



NEW MEXICO JUDICIARY

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
FINANCIAL STATEMENTS
JUNE 30, 2008

PREPARED BY: CFO, ADMINISTRATIVE OFFICE OF THE COURTS

STATE OF NEW
MEXICO
ADMINISTRATIVE
OFFICE
OF THE COURTS
FINANCIAL STATEMENTS

JUNE 30, 2008

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STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS

Official Roster

June 30, 2008

ADMINISTRATIVE OFFICIALS

Name	Title
Honorable Edward L. Chavez	Chairperson
Arthur W. Pepin	Director
Jeff A. Varela	Deputy Director
Oscar J. Arevalo	Director of Fiscal Services
Lorri A. Hatcher	Director of Human Resources
Karen Janes	Director of Magistrate Courts
Steve Prisoc	Director of Judicial Information
Louise Baca-Sena	Director of Special Court Services

Independent Auditors' Report

Honorable Edward L. Chavez, Chief Justice
New Mexico Supreme Court
and
Mr. Hector H. Balderas,
New Mexico State Auditor

We have audited the accompanying financial statements of the governmental activities, each major fund, the budgetary comparisons for the general fund and major special revenue funds, and the aggregate remaining fund information of the State of New Mexico, Administrative Office of the Courts (AOC), as of and for the year ended June 30, 2008, which collectively comprise the AOCs' basic financial statements, as listed in the table of contents. We have also audited the financial statements of each of the AOCs' nonmajor governmental and fiduciary funds, the respective budgetary comparisons, and the budgetary comparison of the major capital project fund presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of AOCs' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements of the AOC are intended to present the financial position and changes in financial position of only that portion of the governmental activities, major funds and aggregate remaining fund information of the State of New Mexico that is attributable to the transactions of the AOC. They do not purport to, and do not present fairly the financial position of the State of New Mexico as of June 30, 2008, and the changes in its financial position, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Honorable Edward L. Chavez, Chairperson
New Mexico Supreme Court
and
Mr. Hector H. Balderas,
New Mexico State Auditor

As described in Note 11 to the financial statements, as of July 1, 2007, the AOC restated the fund balance for the Statewide Judiciary Capital Outlay fund along with the related net assets.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the AOC as of June 30, 2008, and the respective changes in financial position, thereof, and the budgetary comparison for the general fund and major special revenue funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and fiduciary funds of the AOC, as of June 30, 2008, and the respective changes in the financial position thereof and the respective budgetary comparisons of each of the nonmajor special revenue funds and the major capital projects fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2008, on our consideration of the AOC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 5 through 12 is not a part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Honorable Edward L. Chavez, Chief Justice
New Mexico Supreme Court
and
Mr. Hector H. Balderas,
New Mexico State Auditor

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise AOC's basic financial statements, and the combining and individual fund financial statements and budgetary comparisons presented as supplemental information. The accompanying combining statements and schedules listed in the table of contents as Supplemental Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Also, the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis required by US Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Not-for-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to each of the respective individual funds taken as a whole.

Moss Adams LLP

Albuquerque, New Mexico
December 15, 2008

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

MISSION STATEMENT

The mission of the Administrative Office of the Courts (AOC) is to provide access to justice; resolve disputes justly and timely; and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the Constitution of New Mexico and the United States.

Strategic Plan Goals

- To improve case flow management to provide timely and fair proceedings;
- Provide training to enhance the skills of judges and court staff;
- Provide reasonable and affordable access to justice in safe and adequate facilities;
- To obtain adequate funding and resources for court operations; and
- To obtain and use technology to collect, process, and share information needed to process cases and manage resources.

The AOC participates in the State of New Mexico's Accountability in Government Act. The AOC has four programs within its budget: Administrative Support, Statewide Judiciary Automation, Magistrate Courts, and Special Court Services. Each program has activities within their respective programs. Below is a brief description of each activity.

Administrative Support Program:

AOC administration – Provide basic administrative support for all judicial units.

Judicial Performance Evaluation – Appointed commission members vested with the responsibility of evaluating judges who stand for retention and publish and distribute the evaluation results.

Court Improvement Project – Provide a comprehensive effort to improve judicial proceedings related to child abuse and neglect, foster care and adoption, including improving outcomes for Native American children by improving Tribal State relationships. The project also sponsors the annual Cross-Court Cultural Exchange.

Jury and Witness – This activity pays for jurors, interpreters, and witness expenses involved with jury trials. This fund is also used to pay for interpreter certification workshop instructors.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2008

Federal Grants administration – The AOC administered 11 grants throughout FY2008 which include the following: U.S. Department of Justice, (1) Congressionally Mandated Award; U.S. Department of Transportation, (2) pass-through from the State of New Mexico Department of Transportation, Study of Scheduling Practices for DWI Cases in Bernalillo County and AOC DWI Courts; U. S. Department of Health and Human Services, (2) State Court Improvement Program, (2) Court Improvement Data Sharing Program, (2) Court Improvement Training Program, and (1) pass-through from the State of New Mexico Department of Children, Youth and Families, Mediation Services and; State Justice Institute, (1) Coordinating Access to Justice in New Mexico.

Statewide Judiciary Automation Program:

Judicial Information administration – Provide basic information technology support for all judicial units statewide.

Supreme Court automation – Provide maintenance and operations support for the statewide court case management system.

Municipal Court Automation – Assist with purchasing, implementing and maintaining court automation systems for participating municipalities.

Magistrate Court Program:

Magistrate Court General – Support basic operations and administration of the statewide magistrate court system.

Warrant Enforcement – Provide support to the Magistrate Courts by employment of personnel and purchase of equipment and services to aid in the collection of fines, fees, and costs owed to the Magistrate Courts.

Mediation – Administer voluntary civil mediation programs in the Magistrate Courts.

Drug Courts – Support drug courts as an alternative to incarceration.

Video Arraignment and Facilities – Equipping, securing and leasing of magistrate facilities. The funding comes from legislative appropriations to use bond rebate transfers from the New Mexico Finance Authority of annual cash balances remaining after debt service principal and interest payments are made to the Bernalillo County Metropolitan Court and parking structure bonds.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2008

Special Court Services Program:

Court Appointed Special Advocate (CASA) – Support effective volunteer advocacy for the best interest of abused and neglected children involved in the court system. The majority of these funds are transferred to district courts around the state.

Supervised Visitation and Children's Court Mediation – Provide support to ensure the child's safety in maintaining a relationship with both parents, shorten the period of trauma and disruption in the child's life by limiting requests for changes in court orders and visitation that lengthen the duration of the case, and protect the child and non-offending parent from further acts of child abuse, violence and dysfunction. These funds are transferred to district courts around the state.

Court Appointed Attorney - Provide legal representation to clients, treatment guardians and to appoint special commissioners. These funds are paid to attorneys by the AOC on behalf of district courts statewide.

Water Rights Adjudication – Provide staff and judges pro tempore to aid with the stream adjudication cases in the 3rd, 11th and 5th Judicial District Courts. A portion of general funds is transferred to the district courts listed. Additional funding also comes from the Water Project Fund created under the Laws of 2001, Chapter 164, Section 9 at the New Mexico Finance Authority for the purpose of supporting water projects pursuant to provisions of the Water Project Finance Act. As a result of this act, twenty percent of the money dedicated for water rights adjudications is allocated to AOC for the costs associated with those adjudications. Any balance remaining in this fund at the end of the fiscal year does not revert to the State General Fund.

Judges Pro Tempore - Pays for the costs associated with the hiring of retired judges and justices who are appointed by the Chief Justice of the Supreme Court to serve as a district judge pro-temp.

Access to Justice - The Access to Justice Commission created by the New Mexico Supreme Court makes the courts more accessible to low-income persons with civil legal needs in areas such as family law, domestic violence, housing, consumer, employment, government benefits and other non-criminal legal matters.

Court Reporters - Pays for the costs associated with transcribing first-degree murder cases for the Supreme Court.

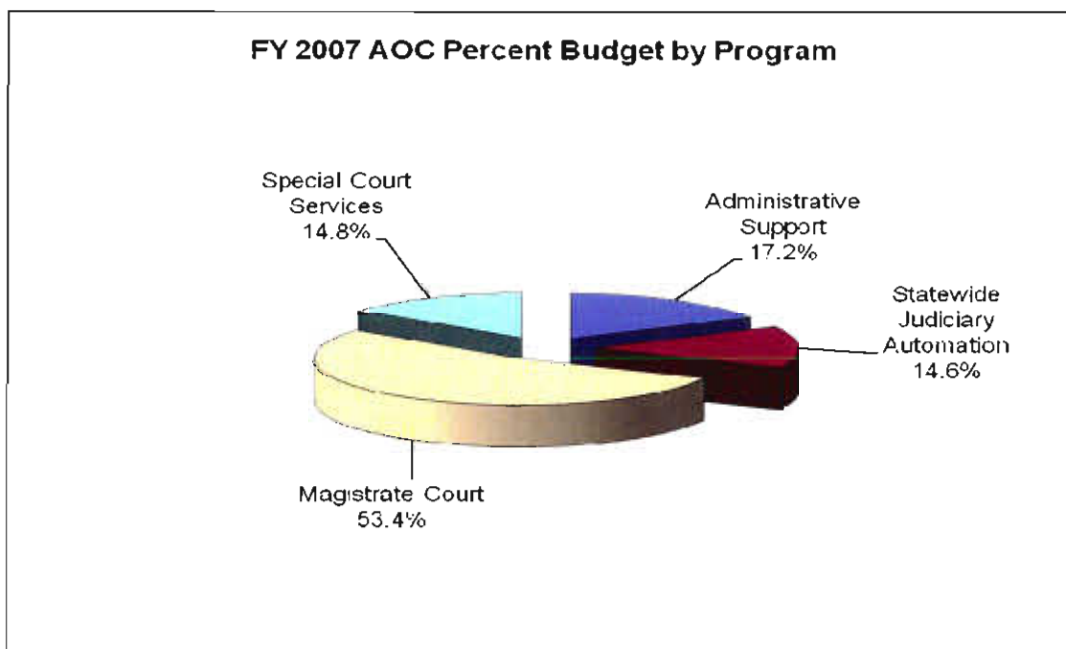
HIGHLIGHTS

Financial Highlights:

- The General Fund Budget increase for FY2008 was 28.4%. Approximately half of this increase (\$4,189,000) is attributable to one-time, year-end, deficiency, supplemental, special and multi-year appropriations.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2008**

- During the 2008 Legislative session, the AOC received a general fund deficiency appropriation of \$489,000 to cover a deficit fund balance in the jury and witness fund for fiscal year 2007, and general fund supplemental appropriations for the court appointed attorney fund of \$150,000 and the jury and witness fund of \$300,000. The AOC also had to seek a New Mexico Board of Finance loan of \$453,000 to pay jurors, interpreters and witnesses. In addition, the AOC received year-end multi-year appropriations of \$2,300,000 general fund for statewide judiciary capital outlay projects, \$2,000,000 additional funding for implementation of a statewide case management system, and \$950,000 general fund for the New Mexico Finance Authority to cover shortfalls in pledged revenue from court facility fee collections for annual debt service payments needed for the Bernalillo County Metropolitan Court and parking structure bonds. The AOC also received legislative language to extend, until fiscal year 2010, previously appropriated Data Processing appropriations of \$1,600,000 for electronic document management, \$750,000 for needs assessment and business requirements for an integrated and consolidated case management system, and \$6,000,000 for a consolidated commercial off-the-shelf case management system.
- Federal revenue increased by 44.6% to \$769,773 in FY2008 as compared to \$532,473 in FY2007 mainly attributable to an increase in congressionally mandated awards.
- Overall revenue increased by 41.7% in FY2008 as compared to FY2007.



OVERVIEW OF THE FINANCIAL STATEMENTS

Government-Wide Financial Statements (Statement of Net Assets and Statement of Activities)

Government-Wide financial statements report information about the Administrative Office of the Courts (AOC) as a whole using accounting methods similar to those used by private-sector companies. All governmental activities are consolidated into one column. The AOC has no business type activities. The Statement of Net Assets includes all of the government assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The Governmental Activities reflect the AOC's basic services, including the Administrative Support Program, Statewide Judiciary Automation Program, Magistrate Court Program, and Special Court Services Program.

Fund Financial Statements (Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance)

The fund financial statements provide more detailed information about the AOC's significant funds. Funds are accounting devices that the AOC uses to keep track of specific sources of funding and spending or transfer for particular purposes.

The AOC primarily operates on its State General Fund appropriations, other fees collected by the courts, federal awards and a budget, all of which are approved by the State Legislature each year.

The fund financial statements also allow the government to address its Agency Funds. While these funds represent trust responsibilities of government, these assets are restricted in purpose and do not represent discretionary assets of government. Therefore, these assets are not presented as part of the Government-Wide Financial Statements.

Budgetary Comparisons

GASB 34 requires budgetary comparison schedules for general fund and for each major special revenue fund that has a legally adopted annual budget to be presented. The budgetary comparison schedules 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.

As required by the Office of the State Auditor under 2 NMAC 2.2, the Statement of Revenues and Expenditures (Budget and Actual) are also presented. The information is provided at the approved budget level to demonstrate compliance with legal requirements.

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 June 30, 2008

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As more fully described in Note 11, the AOC restated the 2007 financial statements to reduce bond proceeds revenue and the related receivable by \$2,000,000.

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u> (as restated)
<u>Statement of Net Assets</u>		
<u>Government Activities</u>		
Current assets	\$ 18,346,003	7,628,966
Current liabilities	5,171,522	4,779,384
Net assets		
Restricted for capital projects	2,303,516	533,526
Unrestricted	10,870,965	2,316,056
Total net assets	<u>\$ 13,174,481</u>	<u>2,849,582</u>

For more detailed information see the Statement of Activities.

The change to assets, liabilities and net assets compared to the prior year are attributable primarily to an increase in data processing and capital outlay appropriations.

