



**STATE OF NEW MEXICO
BERNALILLO COUNTY
METROPOLITAN COURT**

FINANCIAL STATEMENTS

JUNE 30, 2013

MOSS ADAMS LLP

Certified Public Accountants | Business Consultants

Acumen. Agility. Answers.

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**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT**

Official Roster

June 30, 2013

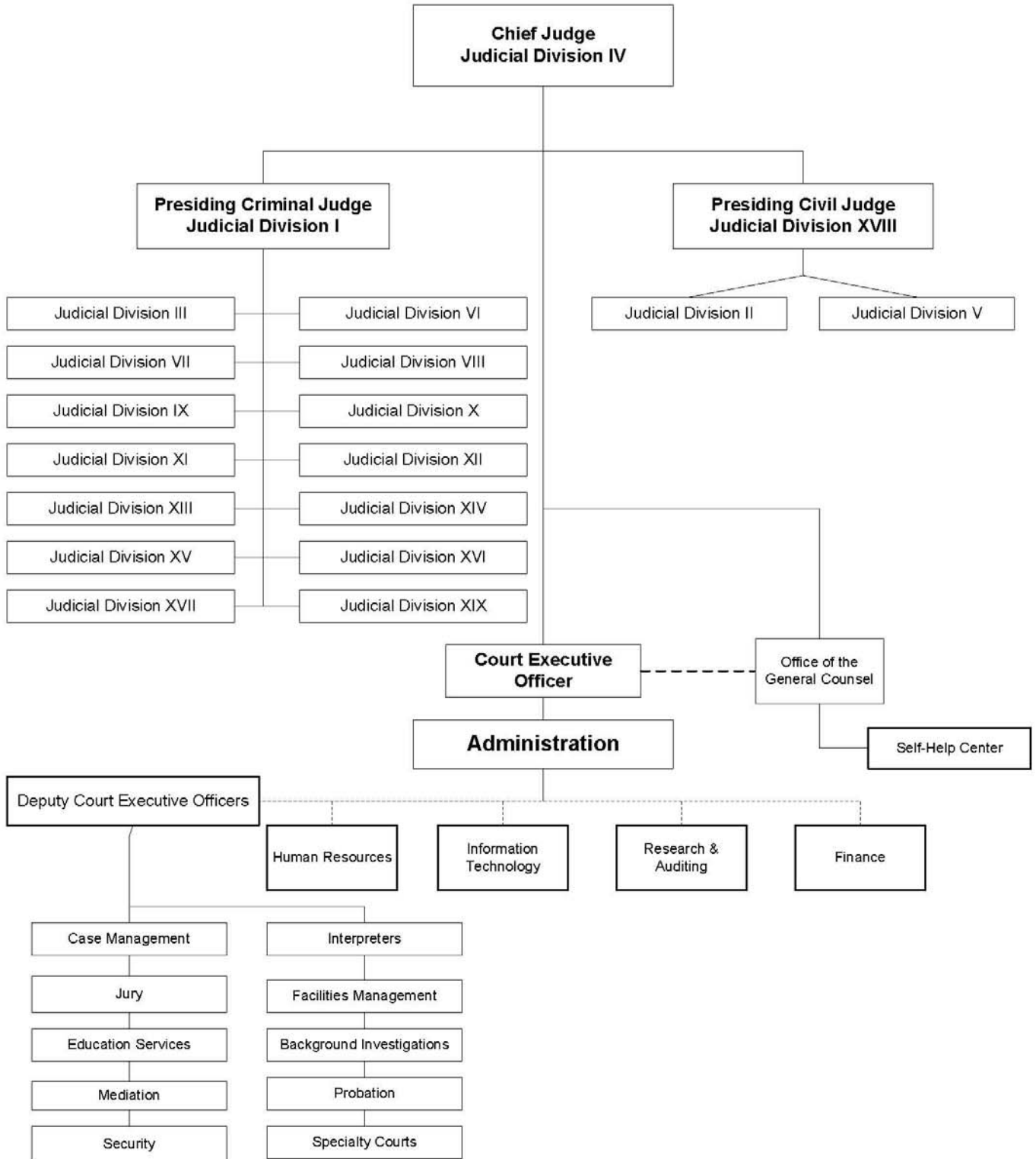
JUDGES

Name	Title
Honorable Julie N. Altwies, Chief Judge	Division IV
Honorable Victor E. Valdez	Division I
Honorable Kevin L. Fitzwater	Division II
Honorable Cristina Jaramillo	Division III
Honorable Frank A. Sedillo	Division V
Honorable Maria I. Dominguez	Division VI
Honorable Sandra J. Clinton	Division VII
Honorable R. John Duran	Division VIII
Honorable Yvette K. Gonzales	Division IX
Honorable Edward L. Benavidez	Division X
Honorable Sandra Engel	Division XI
Honorable Daniel E. Ramczyk	Division XII
Honorable Michelle Castillo-Dowler	Division XIII
Honorable Peg Holguin	Division XIV
Honorable Jason Greenlee	Division XV
Honorable Sharon D. Walton	Division XVI
Honorable Henry A. Alaniz	Division XVII
Honorable Rosie Lazcano Allred	Division XVIII
Honorable Linda S. Rogers	Division XIX

ADMINISTRATIVE OFFICIALS

Deborah L. Williamson, Ph.D.	Court Executive Officer
Jonathan Ash	Deputy Court Executive Officer/Chief Financial Officer
Robert L. Padilla	Deputy Court Executive Officer

STATE OF NEW MEXICO
 BERNALILLO COUNTY METROPOLITAN COURT
 Organizational Structure
 June 30, 2013



REPORT OF INDEPENDENT AUDITORS

Honorable Julie N. Altwies, Chief Judge
Bernalillo County Metropolitan Court
and
Mr. Hector H. Balderas,
New Mexico State Auditor

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to 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 Court's

Honorable Julie N. Altwies, Chief Judge
Bernalillo County Metropolitan Court
and
Mr. Hector H. Balderas,
New Mexico State Auditor

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 aggregate remaining fund information of the State of New Mexico Bernalillo Metropolitan Court as of June 30, 2013, and the respective changes in financial position, and the respective budgetary comparisons for the general and special revenue funds 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.

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 6 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Honorable Julie N. Altwies, Chief Judge
Bernalillo County Metropolitan Court
and
Mr. Hector H. Balderas,
New Mexico State Auditor

Other 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 fiduciary assets and liabilities – all agency funds, combining schedule of changes in assets and liabilities – all agency funds, and schedule of memorandums of understanding are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining statement of fiduciary assets and liabilities – all agency funds, combining schedule of changes in assets and liabilities – all agency funds, and schedule of memorandums of understanding are the responsibility of management and were derived from and relates 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 our report dated November 20, 2013 on our consideration of the Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Mess Adams LLP

Albuquerque, New Mexico
November 20, 2013

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

Overview

The purpose of the Bernalillo County Metropolitan Court's (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.

