

NEW MEXICO JUDICIARY

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
FINANCIAL STATEMENTS
JUNE 30, 2009

PREPARED BY: CFO, ADMINISTRATIVE OFFICE OF THE COURTS

TABLE OF CONTENTS

STATE OF NEW MEXICO ADMINISTRATIVE OFFICE OF THE COURTS

INTRODUCTORY SECTION

| | Page |
|-----------------------|------|
| Official Roster | 1 |

FINANCIAL SECTION

| | |
|---|---|
| Independent Auditors' Report..... | 2 |
| Management's Discussion and Analysis..... | 5 |

Basic Financial Statements

| | |
|---|----|
| Government-Wide Financial Statements | |
| Statement of Net Assets | 13 |
| Statement of Activities..... | 14 |
| Balance Sheet-Governmental Funds | 15 |
| Reconciliation of the Balance Sheet to the Statement of Net Assets-Governmental Funds | 17 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds | 18 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities-Governmental Funds | 20 |

TABLE OF CONTENTS

STATE OF NEW MEXICO ADMINISTRATIVE OFFICE OF THE COURTS

| | Page |
|--|------|
| Statement of Revenues and Expenditures Budget and Actual-Major Budgeted Funds | 21 |
| Statement of Fiduciary Assets and Liabilities - Agency Fund..... | 28 |
| Notes to Financial Statements..... | 29 |
| <i><u>Governmental Fund Financial Statements</u></i> | |
| Statement of Revenues and Expenditures Budget and Actual-Statewide Drug Court Technology (44300)..... | 54 |
| Combining Balance Sheet – All Non-Major Funds | 55 |
| Combining Statement of Revenue, Expenditures and Changes in Fund Balance - All Non-Major Funds | 57 |
| Statement of Revenues and Expenditures Budget and Actual | |
| Magistrate Drug Court Fund (11600) | 59 |
| Municipal Court Automation (12600) | 60 |
| Judges Pro-Temp Fund (13600)..... | 61 |
| Magistrate Court Mediation (30400) | 62 |
| Magistrate Security and Facilities (49600) | 63 |
| Water Rights Adjudication (51200)..... | 64 |
| Magistrate/Metro Court Capital Fund (57900) | 65 |
| Judicial Information Division Fund (68900) | 66 |
| AOC-Judicial Performance Evaluation Fund (58300)..... | 67 |
| Grant Fund (49500)..... | 68 |

TABLE OF CONTENTS

STATE OF NEW MEXICO ADMINISTRATIVE OFFICE OF THE COURTS

SUPPLEMENTAL INFORMATION

| | Page |
|---|------|
| Combining Statement of Changes in Assets And Liabilities-All Agency Funds..... | 69 |
| Combining Statement of Changes in Assets And Liabilities-All Agency Funds-Detailed | 70 |
| Schedule of Cash Accounts..... | 71 |

SINGLE AUDIT INFORMATION

| | |
|---|----|
| Schedule of Expenditures of Federal Awards..... | 78 |
| Notes to Schedule of Expenditures of Federal Awards | 79 |
| Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> | 80 |
| Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 | 83 |
| Summary Schedule of Prior Audit Findings | 86 |
| Schedule of Findings and Questioned Costs..... | 87 |
| Exit Conference | 93 |

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS**

Official Roster

June 30, 2009

ADMINISTRATIVE OFFICIALS

| Name | Title |
|----------------------------|------------------------------------|
| Honorable Edward L. Chavez | Chairperson |
| Arthur W. Pepin | Director |
| Patrick J. Simpson | 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, Chairperson
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, 2009, which collectively comprise the AOC's 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, 2009, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the AOC's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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

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

purport to, and do not present fairly the financial position of the State of New Mexico as of June 30, 2009, and the changes in its financial position, and budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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, 2009, 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 fund of the AOC, as of June 30, 2009, 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 14, 2009, 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.

Management's Discussion and Analysis is not a part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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, Chairperson
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 Schedule of Cash Accounts 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 14, 2009

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009**

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, 2009**

Federal Grants administration – The AOC administered 11 grants throughout FY2009 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 Metropolitan Courthouse and parking structure bonds.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2009**

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.

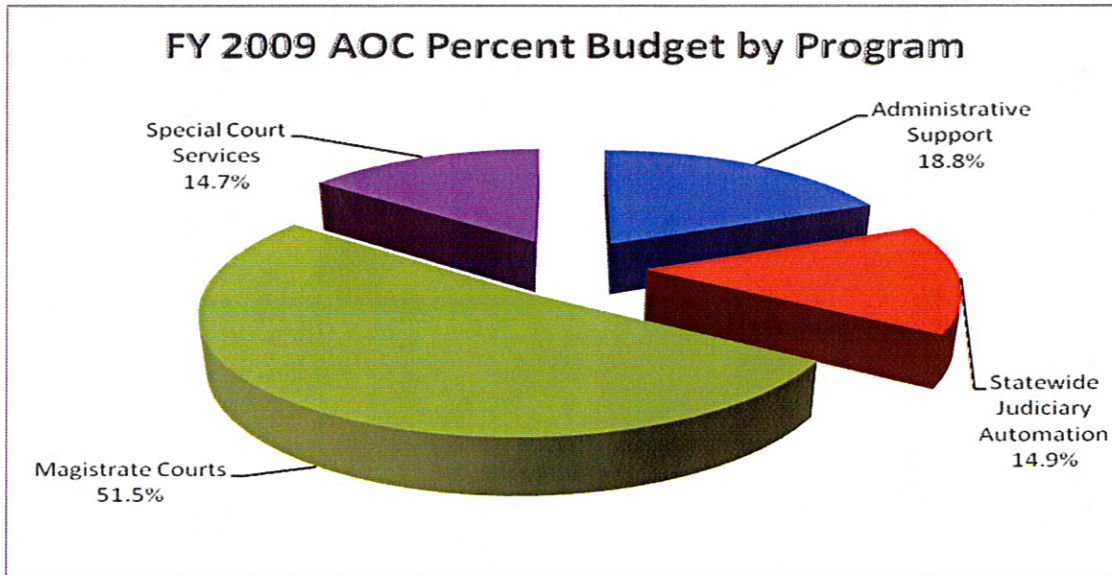
Water Rights Adjudication – Provide staff and judges pro tempore to aid with the stream adjudication cases in the 3rd, 11th and 5th Judicial District Courts. A portion of general funds is transferred to the district courts listed. Additional funding also comes from the Water Project Fund created under 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.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2009



HIGHLIGHTS

Financial Highlights:

- The General Fund Budget decrease for FY2009 was 14.6%. A large portion of this decrease is attributable to the AOC not receiving significant one-time, year-end, special and multi-year appropriations.
- During the 2009 Legislative session the AOC's FY2009 General Fund appropriation was reduced by 1.4% because of revenue shortfalls for the State. The national financial market decline severely impacted State revenues. However, the AOC received general fund supplemental appropriations for the court appointed attorney fund of \$150,000 and the jury and witness fund of \$500,000. The AOC also sought and received a New Mexico Board of Finance loan of \$775,000 to pay jurors, interpreters and witnesses.
- Federal revenue increased by 40.9% to \$1,084,617 in FY2009 as compared to \$769,773 in FY2008 mainly attributable to an increase in congressionally mandated awards.
- Overall revenue decreased by 12.1% in FY2009 as compared to FY2008.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2009**

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, 2009

GOVERNMENT-WIDE FINANCIAL ANALYSIS

| | <u>June 30</u> | |
|---------------------------------------|----------------------------|--------------------------|
| | <u>2009</u> | <u>2008</u> |
| <u>Statement of Net Assets</u> | | |
| <u>Government Activities</u> | | |
| Current and other assets | \$ 15,877,200 | 18,346,003 |
| Current liabilities | 5,938,245 | 5,171,522 |
| Net assets | | |
| Restricted for capital projects | 3,515 | 2,303,516 |
| Unrestricted | <u>9,935,440</u> | <u>10,870,965</u> |
| Total net assets | <u>\$ 9,938,955</u> | <u>13,174,481</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 a decrease in fund balances from prior year's 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>2009</u> | <u>2008</u> |
| <u>General Revenues</u> | | |
| State General Fund appropriations | \$ 43,468,200 | 41,950,674 |
| Special appropriations | 2,000,000 | 10,850,000 |
| Transfers from other agencies | 5,367,350 | 4,859,940 |
| Bond proceeds | 268,729 | 1,376,446 |
| Reversions to the State General Fund | <u>(218,258)</u> | <u>(150,936)</u> |
| | <u>50,886,021</u> | <u>58,886,124</u> |
| | | |
| Program Revenues | | |
| Charges for services | 8,545,459 | 8,268,210 |
| Operating grants | <u>1,084,618</u> | <u>769,773</u> |
| | <u>\$ 9,630,077</u> | <u>9,037,983</u> |

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 June 30, 2009

| | <u>Government Activities</u> | |
|-------------------------|------------------------------|-------------------|
| | <u>2009</u> | <u>2008</u> |
| <u>Program Expenses</u> | | |
| Judicial services | \$ 62,668,140 | 56,852,724 |
| Operating grants | <u>1,083,484</u> | <u>746,484</u> |
| | <u>63,751,624</u> | <u>57,599,208</u> |
| Change in net assets | (3,235,526) | 10,324,899 |
| Net assets, beginning | <u>13,174,481</u> | <u>2,849,582</u> |
| Net assets, ending | <u>\$ 9,938,955</u> | <u>13,174,481</u> |

The FY2009 approved operating budget for the AOC was a 42.1% increase over FY2008. 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 three categories:

Increases from federal awards unknown at the time of original budget submission; increases or reallocations of appropriations to prevent budget overruns; and decreases to general fund revenue and budget due to State solvency legislation.

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, and the Water Rights Adjudication fund of which \$1,000,000 was transferred to the Department of Finance and Administration as part of the

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2009**

FY 2009 statewide revenue solvency legislation. The jury and witness fee fund, which exceeded expenditures initially budgeted in FY 2009, ended the year with a small balance due in part from a \$500,000 general fund supplemental, \$775,000 Board of Finance loan, and increases in the cost of jury demand fees in FY 2009 to offset the increased expenditures. Those increased expenditures were due to the increasing of juror pay to \$7.50 per hour. The statewide AOC capital outlay fund had a net decrease in fund balance of \$2,300,000 due to increased expenditures of one-time capital outlay appropriations that ended on June 30, 2009. 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 anticipate a decrease in its revenue in FY 2010. The further deterioration of the national economy is having a significant impact to State general revenue. AOC began FY 2009 with recurring General Fund revenue of \$43,906,000. This recurring revenue was decreased during FY 2009 by 1.4% (\$614,700). During the FY 2009 Legislative Session, which sets the operating budget for FY 2010, the AOC's recurring General Fund appropriations were reduced to \$42,504,900--a total decrease of \$1,401,200 (-3.3%) from FY 2009 original recurring General Fund appropriation. AOC anticipates additional recurring general fund reductions in FY 2010.