Statement of Activities

The following schedule represents the revenues and expenses for the years ending June 30:

	<u>Government Activities</u>	
	<u>2008</u>	<u>2007</u> (as restated)
<u>General Revenues</u>		
State General Fund appropriations	\$ 41,950,674	35,196,000
Special appropriations	10,850,000	-
Transfers from other agencies	4,859,940	2,472,122
Bond proceeds	1,376,446	-
Reversion to State General Fund	(150,936)	(398,169)
	<u>58,886,124</u>	<u>37,269,953</u>
<u>Program Revenues</u>		
Charges for services	8,268,210	7,144,765
Operating grants	769,773	532,473
	<u>9,037,983</u>	<u>7,677,238</u>

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 June 30, 2008

	<u>Government Activities</u>	
	<u>2008</u>	<u>2007</u> (as restated)
<u>Program expenses</u>		
Judicial Services	56,852,724	46,676,610
Operating grants	<u>746,484</u>	<u>545,594</u>
	<u>57,599,208</u>	<u>47,222,204</u>
Change in net assets	10,324,899	(2,275,013)
Net assets, beginning, prior to restatement	4,849,582	5,124,595
Restatement of net assets	<u>(2,000,000)</u>	<u>-</u>
Net assets, beginning, after restatement	<u>2,849,582</u>	<u>5,124,595</u>
Net assets, end of year	<u>\$ 13,174,481</u>	<u>2,849,582</u>

For more detailed information see the Statement of Activities.

The change in net assets is compared to the prior year are attributable primarily to an increase in data processing and capital outlay appropriations.

The FY2008 approved operating budget for the AOC was a 42.1% increase over FY2007. The increase was primarily attributable to appropriations at FY2008 year-end for use in FY2008 - 2009 for courts statewide.

General Fund Budgetary Highlights

The State Legislature makes annual appropriations to the AOC. Amendments to the budget require approval by the Budget Division of the Department of Financial and Administration (DFA). Over the course of the year, the AOC revised its budget several times. These budget amendments fall into two categories:

Increases from federal awards unknown at the time of original budget submission;
 and increases or reallocations of appropriations to prevent budget overruns.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2008

ANTICIPATED CHANGES

Fund Financial Statements

There are no fund balances for the General Fund and other reverting funds at the beginning or end of the year as any excess funds were reverted. Most special revenue funds fund balances did not change significantly as they are budgeted to operate at about break even. The exception to this was the Magistrate Court Warrant Enforcement Fund which spending was budgeted in excess of revenues. The Jury and Witness Fee Fund, which over expended its budget in FY 2007 and ended that year with a deficit balance of \$452,573, received deficiency appropriation in FY 2008 to offset this deficit balance. Those over expenditures were due to increasing case activity. The Statewide Automation Bond Fund had a net increase in fund balance of \$5,385,004 due to the receipt of data processing appropriations that will be expended in future years. All of the fund balance at year-end is set aside for the purpose of the particular fund and may be expended in future years.

The AOC does not anticipate a decrease in its revenue. Other revenue, other than the general fund, used for operations by the AOC is comprised of fees collected by the courts. In the past few fiscal years overall court case filings have remained flat. Therefore, the revenue generated from fee collections are expected to remain flat.

The State Legislature has appropriated \$43,906,000 million of general funds to the AOC for FY2009 operating budget, which is an 11.2% decrease over the current year. This decrease is primarily due to multi-year, year-end appropriations that were required to be recorded in FY 2008 for use in FY 2008 and 2009.

FINANCIAL CONTACT

The AOC's financial statement is designed to present users with the general overview of the AOC's finances and to demonstrate the AOC's accountability. If you have any questions about the report or need additional information, contact the AOC's Director of Fiscal Services in room 28 of the Supreme Court Building, 237 Don Gaspar, Santa Fe, New Mexico 87501.

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 STATEMENT OF NET ASSETS
 June 30, 2008

	Governmental Activities
ASSETS	
Interest in State General Fund Investment Pool	\$ 16,343,578
Other cash	6,361
Due from other state agencies	1,528,259
Other receivables	207
Prepaid expenses	1,727
Federal grant receivables	163,802
Fine and fees receivable	297,680
Due from other funds	4,389
Total assets	<u>18,346,003</u>
LIABILITIES	
Due to interest in State General Fund Investment Pool	230,544
Accounts payable	2,555,951
Payroll benefits payable	373,461
Payroll taxes payable	231,375
Accrued payroll	553,821
Other liabilities	3,924
Accrued liabilities	-
Receipts held in suspense	-
Due to State General Fund	153,021
Due to other state agencies	180
Due to other Funds	761
Compensated absences	1,068,484
Total liabilities	<u>5,171,522</u>
NET ASSETS	
Restricted for capital projects	2,303,516
Unrestricted	10,870,965
Total net assets	<u>\$ 13,174,481</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
STATEMENT OF ACTIVITIES
Year Ended June 30, 2008

		<u>Program Revenues</u>		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants	<u>Governmental Activities</u>
Governmental Activities				
General Operations	\$ 39,186,356	-	-	(39,186,356)
Jury and Witness Program	5,217,923	-	-	(5,217,923)
Court Appointed Attorney Program	4,449,150	-	-	(4,449,150)
Court Automation Fees	4,598,628	5,116,829	-	518,201
Bench Warrant Fees	2,853,139	2,509,075	-	(344,064)
Magistrate Mediation Fees	24,093	116,900	-	92,807
Jury Demand Fees	523,435	523,435	-	-
Miscellaneous Reimbursements	-	1,971	-	1,971
Drug Courts	160,295	-	165,295	5,000
Court Improvement Program	390,616	-	408,895	18,279
Children's Mediation	144,988	-	144,998	10
Access to Justice	50,585	-	50,585	-
Miscellaneous Fees	-	-	-	-
		<hr/>	<hr/>	<hr/>
Total governmental activities	57,599,208	8,268,210	769,773	(48,561,225)
General Revenues				
General Fund appropriation				41,950,674
Special appropriations				10,850,000
Transfers from Other Agencies				4,859,940
Bond proceeds				1,376,446
Reversion to State General Fund				(150,936)
Total general revenues				<u>58,886,124</u>
Changes in net assets				10,324,899
Net assets, beginning, prior to restatement				4,849,582
Restatement of bond proceeds				(2,000,000)
Net assets, beginning, after restatement				<u>2,849,582</u>
Net assets, ending				<u><u>\$ 13,174,481</u></u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 June 30, 2008

	General 139	JID Supreme Court Automation 011	Jury and Witness Fees 012	Court Appointed Attorney 124
ASSETS				
Current Assets				
Interest in SGFIP	\$ 1,560,939	1,555,860	183,371	450,902
Other cash	6,361	-	-	-
Due from other state agencies	-	-	-	-
Other receivables	-	-	-	-
Prepaid expenses	-	-	-	-
Federal grant receivables	-	-	-	-
Fines and fees receivable	-	102,159	-	-
Due from other funds	-	1,095	108	-
Total assets	\$ 1,567,300	1,659,114	183,479	450,902
LIABILITIES AND FUND BALANCES				
Current Liabilities				
Due to interest in State General Fund Investment Pool	\$ -	-	-	-
Accounts payable	241,988	397,664	98,347	443,852
Payroll benefits payable	36,881	16,842	1,961	-
Payroll taxes payable	26,016	11,871	1,776	-
Accrued payroll	54,047	27,661	2,968	-
Other liabilities	631	-	1,287	-
Accrued liabilities	-	-	-	-
Deferred revenue	-	102,159	-	-
Receipts held in suspense	-	-	-	-
Due to State General Fund	16,354	-	-	7,050
Due to other state agencies	-	-	180	-
Due to other funds	-	-	756	-
Total liabilities	375,917	556,197	107,275	450,902
FUND BALANCES				
Unreserved and reported in capital projects fund	-	-	-	-
Unreserved and reported in special revenue fund	1,191,383	1,102,917	76,204	-
Total fund balances	1,191,383	1,102,917	76,204	-
Total liabilities and fund balances	\$ 1,567,300	1,659,114	183,479	450,902

	JID Statewide Automated Bond 273	Statewide Drug Court Technology 443	Magistrate Court Warrant Enforcement 575	Magistrate Court 692	Non-Major Governmental Funds	Total Governmental Funds
\$	6,880,628	1,092,596	939,723	912,220	2,767,339	16,343,578
	-	-	-	-	-	6,361
	-	1,376,446	-	-	151,813	1,528,259
	-	-	5	202	-	207
	-	-	883	844	-	1,727
	-	-	-	-	163,802	163,802
	-	-	195,521	-	-	297,680
	-	-	295	1,824	1,067	4,389
\$	6,880,628	2,469,042	1,136,427	915,090	3,084,021	18,346,003
	-	-	-	-	230,544	230,544
	697,860	162,994	33,238	114,273	365,735	2,555,951
	-	-	43,833	229,040	44,904	373,461
	-	-	17,485	147,186	27,041	231,375
	-	-	53,095	353,100	62,950	553,821
	-	2,006	-	-	-	3,924
	-	-	-	-	-	-
	-	-	195,521	-	-	297,680
	-	-	-	-	-	-
	12	526	-	71,491	57,588	153,021
	-	-	-	-	-	180
	-	-	5	-	-	761
	697,872	165,526	343,177	915,090	788,762	4,400,718
	-	2,303,516	-	-	-	2,303,516
	6,182,756	-	793,250	-	2,295,259	11,641,769
	6,182,756	2,303,516	793,250	-	2,295,259	13,945,285
\$	6,880,628	2,469,042	1,136,427	915,090	3,084,021	18,346,003

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
Year Ended June 30, 2008

Fund balances - total governmental funds \$ 13,945,285

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

Revenue in the fund financial statements not collected
during the period of availability and therefore deferred 297,680

Compensated absences (1,068,484)

Net Assets of Governmental Activities \$ 13,174,481

See Notes to Financial Statements.

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
 June 30, 2008

	General 139	JID Supreme Court Automation 011	Jury and Witness Fees 012	Court Appointed Attorney 124
REVENUES				
Charges for services	\$ 61	4,116,934	523,435	-
Grants	-	-	-	-
Total revenues	61	4,116,934	523,435	-
EXPENDITURES				
Expenditures				
Current				
Personal services	2,007,390	1,252,501	82,938	-
Employee benefits	731,641	443,996	33,764	-
In-state travel	69,990	72,522	285	-
Maintenance and repairs	6,868	118,133	-	-
Supplies	52,750	575,577	4,346	3,337
Contractual services	1,707,710	505,441	66,732	4,422,636
Operating costs	192,196	670,154	1,818,628	12,037
Other costs	2,607	18,557	3,734,665	11,140
Out-of-state travel	12,498	3,859	-	-
Capital outlay	-	19,747	-	-
Total expenditures	4,783,650	3,680,487	5,741,358	4,449,150
Excess (deficiency) of revenues over expenditures	(4,783,589)	436,447	(5,217,923)	(4,449,150)
OTHER FINANCING SOURCES AND (USES)				
General fund appropriations	7,378,600	-	5,293,700	4,456,200
Special appropriations	950,000	-	-	-
Transfers from other agencies	119,891	-	453,000	-
Transfers to other agencies	(2,457,600)	-	-	-
Bond Proceeds	-	-	-	-
Other	-	-	-	-
Reversions to State General Fund	(15,919)	-	-	(7,050)
Total other financing sources and (uses)	5,974,972	-	5,746,700	4,449,150
Net change in fund balances	1,191,383	436,447	528,777	-
Fund balance, beginning, prior to restatement	-	-	-	-
Restatement of bond proceeds	-	-	-	-
Fund balances, beginning, after restatement	-	666,470	(452,573)	-
Fund balances, ending	\$ 1,191,383	1,102,917	76,204	-

JJD Statewide Automated Bond 273	Statewide Judiciary Capital Outlay 443	Magistrate Court Warrant Enforcement 575	Magistrate Court 692	Non-Major Governmental Funds	Total Governmental Funds
\$ -	-	2,509,075	1,910	1,116,795	8,268,210
-	-	-	-	769,773	769,773
-	-	2,509,075	1,910	1,886,568	9,037,983
-	-	1,647,703	12,099,419	2,104,124	19,194,075
-	-	822,824	4,535,158	716,656	7,284,039
49,733	-	64,757	140,331	23,076	420,694
44,954	52,913	130	210,211	8,572	441,781
139,474	819,881	51,259	639,571	229,056	2,515,251
946,644	21,485	113,082	138,788	815,253	8,737,771
16,121	-	138,273	4,547,282	1,237,887	8,632,578
13,661	-	9,636	12,139	709,173	4,511,578
43,263	-	5,475	6,562	21,085	92,742
961,146	1,011,651	-	28,957	294,935	2,316,436
2,214,996	1,905,930	2,853,139	22,358,418	6,159,817	54,146,945
(2,214,996)	(1,905,930)	(344,064)	(22,356,508)	(4,273,249)	(45,108,962)
-	-	-	21,643,274	3,178,900	41,950,674
7,600,000	2,300,000	-	-	-	10,850,000
-	-	-	783,075	3,503,974	4,859,940
-	-	-	-	(950,000)	(3,407,600)
-	1,376,446	-	-	-	1,376,446
-	-	-	-	-	-
(12)	(526)	-	(69,841)	(57,588)	(150,936)
7,599,988	3,675,920	-	22,356,508	5,675,286	55,478,524
5,384,992	1,769,990	(344,064)	-	1,402,037	10,369,562
-	2,533,526	-	-	-	2,533,526
-	(2,000,000)	-	-	-	(2,000,000)
797,764	533,526	1,137,314	-	893,222	3,575,723
\$ 6,182,756	2,303,516	793,250	-	2,295,259	13,945,285

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
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, 2008

Net change in fund balances - total governmental funds	\$ 10,369,562
Amounts reported for governmental activities in the Statement of Activities are different because of	
Change in deferred revenue	(15,814)
Change in compensated absences	<u>(28,849)</u>
Change in net assets of governmental activities	<u><u>\$ 10,324,899</u></u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 STATEMENT OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 MAJOR BUDGETED FUNDS
 Year Ended June 30, 2008

	General Fund-139			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriations	\$ 7,378,600	7,378,600	7,378,600	-
General Fund special appropriations	950,000	950,000	950,000	-
Other financing sources	119,900	119,900	119,891	(9)
Miscellaneous revenues	-	-	61	61
Reversions			(15,919)	(15,919)
Total revenues	8,448,500	8,448,500	8,432,633	(15,867)
Expenditures - All Organizations				
Personal services	2,698,900	2,743,900	2,739,031	4,869
Contractual services	2,032,700	1,954,400	1,707,710	246,690
Other costs	309,300	342,600	336,909	5,691
Other financing uses	3,407,600	3,407,600	2,457,600	950,000
Total expenditures	8,448,500	8,448,500	7,241,250	1,207,250
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	-	1,191,383	1,191,383

See Notes to Financial Statements.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MAJOR BUDGETED FUNDS (CONTINUED)
Year Ended June 30, 2008