Case Management/Financial Highlights

Case Filings

The Court continued to experience a high volume of citations and criminal and civil case filings during the fiscal year ended June 30, 2013. The year saw a total of 105,804 new case filings, of which 88,916 were criminal and 16,888 were civil.

Collections

The Court collected approximately \$5.3 million in fines and fees during the fiscal year, of which \$4.5 million (85%) was distributed to various state and local government agencies. The balance of collected funds, approximately \$0.8 million (15%) was used by the Court's warrant enforcement and mediation funds in accordance to their statutory funding requirements.

Bail Bond Postings

19,269 cash, surety and property bail bonds totaling approximately \$62.2 million were posted at the Court during the year.

Capital Asset Activity

The Court experienced a decline of \$2,443,611 in the value of its capital assets in fiscal year 2013. The decrease is almost entirely attributable to annual depreciation and amortization expense exceeding the year's capital asset additions.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

Specialty Court Program Highlights

Domestic Violence Early Intervention Program (DVEIP)

DVEIP is a pre-adjudication program intended for defendants who have been charged with domestic violence. The program began the year with 181 participants and by years end, enrolled 280 new defendants, for a total of 461 supervised defendants. The program graduated 277 participants in FY13 for a graduation rate of 91%, and retention rate of 94%. In addition, EIP officers supervised an average of 27 defendants that had a pending domestic violence charge each month on "pre-adjudication" supervision.

Domestic Violence Repeat Offender Program (DVROP)

DVROP is an intensive, post-adjudication program for defendants who have been charged with a misdemeanor crime involving domestic violence and have a prior history of domestic violence convictions. The program enrolled 15 participants and graduated 12 throughout FY13. The graduation rate was 60% and the program boasts a retention rate of 83%. The DVROP officers supervise an average of 3 defendants on "pre-adjudication" supervision pending placement into the DVROP program.

DWI-Drug Court (DDCP)

The DDCP is an intensive, judicially supervised program that was implemented in 1997 to address the very serious issues of drinking and driving in the State of New Mexico. Since inception, there have been 2,703 defendants that have graduated from this program. During FY13, there were 216 new enrollments. The program graduated 146 participants in FY13, with a graduation rate of 73% and a retention rate of 83%. The three year recidivism rate for the program was 3.6% and the cost per participant per day was \$10.26. To better serve the community, the program has specialized services for Spanish Language participants and defendants with co-occurring disorders.

Mental Health Court (MHC)

This program identifies defendants who have a mental health diagnosis or disorders and assists in referring participants to appropriate community services and facilitates placement in a structured judicial oversight program incorporating a therapeutic jurisprudence model. At the beginning of FY13, the program had 174 participants enrolled and there were 125 new enrollments added throughout the year. The program graduated 112 participants in FY13 resulting in a graduation rate of 94% and a retention rate of 97%. Under the MHC enhancement component, there was a monthly average of 58 additional defendants under supervision with a mental health probation officer and 126 defendants placed under pre-trial supervision pending resolution of a competency evaluation.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

Homeless Court

Since 2002, the Homeless Court has been positively impacting Albuquerque's homeless and disenfranchised population. Homeless Court is held monthly at a local homeless community agency. This setting is designed to create a less intimidating environment for the participants to meet the program Judge and deal with their misdemeanor warrant(s) or other referred cases. Through the coordination of court staff, Homeless Court has four volunteer attorneys, prosecutors and defense counsel who assist the defendant through the process. During the 10 sessions held in FY13, there were 90 defendants referred and 100 cases adjudicated.

Competency Court

Competency Court was implemented to facilitate the timely and efficient processing of orders for competency evaluations. The facilitation includes the scheduling of defendants for evaluations along with the receipt and distribution of reports in a manner consistent with confidentiality and other statutory requirements. During FY13, there were 598 cases referred for competency determination resulting in 311 forensic evaluations.

Other Programs

Community Service Program

Defendants may be Court ordered to complete community service as part of a sentence or may elect community service as a means to pay assessed fines and fees. During the year, there were 5,043 defendants sentenced to perform 92,181 hours of mandatory community service work, resulting in a value of \$668,313 provided to various governmental and not-for-profit agencies both within and outside Bernalillo County.

Mediation Division

The Court's highly regarded Mediation Division started serving the community in 1986. This Division significantly reduces the cost of adjudicating civil matters by offering mediation to litigants. In the past fiscal year, approximately 500 cases were resolved through the Mediation Division. More than 112 mediators volunteered approximately 1,500 hours to the Court during the year. In addition, the Mediation Division has broadened its ability to resolve civil matters by both phone and mail, as well as by providing mediation by conference call to out-of-state litigants. The Mediation Division staff also provides significant assistance/coverage to the Court's Self-Help Office.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

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 capital) 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, presents a more familiar financial picture to users of government financial statements than do the government-wide statements.

The government major fund statement utilizes 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 budgeting compliance associated therewith.

The Fund Financial Statements also allow the government to address Court funds. While these funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Accordingly, these particular assets are not presented as part of the Government-Wide Financial Statements.

Infrastructure Assets

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

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

**STATE OF NEW MEXICO
 BERNALILLO COUNTY METROPOLITAN COURT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2013**

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 2 NMAC 2.2. The data therein demonstrates compliance at the approved budget level.

The approved general fund operating budget for fiscal year 2013 was statutorily increased by \$849,900 which is a 4% increase compared to the preceding fiscal year. The Court's non-reverting Warrant, Mediation and Parking fund budgets decreased by \$304,900 or 14.1%. This includes a \$352,300 decrease of budgeted Warrant Fund, a \$25,800 increase in budgeted Mediation Fund and a \$21,600 increase in the budgeted Parking Fund.

Government-Wide Financial Analysis

Statement of Net Position

	Government Activities FY 2012	Government Activities FY 2013	Total Percentage Change FY 12-13
Current assets	\$ 1,801,645	1,701,701	-6%
Capital assets less accumulated Depreciation	<u>62,171,253</u>	<u>59,727,642</u>	-4%
Total assets	<u>63,972,898</u>	<u>61,429,343</u>	-4%
Liabilities	<u>1,089,945</u>	<u>1,643,307</u>	51%
Net Position			
Net investment in capital assets	62,171,253	59,727,642	-4%
Restricted	702,015	750,135	7%
Unrestricted (deficit)	<u>(710,315)</u>	<u>(691,741)</u>	-3%
Total net position	<u>\$ 62,162,953</u>	<u>59,786,036</u>	-4%

Capital assets, net of accumulated depreciation, decreased by \$2,443,611. The net investment in capital assets increased by \$197,808 and was primarily in machinery, equipment and buildings. It was more than offset by \$2,641,419 of depreciation expense during the same period.

