



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

FINANCIAL STATEMENTS

JUNE 30, 2014

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, 2014

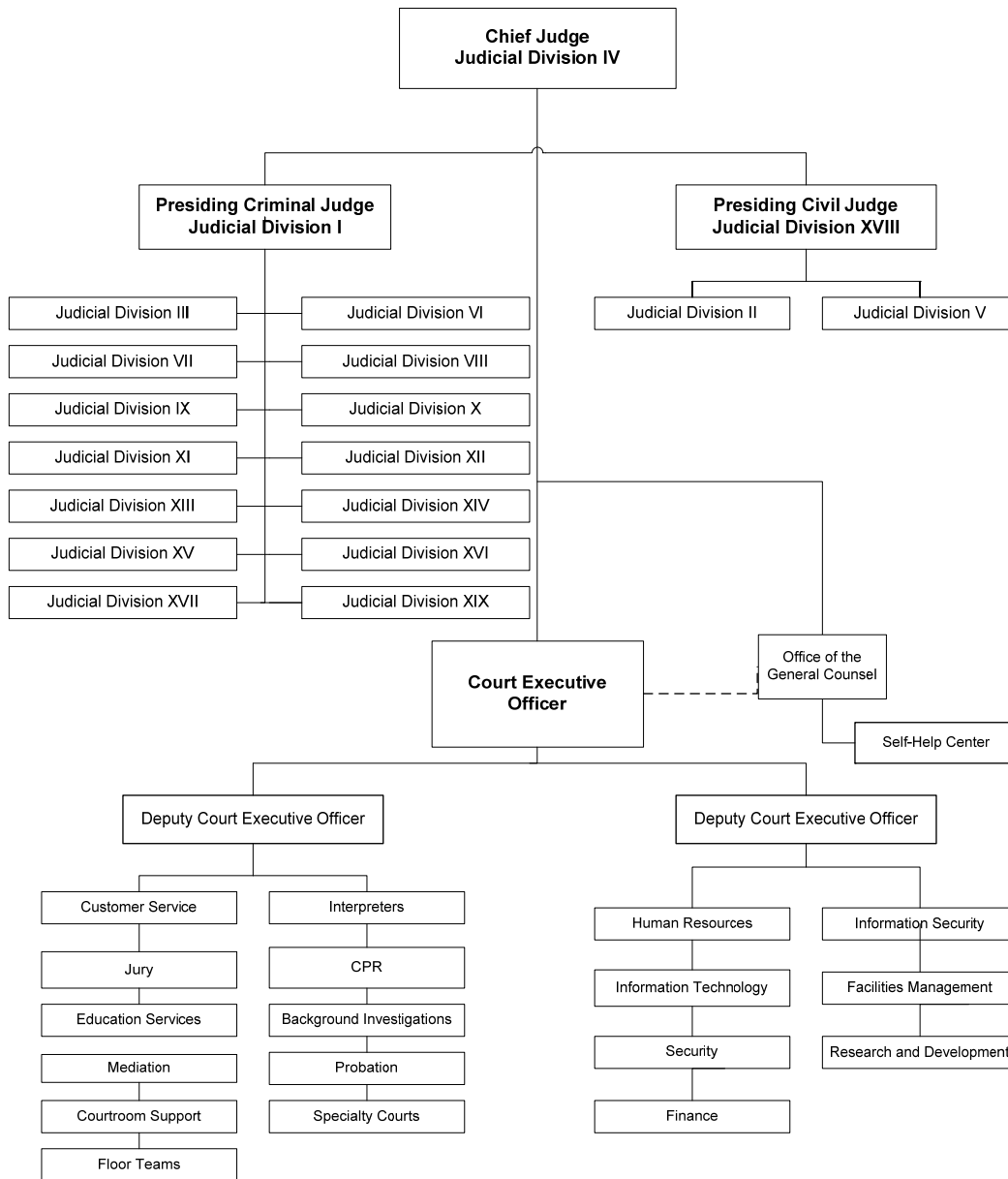
JUDGES

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

Robert L. Padilla	Court Executive Officer
Jonathan Ash	Deputy Court Executive Officer
Rachael I. Monarch	Finance Director/Chief Financial Officer

STATE OF NEW MEXICO
 BERNALILLO COUNTY METROPOLITAN COURT
 Organizational Structure
 June 30, 2014



REPORT OF INDEPENDENT AUDITORS

Honorable Henry A. Alaniz, 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 fiduciary funds, 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, 2014, 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 Schedule of Changes in Assets and Liabilities for the Agency Funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining fund financial statements, as listed in the table of contents as of and for the year ended June 30, 2014.

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 Henry A. Alaniz, 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 of the State of New Mexico Bernalillo Metropolitan Court as of June 30, 2014, and the respective changes in financial position, and the respective budgetary comparisons for the general and major 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 16 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 Henry A. Alaniz, 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 October 23, 2014 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
October 23, 2014

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

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, 2014. The year saw a total of 98,822 new case filings, of which 80,897 were criminal and 17,925 were civil.

