

**State of New Mexico
Bernalillo County Metropolitan Court
Financial Statements and Independent Auditor's Report
June 30, 2019**



**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
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June 30, 2019**

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BERNALILLO COUNTY METROPOLITAN COURT
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State of New Mexico
Bernalillo County Metropolitan Court

OFFICIAL ROSTER

June 30, 2019

JUDGES

<u>Name</u>	<u>Title</u>
Honorable Sandra Engel, Chief Judge	Division XI
Honorable Victor E. Valdez	Division I
Honorable Christine E. Rodriguez	Division II
Honorable Renee Torres	Division III
Honorable Courtney B. Weeks	Division IV
Honorable Frank A. Sedillo	Division V
Honorable Maria I. Dominguez	Division VI
Honorable Rosemary Cosgrove-Aguilar	Division VII
Honorable Jill M. Martinez	Division VIII
Honorable Yvette K. Gonzales	Division IX
Honorable Brittany Maldonado Malot	Division X
Honorable Jason M. Jaramillo	Division XII
Honorable Michelle Castillo Dowler	Division XIII
Honorable Vidalia Chavez	Division XIV
Honorable Felicia Blea-Rivera	Division XV
Honorable David A. Murphy	Division XVI
Honorable Henry A. Alaniz	Division XVII
Honorable Rosie Lazcano Allred	Division XVIII
Honorable Linda S. Rogers	Division XIX

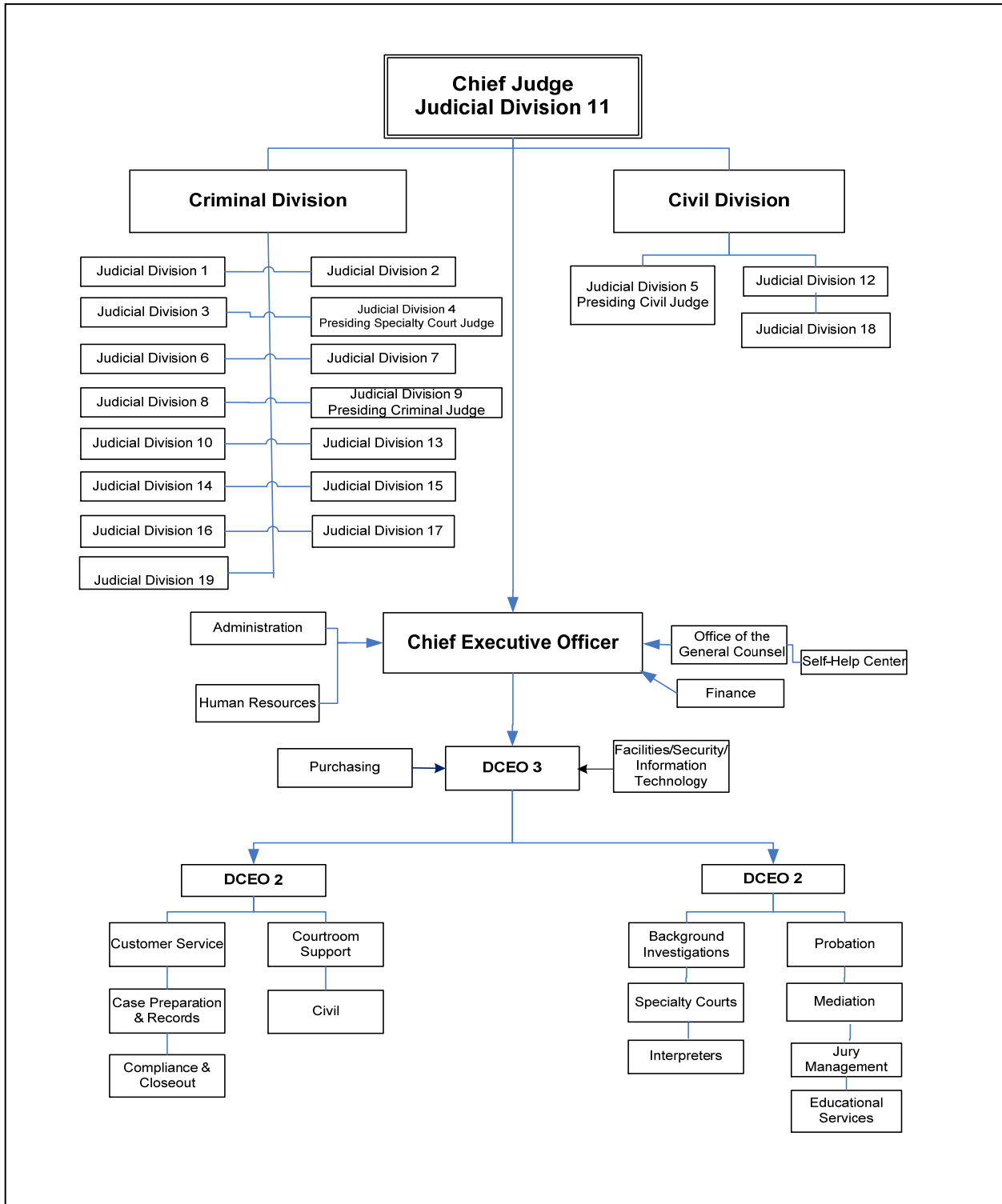
ADMINISTRATIVE OFFICIALS

Robert L. Padilla	Court Executive Officer
Jonathan Ash	Deputy Court Executive Officer 3
Terese Hauge	Deputy Court Executive Officer 2
Rachael I. Monarch	Chief Financial Officer

State of New Mexico
Bernalillo County Metropolitan Court

ORGANIZATIONAL CHART

June 30, 2019



INDEPENDENT AUDITORS' REPORT

Mr. Brian S. Colón, Esq.
New Mexico State Auditor and
Honorable Sandra Engel, Chief Judge
State of New Mexico
Bernalillo County Metropolitan Court

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the fiduciary funds, and the budgetary comparisons for the general fund and major funds of the State of New Mexico Bernalillo County Metropolitan Court (the "Court"), as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 respective budgetary comparisons for the general and major funds of the State of New Mexico Bernalillo County Metropolitan Court as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each fiduciary fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matters

As discussed in Note 1, the financial statements of the Court are intended to present the financial position and changes in financial position of only that portion of the governmental activities, the major funds and budgetary comparison of the State of New Mexico that is attributable to the transactions of the Court. They do not purport to, and do not present fairly the financial position of the State of New Mexico as of June 30, 2019, and the changes in its financial position and budgetary comparison for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Net Pension Liability Disclosure

As discussed in Note 6, the State of New Mexico, as a single employer, follows Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions*, in the June 30, 2019, Comprehensive Annual Financial Report (CAFR). Accordingly, there is no allocation of the proportionate share of the net pension liability to individual agencies or to the Court's financial statements. All other required disclosures and supplementary information required by GASB 68 are included in the State of New Mexico CAFR for the year ended June 30, 2019. Our opinion is not modified with respect to this matter.

Other Post Employment Benefit (OPEB) Disclosure

As discussed in Note 7, the State of New Mexico, as a single employer, follows GASB Statement 75, *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions*, for the year ending June 30, 2019, Comprehensive Annual Financial Report (CAFR). Accordingly, there is no allocation of the proportionate share of the net OPEB liability to individual agencies or to the Court's financial statements. All required disclosures and supplementary information required by GASB 75 are included in the State of New Mexico CAFR for the year ended June 30, 2019. Our opinion is not modified with respect to this matter.

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 4 to 9 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 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.

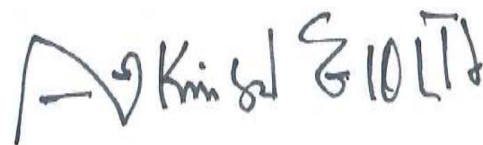
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Court's basic financial statements. The accompanying combining statement of assets and liabilities - all agency funds, and the combining schedule of changes in assets and liabilities - all agency funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining statement of changes in assets and liabilities - all agency funds, and the combining schedule of changes in assets and liabilities - all agency funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued a report dated October 31, 2019, on our consideration of the Court's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Court's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Atkinson & Co., Ltd.", with a stylized initial or mark to the left.

Atkinson & Co., Ltd.

Albuquerque, New Mexico
October 31, 2019

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
Year Ended June 30, 2019**

Overview

The purpose of the Bernalillo County Metropolitan Court's (the "Court") Management's Discussion and Analysis ("MD&A") is to (a) assist the reader in focusing on significant issues related to the Court's annual audit and operations, (b) provide an overview of the Court's financial activity, (c) identify changes in the Court's financial position, (d) identify any material deviations from its approved budget, and (e) identify fund issues, concerns and recent operational performance metrics.

Since the MD&A focuses on the current year's activities and changes, it should be read in conjunction with the Court's financial statements.

Court Case Management, Programs and Financial Highlights

The Bernalillo County Metropolitan Court was created by the New Mexico State Legislature in 1980 by Section 34-8A-14 NMSA 1978. It consolidated the functions of the Albuquerque Municipal Court, Bernalillo County Magistrate Court and Small Claims Court into a single court operation. It is the only Court of its kind in the State of New Mexico. The Court is one of limited jurisdiction which includes misdemeanor crimes that carry a maximum jail term of 364 days and fines of up to \$1,000 and civil cases where the amount of the dispute does not exceed \$10,000. It also conducts felony first appearance hearings and performs civil marriages. The Court was designated as a court of record in 1998 for domestic violence and DWI cases. That means on appeal, the defendant does not get a new trial, but the case record is reviewed by a District Court Judge to determine if legal error was made.

The Court has 19 Judges: 16 in the Criminal Division and three in the Civil Division. Unlike other courts of limited jurisdiction in New Mexico, all the Court's judges are attorneys who are required to be members of the New Mexico State Bar and must have practiced law for a minimum of three years.

The nine-story, 248,294sf courthouse occupies 3.4 acres of grounds with its abutting 348,000sf multilevel parking facility. The parking facility provides space for approximately 900 vehicles, the DI/DWI Schools, state offices and a retail tenant.