The Court's liability for unpaid compensated absences decreased to \$691,741 during the year ended June 30, 2013, as a result of more leave being taken than accrued.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

Statement of Activities

The following schedule presents the revenues and expenses for fiscal years 2012 and 2013:

	Government Activities FY 2012	Government Activities FY 2013	Total Percentage Change FY 12-13
Expenses			
Judicial	\$ (26,553,257)	(26,925,222)	1%
Program revenues	<u>2,656,775</u>	<u>2,651,698</u>	-0.2%
Net (expenses) revenues	<u>(23,896,482)</u>	<u>(24,273,524)</u>	2%
General revenues and (expenses)			
General fund appropriation	21,087,900	21,937,800	4%
Contributed Capital	131,586	-	-100%
Transfers	<u>(30,919)</u>	<u>(41,193)</u>	33%
Total general revenues and transfers	<u>21,188,567</u>	<u>21,896,607</u>	3%
Change in net position	(2,707,915)	(2,376,917)	-12%
Net position, beginning	<u>64,870,868</u>	<u>62,162,953</u>	-4%
Net position, ending	<u>\$ 62,162,953</u>	<u>59,786,036</u>	-4%

The following schedule presents the final budget for the general fund, including all grant awards:

	Final Budget	Actual Expenditures	Favorable Variance
Personal Services & Employee Benefits	\$ 17,786,100	17,746,308	39,792
Contractual Services	2,503,400	2,489,193	14,207
Other Costs	2,935,500	2,924,050	11,450
	<u>\$ 23,225,000</u>	<u>23,159,551</u>	<u>65,449</u>

The Court reverted \$26,193 from unexpended funds in the General Fund.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

The Court's Funds

Government Funds

As of June 30, 2013, the government funds (as presented on the balance sheet) reported a fund balance of \$750,135, of which \$381,983 relates to the Warrant Enforcement Fund; \$108,692 to the Parking Facility Fund and \$259,460 to the Mediation Fund. These fund balances are set aside for future expenditures in the respective areas and may be appropriated in the future. Each fund completed the year close to break even and carried forward the majority of the fund balance from the prior year.

Budgetary Highlights

The Bernalillo County Metropolitan Court general fund was appropriated \$21,937,800 within the Laws of the 2013, Regular Session, Chapter 179, Section 4.

The Court received \$288,600 of supplemental funding to help support the Court's DWI/Drug Court program. This program provides treatment and counseling services to alcohol and drug dependent DWI offenders.

The Court utilized \$25,000 from the fund balance of the Mediation Fund to assist with a portion of the personal services and employee benefits of the three Mediation staff.

Additionally, the Court transferred \$15,000 to the Administrative Office of the Courts to assist in paying the annual bond payment for the Bernalillo County Metropolitan Court structures.

Anticipated Changes

The approved general fund operating budget for FY13 was increased by \$905,500, or 4%. This increase includes a 1% general fund compensation package of \$149,000. In addition to the 1% compensation package, the Supreme Court authorized an additional 2.5% salary increase that went into effect the 1st full pay period of July 2013. The State's portion of PERA and JRA increased by 1.5%; along with an increase in the health insurance premiums.

The Court requested an increase in the mediation fund balance budget authority to \$50,000. These funds will be utilized to supplement the personal services and employee benefits of the three mediation staff.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

In FY14, the Court received \$310,046 in supplemental funding from the Administrative Office of the Courts for the DWI Drug Court program. Future funding levels are unknown year to year.

A federal fund pass-through grant with the Traffic Safety Bureau for the DWI First Offender Program is continuing to be negotiated from year to year. In FY14, the grant award is \$117,000. This funding is for two probation officers' personal services and employee benefits that are an expansion to the seven general fund staff.

For cash management and investment purposes, funds of various state agencies are deposited in the State General Fund Investment Pool (the Pool), which is managed by the Office of the New Mexico State Treasurer. Claims on the Pool are reported as assets by the various agencies investing in the Pool.

By state statute, the New Mexico Department of Finance and Administration (DFA) is responsible for the performance of monthly reconciliations with the balances and accounts kept by the State Treasurer. Therefore, under the direction of the State Controller / Financial Control Division Director, the Financial Control Division (FCD) of the New Mexico Department of Finance & Administration undertook action to address the situation. DFA/FCD initiated the Cash Management Remediation Project (Remediation Project) in partnership with the Office of the New Mexico State Treasurer, the New Mexico Department of Information Technology, and a contracted third party with expertise in the Enterprise System Software used by the State. Under the direction of the State Controller/Financial Control Division Director, the Financial Control Division of the New Mexico Department of Finance & Administration (DFA/FCD) continues to take aggressive action to resolve the fact that the General Fund Investment Pool balances had not been reconciled at the business unit/fund level since the inception of the Statewide Human Resources, Accounting, and Management Reporting (SHARE). In FY13, DFA/FCD began actual implementation of the Cash Management Remediation Project (Remediation Project) in partnership with the New Mexico State Treasurer's Office, the New Mexico Department of Information Technology, and a contracted third party PeopleSoft Treasury expert.

The State will continue to address and resolve the Cash Remediation issue by implementing the necessary changes to reconcile the General Fund Investment Pool in a manner that is complete, accurate, and timely. The Remediation Project will make changes to the State's current SHARE system configuration, cash accounting policies and procedures, business practices, and banking structure. Management believes that these changes will allow for the completion of a timely and accurate reconciliation on a point-forward basis only. The project was implemented on February 1, 2013. An approach and plan to address the population of historical

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

reconciling items will be developed during the Remediation Project but a separate initiative will be undertaken to resolve the historical reconciling items.

The initial phase of the Cash Remediation Project, completed November 2012, focused on developing a project plan and documenting current statewide business processes. The work product of the initial phase of the Cash Remediation Project is a document entitled Cash Management Plan and Business Processes. Cash Management Remediation build, test, implement and operate (Project Phase II) is currently in progress. The work product of the Cash Remediation Project, including the initial phase and phase II of the project (which contains status reports and future deliverables) is available on the Cash Control page of the New Mexico Department of Finance & Administration's website at:

http://www.nmdfa.state.nm.us/Cash_Control.aspx.

