted nor committed. Intent, and removal of, is expressed by the Board of Education or the Finance Committee. The District Court did not have assigned fund balances for the year ended June 30, 2013.

##### e. Unassigned

The remaining fund balance, after all other classifications, within the general fund is reported as unassigned fund balance. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In governmental funds other than the general fund, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, a negative fund balance will be reported as unassigned fund balance.

When committed, assigned, and unassigned resources are available for use, it is the District Court's policy to use committed first followed by assigned and unassigned resources as they are needed.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

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## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### D. Assets, Liabilities, and Net Position or Equity (cont'd)

#### 8. *Net Position*

Net Position are presented on the statement of Net Position and may be presented in any of three components.

##### a. Net investment in capital assets

This component of Net Position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. That portion of the debt is included in restricted for capital projects.

##### b. Restricted Net Position

Net Position is reported as being restricted when the restriction is either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

##### c. Unrestricted Net Position

Unrestricted Net Position consists of Net Position that does not meet the definition of “net investment in capital assets” or “restricted.”

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.

In the governmental environment, Net Position often is designated to indicate that management does not consider them to be available for general operations. In contrast to restricted Net Position, these types of constraints on resources are internal and management can remove or modify them. However, enabling legislation established by the reporting government should not be construed as an internal constraint.

#### 9. *Encumbrances*

Encumbrances follow the modified accrual basis of accounting. Outstanding valid encumbrances are classified as accounts payable if they are normally paid before 30 days after the end of the fiscal year. After this deadline, the agency may still make the expenditure for a prior year accounts payable; however, they must first obtain DFA’s permission to pay prior year bills. “Permission to pay prior year bills” is a penalty under law for not paying bills timely. It penalizes an agency by mandating that they charge an expenditure of one fiscal year to the subsequent fiscal year’s budget.

#### 10. *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.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

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## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### A. Budgetary Information

Budgets for the General, Special Revenue, and Capital Projects are prepared by management and are prepared on the Non-GAAP 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.

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.

### B. Budgetary Violations

The District Court did not have any budgetary violations during the year ended June 30, 2013.

### C. Deficit Fund Equity

There were not any deficit fund balances as of June 30, 2013.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

## III. DETAILED NOTES ON ALL FUNDS

### A. Cash and Temporary Investments

At June 30, 2013, 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	\$ 686,126	\$ 131,322	\$ 817,448	\$ 311,380
Savings	49,584	-	49,584	-
	\$ 735,710	\$ 131,322	\$ 867,032	\$ 311,380

#### 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.

The 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.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

## III. DETAILED NOTES ON ALL FUNDS (cont'd)

### A. Cash and Temporary Investments (cont'd)

At June 30, 2013 the Eleventh Judicial District Court had the following invested in the Schedule of Cash Accounts:

Total Cash per Books:

Wells Fargo Bank

District Court Trust Fund	Checking	\$ 686,126
First Bank vs Joe Solar	Savings	422
Countywide Funding vs Mohan	Savings	256
D C Tower vs Bolack Minerals	Savings	11,605
First Nationwide vs Estate of Navel	Savings	2,366
Chase Mortgage vs Gary Wilson	Savings	9,660
WMC Mtg. vs Lou Horvat	Savings	3,651
Midfirst Bank vs Tony Williams	Savings	10,223
Mellon Mtg vs James Anderson	Savings	3,868
State Treasurer, District Court	Checking	6,077
State Treasurer, District Court	Checking	<u>1,456</u>
		735,710

Bank of America

District Court Trust Fund	Checking	<u>131,322</u>
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Invested in State Treasurers Office

General		139,182
Drug Court		58,412
Mediation		<u>113,787</u>
Total		<u>\$ 311,381</u>

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.

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, 2013.

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

### III. DETAILED NOTES ON ALL FUNDS (cont'd)

#### B. Receivables

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

	<u>General</u>
Human Services Department	\$ 27,542
Reversion receivable	8,887
Local Governments	2,967
Due from other governments	\$ 39,396

An allowance for doubtful accounts has not been established. All receivables are expected to be collectible.

#### C. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets being depreciated:				
Furniture, fixtures, and equipment	\$ 1,113,209	\$ -	\$ -	\$ 1,113,209
Improvements	629,008	-	-	629,008
Automobiles	280,756	26,078	-	306,834
Total capital assets being depreciated	2,022,973	26,078	-	2,049,051
Less accumulated depreciation for:				
Furniture, fixtures, and equipment	(901,664)	(52,976)	-	(954,640)
Buildings and improvements	(129,859)	(31,548)	-	(161,407)
Automobiles	(232,136)	(13,960)	-	(246,096)
Total accumulated depreciation	(1,263,659)	(98,484)	-	(1,362,143)
Total capital assets, net	\$ 759,314	\$ (72,406)	\$ -	\$ 686,908

The Schedule of Capital Assets Used by Source, and the Schedule of Changes in Capital Assets by Function and Activity have not been prepared because the detailed information is unavailable.