	JID Supreme Court Automation Fund (011)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriations	\$ -	-	-	-
Reversions	-	-	-	-
Other financing sources	4,286,700	4,286,700	4,116,934	(169,766)
Miscellaneous revenues	-	-	-	-
Total revenues	4,286,700	4,286,700	4,116,934	(169,766)
Expenditures				
Personal services	1,737,000	1,737,000	1,696,497	40,503
Contractual services	666,400	666,400	505,441	160,959
Other costs	1,883,300	1,883,300	1,478,549	404,751
Other financing uses	-	-	-	-
Total expenditures	4,286,700	4,286,700	3,680,487	606,213
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	-	436,447	436,447

See Notes to Financial Statements.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MAJOR BUDGETED FUNDS (CONTINUED)
Year Ended June 30, 2008

	Jury and Witness Fee Fund (012)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriations	\$ 5,293,700	5,293,700	5,293,700	-
Other financing sources	-	453,000	453,000	-
Reversions	-	-	-	-
Miscellaneous revenues	525,000	525,000	523,435	(1,565)
Total revenues	<u>5,818,700</u>	<u>6,271,700</u>	<u>6,270,135</u>	<u>(1,565)</u>
Expenditures				
Personal services	132,400	132,400	116,702	15,698
Contractual services	155,000	85,000	66,732	18,268
Other costs	5,531,300	6,054,300	5,557,924	496,376
Other financing uses	-	-	-	-
Total expenditures	<u>5,818,700</u>	<u>6,271,700</u>	<u>5,741,358</u>	<u>530,342</u>
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	-	528,777	528,777

See Notes to Financial Statements.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MAJOR BUDGETED FUNDS (CONTINUED)
Year Ended June 30, 2008

	Court Appointed Attorney (124)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriations	\$ 4,306,200	4,456,200	4,456,200	-
Reversions	-	-	(7,050)	(7,050)
Total Revenues	4,306,200	4,456,200	4,449,150	(7,050)
Expenditures				
Personal services	-	-	-	-
Contractual services	4,306,200	4,426,200	4,422,636	3,564
Other costs	-	30,000	26,514	3,486
Other financing uses	-	-	-	-
Total expenditures	4,306,200	4,456,200	4,449,150	7,050
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	-	-	-

See Notes to Financial Statements.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MAJOR BUDGETED FUNDS (CONTINUED)
Year Ended June 30, 2008

JJD Statewide Automation (273)

	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriations	\$ -	-	-	-
Reversions		-	(12)	(12)
General Fund special appropriations	7,600,000	7,600,000	7,600,000	-
Total revenues	7,600,000	7,600,000	7,599,988	(12)
Expenditures				
Personal Services	-	-	-	-
Contractual services	5,173,080	5,173,080	946,644	4,226,436
Other Costs	3,224,965	3,224,965	1,268,352	1,956,613
Other financing uses	-	-	-	-
Total expenditures	8,398,045	8,398,045	2,214,996	6,183,049
Cash rebudgeted	798,045	798,045		
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	-	5,384,992	6,183,037

See Notes to Financial Statements.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MAJOR BUDGETED FUNDS (CONTINUED)
Year Ended June 30, 2008

	Magistrate Court Warrant Enforcement Fund (575)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Miscellaneous revenues	\$ 2,230,000	2,230,000	2,509,075	279,075
Reversions	-	-	-	-
Other financing sources	-	-	-	-
Total revenues	2,230,000	2,230,000	2,509,075	279,075
Expenditures				
Personal Services	2,505,800	2,505,800	2,470,527	35,273
Contractual services	287,800	287,800	113,082	174,718
Other Costs	353,100	353,100	269,530	83,570
Total expenditures	3,146,700	3,146,700	2,853,139	293,561
Cash rebudgeted	916,700	916,700	-	-
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	-	(344,064)	572,636

See Notes to Financial Statements.

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 STATEMENT OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 MAJOR BUDGETED FUNDS (CONTINUED)
 Year Ended June 30, 2008

	Magistrate Court Fund (692)			Variance Favorable (Unfavorable)
	Original Budget	Approved Revised Budget	Actual	
Revenues				
Misc Revenue	\$ -	-	1,910	1,910
State General Fund appropriations	21,643,274	21,643,274	21,643,274	-
Other financing sources	722,300	781,300	783,075	1,775
Reversion	-	-	(69,841)	(69,841)
Total revenues	22,365,574	22,424,574	22,358,418	(66,156)
Expenditures				
Personal services	16,611,624	16,659,224	16,634,576	24,648
Contractual services	148,200	148,200	138,788	9,412
Other costs	5,605,750	5,617,150	5,585,054	32,096
Other financing uses	-	-	-	-
Total expenditures	22,365,574	22,424,574	22,358,418	66,156
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	-	-	-

See Notes to Financial Statements.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUND
Year Ended June 30, 2008

	Agency Fund
ASSETS	
Cash	\$ 7,682,439
Total assets	<u>7,682,439</u>
LIABILITIES	
Deposits held for others	3,225,028
Due to other agencies	<u>4,457,411</u>
Total liabilities	<u>7,682,439</u>
NET ASSETS	<u><u>\$ -</u></u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The State of New Mexico Administrative Office of the Courts (AOC) was created by NMSA 1978, Section 34-9-1. The AOC is responsible for planning, organizing, and supervising statewide programs and policy at all levels for the State of New Mexico court system.

As set forth in NMSA 1978, Section 34-9-1, the AOC acts as staff advisor to the administrative operations of all judicial agencies. All phases of state court administration come within the AOCs' purview. Its duties include:

Coordinating, planning, organizing, developing, evaluating, and analyzing court service operations for developing improved managerial procedures and practices for magistrate and district courts statewide.

Budgeting and accounting for the magistrate judges, including internal payroll and procurement, inventory control, and store keeping of the Courts' supplies.

Budgeting for the district courts.

Supervising of the State's fifty-three magistrate courts.

A. Financial Reporting Entity

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

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

A. Financial Reporting Entity (Continued)

The AOC is legally separate and fiscally independent of other state agencies. Although the agency director serves at the pleasure of the New Mexico Supreme Court, that person has decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. The AOC is not included in any other governmental "reporting entity" as defined in Section 2100. *Codification of Governmental Accounting and Financial Reporting Standards*. Included within the reporting entity is the AOC as described above. Other Judicial Branch Entities of government are excluded because they are established separately by statutes.

B. Basic Financial Statements

The basic financial statements include both government-wide (based on the AOC 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 AOC has no business type activities. In the government-wide Statement of Net Assets, the governmental activities are presented on a consolidated basis and are reflected on the full accrual, economic resources measurement focus, which incorporates long-term assets and receivable as well as long-term liabilities and obligations. The government wide financial statements do not include fiduciary funds or component units.

The AOC has elected not to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989.

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. The Administrative Office of the Courts includes only operating grants and contributions. Eliminations are made to remove the "doubling-up" effect of activity between funds. The program revenues must be directly associated with the function. The Administrative Office of the Courts includes only one function (judicial services) which is considered general government.

Since the AOC only has one program, it does not employ indirect cost allocation in the financial statements.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

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

B. Basic Financial Statements (Continued)

This government-wide focus is more on the sustainability of the AOC as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

As to fund financial statements, emphasis is on the major funds of the governmental category. Non-major funds are summarized into a single column.

The governmental funds in the fund financial statements are presented on a current financial resources measurement focus 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 AOC's actual experience conforms with the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government wide statements governmental column, a reconciliation is presented on the page following each statement, which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

The AOC's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party 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 AOC 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 AOC 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.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

C. Basis of Presentation (Continued)

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 AOC:

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.

Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period. Due to its spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

General Fund – A general operating fund used to account for all financial resources traditionally associated with governments which are not required to be accounted for in another fund. The AOC was created by Section 34-9-1 NMSA 1978.

Special Revenue Funds - The special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The AOC major special revenue funds are as follows:

Fund 011 - JJD Supreme Court Automation - Is used to pay maintenance and operating costs associated with implementation of a statewide court automation system. Any balance remaining in this fund at the end of the fiscal year does not revert to the State General Fund.

Fund 012 - Jury and Witness Fees - Authorized annually by the General Appropriations Act (Chapter 355, Laws of 1987) to account for the payment of witness and jury expenses (generally travel, per diem and hourly stipends) for the Bernalillo County Metropolitan Court, thirteen district courts and fifty-five magistrate courts. Any balance remaining in this fund at the end of the fiscal year does not revert to the State General Fund.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

C. Basis of Presentation (Continued)

Fund 124 - Court Appointed Attorney - Established by the Mental Health, Developmental and Disabilities Code Laws of 1977, Chapter 279, Section 1 and amended by Laws 1989, Chapter 128, Section 2, to provide legal representation to clients, to provide treatment guardians and to appoint special commissioners. Funding is provided by State General Fund appropriations. Any balance remaining in this fund at the end of the fiscal year reverts to the State General Fund.

Fund 575 - Magistrate Court Warrant Enforcement - Created under Section 35-6-5 NMSA, and is funded by bench warrant fees assessed against individuals at the Magistrate Court level. The primary purpose of this fund is for the employment of personnel and purchase of equipment and services to aid in the collection of fines, fees, or costs owed to the Magistrate Courts. After satisfaction of the primary purpose, any remaining funds, to the extent deemed necessary by the Director, AOC, are to be used to partially reimburse law enforcement agencies for the expense of serving bench warrants issued by the magistrate courts, pursuant to an intergovernmental agreement between the law enforcement agency and the AOC. Any balance remaining in this fund at the end of the fiscal year does not revert to the State General Fund.

Fund 692 - Magistrate Courts - Created by Laws of 2003, Chapter 76, Section 4, to provide access to justice, to resolve disputes justly and timely and to maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States. Any balance remaining at the end of the fiscal year reverts to the State General Fund.

Fund 273 - JID Statewide Automation Bond - Created by Section 34-9-10 NMSA 1987. All balances in the fund are appropriated and may be expended for service contracts related to court automation systems or for the purchase, lease-purchase, financing, refinancing and maintenance of court automation systems and equipment in the judiciary. The New Mexico Finance Authority may pledge irrevocably all distributions to the Authority from the Court Automation Fund for the payment of the principal, interest and other expenses or obligations related to the bonds issued by the Authority for financing court automation systems. Any unexpended State General Fund appropriations at the end of the fiscal year revert to the State General Fund. Unspent revenues from other sources do not revert, accordingly an ending fund balance is shown for this fund.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

C. Basis of Presentation (Continued)

The AOC has the following non-major special revenue funds:

Fund 116 - Magistrate Drug Court - To account for the Magistrate Drug Court. Any balance remaining in this fund at the end of the fiscal year does not revert to the State General Fund.

Fund 126 - Municipal Court Automation - Created by Section 34-9-12 NMSA 1987. All balances in the municipal court automation fund may be expended only upon application by a municipality to the AOC for the purpose of purchasing and maintaining a court automation system in that municipality's courts. Any balance remaining in this fund at the end of the fiscal year does not revert to the State General Fund.

Fund 136 - Judges Pro-Temp - Established in July 1979 to pay the cost of hiring retired judges and justices who are appointed by the Chief Justice of the Supreme Court to serve as a district judge pro-temp, pursuant to the provisions of Article 6, Section 15 of the Constitution of New Mexico. Any balance remaining in this fund at the end of the fiscal year reverts to the State General Fund.

Fund 304 - Magistrate Court Mediation - All balances in the fund are subject to appropriation for payment to magistrate courts for the purpose of funding and administering voluntary mediation programs. The mediation programs shall be established by Supreme Court rule for the efficient disposition of civil complaints. Any balance remaining in this fund at the end of the fiscal year does not revert to the State General Fund.

Fund 495 - AOC Grant - Created internally to account for various federal grants received by the AOC. The grants are restricted to specific purposes as agreed to between the Agency and the grantors as enumerated in the grant agreements. Any balance remaining in this fund at the end of the fiscal year does not revert to the State General Fund as the fund receives no State General Fund appropriations.

Fund 496 - Magistrate Security & Facilities - Created under Laws of 2000, Chapter 5, Section 6 for securing equipment and studying costs and benefits of leasing and purchasing magistrate court facilities. Any balance remaining in this fund at the end of the fiscal year does not revert to the State General Fund.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

C. Basis of Presentation (Continued)

Fund 512 – Special Water Rights Adjudication – The Water Project Fund was created under the Laws of 2001, Chapter 164, Section 9 at the New Mexico Finance Authority for the purpose of supporting water projects pursuant to provisions of the Water Project Finance Act. As a result of this act twenty percent of the money dedicated for water rights adjudications is allocated to AOC for the costs associated with those adjudications. Any balance remaining in this fund at the end of the fiscal year does not revert to the State General Fund.

Fund 689 – Judicial Information Division - Created by a joint powers agreement between the New Mexico Supreme Court and the State of New Mexico AOC to provide for the cost of personnel for the Supreme Court statewide automation project and related costs. Any balance remaining in this fund at the end of the fiscal year reverts to the State General Fund.

Fund 583 – AOC-JID Non-Grant Projects - Created to account for various projects related to the statewide information technology strategic plan. Any balances remaining in this fund at the end of the fiscal year revert to the State General Fund.

Capital Project Funds. Capital Project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. Capital project funding is comprised of bond proceeds, and other funding specified for capital projects. Severance Tax Bond proceeds were allocated to the AOC by the Legislature in the amount of \$2,000,000; in fiscal year 2007, for equipment for interpreters and jurors for jury and witness program; security, recording and filing equipment for magistrate courts; and furniture, security equipment, a vehicle and other courtroom equipment for district courts statewide. The AOC is not obligated in any manner for the related indebtedness. These proceeds are available for use through fiscal year 2011 at which time any unexpended balance shall revert to the severance tax bonding fund. At June 30, 2008, unexpended balances of \$623,554 remained.

Fund 443 – Statewide Drug Court Technology – Initially created to standardize equipment and software statewide necessary to consistently track and report Drug Court client information. Most recently this fund is used to record multi-year judiciary capital outlay appropriations. All balances remaining in this fund at the end of the designated fiscal year reverts to the State General Fund or appropriate fund.

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
 (CONTINUED)

C. Basis of Presentation (Continued)

FIDUCIARY FUND TYPES

Fiduciary fund types include trust and agency funds, which are used to account for assets held by the AOC in the capacity of trustee or agent.

Agency Funds. Agency funds are used to account for assets held as an agent for other governmental units, individuals and other funds. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Litigant Fund – Used to record posted bonds which are held for the person posting the bond until either forfeited or returned. Forfeited bonds are converted to the extent of fines and fees.