Case Filings

As of June 30, 2019, the Court had a total of 65,922 new criminal and civil case filings. The total for each case type was 46,203 criminal cases and 19,719 civil cases.

Collections

The Court collected approximately \$3.63 million in fines and fees during the fiscal year, of which \$3.06 million was distributed to various state and local government agencies. The balance of collected funds, approximately \$.57 million (15.8%), was used by the Court's Warrant Enforcement, Mediation, and In-House Screening funds in accordance to their statutory funding requirements.

Bail Bond Postings

In FY19, 5,673 misdemeanor and felony cash, surety and property bail bonds totaling approximately \$1.4 million were posted at the Court. The Court transferred 565 misdemeanor and felony cash, surety and property bail bonds totaling approximately \$440.3 thousand to district and magistrate courts throughout the state.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED
Year Ended June 30, 2019**

Capital Asset Activity

The Court experienced a decline of \$1,764,238 in the value of its capital assets in FY19. The decrease is almost entirely attributable to annual depreciation and amortization expense exceeding the year's capital asset additions. The Court completed two capital projects during the fiscal year that contributed to the \$1,089,056 in additions. Additionally, the Court had one minor batch that addressed deleting obsolete and broken equipment. A total of \$56,646 in deletions was processed.

Customer Service

Due to the nature of the work, staff of the Customer Service Division come into contact with all areas of the Court. They handle criminal and civil case financial transactions, cash bonds, motion and pleading filings, the scheduling of educational programs, and information regarding community service. In FY19, the Division served 91,254 customers at register stations and answered 75,233 calls from customers through the phone bank.

Financial Statements

Government-Wide Financial Statements

The government-wide financial statements, in their consolidation of all government activities into a single column, are designed to mimic corporate financial statements. The Statement of Net Position, like a corporate balance sheet, lists the Court's assets (both current and non-current) as well as the Court's liabilities as of the end of the fiscal year.

The Statement of Activities, like a corporate income statement, details the Court's revenues for the fiscal year as well as the costs and expenses associated with earning that revenue.

The Government Activities reflect the Court's basic service of collecting and optimizing revenues for its beneficiaries.

Fund Financial Statements

The fund financial statements, whose focus is on major funds rather than fund types, present a more familiar financial picture to users of government financial statements than do the government-wide statements.

The government major fund statements utilize the typical manner in which the financial plan or budget is developed, i.e., on a "sources and uses of liquid resources" basis. The flow and availability of liquid resources is a clear and appropriate focus for an analysis of any governmental agency. Funds are established for various purposes and the financial statement demonstrates respective sources and uses and/or budgetary compliance associated therewith.

The fund financial statements also allow the government to address Court monies which represent trust responsibilities of the government. These assets are restricted in purpose and do not represent discretionary assets of the government. Accordingly, these fiduciary assets are not presented as part of the government-wide financial statements.

Infrastructure Assets

The Court does not own any assets, i.e. roads and bridges that are classified as infrastructure assets.

**STATE OF NEW MEXICO
 BERNALILLO COUNTY METROPOLITAN COURT
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED
 Year Ended June 30, 2019**

Budgetary Comparisons

In addition to the MD&A, GASB 34 requires budgetary comparison schedules for the general fund and for each major special revenue fund. The budgetary comparison schedules should present both the original and the final appropriated budgets for the reporting period, as well as the actual inflows, outflows and balances, stated on the government's budgetary basis.

The Statement of Revenues and Expenditures – Budget and Actual are also presented, pursuant to the requirements of the State Auditor and NMAC 2.2.2. The data therein demonstrates compliance at the approved budget level.

In FY19 the Court's general fund operating budget increased by \$1,090,400 or 4.7% compared to the preceding fiscal year.

In comparison to FY18, revenue within the Warrant Fund increased by \$18,732. Of that amount, \$8,730 was attributed to submission of cases to the Tax Refund Intercept Program revenue in the Mediation Fund revenue. Parking Fund Revenue increased by \$37,591 in comparison to FY18. This increase is attributable to new monthly fleet parking contracts from both the private and public sector. In June of 2019, the Administrative Office of the Courts also began leasing retail space at Metro Park.

Government-Wide Financial Analysis

Statement of Net Position

	Governmental Activities FY 2018	Governmental Activities FY 2019	Total Percentage Change FY 18-19
Current assets	\$ 7,469,073	7,301,136	-2.2%
Capital assets less accumulated Depreciation	48,553,707	46,789,471	-3.6%
Total assets	56,022,780	54,090,607	-3.4%
Liabilities	24,752,143	22,114,457	-10.7%
Net Position			
Net investment in capital assets	25,828,707	26,844,471	3.9%
Restricted	6,159,749	5,754,438	-6.6%
Unrestricted (deficit)	(717,819)	(622,759)	-13.2%
Total net position	\$ 31,270,637	\$31,976,150	2.3%

Capital assets, net of accumulated depreciation, decreased by \$1,764,236. The net investment in capital assets increased by \$1,285,691 and was primarily related to the completion of the 4th floor courtroom and associated construction which included the reclassification of the FY17-18 construction-in-progress balance of \$196,635. It was more than offset by \$2,853,294 of depreciation expense during the same period.

As of June 30, 2019, the Court has future payments on the revenue bonds administered by the New Mexico Finance Authority in the amount of \$23,580,000 bearing interest at a rate of 5.0827% for the Bernalillo County Metropolitan Court and abutting parking structure.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED
Year Ended June 30, 2019**

The Court’s liability for unpaid compensated absences increased to \$852,759 during the year ended June 30, 2019, primarily as a result of a reduction in use and payout of the compensated leave throughout the fiscal year.

Statement of Activities

The following schedule presents the revenues and expenses for fiscal years 2018 and 2019:

	Governmental Activities FY 2018	Governmental Activities FY 2019	Total Percentage Change FY 18-19
Expenses			
Judicial	\$ (29,816,933)	(31,515,899)	5.7%
Program revenues	6,528,762	6,675,450	2.2%
Net (expenses) revenues	(23,288,171)	(24,840,449)	6.7%
General revenues and (expenses)			
General fund appropriation	23,011,800	24,332,200	5.7%
Severance Tax Bond proceeds	180,893	1,222,001	575.5%
Transfers	(9,586)	(8,239)	-14.1%
Total general revenues and transfers	23,183,107	25,545,962	10.2%
Change in net position	(105,064)	705,513	-771.5%
Net position, beginning	31,375,701	31,270,637	-0.3%
Net position, ending	\$ 31,270,637	31,976,150	2.3%

The following schedule presents the final budgeted expenditures for fund 15400 which includes the general fund appropriation and non-federal fund grant awards.

	Final Budget	Actual Expenditures	Favorable Variance
Personal Services & Employee Benefits	\$ 20,992,860	20,932,767	60,093
Contractual Services	2,327,049	2,293,249	33,800
Other Costs	2,507,173	2,488,068	19,105
	\$ 25,827,082	25,714,084	112,998

The Court reverted \$7,783 from unexpended funds in the General Fund. Additionally, the Court reverted \$456 of In-House Screening Fees. The total reverted was \$8,239.

The Court’s Funds

Government Funds

As of June 30, 2019, the special revenue funds (as presented on the balance sheet) reported a restricted fund balance of \$518,975, of which \$346,866 relates to the Warrant Enforcement Fund, \$21,451 to the Parking Facility Fund, and \$150,658 to the Mediation Fund. These fund balances are set aside for future expenditures in the respective areas and may be appropriated in the future. There is a \$230,000 restricted balance from a special appropriation for security system upgrades and improvements.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED
Year Ended June 30, 2019**

Budgetary Highlights

The Bernalillo County Metropolitan Court was appropriated \$23,925,500 of general fund within the Laws of the 2018, Regular Session, Chapter 73, Section 4. The Court also received \$176,700 of supplemental funding for personal services and employee benefits within the Laws of the 2019, First Session, Chapter 271, Section 6.

In FY19, the Court was awarded \$328,549 from the Administrative Office of the Courts / Drug Court Advisory Committee through a memorandum of understanding. The DWI-Drug Court program expended \$202,669 which assisted in the treatment and counseling services to alcohol and drug dependent DWI offenders. The Mental Health Court expended \$95,445 which supported and provided treatment, counseling, and ancillary services to offenders whose mental health issues lead them to repeated contact with the criminal justice system.

The Court received approval for the continuation of two federal grants. The Substance Abuse and Mental Health Administration (SAMHSA) and the Bureau of Justice Assistance (BJA) grants had unused funds from two respective awards from the three previous federal fiscal years to increase the budget and to support the continued efforts of the grant. The court received approval for the no cost extensions for the BJA and SAMHSA grants which will extend the expiration from September 30, 2019, to September 30, 2020.

The Court received a new federal grant award that began September 30, 2018. The Substance Abuse and Mental Health Services Administration (SAMHSA) grant had a budget of \$399,974, which assisted the specialty court programs with staff and clinical services. This grant will expire on September 30, 2023.

Anticipated Changes

The Court's General Fund budget for FY20 is an increase of \$1,167,800, or 4.78%, compared to the FY19 General Fund budget.

The Court received funding to support the Work Improvement Plan (WIP) as well as targeted increases that will continue with the 3 year, 6 year, 10 year, and 15 year compensation range movement for staff. In accordance with Section 8 of the GAA, \$766,500 was budgeted to provide compensation increases (4% for employees and 6% for judges). Also in accordance with Section 8 of the GAA, \$29,500 was budgeted to provide for the state's portion of the PERA increase (.25%). This funding helps the Court remain competitive with the workforce.

The Court received \$328,600 of supplemental funding from the Judiciary's Drug Court Advisory Committee. The Court's DWI Recovery Court program will budget \$228,600 to assist in the treatment and counseling services to alcohol and drug dependent DWI offenders. The Mental Health Court will receive \$100,000 to support the Mental Health Specialty Court that provides treatment, counseling, and appropriate ancillary services to offenders whose mental health issues lead them to repeated contact with the criminal justice system.