#### D. Compensated Absences

Changes in compensated absences – During the year ended June 30, 2013 the following changes occurred in liabilities reported in the general obligation bonds account group:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Compensated absences:					
Compensated vacation	\$ 154,130	\$ 339,937	\$ 294,219	\$ 199,848	\$ 199,848

The liability of compensated absences is liquidated with resources from the general fund and several special revenue funds. The liquidation of bonds payable is done with resources from the debt service fund.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

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## IV. OTHER INFORMATION

### A. Risk Management

The Eleventh Judicial District Court is exposed to various risk of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees or others; or acts of God. The District Court is insured through 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 fund to provide unemployment compensation, tort liability insurance, workman's compensation, and general and property insurance, and attempts to reduce the number of suits against the state and state agencies through the risk management process. The actuarial gains and losses of Risk Management Division were not available and are not included in this report. However, the District Court would not be liable for more than the annual premiums.

### B. Retirement Plan – Judge

#### *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](http://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 serve 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 10.50% of their salaries to the plan. The District Court remits \$38 for each filing fee paid plus 9.00% 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, 2013, 2012 and 2011 were \$206,895, \$189,751, and \$221,636, respectively, which equal the amount of the required contributions for each fiscal year.

### C. Retirement Plan – Employees Other Than Judges

#### *Plan Description*

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

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## IV. OTHER INFORMATION (cont'd)

### C. Retirement Plan – Employees Other Than Judges (cont'd)

#### *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 8.92% of their gross salary. The District Court is required to contribute 15.09% 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, 2013, 2012, and 2011 were \$422,514, \$363,039, and \$413,279, respectively. Which equal the amount of the required contribution for each fiscal year.

### D. Post-Retirement Health Care Benefits

#### *Plan Description*

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

Eligible retirees are:

- 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which 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 supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to:

Retiree Health Care Authority  
4308 Carlisle NE, Suite 104  
Albuquerque, NM 87107



# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

## IV. OTHER INFORMATION (cont'd)

### D. Post-Retirement Health Care Benefits (cont'd)

#### *Funding Policy*

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary.

For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2013, 2012 and 2011 were \$77,294, \$72,318, and \$65,593, respectively, which equal the required contributions for each year.

### E. Inter-Agency Transfers

The following is a list of inter-agency transfers for the year ended June 30, 2013:

<u>Agency Number</u>	<u>Share Fund Number</u>	<u>Description</u>	<u>In</u>	<u>Out</u>
24100	151000	General Fund Appropriation	\$ 4,458,700	\$ -
24100	151000	Compensation Appropriation	472,518	-
24100	151000	Reversion State General Fund	-	8,218
24100	335000	General Fund Appropriation	1,271,700	-
24100	335000	Compensation Appropriation	72,500	-
24100	335000	Reversion State General Fund	-	8,887
			<u>\$ 6,275,418</u>	<u>\$ 17,105</u>

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

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## IV. OTHER INFORMATION (cont'd)

### F. Reversions

The following is a list of reversions for the year ended June 30, 2013:

General - 2013	\$ 8,218
Drug court - 2013	<u>8,887</u>
	<u>\$ 17,105</u>

### G. Subsequent Events

Subsequent events were evaluated through December 10, 2013, which is the date the financial statements were available to be issued.