Fines and Fees Fund- Used to record the collection of allowable Magistrate Court costs and fees and disbursements to the beneficiaries as follows:

Description	Amount	Beneficiary
Criminal docket fees	\$ 20.00	Fund 532-Court Facilities
Civil docket fees	25.00	Fund 122-Judges Retirement Fund
	12.00	Fund 532-Court Facilities Fund
	10.00	Fund 078-Court Automation Fund
	15.00	Fund 600-Civil Legal Service Fund
	<u>5.00</u>	Fund 304-Magistrate Court Mediation Fund
	67.00	
Jury fees	15.00	Fund 532-Court Facilities Fund
	<u>10.00</u>	Fund 122-Judges Retirement Fund
	25.00	
Bench warrant fee	100.00	Fund 576-Magistrate Enforcement Fund
Interest income	Various	Fund 794-Magistrate Penalty Assessment Fund
Fines and forfeitures	Various	Fund 717-State Public School Fund
Copying fees – each	0.50	Fund 532-Court Facilities Fund

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
 (CONTINUED)

C. Basis of Presentation (Continued)

Fines and Fees Fund (Continued)

Description	Amount	Beneficiary
Copying fees – electronic	1.00	Fund 078-Court Automation Fund
Lab tests fees in cases involving DWI:		
DWI lab fee	65.00	Fund 687-Crime Laboratory Fund
Substance abuse lab fee	75.00	Fund 687-Crime Laboratory Fund
DWI prevention fee	75.00	Fund 687-Crime Laboratory Fund
Fees relating drug courts:		
Drug Court Fee	50.00	Fund 116-Magistrate Drug Court Fund
Fees relating to conviction under provisions of motor vehicle code:		
Corrections fee	\$ 20.00	Fund 688-Correction Fee Fund
Court automation fee	10.00	Fund 078-Court Automation Fund
Facilities fee	10.00	Fund 532-Court Facilities Fund
Traffic safety fee	3.00	Fund 252-Traffic Safety Fund
Brain injury fee	5.00	Fund 481-Brain Injury Fee Fund
Judicial education fee	2.00	Fund 577-Judicial Education Fee Fund
Domestic Violence Treatment fee	<u>5.00</u>	Fund 515-Domestic Violence Offender Treatment
	<u>\$ 55.00</u>	

D. Basis of Accounting

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
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

D. 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 AOC, 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.

E. Budgets and Budgetary Accounting

The State Legislature makes annual appropriations to the AOC, which lapse at fiscal year-end. Legal compliance is monitored through the establishment of a budget and a financial control system which permits a budget to actual expenditure comparison on the modified accrual basis. 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.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

E. Budgets and Budgetary Accounting (Continued)

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

1. No later than September 1, the AOC 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 budget recommendation results of these hearings are incorporated into the State of New Mexico's General Appropriations Act (GAA).
3. The GAA is then sent to the Governor of the State of New Mexico for signature within the legally prescribed time limit, at which time the approved budget becomes a legally binding document.
4. Not later than May 1, the AOC 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 submitted operating budgets, which become effective on July 1.

Any subsequent budget adjustments requested by the AOC must be submitted to and approved by the Director of the DFA-Budget Division and LFC.

5. Formal budgetary integration is employed as a management control device during the fiscal year for the General, Special Revenue and Capital Projects Funds.

The budget is adopted on a modified accrual basis of accounting (General Appropriations Act, Laws of 2006, Chapter 109, Section 3, Subsections O and N) 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 to GAAP basis will be necessary if any accounts payable at the end of the fiscal year are not paid by the statutory deadline. The AOC has not included such reconciliation for fiscal year 2008 as all payables were paid by the statutory deadline.

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
 (CONTINUED)

F. Compensated Absences

Qualified employees accumulate annual leave as follows:

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

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

Employees who have over 600 hours of accumulated sick leave can receive payment for hours over 600, up to 120 hours, on July 1 or January 1 of each year. However, sick leave is paid at 50% of the employee's regular hourly wage. At retirement, employees can receive 50% payment for up to 400 hours for the hours over 600 hours of accumulated sick leave. Therefore, the only sick leave which has been accrued represents the hours earned at June 30, 2008, over 600 hours. Expenditures for accumulated sick pay for hours under 600 hours will be recognized as employees take such absences.

The leave accruals for compensated absences is calculated at employee pay rates in effect on June 30, 2008, and include 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 current liabilities in the government-wide financial statements because both are expected to be paid over the course of the coming year.

G. Federal Grants Receivable (Deferred Revenue)

Various reimbursement procedures are used for federal awards received by the AOC. Consequently, timing differences between expenditures and program reimbursements can exist at any time during the fiscal year. Receivable balances at fiscal year-end represent an excess of modified accrual basis expenditures over cash reimbursements received to date. Conversely, deferred revenue balances represent an overdraw of cash (advances) in excess of modified accrual basis

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

G. Federal Grants Receivable (Deferred Revenue) (Continued)

expenditures. Generally, receivable or deferred revenue balances caused by differences in the timing of cash reimbursements and expenditures will be reversed or returned to the grantor in the remaining grant period.

Determining the amount of expenditures reimbursable by the federal government, in some cases, requires management to estimate allowable costs to be charged to the federal government. As a result of this and other issues, management provides an allowance for potential contractual allowances for federal revenue. Any changes in these estimates are recorded in the period that the estimate is changed.

Certain federal program funds are passed through the AOC to sub grantee organizations. These pass-through funds are included in the Schedule of Expenditures of Federal Awards as part of total expenditures for those grants.

H. 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:

Unreserved, Designated for Subsequent Years Expenditures. This designation represents funds of the AOC that are in non-reverting funds.

I. Net Assets

The government-wide utilizes a net asset presentation. Net Assets are categorized as investment in capital assets (net of related debt), restricted and unrestricted.

Restricted Assets – are liquid assets (generated from revenues and not bond proceeds), which have third-party (statutory, bond covenant or granting agency) limitations on their use. Total capital projects funds in the amount of \$2,303,516 remained at year-end.

Unrestricted Assets – represent unrestricted liquid assets.

The AOC allocates expenses to restricted or unrestricted resources based on the budgeted source of funds.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

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

J. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

K. Capital Assets

By state statute, all capital assets used by the AOC are accounted for by the State of New Mexico, Supreme Court Building Commission and not AOC. Capital assets purchased by the AOC are reported as Capital outlay expenditures.

**NOTE 2. CASH ACCOUNTS AND INTEREST IN STATE TREASURER
INVESTMENT POOL POLICY**

All allotted funds to the AOC are held by the New Mexico State Treasurer. Deposits are non-interest bearing. Money deposited by the Supreme Court with the State Treasurer is pooled and invested by the State Treasurer. The State Treasurer deposits public monies with New Mexico financial institutions in denominations which generally are in excess of the \$100,000 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.

The above accounts are monitored for pledged collateral purposes by the Office of State Treasurer, which issues its own separate financial statements.

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 NOTES TO FINANCIAL STATEMENTS
 June 30, 2008

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

Cash on deposit at commercial banks are shown at book value. The Schedule of Cash Accounts provides a detailed listing of cash balances held by the State Treasurer and commercial banks. Balances at commercial banks that exceed FDIC insurance limits are required by state statute to be 50% collateralized. The State Treasurer monitors compliance with these collateral requirements.

Interest in State Treasurer Investment Pool	\$20,175,353
Commercial Bank Balance	4,188,820
Magistrate Change Fund Balance	6,361
Reconciling items	<u>(568,700)</u>
Financial statement balance	<u>\$ 23,801,834</u>

NOTE 3. REVERSIONS

The amounts reverted to the State General Fund and reversion balances due at June 30, 2008 are detailed as follows:

	Reversion Amount	Due at June 30, 2008
Court Appointed Attorney (12400) Reversion - Budget year 2008	<u>\$ 7,050</u>	<u>7,050</u>
General Fund (13900) Reversion - Budget year 2008	15,919	15,919
Other	-	435
	<u>15,919</u>	<u>16,354</u>
Judges Pro-Temp (13600) Reversion - Budget year 2008	<u>32,858</u>	<u>32,858</u>
Magistrate Drug Court (11600) Reversion - Budget year 2008	<u>23,516</u>	<u>23,516</u>
Statewide Automation Bond Fund (27300) Reversion - Budget year 2008	<u>12</u>	<u>12</u>
Statewide Drug Court Technology (44300) Reversion - Budget year 2008	<u>526</u>	<u>526</u>
Judicial Information Division (68900) Reversion - Budget year 2008	<u>1,214</u>	<u>1,214</u>

STATE OF NEW MEXICO
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 NOTES TO FINANCIAL STATEMENTS
 June 30, 2008

NOTE 3. REVERSIONS (CONTINUED)

	Reversion Amount	Due at June 30, 2008
Magistrate Courts (69200)		
Budget year 2008	\$ 69,841	69,841
Other	-	1,650
	<u>69,841</u>	<u>71,491</u>
Total reversions	<u>\$ 150,936</u>	<u>153,021</u>

NOTE 4. COMPENSATED ABSENCES

During the year ended June 30, 2008, the following changes occurred in the compensated absence liabilities:

	Balance July 1, 2007	Increase	Decrease	Balance June 30, 2008
Compensated absences	<u>\$ 1,039,635</u>	<u>1,272,986</u>	<u>(1,224,137)</u>	<u>1,068,484</u>

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

NOTE 5. OPERATING LEASES

At June 30, 2008, the AOC is committed under various leases for buildings, magistrate office, courtroom facilities, copying and postage equipment. These leases are considered operating leases for accounting purposes. Lease expenditures for the year ended June 30,

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2008

NOTE 5. OPERATING LEASES (CONTINUED)

2008, amounted to \$4,762,357 for buildings and \$284,407 for equipment. Many of the magistrate courts are in the process of acquiring new buildings; as a result, the future minimum lease calculation includes projected amounts. Future minimum lease payments for these leases are as follows:

Year ending June 30,	Buildings	Equipment
2009	4,896,322	343,720
2010	5,303,711	324,320
2011	5,125,173	267,720
2012	5,137,656	-
2013	5,053,409	-
2014-2018	18,769,671	-
2019-2023	13,067,625	-
Thereafter	2,100,000	-
	<u>\$ 59,453,567</u>	<u>1,122,646</u>

NOTE 6. RETIREMENT PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan Description. Substantially all of the AOC's full time employees, and a small number of Magistrate Judges, 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, 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. That report may be obtained by writing to PERA, PO 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 7.42% of their gross salary. The AOC is required to contribute 16.59% of the gross covered salary. The contribution requirements of plan members and the AOC are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Administrative Office of the Court's contributions to PERA for years ending June 30, 2008 and 2007 were \$2,314,129 and \$2,124,448, respectively, equal to the amount of the required contributions for each year.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
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June 30, 2008

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

Magistrate Retirement Plan. Plan Description. Substantially all of the Magistrate Judges of the AOC participate in a defined benefit contributory retirement plan through the Judicial Retirement Act (Chapter 10, Article 12B, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan. The plan provides for retirement, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, PO Box 2123, Santa Fe, NM 87504-2123.

Funding Policy. Plan members are required to contribute 7.5% of their gross salary. The AOC is required to contribute 11% of the Judges' gross salary. The contribution requirements of plan members and the AOC are established under Chapter 10, Article 12B, NMSA 1978. The requirements may be amended by acts of the legislature. The Administrative Office of the Court's contributions to PERA for the years ended June 30, 2008 and 2007 were \$406,352 and \$354,014, respectively, equal to the amount of the required contributions for the year.

**NOTE 7. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH
CARE PLAN**

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

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

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June 30, 2008

NOTE 7. POST-EMPLOYMENT BENEFITS (CONTINUED)

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

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) 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 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. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The AOC's contributions to the RHCA for the years ended June 30, 2008 and 2007 were \$227,493 and \$113,207, respectively, which equal the required contributions for each year.

NOTE 8. SPECIAL, DEFICIENCY, AND SPECIFIC APPROPRIATIONS

During the year, the AOC received supplemental and specific appropriations under Laws of 2008, Chapter 3, Sections 5, 6, and 7, as described below.

Special Appropriation Laws of 2008, Chapter 3, Section 5, item 5: The Court Facility Fund received general fund special appropriation of \$950,000 for transfer to the New Mexico Finance Authority in order to meet pledged revenue guidelines for annual debt service payment on the Bernalillo County Metropolitan Courthouse and Parking Structure bonds, expiring in fiscal year 2009. As of June 30, 2008 no amounts had been expended.

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**NOTE 8. SPECIAL, DEFICIENCY, AND SPECIFIC APPROPRIATIONS
(CONTINUED)**

Judicial Wide Capital Outlay Appropriations laws of 2008, Chapter 3, Section 5, item 8: The Administrative Office of the Courts was appropriated \$2,300,000 for expenditures in fiscal year 2008 and 2009 for infrastructure, vehicles, information technology and security equipment for state courts. No funds had been expended as of June 30, 2008.

As of June 30, 2008, \$1,376,446 was expended and recognized as revenue, leaving \$623,554 to be requested or expended from the initial \$2,000,000, severance tax bond proceeds appropriated to the AOC from Laws of 2007, Chapter 42, Section 3.

Additionally, per the Laws of 2006, Chapter 111, Section 31, Section 1 and 2, the Administrative Office of the Courts was appropriated \$1,010,000 for capital outlay projects for expenditures in fiscal year 2006 through fiscal year 2008. As of June 30, 2008, \$526 remained and is presented as a reversion to the State General Fund.

Lastly, per laws of 2005, Chapter 347, Section 27, section A, the AOC was appropriated \$25,000 for a water rights database system for expenditures in fiscal year 2005 through 2010. As of June 30, 2008, 21,485 had been expended, leaving \$3,515 unexpended.

In total, as of June 30, 2008, fund balance restricted for capital projects of \$2,303,516 remained for the Statewide Drug Court Technology Fund.

Deficiency and Supplemental Appropriations Laws of 2008, Chapter 3, Section 6, items 2, 3, and 4: (item 2) The AOC received deficiency appropriation of \$489,000, for expenses incurred in fiscal year 2007 in the jury and witness fund; (item 3) the AOC received supplemental appropriation of \$300,000, for juror and interpreter payments; (item 4) and the AOC received supplemental appropriation of \$150,000, to increase the court appointed attorney fund for payment of attorneys in abuse and neglect cases.

