



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

FINANCIAL STATEMENTS

JUNE 30, 2011

MOSS ADAMS_{LLP}

Certified Public Accountants | Business Consultants

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ADMINISTRATIVE OFFICE OF THE COURTS**

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ADMINISTRATIVE OFFICE OF THE COURTS**

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

Official Roster

June 30, 2011

ADMINISTRATIVE OFFICIALS

Name	Title
Honorable Charles W. Daniels	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

Report of Independent Auditors

Honorable Charles W. Daniels, 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, 2011, 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' non major 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, 2011, 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 purport to, and do not present fairly the financial position of the State of New Mexico as

Honorable Charles W. Daniels, Chairperson
New Mexico Supreme Court
and
Mr. Hector H. Balderas,
New Mexico State Auditor

of June 30, 2011, 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, 2011, 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, 2011, 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 a report dated December 13, 2011, on our consideration of the AOC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis (MD&A) on pages 5 to 13 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally 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 Charles W. Daniels, 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 Schedules listed in the table of contents as supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Also, the accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis required by US Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Not-for-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to each of the respective individual funds taken as a whole.

Mess Adams LLP

Albuquerque, New Mexico
December 13, 2011

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

MISSION STATEMENT

The mission of the Administrative Office of the Courts (AOC) is to provide access to justice; assist courts to 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.

The AOC exists to enable the courts of New Mexico to accomplish their mission through:

- Ensuring that the courts have adequate, equitably distributed resources;
- Ensuring that the courts have and use current technology;
- Providing a fair and equitable statewide human resources system;
- Developing and implementing improved court processes and supporting courts in their use;
- Collecting and providing information on and for the courts managing and accounting for the collection of revenue;
- Ensuring sound financial, budgeting and procurement practices in the management of court resources;
- Provide administrative support for the Magistrate Courts; and
- Maintain liaison with the legislative and executive branches of state government.

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.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

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.

Federal Grants Administration – The AOC administered 19 grants throughout FY2011 which include the following: (4) U.S. Department of Justice Awards of which one was a Congressionally Mandated Award for Drug Courts; U.S. Department of Transportation (2) pass-through from the State of New Mexico Department of Transportation for DWI Drug Court Expansion; U. S. Department of Health and Human Services, (5) State Court Improvement Program basic initiatives, (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; State Justice Institute, (2) Interpreter Resource Partnership; and (1) America Recovery and Reinvestment through the NM Department of Public Safety.

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, Security 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, 2011**

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.

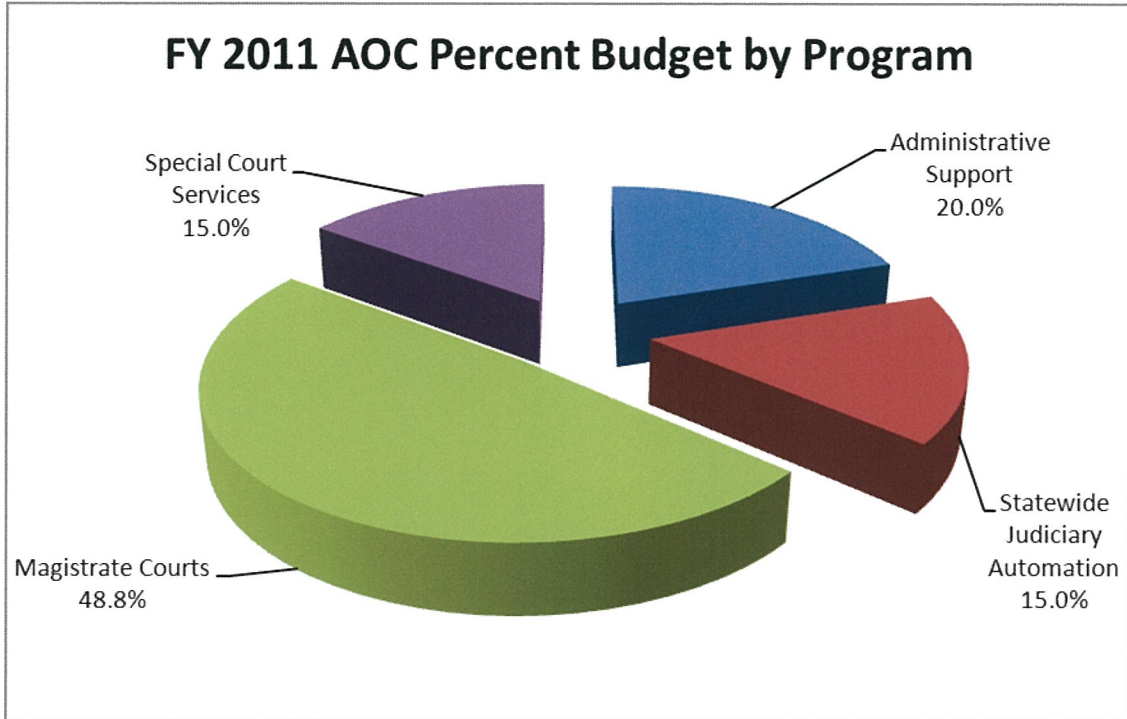
Court Appointed Attorney - Provide legal representation to clients, treatment guardians and to appoint special commissioners. These funds are paid to attorneys by the AOC on behalf of district courts statewide.