A federal fund pass-through grant with the Traffic Safety Bureau for the DWI First Offender Program is negotiated annually. For FY20, the Court was awarded \$200,000. The grant award funds the personal services and employee benefits for three probation staff that are an expansion to the seven general fund program staff. Also, the award includes funds for client of the Drug Testing Program.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED
Year Ended June 30, 2019**

The Court received \$230,000 in a general fund appropriation to complete security upgrades at the Bernalillo County Metropolitan Court. This funding will purchase and install software and hardware upgrades, as well as the configuration and data migration, to the existing security system. The project will be completed in FY20.

Financial Contact

The Court's financial statements are designed to present users with the general overview of the Court's finances and to demonstrate the Court's accountability. If you have questions about the report or need additional financial information, contact the Court's Chief Financial Officer at P.O. Box 133, Albuquerque, New Mexico 87103.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
STATEMENT OF NET POSITION
GOVERNMENT-WIDE
June 30, 2019**

	Governmental Activities
ASSETS	
Current Assets	
Petty cash	\$ 4,475
Interest in State Treasurer General Fund Investment Pool	1,589,481
Accounts receivable, net	77,435
Grants receivable	59,128
Due from local governments	105,154
Restricted cash	5,465,463
Total current assets	<u>7,301,136</u>
Capital Assets	
Capital assets not being depreciated	6,640,478
Capital assets being depreciated	40,148,991
Total capital assets, net of accumulated depreciation	<u>46,789,469</u>
Total assets	<u>54,090,605</u>
LIABILITIES	
Current Liabilities	
Accounts payable	429,519
Accrued payroll and related taxes	867,103
Deposits held for others	1,035
Due to State Treasurer General Fund Investment Pool	19,041
Current portion of revenue bond debt	2,925,000
Compensated absences payable	784,448
Total current liabilities	<u>5,026,146</u>
Long-Term Liabilities	
Long-term portion of compensated absences payable	68,311
Long-term portion of revenue bond debt	17,020,000
Total long-term liabilities	<u>17,088,311</u>
Total liabilities	<u>22,114,457</u>
NET POSITION	
Net investment in capital assets	26,844,469
Restricted debt-service fund	5,235,463
Restricted-special revenue funds	748,975
Unrestricted	(852,757)
Total net position	<u>\$ 31,976,150</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
STATEMENT OF ACTIVITIES
GOVERNMENT-WIDE
For the Year Ended June 30, 2019**

	Expenses	Programs Revenues		Net (Expense)
		Charges of Revenue	Operating Grants	Revenue and Changes in Net Position
				Governmental Activities
GOVERNMENTAL ACTIVITIES				
Judicial	\$ 29,904,167	3,620,119	1,496,968	\$ (24,787,080)
Preventative programs	90,071	-	90,071	-
Warrant Enforcement	458,794	441,351	-	(17,443)
Parking facility operations	492,349	478,127	-	(14,222)
Mediation	119,296	97,592	-	(21,704)
Federal	451,222	-	451,222	-
Total governmental activities	\$ 31,515,899	4,637,189	2,038,261	(24,840,449)
GENERAL REVENUES AND TRANSFERS				
State General Fund appropriation				24,102,200
State General Fund appropriation - capital				230,000
Severance Tax Bond proceeds - capital				1,222,001
Reversion to State General Fund - FY 2019				(8,239)
Total general revenue				25,545,962
Change in net position				705,513
Net position, beginning				31,270,637
Net position, ending				\$ 31,976,150

See Notes to Financial Statements.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019**

	Court Regular General Fund Fund 15400	Warrant Enforcement Fund 69300	Parking Facility Fund 72900	Mediation Fund 93000	Federal Fund 20560	Severance Tax Bond Fund 89200	Debt Service Fund 50540	Capital Fund 93100	Total Governmental Funds
ASSETS									
Current Assets									
Petty cash	\$ 4,475	-	-	-	-	-	-	-	\$ 4,475
Interest in State General Fund Investment Pool	1,070,137	346,635	28,811	143,898	-	-	-	-	1,589,481
Accounts receivable, net	2,620	31,245	35,930	7,640	-	-	-	-	77,435
Grants receivable	-	-	-	-	59,128	-	-	-	59,128
Due from local governments	105,154	-	-	-	-	-	-	-	105,154
Restricted Cash	-	-	-	-	-	-	5,235,463	230,000	5,465,463
Total assets	\$ 1,182,386	377,880	64,741	151,538	59,128	-	5,235,463	230,000	\$ 7,301,136
LIABILITIES									
Current Liabilities									
Accounts payable	\$ 338,143	14,690	42,255	880	33,551	-	-	-	\$ 429,519
Accrued payroll and related taxes	844,243	16,324	-	-	6,536	-	-	-	867,103
Deposits held for others	-	-	1,035	-	-	-	-	-	1,035
Due to State General Fund Investment Pool	-	-	-	-	19,041	-	-	-	19,041
Total liabilities	1,182,386	31,014	43,290	880	59,128	-	-	-	1,316,698
FUND BALANCES									
Nonspendable	4,475	-	-	-	-	-	-	-	4,475
Restricted	-	346,866	21,451	150,658	-	-	5,235,463	230,000	5,984,438
Committed	-	-	-	-	-	-	-	-	-
Unassigned	(4,475)	-	-	-	-	-	-	-	(4,475)
Total fund balances	-	346,866	21,451	150,658	-	-	5,235,463	230,000	5,984,438
Total liabilities and fund balances	\$ 1,182,386	377,880	64,741	151,538	59,128	-	5,235,463	230,000	\$ 7,301,136

See Notes to Financial Statements.

**STATE OF NEW MEXICO
 BERNALILLO COUNTY METROPOLITAN COURT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 June 30, 2019**

Total fund balances - governmental funds \$ 5,984,438

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

Capital assets used in governmental activities are
 not financial resources and therefore not reported in the
 funds. These assets consist of:

Land	\$ 6,640,478
Machinery and equipment	1,998,002
Building and parking facility	79,849,076
Accumulated depreciation	<u>(41,698,087)</u>

Total capital assets, net of accumulated depreciation 46,789,469

Some liabilities are not due and payable in the
 current period and therefore are not reported in
 the governmental funds.

Revenue bond debt with NMFA	(19,945,000)
Compensated absences payable	<u>(852,757)</u>

Net position of governmental activities \$ 31,976,150

See Notes to Financial Statements.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019**

	Court Regular General Fund Fund 15400	Warrant Enforcement Fund 69300	Parking Facility Fund 72900	Mediation Fund 93000	Federal Fund 20560	Severance Tax Bond Fund 89200	Debt Service Fund 50540	Capital Fund 93100	Total Governmental Funds
Revenues									
Fines and fees	\$ 33,084	441,351	478,127	97,590	-	-	3,587,035	-	\$ 4,637,187
AOC Drug Court reimbursement	298,114	-	-	-	-	-	-	-	298,114
Grants and contracts	1,288,925	-	-	-	451,222	-	-	-	1,740,147
Total revenues	1,620,123	441,351	478,127	97,590	451,222	-	3,587,035	-	6,675,448
Expenditures general governmental - judiciary									
Current									
Personal services	14,878,010	257,469	-	73,574	129,572	-	-	-	15,338,625
Employee benefits	6,054,757	104,768	-	33,836	43,741	-	-	-	6,237,102
In-state travel	6,456	-	-	-	16	-	-	-	6,472
Maintenance and repairs	899,362	3,077	71,537	1,900	-	10,244	-	-	986,120
Supplies and materials	447,069	5,424	19,685	875	5,171	141,966	-	-	620,190
Contractual services	2,293,249	67,465	137,843	-	234,864	-	-	-	2,733,421
Operating costs	1,084,501	20,062	87,827	8,895	21,710	2,732	-	-	1,225,727
Other costs	11,197	529	162,503	216	1,525	-	22,725	-	198,695
Out of state travel	25,440	-	-	-	14,623	-	-	-	40,063
Capital outlay	14,043	-	7,954	-	-	1,067,059	-	-	1,089,056
Debt Service	-	-	-	-	-	-	3,916,250	-	3,916,250
Total expenditures	25,714,084	458,794	487,349	119,296	451,222	1,222,001	3,938,975	-	32,391,721
Excess (deficiency) of revenues over expenditures	(24,093,961)	(17,443)	(9,222)	(21,706)	-	(1,222,001)	(351,940)	-	(25,716,273)
Other financing sources (uses)									
State General Fund appropriation	24,102,200	-	-	-	-	-	-	-	24,102,200
State General Fund appropriation - capital	-	-	-	-	-	-	-	230,000	230,000
Severance Tax Bond proceeds	-	-	-	-	-	1,222,001	-	-	1,222,001
Transfer of revenue to Court Facilities Fund	-	-	(5,000)	-	-	-	-	-	(5,000)
Reversion fund balance to RLD	(87,254)	-	-	-	-	-	-	-	(87,254)
Reversion to State General Fund - FY 2019	(8,239)	-	-	-	-	-	-	-	(8,239)
Total other financing sources (uses)	24,006,707	-	(5,000)	-	-	1,222,001	-	230,000	25,453,708
Net change in fund balances	(87,254)	(17,443)	(14,222)	(21,706)	-	-	(351,940)	230,000	(262,565)
Fund balances, beginning	87,254	364,309	35,673	172,364	-	-	5,587,403	-	6,247,003
Fund balances, ending	\$ -	346,866	21,451	150,658	-	-	5,235,463	230,000	\$ 5,984,438

See Notes to Financial Statements.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019**

Net change in fund balances (Statement of Revenues, Expenditures and Changes in Fund Balances)	\$ (262,565)
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Amounts reported for governmental activities in the Statement of Activities are different for the year ended June 30, 2019 because:

In the Statement of Activities, certain operations expenses, compensated absences payable, are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures are measured by the amount of financial resources used (essentially the amounts actually paid). The increase in the liability for the year was:	(47,686)
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Long-term Revenue Bond debt NMFA - principal payments	2,780,000
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The Governmental Funds report capital outlays as expenditures. However, in the Statement of Net Position the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. In the current year, these amounts were:

Capital outlay expenditures which were capitalized	\$ 1,089,056
Depreciation	<u>(2,853,294)</u>
Excess of depreciation over capital outlay	<u>(1,764,238)</u>
Change in net position of government activities (Statement of Activities)	<u>\$ 705,511</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
STATEMENT OF REVENUE AND EXPENDITURES BUDGET AND ACTUAL
MAJOR BUDGETED FUNDS
For the Year Ended June 30, 2019**

	General Fund (SHARE 15400)			
	Revenue Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
General Appropriation				
Revenue				
Charges for services	\$ 46,000	46,000	33,084	\$ (12,916)
Grants	135,000	135,000	90,071	(44,929)
Other	1,499,500	1,543,882	1,496,968	(46,914)
Total revenue	1,680,500	1,724,882	1,620,123	(104,759)
Expenditures				
Personal services/employee benefits	20,680,900	20,992,860	20,932,767	60,093
Contractual services	2,129,200	2,327,049	2,293,249	33,800
Other costs	2,795,900	2,507,173	2,488,068	19,105
Total expenditures	25,606,000	25,827,082	25,714,084	112,998
Excess (deficiency) of revenues over expenditures	(23,925,500)	(24,102,200)	(24,093,961)	8,239
Other financing sources (uses)				
State General Fund appropriation	23,925,500	24,102,200	24,102,200	-
Reversions	-	-	(8,239)	(8,239)
Total other financing sources (uses)	23,925,500	24,102,200	24,093,961	(8,239)
Net change in fund balance per statement of revenues, expenditures and changes in fund balance (GAAP basis)	\$ -	-	-	\$ -
Special appropriations--multi year				
Corridor access improvement A151071				
Fund balance	\$ 87,254	87,254	87,254	\$ -
Reversion	87,254	87,254	87,254	-
Net change in fund balance	-	-	-	-
Net change in fund balance	\$ -	-	-	\$ -

See Notes to Financial Statements.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
STATEMENT OF REVENUE AND EXPENDITURES BUDGET AND ACTUAL
MAJOR BUDGETED FUNDS – CONTINUED
For the Year Ended June 30, 2019**

	Federal Fund (SHARE 20560)			Variance Favorable (Unfavorable)
	Original Budget	Approved Revised Budget	Actual	
Revenue				
Local governments	\$ -	-	-	\$ -
Charges for services	-	-	-	-
Grants	469,100	869,074	451,222	(417,852)
Other	-	-	-	-
Total revenue	469,100	869,074	451,222	(417,852)
Expenditures				
Current				
Personal services/employee benefits	174,200	318,324	173,313	145,011
Contractual services	226,700	440,644	234,864	205,780
Other costs	68,200	110,106	43,045	67,061
Total expenditures	469,100	869,074	451,222	417,852
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing sources (uses)				
State General Fund appropriation	-	-	-	-
Transfer to Court Facilities Fund	-	-	-	-
Other financing issues	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Cash balance required to balance budget	-	-	-	-
Net change in fund balance per statement of revenues, expenditures and changes in fund balance (GAAP basis)	\$ -	-	-	\$ -

See Notes to Financial Statements.

STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
STATEMENT OF REVENUE AND EXPENDITURES BUDGET AND ACTUAL
MAJOR BUDGETED FUNDS – CONTINUED
For the Year Ended June 30, 2019

	Warrant Enforcement Fund (SHARE 69300)			
	Revenue Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenue				
Local governments	\$ -	-	-	\$ -
Charges for services	477,400	477,400	441,351	(36,049)
Grants	-	-	-	-
Other	-	-	-	-
Total revenue	477,400	477,400	441,351	(36,049)
Expenditures				
Current				
Personal services/employee benefits	412,200	377,200	362,237	14,963
Contractual services	36,000	71,000	67,465	3,535
Other costs	29,200	29,200	29,092	108
Total expenditures	477,400	477,400	458,794	18,606
Excess (deficiency) of revenues over expenditures	-	-	(17,443)	(17,443)
Other financing sources (uses)				
State General Fund appropriation	-	-	-	-
Transfer to Court Facilities Fund	-	-	-	-
Other financing issues	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Cash balance required to balance budget	-	-	-	-
Net change in fund balance per statement of revenues, expenditures and changes in fund balance (GAAP basis)	\$ -	-	(17,443)	\$ (17,443)

See Notes to Financial Statements.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
STATEMENT OF REVENUE AND EXPENDITURES BUDGET AND ACTUAL
MAJOR BUDGETED FUNDS – CONTINUED
For the Year Ended June 30, 2019**

	Parking Facility Fund (SHARE 72900)			
	Revenue Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenue				
Local governments	\$ -	-	-	\$ -
Charges for services	526,100	526,100	478,127	(47,973)
Grants	-	-	-	-
Other	-	-	-	-
Total revenue	526,100	526,100	478,127	(47,973)
Expenditures				
Current				
Personal services/employee benefits	-	-	-	-
Contractual services	375,300	158,300	137,843	20,457
Other costs	145,800	362,800	349,506	13,294
Total expenditures	521,100	521,100	487,349	33,751
Excess (deficiency) of revenues over expenditures	5,000	5,000	(9,222)	(14,222)
Other financing sources (uses)				
State General Fund appropriation	-	-	-	-
Transfer to Court Facilities Fund	(5,000)	(5,000)	(5,000)	-
Other financing issues	-	-	-	-
Total other financing sources (uses)	(5,000)	(5,000)	(5,000)	-
Cash balance required to balance budget	-	-	14,222	14,222
Net change in fund balance per statement of revenues, expenditures and changes in fund balance (GAAP basis)	\$ -	-	(14,222)	\$ (14,222)

See Notes to Financial Statements.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
STATEMENT OF REVENUE AND EXPENDITURES BUDGET AND ACTUAL
MAJOR BUDGETED FUNDS – CONTINUED
For the Year Ended June 30, 2019**

		STB Capital Outlay Fund (89200)					Variance
		Original Budget	Approved Revised Budget	Prior Year Actual	Current Year Actual	Total Since Inception	Favorable (Unfavorable)
venues							
	Severance Tax Bonds	\$ 1,482,525	1,402,894	180,893	1,222,001	1,402,894	-
penditures							
	Contractual services	125,250	80,504	72,240	8,264	80,504	-
	Other costs	1,357,275	1,322,390	108,653	1,213,737	1,322,390	-
	Total expenditures	<u>1,482,525</u>	<u>1,402,894</u>	<u>180,893</u>	<u>1,222,001</u>	<u>1,402,894</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures and other financing uses		<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance beginning					<u>-</u>		
Fund balance carryforward					<u>-</u>		
Appropriation Period	Short Title	Approved Budget	Prior Years	Current Year	Outstanding Encumbrances	Unexpended/ Unencumbered Balance	
FY2017	Courtroom 420 & Chambers	\$ 492,525	180,893	311,632	-	-	
FY2019	Courtroom 420 & West Hallway	910,370	-	910,370	-	-	
		<u>\$ 1,402,895</u>	<u>180,893</u>	<u>1,222,002</u>	<u>-</u>	<u>-</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
STATEMENT OF REVENUE AND EXPENDITURES BUDGET AND ACTUAL
MAJOR BUDGETED FUNDS – CONTINUED
For the Year Ended June 30, 2019**

	Mediation Fund (SHARE 93000)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenue				
Local governments	\$ -	-	-	\$ -
Charges for services	135,600	170,600	97,590	(73,010)
Grants	-	-	-	-
Other	-	-	-	-
Total revenue	135,600	170,600	97,590	(73,010)
Expenditures				
Current				
Personal services/employee benefits	116,300	151,300	107,410	43,890
Contractual services	4,200	4,200	-	4,200
Other costs	15,100	15,100	11,886	3,214
Total expenditures	135,600	170,600	119,296	51,304
Excess (deficiency) of revenues over expenditures	-	-	(21,706)	(21,706)
Other financing sources (uses)				
State General Fund appropriation	-	-	-	-
Transfer to Court Facilities Fund	-	-	-	-
Other financing issues	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Cash balance required to balance budget	-	-	-	-
Net change in fund balance per statement of revenues, expenditures and changes in fund balance (GAAP basis)	\$ -	-	(21,706)	\$ (21,706)

See Notes to Financial Statements.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
STATEMENT OF REVENUE AND EXPENDITURES BUDGET AND ACTUAL
MAJOR BUDGETED FUNDS – CONTINUED
For the Year Ended June 30, 2019**

		GF Capital Outlay Fund (93100)					Variance
		Original	Approved	Prior Year	Current Year	Total Since	Favorable
		Budget	Revised	Actual	Actual	Inception	(Unfavorable)
Revenues							
	General Fund Capital Outlay	\$ 230,000	230,000	-	230,000	230,000	-
Expenditures							
	Contractual services	7,500	7,500	-	-	-	7,500
	Other costs	222,500	222,500	-	-	-	222,500
	Total expenditures	230,000	230,000	-	-	-	230,000
Excess of revenues and other financing sources over expenditures and other financing uses		-	-	-	230,000		
Fund Balance Beginning					-		
Fund Balance Carryforward					<u>230,000</u>		
Appropriation		Approved	Prior	Current	Outstanding	Unexpended/	
Period	Short Title	Budget	Years	Year	Encumbrances	Unencumbered	
						Balance	
FY2019	Security Access Control System	230,000	-	-	-	230,000	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS
June 30, 2019**

	Agency Funds
ASSETS	
Cash on deposit in banks	\$ 489,732
	<u> </u>
Total assets	\$ 489,732
	<u><u> </u></u>
LIABILITIES	
Deposits held for others	\$ 489,732
	<u> </u>
Total liabilities	\$ 489,732
	<u><u> </u></u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2019**

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

Bernalillo County Metropolitan Court (the “Court”) was established by laws of 1979, Chapter 346, Section 13, and effective July 1, 1980. It is a state Metropolitan Court with jurisdiction enumerated in Section 34-8A-1 through 34-8A-13, NMSA, 1978 Compilation. The Judges of the Court appoint a Court Executive Officer who is responsible to the Chief Judge. The Court is an agency of the Judicial Division of state government.

A. Financial Reporting Entity

In evaluating how to define the reporting entity for financial reporting purposes, management has considered all potential component units in the reporting entity by applying the criteria set forth in GAAP. The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Applying these criteria, there are no component units.