Judicial Wide Data Processing Appropriations Laws of 2008, Chapter 3, Section 7, items 1, 2, and 3: In item 1, the AOC received language extending initial appropriations of \$750,000 in Laws of 2006, Chapter 109, Section 7, and \$6,000,000 in Laws of 2007, Chapter 28, Section 7, through fiscal year 2010. As of June 30, 2008, \$391,789 remained unexpended from the \$750,000 appropriation, and \$4,230,447 remained unexpended from the \$6,000,000 appropriation. In addition, the AOC received language extending initial appropriation of \$1,200,000 in Laws of 2005, Chapter 33, Section 7 (2), which was extended further by Laws of 2006, chapter 109, Section 7 (1) and Laws of 2007, chapter 28, Section 7 (3), to expire June 30, 2008. As of June 30, 2008, \$12 remained to be expended and is presented as a reversion to the state general fund.

In item 2, the AOC received appropriation of \$2,000,000, through 2010, to include the Bernalillo County Metropolitan Court in the implementation of the statewide integrated and consolidated case management system with electronic document management and electronic filing capabilities. As of June 30, 2008, no revenue has been recognized as it has not gone through the certification process as stipulated by legislation, and is therefore unavailable for use as of June 30, 2008. As of June 30, 2008, no expenditures have been incurred.

STATE OF NEW MEXICO
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**NOTE 8. SPECIAL, DEFICIENCY, AND SPECIFIC APPROPRIATIONS
 (CONTINUED)**

In item 3, the AOC received language extending initial appropriation of \$1,600,000 in Laws of 2007, Chapter 28, Section 7, item 4, to complete the implementation of electronic document management at the Second Judicial District Court and to begin implementation at the Thirteenth Judicial District Court through 2010. As of June 30, 2008, \$1,560,801 remained unexpended.

NOTE 9. RISK MANAGEMENT

The AOC is exposed to various risks of loss for which it carries insurance (Workers' Compensation, General Liability, Civil Rights, and Property) with the State of New Mexico Risk Management Division of the General Services Department.

NOTE 10. OPERATING TRANSFERS

Transfers to district courts from the Administrative Office of the Courts' General Fund for the year ended June 30, 2008 are as follows:

From/ Fund Name	SHARE Fund #	To/Agency- Fund Name	Agency/SHARE Fund #	Amount
General Fund	13900	1 st Judicial District- Ct. Regular	23100-14100	\$ 89,338
General Fund	13900	3 rd Judicial District- Ct. Regular	23300-14300	229,138
General Fund	13900	4 th Judicial District- Ct. Regular	23400-14400	26,682
General Fund	13900	5 th Judicial District- Ct. Regular	23500-14500	328,409
General Fund	13900	7 th Judicial District- Ct. Regular	23700-14700	29,973
General Fund	13900	8 th Judicial District- Ct. Regular	23800-14800	109,248
General Fund	13900	9 th Judicial District- Ct. Regular	23900-14900	79,248
General Fund	13900	11 th Judicial District- Ct. Regular	24100-15100	180,348
General Fund	13900	13 th Judicial District- Ct. Regular	24300-15300	236,173
General Fund	13900	11 th Judicial District- Drug Courts	24100-33500	13,360

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 June 30, 2008

NOTE 10. OPERATING TRANSFERS (CONTINUED)

From/ Fund Name	SHARE Fund #	To/Agency- Fund Name	Agency/SHARE Fund #	Amount
General Fund	13900	6 th Judicial District- Mediation	23600-52100	\$ 96,345
General Fund	13900	12 th Judicial District- Other Programs	24200-92900	89,338
				<u>1,507,600</u>

For state appropriations transferred to the district courts.

Transfers to other agencies/funds for the year ended June 30, 2008 are as follows:

From/ Fund Name	SHARE Fund #	To/Agency- Fund Name	Agency/SHARE Fund #	Amount
General Fund	13900	NM Finance Auth.- Spec. Rev. Bonds	38500-95800	\$ 950,000
Magistrate/Metro Court	57900	AOC-Magistrate Securities And Facilities	21800-49600	950,000
				<u>1,900,000</u>

Total transfers to other agencies/funds \$ 3,407,600

Transfers from other agencies/funds for the year ended June 30, 2008 are as follows:

To/ Fund Name	SHARE Fund #	From/Agency- Fund Name	SHARE Fund #	Amount
Magistrate Court	69200	DFA- General Fund Spec. Appropriation	34100-56000	\$ 783,075
Compensation Appropriation				
General Fund	13900	DFA- General Fund Spec. Appropriation	34100-6200	119,891
Compensation Appropriation				

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2008

NOTE 10. INTERAGENCY TRANSFERS (CONTINUED)

To/ Fund Name	SHARE Fund #	From/Agency- Fund Name	SHARE Fund #	Amount
Judicial Information Division	68900	DFA- General Fund Spec. Appropriation	34100-62000	\$ 134,400
Compensation Appropriation				
JID Statewide Automation	27300	DFA- E911 Database & Network Surchg.	34100-49900	7,600,000
Jury and Witness Fees	01200	DFA-Board of Finance	34100-20900	453,000
Board of Finance Loan				
Magistrate Securities And Facilities	49600	AOC-Magistrate/ Metro Court	21800-57900	950,000
Magistrate/ Metro Court	57900	NM Finance Auth.- Special Rev. Bonds	38500-95800	950,000
Special Water Rights Adjudication	51200	State Engineer- Multi-year Spec. Appropriation	55000-86400	1,469,574
Three years of revenue for water projects owed				
Statewide Drug Court Technology	44300	DFA-Severance Tax Bonds Ser2007SA	34100-66400	<u>1,376,446</u>
Bond Proceeds				
Total transfers from other agencies				<u>\$ 13,836,386</u>

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2008

NOTE 10. INTERAGENCY TRANSFERS (CONTINUED)

Appropriations from the State of New Mexico General Fund for the year ended June 30, 2008 are as follows:

To/ Fund Name	SHARE Fund #	From/Agency- Fund Name	SHARE Fund #	Amount
Magistrate Drug Court Fund	11600	DFA- Appropriations	34100-85300	\$ 292,700
General Fund	13900	DFA- Appropriations	34100-85300	8,328,600
Jury and Witness Fees	01200	DFA- Appropriations	34100-85300	5,293,700
Court Appointed Attorney	12400	DFA- Appropriations	34100-85300	4,456,200
Magistrate Court	69200	DFA- Appropriations	34100-85300	21,643,274
Judges Pro-temp	13600	DFA- Appropriations	34100-85300	80,000
Statewide Drug Ct.	44600	DFA- Appropriations	34100-85300	2,300,000
Judicial Information Division	68900	DFA- Appropriations	34100-85300	<u>2,806,200</u>
Total general fund appropriations				<u>\$ 45,200,674</u>

NOTE 11. PRIOR PERIOD RESTATEMENT

In 2007, the AOC recognized \$2,000,000 in bond proceeds transferred from another state agency as revenues. During the current year, the AOC determined that certain eligibility requirements (essentially the funds need to be expended) needed to be met before the revenue should be recognized in accordance with generally accepted accounting principles. As a result of the restatement, as of July 1, 2007, fund balance in the Statewide Judiciary Capital Outlay fund and the related net assets were decreased by \$2,000,000 as the revenue previously recognized in 2007 and the related receivable was reversed. Changes in net assets for this fund for the year ended June 30, 2007, also decreased by \$2,000,000.

STATE OF NEW MEXICO
STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STATEWIDE DRUG COURT TECHNOLOGY (443)
Year Ended June 30, 2008

	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
General Fund Special Appropriations	2,300,000	2,300,000	2,300,000	-
Bond Proceeds	2,000,000	2,000,000	1,376,446	(623,554)
Reversion	-	-	(526)	(526)
Total revenues	4,300,000	4,300,000	3,675,920	(624,080)
Expenditures				
Personal services	-	-	-	-
Contractual services	25,000	25,000	21,485	3,515
Other costs	4,808,526	4,808,526	1,884,445	2,924,081
Other financing uses	-	-	-	-
Total expenditures	4,833,526	4,833,526	1,905,930	2,927,596
Cash rebudgeted	533,526	533,526		
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	-	1,769,990	1,769,990

See Notes to Financial Statements.

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 COMBINING BALANCE SHEET
 ALL NON-MAJOR FUNDS
 June 30, 2008

	Magistrate Drug Court 116	Municipal Court Automation 126	Judges Pro-Temp 136
ASSETS			
Interest in SGFIP	\$ 135,452	334,559	39,954
Other Cash	-	-	-
Due from other state agencies	-	-	-
Other Receivables	-	-	-
Prepaid Expenses	-	-	-
Federal grants receivable	-	-	-
Fines and fees receivable	-	-	-
Due from other funds	-	826	-
Total assets	\$ 135,452	335,385	39,954
LIABILITIES			
Due to interest in State General Fund			
Investment Pool	\$ -	-	-
Accounts payable	111,796	1,419	7,096
Payroll Benefits payable	-	2,718	-
Payroll Taxes payable	-	1,404	-
Accrued Payroll	-	3,833	-
Other Liabilities	-	-	-
Accrued expenses	-	-	-
Deferred revenue	-	-	-
Receipts held in suspense	-	-	-
Due to State General Fund	23,516	-	32,858
Total liabilities	135,312	9,374	39,954
FUND BALANCE			
Fund balances			
Unreserved and designated for future expenditures (deficit)	140	326,011	-
Total fund balance	140	326,011	-
Total liabilities and fund equity	\$ 135,452	335,385	39,954

See Notes to Financial Statements.

Magistrate Court Mediation 304	Grant 495	Magistrate Security and Facilities 496	Special Water Rights Adjudication 512	Magistrate/ Metro Court 579	Judicial Information Division 689	Non-Grant Projects 583	Total
\$ 312,376	-	270,404	1,553,902	-	120,692	-	2,767,339
-	-	-	-	-	-	-	-
-	151,813	-	-	-	-	-	151,813
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	163,802	-	-	-	-	-	163,802
-	-	-	-	-	-	-	-
-	-	-	-	-	115	126	1,067
<u>\$ 312,376</u>	<u>315,615</u>	<u>270,404</u>	<u>1,553,902</u>	<u>-</u>	<u>120,807</u>	<u>126</u>	<u>3,084,021</u>

\$ -	230,472	-	-	-	-	72	230,544
2,540	60,821	146,363	35,700	-	-	-	365,735
-	2,580	-	-	-	39,552	54	44,904
-	1,062	-	-	-	24,575	-	27,041
-	3,651	-	-	-	55,466	-	62,950
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	1,214	-	57,588
<u>2,540</u>	<u>298,586</u>	<u>146,363</u>	<u>35,700</u>	<u>-</u>	<u>120,807</u>	<u>126</u>	<u>788,762</u>

309,836	17,029	124,041	1,518,202	-	-	-	2,295,259
<u>309,836</u>	<u>17,029</u>	<u>124,041</u>	<u>1,518,202</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,295,259</u>
<u>\$ 312,376</u>	<u>315,615</u>	<u>270,404</u>	<u>1,553,902</u>	<u>-</u>	<u>120,807</u>	<u>126</u>	<u>3,084,021</u>

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL NON-MAJOR FUNDS
Year Ended June 30, 2008

	Magistrate Drug Court 116	Municipal Court Automation 126	Judges Pro-Temp 136
Revenues			
Charges for services	\$ -	999,895	-
Grants	-	-	-
Total revenues	-	999,895	-
Expenditures			
Current			
Personal services	73,447	140,824	-
Employee benefits	25,853	49,856	-
In-state travel	949	13,944	-
Maintenance and repairs	-	-	-
Supplies	43,494	1,191	-
Contractual services	82,898	-	47,142
Operating costs	39,252	3,801	-
Other costs	75	702,016	-
Out-of-state travel	3,216	6,509	-
Capital outlay	-	-	-
Total expenditures	269,184	918,141	47,142
(Deficiency) excess of revenues over expenditures	(269,184)	81,754	(47,142)
Other Financing Sources (Uses)			
General Fund appropriation	292,700	-	80,000
Transfers from other agencies	-	-	-
Transfers to other agencies	-	-	-
Other	-	-	-
Reversions to State General Fund	(23,516)	-	(32,858)
Net other financing sources (uses)	269,184	-	47,142
Net changes in fund balances	-	81,754	-
Fund balance at beginning of year (deficit)	140	244,257	-
Fund balance at end of year (deficit)	\$ 140	326,011	-

Magistrate Court Mediation 304	Grant 495	Magistrate Security and Facilities 496	Special Water Rights Adjudication 512	Magistrate/ Metro Court 579	Judicial Information Division 689	Non-Grant Projects 583	Total
\$ 116,900	-	-	-	-	-	-	1,116,795
-	769,773	-	-	-	-	-	769,773
116,900	769,773	-	-	-	-	-	1,886,568
-	46,507	-	-	-	1,843,346	-	2,104,124
-	17,994	-	-	-	622,953	-	716,656
-	3,273	4,910	-	-	-	-	23,076
-	1,541	7,031	-	-	-	-	8,572
-	23,715	160,656	-	-	-	-	229,056
24,093	602,004	-	50,898	-	8,218	-	815,253
-	33,558	696,407	-	-	464,869	-	1,237,887
-	6,532	550	-	-	-	-	709,173
-	11,360	-	-	-	-	-	21,085
-	-	294,935	-	-	-	-	294,935
24,093	746,484	1,164,489	50,898	-	2,939,386	-	6,159,817
92,807	23,289	(1,164,489)	(50,898)	-	(2,939,386)	-	(4,273,249)
-	-	-	-	-	2,806,200	-	3,178,900
-	-	950,000	1,469,574	950,000	134,400	-	3,503,974
-	-	-	-	(950,000)	-	-	(950,000)
-	-	-	-	-	-	-	-
-	-	-	-	-	(1,214)	-	(57,588)
-	-	950,000	1,469,574	-	2,939,386	-	5,675,286
92,807	23,289	(214,489)	1,418,676	-	-	-	1,402,037
217,029	(6,260)	338,530	99,526	-	-	-	893,222
\$ 309,836	17,029	124,041	1,518,202	-	-	-	2,295,259

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 STATEMENT OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 MAGISTRATE DRUG COURT FUND (116)
 Year Ended June 30, 2008

	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriations	\$ 292,700	292,700	292,700	-
Other financing sources	-	-	-	-
Miscellaneous revenues	-	-	-	-
Reversions to State General Fund	-	-	(23,516)	(23,516)
	<hr/>			
Total Revenue	292,700	292,700	269,184	(23,516)
Expenditures				
Personal services	63,300	99,300	99,300	-
Contract services	76,600	96,600	82,898	13,702
Other Costs	152,800	96,800	86,986	9,814
	<hr/>			
Total expenditures	292,700	292,700	269,184	23,516
<hr/>				
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	-	-	-
	<hr/> <hr/>			

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 STATEMENT OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 MUNICIPAL COURT AUTOMATION (126)
 Year Ended June 30, 2008

	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Other financing sources	\$ 986,700	986,700	999,895	13,195
Miscellaneous revenues	-	-	-	-
Reversions to State General Fund	-	-	-	-
Total Revenue	<u>986,700</u>	<u>986,700</u>	<u>999,895</u>	<u>13,195</u>
Expenditures				
Personal services	186,600	192,600	190,680	1,920
Other costs	800,100	794,100	727,461	66,639
Total expenditures	<u>986,700</u>	<u>986,700</u>	<u>918,141</u>	<u>68,559</u>
Excess of revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>-</u>	<u>81,754</u>	<u>81,754</u>

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 STATEMENT OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 JUDGES PRO-TEMP (136)
 Year Ended June 30, 2008

	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriations	\$ 80,000	80,000	80,000	-
Other financing sources	-	-	-	-
Reversions to State General Fund	-	-	(32,858)	(32,858)
Total Revenue	80,000	80,000	47,142	(32,858)
Expenditures				
Personal services				-
Contractual services	80,000	80,000	47,142	32,858
Other costs	-	-	-	-
Total expenditures	80,000	80,000	47,142	32,858
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	-	-	-

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MAGISTRATE COURT MEDIATION (304)
Year Ended June 30, 2008

	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Misc Revenue	\$ -	-	-	-
Other financing sources	105,000	105,000	116,900	11,900
Reversions to State General Fund				
Total revenues	<u>105,000</u>	<u>105,000</u>	<u>116,900</u>	<u>11,900</u>
Expenditures				
Personal services	-	-	-	-
Contractual services	100,000	100,000	24,093	75,907
Other costs	5,000	5,000	-	5,000
Other financing uses	-	-	-	-
Total expenditures	<u>105,000</u>	<u>105,000</u>	<u>24,093</u>	<u>80,907</u>
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	-	92,807	92,807

See Notes to Financial Statements.