Collections

The Court collected approximately \$4.8 million in fines and fees during the fiscal year, of which \$4.1 million (85%) was distributed to various state and local government agencies. The balance of collected funds, approximately \$0.7 million (15%) was used by the Court's warrant enforcement and mediation funds in accordance to their statutory funding requirements.

Bail Bond Postings

15,714 cash, surety and property bail bonds totaling approximately \$47.9 million were posted at the Court during the year.

Capital Asset Activity

The Court experienced a decline of \$2,274,958 in the value of its capital assets in fiscal year 2014. 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, 2014**

Specialty Court Program Highlights

Domestic Violence Early Intervention Program (DVEIP)

DVEIP is a pre-adjudication program intended for defendants who have been charged with a domestic violence crime. Participants are required to adhere to standard conditions of Pre-Trial Supervision, attend the appropriate counseling, and submit to random drug and alcohol testing. In FY 14 the program began with 149 participants and by years end, had enrolled 167 new defendants, for a total of 316 supervised defendants during the review period. The program graduated 211 participants in FY 14 for a graduation rate of 93%. The program enjoyed a strong retention rate of 93%. In addition to EIP cases Officers also supervise an average of 32 defendants per month who have a pending domestic violence charge and who are on "pre adjudication" supervision. In June 2014, the EIP program initiated a veterans track. This track is designed to provide specific services for veterans who are charged with domestic violence. In addition to supervision and counseling interventions Participants are matched with a mentor who serves as a mentor and supports the Participants in successfully completing the program. In addition, Participants also meet monthly with the program Judge to discuss progress, recovery, possible setbacks and adjustments to the supervision and or treatment plan.

Domestic Violence Repeat Offender Program (DVROP)

DVROP is an intensive, post-adjudication, pre-sentence program for defendants who have been charged with a misdemeanor crime involving domestic violence and who have a prior conviction involving domestic violence. The DVROP officer maintains a dedicated caseload and supervises between 25 and 30 Participants. Participants must successfully complete 52 weeks of domestic violence treatment with a vendor under contract with the Court that is certified by the State. When appropriate, Participants must also complete substance abuse treatment and/or parenting groups. Intensive probation supervision, regularly scheduled status review hearings with the assigned program Judge, random drug and alcohol testing. The incorporation of a collaborative team, and victim/children services that are offered by a vendor under contract with the Court serve as key components to the program. These core components have demonstrated positive outcomes for this highly effective program. DVROP began FY14 with 27 participants and enrolled 32 new Participants in FY 14. There were 3 graduates. The program had less graduates during the year as a result of a decreased enrollments and also taking higher risk/need Participants. As a result our graduation rate was 2%; however, the program has continued to enjoy a strong retention rate of 67%.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

DWI-Drug Court Program (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 2,902 defendants that have graduated from this program. During FY14, there were 155 new enrollments. The program graduated 147 participants in FY14, with a graduation rate of 73% and a retention rate of 87%. The three year recidivism rate for the program was 7.5% and the cost per participant per day was \$10.79. To better serve the community, the program has specialized services for Spanish Language participants and defendants with co-occurring disorders.

Courts to School Program

The Courts to School Program is a post-adjudication program designed to bring the courtroom experience into the school system by educating high school students on the procedures and realities of the criminal justice system. This is an actual Court proceeding and has all of the components of a courtroom including the defendant, defense counsel, District Attorney's Office, law enforcement, a probation officer, and the program Judge. The actual sentencing is done on-sight at the selected high school. The defendant must do the mandatory minimum jail time, one (1) year of probation, and all other mandatory requirements by law. The defendant may earn hours towards their community service for participating. In FY14, the program held five (5) sessions at the area high schools with fourteen (14) defendants participating in the program.

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 FY14, the program had 164 participants enrolled and there were 120 new enrollments added throughout the year. The program graduated 88 participants in FY14 resulting in a graduation rate of 86% and a retention rate of 96%. Under the MHC enhancement component, there was a monthly average of 41 additional defendants under supervision with a mental health probation officer and 101 defendants placed under pre-trial supervision pending resolution of a competency evaluation.

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

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

staff, Homeless Court has four volunteer attorneys, prosecutors and defense counsel who assist the defendant through the process. During the 10 sessions held in FY14, there were 83 defendants referred and 39 cases were dismissed.

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 FY14, there were 597 cases referred for competency determination resulting in 353 forensic evaluations.

Other Programs

Background Investigations Division

The Background Investigations Division continues to be the only division within the Court which is fully operational 24 hours per day, 7 days a week, including weekends and holidays. During FY14, Intake Officers interviewed a total of 16,056 defendants. The Background Investigators, who provide criminal history and community ties information to assist the judges with release/detention decisions, investigated and presented 3,679 misdemeanor DV and DWI criminal histories and 7,447 felony defendant histories in Court. In FY14, staff located and booked 22,543 defendants on local warrants. The Bonding area processes misdemeanor, felony, District Court, Out-of-County bonds on both in-custody and out-of-custody cases. During FY14, 771 District Court bonds and 629 Out-of-County bonds were processed for the year.