B. Basic Financial Statements

The basic financial statements include both government-wide (based on the Court as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. The Court has no business type activities. In the government-wide Statement of Net Position, the governmental activities are presented on a consolidated basis and are reflected on the full accrual, economic resource basis, which incorporates long-term assets, and receivables as well as long-term liabilities and obligations. These statements include the financial activities of the overall government, except for fiduciary activities.

The government-wide Statement of Activities reflects both the gross and net cost per functional category which is otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses by related program revenues, operating and contributions and capital grants and contributions. Eliminations are made to remove the “doubling-up” effect of activity between funds. The Court includes all operating grants and contributions. The program revenues must be directly associated with the function. The Court includes only two functions (judicial services and parking revenue).

The net cost by function is normally covered by general revenue. Historically, the previous model did not summarize or present net cost by function or activity. Since the Court only has one program, it does not employ indirect cost allocation in the financial statements.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
Year Ended June 30, 2019**

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

This government-wide focus is more on the sustainability of the Court as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. When an expense is incurred for purposes which both restricted and unrestricted net positions are available, the Court uses restricted resources, then unrestricted resources. Program revenues include charges for services such as court fines and fees and operating grants related to specific program activities. As to fund financial statements, emphasis is on the major funds of the governmental category.

The governmental funds in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed more appropriate to demonstrate legal and covenant compliance, to demonstrate the source and use of liquid resources and to demonstrate how the Court's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements governmental column, a reconciliation is presented on the page following each statement, which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

The Court's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party or specific purpose and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

The focus is on the Court as a whole and the fund financial statements, including the major individual funds of the governmental category, as well as the fiduciary funds by type.

C. Basis of Presentation

The financial transactions of the Court are recorded in individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, expenditures or expenses and other financing sources or uses. Government resources are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The new model sets forth the minimum criteria (percentage of the assets, liabilities, revenues or expenditures of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

The following fund types are used by the Court:

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
Year Ended June 30, 2019**

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

GOVERNMENTAL FUND TYPES

All governmental fund types are accounted for on a spending or financial flow measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of available spendable resources. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and, accordingly, they are said to present a summary of sources and uses of available spendable resources during a period. Due to its spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

General Fund – The General Fund is the general operating fund of the Court. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is funded primarily by appropriations from the State of New Mexico General Fund. This Fund is reverting. SHARE Fund number is 15400.

Debt Service Fund – The Debt Service Fund is recording all entries related to the long-term liability of the Court's revenue bonds. This Fund is SHARE number 50540. This is a non-reverting fund.

Special Revenue Fund – The Federal Fund is the direct federal grant appropriation operating fund of the Court. It is used to account for all Bureau of Justice and Substance Abuse & Mental Health Services Administration financial awards. This Fund is SHARE number 20560. This is a non-reverting fund.

Special Revenue Fund – The Warrant Enforcement Fund accounts for fees assessed which are appropriated for the primary purpose of employing personnel and purchasing equipment and services to aid in the collection of fines, fees or costs owed to the Court pursuant to Section 34-8A-12, NMSA 1978 Compilation. This fund is included as a major fund at management's discretion. This Fund is non-reverting. This Fund is SHARE number 69300.

Special Revenue Fund – The Metropolitan Parking Facilities Fund administers and manages the Metropolitan Parking Facility adjacent to the Bernalillo County Metropolitan Court in Albuquerque, New Mexico, pursuant to NM State Statute Section 34-8A-14, NMSA 1978 Compilation. This fund is included as a major fund at management's discretion. This Fund is non-reverting. This Fund is SHARE number 72900.

STB Capital Outlay – The Fund accounts for the capital outlay appropriation that the court received with the sale of severance tax bonds. The appropriation is for the design and construction of an additional courtroom, judicial chambers, jury deliberation area, and holding cell. The NM Board of Finance utilizes this fund for all authorized projects and the court received reimbursement requests based on actual expenses. The Fund is SHARE number 89200. This is a non-reverting fund.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
Year Ended June 30, 2019**

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

Special Revenue Fund – The Mediation Fund accounts for monies on deposit with the NM State Treasurer that are appropriated by the NM State Legislature and are received from the collection of a \$5 mediation fee on all civil filings “for the purpose of funding and administering voluntary mediation programs established by Court rule for the efficient disposition of small claims and specified criminal complaints”, pursuant to NM State Statute Section 34-8A-10, NMSA 1978 Compilation. This fund is included as a major fund at management’s discretion. This Fund is non-reverting. The Fund is SHARE number 93000.

General Fund Capital Outlay – The Fund accounts for the capital outlay appropriation the court received during the 2019 Legislative Session. The appropriation is for the purchase and installation of an upgrade to the existing security access control system. The NM Department of Finance and Administration utilizes this fund for all authorized projects and the court received the entire allotment in May of 2019. This is a reverting fund. The Fund is SHARE number 93100.

AGENCY FUNDS

Fiduciary Funds (Agency Funds) are used to account for funds that are disbursed to the State of New Mexico General Fund or directly to state agencies as per state statute. The Court has no budgetary control over these funds and acts solely as an agent. Agency funds are purely custodial (assets equal liabilities) and thus do not involve the measurement of results of operations.

There are several Inactive Funds that are closed and inactive, thus they are not presented in the accompanying financial statements. They are Funds 03700, 89000, 82400, and 96890.

D. Non-Current Governmental Assets/Liabilities

Such information is incorporated into the Governmental column in the government-wide Statement of Net Position.

E. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements and the fiduciary financial statements are presented on an accrual basis of accounting. The governmental funds in the fund financial statements are presented on a modified accrual basis. Under the accrual method of accounting revenues are recognized when earned and expenditures are recognized when incurred.

All governmental funds utilize the modified accrual basis of accounting. Under this method, revenues and other governmental fund financial resource increments are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available to finance expenditures of the current fiscal period; available meaning collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
Year Ended June 30, 2019**

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues from grants that are restricted for specific uses are recognized as revenues and as receivables when the related costs are incurred and any other eligibility criteria are satisfied. Contributions and other monies held by other state and local agencies are recorded as a receivable at the time the money is made available to the specific fund. All other revenues are recognized when they are received and are not susceptible to accrual.

Expenditures are recorded as liabilities when incurred. An exception to this general rule is that accumulated unpaid annual, compensatory and certain sick leave are not accrued as current liabilities but as non-current liabilities. Expenditures charged to federal programs are recorded utilizing the cost principles described by the various funding sources.

In applying the “susceptible to accrual” concept to intergovernmental revenues, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements including time requirements, are met. Resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as advances by the provider and deferred revenue by the recipient. The Court applies restricted resources when both restricted and unrestricted resources are available.

The Court records fine and fee revenue when received in its agency funds as estimating amounts due, but not collected, is not feasible. In the entity wide statements, amounts collected in the agency funds are recorded as receivables.

F. Fund Balance

In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, or unrestricted (committed, assigned, or unassigned). Restricted represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Court. Assigned fund balance is constrained by the Legislature’s and Executive Branch’s intent to be used for specific purposes or in some cases by legislation. See Note 8 for additional information about fund balances. The amount of restricted funds due to enabling legislation was \$518,975 at June 30, 2019.

G. Budgets and Budgetary Accounting

The State Legislature provides annual appropriations to the Court, which lapse at fiscal year-end. Legal compliance is monitored through the establishment of a budget (modified cash-basis) and a financial control system which permits a budget to actual expenditure comparison. Expenditures may not legally exceed appropriations for each budget at the appropriation unit level. Budgeted appropriation unit amounts may be amended upon approval from the Budget Division of the State of New Mexico Department of Finance and Administration within the limitations as specified in the General Appropriations Act. The

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
Year Ended June 30, 2019**

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

budget amounts shown in the financial statements are the final authorized amounts as legally revised during the year.

The debt service fund was not budgeted in the current fiscal year.

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

1. No later than September 1, the Court submits to the Legislative Finance Committee (LFC), and the Budget Division of 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. Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committees. The final outcomes of those hearings are incorporated into the State of New Mexico's General Appropriations Act.
3. The Act is signed into Law by the Governor of the State of New Mexico within the legally prescribed time limit, at which time the approved budget becomes a legally binding document.
4. Not later than May 1, the Court submits to DFA an annual operating budget by appropriation unit and object code 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 budgetary adjustments must be approved by the Director of the DFA-Budget Division and LFC.

5. Legal budget control for expenditures is by category of appropriation unit.
6. Formal budgetary integration was employed as a management control device during the fiscal year for the General Fund and Special Revenue Funds.
7. The budgets for the General Fund and Special Revenue Funds are adopted on the modified accrual basis, which is consistent with accounting principles generally accepted in the United States of America (GAAP), (see General Appropriations Act, Laws of 2018, Chapter 73, Section 3, Subsection K) except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline (Section 6-10-4 NMSA 1978) that must be paid out of the next year's budget. A reconciliation of budgetary basis GAAP basis will be necessary if any accounts payable at the end of the fiscal year are not paid by the statutory deadline.
8. Except for one multi-year capital appropriation, all remaining appropriations lapse at the end of the fiscal year. The Court General Fund reverts to the State General Fund, but the Mediation, Parking and Warrant Enforcement are non-reverting funds.

**STATE OF NEW MEXICO
 BERNALILLO COUNTY METROPOLITAN COURT
 NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
 Year Ended June 30, 2019**

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Compensated Absences

Qualified employees accumulate annual leave as follows:

Years of Service	Hours Earned Per Pay Period	Hours of Maximum Accrual
1 month – 3 years	4.62	240
Over 3-7 years	5.54	240
Over 7-14 years	6.46	240
Over 14 years/beyond	7.39	240

Two hundred forty (240) hours of accrued annual leave may be carried forward into the beginning of the next calendar year, and any excess is forfeited. When employees terminate, they are compensated for accumulated annual leave as of the date of termination, up to a maximum of two hundred forty (240) hours.