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 STATEMENT OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 MAGISTRATE SECURITY AND FACILITIES (496)
 Year Ended June 30, 2008

	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
General Fund Appropriation	\$ -	-	-	-
Miscellaneous revenues	-	-	-	-
Reversions to State General Fund	-	-	-	-
Other financing sources	350,000	1,300,000	950,000	(350,000)
Total revenues	<u>350,000</u>	<u>1,300,000</u>	<u>950,000</u>	<u>(350,000)</u>
Expenditures				
Personal Services	-	-	-	-
Contractual services	-	-	-	-
Other costs	350,000	1,300,000	1,164,489	135,511
Other financing uses	-	-	-	-
Total expenditures	<u>350,000</u>	<u>1,300,000</u>	<u>1,164,489</u>	<u>135,511</u>
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	-	(214,489)	(214,489)

See Notes to Financial Statements.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER RIGHTS ADJUDICATION (512)
Year Ended June 30, 2008

	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
General Fund Appropriation	\$ -	-	-	-
Miscellaneous revenues	-	-	-	-
Reversions to State General Fund	-	-	-	-
Other financing sources	350,000	350,000	1,469,574	1,119,574
Total revenues	<u>350,000</u>	<u>350,000</u>	<u>1,469,574</u>	<u>1,119,574</u>
Expenditures				
Personal services	-	-	-	-
Contractual services	350,000	350,000	50,898	299,102
Other costs	-	-	-	-
Other financing uses	-	-	-	-
Total expenditures	<u>350,000</u>	<u>350,000</u>	<u>50,898</u>	<u>299,102</u>
Excess of revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>-</u>	<u>1,418,676</u>	<u>1,418,676</u>

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 STATEMENT OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 MAGISTRATE/METRO COURT (579)
 Year Ended June 30, 2008

	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Other financing sources	\$ 350,000	1,300,000	950,000	(350,000)
Reversions to State General Fund	-	-	-	-
Total Revenue	<u>350,000</u>	<u>1,300,000</u>	<u>950,000</u>	<u>(350,000)</u>
Expenditures				
Other costs	-	-	-	-
Other financing uses	350,000	1,300,000	950,000	350,000
Total expenditures	<u>350,000</u>	<u>1,300,000</u>	<u>950,000</u>	<u>350,000</u>
Excess of revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 STATEMENT OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 JUDICIAL INFORMATION DIVISION FUND (689)
 Year Ended June 30, 2008

	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriations	\$ 2,806,200	2,806,200	2,806,200	-
Other financing sources	134,400	134,400	134,400	-
Reversions to State General Fund	-	-	(1,214)	(1,214)
Total Revenues	2,940,600	2,940,600	2,939,386	(1,214)
Expenditures				
Personal services	2,466,700	2,466,700	2,466,299	401
Contractual services	9,000	9,000	8,218	782
Other costs	464,900	464,900	464,869	31
Total expenditures	2,940,600	2,940,600	2,939,386	1,214
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	-	-	-

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 STATEMENT OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 AOC-JID NON-GRANT PROJECTS FUND (583)
 Year Ended June 30, 2008

	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriations				
Other financing sources	\$ -	-	-	-
Reversions to State General Fund	-	-	-	-
Misc Revenue	-	-	-	-
	<hr/>			
Total Revenue	-	-	-	-
Expenditures				
Personal services	-	-	-	-
Contractual services	-	-	-	-
Other costs	-	-	-	-
	<hr/>			
Total expenditures	-	-	-	-
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	-	-	-
	<hr/> <hr/>			

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GRANT FUND (495)
Year Ended June 30, 2008

	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Federal grants	\$ 935,875	1,335,875	769,773	(566,102)
Other financing sources	-	-	-	-
Total revenues	<u>935,875</u>	<u>1,335,875</u>	<u>769,773</u>	<u>(566,102)</u>
Expenditures				
Personal services	39,482	234,530	64,501	170,029
Contractual services	834,060	956,860	602,004	354,856
Other costs	62,333	144,485	79,979	64,506
Other financing uses	-	-	-	-
Total Expenditures	<u>935,875</u>	<u>1,335,875</u>	<u>746,484</u>	<u>589,391</u>
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	-	23,289	23,289

SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
June 30, 2008

<u>Total All Agency Funds</u>	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
ASSETS				
Interest in State General Fund Investment Pool	\$ 5,286,984	16,183,730	(17,408,395)	4,062,319
Cash in commercial banks	3,111,386	19,193,063	(18,684,329)	3,620,120
Total assets	<u>\$ 8,398,370</u>	<u>35,376,793</u>	<u>(36,092,724)</u>	<u>7,682,439</u>
LIABILITIES				
Due to other state agencies	\$ 5,539,335	16,132,955	(17,214,879)	4,457,411
Due to litigants	1,984,737	10,952,054	(10,603,648)	2,333,143
Due to				
Brain Injury Fee Fund (481)	33,225	415,888	(414,083)	35,030
Civil Legal Service Fund (600)	27,810	350,319	(347,124)	31,005
Correction Fee Fund (688)	150,066	1,917,448	(1,906,688)	160,826
Court Automation Fund (078)	96,842	1,224,776	(1,219,459)	102,159
Court Facilities Fund (532)	77,341	2,167,453	(2,066,907)	177,887
Crime Laboratory Fund (687)	59,227	466,223	(464,898)	60,552
Judges Retirement Fund (122)	45,635	581,807	(575,767)	51,675
Judicial Education Fee Fund (577)	15,077	189,463	(188,469)	16,071
Magistrate Enforcement Fund (576)	216,648	252,884	(274,011)	195,521
Magistrate Penalty Assessment Fund (794)	95,253	9,333	(104,033)	553
Domestic Violence Offender Fund (515)	37,017	463,347	(460,814)	39,550
Traffic Safety Fund (252)	20,157	252,843	(251,944)	21,056
Total liabilities	<u>\$ 8,398,370</u>	<u>35,376,793</u>	<u>(36,092,724)</u>	<u>7,682,439</u>

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS-DETAILED
June 30, 2008

<u>Litigant Fund</u>	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
ASSETS				
Interest in State General Fund Investment Pool	\$ 221,126	50,775	(98,574)	173,327
Cash in commercial banks	1,763,611	10,901,279	(10,505,074)	2,159,816
Total assets	\$ 1,984,737	10,952,054	(10,603,648)	2,333,143
LIABILITIES				
Due to litigants	\$ 1,984,737	10,952,054	(10,603,648)	2,333,143
 <u>Fines and Fees Fund</u>				
ASSETS				
Interest in State General Fund Investment Pool	\$ 5,065,858	16,132,955	(17,309,821)	3,888,992
Cash in commercial banks	1,347,775	8,291,784	(8,179,255)	1,460,304
Total assets	\$ 6,413,633	24,424,739	(25,489,076)	5,349,296
LIABILITIES				
Due to other state agencies	\$ 5,539,335	16,132,955	(17,214,879)	4,457,411
Due to				
Brain Injury Fee Fund (481)	33,225	415,888	(414,083)	35,030
Civil Legal Service Fund (600)	27,810	350,319	(347,124)	31,005
Correction Fee Fund (688)	150,066	1,917,448	(1,906,688)	160,826
Court Automation Fund (078)	96,842	1,224,776	(1,219,459)	102,159
Court Facilities Fund (532)	77,341	2,167,453	(2,066,907)	177,887
Crime Laboratory Fund (687)	59,227	466,223	(464,898)	60,552
Judges Retirement Fund (122)	45,635	581,807	(575,767)	51,675
Judicial Education Fee Fund (577)	15,077	189,463	(188,469)	16,071
Magistrate Enforcement Fund (576)	216,648	252,884	(274,011)	195,521
Magistrate Penalty Assessment Fund (794)	95,253	9,333	(104,033)	553
Domestic Violence Offender Fund (515)	37,017	463,347	(460,814)	39,550
Traffic Safety Fund (252)	20,157	252,843	(251,944)	21,056
Total liabilities	\$ 6,413,633	24,424,739	(25,489,076)	5,349,296

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF CASH ACCOUNTS
June 30, 2008

	Fund	Balance June 30, 2008
Interest in State General Fund Investment Pool		
General Fund		
Administrative Office of the Courts	139	\$ <u>1,560,939</u>
Special Revenue Funds		
JID Supreme Court Automation	011	1,555,860
Jury & Witness Fees	12	183,371
Magistrate Drug Court Fund	116	135,452
Court Appointed Attorney	124	450,902
JID Municipal Court Automation	126	334,559
Judges Pro-Temp	136	39,954
JID Statewide Automated Bond	273	6,880,628
Grant Fund	495	(230,472)
Magistrate Court Mediation Fund	304	312,376
Statewide drug court	443	1,092,596
Magistrate Security & Facilities Fund	496	270,404
Water Adjudication Fund	512	1,553,902
Magistrate Court Warrant Enforcement	575	939,723
Magistrate/Metro Court	579	-
JID Non-Grant Projects	583	(72)
JID Judicial Information Division	689	120,692
Magistrate Courts	692	912,220
Total Special Revenue Funds		<u>14,552,095</u>
Fiduciary Funds		
Brain Injury Fee Fund	481	35,961
Civil Legal Service Fund	600	190,245
Correction Fees Fund	688	1,938,819
Court Automation Fund	078	353,047
Court Facilities Fund	532	475,743
Crime Laboratory Fees Fund	687	409,046
Judicial Education Fee Fund	577	16,576
Magistrate - Penalty Assessment Fund	794	667
Magistrate Court Warrant Enforcement Fund	576	238,204
Suspense Fund	533	4,540
Magistrate Retirement Fund	122	49,525
Magistrate Suspense Fund	822	173,327
Municipal Court Automation Fund	704	81,003
Domestic Violence Treatment Fund	515	62,258
Traffic Safety Fund	252	33,358
Total Fiduciary Funds		<u>4,062,319</u>
Interest in State General Fund Investment Pool		20,175,353
Total cash per books		<u>\$ <u>20,175,353</u></u>

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF CASH ACCOUNTS (CONTINUED)
June 30, 2008

Magistrate Court	Bank	Court Location	Bank Balance June 30, 2008	Reconciling Items	Book Balance June 30, 2008	Deposits In Transit	Outstanding Checks
Catron I	First State	Reserve	\$ 5,407	(726)	4,681	274	1,000
Catron Circuit	First State	Quemado	1,784	-	1,784	-	-
Chaves I, II	Valley Bank of Commerce	Roswell	103,333	3,109	106,442	4,139	1,030
Cibola I, II	Wells Fargo	Grants	32,277	(3,389)	28,888	502	3,890
Colfax I	International State	Raton	25,343	(735)	24,608	265	1,000
Colfax II	International State	Springer	100,360	(25,124)	75,236	-	25,124
Colfax Circuit	International State	Cimarron	979	(1)	978	-	1
Curry I, II	New Mexico Bank & Trust	Clovis	204,511	(4,479)	200,032	2,882	7,361
DeBaca I	Citizens Bank of Clovis	Ft. Sumner	11,647	156	11,803	180	24
Dona Ana I, II, III	Community First National	Las Cruces	546,543	(228,993)	317,550	13,326	242,319
Dona Ana Circuit	Community First National	Anthony	52,171	(1,040)	51,131	-	1,040
Dona Ana Hatch	Community First National	Hatch	3,409	(885)	2,524	-	885
Eddy I, II	Western Commerce	Carlsbad	54,456	411	54,867	2,957	2,546
Eddy III	First National	Artesia	34,825	24,466	59,291	26,127	1,661
Grant I	Wells Fargo	Silver City	49,137	(4,128)	45,009	1,881	6,009
Grant II	Bank of America	Bayard	22,094	-	22,094	-	-
Guadalupe I	Wells Fargo	Santa Rosa	25,128	(20)	25,108	-	20
Guadalupe Circuit	Wells Fargo	Vaughn	-	-	-	-	-
Harding I	Wells Fargo	Roy	12,669	104	12,773	105	1
Hidalgo I	Western	Lordsburg	75,603	(4,197)	71,406	-	4,197
Lea I	Lea County State	Lovington	101,043	(17,758)	83,285	235	17,993
Lea II	Lea County State	Hobbs	71,207	3,119	74,326	4,319	1,200
Lea III	Wells Fargo	Eunice	15,164	189	15,353	5,000	4,811
Lea IV	Western Commerce	Tatum	2,440	-	2,440	-	-
Lea Circuit	Wells Fargo	Jal	4,260	(703)	3,557	-	703
Lincoln I	Wells Fargo	Carrizozo	34,141	(14,530)	19,611	1,235	15,765
Lincoln II	First National	Ruidoso	63,837	(29,799)	34,038	-	29,799
Los Alamos I	Los Alamos National	Los Alamos	11,213	(2,253)	8,960	-	2,253
Luna I	Wells Fargo	Deming	115,711	561	116,272	2,275	1,714
McKinley I, II	Wells Fargo	Gallup	239,332	(8,363)	230,969	4,626	12,989
McKinley III	Wells Fargo	Thoreau	(34)	-	(34)	-	-
			<u>2,019,990</u>	<u>(315,008)</u>	<u>1,704,982</u>	<u>70,328</u>	<u>385,335</u>