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 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, 2009**

Governmental
 Activities

ASSETS

| | |
|--|-------------------|
| Interest in State Treasurer General Fund | |
| Investment Pool | \$ 14,628,544 |
| Other Cash | 6,361 |
| Due from other state agencies | 461,375 |
| Other Receivables | 4,999 |
| Prepaid Expenses | 321 |
| Federal grant receivables | 266,763 |
| Fines and fees receivable | 318,078 |
| Due from other funds | 190,759 |
| Total assets | <u>15,877,200</u> |

LIABILITIES

| | |
|-------------------------------------|------------------|
| Due to State Treasurer General Fund | |
| Investment Pool | 297,822 |
| Accounts payable | 2,777,935 |
| Payroll Benefits Payable | 414,920 |
| Payroll Taxes Payable | 243,197 |
| Accrued Payroll | 623,851 |
| Other Liabilities | 3,092 |
| Due to State General Fund | 151,510 |
| Compensated absences | 1,235,159 |
| Due to other funds | 190,759 |
| Total liabilities | <u>5,938,245</u> |

NET ASSETS

| | |
|---------------------------------|---------------------|
| Restricted for capital projects | 3,515 |
| Unrestricted | 9,935,440 |
| Total net assets | <u>\$ 9,938,955</u> |

See Notes to Financial Statements.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

| | Expenses | Program Revenues | | Net (Expense) |
|---|-------------------|----------------------|------------------|-----------------------------------|
| | | Charges for Services | Operating Grants | Revenue and Changes in Net Assets |
| | | | | Governmental Activities |
| Governmental Activities | | | | |
| General Operations | \$ 43,297,200 | 130,600 | - | (43,166,600) |
| Jury and Witness Program | 6,238,819 | - | - | (6,238,819) |
| Court Appointed Attorney Program | 4,826,676 | - | - | (4,826,676) |
| Court Automation Fees | 4,870,101 | 4,937,384 | - | 67,283 |
| Bench Warrant Fees | 2,768,670 | 2,626,977 | - | (141,693) |
| Magistrate Mediation Fees | 28,780 | 123,175 | - | 94,395 |
| Jury Demand Fees | 580,169 | 662,280 | - | 82,111 |
| Miscellaneous Reimbursements | 57,725 | 65,043 | - | 7,318 |
| Drug Courts | 453,793 | - | 454,927 | 1,134 |
| Court Improvement Program | 417,890 | - | 417,890 | - |
| Children's Mediation | 149,429 | - | 149,429 | - |
| Access to Justice | 40,000 | - | 40,000 | - |
| Interpreter Resources Partnership | 22,372 | - | 22,372 | - |
| Total governmental activities | 63,751,624 | 8,545,459 | 1,084,618 | (54,121,547) |
| General Revenues | | | | |
| State General Fund appropriation | | | | 43,468,200 |
| Special Appropriations | | | | 2,000,000 |
| Transfers from Other Agencies | | | | 5,367,350 |
| Transfer in Bond Proceeds | | | | 268,729 |
| Reversion to State General Fund - FY 2009 | | | | (218,258) |
| Total general revenues | | | | 50,886,021 |
| Changes in net assets | | | | (3,235,526) |
| Net assets, beginning | | | | 13,174,481 |
| Net assets, ending | | | | \$ 9,938,955 |

See Notes to Financial Statements.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

| | General 13900 | JID Supreme Court Automation 01100 | Jury and Witness Fees 01200 | Court Appointed Attorney 12400 | JID Statewide Automated Bond 27300 |
|--|-------------------|---|-----------------------------------|---|---|
| ASSETS | | | | | |
| Current Assets | | | | | |
| Interest in SGFIP | \$ 456,971 | 1,530,377 | 314,200 | 526,361 | 6,088,064 |
| Other Cash | 6,361 | - | - | - | - |
| Other Receivables | 208 | - | 160,000 | - | - |
| Prepaid Expenses | - | - | 156 | - | - |
| Federal grant receivables | - | - | - | - | - |
| Fines and fees receivable | - | 115,982 | - | - | - |
| Due from other funds | - | - | 23,378 | - | - |
| Total assets | \$ 463,540 | 1,646,359 | 497,734 | 526,361 | 6,088,064 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Current Liabilities | | | | | |
| Deficit cash balance | \$ - | - | - | - | - |
| Accounts payable | 169,067 | 294,891 | 328,852 | 492,955 | 262,112 |
| Payroll Benefits Payable | 46,492 | 8,496 | 2,187 | 1,141 | - |
| Payroll Taxes Payable | 28,383 | 9,772 | 1,876 | 895 | - |
| Accrued Payroll | 70,835 | 19,896 | 3,417 | 1,846 | - |
| Other Liabilities | - | - | 3,087 | - | - |
| Deferred revenue | - | 115,982 | - | - | - |
| Due to State General Fund | 15,972 | - | - | 29,524 | - |
| Due to other state agencies | - | - | - | - | - |
| Due to other funds | 132,791 | 11,790 | - | - | - |
| Total liabilities | 463,540 | 460,827 | 339,419 | 526,361 | 262,112 |
| FUND BALANCES | | | | | |
| Unreserved and reported in capital projects fund | - | - | - | - | - |
| Unreserved and reported in special revenue fund | - | 1,185,532 | 158,315 | - | 5,825,952 |
| Total fund balances | - | 1,185,532 | 158,315 | - | 5,825,952 |
| Total liabilities and fund balances | \$ 463,540 | 1,646,359 | 497,734 | 526,361 | 6,088,064 |

See Notes to Financial Statements.

| | Statewide Drug Court Technology 44300 | Magistrate Court Warrant Enforcement 57500 | Magistrate Court 69200 | Non-Major Governmental Funds | Total Governmental Funds |
|-----------|--|---|------------------------------|------------------------------------|--------------------------------|
| \$ | 223,039 | 766,639 | 1,167,954 | 3,554,939 | 14,628,544 |
| | - | - | - | - | 6,361 |
| | 141,204 | 276 | 202 | 164,484 | 466,374 |
| | - | 165 | - | - | 321 |
| | - | - | - | 266,763 | 266,763 |
| | - | 202,096 | - | - | 318,078 |
| | - | - | - | 167,381 | 190,759 |
| \$ | 364,243 | 969,176 | 1,168,156 | 4,153,567 | 15,877,200 |
| | | | | | |
| \$ | - | - | - | 297,822 | 297,822 |
| | 342,078 | 2,923 | 379,705 | 505,352 | 2,777,935 |
| | - | 44,460 | 250,044 | 62,100 | 414,920 |
| | - | 16,087 | 148,684 | 37,500 | 243,197 |
| | - | 52,048 | 337,346 | 138,463 | 623,851 |
| | - | 5 | - | - | 3,092 |
| | - | 202,096 | - | - | 318,078 |
| | 18,650 | - | 27,386 | 59,978 | 151,510 |
| | - | - | - | - | - |
| | - | - | 24,991 | 21,187 | 190,759 |
| | 360,728 | 317,619 | 1,168,156 | 1,122,402 | 5,021,164 |
| | | | | | |
| | 3,515 | - | - | - | 3,515 |
| | - | 651,557 | - | 3,031,165 | 10,852,521 |
| | 3,515 | 651,557 | - | 3,031,165 | 10,856,036 |
| \$ | 364,243 | 969,176 | 1,168,156 | 4,153,567 | 15,877,200 |

**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, 2009**

| | |
|--|----------------------------|
| Fund balances - total governmental funds | \$ 10,856,036 |
| 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 | 318,078 |
| Compensated absences | <u>(1,235,159)</u> |
| Net Assets of Governmental Activities | <u><u>\$ 9,938,955</u></u> |

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, 2009

| | General 13900 | JID Supreme Court Automation 01100 | Jury and Witness Fees 01200 | Court Appointed Attorney 12400 |
|--|--------------------|---|-----------------------------------|---|
| REVENUES | | | | |
| Charges for services | \$ 674 | 3,965,388 | 662,280 | - |
| Grants | - | - | - | - |
| Total revenues | 674 | 3,965,388 | 662,280 | - |
| EXPENDITURES | | | | |
| Expenditures | | | | |
| Personal services | 2,255,006 | 1,285,875 | 105,557 | 32,092 |
| Employee benefits | 786,266 | 432,630 | 41,084 | 10,606 |
| In-state travel | 46,971 | 70,500 | 14,248 | - |
| Maintenance and repairs | 3,698 | 150,336 | - | - |
| Supplies | 26,745 | 335,159 | 5,686 | 1,355 |
| Contractual services | 1,362,695 | 411,931 | 83,764 | 4,759,647 |
| Operating costs | 147,583 | 769,528 | 1,967,806 | 1,500 |
| Other costs | 1,802 | 7,697 | 4,599,316 | 21,476 |
| Out-of-state travel | 10,440 | 12,661 | 1,527 | - |
| Capital outlay | - | 406,456 | - | - |
| Total expenditures | 4,641,206 | 3,882,773 | 6,818,988 | 4,826,676 |
| Excess (deficiency) of revenues over expenditures | (4,640,532) | 82,615 | (6,156,708) | (4,826,676) |
| OTHER FINANCING SOURCES AND (USES) | | | | |
| Transfers - State General fund appropriations | 6,031,909 | - | 5,372,278 | 4,856,200 |
| Transfers - Special Appropriations | - | - | - | - |
| Transfers from other agencies | 71,200 | - | 935,041 | - |
| Transfer in Bond Proceeds | - | - | - | - |
| Transfers to other agencies | (2,638,683) | - | - | - |
| Transfers - Reversions | (15,277) | - | (68,500) | (29,524) |
| Total other financing sources and (uses) | 3,449,149 | - | 6,238,819 | 4,826,676 |
| Net change in fund balances | (1,191,383) | 82,615 | 82,111 | - |
| Fund balances, beginning | 1,191,383 | 1,102,917 | 76,204 | - |
| Fund balances, ending | \$ - | 1,185,532 | 158,315 | - |

See Notes to Financial Statements.

| JJD Statewide Automated Bond 27300 | Statewide Drug Court Technology 44300 | Magistrate Court Warrant Enforcement 57500 | Magistrate Court 69200 | Non-Major Governmental Funds | Total Governmental Funds |
|---|--|---|------------------------------|------------------------------------|--------------------------------|
| \$ - | - | 2,626,977 | 64,369 | 1,225,771 | 8,545,459 |
| - | - | - | - | 1,084,617 | 1,084,617 |
| - | - | 2,626,977 | 64,369 | 2,310,388 | 9,630,076 |
| - | - | 1,655,760 | 12,574,817 | 2,402,983 | 20,312,090 |
| - | - | 844,525 | 4,845,974 | 873,870 | 7,834,955 |
| 52,161 | 2,731 | 63,612 | 129,201 | 36,102 | 415,526 |
| 22,047 | 351,308 | 857 | 111,255 | 76,445 | 715,946 |
| 98,616 | 385,490 | 8,984 | 317,666 | 376,210 | 1,555,911 |
| 1,942,411 | - | 81,763 | 149,244 | 1,450,107 | 10,241,562 |
| 2,381 | 123,364 | 88,211 | 5,471,058 | 683,802 | 9,255,233 |
| 83,007 | 1,808 | 17,130 | 15,019 | 795,920 | 5,543,175 |
| 6,252 | - | 7,828 | 8,122 | 44,476 | 91,306 |
| 149,929 | 1,685,379 | - | 256,684 | 179,511 | 2,677,959 |
| 2,356,804 | 2,550,080 | 2,768,670 | 23,879,040 | 6,919,426 | 58,643,663 |
| (2,356,804) | (2,550,080) | (141,693) | (23,814,671) | (4,609,038) | (49,013,587) |
| - | - | - | 23,460,200 | 3,747,613 | 43,468,200 |
| 2,000,000 | - | - | - | - | 2,000,000 |
| - | - | - | 380,800 | 3,980,309 | 5,367,350 |
| - | 268,729 | - | - | - | 268,729 |
| - | - | - | - | (2,323,000) | (4,961,683) |
| - | (18,650) | - | (26,329) | (59,978) | (218,258) |
| 2,000,000 | 250,079 | - | 23,814,671 | 5,344,944 | 45,924,338 |
| (356,804) | (2,300,001) | (141,693) | - | 735,906 | (3,089,249) |
| 6,182,756 | 2,303,516 | 793,250 | - | 2,295,259 | 13,945,285 |
| \$ 5,825,952 | 3,515 | 651,557 | - | 3,031,165 | 10,856,036 |