Probation Division

The Probation Division is responsible for supervising defendants during both post and pre adjudicated status for a broad range of misdemeanor cases including DWI and Domestic Violence. The probation officers have the responsibility of ensuring court compliance to promote positive changes in the lives of the defendants they monitor through supervision and intervention strategies. Additionally, the probation officers are charged with the responsibility of monitoring restitution, treatment compliance, drug and alcohol screenings, preparing pre-sentence reports, appearing in court and making recommendations on sentencing, and preparing for probation violation hearings. In FY14, the Division held 57,510 appointments. The probation officers monitored 1,223 DWI first offender defendants and 2,114 DWI defendants were screened for alcohol and substance abuse. Additionally, \$55,766 in restitution was collected by the Division.

**STATE OF NEW MEXICO
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MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

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 4,737 defendants sentenced to perform 68,171 hours of mandatory community service work, resulting in a value of \$494,239 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, over 400 cases were resolved through the Mediation Division. More than 100 mediators volunteered over 1,000 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 assistance by conference call to out-of-state litigants.

Self-Help Center

Since 2002, the Self-Help center has been providing services to the public for procedural information, forms, and referrals to the legal and community services to self-represented litigants. Access to the judicial system is a vital service and is well received by the public. The two (2) staff members are certified Justice System Language Access Specialists and provide services in Spanish when needed. In FY14, they completed 12,081 in-person interviews and 2,542 telephone interviews of which 930 were Spanish speakers.

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.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

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 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 2014 was increased by \$905,500 which is a 4.1% increase compared to the preceding fiscal year. The Court's non-reverting Warrant, Mediation and Parking fund budgets decreased by \$434,000 or 22%. The Court requested less budget authority in FY14 to align the actual revenue trend with the recurring budgeted expenditures.

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BERNALILLO COUNTY METROPOLITAN COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

Government-Wide Financial Analysis

Statement of Net Position

	Government Activities FY 2013	Government Activities FY 2014	Total Percentage Change FY 13-14
Current assets	\$ 1,701,701	1,516,966	(12%)
Capital assets less accumulated Depreciation	<u>59,727,642</u>	<u>57,452,684</u>	(4%)
Total assets	<u>61,429,343</u>	<u>58,969,650</u>	(4%)
Liabilities	<u>1,643,307</u>	<u>1,702,298</u>	3%
Net Position			
Net investment in capital assets	59,727,642	57,452,684	(4%)
Restricted	750,135	579,173	(30%)
Unrestricted (deficit)	<u>(691,741)</u>	<u>(764,505)</u>	10%
Total net position	<u>\$ 59,786,036</u>	<u>57,267,352</u>	(4%)

Capital assets, net of accumulated depreciation, decreased by \$2,274,958. The net investment in capital assets increased by \$381,302 and was primarily in machinery, equipment and buildings. It was more than offset by \$2,656,260 of depreciation expense during the same period.

The Court's liability for unpaid compensated absences increased to \$764,505 during the year ended June 30, 2014, as a result of more leave being accrued than taken.

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 BERNALILLO COUNTY METROPOLITAN COURT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2014**

Statement of Activities

The following schedule presents the revenues and expenses for fiscal years 2013 and 2014:

	Government Activities FY 2013	Government Activities FY 2014	Total Percentage Change FY 13-14
Expenses			
Judicial	\$ (26,925,222)	(28,036,543)	4%
Program revenues	<u>2,651,698</u>	<u>2,839,567</u>	7%
Net (expenses) revenues	<u>(24,273,524)</u>	<u>(25,196,976)</u>	4%
General revenues and (expenses)			
General fund appropriation	21,937,800	22,694,200	4%
STB Bond Proceeds	-	20,255	100%
Transfers	<u>(41,193)</u>	<u>(36,163)</u>	(14%)
Total general revenues and transfers	<u>21,896,607</u>	<u>22,678,292</u>	3%
Change in net position	(2,376,917)	(2,518,684)	6%
Net position, beginning	<u>62,162,953</u>	<u>59,786,036</u>	(4%)
Net position, ending	<u>\$ 59,786,036</u>	<u>57,267,352</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	\$ 18,921,770	18,707,742	214,028
Contractual Services	2,744,498	2,567,672	176,826
Other Costs	3,030,680	2,986,489	44,191
	<u>\$ 24,696,948</u>	<u>24,261,903</u>	<u>435,045</u>

The Court reverted \$21,163 from unexpended funds in the General Fund.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

The Court's Funds

Government Funds

As of June 30, 2014, the government funds (as presented on the balance sheet) reported a fund balance of \$579,173, of which \$235,159 relates to the Warrant Enforcement Fund; \$64,028 to the Parking Facility Fund and \$279,986 to the Mediation Fund. These fund balances are set aside for future expenditures in the respective areas and may be appropriated in the future. In FY14, the Court utilized fund balance to meet the shortfall in projected revenues for the Parking and Warrant funds.