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.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2011**



HIGHLIGHTS

Financial Highlights:

- The General Fund Budget decrease for FY2011 was a total of 5.1%. This was attributed to continued statewide general fund revenue decline as a result of the national and state economic downturn.
- Pursuant to Laws of 2010 Special Session Chapter 6, Section 14(A) AOC's FY2011 General Fund appropriation was reduced by 3.2% because of revenue shortfalls for the State. The national financial market decline severely impacted State revenues. The AOC also sought and received funding of \$450,000 from the State's portion of American Recovery and Reinvestment Act (ARRA) Government Services Fund to avoid furloughs and layoffs within the AOC, Magistrate, Metropolitan and District courts statewide.
- Federal revenue to the AOC increased by 31.8% to \$1,710,965 in FY2011 as compared to \$1,298,617 in FY2010 mainly attributable to an increase in ARRA funding.
- Overall revenue decreased by 2.9% in FY2011 as compared to FY2010.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2011**

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.

**STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 June 30, 2011**

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

	<u>June 30,</u>	
	<u>2011</u>	<u>2010</u>
<u>Statement of Net Assets</u>		
<u>Government Activities</u>		
Current and other assets	\$ 13,043,525	12,500,832
Current liabilities	4,815,100	4,858,158
Net assets		
Unrestricted	<u>8,228,425</u>	7,642,674
Total net assets	<u>\$ 8,228,425</u>	<u>7,642,674</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 general fund appropriations and 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>2011</u>	<u>2010</u>
<u>General Revenues</u>		
State General Fund appropriations	\$ 39,639,200	41,750,800
Transfers from other agencies	1,755,932	1,352,667
Bond proceeds appropriations	1,578,311	433,333
Transfers from other governments	1,586,956	1,500,000
Reversions to the State General Fund	<u>(53,348)</u>	<u>(149,857)</u>
	<u>44,507,051</u>	<u>44,886,943</u>

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2011**

	<u>Government Activities</u>	
	<u>2011</u>	<u>2010</u>
<u>Program Revenues</u>		
Charges for services	\$ 13,129,540	11,258,113
Operating grants	<u>1,710,966</u>	<u>1,298,617</u>
	<u>14,840,506</u>	12,556,730
<u>Program Expenses</u>		
Judicial services	57,050,678	58,442,968
Operating grants	<u>1,711,129</u>	<u>1,296,986</u>
	<u>58,761,806</u>	59,739,954
Change in net assets	585,751	(2,296,281)
Net assets, beginning	<u>7,642,674</u>	9,938,955
Net assets, ending	<u>\$ 8,228,425</u>	<u>7,642,674</u>

The FY2011 final approved operating budget for the AOC was a 2.9% decrease over FY2010 adjusted. The decrease was primarily attributable to general fund reductions as part of the statewide solvency initiative by the Legislature and the Executive to control spending in order to meet declining state revenues.

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.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2011**

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 Warrant Enforcement fund which increased by \$402,584 because of a GAAP adjustment requirement by the Department of Finance and Administration to record revenue from the agency fund (576) to the operating fund (575) held on June 30, 2011. Another exception was moving the Water Rights Adjudication Fund into the Major Fund Category from the Non-Major for presentation purposes because of increases in fund balances of \$445,297. The jury and witness fee fund ended the year with an increase in fund balance due in part to a \$100,000 supplemental appropriation and a full fiscal year collection of the \$5.00 jury fee. In addition, the AOC failed to receive budget adjustment authority for the jury and witness fund and June expenditures were not paid until the AOC received authority to pay prior year expenditures beginning FY 2012. At the publishing of this report those prior year expenditures have totaled \$335,393. The statewide AOC automation bond fund had a net decrease in fund balance of \$ 1,218,896 due to increased expenditures of one-time data processing appropriations that ended on June 30, 2011. All of the fund balance at year-end is restricted pursuant to GASB 54 for the purpose of the particular fund and may be expended in future years. The AOC received \$200,000 through Special Appropriations laws of 2011, Chapter 179, Section 5, for the purpose of avoiding statewide furloughs for use through the fiscal period ended June 30, 2012 in the general fund (139).

The AOC does anticipate a decrease in its revenue in FY 2012. The further deterioration of the national economy is having a significant impact to State general revenue. AOC began FY 2011 with recurring General Fund revenue of \$40,658,200. This recurring revenue was decreased during FY 2011 by 3.2% (\$1,219,000). During the FY 2011 Legislative Session, which sets the operating budget for FY 2012, the AOC's recurring General Fund appropriations were reduced to \$38,252,700 a total decrease of \$1,186,500 (3.0%) from FY 2011 adjusted recurring General Fund appropriation.