**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, 2009**

Net change in fund balances - total governmental funds \$ (3,089,249)

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

Change in deferred revenue 20,398

Change in compensated absences (166,675)

Change in net assets of governmental activities \$ (3,235,526)

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, 2009

| | General Fund-13900 | | | Variance Favorable (Unfavorable) |
|---|--------------------|-------------------------------|------------------|--|
| | Original Budget | Approved Revised Budget | Actual | |
| Revenues | | | | |
| State General Fund appropriations | \$ 6,176,600 | 6,031,909 | 6,031,909 | - |
| Reversions | - | - | (15,277) | (15,277) |
| Other financing sources | 71,200 | 71,200 | 71,200 | - |
| Cash rebudgeted | - | 1,191,383 | - | (1,191,383) |
| Miscellaneous revenues | - | - | 674 | 674 |
| Total revenues | 6,247,800 | 7,294,492 | 6,088,506 | (1,205,986) |
| Expenditures - All Organizations | | | | |
| Personal services | 3,004,600 | 3,046,300 | 3,041,272 | 5,028 |
| Contractual services | 1,458,100 | 1,364,400 | 1,362,695 | 1,705 |
| Other costs | 296,800 | 245,109 | 237,239 | 7,870 |
| Other financing uses | 1,488,300 | 2,638,683 | 2,638,683 | - |
| Total expenditures | 6,247,800 | 7,294,492 | 7,279,889 | 14,603 |
| 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, 2009

| | JID Supreme Court Automation Fund (01100) | | | |
|---|---|-------------------------------|------------------|--|
| | Original Budget | Approved Revised Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues | | | | |
| State General Fund appropriations | \$ - | - | - | - |
| Reversions | - | - | - | - |
| Other financing sources | 4,169,600 | 4,169,600 | 3,965,388 | (204,212) |
| Miscellaneous revenues | - | - | - | - |
| Total revenues | 4,169,600 | 4,169,600 | 3,965,388 | (204,212) |
| Expenditures | | | | |
| Personal services | 1,446,400 | 1,796,400 | 1,718,505 | 77,895 |
| Contractual services | 785,800 | 435,800 | 411,931 | 23,869 |
| Other costs | 1,937,400 | 1,937,400 | 1,752,337 | 185,063 |
| Other financing uses | - | - | - | - |
| Total expenditures | 4,169,600 | 4,169,600 | 3,882,773 | 286,827 |
| Excess of revenues and other financing sources over expenditures and other financing uses | \$ - | - | 82,615 | 82,615 |

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, 2009

| | Jury and Witness Fee Fund (01200) | | | |
|---|-----------------------------------|-------------------------------|------------------|--|
| | Original Budget | Approved Revised Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues | | | | |
| State General Fund appropriations | \$ 4,848,900 | 5,303,778 | 5,372,278 | 68,500 |
| Other financing sources | - | 935,000 | 935,041 | 41 |
| Reversions | - | - | (68,500) | (68,500) |
| Miscellaneous revenues | 525,000 | 602,250 | 662,280 | 60,030 |
| Total revenues | 5,373,900 | 6,841,028 | 6,901,099 | 60,071 |
| Expenditures | | | | |
| Personal services | 141,400 | 147,400 | 146,641 | .759 |
| Contractual services | 100,000 | 94,000 | 83,764 | 10,236 |
| Other costs | 5,132,500 | 6,599,628 | 6,588,583 | 11,045 |
| Other financing uses | - | - | - | - |
| Total expenditures | 5,373,900 | 6,841,028 | 6,818,988 | 22,040 |
| Excess of revenues and other financing sources over expenditures and other financing uses | \$ - | - | 82,111 | 82,111 |

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, 2009

| | Court Appointed Attorney (12400) | | | |
|---|----------------------------------|-------------------------------|------------------|--|
| | Original Budget | Approved Revised Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues | | | | |
| State General Fund appropriations | \$ 4,706,200 | 4,856,200 | 4,856,200 | - |
| Reversions | - | - | (29,524) | (29,524) |
| Total Revenues | 4,706,200 | 4,856,200 | 4,826,676 | (29,524) |
| Expenditures | | | | |
| Personal services | - | 44,000 | 42,698 | 1,302 |
| Contractual services | 4,706,200 | 4,787,200 | 4,759,647 | 27,553 |
| Other costs | - | 25,000 | 24,331 | 669 |
| Other financing uses | - | - | - | - |
| Total expenditures | 4,706,200 | 4,856,200 | 4,826,676 | 29,524 |
| 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, 2009

| | JID Statewide Automation (27300) | | | Variance Favorable (Unfavorable) |
|---|----------------------------------|-------------------------------|------------------|--|
| | Original Budget | Approved Revised Budget | Actual | |
| Revenues | | | | |
| Other Financing Sources | \$ 2,000,000 | 2,000,000 | 2,000,000 | - |
| Reversions | - | - | - | - |
| Total revenues | <u>2,000,000</u> | <u>2,000,000</u> | <u>2,000,000</u> | <u>-</u> |
| Expenditures | | | | |
| Personal Services | - | - | - | - |
| Contractual services | 5,526,155 | 5,526,155 | 1,942,411 | 3,583,744 |
| Other Costs | 2,656,601 | 2,656,601 | 414,393 | 2,242,208 |
| Other financing uses | - | - | - | - |
| Total expenditures | <u>8,182,756</u> | <u>8,182,756</u> | <u>2,356,804</u> | <u>5,825,952</u> |
| Excess of revenues and other financing sources over expenditures and other financing uses | (6,182,756) | (6,182,756) | <u>(356,804)</u> | <u>5,825,952</u> |
| Fund balance carryforward | <u>6,182,756</u> | <u>6,182,756</u> | | |
| Total | <u>\$ -</u> | <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 (CONTINUED)
 Year Ended June 30, 2009

| | Magistrate Court Warrant Enforcement Fund (57500) | | | |
|---|---|-------------------------------|------------------|--|
| | Original Budget | Approved Revised Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues | | | | |
| Miscellaneous revenues | \$ 2,772,200 | 2,792,200 | 2,626,977 | (165,223) |
| Reversions | - | - | - | - |
| Other financing sources | - | - | - | - |
| Total revenues | <u>2,772,200</u> | <u>2,792,200</u> | <u>2,626,977</u> | <u>(165,223)</u> |
| Expenditures | | | | |
| Personal Services | 2,266,500 | 2,513,500 | 2,500,285 | 13,215 |
| Contractual services | 103,000 | 86,000 | 81,763 | 4,237 |
| Other Costs | 402,700 | 192,700 | 186,622 | 6,078 |
| Total expenditures | <u>2,772,200</u> | <u>2,792,200</u> | <u>2,768,670</u> | <u>23,530</u> |
| Excess of revenues and other financing sources over expenditures and other financing uses | \$ - | - | (141,693) | (141,693) |

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, 2009

| | Magistrate Court Fund (69200) | | | |
|---|-------------------------------|-------------------------------|-------------------|--|
| | Original Budget | Approved Revised Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues | | | | |
| Misc Revenue | \$ - | 57,725 | 64,369 | 6,644 |
| State General Fund appropriations | 23,802,200 | 23,460,200 | 23,460,200 | - |
| Other financing sources | 380,800 | 380,800 | 380,800 | - |
| Reversion | - | - | (26,329) | (26,329) |
| Total revenues | 24,183,000 | 23,898,725 | 23,879,040 | (19,685) |
| Expenditures | | | | |
| Personal services | 17,421,600 | 17,420,851 | 17,420,791 | 60 |
| Contractual services | 117,100 | 162,100 | 149,244 | 12,856 |
| Other costs | 6,644,300 | 6,315,774 | 6,309,005 | 6,769 |
| Other financing uses | - | - | - | - |
| Total expenditures | 24,183,000 | 23,898,725 | 23,879,040 | 19,685 |
| 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, 2009**

| | Agency Fund |
|--------------------------|----------------------------|
| ASSETS | |
| Cash | <u>\$ 8,807,602</u> |
| Total assets | <u><u>\$ 8,807,602</u></u> |
| LIABILITIES | |
| Deposits held for others | 3,846,554 |
| Due to other agencies | <u>4,961,048</u> |
| Total liabilities | <u><u>\$ 8,807,602</u></u> |

See Notes to Financial Statements.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

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, 2009**

**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 relevant pronouncements of the Financial Accounting Standards Board (FASB) 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 and include fees and grants.

The AOC 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, 2009**

**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, 2009

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 01100 - JID 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 01200 - 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, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

C. Basis of Presentation (Continued)

Fund 12400 - 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 57500 - 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. This fund does not meet the criteria for a major fund; however, management has determined to present this fund with the major funds to maintain consistency as this fund has been presented as a major fund in the past.

Fund 69200 - 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 27300 - 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, 2009**

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

C. Basis of Presentation (Continued)

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

Fund 11600 - 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 12600 - 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 13600 - 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 30400 - 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 49500 - 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 49600 - 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, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

C. Basis of Presentation (Continued)

Fund 51200 – 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 68900 – 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 58300 – 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, 2009, unexpended balances of \$354,825 remained.

Fund 44300 – 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. This fund does not meet the criteria for a major fund; however, management has determined to present this fund with the major funds to maintain consistency as this fund has been presented as a major fund in the past.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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.

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
 (CONTINUED)

C. Basis of Presentation (Continued)

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 53200-Court Facilities |
| Civil docket fees | 25.00 | Fund 12200-Judges Retirement Fund |
| | 12.00 | Fund 53200-Court Facilities Fund |
| | 10.00 | Fund 07800-Court Automation Fund |
| | 15.00 | Fund 60000-Civil Legal Service Fund |
| | 5.00 | Fund 30400-Magistrate Court Mediation Fund |
| | <u>\$ 67.00</u> | |
| Jury fees | \$ 15.00 | Fund 53200-Court Facilities Fund |
| | 10.00 | Fund 12200-Judges Retirement Fund |
| | <u>25.00</u> | |
| Bench warrant fee | \$ 100.00 | Fund 57600-Magistrate Enforcement Fund |
| Interest income | Various | Fund 79400-Magistrate Penalty Assessment Fund |
| Fines and forfeitures | Various | Fund 71700-State Public School Fund |
| Copying fees – each | 0.50 | Fund 53200-Court Facilities Fund |
| Copying fees – electronic | 1.00 | Fund 07800-Court Automation Fund |
| Lab tests fees in cases involving DWI: | | |
| DWI lab fee | 65.00 | Fund 68700-Crime Laboratory Fund |
| Substance abuse lab fee | 75.00 | Fund 68700-Crime Laboratory Fund |
| DWI prevention fee | 75.00 | Fund 68700-Crime Laboratory Fund |

**STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2009**

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

C. Basis of Presentation (Continued)

Fines and Fees Fund (Continued)

| Description | Amount | Beneficiary |
|---|-----------------|---|
| Fees relating drug courts: | | |
| Drug Court Fee | \$ 50.00 | Fund 11600-Magistrate Drug Court Fund |
| Fees relating to conviction under provisions of motor vehicle code: | | |
| Corrections fee | 20.00 | Fund 68800-Correction Fee Fund |
| Court automation fee | 10.00 | Fund 07800-Court Automation Fund |
| Facilities fee | 10.00 | Fund 53200-Court Facilities Fund |
| Traffic safety fee | 3.00 | Fund 25200-Traffic Safety Fund |
| Brain injury fee | 5.00 | Fund 48100-Brain Injury Fee Fund |
| Judicial education fee | 2.00 | Fund 57700-Judicial Education Fee Fund |
| Domestic Violence Treatment fee | <u>5.00</u> | Fund 51500-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.