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
 June 30, 2013**

Governmental
 Activities

ASSETS

Current Assets

Petty cash	\$	4,150
Interest in State Treasurer General Fund Investment Pool		1,562,221
Fines and fees receivable, net		51,780
Grants and contracts receivable		83,550
Total current assets		<u>1,701,701</u>

Capital assets

Land		6,640,478
Capital assets being depreciated		53,087,164
Total capital assets, net of accumulated depreciation		<u>59,727,642</u>

Total assets

61,429,343

LIABILITIES

Current Liabilities

Accounts payable		567,018
Accrued payroll and related taxes		358,355
Due to State General Fund		26,193
Compensated absences payable		691,741
Total current liabilities		<u>1,643,307</u>

NET POSITION

Net investment in capital assets		59,727,642
Restricted		750,135
Unrestricted (deficit)		<u>(691,741)</u>
Total net position	\$	<u><u>59,786,036</u></u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2013**

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants	Governmental Activities
Governmental Activities				
Judicial	\$ 26,244,276	1,077,803	820,639	(24,345,834)
Preventative programs	85,397	-	85,397	-
Parking facility operations	549,296	584,342	-	35,046
Mediation	46,253	83,517	-	37,264
	Total governmental activities	1,745,662	906,036	(24,273,524)
General Revenues and Transfers				
State General Fund appropriation - 2013				21,937,800
Transfer of Parking Fund revenue to Court Facilities Fund				(15,000)
Reversion to State General Fund - 2013				(26,193)
				Total general revenues
				21,896,607
Change in net position				(2,376,917)
Net position, beginning				62,162,953
Net position, ending				\$ 59,786,036

See Notes to Financial Statements.

STATE OF NEW MEXICO
 BERNALILLO COUNTY METROPOLITAN COURT
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 June 30, 2013

	General Fund	Warrant Enforcement Fund	Parking Facility Fund	Mediation Fund	Total Governmental Funds
ASSETS					
Current Assets					
Petty cash	\$ 4,150	-	-	-	4,150
Interest in State General Fund Investment Pool	777,909	400,466	124,211	259,635	1,562,221
Fines and fees receivable, net	3,655	14,209	32,320	1,596	51,780
Grant and contracts receivable	83,550	-	-	-	83,550
Total assets	\$ 869,264	414,675	156,531	261,231	1,701,701
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	498,700	18,708	47,839	1,771	567,018
Accrued payroll and taxes	344,371	13,984	-	-	358,355
Due to State General Fund	26,193	-	-	-	26,193
Total liabilities	869,264	32,692	47,839	1,771	951,566
Fund Balances					
Nonspendable	4,150	-	-	-	4,150
Restricted	-	381,983	108,692	259,460	750,135
Unassigned (deficit)	(4,150)	-	-	-	(4,150)
Total fund balances	-	381,983	108,692	259,460	750,135
Total liabilities and fund balances	\$ 869,264	414,675	156,531	261,231	1,701,701

See Notes to Financial Statements.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2013**

Total fund balances - governmental funds \$ 750,135

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	3,420,887
Building, land and parking facility	77,049,838
Accumulated depreciation	<u>(27,383,561)</u>

Total capital assets, net of accumulated depreciation 59,727,642

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

Compensated absences payable	<u>(691,741)</u>
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Net position of governmental activities \$ 59,786,036

See Notes to Financial Statements.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
Year Ended June 30, 2013**

	General Fund	Warrant Enforcement Fund	Parking Facility Fund	Mediation Fund	Total Governmental Funds
Revenues					
Fines and fees	\$ 341,908	735,895	584,342	83,517	1,745,662
Grants and contracts	906,036	-	-	-	906,036
Total revenues	1,247,944	735,895	584,342	83,517	2,651,698
Expenditures general government - judiciary					
Current					
Personal services	12,830,059	418,813	-	17,366	13,266,238
Employee benefits	4,916,249	181,179	-	7,633	5,105,061
In-state travel	9,663	-	40	-	9,703
Maintenance and repairs	1,038,166	925	71,815	1,123	1,112,029
Supplies and materials	441,717	14,114	595	6,855	463,281
Contractual services	2,489,193	101,518	376,495	2,476	2,969,682
Operating costs	1,183,530	28,536	100,349	10,800	1,323,215
Other costs	3,762	-	2	-	3,764
Out-of-state travel	6,653	-	-	-	6,653
Capital outlay	240,559	-	-	-	240,559
Total expenditures	23,159,551	745,085	549,296	46,253	24,500,185
Excess (deficiency) of revenues over expenditures	(21,911,607)	(9,190)	35,046	37,264	(21,848,487)
Other financing sources (uses)					
State General Fund appropriation	21,937,800	-	-	-	21,937,800
Transfer of revenue to Court Facilities Fund	-	-	(15,000)	-	(15,000)
Reversion to State General Fund - 2013	(26,193)	-	-	-	(26,193)
Total other financing sources (uses)	21,911,607	-	(15,000)	-	21,896,607
Net change in fund balances	-	(9,190)	20,046	37,264	48,120
Fund balances, beginning	-	391,173	88,646	222,196	702,015
Fund balances, ending	\$ -	381,983	108,692	259,460	750,135

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 - GOVERNMENTAL FUNDS
Year Ended June 30, 2013**

Net change in fund balances (Statement of Revenues, Expenditures and Changes in Fund Balances)	\$ 48,120
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Amounts reported for governmental activities in the Statement of Activities are different for the year ended June 30, 2013 because:

In the Statement of Activities, certain operating 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 decrease in the liability for the year was	18,574
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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 expenses. In the current year, these amounts were

Capital outlay expenditures which were capitalized	\$ 240,559
Depreciation	<u>(2,684,170)</u>
Excess of depreciation over capital outlay	<u>(2,443,611)</u>
Change in net position of governmental activities (Statement of Activities)	<u>\$ (2,376,917)</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
MAJOR BUDGETED FUNDS
Year Ended June 30, 2013**

	General Fund			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Local governments	\$ 834,500	826,500	820,639	(5,861)
Charges for services	55,600	55,600	53,308	(2,292)
Grants	116,500	116,500	85,397	(31,103)
Other	-	-	-	-
Total revenues	1,006,600	998,600	959,344	(39,256)
Expenditures				
Personal services/employee benefits	18,427,900	17,786,100	17,746,308	39,792
Contractual services	2,668,600	2,503,400	2,489,193	14,207
Other costs	2,101,300	2,935,500	2,924,050	11,450
Total expenditures	23,197,800	23,225,000	23,159,551	65,449
Excess (deficiency) of revenues over expenditures	(22,191,200)	(22,226,400)	(22,200,207)	26,193
Other financing sources (uses)				
State General Fund appropriation	21,937,800	21,937,800	21,937,800	-
Reversions	-	-	(26,193)	(26,193)
Other financing sources - fines and fees	253,400	288,600	288,600	-
Other financing uses	-	-	-	-
Total other financing sources (uses)	22,191,200	22,226,400	22,200,207	(26,193)
Net change in fund balance	\$ -	-	-	-