Budgetary Highlights

The Bernalillo County Metropolitan Court was appropriated \$22,694,200 of general fund within the Laws of the 2013, Regular Session, Chapter 227, Section 4.

The Court received \$310,046 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.

In October 2014, the Court received two federal grant awards to be utilized through September 30, 2016. One is from the Substance Abuse and Mental Health Administration (SAMHSA) in the amount of \$973,311 and the second is from the Bureau of Justice Assistance (BJA) in the amount of \$292,968. These grants will expand services to the Court's DWI/Drug Court and Mental Health Court offenders. They will assist nonviolent offenders with successful rehabilitation from the use of drugs and/or alcohol and /or mental health issues. The DWI/Drug Court targets high-risk non-violent offenders who have at least two, but not more than five, DWI convictions.

The Court utilized \$50,000 from the fund balance of the Mediation Fund to assist with a portion of the personal services and employee benefits of three FTE.

Additionally, the Court transferred \$15,000 to the Administrative Office of the Courts to pay down the annual bond payment for the Bernalillo County Metropolitan Court structure.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

Anticipated Changes

The approved general fund operating budget for FY15 was increased by \$952,300 or 4.2%. This increase includes a 3% compensation package of \$382,300. In addition to the 3% compensation package, the state's portion of PERA and JRA also increased. Also, there was an increase in health insurance premiums.

Through the Budget Request process, the Court increased the budget authority by \$60,000 from the mediation fund balance to pay for a portion of the three mediation staff's estimated expenditures.

In FY15, the Court received \$310,046 in supplemental funding, provided to the Administrative Office of the Courts (AOC) from the DFA - Local Government Division. Future fiscal years' funding of this program remains unknown at this time.

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 FY15, the budget for this Grant award is \$129,700. This award is to fund the personal services and employee benefits for two probation officers 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.

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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.

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, 2014**

Governmental
 Activities

ASSETS

Current Assets

Petty cash	\$	4,150
Interest in State Treasurer General Fund Investment Pool		1,251,992
Fines and fees receivable, net		47,730
Grants and contracts receivable		213,094
Total current assets		<u>1,516,966</u>

Capital assets

Land		6,640,478
Capital assets being depreciated		50,812,206
Total capital assets, net of accumulated depreciation		<u>57,452,684</u>

Total assets

58,969,650

LIABILITIES

Current Liabilities

Accounts payable		481,851
Accrued payroll and related taxes		434,487
Cash overdraft		292
Due to State General Fund		21,163
Compensated absences payable		764,505
Total current liabilities		<u>1,702,298</u>

NET POSITION

Net investment in capital assets		57,452,684
Restricted		579,173
Unrestricted (deficit)		(764,505)
Total net position	\$	<u><u>57,267,352</u></u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2014**

		<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
	Expenses	Charges for Services	Operating Grants	
Governmental Activities				
Judicial	\$ 27,123,355	1,094,025	822,893	(25,206,437)
Preventative programs	266,699	-	266,699	-
Parking facility operations	578,830	567,765	-	(11,065)
Mediation	67,659	88,185	-	20,526
Total governmental activities	\$ 28,036,543	1,749,975	1,089,592	(25,196,976)
General Revenues and Transfers				
State General Fund appropriation - 2014				\$ 22,694,200
STB Bond Proceeds				20,255
Transfer of Parking Fund revenue to Court Facilities Fund				(15,000)
Reversion to State General Fund - 2014				(21,163)
Total general revenues				22,678,292
Change in net position				(2,518,684)
Net position, beginning				59,786,036
Net position, ending				\$ 57,267,352

See Notes to Financial Statements.

STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	General Fund	Warrant Enforcement Fund	Parking Facility Fund	Mediation Fund	STB Capital Outlay Fund	Total Governmental Funds
ASSETS						
Current Assets						
Petty cash	\$ 4,150	-	-	-	-	4,150
Interest in State General Fund Investment Pool	660,138	240,073	72,763	279,018	-	1,251,992
Fines and fees receivable, net	997	13,397	31,586	1,750	-	47,730
Grant and contracts receivable	212,802	-	-	-	292	213,094
Total assets	\$ 878,087	253,470	104,349	280,768	292	1,516,966
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 434,788	5,960	40,321	782	-	481,851
Accrued payroll and taxes	422,136	12,351	-	-	-	434,487
Cash overdraft	-	-	-	-	292	292
Due to State General Fund	21,163	-	-	-	-	21,163
Total liabilities	878,087	18,311	40,321	782	292	937,793
Fund Balances						
Nonspendable	4,150	-	-	-	-	4,150
Restricted	-	235,159	64,028	279,986	-	579,173
Unassigned (deficit)	(4,150)	-	-	-	-	(4,150)
Total fund balances	-	235,159	64,028	279,986	-	579,173
Total liabilities and fund balances	\$ 878,087	253,470	104,349	280,768	292	1,516,966