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.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

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

D. Basis of Accounting (Continued)

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.

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.

**STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2009**

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

E. Budgets and Budgetary Accounting (Continued)

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 2009 as all payables were paid by the statutory deadline.

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 |

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

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

F. Compensated Absences (Continued)

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, 2009, 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, 2009, 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 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.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

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

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, Reported in Special Revenue or Capital Projects Funds. 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 \$3,515 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.

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.

**STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2009**

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

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 \$250,000 in insurance coverage provided by federal agencies. Accordingly, the State Treasurer requires that depository financial institutions provide additional collateral for such investments. The collateral generally is in the form of marketable debt securities and is required in amounts ranging from 50% to 102% of the par value of the investment dependent upon the institutions operating results and capital. Collateral for the fiscal account is required in amounts equal to 50% of the average investment balance. Separate financial statements of the State Treasurer indicate collateral categories of risk and market value of purchased investments. All collateral is held in third-party safekeeping.

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

Cash on deposit at commercial banks are shown at book value. The Schedule of Cash Accounts provide 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.

| | |
|--------------------------------|----------------------|
| State Treasurer Balance | \$18,981,403 |
| Commercial Bank Balance | 4,348,770 |
| Magistrate Change Fund Balance | 6,361 |
| Reconciling items | <u>(193,182)</u> |
| Financial statement balance | <u>\$ 23,143,352</u> |

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 3. REVERSIONS

The amounts reverted to the State General Fund and reversion balances due at June 30, 2009 are detailed as follows:

| | Reversion Amount | Due at June 30, 2009 |
|---|---------------------|-------------------------|
| Court Appointed Attorney (12400) | | |
| Reversion - Budget year 2009 | \$ 29,524 | 29,524 |
| General Fund (13900) | | |
| Reversion - Budget year 2009 | 15,277 | 15,277 |
| Other | - | 695 |
| | <u>15,277</u> | <u>15,972</u> |
| Magistrate Drug Court (11600) | | |
| Reversion - Budget year 2009 | <u>22,206</u> | <u>22,206</u> |
| Jury and Witness Fees (01200) | | |
| Reversion - Budget year 2009 | <u>68,500</u> | - |
| Judges Pro-Temp Fund (13600) | | |
| Reversion - Budget year 2009 | <u>37,772</u> | <u>37,772</u> |
| Statewide Drug Court Technology (44300) | | |
| Reversion - Budget year 2009 | <u>18,650</u> | <u>18,650</u> |
| Magistrate Courts (69200) | | |
| Budget year 2009 | 26,329 | 26,329 |
| Other | - | 1,057 |
| | <u>26,329</u> | <u>27,386</u> |
| Total reversions | <u>\$ 218,258</u> | <u>151,510</u> |

NOTE 4. COMPENSATED ABSENCES

During the year ended June 30, 2009, the following changes occurred in the compensated absence liabilities:

| | Balance July 1, 2008 | Increase | Decrease | Balance June 30, 2009 |
|----------------------|-------------------------|-----------|-------------|--------------------------|
| Compensated absences | \$ 1,068,484 | 1,353,223 | (1,186,548) | <u>1,235,159</u> |

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 4. COMPENSATED ABSENCES (CONTINUED)

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, 2009, 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, 2009, amounted to \$4,985,762 for buildings and \$340,754 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 |
|----------------------|----------------------|----------------|
| 2010 | \$ 6,150,210 | 333,183 |
| 2011 | 6,011,460 | 327,293 |
| 2012 | 5,133,319 | 19,615 |
| 2013 | 5,026,661 | - |
| 2014 | 4,471,121 | - |
| 2015-2019 | 17,210,234 | - |
| 2020-2024 | 12,027,491 | - |
| | <u>\$ 56,030,496</u> | <u>680,091</u> |

NOTE 6. PERA PENSION PLAN

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.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 6. PERA PENSION PLAN (CONTINUED)

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, 2009, 2008 and 2007 were \$2,493,103, \$2,309,888, and \$2,124,448, respectively, equal to the amount of the required contributions for each year.

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, 2009, 2008 and 2007 were \$410,534, \$401,854, and \$354,014, respectively, equal to the amount of the required contributions for the year.

NOTE 7. POST-EMPLOYMENT BENEFITS

The Retiree Health Care Act (Act) (Chapter 10, Article 7C NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Retiree Health Care Authority is the administrator of the plan. The purpose is to provide eligible retirees, their spouses, dependents, and surviving spouses and dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds flowing into the Retiree Health Care Fund and by co-payments or the out-of-pocket payments of eligible retirees.

Monies flow to the Retiree Health Care Fund on a pay-as-you-go basis from eligible employers and eligible retirees. Eligible employers consist of institutions of higher education, school districts, or other entities participating in the Public School Insurance Authority, state agencies, state courts, magistrate courts, municipalities or counties,

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 7. POST-EMPLOYMENT BENEFITS (CONTINUED)

which are affiliated under or covered by the Educational Retirement Act, Public Employees Retirement Act, Volunteer Fire Fighters Retirement Act, Judicial Retirement Act or the Magistrate Retirement Act.

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 Retiree Health Care Act on the person's behalf, unless that person retires before the NMRHCA effective date, in which event the time period for contributions becomes the time between the employee's effective date, and the date of retirement; or (2) retirees defined by the Act who retired prior to July 1, 1990 and former legislators who served at least two years.

Each participating employer makes contributions to the fund in the amount of 1.3% of each participating employee's annual salary. Each participating employee contributes to the fund an employee contribution in an amount equal to .65% of the employee's salary. Each participating retiree pays a monthly premium medical plus basic life plan and an additional fee of \$5.00 if the eligible participant retired prior to the employers NMRHCA effective date or is a former legislator. Participants may also enroll in optional plans of coverage and made no contributions to the plan.

Contributions from participating employers and employees become the property of the Retiree Health Care Fund and are not refundable under any circumstances, including termination of employment or termination of the participating employer's operation or participation in the Retiree Health Care Act. The employer, employee, and retiree contributions are required to be remitted to the Retiree Health Care Authority on a monthly basis.

The Retiree Health Care Authority issues a separate, publicly available audited financial report that includes post employment benefit expenditures of premiums and claims paid, participant contributions (employer, employee, and retiree), and net expenditures for the fiscal year. The report also includes the approximate number of retirees participating in the plan. This report may be obtained by writing to the Retiree Health Care Authority, 4308 Carlisle Blvd. NE, Suite 104, Albuquerque, NM 87107.

For the fiscal year ended June 30, 2009, the AOC remitted \$242,564 in employer contributions and \$121,282 in employee and judges' contributions to the Retiree Health Care Authority.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 8. SUPPLEMENTAL AND SPECIFIC APPROPRIATIONS

During the year, the AOC received supplemental and data processing appropriations under Laws of 2009, Chapter 124, Sections 6, and 7, as described below.

Supplemental Appropriation Laws of 2009, Chapter 124, Section 6, items 1 and 2: The AOC received supplemental appropriation of \$150,000, to increase the court appointed attorney fund for payment of attorneys in abuse and neglect cases (*item 1*) and received supplemental appropriation of \$500,000, for juror and interpreter payments (*item 2*).

Judicial Wide Data Processing Appropriations Laws of 2009, Chapter 124, Section 7, items 1: The AOC was appropriated \$895,000 for expenditures in fiscal years 2009, 2010 and 2011 to provide judicial case management system support to all courts. The appropriation is from the supreme court automation fund contingent on enactment of House Bill 263 or similar legislation of the forty-ninth legislature. HB 263 (Laws of 2009, Chapter 245) was enacted and increased the supreme court automation fee for civil cases filed in district, metropolitan and magistrate courts from \$10.00 to \$20.00 to fund this appropriation. As of June 30, 2009 no expenditures had been made.

Judicial Wide Capital Outlay Appropriations laws of 2008, Chapter 3, Section 5, item 8: The AOC was appropriated \$2,300,000 for expenditures in fiscal years 2008 and 2009 for infrastructure, vehicles, information technology and security equipment for state courts. As of June 30, 2009, \$18,560 remained and will be reverted to the general fund.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

**NOTE 8. SUPPLEMENTAL AND SPECIFIC APPROPRIATIONS
(CONTINUED)**

As of June 30, 2009, \$354,825 remained 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.

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, 2009, \$3,515 remained unexpended.

In total, fund balance restricted for capital projects of \$3,515 remained for the Statewide Drug Court Technology Fund.

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, 2009, \$225,443, remained unexpended from the \$750,000 appropriation, and \$2,174,586 remained unexpended from the \$6,000,000 appropriation.

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, 2009, no expenditures had been made.

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, 2009, \$1,300,705 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.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 10. INTERAGENCY TRANSFERS

Transfers to district courts from the Administrative Office of the Courts' General Fund for the year ended June 30, 2009 are as follows:

| <u>From/ Fund Name</u> | <u>SHARE Fund #</u> | <u>To/Agency- Fund Name</u> | <u>Agency/SHARE Fund #</u> | <u>Amount</u> |
|--------------------------------------|-------------------------|---------------------------------|--------------------------------|------------------|
| General Fund | 13900 | Various Courts | Various Funds | \$ 1,447,300 |
| Special Water Rights Adjudication | 51200 | Various Courts | Various Funds | <u>23,000</u> |
| | | | | <u>1,470,300</u> |

For state appropriations transferred to the district courts.

Transfers to other agencies from the Administrative Office of the Court's for FY 2009 for year ended June 30, 2009 as follows:

| <u>From/ Fund Name</u> | <u>SHARE Fund #</u> | <u>To/Agency- Fund Name</u> | <u>Agency/SHARE Fund #</u> | <u>Amount</u> |
|--------------------------------------|-------------------------|------------------------------------|--------------------------------|---------------------|
| General Fund | 13900 | Judicial Performance Evaluation | 21800-58300 | \$ 241,383 |
| General Fund | 13900 | NM Board of Finance | 34100-20900 | 950,000 |
| Special Water Rights Adjudication | 51200 | DFA | 34101-85300 | 1,000,000 |
| Magistrate/Metro Court | 57900 | AOC-Magistrate and Securities | 21800-49600 | <u>1,300,000</u> |
| | | | | <u>3,491,383</u> |
| Total transfers to other agencies | | | | <u>\$ 4,961,683</u> |

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 10. INTERAGENCY TRANSFERS (CONTINUED)

Transfers from other agencies for the year ended June 30, 2009 are as follows:

| To/ Fund Name | SHARE Fund # | From/Agency- Fund Name | SHARE Fund # | Amount |
|--|-----------------|---|-----------------|----------------------------|
| Water Rights Adjudication | 51200 | State Engineer- Capital Projects | 55000-02670 | \$ 854,926 |
| Judicial Performance Evaluation | 58300 | General Fund | 21800-13900 | 241,383 |
| Jury and Witness Fees | 1200 | DFA-Board of Finance | 34100-20900 | 935,041 |
| Magistrate Security and Facilities | 49600 | AOC-Magistrate/Metro Court | 21800-57900 | 1,300,000 |
| Magistrate/Metro Court Capital | 57900 | NM Finance Authority | 38500-95800 | 1,500,000 |
| For state appropriations transferred from other agencies | | | | |
| Judicial Information Division | 68900 | DFA- General Fund Spec. Appropriation | 34100-62000 | 84,000 |
| Compensation Appropriation | | | | |
| Magistrate Court | 69200 | DFA- General Fund Spec. Appropriation | 34100-62000 | 380,800 |
| Compensation Appropriation | | | | |
| JID Statewide Automation | 13900 | DFA- General Fund Spec. Appropriation | 34100-62000 | <u>71,200</u> |
| Compensation Appropriation | | | | |
| Total transfers from other agencies | | | | <u>\$ 5,367,350</u> |