See Notes to Financial Statements.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
MAJOR BUDGETED FUNDS (CONTINUED)
Year Ended June 30, 2013**

	Warrant Enforcement Fund			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Local governments	\$ -	-	-	-
Charges for services	1,093,000	1,093,000	735,895	(357,105)
Grants	-	-	-	-
Other	-	-	-	-
Total revenues	1,093,000	1,093,000	735,895	(357,105)
Expenditures				
Current				
General government				
Personal services/employee benefits	921,900	921,900	599,992	321,908
Contractual services	238,100	238,100	101,518	136,582
Other costs	58,000	58,000	43,575	14,425
Total expenditures	1,218,000	1,218,000	745,085	472,915
Excess of revenues over expenditures	(125,000)	(125,000)	(9,190)	115,810
Other financing sources				
State General Fund appropriation	-	-	-	-
Other financing sources	-	-	-	-
Total other financing sources	-	-	-	-
Cash balance required to balance budget	125,000	125,000	-	(125,000)
Net change in fund balance	\$ -	-	(9,190)	(9,190)

See Notes to Financial Statements.

STATE OF NEW MEXICO
 BERNALILLO COUNTY METROPOLITAN COURT
 STATEMENT OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL
 MAJOR BUDGETED FUNDS (CONTINUED)
 Year Ended June 30, 2013

	Parking Facility Fund			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Local governments	\$ -	-	-	-
Charges for services	-	-	-	-
Grants	-	-	-	-
Other	706,900	706,900	584,342	(122,558)
Total revenues	706,900	706,900	584,342	(122,558)
Expenditures				
Current				
General government				
Personal services/employee benefits	-	-	-	-
Contractual services	448,100	448,100	376,495	71,605
Other costs	243,800	243,800	172,801	70,999
Total expenditures	691,900	691,900	549,296	142,604
Excess (deficiency) of revenues over expenditures	15,000	15,000	35,046	20,046
Other financing sources				
State General Fund appropriation	-	-	-	-
Transfer to Court Facilities Funds	15,000	15,000	(15,000)	-
Other financing uses	-	-	-	-
Total other financing sources (uses)	15,000	15,000	(15,000)	-
Cash balance required to balance budget	-	-	-	-
Net change in fund balance	\$ 30,000	30,000	20,046	20,046

See Notes to Financial Statements.

STATE OF NEW MEXICO
 BERNALILLO COUNTY METROPOLITAN COURT
 STATEMENT OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL
 MAJOR BUDGETED FUNDS (CONTINUED)
 Year Ended June 30, 2013

	Mediation Fund			Variance Favorable (Unfavorable)
	Original Budget	Approved Revised Budget	Actual	
Revenues				
Local governments	\$ -	-	-	-
Charges for services	56,100	56,100	83,517	27,417
Grants	-	-	-	-
Other	-	-	-	-
Total revenues	56,100	56,100	83,517	27,417
Expenditures				
Current				
General government				
Personal services/employee benefits	25,000	25,000	24,999	1
Contractual services	2,500	2,500	2,476	24
Other costs	28,600	28,600	18,778	9,822
Total expenditures	56,100	56,100	46,253	9,847
Excess (deficiency) of revenues over expenditures	-	-	37,264	37,264
Other financing sources				
State General Fund appropriation	-	-	-	-
Other financing sources	-	-	-	-
Other financing uses	-	-	-	-
Total other financing sources	-	-	-	-
Cash balance required to balance budget	-	-	-	-
Net change in fund balance	\$ -	-	37,264	37,264

See Notes to Financial Statements.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
June 30, 2013**

Agency Funds

ASSETS

Cash on deposit in banks	<u>\$ 686,775</u>
Total assets	<u><u>\$ 686,775</u></u>

LIABILITIES

Deposits held for others	<u>\$ 686,775</u>
Total liabilities	<u><u>\$ 686,775</u></u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

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

Bernalillo County Metropolitan Court (Court) was established by laws of 1979, Chapter 346, Section 13, 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 this 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 receivable 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 are otherwise being supported by general

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

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

B. Basic Financial Statements (Continued)

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.

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 position 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 Courts’ 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.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

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

B. Basic Financial Statements (Continued)

The Courts' 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 combines) 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:

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

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

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

C. Basis of Presentation (Continued)

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.

Capital Projects Fund - This Fund accounts for the resources used to design, construct, and improve the Court building and parking facility. This construction was funded by revenue bonds issued by the New Mexico Finance Authority, funds transferred in from the Administrative Office of the Courts and appropriations from the State of New Mexico General Fund. This Fund is reverting. SHARE Fund number is 03700. This fund has no activity for fiscal year 2013 and the fund will not be reported in the financial statements.

Special Revenue Fund - Warrant Enforcement Fund. This 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 non-reverting. SHARE Fund number is 69300.

Special Revenue Fund - Metropolitan Parking Facilities Fund. This 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. SHARE Fund number is 72900.

Special Revenue Fund - Mediation Fund. To account 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. SHARE Fund number is 93000.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

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

C. Basis of Presentation (Continued)

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. SHARE fund number is 96740.

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

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

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

E. Basis of Accounting (Continued)

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.

Revenues from grants that are restricted for specific uses are recognized as revenues and as receivables when the related costs are incurred. 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 pursuant to GASB Statement No. 33, 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, 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 Equity

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 Legislative and Executive branches

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

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

F. Fund Equity (Continued)

of the State. 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. At June 30, 2013, the Court had no committed or assigned fund balances.

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

**STATE OF NEW MEXICO
 BERNALILLO COUNTY METROPOLITAN COURT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013**

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

G. Budgets and Budgetary Accounting (Continued)

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 2012, Chapter 19, Section 3, Subsection M) 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. The Court has not included such reconciliation for fiscal year 2013 as all payables were paid by the statutory deadline.
8. 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.

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.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

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

H. Compensated Absences (Continued)

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, 2013, 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, 2013, and includes direct and incremental salary-related payments such as the employer's share of social security taxes.

Accrued annual leave 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. Reservations and Designations

Reservations of fund balance in the governmental fund statements are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriated for future expenditures. Specific reservations of fund balance accounts are summarized below:

Reserved for Petty Cash. This reserve was created to represent petty cash outstanding at year-end and includes cashiers' tills for the Court's customer service division.

J. Net Position

The government-wide and business types Fund Financial Statements utilize a net asset presentation. Net Position is categorized as investment in capital assets (net of related debt) and restricted.

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 FINANCIAL STATEMENTS
June 30, 2013**

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

J. Net Position (Continued)

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

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. The Court has no debt.