Employees who have over 600 hours of accumulated sick leave can receive payment for hours over 600, up to 120 hours, on July 1 or January 1 of each year. However, sick leave is paid at 50% of the employee's regular hourly wage. At retirement, employees can receive 50% payment for up to 400 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 June 30, 2019, over 600 hours. Expenditures for accumulated sick pay for hours under 600 hours will be recognized as employees take such absences.

The accrual for compensated absences is calculated at pay rates in effect at June 30, 2019, and includes direct and incremental salary-related payments such as the employer's share of social security taxes.

Accrued annual leave, compensatory time and vested sick pay are recorded as a current liability in the government-wide financial statements. Compensated absences are typically paid out of the General Fund.

I. Net Position

The government-wide financial statements utilize a net asset presentation. Net Position is categorized as investment in capital assets (net of related debt) and restricted.

Net Investment in Capital Assets – is intended to reflect the portion of net position which is associated with non-liquid, capital assets less outstanding capital asset related debt.

Unrestricted Assets – represent unrestricted liquid assets. The Court allocates expenses to restricted or unrestricted resources based on the budgeted source of funds.

Restricted Assets – are amounts that can only be spent for the specific purpose stipulated by constitution, external resource providers, or through enabling legislation.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
Year Ended June 30, 2019**

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

K. Capital Assets

All capital assets acquired for general governmental purposes are reported as capital outlay expenditures in the fund that finances the asset acquisition and are capitalized in the Statement of Net Position. In accordance with 12-6-10 NMSA 1978, assets are capitalized by the Court if the cost is more than \$5,000. All purchased capital assets are valued at cost. Donated capital assets are valued at their fair market value on the date donated. Software is included in the machinery and equipment category on the statement of net position. The Court has no infrastructure assets. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives on capital assets as follows:

Machinery and equipment	3-7 years
Vehicles	5 years
Software	3-5 years
Furniture and fixtures	10 years
Building and parking facility	30 years

L. Allowance for Doubtful Accounts

Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. An allowance is reported when accounts are proven to be uncollectible. As of June 30, 2019, the Parking Fund had \$36,982 and Fund 15400 had \$105 deemed uncollectible. All other receivables are considered collectible.

M. GASBS 77

GASBS No. 77 concerning tax abatements does not apply to the Court.

NOTE 2. CASH ACCOUNTS AND INTEREST IN STATE TREASURER GENERAL FUND INVESTMENT POOL

The following is a summary of the Court’s interest in the New Mexico State Treasurer General Fund investment pool:

	SHARE Number	Investment Pool Amount
General Fund		
Operating Account	15400	\$ 1,070,137
Special Revenue Funds		
Mediation Fund	93000	143,898
Warrant Enforcement Fund	69300	346,635
Parking Facility Fund	72900	28,811
Treasurer investment pool		<u>\$ 1,589,481</u>

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
Year Ended June 30, 2019**

**NOTE 2. CASH ACCOUNTS AND INTEREST IN STATE TREASURER GENERAL
FUND INVESTMENT POOL (CONTINUED)**

All funds allotted to the Court are held by the New Mexico State Treasurer. There were no reconciling items at year end. Deposits are non-interest bearing. Money deposited with the State Treasurer is pooled and invested by the State Treasurer and are not rated. The State Treasurer deposits public monies with New Mexico financial institutions in denominations which generally are in excess of the \$250,000 in insurance coverage provided by federal agencies. Accordingly, the State Treasurer requires that depository financial institutions provide additional collateral for such investments. The collateral generally is in the form of marketable debt securities and is required in amounts ranging from 50% to 102% of the par value of the investment dependent upon the institution’s operating results and capital. Collateral for the fiscal account is required in amounts equal to 50% of the average investment balance. Separate financial statements of the State Treasurer indicate collateral categories of risk and market value of purchased investments. All collateral is held in third-party safekeeping.

These same requirements apply to the Court’s cash deposits. 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.

The following is a listing of the Court's deposits of public monies grouped by depository financial institution as of June 30, 2019:

	Bank Account Type	Bank Amount
Wells Fargo Bank		
Fiscal & Trust (Fees and Bail Bonds)	Checking	\$ 487,427
Parking Facility	Checking	<u>7,361</u>
Total demand deposits		494,788
FDIC coverage		<u>250,000</u>
Uninsured balance		<u>\$ 244,788</u>

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Court’s deposit may not be returned to it. As of June 30, 2019, the Court’s noninterest deposits with Wells Fargo were insured up to \$250,000 by the FDIC:

Insured	\$ 250,000
Collateralized:	
Collateral held by the Court or in the Court’s name	244,788
Uninsured and uncollateralized	<u>-</u>
Total deposits	<u>\$ 494,788</u>

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
Year Ended June 30, 2019**

**NOTE 2. CASH ACCOUNTS AND INTEREST IN STATE TREASURER GENERAL
FUND INVESTMENT POOL (CONTINUED)**

Reconciled amount of cash by fund per financial statements at June 30, 2019, is as follows:

Fiduciary Funds	
Wells Fargo checking accounts	\$ 494,788
Outstanding checks and other reconciling items - net	<u>(44,933)</u>
Cash per financial statements	<u>\$ 449,855</u>

Interest in the General Fund Investment Pool

State law (Section 8-6-3 NMSA 1978) requires the Court’s cash be managed by the New Mexico State Treasurer's Office. Accordingly, the investments of the Court consist of an interest in the General Fund Investment Pool managed by the New Mexico State Treasurer's Office.

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, 2019.

Restricted cash held by New Mexico Finance Authority

In accordance with the requirements of the revenue bonds administered by the New Mexico Finance Authority (NMFA), the Court has restricted cash with NMFA in their trust account. As of June 30, 2019, the balance was \$5,235,463. Additional restricted cash of \$230,000 is held in the Capital Fund.

NOTE 3. ACCOUNTS RECEIVABLE

Outstanding Judgement

At June 30, 2019, and in prior years, the Court had different classifications of fines and fees receivable. For cases not heard yet, standard costs and fines potentially may apply. However, these fines and costs are a matter of judicial discretion and are not considered to be readily determinable until the case is heard. For cases which have been heard, there is a determinable amount which is due. However, the collectability of these amounts is not certain and, in the event of reconsideration or default, may be converted to jail time, community service, waived or reduced, as the Judge determines. Therefore, no fines and fees receivable and no provision for uncollectable fines and fees receivable has been made for outstanding judgments.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
Year Ended June 30, 2019**

NOTE 3. ACCOUNTS RECEIVABLE (CONTINUED)

Accounts Receivable

Accounts Receivable consist of various receivables for services provided among other items. An allowance is reported when accounts are proven to be uncollectible. As of June 30, 2019, the Parking Fund had a deemed uncollectible as did Fund 15400. All other receivables are considered collectible.

NOTE 4. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2019 is as follows:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Court capital assets not being depreciated				
Construction in progress (CIP)	\$ 196,635	-	196,635	-
Land	6,640,478	-	-	6,640,478
	<u>6,837,113</u>	<u>-</u>	<u>-</u>	<u>6,640,478</u>
Court depreciable capital assets				
Machinery, equipment and vehicles	2,009,892	44,756	(56,646)	1,998,002
Building and parking facility	78,608,141	1,044,300	-	79,652,441
Addition of CIP	-	196,635	-	196,635
Total depreciable assets	<u>80,618,033</u>	<u>1,285,691</u>	<u>(56,646)</u>	<u>81,847,078</u>
Accumulated depreciation				
Machinery, equipment and Vehicles	(1,513,804)	(155,463)	56,646	(1,612,621)
Building	<u>(37,387,635)</u>	<u>(2,697,831)</u>	<u>-</u>	<u>(40,085,466)</u>
Accumulated depreciation	<u>(38,901,439)</u>	<u>(2,853,294)</u>	<u>56,646</u>	<u>(41,698,087)</u>
Total capital assets, net of accumulated depreciation	<u>\$ 48,553,707</u>	<u>(1,567,603)</u>	<u>196,635</u>	<u>46,789,469</u>

Depreciation expense for the year ended June 30, 2019, was \$2,853,294 which was all charged to the Judicial function in the Statement of Activities.

The Court completed the construction of an additional courtroom, chambers, jury deliberation area, holding cell, and west hallway egress on the 4th floor. The \$196,635 of expenditures represented in the Construction in Progress was reclassified to the 'Building and Parking Facility' addition from two capital appropriations. The project was completed in FY19 and the associated projects were closed and any remaining balances were reverted.

The Laws of 2015, 1st Special Session, Chapter 3, Section 78 appropriated \$500,000 from the Regulation & Licensing Department Securities Enforcement and Investor Education Fund. A total of \$15,742 was expended from this appropriation for the 4th floor project that was completed in FY19 and was added to the 'Building and Parking Facility' balance. The expenses were part of the Construction in Progress balance. This appropriation was closed this fiscal year and the remaining \$87,255 was reverted back to the Regulation and Licensing Department.

**STATE OF NEW MEXICO
 BERNALILLO COUNTY METROPOLITAN COURT
 NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
 Year Ended June 30, 2019**

NOTE 4. CAPITAL ASSETS (CONTINUED)

The Laws of 2016, Chapter 82, Section 22, Item 50 appropriated \$497,500 through the DFA Local Government Division. Total expenses of \$180,893 in FY18 and \$311,632 in FY19 were additions this respective fiscal year. The \$4,975 that was set aside for the Art in Public Places (AIPP) was swept by the Legislature and was not available to purchase artwork with the Department of Cultural Affairs.

The Laws of 2018, Chapter 80, Section 6 appropriated \$1,000,000 from Severance Tax Bonds for the completion of the 4th floor courtroom and associated spaces. The expenditure of the AIPP funds of \$10,000 was in the contract process with the Department of Cultural Affairs at fiscal yearend. During FY2019, the Court expended \$910,369 that was an addition to the ‘Building and Parking Facility.’ The balance of the appropriation was reverted to the NM Board of Finance.