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 SCHEDULE OF CASH ACCOUNTS (CONTINUED)
 June 30, 2008

Magistrate Court	Bank	Court Location	Book				
			Balance June 30, 2008	Reconciling Items	Balance June 30, 2008	Deposits In Transit	Outstanding Checks
Mora I	Bank of Las Vegas	Mora	\$ 24,640	624	25,264	624	-
Otero I, II	First National	Alamogordo	104,361	(2,687)	101,674	5,153	7,840
Quay I	Wells Fargo	Tucuman	126,252	3,848	130,100	4,842	995
Rio Arriba I, II	Bank of America	Espanola	111,780	(7,262)	104,518	2,974	10,236
Rio Arriba Circuit	Community Bank	Chama	13,217	(453)	12,764	-	453
Roosevelt I	Portales National	Portales	78,852	(28,476)	50,376	1,061	29,537
San Juan I	Wells Fargo	Aztec	281,500	(92,213)	189,287	12,991	105,204
San Juan II, III	Bank of the Southwest	Farmington	81,305	(850)	80,455	1,935	2,785
San Miguel I, II	Bank of Las Vegas	Las Vegas	112,721	415	113,136	1,526	1,111
Sandoval I	Wells Fargo	Bernalillo	164,056	(8,290)	155,766	142	8,432
Sandoval II	Wells Fargo	Cuba	38,671	990	39,661	990	-
Santa Fe I, II, III	Wells Fargo	Santa Fe	458,227	(78,712)	379,515	740	79,452
Santa Fe Circuit	Wells Fargo	Pojoaque	3,849	-	3,849	-	-
Sierra I	Bank of the Southwest	T or C	77,684	(1,500)	76,184	8,704	10,204
Socorro I	Wells Fargo	Socorro	28,984	(2,264)	26,720	-	2,264
Taos I, II	Centinel	Taos	114,678	(18,125)	96,553	-	18,125
Taos Circuit	Centinel	Questa	4,204	(1,835)	2,369	-	1,835
Torrance I, II	Wells Fargo	Moriarity	231,255	554	231,809	911	357
Torrance Circuit	Wells Fargo	Estancia	7,374	(503)	6,871	-	503
Union I	Farmers/Stockmens	Clayton	6,633	62	6,695	410	348
Valencia I	Ranchers Banks	Los Lunas	41,391	(16,540)	24,851	-	16,540
Valencia II	Ranchers Banks	Belen	57,196	(475)	56,721	-	475
			<u>2,168,830</u>	<u>(253,692)</u>	<u>1,915,138</u>	<u>43,003</u>	<u>296,696</u>
Total bank and book balance			\$ 4,188,820	(568,700)	3,620,120	113,331	682,031
Total - change funds			\$ 6,361				
Total - cash in banks			4,188,820				
Total - deposits in transit			113,331				
Total outstanding checks			(682,031)				
Total cash per books			\$ 3,620,120				
Cash on deposit with State Treasurer for governmental funds per books			\$ 16,119,395				
Cash on Deposit with the State Treasurer for agency			4,062,319				
Interest in State General Fund Investment Pool			3,620,120				
Total cash per books			\$ 23,801,834				

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 SCHEDULE OF CASH ACCOUNTS (CONTINUED)
 Year Ended June 30, 2008

Magistrate Court-Change Funds	Court Location	Balance June 30, 2008
Catron I	Reserve	\$ 65
Catron Circuit	Quemado	65
Chaves I, II	Roswell	200
Cibola I, II	Grants	100
Colfax I	Raton	100
Colfax II	Springer	65
Colfax Circuit	Cimarron	100
Curry I, II	Clovis	100
DeBaca I	Ft. Sumner	100
Dona Ana I, II, III	Las Cruces	200
Dona Ana Circuit	Anthony	100
Dona Ana Hatch	Hatch	-
Eddy I, II	Carlsbad	200
Eddy III	Artesia	100
Grant I	Silver City	150
Grant II	Bayard	90
Guadalupe I	Santa Rosa	150
Guadalupe Circuit	Vaughn	65
Harding I	Roy	65
Hidalgo I	Lordsburg	150
Lea I	Lovington	150
Lea II	Hobbs	350
Lea III	Eunice	100
Lea IV	Tatum	65
Lea Circuit	Jal	100
Lincoln II	Carrizozo	-
Lincoln II	Ruidoso	-
Los Alamos I	Los Alamos	65
		<hr/>
		2,995
		<hr/>

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 SCHEDULE OF CASH ACCOUNTS (CONTINUED)
 Year Ended June 30, 2008

Magistrate Court-Change Funds	Court Location	Balance June 30, 2008
Luna I	Deming	\$ -
McKinley I, II	Gallup	300
McKinley III	Thoreau	-
Mora I	Mora	65
Otero I, II	Alamogordo	100
Quay I	Tucumcari	300
Rio Arriba Circuit	Chama	65
Rio Arriba I, II	Espanola	65
Roosevelt I	Portales	250
Sandoval I	Bernalillo	250
Sandoval II	Cuba	65
San Juan I	Aztec	150
San Juan II, III	Farmington	300
San Miguel I, II	Las Vegas	46
Santa Fe I, II, III	Santa Fe	200
Santa Fe Circuit	Pojaque	65
Sierra I	T of C	100
Socorro I	Socorro	100
Taos I, II	Taos	100
Taos Circuit	Questa	100
Torrance I	Moriarity	250
Torrance Circuit	Estancia	65
Union I	Clayton	100
Valencia I	Los Lunas	130
Valencia II	Belen	200
		<hr/>
		3,366
		<hr/>
Total		\$ 6,361
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SINGLE AUDIT INFORMATION

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2008

Federal Grantor/Pass-through Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice / Office of Justice Programs			
BJA - Congressionally Mandated Awards (5048)	16.580		\$ 12,621
Total U.S. Department of Justice			<u>\$ 12,621</u>
U.S. Department of Transportation			
Pass-through Program From:			
State of New Mexico Department of Transportation			
Study of Scheduling Practices for DWI Cases in Bernalillo County (5060)	Unknown	06-AL-64-P16	\$ 5,000
AOC DWI Courts (5068)		08-AL-10-P27	142,674
Total State of New Mexico Department of Transportation			<u>\$ 147,674</u>
U.S. Department of Health and Human Service			
State Court Improvement Program - Basic (5057)	93.586		
Court Improvement Data Sharing Program (5063)	93.586		\$ 76,652
Court Improvement Training Program (5064)	93.586		95,473
State Court Improvement Program - Basic (5065)	93.586		88,741
State Court Improvement Program - Basic (5069)	93.586		54,758
Court Improvement Data Sharing Program (5070)	93.586		64,052
Court Improvement Training Program (5071)	93.586		10,940
Subtotal U.S. Department of Health and Human Services			<u>390,616</u>
Pass-through Program From:			
State of New Mexico Department of Children, Youth & Families			
Mediation Services (5067)	93.556	08-690-5212	<u>144,988</u>
Total U.S. Department of Health and Human Services			<u>\$ 535,604</u>
State Justice Institute			
Coordinating Access to Justice in New Mexico (5066)	Unknown	SJI-06-N-060	<u>\$ 50,585</u>
Total Expenditures of Federal Awards			<u>\$ 746,484</u>

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2008

NOTE A. SIGNIFICANT ACCOUNTING POLICIES

The schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

**Report on Internal Control
Over Financial Reporting and On Compliance and
Other Matters Based on an Audit of the Financial
Statements Performed in Accordance With
*Government Auditing Standards***

Honorable Edward L. Chavez, Chief Justice
New Mexico Supreme Court
and
Mr. Hector H. Balderas,
New Mexico State Auditor

We have audited the financial statements of the governmental activities and the major funds and the budgetary comparisons for the general fund and major special revenue funds, of the State of New Mexico Administrative Office of the Courts (AOC), as of and for the year ended June 30, 2008, and have issued our report thereon dated December 15, 2008. We have also audited the financial statements of the AOC's non major funds, fiduciary funds and all the budgetary comparisons presented as supplementary information in the combining individual fund statements as of and for the year ended June 30, 2008, as listed in the table of contents. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered AOC's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of AOC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of AOC's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

Honorable Edward L. Chavez, Chief Justice
New Mexico Supreme Court
and
Mr. Hector H. Balderas,
New Mexico State Auditor

A *control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting; 01-04, 02-07, 06-01, 08-02, and 08-07.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above are a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the AOC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of

Honorable Edward L. Chavez, Chief Justice
New Mexico Supreme Court
and
Mr. Hector H. Balderas,
New Mexico State Auditor

our tests disclosed instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as items 01-05, 08-01, 08-03, 08-04, 08-05, and 08-06.

The AOC's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the AOC's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the AOC, the State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration, and federal and pass through agencies and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams LLP

Albuquerque, New Mexico
December 15, 2008

**Report on Compliance with Requirements Applicable to Each
Major Program and Internal Control Over Compliance
in Accordance With OMB Circular A-133**

Honorable Edward L. Chavez, Chairperson
New Mexico Supreme Court
and
Mr. Hector H. Balderas,
New Mexico State Auditor

Compliance

We have audited the compliance of the State of New Mexico, Administrative Office of the Courts (AOC) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. The, AOC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the AOC's management. Our responsibility is to express an opinion on the AOC's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audit of States, Local Governments, and Not-for-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the AOC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the AOC's compliance with those requirements.

In our opinion, the AOC, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.

Honorable Edward L. Chavez, Chairperson
New Mexico Supreme Court
and
Mr. Hector H. Balderas,
New Mexico State Auditor

Internal Control Over Compliance

The management of the AOC, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the AOC's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of AOC's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Honorable Edward L. Chavez, Chairperson
New Mexico Supreme Court
and
Mr. Hector H. Balderas,
New Mexico State Auditor

This report is intended solely for the information and use of the AOC's management, the New Mexico State Auditor, the New Mexico Department of Finance and Administration, The New Mexico State Legislature, and the federal awarding and passes through agencies and is not intended to be and should not be used by anyone other than those specific parties.

Moss Adams LLP

Albuquerque, New Mexico
December 15, 2008

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2008

01-04	Cash Controls – Magistrate Courts	Repeated and Included
01-05	Bonds Outstanding Over Six Months	Repeated and Included
02-07	Segregation of Duties/Mail Receipts Log	Repeated and Included
02-08	Timely Submission of Monthly Remittance Report	Resolved
06-01	Outstanding Fines and Fees	Repeated and Included
06-04	Timeliness of Audit Report	Resolved
07-01	Reconciliation of Agency Interest in the State Investment Pool	Resolved
07-02	Journal Entries	Resolved
07-03	Lack of Adequate Monitoring	Resolved
07-04	Actual Expenditures in excess of Budget	Resolved

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2008

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(s) identified that are not considered to be material weakness(es)? Yes None Reported

Non-compliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(s) identified that are not considered to be material weakness(es) Yes None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes No

Identification of Major Program

CFDA Number	Name of Federal Program or Cluster
93.586	State Court Improvement Plan

Dollar threshold used to distinguish between type A and type B programs \$ 300,000

Auditee qualified as low-risk auditee? Yes No

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

01-04 Cash Controls – Magistrate Courts

CONDITION

Of the thirteen Magistrate Courts selected for test work, two of the courts had lack of proper restrictions of access to the safe containing cash and blank checks. Of the thirteen Magistrate Courts selected for testwork, we noted four courts with cash receipts out of sequence for which there was no documentation for the voided transaction or it was not signed by a supervisor. Additionally, we noted two Courts out of thirteen with outstanding checks that were over six months old.

CRITERIA

The Judge is not permitted to have access to cash or checks under any circumstances. Cash receipt numbers cannot be skipped unless properly voided, documented, and approved (New Mexico Magistrate Court Administrative Procedures Manual 11.8). Checks over six months old are to be remitted to the Administrative Office of the Court's Suspense Fund (New Mexico Magistrate Court Administrative Procedures Manual 11.3 B).

EFFECT

There is an increase risk of error or fraud when the Court procedures are not followed.

CAUSE

A lack of proper restrictions to access of the safe containing cash typically arises due to a lack of personnel availability as a court. Improper documentation of the voided check (out of sequence receipt) appears to be the result of available personnel being occupied with other court matters. Additionally, it appears as though not remitting outstanding checks to the Administrative Office of the Court's suspense fund is due to the limited time available to locate a payee.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

01-04 Cash Controls – Magistrate Courts (Continued)

RECOMMENDATION

Access to the safe should be restricted to exclude the judges. This can be achieved by changing the pass code necessary to gain access without informing the Judge. The outstanding check listing should be updated, and reviewed for checks outstanding in excess of six months, which should be properly surrendered to the suspense fund. Additional monitoring of compliance over deposit timeliness should be performed. Voided receipt numbers should be made a priority among the Court clerks' responsibilities.

MANAGEMENT RESPONSE

- Access to safe – combination to safe should be given to fiscal as a back-up. In the event that there is no one at the court with the combination, staff could call fiscal for the combination.
- Voided receipts/skipped receipt numbers - Some courts attach the voided receipts for the entire month to the voided receipt report instead of attaching them to the daily deposit reports. Recommendation to the courts will be made to attach voided receipts to the daily deposits instead of to the voided receipt report. Skipped receipt numbers are also generated due to corrections for receipts previously posted, the corrected receipts are back-dated to the date of the original receipt as well as surety bonds that are erroneously receipted as a cash receipt instead of a surety bond receipt. Considering change in current procedures to include an additional step requiring the chief clerk run a banking report for all registers used in the court on a daily basis and that documentation be included with the daily receipt reports to explain any skipped receipt numbers.
- Checks outstanding in excess of six months - Fiscal services contacts courts on a monthly basis in instances where checks are outstanding for more than six months. All checks identified as outstanding over six months for this audit have been transferred to the suspense fund.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

01-05 Bonds Outstanding Over Six Months and Other Bond Issues

CONDITION

At three of the thirteen Court's selected for test work, we noted that bonds were not properly refunded or forfeited per the six month rule. For three of the thirteen Courts selected for test work, we were unable to agree the bond activity per the monthly remittance to the bond FACTS reports (i.e. bonds received, returned, forfeited).