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 10. INTERAGENCY TRANSFERS (CONTINUED)

Appropriations from the State of New Mexico General Fund for the year ended June 30, 2009 are as follows:

| <u>To/ Fund Name</u> | <u>SHARE Fund #</u> | <u>From/Agency- Fund Name</u> | <u>SHARE Fund #</u> | <u>Amount</u> |
|--|-------------------------|-----------------------------------|-------------------------|-----------------------------|
| Magistrate Drug Court Fund | 11600 | DFA- Appropriations | 34100-85300 | \$ 271,613 |
| General Fund | 13900 | DFA- Appropriations | 34100-85300 | 6,031,909 |
| Jury and Witness Fees | 01200 | DFA- Appropriations | 34100-85300 | 5,372,278 |
| Court Appointed Attorney | 12400 | DFA- Appropriations | 34100-85300 | 4,856,200 |
| Magistrate Court | 69200 | DFA- Appropriations | 34100-85300 | 23,460,200 |
| Judges Pro-temp | 13600 | DFA- Appropriations | 34100-85300 | 75,000 |
| Judicial Perf Eval | 58300 | DFA- Appropriations | 34100-85300 | 377,500 |
| JID Statewide Automated Bond | 27300 | DFA- Special Appropriations | 34100-85300 | 2,000,000 |
| Judicial Information Division | 68900 | DFA- Appropriations | 34100-85300 | <u>3,023,500</u> |
| Total general fund and special appropriations | | | | <u>\$ 45,468,200</u> |

**STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2009**

NOTE 11. DUE FROM/TO OTHER FUNDS

AOC had the following amounts due to/from other funds at year end:

| <u>From</u> | <u>To</u> | |
|---|---------------------------------------|-------------------|
| 00496 Magistrate Security and Facilities | 00692 Magistrate Court | \$ 24,991 |
| 00126 Municipal Court Automation | 01100 JID Supreme Court Automation | 11,790 |
| 00116 Magistrate Drug Court | 00139 General | 130,600 |
| | 00116 Magistrate Drug Court | 16,187 |
| | 00139 General | 2,191 |
| | 00136 Judges Pro-Tem | <u>5,000</u> |
| 012000 Jury and witness | | <u>23,378</u> |
| | | <u>\$ 190,759</u> |

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, 2009

Severance Tax Bond Appropriation

| | Original Budget | Approved Revised Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-------------------------------|----------------|--|
| Revenues | | | | |
| Severance Tax Bond Appropriation | \$ 623,554 | 623,554 | 268,729 | (354,825) |
| Total revenues | <u>623,554</u> | <u>623,554</u> | <u>268,729</u> | <u>(354,825)</u> |
| Expenditures | | | | |
| Personal services | - | - | - | - |
| Contractual services | - | - | - | - |
| Other costs | 623,554 | 623,554 | 268,729 | 354,825 |
| Other financing uses | - | - | - | - |
| Total expenditures | <u>623,554</u> | <u>623,554</u> | <u>268,729</u> | <u>354,825</u> |
| Excess of revenues and other financing sources over expenditures and other financing uses | \$ - | - | - | - |

General Fund Appropriations

| | Original Budget | Approved Revised Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-------------------------------|--------------------|--|
| Revenues | | | | |
| Reversion | \$ - | - | (18,650) | (18,650) |
| Total revenues | <u>-</u> | <u>-</u> | <u>(18,650)</u> | <u>(18,650)</u> |
| Expenditures | | | | |
| Personal services | - | - | - | - |
| Contractual services | 3,515 | 3,515 | - | 3,515 |
| Other costs | 2,300,000 | 2,300,000 | 2,281,350 | 18,650 |
| Other financing uses | - | - | - | - |
| Total expenditures | <u>2,303,515</u> | <u>2,303,515</u> | <u>2,281,350</u> | <u>22,165</u> |
| Excess of revenues and other financing sources over expenditures and other financing uses | (2,303,515) | (2,303,515) | <u>(2,300,000)</u> | <u>3,515</u> |
| Fund balance carryforward | <u>2,303,515</u> | <u>2,303,515</u> | | |
| Total | <u>\$ -</u> | <u>-</u> | | |

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
COMBINING BALANCE SHEET
ALL NON-MAJOR FUNDS
June 30, 2009

| | Magistrate Drug Court 11600 | Municipal Court Automation 12600 | Judges Pro-Temp 13600 | Magistrate Court Mediation 30400 |
|---|--------------------------------------|---|-----------------------------|---|
| ASSETS | | | | |
| Interest in SGFIP | \$ 138,050 | 377,002 | 49,348 | 406,484 |
| Other cash | - | - | - | - |
| Due from other state agencies | - | - | - | - |
| Other receivables | - | 4,589 | - | - |
| Prepaid expenses | - | - | - | - |
| Federal grants receivable | - | - | - | - |
| Fines and fees receivable | - | - | - | - |
| Due from other funds | 130,600 | 11,790 | - | - |
| Total assets | \$ 268,650 | 393,381 | 49,348 | 406,484 |
| LIABILITIES | | | | |
| Deficit cash balance | \$ - | - | - | - |
| Accounts payable | 52,426 | 66,465 | 6,576 | 2,253 |
| Payroll benefits payable | 1,686 | 3,720 | - | - |
| Payroll taxes payable | 733 | 3,572 | - | - |
| Accrued payroll | 44,672 | 8,945 | - | - |
| Other liabilities | - | - | - | - |
| Accrued liabilities | - | - | - | - |
| Deferred revenue | - | - | - | - |
| Receipts held in suspense | - | - | - | - |
| Due to State General Fund | 22,206 | - | 37,772 | - |
| Due to other state agencies | - | - | - | - |
| Due to other funds | 16,187 | - | 5,000 | - |
| Total liabilities | 137,910 | 82,702 | 49,348 | 2,253 |
| FUND BALANCE | | | | |
| Fund balances | | | | |
| Unreserved and designated for future expenditures | 130,740 | 310,679 | - | 404,231 |
| Total fund balance | 130,740 | 310,679 | - | 404,231 |
| Total liabilities and fund equity | \$ 268,650 | 393,381 | 49,348 | 406,484 |

| Grant 49500 | Magistrate Security and Facilities 49600 | Special Water Rights Adjudication 51200 | Magistrate/ Metro Court 57900 | Judicial Performance Evaluation 58300 | Judicial Information Division 68900 | Total |
|-------------------|---|--|--|--|--|------------------|
| \$ - | 767,256 | 1,049,530 | 200,000 | 404,710 | 162,559 | 3,554,939 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 159,895 | - | - | - | - | - | 164,484 |
| - | - | - | - | - | - | - |
| 266,763 | - | - | - | - | - | 266,763 |
| - | - | - | - | - | - | - |
| | 24,991 | - | - | - | - | 167,381 |
| <u>\$ 426,658</u> | <u>792,247</u> | <u>1,049,530</u> | <u>200,000</u> | <u>404,710</u> | <u>162,559</u> | <u>4,153,567</u> |
| \$ 297,822 | - | - | - | - | - | 297,822 |
| 99,912 | 172,545 | 33,324 | - | 71,851 | - | 505,352 |
| 2,971 | - | - | - | 405 | 53,318 | 62,100 |
| 1,436 | - | - | - | 370 | 31,389 | 37,500 |
| 6,354 | - | - | - | 640 | 77,852 | 138,463 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | 59,978 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | 21,187 |
| <u>408,495</u> | <u>172,545</u> | <u>33,324</u> | <u>-</u> | <u>73,266</u> | <u>162,559</u> | <u>1,122,402</u> |
| 18,163 | 619,702 | 1,016,206 | 200,000 | 331,444 | - | 3,031,165 |
| 18,163 | 619,702 | 1,016,206 | 200,000 | 331,444 | - | 3,031,165 |
| <u>\$ 426,658</u> | <u>792,247</u> | <u>1,049,530</u> | <u>200,000</u> | <u>404,710</u> | <u>162,559</u> | <u>4,153,567</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, 2009

| | Magistrate Drug Court 11600 | Municipal Court Automation 12600 | Judges Pro-Temp 13600 | Magistrate Court Mediation 30400 |
|--|--------------------------------------|---|-----------------------------|---|
| Revenues | | | | |
| Charges for services | \$ 130,600 | 971,996 | - | 123,175 |
| Grants | - | - | - | - |
| Total revenues | <u>130,600</u> | <u>971,996</u> | <u>-</u> | <u>123,175</u> |
| Expenditures | | | | |
| Current | | | | |
| Personal services | 93,609 | 141,832 | - | - |
| Employee benefits | 40,435 | 50,404 | - | - |
| In-state travel | 680 | 7,902 | - | - |
| Maintenance and repairs | - | - | - | - |
| Supplies | 466 | 1,625 | - | - |
| Contractual services | 103,944 | - | 37,228 | 28,780 |
| Operating costs | 5,889 | 4,045 | - | - |
| Other costs | 3,351 | 771,558 | - | - |
| Out-of-state travel | 1,033 | 9,962 | - | - |
| Capital outlay | - | - | - | - |
| Other financing uses | - | - | - | - |
| Reversion | - | - | - | - |
| Total expenditures | <u>249,407</u> | <u>987,328</u> | <u>37,228</u> | <u>28,780</u> |
| (Deficiency) excess of revenues over expenditures | <u>(118,807)</u> | <u>(15,332)</u> | <u>(37,228)</u> | <u>94,395</u> |
| Other Financing Sources (Uses) | | | | |
| General Fund appropriation | 271,613 | - | 75,000 | - |
| Transfers from other agencies | - | - | - | - |
| Transfers to other agencies | - | - | - | - |
| Other | - | - | - | - |
| Reversions | (22,206) | - | (37,772) | - |
| Net other financing sources (uses) | <u>249,407</u> | <u>-</u> | <u>37,228</u> | <u>-</u> |
| Net changes in fund balances | 130,600 | (15,332) | - | 94,395 |
| Fund balance at beginning of year | 140 | 326,011 | - | 309,836 |
| Fund balance at end of year | <u>\$ 130,740</u> | <u>310,679</u> | <u>-</u> | <u>404,231</u> |

| Grant 49500 | Magistrate Security and Facilities 49600 | Special Water Rights Adjudication 51200 | Magistrate/ Metro Court Capital 57900 | Judicial Performance Evaluation 58300 | Judicial Information Division 68900 | Total |
|----------------|---|--|--|--|--|-------------|
| \$ - | - | - | - | - | - | 1,225,771 |
| 1,084,617 | - | - | - | - | - | 1,084,617 |
| 1,084,617 | - | - | - | - | - | 2,310,388 |
| 189,129 | - | 20,956 | - | 19,949 | 1,937,508 | 2,402,983 |
| 82,661 | - | 6,428 | - | 6,950 | 686,992 | 873,870 |
| 6,252 | 13,955 | - | - | 7,313 | - | 36,102 |
| 432 | 76,013 | - | - | - | - | 76,445 |
| 34,017 | 339,596 | - | - | 506 | - | 376,210 |
| 711,051 | 258 | 306,538 | - | 251,508 | 10,800 | 1,450,107 |
| 19,878 | 181,197 | - | - | 593 | 472,200 | 683,802 |
| 10,561 | 10,450 | - | - | - | - | 795,920 |
| 29,502 | 3,359 | - | - | 620 | - | 44,476 |
| - | 179,511 | - | - | - | - | 179,511 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 1,083,483 | 804,339 | 333,922 | - | 287,439 | 3,107,500 | 6,919,426 |
| 1,134 | (804,339) | (333,922) | - | (287,439) | (3,107,500) | (4,609,038) |
| - | - | - | - | 377,500 | 3,023,500 | 3,747,613 |
| - | 1,300,000 | 854,926 | 1,500,000 | 241,383 | 84,000 | 3,980,309 |
| - | - | (1,023,000) | (1,300,000) | - | - | (2,323,000) |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | (59,978) |
| - | 1,300,000 | (168,074) | 200,000 | 618,883 | 3,107,500 | 5,344,944 |
| 1,134 | 495,661 | (501,996) | 200,000 | 331,444 | - | 735,906 |
| 17,029 | 124,041 | 1,518,202 | - | - | - | 2,295,259 |
| \$ 18,163 | 619,702 | 1,016,206 | 200,000 | 331,444 | - | 3,031,165 |