## OTHER 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, 2013

<u>ASSETS</u>	Account Type	Balance June 30, 2012	Receipts	Disbursements	Balance June 30, 2013
<u>Wells Fargo Bank</u>					
District Court Trust Fund	Checking	\$ 866,437	\$ 322,923	\$ 503,234	\$ 686,126
First Bank vs Joe Solar	Savings	422	-	-	422
Countywide Funding vs Mohan	Savings	256	-	-	256
D C Tower vs Bolack Minerals	Savings	11,601	4	-	11,605
First Nationwide vs Estate of Navel	Savings	2,365	1	-	2,366
Chase Mortgage vs Gary Wilson	Savings	9,656	4	-	9,660
WMC Mtg. vs Lou Horvat	Savings	3,650	1	-	3,651
Midfirst Bank vs Tony Williams	Savings	10,219	4	-	10,223
Mellon Mtg vs James Anderson	Savings	3,867	1	-	3,868
State Treasurer, District Court	Checking	5,225	847,645	846,793	6,077
State Treasurer, District Court	Checking	2,230	114,732	115,506	1,456
		<u>915,928</u>	<u>1,285,315</u>	<u>1,465,533</u>	<u>735,710</u>
 <u>Bank of America</u>					
District Court Trust Fund	Checking	<u>344,375</u>	<u>113,080</u>	<u>326,133</u>	<u>131,322</u>
Pooled cash and investments		<u>\$ 1,260,303</u>	<u>\$ 1,398,395</u>	<u>\$ 1,791,666</u>	<u>\$ 867,032</u>
 <u>LIABILITIES</u>					
Due to State Treasurer		\$ 1,218,267	\$ 114,732	\$ 115,506	\$ 824,981
Due to Litigants		<u>42,036</u>	<u>1,283,663</u>	<u>1,676,160</u>	<u>42,051</u>
Deposits held for others		<u>\$ 1,260,303</u>	<u>\$ 1,398,395</u>	<u>\$ 1,791,666</u>	<u>\$ 867,032</u>

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

SCHEDULE OF PLEDGED COLLATERAL  
 June 30, 2013

	Wells Fargo Bank	Bank of America	Total Bank
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Checking accounts	\$ 687,582	\$ 131,322	\$ 818,904
Savings Accounts	<u>48,128</u>	<u>-</u>	<u>48,128</u>
Cash on deposit at June 30, 2013	735,710	131,322	867,032
Less FDIC coverage	<u>500,000</u>	<u>131,322</u>	<u>631,322</u>
Uninsured funds	<u>\$ 235,710</u>	<u>\$ -</u>	<u>\$ 235,710</u>
50% collateral requirement	\$ 117,855	\$ -	\$ 117,855
Pledged collateral	<u>117,855</u>	<u>-</u>	<u>117,855</u>
Excess of pledged collateral	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation to financial statements:			
Total per banks	\$ 735,710	\$ 131,322	\$ 867,032
Reconciling items	<u>-</u>	<u>-</u>	<u>-</u>
Total per books	<u>\$ 735,710</u>	<u>\$ 131,322</u>	867,032
Cash with NM State Treasurer			<u>311,381</u>
Total			<u>\$ 1,178,413</u>
Total per statement of net assets			\$ 311,381
Total per statement of fiduciary net assets - agency funds			<u>867,032</u>
			<u>\$ 1,178,413</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, 2013

<u>New Mexico State Treasurer</u>		Balance <u>June 30, 2012</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance <u>June 30, 2013</u>
Eleventh Judicial District Court	151	\$ 218,464	\$ 4,884,741	\$ 4,964,023	\$ 139,182
Drug Court and Federal Funds	335	25,894	1,505,187	1,472,669	58,412
Mediation Account	928	<u>109,887</u>	<u>56,945</u>	<u>53,045</u>	<u>113,787</u>
		<u>\$ 354,245</u>	<u>\$ 6,446,873</u>	<u>\$ 6,489,737</u>	<u>\$ 311,381</u>

## GOVERNMENTAL REPORTING SECTION

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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

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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

INDEPENDENT AUDITORS' REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of the Eleventh Judicial District Court as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Eleventh Judicial District Court's basic financial statements, and the combining and individual funds and related budgetary comparisons of Eleventh Judicial District Court, presented as supplemental information, and have issued our report thereon dated December 10, 2013.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Hector H. Balderas, State Auditor  
The Board of Education and  
The Audit Committee 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 disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### Purpose of this Report

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

*Accounting & Financial Solutions, LLC*  
Farmington, NM  
December 10, 2013

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

YEAR ENDED JUNE 30, 2013

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PRIOR YEAR AUDIT FINDINGS

NOT RESOLVED

No audit findings to report.

RESOLVED

No audit findings to report.

## SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2013

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### A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Eleventh Judicial District Court.
2. There were no significant deficiencies disclosed during the audit of the financial statements in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. There were no significant deficiencies considered to be material weaknesses.
3. There were no instances of noncompliance material to the financial statements of Eleventh Judicial District Court disclosed during the audit.

### B. FINDINGS - FINANCIAL STATEMENTS AUDIT

No findings to report.

## REQUIRED DISCLOSURE

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## **REQUIRED DISCLOSURES**

Year Ended June 30, 2013

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### REQUIRED DISCLOSURE

The financial statements were prepared by the independent public accountants.

An exit conference was held December 10, 2013, during which the audit findings were discussed. The exit conference was attended by the following individuals:

### ELEVENTH JUDICIAL DISTRICT COURT

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

### ACCOUNTING & FINANCIAL SOLUTIONS, LLC

Terry Ogle, CPA	Partner
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