CRITERIA

Bonds should be reviewed in accordance with the six month rule and be either refunded or used to pay fines and fees if the bond obligation has been met or should be forfeited in the event the defendant has not met the obligations of the bond.

EFFECT

The bonds noted over six months old have met the criteria to be forfeited or refunded. Follow-up by the clerk could result in additional revenue to the State. Also, the longer a bond is held, the more difficult and time consuming it becomes for clerks to trace the proper disposition of the bond. In addition, the Court may not know to whom to refund a bond if the receipt documentation is incomplete.

CAUSE

The majority of the bonds over six months that have not been forfeited or refunded are as a result of judges instructing the clerks not to refund or forfeit the bond or of the Chief Clerks failure to perform a timely check of the dates of the bonds.

RECOMMENDATION

The Administrative Office of the Courts needs to continue to emphasize the need for magistrate clerks to follow-up on the detail bond listing, and continue to give written explanations of bonds which are outstanding in excess of six months.

MANAGEMENT RESPONSE

- Bonds over 6 months – management concurs with this finding.
- Bond activity not agreed per monthly remittance to bond FACTS report – In all instances, the difference is due to a shortcoming in FACTS in which the outstanding bond amount is not correctly adjusted when checks are voided or stop payments are issued in order to correct a payee or transfer outstanding checks to the AOC suspense fund. A manual adjustment is made on the spreadsheet attached to the monthly reports in order to track these instances and correctly reflect the outstanding bond balance.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

02-07 Segregation of Duties/Mail Receipts Log/Daily Deposit Verification

CONDITION

Of the thirteen Magistrate Courts visited, we noted two Courts that did not have adequate segregation of duties with regards to cash receipts; additionally, at one court, we noted that the Judge has access to the FACTS system.

CRITERIA

The Judge should not have access to the FACTS system for any reason. This prevents improper segregation of duties. Controls should be in place to segregate duties to minimize the possibility of loss, errors, or theft. Payments received by mail should be logged by one clerk and receipted by another unless there is only one clerk at a court; in this case, the court should send off the daily deposit, including the mail log to another court for verification. Courts should be sure they have the proper mail receipt log which allows for documentation of proper segregation of duties.

EFFECT

There is increased risk of error or fraud.

CAUSE

These Courts have a limited number of personnel; therefore, the same individual occasionally receipts cash, maintains the records and performs the reconciliations. In the instance noted for improper use of the mail receipt log, it appears the court does not have an updated mail receipt log which would allow them to document their segregation of duties; additionally, limited personnel leads to permitting the Judge to occasionally receipt payments when clerks are not present at all.

RECOMMENDATION

We suggest that the individual who receives the receipts not also maintain the records and perform the reconciliations. For those Courts where these duties cannot be segregated due to a lack of personnel, we recommend that a relationship between this court and another in the same situation be forged such that they each perform the other's daily deposit verification and that the verification include photocopies of the checks and money orders received during the day. We recommend that all courts ensure they have the most updated mail receipt log for proper documentation. We also recommend that FACTS access levels be changed to prevent Judges from having access.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

02-07 Segregation of Duties/Mail Receipts Log/Daily Deposit Verification
(Continued)

MANAGEMENT RESPONSE

Management agrees that a judge should not be receipting in FACTS, however, the judge can legitimately enter other information in FACTS such as a judgement and sentences entered directly from the bench. It is our policy that judges should not be receipting money and this will be revisited with the judges. Management may need to revisit the procedures manual to clarify what is and is not allowed. With Odyssey, we will work to structure permissions so that judges only have access to the functions that they have authority to perform. Management will also work to develop a provision for the procedures manual that addresses one judge, one clerk courts in extraordinary circumstances where the judge may be required to receipt money and access FACTS in the event the clerk is out of the court.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

06-01 Outstanding Fines and Fees

CONDITION

For two of the thirteen of the Magistrate Courts that we conducted site visits of this year, we compared the outstanding fines and fees receivable per the case files with the outstanding fines and fees detail maintained per the Judicial Information Division (JID). In both instances, we noted that the amounts were not in agreement.

CRITERIA

The fines and fees detail should report the actual amounts owed to the Court as detailed in the case files. The case files should contain accurate and up-to-date information on the fines and fees due to the court.

EFFECT

The fines and fees may be overstated or understated.

CAUSE

The difference appears to be a result of FACTS not pulling all data entered or deleted in the system; we noted certain instances where the register of actions per FACTS showed a fine being paid in the system, but the system failing to update the A/R. In some cases, it appears that warrant fees are being manually put in the file, but not updated in FACTS.

RECOMMENDATION

The individual Magistrate Courts, the Administration Office of the Courts, and the Judicial Information Division should work together to determine what receivables are genuine. Additionally, the Judicial Information Division should determine whether the FACTS system can be relied upon for accurate information. We recommend that receivables lists be sent to the individual courts for them to go through and document any errors found in order to determine if there are any trends in regards to system errors, and also to determine potential human error in posting fines and fees.

MANAGEMENT RESPONSE

AOC staff was unable to reconcile all balances identified on the outstanding fines and fees detail, which is a query report provided by the Judicial Information Division (JID) for the instances noted above. In order to reconcile the outstanding fines and fees due per the physical case files to A/R information in FACTS, a printout of the Register of Actions or the Docket Print should be used. By doing so, the reconciliation would be based on A/R information in FACTS rather than a query report generated from the FACTS database.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

08-01 Documentation in Case File is Incomplete

CONDITION

Of the thirteen Magistrate Courts visited, we noted four Courts possessing closed case files that did not have adequate documentation indicating that the case had been properly closed. At the Espanola court, we haphazardly selected a closed case file that lacked documentation that each part of the defendant's sentence had been carried out; additionally, the most recent documentation was a bench warrant, but the case was filed as closed. At the Lovington court, we haphazardly selected two closed case files whose most recent documentation was an outstanding bench warrant, but the cases were filed as closed. In this situation, the cases were properly filed as closed, per the register of actions, but documentation in the file that the charges were dismissed, satisfied, or otherwise concluded was absent. At the Raton court, we haphazardly selected a closed case file that lacked documentation that the prosecutor had declared Nolle Prosequi. The case file should have had an Order of Dismissal indicating this result. At the Cimarron court, we haphazardly selected two closed case files that lacked documentation indicating that the case was closed. Both cases lacked a Judgment and Sentence form, so we were unable to determine that the necessary fines and fees had been charged and paid.

CRITERIA

The paper case file should always reflect the current status of the case as it progresses through the judicial process, and when a case has closed, it should properly reflect this with adequate required documentation. This includes documentation printed from FACTS as well as signed orders by the Judge.

EFFECT

Cases could potentially be improperly filed as closed when open or improperly filed in open files when closed.

CAUSE

These Courts have a limited number of personnel; therefore, it is difficult to maintain up to date documentation in the files. Often, a backlog develops and the documentation for closed cases suffers because the clerks are aware that the cases are closed and are comfortable that the documentation is complete. More emphasis is placed on open files.

RECOMMENDATION

We suggest that the chief clerk reviews case files before they are filed as closed.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

08-01 Documentation in Case File is Incomplete (Continued)

MANAGEMENT RESPONSE

Management concurs with this finding and recommendation. Management would note that unless the judgment and sentence specifically requires that proof of completion of sentencing requirements be submitted to the court, it is not a traditional responsibility of the court to monitor whether sentences have been carried out.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

08-02 Mail Handling Procedures

CONDITION

Of the thirteen Magistrate Courts visited, we noted at two Courts that that the judge opens all mail addressed to him/her.

CRITERIA

The clerks should open all mail addressed to the Judge unless marked confidential in order to prevent the Judge from inadvertently handling cash, which is prohibited.

EFFECT

The Judge could inadvertently handle cash.

CAUSE

At two of the thirteen courts visited, the clerks have not made it their policy to open the Judge's mail if not marked confidential.

RECOMMENDATION

We suggest that the chief clerk opens all mail, including mail addressed to the judge unless marked confidential.

MANAGEMENT RESPONSE

Management concurs with this finding. In one court, it appears that that the judge has instructed that all mail addressed to him personally be delivered to him unopened. This is in conflict with the procedures manual, chapter 3.1. Magistrate division director will address this issue with the judge and will report to the AOC director regarding conversation.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

08-03 Case File Destruction

CONDITION

Of the thirteen Magistrate Courts visited, we noted that two Courts that had case files that were held beyond their destruction dates.

CRITERIA

The Clerks are required to dispose of all case files through permanent destruction methods approved by AOC policy.

EFFECT

The Courts have, in some cases, run out of storage space for their open cases and recently closed cases due to storage of cases that are past their destruction dates.

CAUSE

Due to understaffing at most courts, the clerks find that they have trouble keeping up with their destruction schedules.

RECOMMENDATION

We suggest that the chief clerks delegate more responsibilities so that they have a better ability to keep up with their destruction schedules.

MANAGEMENT RESPONSE

Management concurs with this finding for Espanola. In the instance of Lea County Circuit Court in Jal, no findings for the field testing were identified per the closing conference.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

08-04 Maintenance of a Proper Tickler System

CONDITION

Of the thirteen Magistrate Courts visited, we noted that one Court that did not have a tickler system.

CRITERIA

Each court must maintain a tickler system to be aware of upcoming necessary actions on case files such as fines and fees and upcoming court dates or deadlines.

EFFECT

The Court has not missed deadlines, but could. This could result in cases being improperly documented.

CAUSE

The Court has never maintained a tickler system and believes that it would be more trouble than it would be worth to have a tickler.

RECOMMENDATION

We recommend that the Court develop a tickler system. Whether the Chief Clerk desires to file the case files by alphabetical order and develop a different tickler system is up to the discretion of the Chief Clerk, but a tickler system must be maintained per AOC policy.

MANAGEMENT RESPONSE

Management concurs with this finding. Courts affected by this finding will be addressed. Also, please note that it is possible to have an electronic tickler system through the case management system. Management agrees that the court should have a tickler system whether by hard copies or electronic.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

08-05 Missing Bond Receipt

CONDITION

Of the thirteen Magistrate Courts visited, we noted four Courts that certain haphazardly selected files with bonds outstanding did not have a proper receipt indicating to whom a bond should be refunded and whether conversion for fines and fees would be permitted.

CRITERIA

When receiving a bond, a signed receipt should be prepared and retained indicating who provided the bond and whether the bond can be converted to pay fines and fees.

EFFECT

The Court could potentially refund a bond to the wrong party or convert a bond to pay fines and fees when the party providing the bond did not permit this treatment.

CAUSE

Of the four courts, only one was not aware of the policy; the other three indicated that the omission must have been a rare mistake.

RECOMMENDATION

We recommend that the Administrative Office of the Courts emphasize their policy regarding bond receipts, and that the courts individually develop a checklist for each of the case files that can help the clerks remember their various responsibilities with regards to documentation.

MANAGEMENT RESPONSE

Management concurs with this finding. Proper documenting procedures will be addressed with all courts. However, management notes that many bond receipts are filled out at detention facilities and not by the court.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

08-06 Abstract not forwarded to DMV On-Time

CONDITION

Of the thirteen Magistrate Courts visited, we noted four Courts that certain haphazardly selected files contained abstracts from traffic violation cases that had not been forwarded to the DMV in a timely manner.

CRITERIA

The abstract of a traffic violation case is to be forwarded to the Department of Motor Vehicles within 10 days of being adjudicated by the Court.

EFFECT

The Department of Motor Vehicles will receive the abstracts late, which could result in improper or late recording of a violation to the defendant's driver's record or reported late to the defendant's insurance carrier.

CAUSE

Although the direct cause is unknown, we expect that the reason for tardy submission of the abstracts to the DMV is that the clerks are overwhelmed with their work load and simply occasionally neglect to perform this function.

RECOMMENDATION

We recommend that the Administrative Office of the Courts emphasize their policy regarding abstracts, and that the courts individually develop a checklist for each of the case files that can help the clerks remember their various responsibilities with regards to documentation.

MANAGEMENT RESPONSE

Management concurs with this finding.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

08-07 Prior Period Restatement

CONDITION

The AOC was appropriated severance tax bond proceeds per Laws of 2007, Chapter 42, Section 3, in the amount of \$2,000,000, for use in fiscal years 2007 through 2011. In fiscal year 2007, no amounts were expended or drawn down; however, a receivable and related revenue in the full amount was recorded to the financial statements.

CRITERIA

Multi-year bond proceeds appropriations are to be drawn down on expenditures incurred. In accordance with generally accepted accounting principles, special appropriations should be recorded as appropriations receivable once they become available for use. Revenue should not be recognized until expenditures are incurred; as such, no receivable or revenue should have been booked in the prior fiscal year.

CAUSE

Management believed they were recording the receivable and revenue in accordance with generally accepted accounting principles as the monies were appropriated in fiscal year 2007, for use in fiscal year 2007.

EFFECT

Fund balance and net assets were overstated by \$2,000,000 at June 30, 2007.

MANAGEMENT RESPONSE

AOC management should have taken a better look at this entry. However, these were the instructions given to AOC by DFA who actually made the entry. Going forward we will ensure that we validate DFA's instructions to ensure GAAP and GASB requirements.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
EXIT CONFERENCE
Year Ended June 30, 2008

We discussed the recommendations contained in this letter during the exit conference held December 11, 2008. The exit conference was attended by the following individuals:

Administrative Office of the Courts

Honorable Edward L. Chavez	Chief Justice of the New Mexico Supreme Court
Artie Pepin	Director, Administrative Office of the Courts
Oscar Arevalo	Director, Fiscal Services Division Administrative Office of the Courts
Lydia Romero	Asst. Director, Fiscal Services Division, Administrative Office of the Courts
Karen Janes	Director, Magistrate Court Division, Administrative Office of the Courts
Rosie Salgado	Court Financial Manager, Administrative Office of the Courts
Marie Salazar	Financial Specialist, Administrative Office of the Courts
Gilbert Gurule	Internal Auditor, Administrative Office of the Courts
Olga Solano	Internal Auditor, Administrative Office of the Courts
Charlene Romero	Internal Auditor, Administrative Office of the Courts

Moss Adams LLP

Larry Carmony	Partner
Christopher Wolf	Senior