K. 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.

L. 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. 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
Building and parking facility	30 years

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

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

M. 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, 2013, the Parking Fund had \$36,982 deemed uncollectible and all other receivables are considered collectible.

N. New Accounting Pronouncements

Effective July 1, 2012, the Court adopted GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position. This statement had minimal impact on the Court's financial statements or related accounting and financial reporting. The primary effects of implementing this statement was to change all previous references from "net assets" to "net position," change the line item for "invested in capital assets, net of related debt" to "net investment in capital assets," and to classify certain assets and liabilities as "deferred inflows" and "deferred outflows." At June 30, 2013, the Court had no items meeting the criteria of "deferred inflows" or "deferred outflows."

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, is required to be implemented effective July 1, 2013, and thus will be adopted by the Court next fiscal year. The statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities, and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Management is currently evaluating the impact of this standard on the Court's financial statements.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

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	\$ 777,909
Special Revenue Funds		
Mediation Fund	93000	259,635
Warrant Enforcement Fund	69300	400,466
Parking Facility Fund	72900	<u>124,211</u>
Total - governmental		<u>1,562,221</u>
Agency Funds		
Refund Suspense Fund	82400	-
Total - agency funds		<u>-</u>
Total interest in the State Treasurer investment pool		<u>\$ 1,562,221</u>

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

**STATE OF NEW MEXICO
 BERNALILLO COUNTY METROPOLITAN COURT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013**

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

value of the investment dependent upon the institutions 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, 2013:

	Bank Account Type	Bank Amount
Wells Fargo Bank		
Cash Bail Bond	Checking	\$ 585,476
Parking Facility	Checking	4,271
Fiscal Agency (Civil)	Checking	87,042
Civil Trust	Checking	<u>28,700</u>
Total demand deposits		705,489
FDIC coverage		<u>250,000</u>
Uninsured balance		<u><u>\$ 455,489</u></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, 2013, 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	455,489
Uninsured and uncollateralized	<u>-</u>
Total deposits	<u><u>\$ 705,489</u></u>

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

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

Reconciled amount by fund per financial statements at June 30, 2013, is as follows:

General Fund	
Operating account	\$ 777,909
Special Revenue Funds	
Warrant Enforcement Fund	400,466
Mediation Fund	259,635
Parking Facility Fund	<u>124,211</u>
Total investment in State General Fund	
Investment Pool per Statement of Net Position	<u>1,562,221</u>
Fiduciary Funds	
Wells Fargo checking accounts	705,489
Interest in State General Fund Investment Pool	<u>-</u>
	<u>705,489</u>
Total investment in State General Fund Investment	
Pool and banks, per financial statements	2,267,710
Add: Outstanding checks and other reconciling	
items - net	<u>(18,714)</u>
Total investment in State General Fund Investment	
Pool and banks	<u>\$ 2,248,996</u>

For cash management and investment purposes, funds of various state agencies are deposited in the State General Fund Investment Pool (the Pool), which is managed by the Office of the New Mexico State Treasurer. Claims on the Pool are reported as assets by the various agencies investing in the Pool.

By state statute, the New Mexico Department of Finance and Administration (DFA) is responsible for the performance of monthly reconciliations with the balances and accounts kept by the State Treasurer. Therefore, under the direction of the State Controller / Financial Control Division Director, the Financial Control Division (FCD) of the New Mexico Department of Finance & Administration undertook action to address the situation. DFA/FCD initiated the Cash Management Remediation Project (Remediation Project) in partnership with the Office of the New Mexico State Treasurer, the New Mexico Department of Information Technology, and a contracted third party with expertise in the Enterprise System Software used by the State. Under the direction of the State Controller/Financial Control Division Director, the Financial Control Division of the New Mexico Department of Finance & Administration (DFA/FCD) continues to take aggressive action to resolve the fact that the General Fund Investment Pool balances had not been reconciled at the business unit/fund level since the inception of the Statewide Human Resources,

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

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

Accounting, and Management Reporting (SHARE). In FY13, DFA/FCD began actual implementation of the Cash Management Remediation Project (Remediation Project) in partnership with the New Mexico State Treasurer's Office, the New Mexico Department of Information Technology, and a contracted third party PeopleSoft Treasury expert.

The State will continue to address and resolve the Cash Remediation issue by implementing the necessary changes to reconcile the General Fund Investment Pool in a manner that is complete, accurate, and timely. The Remediation Project will make changes to the State's current SHARE system configuration, cash accounting policies and procedures, business practices, and banking structure. Management believes that these changes will allow for the completion of a timely and accurate reconciliation on a point-forward basis only. The project was implemented on February 1, 2013. An approach and plan to address the population of historical reconciling items will be developed during the Remediation Project but a separate initiative will be undertaken to resolve the historical reconciling items.

The initial phase of the Cash Remediation Project, completed November 2012, focused on developing a project plan and documenting current statewide business processes. The work product of the initial phase of the Cash Remediation Project is a document entitled Cash Management Plan and Business Processes. Cash Management Remediation build, test, implement and operate (Project Phase II) is currently in progress. The work product of the Cash Remediation Project, including the initial phase and phase II of the project (which contains status reports and future deliverables) is available on the Cash Control page of the New Mexico Department of Finance & Administration's website at:

http://www.nmdfa.state.nm.us/Cash_Control.aspx.

The court has established internal control procedures applying the State of New Mexico Manual of Model Accounting Practices. These procedures are designed to implement necessary and mandatory controls to avert accounting errors and violations of state and federal law and rules related to financial matters. In addition, the court ensures that any disbursement of funds does not exceed the appropriation made, its periodic allotment, or the unencumbered funds at its disposal. Incorporating the State's financial software system (SHARE) and monthly internal reporting and reconciliation throughout the fiscal year, the court maintains optimum fiscal safeguards. This ensures that the cash balances in SHARE are correct to the extent that the Court has control (i.e., collection, depositing, reconciling, bank statement validation, and documentation of outstanding

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

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

reconciling items) of the cash it receipts and transfers to the state general fund and other state agencies pursuant to state statute.