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, 2014**

Total fund balances - governmental funds \$ 579,173

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	3,605,129
Building, land and parking facility	77,101,450
Accumulated depreciation	<u>(29,894,373)</u>

Total capital assets, net of accumulated depreciation 57,452,684

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

Compensated absences payable	<u>(764,505)</u>
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Net position of governmental activities \$ 57,267,352

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, 2014**

	General Fund	Warrant Enforcement Fund	Parking Facility Fund	Mediation Fund	STB Capital Outlay Fund	Total Governmental Funds
Revenues						
Fines and fees	\$ 499,274	594,751	567,765	88,185	-	1,749,975
Grants and contracts	1,089,592	-	-	-	-	1,089,592
Total revenues	1,588,866	594,751	567,765	88,185	-	2,839,567
Expenditures general government - judiciary						
Current						
Personal services	13,310,521	430,008	-	33,530	-	13,774,059
Employee benefits	5,397,221	199,502	-	16,470	-	5,613,193
In-state travel	22,617	-	40	-	-	22,657
Maintenance and repairs	1,055,655	624	83,010	1,010	-	1,140,299
Supplies and materials	651,527	2,094	6,704	5,763	-	666,088
Contractual services	2,567,672	83,744	391,251	858	20,255	3,063,780
Operating costs	863,384	25,603	97,824	10,028	-	996,839
Other costs	5,159	-	1	-	-	5,160
Out-of-state travel	25,444	-	-	-	-	25,444
Capital outlay	362,703	-	18,599	-	-	381,302
Total expenditures	24,261,903	741,575	597,429	67,659	20,255	25,688,821
Excess (deficiency) of revenues over expenditures	(22,673,037)	(146,824)	(29,664)	20,526	(20,255)	(22,849,254)
Other financing sources (uses)						
State General Fund appropriation	22,694,200	-	-	-	-	22,694,200
STB Proceeds	-	-	-	-	20,255	20,255
Transfer of revenue to Court Facilities Fund	-	-	(15,000)	-	-	(15,000)
Reversion to State General Fund - 2014	(21,163)	-	-	-	-	(21,163)
Total other financing sources (uses)	22,673,037	-	(15,000)	-	20,255	22,678,292
Net change in fund balances	-	(146,824)	(44,664)	20,526	-	(170,962)
Fund balances, beginning	-	381,983	108,692	259,460	-	750,135
Fund balances, ending	\$ -	235,159	64,028	279,986	-	579,173

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, 2014**

Net change in fund balances (Statement of Revenues,
 Expenditures and Changes in Fund Balances) \$ (170,962)

Amounts reported for governmental activities in the
 Statement of Activities are different for the year
 ended June 30, 2014 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 increase in the liability
 for the year was (72,764)

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	\$ 381,302
Depreciation	<u>(2,656,260)</u>
Excess of depreciation over capital outlay	<u>(2,274,958)</u>
Change in net position of governmental activities (Statement of Activities)	<u><u>\$ (2,518,684)</u></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, 2014**

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Approved Revised Budget	Actual	
Revenues				
Local governments	\$ 826,500	826,500	822,893	(3,607)
Charges for services	58,000	58,000	39,653	(18,347)
Grants	120,000	659,102	266,699	(392,403)
Other	-	-	475	475
Total revenues	1,004,500	1,543,602	1,129,720	(413,882)
Expenditures				
Personal services/employee benefits	19,109,000	18,921,770	18,707,742	214,028
Contractual services	2,668,600	2,744,498	2,567,672	176,826
Other costs	2,323,600	3,030,680	2,986,489	44,191
Total expenditures	24,101,200	24,696,948	24,261,903	435,045
Excess (deficiency) of revenues over expenditures	(23,096,700)	(23,153,346)	(23,132,183)	21,163
Other financing sources (uses)				
State General Fund appropriation	22,694,200	22,694,200	22,694,200	-
Reversions	-	-	(21,163)	(21,163)
Other financing sources - fines and fees	402,500	459,146	459,146	-
Other financing uses	-	-	-	-
Total other financing sources (uses)	23,096,700	23,153,346	23,132,183	(21,163)
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, 2014

	Warrant Enforcement Fund			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Local governments	\$ -	-	-	-
Charges for services	766,000	706,000	594,751	(111,249)
Grants	-	-	-	-
Other	-	-	-	-
Total revenues	766,000	706,000	594,751	(111,249)
Expenditures				
Current				
General government				
Personal services/employee benefits	672,000	672,000	629,510	42,490
Contractual services	148,000	148,000	83,744	64,256
Other costs	46,000	46,000	28,321	17,679
Total expenditures	866,000	866,000	741,575	124,425
Excess of revenues over expenditures	(100,000)	(160,000)	(146,824)	13,176
Other financing sources				
State General Fund appropriation	-	-	-	-
Other financing sources	-	-	-	-
Total other financing sources	-	-	-	-
Cash balance required to balance budget	100,000	160,000	-	(160,000)
Net change in fund balance	\$ -	-	(146,824)	(146,824)