NOTE 5. COMPENSATED ABSENCES PAYABLE

A summary of changes in the compensated absences payable for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due in 1 year
Compensated absences					
Accrued annual leave	\$ 765,086	1,112,691	1,056,032	821,745	784,448
Accrued sick leave	25,912	575,938	581,094	20,756	-
Compensated leave	14,075	23,297	27,114	10,258	-
	<u>\$ 805,073</u>	<u>1,711,926</u>	<u>1,664,240</u>	<u>852,759</u>	<u>784,448</u>

The portion of compensated absences due after one year is not material, and therefore, not separately presented. Substantially, all of the compensated absences’ balances have been paid by the General Fund in prior years. The amount of compensated absences is calculated by multiplying the vested hours by the pay rate at year-end plus applicable payroll taxes.

NOTE 6. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

The Court contributes to two defined benefit cost-sharing multiple employer public retirement systems through the Public Employees' Retirement Act (PERA).

Employees Other Than Judges

The Bernalillo County Metropolitan Court, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Disclosure requirements for governmental funds apply to the primary government as a whole, and as such, this information will be presented in the Component Appropriation Funds Annual Financial Report (General Fund) and the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico.

Information concerning the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources of the primary government will be contained in the General Fund and the CAFR and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
Year Ended June 30, 2019**

**NOTE 6. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
(CONTINUED)**

Judges

The Bernalillo County Metropolitan Court, as part of the primary government of the State of New Mexico, is a single employer defined benefit pension plan (Judicial Retirement) administered by the Public Employees Retirement Association (PERA). Disclosure requirements for governmental funds apply to the primary government as a whole, and as such, this information will be presented in the Component Appropriation Funds Annual Financial Report (General Fund) and the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico.

Information concerning the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources of the primary government will be contained in the General Fund and the CAFR and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

NOTE 7. POST-EMPLOYMENT BENEFITS

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

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

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle N.E., Suite 104, Albuquerque, New Mexico 87107.

Compliant with the requirements of the Government Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State of New Mexico has implemented this standard for the fiscal year ended June 30, 2018.

The Court, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple-employer defined benefit postemployment health care plan

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
Year Ended June 30, 2019**

NOTE 7. POST-EMPLOYMENT BENEFITS (CONTINUED)

that provides comprehensive group health insurance for persons who have retired from certain public service positions in New Mexico. The other postemployment benefits (OPEB) Plan is administered by the Retiree Health Care Authority of the State of New Mexico. Overall, total OPEB liability exceeds OPEB Plan net position resulting in a net OPEB liability. The State has determined the State's share of the net OPEB liability to be a liability of the State as a whole, rather than any agency or department of the State and the liability will not be reported in the department or agency level financial statements of the State. All required disclosures will be presented in the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico.

Information concerning the net liability, benefit expense, and benefit-related deferred inflows and deferred outflows of resources of the primary government will be contained in the State of New Mexico Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2019 and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

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 nmrhca.org/forms.aspx.

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 chose 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 plans 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, 2015, 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, 2015, 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.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
Year Ended June 30, 2019**

NOTE 7. POST-EMPLOYMENT BENEFITS (CONTINUED)

The Court's contributions to the RHCA for the years ended June 30, 2019, 2018 and 2017 were \$251,689, \$234,060, and \$239,825, respectively, which equal the required contributions for each year. The Court remitted for Judges' contributions for the years ended June 30, 2019, 2018 and 2017, \$58,668, \$54,079, and \$53,713, respectively, which equal the required contributions for each year.

NOTE 8. GOVERNMENTAL FUND BALANCES

The Court's fund balances represent: Restricted Purposes which include balances that are legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors contributors, or laws or regulations of other governments. A summary of the nature and purposes of these reserves by fund type at June 30, 2019, follows:

<u>Fund/Program</u>	<u>Description</u>	<u>Nonspendable</u>	<u>Restricted Purposes</u>	<u>Committed</u>	<u>Unassigned</u>
General Fund	Petty and Other Cash	\$ 4,475	-	-	(4,475)
Warrant Enforcement Fund	NMSA 1978, Section 34-8A-12	-	346,866	-	-
Parking Facility Fund	NMSA 1978, Section 34-8A-14	-	21,451	-	-
Mediation Fund	NMSA 1978, Section 34-8A-10	-	150,658	-	-
Capital General Fund		-	230,000	-	-
Debt Service Fund	NMFA Reserve Fund for Long-term Debt	-	5,235,463	-	-
Total Fund Balance		\$ 4,475	5,984,438	-	(4,475)

NOTE 9. INSURANCE COVERAGE

The Court obtains coverage through Risk Management Division of the State of New Mexico General Services Department. This coverage includes liability and civil rights, property, vehicle, employer bond, workers' compensation, group insurance and state unemployment. These coverages are designed to satisfy the requirements of the State Tort Claims Act. All employees of the Court are covered by a blanket fidelity bond of a \$550,000,000 coverage limit with a \$2,500 deductible per occurrence by the State of New Mexico for the period July 1, 2018, through June 30, 2019.

NOTE 10. OPERATING LEASE COMMITMENTS

The Court is committed under various leases for equipment through 2021. These leases are considered operating leases and are written with an escape clause in the event of non-appropriation of adequate funds. Expenditures under such leases amounted to \$111,904 for the year ended June 30, 2019. Future minimum payments under the equipment leases are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2019	\$ 5,667
2020	5,667
Thereafter	-
Total	<u>\$ 11,334</u>

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
Year Ended June 30, 2019**

NOTE 11. CONTRACTS AND AGREEMENTS

In addition to its annual appropriation from the State of New Mexico General Fund, the Court received revenue from several contracts during the year ended June 30, 2019. (All amounts below are stated on the modified accrual basis.)

- A. An agreement with the County of Bernalillo for the provision of twenty-four hour coverage and Pre-Trial services at the Bernalillo County Detention Center. Total received and accrued for the fiscal year: \$1,198,855.
- B. An agreement with the State of New Mexico Department of Transportation, to improve enforcement and monitoring of court ordered conditions for defendants and offenders with DWI arrests and/or convictions. Total received and accrued for the fiscal year: \$90,071.

NOTE 12. SPECIAL APPROPRIATIONS

During the 2015 1st Special Session, the court was appropriated funds for the 4th floor corridor access improvement project. The funds will complete the 4th floor public hallway and allow for a safety egress for staff and members of the public. The first appropriation was in Chapter 3, Section 58 for \$100,000 from the Department of Transportation's DWI Prevention and Education Fund. The second appropriation was in Chapter 3, Section 78 for \$500,000 from the Regulation and Licensing Department's Securities Enforcement Fund. Both appropriations were transferred from the fund balance of each agency to the Court. Total expenses for the fiscal year ending June 30, 2016, was \$16,370 and for the fiscal year ending June 30, 2017, a total of \$492,955. For the fiscal year ending June 30, 2018, a total of \$3,421 was expended. The remaining total of \$87,254 of this multi-year appropriation was reverted back to the Regulation and Licensing in FY19.

During the 2016 Legislative Session, the Department of Finance and Administration Local Government Division was appropriated \$497,500 of severance tax bonds to plan, design and construct a courtroom, judge's chambers, and jury room on the 4th floor of the courthouse. Total expenses for the fiscal year ending June 30, 2018, was \$180,893. The remaining total budget of \$316,607 was expended in FY19.

During the 2018 Legislative Session, the Court was appropriated \$1,000,000 in severance tax bonds to construct, furnish and equip the courtroom, judge's chambers, jury room, and restricted access areas on the 4th floor of the courthouse. The budget was made available in July 2018 and \$910,369 was expended with the balance reverted to the NM Board of Finance during FY19.

During the 2019 Legislative Session, the court was appropriated \$230,000 in general funds to purchase and install upgrades to the existing security access control system, including software and hardware upgrades, configuration and data migration. The budget and appropriation was received in May and the project is expected to be completed in FY20.

During the 2019 Legislative Session, the Court was appropriated \$176,700 in general funds to supplement the personal services & employee benefits budget due to a shortfall that existed after the calculation of the compensation package appropriated the funds to another judicial agency instead of the court. The budget and appropriation was received in June 2019.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
Year Ended June 30, 2019**

NOTE 13. DUE TO/FROM OTHER STATE AGENCIES

There is no balance as of June 30, 2019.

NOTE 14. INTERAGENCY TRANSFERS

For the year ended June 30, 2019, the Court’s Transfers In and Transfers Out for Agency 24400 are as follows:

		<u>Transfers Out</u>	
<u>Fund</u>	<u>Agency</u>	<u>Fund</u>	
15400 FY 19 Reversion GF	34101	85300 Department of Finance & Administration	\$ 7,783
15400 FY 19 Reversion OSF (In-House Screening)	34101	85300 Department of Finance & Administration	456
15400 Capital Project: Laws 2015, 1st SS, Ch3, Sec78	42000	04400 Regulation & Licensing: Securities Enforcement Reversion	87,254
		Subtotal Transfers Out	<u>95,493</u>
		<u>Transfers In</u>	
<u>Fund</u>	<u>Agency</u>	<u>Fund</u>	
15400 Department of Finance & Administration	34101	85300 General Fund Appropriation	23,253,400
15400 Department of Finance & Administration	34101	85300 General Fund Supplemental	176,700
15400 Department of Finance & Administration	34100	62000 General Fund Compensation Package	672,100
89200 Department of Finance & Administration	34100	89200 Capital Reimbursement	311,632
89200 Department of Finance & Administration	34103	20650 Capital Reimbursement	910,369
93100 Department of Finance & Administration	34101	85300 General Fund Capital	230,000
		Subtotal Transfers In	<u>25,554,201</u>
			<u>\$ 25,458,708</u>
Total Net Transfers In FY 2019			<u>\$ 25,458,708</u>

NOTE 15. CAPITAL REVENUE BONDS

Pursuant to NMSA 1978 Section 34-9-14(A), the “court facilities fund” was created in the State Treasury. The Administrative Office of the Courts (AOC) is responsible for administering the fund. The fund consists of fees collected at courts statewide. The sources of the facility fee are listed below with the appropriate citation in NMSA 1978.