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 (11600)
 Year Ended June 30, 2009

| | Original Budget | Approved Revised Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-------------------------------|----------------|--|
| Revenues | | | | |
| State General Fund appropriations | \$ 292,700 | 271,613 | 271,613 | - |
| Other financing sources | - | - | 130,600 | 130,600 |
| Miscellaneous revenues | - | - | - | - |
| Reversions | - | - | (22,206) | (22,206) |
| Total revenue | <u>292,700</u> | <u>271,613</u> | <u>380,007</u> | <u>108,394</u> |
| Expenditures | | | | |
| Personal services | 63,300 | 142,100 | 134,044 | 8,056 |
| Contract services | 229,400 | 117,613 | 103,944 | 13,669 |
| Other costs | - | 11,900 | 11,419 | 481 |
| Total expenditures | <u>292,700</u> | <u>271,613</u> | <u>249,407</u> | <u>22,206</u> |
| Excess of revenues and other financing sources over expenditures and other financing uses | \$ - | - | 130,600 | 130,600 |

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 STATEMENT OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 MUNICIPAL COURT AUTOMATION (12600)
 Year Ended June 30, 2009

| | Original Budget | Approved Revised Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-------------------------------|----------------|--|
| Revenues | | | | |
| Other financing sources | \$ 991,100 | 991,100 | 971,996 | (19,104) |
| Miscellaneous revenues | - | - | - | - |
| Reversions | - | - | - | - |
| Total revenue | <u>991,100</u> | <u>991,100</u> | <u>971,996</u> | <u>(19,104)</u> |
| Expenditures | | | | |
| Personal services | 192,300 | 192,300 | 192,236 | 64 |
| Other costs | 798,800 | 798,800 | 795,092 | 3,708 |
| Total expenditures | <u>991,100</u> | <u>991,100</u> | <u>987,328</u> | <u>3,772</u> |
| Excess of revenues and other financing sources over expenditures and other financing uses | \$ - | - | (15,332) | (15,332) |

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 STATEMENT OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 JUDGES PRO-TEMP (13600)
 Year Ended June 30, 2009

| | Original Budget | Approved Revised Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-------------------------------|---------------|--|
| Revenues | | | | |
| State General Fund appropriations | \$ 80,000 | 75,000 | 75,000 | - |
| Other financing sources | - | - | - | - |
| Reversions to State General Fund | - | - | (37,772) | (37,772) |
| Total revenue | 80,000 | 75,000 | 37,228 | (37,772) |
| Expenditures | | | | |
| Personal services | | | | - |
| Contractual services | 80,000 | 75,000 | 37,228 | 37,772 |
| Other costs | - | - | - | - |
| Total expenditures | 80,000 | 75,000 | 37,228 | 37,772 |
| 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 (30400)
Year Ended June 30, 2009

| | Original Budget | Approved Revised Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-------------------------------|----------------|--|
| Revenues | | | | |
| Misc Revenue | \$ - | - | - | - |
| Other financing sources | 105,000 | 105,000 | 123,175 | 18,175 |
| Reversions | - | - | - | - |
| Total revenues | <u>105,000</u> | <u>105,000</u> | <u>123,175</u> | <u>18,175</u> |
| Expenditures | | | | |
| Personal services | - | - | - | - |
| Contractual services | 100,000 | 100,000 | 28,780 | 71,220 |
| Other costs | 5,000 | 5,000 | - | 5,000 |
| Other financing uses | - | - | - | - |
| Total expenditures | <u>105,000</u> | <u>105,000</u> | <u>28,780</u> | <u>76,220</u> |
| Excess of revenues and other financing sources over expenditures and other financing uses | \$ - | - | 94,395 | 94,395 |

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 (49600)
 Year Ended June 30, 2009

| | Original Budget | Approved Revised Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-------------------------------|------------------|--|
| Revenues | | | | |
| General Fund Appropriation | - | - | - | - |
| Miscellaneous revenues | \$ - | - | - | - |
| Reversions | - | - | - | - |
| Other financing sources | 1,300,000 | 1,300,000 | 1,300,000 | - |
| Total revenues | <u>1,300,000</u> | <u>1,300,000</u> | <u>1,300,000</u> | <u>-</u> |
| Expenditures | | | | |
| Personal services | - | - | - | - |
| Contractual services | - | 3,000 | 258 | 2,742 |
| Other costs | 1,300,000 | 1,297,000 | 804,081 | 492,919 |
| Other financing uses | - | - | - | - |
| Total expenditures | <u>1,300,000</u> | <u>1,300,000</u> | <u>804,339</u> | <u>495,661</u> |
| Excess of revenues and other financing sources over expenditures and other financing uses | \$ - | - | 495,661 | 495,661 |

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 STATEMENT OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 WATER RIGHTS ADJUDICATION (51200)
 Year Ended June 30, 2009

| | Original Budget | Approved Revised Budget | Actual | Variance Favorable (Unfavorable) |
|--|--------------------|-------------------------------|------------------|--|
| Revenues | | | | |
| General Fund Appropriation | \$ - | - | - | - |
| Miscellaneous revenues | - | - | - | - |
| Reversions | - | - | - | - |
| Other financing sources | 350,000 | 1,439,000 | 854,926 | (584,074) |
| Total revenues | <u>350,000</u> | <u>1,439,000</u> | <u>854,926</u> | <u>(584,074)</u> |
| Expenditures | | | | |
| Personal services | - | 30,000 | 27,384 | 2,616 |
| Contractual services | 350,000 | 380,000 | 306,538 | 73,462 |
| Other costs | - | - | - | - |
| Other financing uses | - | 1,029,000 | 1,023,000 | 6,000 |
| Total expenditures | <u>350,000</u> | <u>1,439,000</u> | <u>1,356,922</u> | <u>82,078</u> |
| Excess of revenues and other financing sources over expenditures and other financing uses | | | | |
| | \$ - | - | (501,996) | (501,996) |

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 STATEMENT OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 MAGISTRATE/METRO COURT CAPITAL FUND (57900)
 Year Ended June 30, 2009

| | Original Budget | Approved Revised Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-------------------------------|------------------|--|
| Revenues | | | | |
| Other financing sources | 1,300,000 | 1,300,000 | 1,500,000 | 200,000 |
| Reversions | \$ - | - | - | - |
| Total revenue | <u>1,300,000</u> | <u>1,300,000</u> | <u>1,500,000</u> | <u>200,000</u> |
| Expenditures | | | | |
| Other costs | - | - | - | - |
| Other financing uses | 1,300,000 | 1,300,000 | 1,300,000 | - |
| Total expenditures | <u>1,300,000</u> | <u>1,300,000</u> | <u>1,300,000</u> | <u>-</u> |
| Excess of revenues and other financing sources over expenditures and other financing uses | \$ - | - | 200,000 | 200,000 |

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 (68900)
 Year Ended June 30, 2009

| | Original Budget | Approved Revised Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-------------------------------|------------------|--|
| Revenues | | | | |
| State General Fund appropriations | \$ 3,068,600 | 3,023,500 | 3,023,500 | - |
| Other financing sources | 84,000 | 84,000 | 84,000 | - |
| Reversions to State General Fund | - | - | - | - |
| Total revenues | 3,152,600 | 3,107,500 | 3,107,500 | - |
| Expenditures | | | | |
| Personal services | 2,662,700 | 2,624,500 | 2,624,500 | - |
| Contractual services | 11,000 | 10,800 | 10,800 | - |
| Other costs | 478,900 | 472,200 | 472,200 | - |
| Total expenditures | 3,152,600 | 3,107,500 | 3,107,500 | - |
| 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-JUDICIAL PERFORMANCE EVALUATION FUND (58300)
 Year Ended June 30, 2009

| | Original Budget | Approved Revised Budget | Actual | Variance Favorable (Unfavorable) |
|--|--------------------|-------------------------------|----------------|--|
| Revenues | | | | |
| State General Fund appropriations | \$ 384,900 | 377,500 | 377,500 | - |
| Other financing sources | - | - | 241,383 | 241,383 |
| Reversions to State General Fund | - | - | - | - |
| Misc Revenue | - | - | - | - |
| Total revenue | 384,900 | 377,500 | 618,883 | 241,383 |
| Expenditures | | | | |
| Personal services | 26,900 | 26,900 | 26,899 | 1 |
| Contractual services | 330,900 | 323,500 | 251,508 | 71,992 |
| Other costs | 27,100 | 27,100 | 9,032 | 18,068 |
| Total expenditures | 384,900 | 377,500 | 287,439 | 90,061 |
| Excess of revenues and other financing sources over expenditures and other financing uses | \$ - | - | 331,444 | 331,444 |

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 STATEMENT OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GRANT FUND (49500)
 Year Ended June 30, 2009

| | Original Budget | Approved Revised Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-------------------------------|------------------|--|
| Revenues | | | | |
| Federal Grants | \$ 1,531,100 | 1,579,716 | 1,084,617 | (495,099) |
| Other financing sources | - | - | - | - |
| Total revenues | <u>1,531,100</u> | <u>1,579,716</u> | <u>1,084,617</u> | <u>(495,099)</u> |
| Expenditures | | | | |
| Personal services | 237,800 | 281,690 | 271,789 | 9,901 |
| Contractual services | 941,000 | 1,031,000 | 711,051 | 319,949 |
| Other costs | 252,300 | 267,026 | 100,643 | 166,383 |
| Other financing uses | 100,000 | - | - | - |
| Total expenditures | <u>1,531,100</u> | <u>1,579,716</u> | <u>1,083,483</u> | <u>496,233</u> |
| Excess of revenues and other financing sources over expenditures and other financing uses | \$ - | - | 1,134 | 1,134 |

SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
June 30, 2009

| <u>Total All Agency Funds</u> | Balance June 30, 2008 | Additions | Deletions | Balance June 30, 2009 |
|--|--------------------------|-------------------|---------------------|--------------------------|
| ASSETS | | | | |
| Interest in State General Fund Investment Pool | \$ 4,062,319 | 14,870,667 | (14,280,971) | 4,652,015 |
| Cash in commercial banks | 3,620,120 | 22,248,120 | (21,712,653) | 4,155,587 |
| Total assets | \$ 7,682,439 | 37,118,787 | (35,993,624) | 8,807,602 |
| LIABILITIES | | | | |
| Due to other state agencies | \$ 4,457,411 | 14,814,065 | (14,310,428) | 4,961,048 |
| Due to litigants | 2,333,143 | 10,906,907 | (10,346,002) | 2,894,048 |
| Due to | | | | |
| Brain Injury Fee Fund (48100) | 35,030 | 437,721 | (435,258) | 37,493 |
| Civil Legal Service Fund (60000) | 31,005 | 366,156 | (365,196) | 31,965 |
| Correction Fee Fund (68800) | 160,826 | 2,003,067 | (1,997,159) | 166,734 |
| Court Automation Fund (07800) | 102,159 | 1,277,845 | (1,264,022) | 115,982 |
| Court Facilities Fund (53200) | 177,887 | 2,271,910 | (2,252,345) | 197,452 |
| Crime Laboratory Fund (68700) | 60,552 | 787,217 | (781,628) | 66,141 |
| Judges Retirement Fund (12200) | 51,675 | 605,803 | (604,359) | 53,119 |
| Judicial Education Fee Fund (57700) | 16,071 | 199,153 | (198,382) | 16,842 |
| Magistrate Enforcement Fund (57600) | 195,521 | 2,688,574 | (2,681,999) | 202,096 |
| Magistrate Penalty Assessment Fund (79400) | 553 | 5,481 | (5,617) | 417 |
| Domestic Violence Offender Fund (51500) | 39,550 | 489,575 | (487,402) | 41,723 |
| Traffic Safety Fund (25200) | 21,056 | 265,313 | (263,827) | 22,542 |
| Total liabilities | \$ 7,682,439 | 37,118,787 | (35,993,624) | 8,807,602 |