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, 2014

	Parking Facility Fund			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Local governments	\$ -	-	-	-
Charges for services	-	-	-	-
Grants	-	-	-	-
Other	700,000	640,000	567,765	(72,235)
Total revenues	<u>700,000</u>	<u>640,000</u>	<u>567,765</u>	<u>(72,235)</u>
Expenditures				
Current				
General government				
Personal services/employee benefits	-	-	-	-
Contractual services	446,000	446,000	391,251	54,749
Other costs	239,000	254,000	206,178	47,822
Total expenditures	<u>685,000</u>	<u>700,000</u>	<u>597,429</u>	<u>102,571</u>
Excess (deficiency) of revenues over expenditures	<u>15,000</u>	<u>(60,000)</u>	<u>(29,664)</u>	<u>30,336</u>
Other financing sources				
State General Fund appropriation	-	-	-	-
Transfer to Court Facilities Funds	-	-	-	-
Other financing uses	(15,000)	(15,000)	(15,000)	-
Total other financing sources (uses)	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Cash balance required to balance budget	-	75,000	-	(75,000)
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>(44,664)</u>	<u>(44,664)</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 (CONTINUED)
 Year Ended June 30, 2014

	Mediation Fund			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Local governments	\$ -	-	-	-
Charges for services	31,000	31,000	88,185	57,185
Grants	-	-	-	-
Other	-	-	-	-
Total revenues	31,000	31,000	88,185	57,185
Expenditures				
Current				
General government				
Personal services/employee benefits	50,000	50,000	50,000	-
Contractual services	2,600	2,600	858	1,742
Other costs	28,400	28,400	16,801	11,599
Total expenditures	81,000	81,000	67,659	13,341
Excess (deficiency) of revenues over expenditures	(50,000)	(50,000)	20,526	70,526
Other financing sources				
State General Fund appropriation	-	-	-	-
Other financing sources	-	-	-	-
Other financing uses	-	-	-	-
Total other financing sources	-	-	-	-
Cash balance required to balance budget	50,000	50,000	-	(50,000)
Net change in fund balance	\$ -	-	20,526	20,526

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, 2014

	STB Capital Outlay Fund			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Local governments	\$ -	-	-	-
Charges for services	-	-	-	-
Grants	-	-	-	-
Other	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Current				
General government				
Personal services/employee benefits			-	-
Contractual services	25,000	27,183	20,255	6,928
Other costs	344,000	341,817	-	341,817
Total expenditures	369,000	369,000	20,255	348,745
Excess (deficiency) of revenues over expenditures	(369,000)	(369,000)	(20,255)	(348,745)
Other financing sources				
State General Fund appropriation	-	-	-	-
Other financing sources	369,000	369,000	20,255	348,745
Other financing uses	-	-	-	-
Total other financing sources	369,000	369,000	20,255	348,745
Cash balance required to balance budget	-	-	-	-
Net change in fund balance	\$ -	-	-	-

See Notes to Financial Statements.

**STATE OF NEW MEXICO
 BERNALILLO COUNTY METROPOLITAN COURT
 STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
 June 30, 2014**

	Agency Funds
ASSETS	
Interest in State General Fund Investment Pool	\$ -
Cash on deposit in banks	<u>663,566</u>
Total assets	<u><u>\$ 663,566</u></u>
LIABILITIES	
Due to Other Funds	\$ -
Deposits held for others	<u>663,566</u>
Total liabilities	<u><u>\$ 663,566</u></u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

**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, Management has determined 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.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

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

B. Basic Financial Statements (Continued)

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

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

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, 2014**

**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, 2014**

**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 2014 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, 2014**

**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 to finance expenditures of the current fiscal period; available meaning collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

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

E. Basis of Accounting (Continued)

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, 2014**

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, 2014, 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, 2014**

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

G. Budgets and Budgetary Accounting (Continued)

5. All subsequent budgetary adjustments must be approved by the Director of the DFA-Budget Division and LFC.
6. Legal budget control for expenditures is by category of appropriation unit.
7. Formal budgetary integration was employed as a management control device during the fiscal year for the General Fund, and Special Revenue Funds.
8. 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 2013, Chapter 227, 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 2014 as all payables were paid by the statutory deadline.
9. 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, 2014**

**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, 2014, 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, 2014, 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.

Reserved for Other Cash. This reserve 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, 2014**

**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, 2014**

**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, 2014, the Parking Fund had \$36,982 deemed uncollectible and all other receivables are considered collectible.

N. New Accounting Pronouncements

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.