The Court has 4 bank accounts: Civil Trust, Trust and Agency, Fiscal and Parking. To the extent possible the Court reconciles all fines, fees and transfers that come into its possession including those receipts that are statutorily mandated to be sent to the state general fund. The cash transactions processed by Court flow through the state general fund investment pool. Since SHARE was implemented, the Court recognized the statewide cash reconciliation issue and in response, developed internal reconciliation procedures to ensure that cash receipts and disbursements recorded in the SHARE system are in fact transactions that have been initiated by Court. The reconciliation occurs each month and any required adjustments are forwarded to the Financial Control Division at DFA for correction. Monthly reconciliation procedures throughout the Fiscal Year, include, but are not limited to validation of: allotments, deposits, expenditures, all general entries, operating transfers, payroll expenditures/payroll liabilities by fund, and review of outstanding warrants within the court's case management system. The Court verifies that all cash deposits and financial transactions are accurately recorded and posted to the SHARE system. This monthly internal reconciliation of cash receipts and disbursements flowing through Court's share of the state general fund investment pool provides management assurance that the balance reflected in State General Fund Investment Pool account is accurate as of the end of the reporting period. In addition, the Court reconciles other asset and liability accounts on the Balance Sheet of each fund type. This process also provides additional assurance that transactions affecting the Court's share in the State General Fund Investment Pool account are accurate.

Interest in the General Fund Investment Pool

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

At June 30, 2013, the Department had the following invested in the General Fund Investment Pool:

General Fund Investment Pool \$1,562,221

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

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

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

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

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2013.

NOTE 3. OUTSTANDING JUDGMENTS

At June 30, 2013 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 FINANCIAL STATEMENTS
June 30, 2013**

NOTE 4. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2013 is as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Court capital assets not being depreciated				
Land	\$ 6,640,478	-	-	\$6,640,478
Court depreciable capital assets				
Machinery, equipment and vehicles	3,280,722	182,916	(42,751)	3,420,887
Building and parking facility	76,992,195	57,643	-	77,049,838
Total depreciable assets	80,272,917	240,559	(42,751)	80,470,725
Accumulated depreciation				
Machinery, equipment and vehicles	(3,017,475)	(111,475)	42,751	(3,086,199)
Building	(21,724,667)	(2,572,695)	-	(24,297,362)
Accumulated depreciation	(24,742,142)	(2,684,170)	42,751	(27,383,561)
Total capital assets, net of accumulated depreciation	\$ 62,171,253	(2,443,611)	-	59,727,642

Depreciation expense for the year ended June 30, 2013 was \$2,684,170 which was all charged to the general government function in the Statement of Activities.

NOTE 5. COMPENSATED ABSENCES PAYABLE

A summary of changes in the compensated absences payable for the year ended June 30, 2013 is as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Due After One Year
Compensated absences					
Accrued annual leave	\$ 697,315	844,516	860,410	681,421	-
Accrued sick leave	13,000	514,609	517,289	10,320	-
	<u>\$ 710,315</u>	<u>1,359,125</u>	<u>1,377,699</u>	<u>691,741</u>	<u>-</u>

Substantially all of the compensated absences 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.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

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

Plan Description. Substantially all of the Court's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy. Plan members are required to contribute 10.67% of their gross salary. The Court is required to contribute 13.34% of the gross covered salary. The contribution requirements of plan members and the Court are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Court's contributions to PERA for the fiscal years ending June 30, 2013, 2012 and 2011 were \$1,851,263, \$1,677,366 and \$1,727,313, respectively, which equal the amount of the required contributions for each fiscal year.

Judges

Plan Description. Substantially all of the Court's Judges participate in a public employee retirement system (Judicial Retirement Fund) authorized under the Public Employees Retirement Act (Chapter 10, Article 12B, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, and cost-of-living adjustments to plan members and beneficiaries. Eligibility for membership in the Judicial Retirement Fund is set forth in 10-12B-1 NMSA 1978. Every judge or justice becomes a member in the Judicial Retirement Fund upon election or appointment to office, unless an application for exemption has been appropriately filed or unless specifically excluded.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

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

For those individuals who became members prior to July 1, 2005, benefits are available at age 64 or older to anyone having served a minimum of five years and at age 60 to anyone having served at least 15 years. The pension maximum under the Judicial Act shall not exceed 75% of the average salary of the last year in office prior to retirement multiplied by 5% of the number of years of service, not exceeding fifteen years, plus five years. Early retirement provisions apply to members retiring between ages 50 and 60. For those individuals who became members subsequent to July 1, 2005, benefits are available at age 64 or older to anyone having served a minimum of five years and at age 55 to anyone having served at least sixteen years. The pension maximum under the Judicial Act shall not exceed 75% of the average salary of the last year in office prior to retirement multiplied by 3.75% of the number of years of service. The plan also provides for survivors' allowances and disability benefits. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123.

Funding Policy. Each magistrate or metropolitan court clerk shall take the sum of twenty-five dollars (\$25.00) from each civil case docket fee paid in that Court and ten dollars (\$10.00) for each civil jury fee paid in that Court for credit to the fund. Also, plan members are required to contribute 10.75% of their gross salary. The Court is required to contribute 8.75% of the gross covered salary. The Court's contributions to the Plan for the years ended June 30, 2013, 2012 and 2011 were \$205,966, \$176,459 and \$209,650, respectively, equal to the amount of the required contributions for each year.

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.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 7. POST-EMPLOYMENT BENEFITS (CONTINUED)

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.

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

The 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 plan 3, 4

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 7. POST-EMPLOYMENT BENEFITS (CONTINUED)

or 5, municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Court's contributions to the RHCA for the years ended June 30, 2013, 2012 and 2011 were \$267,636, \$250,438 and \$229,859, respectively, which equal the required contributions for each year. The Court's remitted for Judges' contributions for the years ended June 30, 2013, 2012 and 2011 were \$49,039, \$46,223 and \$41,601, respectively, which equal the required contributions for each year.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

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, 2013 follows:

<u>Fund/Program</u>	<u>Description</u>	<u>Nonspendable</u>	<u>Restricted Purposes</u>
General Fund	Petty Cash	\$ 4,150	-
Warrant Enforcement Fund	NMSA 1978, Section 34-8A-12	-	381,983
Parking Facility Fund	NMSA 1978, Section 34-8A-14	-	108,692
Mediation Fund	NMSA 1978, Section 34-8A-10	-	259,460
Total Fund Balance		<u>\$ 4,150</u>	<u>750,135</u>

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 \$5,000,000 coverage limit with a \$1,000 deductible per occurrence by the State of New Mexico for the period July 1, 2012 through June 30, 2013.

NOTE 10. OPERATING LEASE COMMITMENTS

The Court is committed under various leases for equipment through 2014. 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 \$71,133 for the year ended June 30, 2013. Future minimum payments under the equipment leases are as follows:

Year Ending June 30	Amount
2014	<u>\$ 44,103</u>

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

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, 2013. (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 pretrial services at the Bernalillo County Detention Center. Total received and accrued for the fiscal year: \$820,639.
- 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: \$85,397.