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS-DETAILED
June 30, 2009

| <u>Litigant Fund</u> | Balance June 30, 2008 | Additions | Deletions | Balance June 30, 2009 |
|--|--------------------------|-------------------|---------------------|--------------------------|
| ASSETS | | | | |
| Interest in State General Fund Investment Pool | \$ 173,327 | 56,602 | (51,247) | 178,682 |
| Cash in commercial banks | 2,159,816 | 10,850,305 | (10,294,755) | 2,715,366 |
| Total assets | \$ 2,333,143 | 10,906,907 | (10,346,002) | 2,894,048 |
| LIABILITIES | | | | |
| Due to litigants | \$ 2,333,143 | 10,906,907 | (10,346,002) | 2,894,048 |
| <u>Fines and Fees Fund</u> | | | | |
| ASSETS | | | | |
| Interest in State General Fund Investment Pool | \$ 3,888,992 | 14,814,065 | (14,229,724) | 4,473,333 |
| Cash in commercial banks | 1,460,304 | 11,397,815 | (11,417,898) | 1,440,221 |
| Total assets | \$ 5,349,296 | 26,211,880 | (25,647,622) | 5,913,554 |
| LIABILITIES | | | | |
| Due to other state agencies | \$ 4,457,411 | 14,814,065 | (14,310,428) | 4,961,048 |
| Due to | | | | |
| Brain Injury Fee Fund (48100) | 35,030 | 437,721 | (435,258) | 37,493 |
| Civil Legal Service Fund (60000) | 31,005 | 366,156 | (365,196) | 31,965 |
| Correction Fee Fund (68800) | 160,826 | 2,003,067 | (1,997,159) | 166,734 |
| Court Automation Fund (07800) | 102,159 | 1,277,845 | (1,264,022) | 115,982 |
| Court Facilities Fund (53200) | 177,887 | 2,271,910 | (2,252,345) | 197,452 |
| Crime Laboratory Fund (68700) | 60,552 | 787,217 | (781,628) | 66,141 |
| Judges Retirement Fund (12200) | 51,675 | 605,803 | (604,359) | 53,119 |
| Judicial Education Fee Fund (57700) | 16,071 | 199,153 | (198,382) | 16,842 |
| Magistrate Enforcement Fund (57600) | 195,521 | 2,688,574 | (2,681,999) | 202,096 |
| Magistrate Penalty Assessment Fund (7940) | 553 | 5,481 | (5,617) | 417 |
| Domestic Violence Offender Fund (51500) | 39,550 | 489,575 | (487,402) | 41,723 |
| Traffic Safety Fund (25200) | 21,056 | 265,313 | (263,827) | 22,542 |
| Total liabilities | \$ 5,349,296 | 26,211,880 | (25,647,622) | 5,913,554 |

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF CASH ACCOUNTS
June 30, 2009**

| | Fund | Balance June 30, 2009 |
|--|-------|-----------------------------|
| Cash on Deposit - State Treasurer | | |
| General Fund | | |
| Administrative Office of the Courts | 13900 | \$ <u>456,971</u> |
| Special Revenue Funds | | |
| JID Supreme Court Automation | 01100 | 1,530,377 |
| Jury & Witness Fees | 1200 | 314,200 |
| Magistrate Drug Court Fund | 11600 | 138,050 |
| Court Appointed Attorney | 12400 | 526,361 |
| JID Municipal Court Automation | 12600 | 377,002 |
| Judges Pro-Temp | 13600 | 49,348 |
| JID Statewide Automated Bond | 27300 | 6,088,064 |
| Grant Fund (deficit) | 49500 | (297,822) |
| Magistrate Court Mediation Fund | 30400 | 406,484 |
| Statewide drug court | 44300 | 223,039 |
| Magistrate Security & Facilities Fund | 49600 | 767,256 |
| Water Adjudication Fund | 51200 | 1,049,530 |
| Magistrate Court Warrant Enforcement | 57500 | 766,639 |
| Magistrate/Metro Court | 57900 | 200,000 |
| JID Non-Grant Projects | 58300 | 404,710 |
| JID Judicial Information Division | 68900 | 162,559 |
| Magistrate Courts | 69200 | 1,167,954 |
| Total Special Revenue Funds | | <u><u>13,873,751</u></u> |
| Fiduciary Funds | | |
| Brain Injury Fee Fund | 48100 | 54,105 |
| Civil Legal Service Fund | 60000 | 253,999 |
| Correction Fees Fund | 68800 | 2,024,202 |
| Court Automation Fund | 07800 | 462,078 |
| Court Facilities Fund | 53200 | 690,772 |
| Crime Laboratory Fees Fund | 68700 | 335,610 |
| Judicial Education Fee Fund | 57700 | 24,356 |
| Magistrate - Penalty Assessment Fund | 79400 | 443 |
| Magistrate Court Warrant Enforcement Fund | 57600 | 319,154 |
| Suspense Fund | 53300 | 9,049 |
| Magistrate Retirement Fund | 12200 | 68,525 |
| Magistrate Suspense Fund | 82200 | 177,348 |
| Municipal Court Automation Fund | 70400 | 82,759 |
| Domestic Violence Treatment Fund | 51500 | 95,753 |
| Traffic Safety Fund | 25200 | 52,528 |
| Total Fiduciary Funds | | <u><u>4,650,681</u></u> |
| Total cash on deposit - State Treasurer | | <u>18,981,403</u> |
| Total cash per books | | <u><u>\$ 18,981,403</u></u> |

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 SCHEDULE OF CASH ACCOUNTS (CONTINUED)
 June 30, 2009

| Magistrate Court | Bank | Court Location | Bank Balance June 30, 2009 |
|---------------------|--------------------------|----------------|-------------------------------|
| Catron I | First State | Reserve | \$ 5,767 |
| Catron Circuit | First State | Quemado | 3,214 |
| Chaves I, II | Valley Bank of Commerce | Roswell | 67,992 |
| Cibola I, II | Wells Fargo | Grants | 29,765 |
| Colfax I | International State | Raton | 27,967 |
| Colfax II | International State | Springer | 19,465 |
| Curry I, II | New Mexico Bank & Trust | Clovis | 223,628 |
| DeBaca I | Citizens Bank of Clovis | Ft. Sumner | 7,137 |
| Dona Ana I, II, III | Community First National | Las Cruces | 307,275 |
| Dona Ana Circuit | Community First National | Anthony | 68,263 |
| Dona Ana Hatch | Community First National | Hatch | 7,290 |
| Eddy I, II | Western Commerce | Carlsbad | 1,014,767 |
| Eddy III | First National | Artesia | 52,644 |
| Grant I | Wells Fargo | Silver City | 41,045 |
| Grant II | Bank of America | Bayard | 16,322 |
| Guadalupe I | Wells Fargo | Santa Rosa | 39,925 |
| Guadalupe Circuit | Wells Fargo | Vaughn | 225 |
| Harding I | Wells Fargo | Roy | 1,603 |
| Hidalgo I | Western | Lordsburg | 83,887 |
| Lea I | Lea County State | Lovington | 30,216 |
| Lea II | Lea County State | Hobbs | 125,899 |
| Lea III | Wells Fargo | Eunice | 16,943 |
| Lea IV | Western Commerce | Tatum | 2,490 |
| Lea Circuit | Wells Fargo | Jal | 11,125 |
| Lincoln I | Wells Fargo | Carrizozo | 17,936 |
| Lincoln II | First National | Ruidoso | 77,980 |
| Los Alamos I | Los Alamos National | Los Alamos | 26,733 |
| Luna I | Wells Fargo | Deming | 63,575 |
| McKinley I, II | Wells Fargo | Gallup | 153,428 |
| | | | <hr/> |
| | | | \$ 2,544,506 |
| | | | <hr/> <hr/> |

| Reconciling Items | Book Balance June 30, 2009 | Deposits In Transit | Outstanding Checks | Book Bal Variance | Bond Balance |
|----------------------|----------------------------------|------------------------|-----------------------|----------------------|--------------|
| \$ 233 | 6,000 | 252 | 19 | - | 2,892 |
| 1,837 | 5,051 | 1,837 | - | - | 2,473 |
| 11,094 | 79,086 | 11,394 | 300 | - | 34,139 |
| (487) | 29,278 | 9 | 496 | - | 11,978 |
| 340 | 28,307 | 1,845 | 1,505 | - | 4,475 |
| (7,585) | 11,880 | 625 | 8,210 | - | 6,642 |
| (2,766) | 220,862 | 3,707 | 6,473 | (1,040) | 168,266 |
| (1,746) | 5,391 | 1 | 1,747 | - | 2,180 |
| (15,722) | 291,553 | 7,227 | 22,949 | - | 145,818 |
| (395) | 67,868 | - | 395 | - | 18,231 |
| (86) | 7,204 | - | 86 | - | 1,960 |
| (3,210) | 1,011,557 | 2,006 | 5,216 | - | 964,428 |
| (1,549) | 51,095 | 970 | 2,519 | - | 20,395 |
| (2,928) | 38,117 | 2,072 | 5,000 | - | 9,650 |
| - | 16,322 | - | - | - | 7,298 |
| (2,574) | 37,351 | - | 2,574 | - | 17,050 |
| - | 225 | - | - | - | - |
| - | 1,603 | - | - | - | 309 |
| (620) | 83,267 | - | 620 | - | 47,278 |
| (1,267) | 28,949 | 324 | 1,591 | - | 12,503 |
| (2,514) | 123,385 | 793 | 3,307 | - | 83,253 |
| (200) | 16,743 | - | 200 | - | 10,600 |
| - | 2,490 | - | - | - | 2,100 |
| 271 | 11,396 | 285 | 14 | - | 9,720 |
| (881) | 17,055 | 360 | 1,241 | - | 1,950 |
| 786 | 78,766 | 935 | 149 | - | 27,642 |
| (375) | 26,358 | - | 375 | - | 23,454 |
| (3,198) | 60,377 | 1,146 | 4,344 | - | 9,837 |
| 6,948 | 160,376 | 13,182 | 6,234 | - | 98,057 |
| (26,594) | 2,517,912 | 48,970 | 75,564 | (1,040) | 1,744,578 |