**STATE OF NEW MEXICO
 BERNALILLO COUNTY METROPOLITAN COURT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2014**

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	\$ 660,138
Special Revenue Funds		
Mediation Fund	93000	279,018
Warrant Enforcement Fund	69300	240,073
Parking Facility Fund	72900	<u>72,763</u>
Total – governmental		<u>1,251,992</u>
Agency Funds		
Refund Suspense Fund	82400	<u>-</u>
Total – agency funds		<u>-</u>
Total interest in the State Treasurer investment pool		<u>\$ 1,251,992</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 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.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

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

The following is a listing of the Court's deposits of public monies grouped by depository financial institution as of June 30, 2014:

	Bank Account Type	Bank Amount
Wells Fargo Bank		
Cash Bail Bond	Checking	\$ 34,232
Parking Facility	Checking	1,810
Civil Trust	Checking	<u>634,636</u>
Total demand deposits		670,678
FDIC coverage		<u>250,000</u>
Uninsured balance		<u><u>\$ 420,678</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, 2014, 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	420,678
Uninsured and uncollateralized	<u>-</u>
Total deposits	<u><u>\$ 670,678</u></u>

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

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

Reconciled amount by fund per financial statements at June 30, 2014, is as follows:

General Fund	
Operating account	\$ 660,138
Special Revenue Funds	
Warrant Enforcement Fund	240,073
Mediation Fund	279,018
Parking Facility Fund	<u>72,763</u>
Total investment in State General Fund	
Investment Pool per Statement of Net Position	<u>1,251,992</u>
Fiduciary Funds	
Wells Fargo checking accounts	670,678
Interest in State General Fund Investment Pool	<u>-</u>
	<u>670,678</u>
Total investment in State General Fund Investment	
Pool and banks, per financial statements	1,922,670
Add: Outstanding checks and other reconciling	
items – net	<u>(7,102)</u>
Total investment in State General Fund Investment	
Pool and banks	<u>\$ 1,915,568</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, 2014**

**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 reconciling items)

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

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

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

The Court has 3 bank accounts: Civil Trust, 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, 2014, the Department had the following invested in the General Fund Investment Pool:

General Fund Investment Pool \$1,251,992.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

**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, 2014.

NOTE 3. OUTSTANDING JUDGMENTS

At June 30, 2014 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, 2014**

NOTE 4. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2014 is as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Court capital assets not being depreciated				
Land	\$ 6,640,478	-	-	6,640,478
Court depreciable capital assets				
Machinery, equipment and vehicles	3,420,887	329,690	(145,448)	3,605,129
Building and parking facility	77,049,838	51,612	-	77,101,450
Total depreciable assets	<u>80,470,725</u>	<u>381,302</u>	<u>(145,448)</u>	<u>80,706,579</u>
Accumulated depreciation				
Machinery, equipment and vehicles	(3,086,199)	(77,744)	145,448	(3,018,495)
Building	<u>(24,297,362)</u>	<u>(2,578,516)</u>	-	<u>(26,875,878)</u>
Accumulated depreciation	<u>(27,383,561)</u>	<u>(2,656,260)</u>	<u>145,448</u>	<u>(29,894,373)</u>
Total capital assets, net of accumulated depreciation	<u>\$ 59,727,642</u>	<u>(2,274,958)</u>	<u>-</u>	<u>57,452,684</u>

Depreciation expense for the year ended June 30, 2014 was \$2,656,260 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, 2014 is as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due After One Year
Compensated absences					
Accrued annual leave	\$ 681,421	894,925	823,885	752,461	-
Accrued sick leave	<u>10,320</u>	<u>538,560</u>	<u>536,836</u>	<u>12,044</u>	-
	<u>\$ 691,741</u>	<u>1,433,485</u>	<u>1,360,721</u>	<u>764,505</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, 2014**

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 8.92% of their gross salary. The Court is required to contribute 16.59% 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, 2014, 2013 and 2012 were \$1,876,867, \$1,645,297 and \$1,500,907, 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, 2014**

**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 7.5% of their gross salary. The Court is required to contribute 12.0% of the gross covered salary. The Court's contributions to the Plan for the years ended June 30, 2014, 2013 and 2012 were \$243,873, \$205,966 and \$176,459, 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, 2014**

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, 2014**

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, 2014, 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, 2014, 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, 2014, 2013 and 2012 were \$227,111, \$218,596 and \$204,215, respectively, which equal the required contributions for each year. The Court's remitted for Judges’ contributions for the years ended June 30, 2014, 2013 and 2012 were \$50,807, \$49,039 and \$46,223, respectively, which equal the required contributions for each year.

NOTE 8. GOVERNMENTAL FUND BALANCES

The Court’s fund balances represent: Restricted Purposes which include balances that are legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors contributors, or laws or regulations of other governments. A summary of the nature and purposes of these reserves by fund type at June 30, 2014 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	-	235,161
Parking Facility Fund	NMSA 1978, Section 34-8A-14	-	64,028
Mediation Fund	NMSA 1978, Section 34-8A-10	-	279,987
Total Fund Balance		<u>\$ 4,150</u>	<u>579,176</u>

**STATE OF NEW MEXICO
 BERNALILLO COUNTY METROPOLITAN COURT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2014**

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, 2013 through June 30, 2014.