NOTE 12. INTERAGENCY TRANSFERS

From	To	Amount	Purpose
SHARE Fund 85300	SHARE Fund 15400	\$ 21,937,800	General Fund appropriation
SHARE Fund 13900	SHARE Fund 15400	288,600	AOC Drug Court Allocation Reimbursement
SHARE Fund 15400	SHARE Fund 85300	26,193	2013 Reversion
SHARE Fund 15400	SHARE Fund 85300	13	FY12 RMD Refund Reversion
SHARE Fund 15400	SHARE Fund 85300	2,058	FY12 Sally Port Damage Reversion
SHARE Fund 15400	SHARE Fund 85300	136	FY12 Telephone Reimbursement & Criminal Damage to Property Reversion
SHARE Fund 15400	SHARE Fund 90200	63	Voting Leave Deduction
SHARE Fund 15400	SHARE Fund 14200	295	Payroll Liability Transfer
SHARE Fund 15400	SHARE Fund 53200	112	Court Facility Fund Transfer
SHARE Fund 72900	SHARE Fund 53200	15,000	Bond Payment

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
DESCRIPTION OF FIDUCIARY FUNDS
June 30, 2013**

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 and Fees Fund. To account for the collection of all 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.

Cash Bail Bonds Fund. 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. Funds are maintained in a separate bank account with Wells Fargo Bank in Albuquerque.

Civil Trust Fund. To account for the civil litigant funds deposited with Bernalillo County Metropolitan Court "in one or more accounts distinct from the Court's general funds", pursuant to Rule 1-102 of the Rules of Civil Procedure for the District Courts. Funds are maintained in a separate bank account with Wells Fargo Bank in Albuquerque.

Refund Suspense Account Fund. To account for the refund of monies "which money has not yet been earned so as to become the absolute property of the state . . . deposited in a suspense account" with the NM State Treasurer, pursuant to Section 6 10-3, NMSA 1978. SHARE Fund number is 82400.

Parking Fund. To account 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.

STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
June 30, 2013

	Fines and Fees Revenue	Cash Bail Bonds	Civil Trust	Refund Suspense Account	Parking Facility	Total
ASSETS						
Cash	\$ 75,214	577,542	29,747	-	4,272	686,775
	<u>\$ 75,214</u>	<u>577,542</u>	<u>29,747</u>	<u>-</u>	<u>4,272</u>	<u>686,775</u>
LIABILITIES						
Deposits held for others	\$ 75,214	577,542	29,747	-	4,272	686,775
Total liabilities	<u>\$ 75,214</u>	<u>577,542</u>	<u>29,747</u>	<u>-</u>	<u>4,272</u>	<u>686,775</u>

STATE OF NEW MEXICO
 BERNALILLO COUNTY METRO COURT
 COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 Year Ended June 30, 2013

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Fines and Fees Revenue Fund				
Assets				
Cash	\$ 131,747	3,962,143	(4,018,676)	75,214
Liabilities				
Deposits held for others	\$ 131,747	3,962,143	(4,018,676)	75,214
Cash Bail Fund				
Assets				
Cash	\$ 872,724	2,177,941	(2,473,123)	577,542
Liabilities				
Deposits held for others	\$ 872,724	2,177,941	(2,473,123)	577,542
Civil Trust Fund				
Assets				
Cash	\$ 42,989	1,320,826	(1,334,068)	29,747
Liabilities				
Deposits held for others	\$ 42,989	1,320,826	(1,334,068)	29,747
Refund Suspense Account Fund				
Assets				
Interest in State Treasurer General Fund Investment Pool	\$ 1	57,622	(57,623)	-
Liabilities				
Due to the State of New Mexico General Fund	\$ 1	57,622	(57,623)	-
Parking Facilities Fund				
Assets				
Cash	\$ 4,821	581,897	(582,446)	4,272
Liabilities				
Deposits held for others	\$ 4,821	581,897	(582,446)	4,272
Total All Agency Funds				
Assets				
Interest in State Treasurer General Fund Investment Pool	\$ 1	57,622	(57,623)	-
Cash	1,052,281	8,042,807	(8,408,313)	686,775
Total assets	\$ 1,052,282	8,100,429	(8,465,936)	686,775
Liabilities				
Deposits held for others	\$ 1,052,281	8,042,807	(8,408,313)	686,775
Due to the State of New Mexico General Fund	1	57,622	(57,623)	-
Total liabilities	\$ 1,052,282	8,100,429	(8,465,936)	686,775

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
SCHEDULE OF MEMORANDUMS OF UNDERSTANDING
June 30, 2013**

Administrative Office of the Courts

The Court participates in a Memorandum of Understanding (MOU) with the Administrative Office of the Courts to fund the provider contract for the DWI Drug Court with Liquor Excise Tax funding.

- Responsible Party: Bernalillo County Metropolitan Court
- Time period: July 1, 2012 to June 30, 2013
- Amount of Project: \$288,600
- The Administrative Office of the Courts contributed \$288,600 in the current fiscal year.
- Audit Responsibility: Bernalillo County Metropolitan Court
- Fiscal Agent: Bernalillo County Metropolitan Court
- Revenue and expenditures Reported: Bernalillo County Metropolitan Court

**REPORT OF INDEPENDENT AUDITORS 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**

Honorable Julie N. Altwies, Chief Judge
Bernalillo County Metropolitan Court
and
Mr. Hector H. Balderas,
New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds, of the State of New Mexico Bernalillo Metropolitan Court (Court) as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Court's basic financial statements, and the financial statements of the Court's agency funds, presented as supplementary information, and have issued our report thereon dated November 20, 2013.

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.

Honorable Julie N. Altwies, Chief Judge
Bernalillo County Metropolitan Court
and
Mr. Hector H. Balderas,
New Mexico State Auditor

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 from 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 results 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.

Mess Adams LLP

Albuquerque, New Mexico
November 20, 2013

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2013**

PRIOR YEAR FINDINGS

None

CURRENT YEAR FINDINGS

None

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
EXIT CONFERENCE
June 30, 2013**

We discussed the results of the audit during the exit conference held November 14, 2013. The exit conference was attended by the following individuals:

State of New Mexico, Bernalillo County Metropolitan Court:

Julie N. Altwies, Chief Judge
Victor E. Valdez, Presiding Criminal Judge
Deborah L. Williamson, Court Executive Officer
Jonathan Ash, Deputy Court Executive Officer/Chief Financial Officer
Rachael I. Monarch, Court Financial Manager
Dana Cox, General Counsel
Patricia Elliot, HR Director
Lucinda Warner, Internal Auditor
Robert L. Padilla, Deputy Court Executive Officer
Katharine Pena, Associate Attorney
Anna Casaus, Budget Analyst

Moss Adams LLP:

Jason W. Galloway, Senior Manager

Moss Adams LLP assisted with the preparation of the financial statements.