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF CASH ACCOUNTS (CONTINUED)
June 30, 2009**

| Magistrate Court | Bank | Court Location | Balance June 30, 2009 |
|---------------------|-----------------------|----------------|--------------------------|
| Mora I | Bank of Las Vegas | Mora | \$ 25,685 |
| Otero I, II | First National | Alamogordo | 144,968 |
| Quay I | Wells Fargo | Tucumcari | 122,336 |
| Rio Arriba I, II | Bank of America | Espanola | 123,107 |
| Rio Arriba Circuit | Community Bank | Chama | 17,129 |
| Roosevelt I | Portales National | Portales | 79,118 |
| San Juan I | Wells Fargo | Aztec | 156,640 |
| San Juan II, III | Bank of the Southwest | Farmington | 84,117 |
| San Miguel I, II | Bank of Las Vegas | Las Vegas | 128,309 |
| Sandoval I | Wells Fargo | Bernalillo | 134,521 |
| Sandoval II | Wells Fargo | Cuba | 31,732 |
| Santa Fe I, II, III | Wells Fargo | Santa Fe | 422,073 |
| Santa Fe Circuit | Wells Fargo | Pojoaque | 2,738 |
| Sierra I | Bank of the Southwest | T or C | 40,535 |
| Socorro I | Wells Fargo | Socorro | 50,705 |
| Taos I, II | Centinel | Taos | 78,441 |
| Taos Circuit | Centinel | Questa | 3,892 |
| Torrance I, II | Wells Fargo | Moriarity | 45,407 |
| Torrance Circuit | Wells Fargo | Estancia | 2,652 |
| Union I | Farmers/Stockmens | Clayton | 7,303 |
| Valencia I | Ranchers Banks | Los Lunas | 35,064 |
| Valencia II | Ranchers Banks | Belen | 67,792 |
| | | | <u>1,804,264</u> |
| | | | <u>\$ 4,348,770</u> |
| | | | <u>\$ 6,361</u> |
| | | | 4,348,770 |
| | | | 80,115 |
| | | | (273,297) |
| | | | <u>\$ 4,155,588</u> |
| | | | \$ 14,337,083 |
| | | | 4,650,681 |
| | | | <u>4,155,588</u> |
| | | | <u>\$ 23,143,352</u> |

| Reconciling Items | Book Balance June 30, 2009 | Deposits In Transit | Outstanding Checks | Book Bal Variance | Bond Balance |
|----------------------|----------------------------------|------------------------|-----------------------|----------------------|--------------|
| \$ (4,319) | 21,366 | 406 | 4,725 | - | 16,782 |
| (4,937) | 140,031 | 1,540 | 6,477 | - | 72,013 |
| (1,630) | 120,706 | 5,356 | 6,986 | (20) | 80,176 |
| 16 | 123,123 | 4,624 | 4,608 | (330) | 91,285 |
| (591) | 16,538 | - | 591 | - | 9,660 |
| (31,693) | 47,425 | 2,765 | 34,458 | - | 21,000 |
| (5,751) | 150,889 | 4,656 | 10,407 | - | 33,995 |
| (6,371) | 77,746 | 2,379 | 8,750 | - | 26,475 |
| (34,923) | 93,386 | 1,503 | 36,426 | - | 61,126 |
| (13,064) | 121,457 | 184 | 13,248 | - | 91,320 |
| (930) | 30,802 | 820 | 1,750 | - | 13,247 |
| (8,928) | 413,145 | 1,312 | 10,240 | - | 312,390 |
| - | 2,738 | - | - | - | 1,290 |
| (2,484) | 38,051 | 1,722 | 4,206 | - | 14,400 |
| (22,929) | 27,776 | 1,121 | 24,050 | - | 2,300 |
| (26,491) | 51,950 | - | 26,491 | (100) | 31,900 |
| 615 | 4,507 | 615 | - | - | 2,000 |
| 1,410 | 46,817 | 1,700 | 290 | 26 | 26,956 |
| - | 2,652 | - | - | - | 1,000 |
| (685) | 6,618 | 442 | 1,127 | - | - |
| (1,690) | 33,374 | - | 1,690 | - | 17,955 |
| (1,213) | 66,579 | - | 1,213 | - | 43,519 |
| (166,588) | 1,637,676 | 31,145 | 197,733 | (424) | 970,789 |
| \$ (193,182) | 4,155,588 | 80,115 | 273,297 | (1,464) | 2,715,367 |

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 SCHEDULE OF CASH ACCOUNTS (CONTINUED)
 Year Ended June 30, 2009

| Magistrate Court-Change Funds | Court Location | Balance June 30, 2009 |
|-------------------------------|----------------|--------------------------|
| 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, 2009**

| Magistrate Court-Change Funds | Court Location | Balance June 30, 2009 |
|-------------------------------|-------------------|--------------------------|
| 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 |

SINGLE AUDIT INFORMATION

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2009**

| 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 (5073) | 16.580 | | <u>\$ 114,916</u> |
| Pass through State Justice Institute | | | |
| Coordinating Access to Justice in New Mexico (5066) | 16.NA | SJI-06-N-060 | 40,000 |
| New Mexico Justice System Interpreter Resources Partnership (5077) | 16.NA | SJI-08-N-173 | <u>22,372</u> |
| Subtotal State Justice Institute | | | <u>62,372</u> |
| Total U.S. Department of Justice | | | <u>177,288</u> |
| U.S. Department of Transportation | | | |
| Pass-through Program From: | | | |
| State of New Mexico Department of Transportation | | | |
| AOC DWI Courts (5068) * | 20.600 | 08-AL-10-P27 | 62,581 |
| AOC DWI Courts (5078) * | 20.6 | 09-AL-10-P27 | <u>276,296</u> |
| Total State of New Mexico Department of Transportation | | | <u>338,877</u> |
| U.S. Department of Health and Human Service | | | |
| State Court Improvement Program - Basic (5065) | 93.586 | | 186 |
| State Court Improvement Program - Basic (5069) | 93.586 | | 84,498 |
| Court Improvement Data Sharing Program (5070) | 93.586 | | 61,703 |
| Court Improvement Training Program (5071) | 93.586 | | 113,736 |
| State Court Improvement Program - Basic (5074) | 93.586 | | 69,876 |
| Court Improvement Data Sharing Program (5075) | 93.586 | | 62,110 |
| Court Improvement Training Program (5076) | 93.586 | | <u>25,781</u> |
| Subtotal U.S. Department of Health and Human Services | | | <u>417,890</u> |
| Pass-through Program From: | | | |
| State of New Mexico Department of Children, Youth & Families | | | |
| Mediation Services (5072) | 93.556 | 09-690-7745 | <u>149,429</u> |
| Subtotal State of New Mexico Department of Children, Youth and Families | | | <u>149,429</u> |
| Total U.S. Department of Health and Human Services | | | <u>567,319</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 1,083,484</u> |

* - Tested as a major program

N/A - Not available

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2009

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, 2009, and have issued our report thereon dated December 14, 2009. 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, 2009, 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; 08-02 and 09-01.

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 our tests disclosed an instance of

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

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 item 08-06.

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 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 AOC, the State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration, 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 14, 2009

**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, 2009. 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, 2009.

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 14, 2009

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2009**

| | | |
|-------|--|-----------------------|
| 01-04 | Cash Controls – Magistrate Courts | Resolved |
| 01-05 | Bonds Outstanding Over Six Months | Resolved |
| 02-07 | Segregation of Duties/Mail Receipts Log | Resolved |
| 02-08 | Timely Submission of Monthly Remittance Report | Resolved |
| 06-01 | Outstanding Fines and Fees | Resolved |
| 08-01 | Case File Documentation | Resolved |
| 08-02 | Mail Handling Procedures | Repeated and Included |
| 08-03 | Case File Destruction | Resolved |
| 08-04 | Maintenance of a Proper Tickler System | Resolved |
| 08-05 | Missing Bond Receipt | Resolved |
| 08-06 | Abstract not forwarded to DMV timely | Repeated and Included |
| 08-07 | Prior Period Restatement | Resolved |

**STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2009**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued Unqualified

Internal control over financial reporting:

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

Non-compliance material to financial statements noted? X Yes _____ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(s) identified that are not considered to be material weakness(es) _____ Yes X 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 X No

Identification of Major Program

CFDA Number Name of Federal Program or Cluster

20.600 AOC DWI Courts

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

Auditee qualified as low-risk auditee? X Yes _____ No

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2009**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

08-02 Mail Handling Procedures

CONDITION

Of the thirteen Magistrate Courts visited, we noted that at two Courts the judge opens all mail addressed to him or 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 per AOC policy.

EFFECT

The Judge could inadvertently handle cash which increases the potential for errors or fraud to occur.

CAUSE

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. Per external audit finding and recommendation made during the exit conference, the judges agreed to change court procedures so that court staff opens and logs all incoming mail not marked confidential.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2009**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)

08-06 Abstract not forwarded to Division of Motor Vehicles On-Time

CONDITION

Of the thirteen Magistrate Courts visited, we noted two instances where files contained abstracts from traffic violation cases that had not been forwarded to the Division of Motor Vehicles (DMV) in a timely manner.

CRITERIA

The abstract of a traffic violation case is to be forwarded to the DMV within 10 days of being adjudicated by the Court as outlined in Section 66-8-135, NMSA 1978.

EFFECT

The DMV 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 late submission of the abstracts to the DMV is that the clerks are busy with their work load and 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. Since the exit conference, the court has implemented a procedure where abstracts are prepared and placed in an envelope daily, then mailed to MVD every Friday.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2009**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)

09-01 Lack of Proper Segregation of Duties

CONDITION

Of the thirteen Magistrate Courts visited, we noted two courts where the Judge has access to the FACTS system. Also, of the thirteen Magistrate Courts selected for test work, two of the courts had lack of proper restrictions of cash for the judge. The judge at these courts performed cash receipting responsibilities on occasion. Of the thirteen Magistrate Courts selected for testwork, we noted two 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. Also, at one of the thirteen Courts we selected, we noted that the judge improperly had access to the safe as well as the safe combination. Finally, we noted one court whose cash deposit was not verified by someone other than the person preparing the deposit slip.

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.

The Judge is not permitted to have access to cash or checks or access to and the combination for the safe 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). An appropriate person other than that which prepared a deposit slip must verify it (New Mexico Magistrate Court Administrative Procedures Manual 11.3 A).

EFFECT

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

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2009**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)

09-01 Segregation of Duties (Continued)

CAUSE

These Courts have a limited number of personnel; therefore, the same individual occasionally receipts cash, maintains the records and performs the reconciliations.

Limited personnel leads to permitting the Judge to occasionally receipt payments when clerks are not present at all. 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.

RECOMMENDATION

We suggest that the individual who receives the receipts not also maintain the records and perform the reconciliations. We also recommend that FACTS access levels be changed to prevent Judges from having access.

The ability to receive payments should exclude the judges. 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

Management agrees that a judge should not be receipting in FACTS, however, the judge can legitimately enter other information in FACTS such as judgment and sentences entered directly from the bench. The AOC is also in the process of revising the procedures manual and will address one judge, one-clerk courts where extraordinary circumstances may warrant a judge receipting in FACTS in the event that 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, 2009**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)

09-01 Segregation of Duties (Continued)

MANAGEMENT RESPONSE (Continued)

Skipped receipt numbers – Skipped receipt numbers are usually a result of cash bonds being posted as surety bonds or corrections to receipts requiring that the original receipt be voided and the new receipt be back-dated to the date of the actual transaction. A recommendation was made to court managers that in addition to the banking reports run to balance the daily deposit, a separate banking report be run to include all registers used in the court. When skipped receipt numbers are identified, court managers are to attach copies of supporting documentation to the daily receipt reports. The clerk requesting the void as well as a supervisor or court manager should sign all voided receipts. Recommendation was presented at the Magistrate Court Clerks Conference held in September 2009.

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 resolved.

Accesses to safe – Most courts have safes that require a key and combination to open the safe. A recommendation will be made that all court managers secure the key to the safe and restrict access so that the judges do have access to the key.

Deposit not verified by someone other than the person preparing the deposit – Fiscal services staff conducted a cash handling training at the Magistrate Court Clerks Conference held in September 2009. The requirement that a second individual verify deposits was revisited.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
EXIT CONFERENCE
Year Ended June 30, 2009**

We discussed the recommendations contained in this letter during the exit conference held December 3, 2009. 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 |
| Patrick Simpson | Deputy 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 Supervisor, 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 |
| Maria Carrillo | Staff |