<u>Description</u>	<u>Amount</u>	<u>Contributing Entity</u>
Criminal docket fees	\$ 20	All Magistrate courts and Metropolitan Court (35-6-4)
Civil docket fees	96	Supreme Court (34-2-5)
	100	Court of Appeals (34-5-6)
	12	All Magistrate courts and Metropolitan Court (34-9-16)
Civil Jury fees	15	All Magistrate courts and Metropolitan Court (35-7-2)
Copying fees (paper copies)	\$ 1	All Magistrate courts and Metropolitan Court (35-6-1)
Fees relating to conviction under the provisions of the motor vehicle code:		
	\$ 10	All Magistrate courts except Bernalillo County (35-6-1)
	\$ 24	Bernalillo County only (35-6-1)

All statutory fee collections are transferred monthly from courts statewide to the AOC. The statewide total revenue collected in the fund in FY19 was \$3,432,450. Once all collections are reconciled at the AOC, those fees are then transferred to the New Mexico Finance Authority

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
Year Ended June 30, 2019**

NOTE 15. CAPITAL REVENUE BONDS (CONTINUED)

(NMFA) each month pursuant to NMSA 1978 Section 34-9-14(B) “...for the payment of principal, interest and any other expenses or obligations related to the bonds issued by the authority for financing the acquisition of real property and for the design, construction, furnishing and equipping of a new court building for the Bernalillo County Metropolitan Court in Albuquerque and of a parking facility adjacent to the court building.” As of June 30, 2019, the total principal balance on the bonds was \$19,945,000. In addition, pursuant to NMSA 1978 Section 6-21-6.13 the Metropolitan Court bond guarantee fund is created and administered by the NMFA. Money in the fund is distributed to the court facilities fund if the NMFA determines that the distributions from the court facilities fund will not be sufficient to meet the amount due of annual principal and interest due on the bonds. In addition, pursuant to NMSA 1978 Section 3-18-17, amounts in the Metropolitan Court bond guarantee fund contain distributions from the City of Albuquerque for fines assessed on individuals who failed to obey a traffic sign or signal, including a red light offense or violation, or for a speeding offense or violation. As of June 30, 2019 the balance in the bond guarantee account was \$5,235,463. In FY19, collections and distributions from courts statewide were not sufficient to pay the annual principal and interest due and therefore the NMFA had to distribute \$479,987 from the bond guarantee fund to cover the shortfall of the bond payment due on June 15, 2019. Since inception, the Court has recorded the asset of both building complexes along with the additions that have been made to the building over time. The depreciation was annualized over 30 years and the Court has continued to record that depreciation each year. This liability balance of the bonds will be completed each fiscal year until there is no longer a debt obligation for the Court complex. The final payment of the bonds is scheduled on June 15, 2025.

NOTE 16. LONG-TERM LIABILITIES

As of the fiscal year ending June 30, 2019, the Court is demonstrating the long-term debt of the revenue bonds administered by the New Mexico Finance Authority in the amount of \$23,580,000 bearing interest at a rate of 5.0827% for the Bernalillo County Metropolitan Court and abutting parking structure. The Bernalillo County Parking Structure building and the adjoining parking structure are collateral for the bonds. Net revenues from state wide court facility fee collections are pledged in repayment of the loan. During the past few years decreased case revenue and parking structure revenue has caused a shortage of assigned revenues to cover debt service and certain reserves have been accessed in the last few years to pay any deficiencies. It is thought that identified reserves will be adequate on a go forward basis to service bond debt. There is no formal documentation of finance consequences that might arise in the event of default. Debt service fund 50540 was established in SHARE to record the entries. The following are changes during the year ended June 30, 2019 related to this loan:

	Balance			Balance	Due Within
	<u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2019</u>	<u>One Year</u>
Note Payable	\$22,725,000	-	2,780,000	19,945,000	2,925,000

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
Year Ended June 30, 2019**

NOTE 16. LONG-TERM LIABILITIES (CONTINUED)

Debt service requirements for the years ended June 30 are as follows:

		Principal	Interest	Total
2020	\$	2,925,000	997,250	3,922,250
2021		3,070,000	851,000	3,921,000
2022		3,235,000	697,500	3,932,500
2023		3,395,000	535,750	3,930,750
2024		3,570,000	366,000	3,936,000
2025		3,750,000	187,500	3,937,500
Totals	\$	<u>19,945,000</u>	<u>3,635,000</u>	<u>23,580,000</u>

Agency Funds:

To account for assets held as an agent for other governmental units, for defendants and for other funds.

The Agency Funds of the Court are as follows:

Fines, Fees and Cash Bail Bonds Fund. Accounts for the collection of all criminal and civil case fines, fees and costs not accounted for in another fund, pursuant to Section 35-7-5 NMSA 1978. Funds are maintained in a separate bank account with Wells Fargo Bank in Albuquerque to account for the acceptance of cash bail bonds for the release of an accused defendant and their subsequent application, refund or forfeiture, pursuant to Section 31-4-16, NMSA 1978. SHARE Fund number is 96740; department number is 82010.

Bonding Company Collateral Fund. Accounts for the collection of bonding company’s collateral, pursuant to Section 7-401.2D. Funds are maintained in the same Wells Fargo account as all other collected criminal and civil fines, fees and cash bonds. SHARE Fund number is 96740; department number is 81010.

Parking Fund. Accounts for receipts collected in the Court’s parking garage and rental income from State (MVD) and retail offices, pursuant to Section 34-8A-14, NMSA 1978. Funds are maintained in a separate bank account with Wells Fargo Bank in Albuquerque. This activity is included in SHARE Fund number is 96740; department number is 83000.

NOTE 17. RECENT GASB PRONOUNCEMENTS

During FY19 the Court adopted Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* (GASB 88). GASB 88 is intended to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
Year Ended June 30, 2019**

NOTE 17. RECENT GASB PRONOUNCEMENTS (CONTINUED)

GASB 88 defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

GASB 88 requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, GASB 88 also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

In June 2017, the GASB issued Statement No. 87, *Leases*. The provisions of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. This standard will be implemented in a subsequent period.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. This standard will be implemented in a subsequent period.

NOTE 18. SUBSEQUENT EVENTS

The Court has evaluated subsequent events through October 31, 2019, which is the date the financial statements were available to be issued and concluded that no additional accruals or disclosures are required.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES –
ALL AGENCY FUNDS
June 30, 2019**

	Fines and Fees Reveune	Bonding Company Collateral	Metro Parking Structure	Total
ASSETS				
Cash	\$ 461,191	21,180	7,361	489,732
Total assets	<u>\$ 461,191</u>	<u>21,180</u>	<u>7,361</u>	<u>489,732</u>
LIABILITIES				
Deposits held for others	\$ 461,191	21,180	7,361	489,732
Total liabilities	<u>\$ 461,191</u>	<u>21,180</u>	<u>7,361</u>	<u>489,732</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES –
ALL AGENCY FUNDS
June 30, 2019**

		June '18 Bal	Additions	Deletions	June '19 Bal
Bank Accounts:					
Fines & Fees Revenue Fund					
Assets					
	Cash in bank	263,495	4,924,394	4,726,698	461,191
Liabilities					
	Deposits held for others	263,495	4,924,394	4,726,698	461,191
Bonding Company Collateral					
Assets					
	Cash in bank	32,700	-	11,520	21,180
Liabilities					
	Deposits held for others	32,700	-	11,520	21,180
Metro Parking Structure					
Assets					
	Cash in bank	3,688	418,107	414,434	7,361
Liabilities					
	Deposits held for others	3,688	418,107	414,434	7,361
Total All Agency Funds					
Assets					
	Cash	299,883	5,342,501	5,152,652	489,732
	Total Assets	299,883	5,342,501	5,152,652	489,732
Liabilities					
	Deposits held for others	299,883	5,342,501	5,152,652	489,732
	Total Liabilities	299,883	5,342,501	5,152,652	489,732

**INDEPENDENT AUDITORS' 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**

Mr. Brian S. Colón, Esq.
New Mexico State Auditor and
Honorable Sandra Engel, Chief Judge
State of New Mexico
Bernalillo County Metropolitan 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 and the budgetary comparisons of the general and major funds and the fiduciary funds, of the State of New Mexico Bernalillo County Metropolitan Court (Court), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Court's basic financial statements, and the financial statement of the Court's agency funds, presented as supplemental information, and have issued our report thereon dated October 31, 2019.

Internal Control over Financial Reporting

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

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

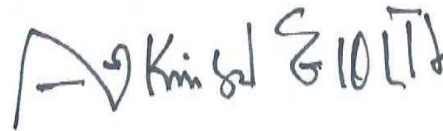
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "Atkinson & Co., Ltd." with a stylized flourish at the end.

Atkinson & Co., Ltd.

Albuquerque, New Mexico
October 31, 2019

STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended June 30, 2019

I. Summary of Auditors' Results

- A. An unmodified opinion was issued on the financial statements of the Court.
- B. No instances of noncompliance with laws and regulations or the provisions of contracts and grant agreements that are material to the financial statements were disclosed during the audit.
- C. Internal control over financial reporting:
 - Material weaknesses identified? No
 - Significant deficiencies identified? No

II. Financial Statement Audit Findings

None

III. Financial Statement Audit Findings – Prior Year

None

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPLITAN
COURT EXIT CONFERENCE
June 30, 2019**

We discussed the results of the audit during the exit conference held October 30, 2019. The exit conference was attended by the following individuals:

State of New Mexico, Bernalillo County Metropolitan Court:

Sandra Engel, Chief Judge
Robert L. Padilla, Chief Executive Officer
Jonathan Ash, Deputy Court Executive Officer
Terese Hauge, Deputy Court Executive Officer
Melissa M. Garcia, Deputy Court Executive Officer
Rachael I. Monarch, Chief Financial Officer
Patricia Elliot, Human Resources Director
Tanya Torres, Chief Procurement Officer
Alesia Cappon, Associate Attorney
Erica Perrine, Financial Supervisor
Kimberly Tran, Financial Specialist

Atkinson & Co., Ltd.:

Marty Mathisen CPA, CGFM, CFE, Audit Director
Neil Mortensen, CPA, Audit Manager

The Court staff prepared the accompanying financial statements with the technical assistance of Atkinson & Co., Ltd.