NOTE 10. OPERATING LEASE COMMITMENTS

The Court is committed under various leases for equipment through 2019. 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 \$82,508 for the year ended June 30, 2014. Future minimum payments under the equipment leases are as follows:

Year Ending June 30	Amount
2015	\$ 103,533
2016	103,533
2017	103,533
2018	103,533
2019	<u>61,066</u>
Total	<u>\$ 475,198</u>

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, 2014. (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: \$822,891.
- 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: \$99,670.

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 12. INTERAGENCY TRANSFERS

From	To	Amount	Purpose
SHARE Fund 85300	SHARE Fund 15400	\$ 22,694,200	General Fund appropriation
SHARE Fund 85300	SHARE Fund 15400	149,100	GF Compensation Package
SHARE Fund 13900	SHARE Fund 15400	310,046	AOC Drug Court Allocation Reimbursement
SHARE Fund 15400	SHARE Fund 85300	19,667	2014 Reversion
SHARE Fund 15400	SHARE Fund 85300	198	FY13 Vendor Return Credit
SHARE Fund 15400	SHARE Fund 85300	33	FY13 Stale-dated reversion
SHARE Fund 72900	SHARE Fund 53200	15,000	Bond Payment

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
DESCRIPTION OF FIDUCIARY FUNDS
June 30, 2014**

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:

Fiscal and Trust 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 and 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, 2014

	Fines and Fees Revenue	Cash Bail Bonds	Civil Trust	Refund Suspense Account	Parking Facility	Total
ASSETS						
Investment Pool	\$ -	-	-	-	-	-
Cash	629,601	-	32,155	-	1,810	663,566
	<u>\$ 629,601</u>	<u>-</u>	<u>32,155</u>	<u>-</u>	<u>1,810</u>	<u>663,566</u>
LIABILITIES						
Deposits held for others	\$ 629,601	-	32,155	-	1,810	663,566
New Mexico General Fund	-	-	-	-	-	-
Total liabilities	<u>\$ 629,601</u>	<u>-</u>	<u>32,155</u>	<u>-</u>	<u>1,810</u>	<u>663,566</u>

**STATE OF NEW MEXICO
BERNALILLO COUNTY METRO COURT
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended June 30, 2014**

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Fines and Fees Revenue Fund				
Assets				
Cash	\$ 75,214	5,032,456	(4,478,069)	629,601
Liabilities				
Deposits held for others	\$ 75,214	5,032,456	(4,478,069)	629,601
Cash Bail Fund				
Assets				
Cash	\$ 577,542	624,291	(1,201,833)	-
Liabilities				
Deposits held for others	\$ 577,542	624,291	(1,201,833)	-
Civil Trust Fund				
Assets				
Cash	\$ 29,747	1,388,338	(1,385,930)	32,155
Liabilities				
Deposits held for others	\$ 29,747	1,388,338	(1,385,930)	32,155
Refund Suspense Account Fund				
Assets				
Interest in State Treasurer General Fund Investment Pool	\$ -	24,570	(24,570)	-
Liabilities				
Due to the State of New Mexico General Fund	\$ -	24,570	(24,570)	-
Parking Facilities Fund				
Assets				
Cash	\$ 4,272	566,137	(568,599)	1,810
Liabilities				
Deposits held for others	\$ 4,272	566,137	(568,599)	1,810
Total All Agency Funds				
Assets				
Interest in State Treasurer General Fund Investment Pool	\$ -	24,570	(24,570)	-
Cash	686,775	7,611,222	(7,634,431)	663,566
Total assets	\$ 686,775	7,635,792	(7,659,001)	663,566
Liabilities				
Deposits held for others	\$ 686,775	7,611,222	(7,634,431)	663,566
Due to the State of New Mexico General Fund	-	24,570	(24,570)	-
Total liabilities	\$ 686,775	7,635,792	(7,659,001)	663,566

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
SCHEDULE OF MEMORANDUMS OF UNDERSTANDING
June 30, 2014**

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, 2013 to June 30, 2014
- Amount of Project: \$310,046
- The Administrative Office of the Courts contributed \$310,046 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 Henry A. Alaniz, 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, 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, 2014 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 October 23, 2014.

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 Henry A. Alaniz, 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 and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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
October 23, 2014

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2014**

PRIOR YEAR FINDINGS

None

CURRENT YEAR FINDINGS

None

**STATE OF NEW MEXICO
BERNALILLO COUNTY METROPOLITAN COURT
EXIT CONFERENCE
June 30, 2014**

We discussed the results of the audit during the exit conference held October 23, 2014. The exit conference was attended by the following individuals:

State of New Mexico, Bernalillo County Metropolitan Court:

Henry A. Alaniz, Chief Judge
Sandra Engel, Presiding Criminal Judge
Robert L. Padilla, Court Executive Officer
Jonathan Ash, Deputy Court Executive Officer
Rachael I. Monarch, Finance Director/Chief Financial Officer
Dana Cox, General Counsel
Patricia Elliot, HR Director
Lucinda Warner, Internal Auditor
Katharine Pena, Associate Attorney
Anna Casaus, Court Financial Administrator

Moss Adams LLP:

Jeff Bridgens, Senior Manager
Sandy Schwank, Manager

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