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. To assist with implementation of the Judiciary Statewide Case Management System the Legislature and Governor passed an increase of \$10.00 to the civil case docket fees collected in Magistrate, Metropolitan and District Courts statewide. This fee increase generated \$833,266 in revenue for the Supreme Court Automation fee fund.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2011**

The State Legislature appropriated an adjusted \$39,639,200 of general funds to the AOC for FY2011 operating budget, which is a 5.1% decrease over the adjusted FY 2010 general fund appropriation. At the publishing of this report, the AOC's FY 2012 general fund budget was further reduced by 2.8% as a result of further deterioration of the national and state economy which is having a significant impact to State general revenues.

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, 2011**

	Governmental Activities
ASSETS	
Interest in State General Fund Investment Pool	\$ 10,839,693
Other Cash	5,876
Other Receivables	1,974
Due from Other Funds	1,065,746
Due from Other State Agencies	823,169
Due from Federal Government	307,067
Total assets	<u>13,043,525</u>
LIABILITIES	
Deficit Cash Balance	778,865
Vouchers Payable	1,566,951
Payroll Benefits Payable	134,214
Payroll Taxes Payable	71,436
Accrued Payroll	700,942
Due to Other Funds	136,857
Due to Other State Agencies	136,535
Due to State General Fund	55,650
Other Liabilities	20,314
Compensated Absences	1,213,336
Total liabilities	<u>4,815,100</u>
NET ASSETS	
Unrestricted	8,228,425
Total net assets	<u>\$ 8,228,425</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
STATEMENT OF ACTIVITIES
June 30, 2011

	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants	Revenue and Changes in Net Assets
				Governmental Activities
Governmental Activities				
General Operations	\$ 36,827,326	-	-	(36,827,326)
Jury and Witness Program	4,197,900	-	-	(4,197,900)
Court Appointed Attorney Program	4,524,167	-	-	(4,524,167)
Court Automation Fees	6,357,715	6,379,801	-	22,086
Bench Warrant Fees	2,589,697	3,774,180	-	1,184,483
Magistrate Court Operations	366,341	482,011	-	115,670
Magistrate Mediation Fees	32,008	102,772	-	70,764
Jury Demand Fees	2,114,372	2,327,533	-	213,161
E-Filing Services	-	15,210	-	15,210
Miscellaneous Reimbursements	41,151	48,033	-	6,882
Drug Courts	583,105	-	582,587	(518)
DOJ - VAWA	41,233	-	41,233	-
Court Improvement Program	399,687	-	399,687	-
Children's Mediation	167,138	-	167,493	355
ADR Assessment	39,538	-	39,538	-
Interpreter Resources Partnership	30,428	-	30,428	-
American Recovery and Reinvestment Act	450,000	-	450,000	-
Total governmental activities	58,761,806	13,129,540	1,710,966	(43,921,300)
General Revenues				
State General Fund Appropriations				\$ 39,639,200
Transfers from Other Agencies				1,755,932
Transfers - Bond Proceeds Appropriations				1,578,311
Transfer from Other Governments				1,586,956
Reversion to State General Fund				(53,348)
Total general revenues				44,507,051
Changes in net assets				585,751
Net assets, beginning				<u>7,642,674</u>
Net assets, ending				<u>\$ 8,228,425</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011**

	General 13900	JID Supreme Court Automation 01100	Jury and Witness Fees 01200	Court Appointed Attorney 12400
ASSETS				
Current Assets				
Interest in State General Fund Investment Pool	\$ 617,544	1,959,535	685,281	519,945
Other Cash	5,876	-	-	-
Receivables	-	-	-	-
Due from Other Funds	1,377	555,010	80	-
Due from Other State Agencies	-	-	-	-
Due from Federal Government	-	-	-	-
Total assets	\$ 624,797	2,514,545	685,361	519,945
LIABILITIES AND FUND BALANCES				
Current Liabilities				
Deficit Cash Balance	\$ -	-	-	-
Vouchers Payable	97,377	203,630	47,845	475,104
Payroll Benefits Payable	16,309	7,868	740	387
Payroll Taxes Payable	5,191	5,693	406	282
Accrued Payroll	75,805	60,209	3,947	2,152
Due to Other Funds	78,049	3,356	-	1,377
Due to Other State Agencies	135,116	-	-	-
Due to State General Fund	16,428	-	-	26,033
Stale Dated Wts. - Due To SGF	522	-	2,169	14,610
Receipts Held in Suspense	-	-	495	-
Total liabilities	424,797	280,756	55,602	519,945
FUND BALANCES				
Restricted	-	2,233,789	629,759	-
Committed	200,000	-	-	-
Total fund balances	200,000	2,233,789	629,759	-
Total liabilities and fund balances	\$ 624,797	2,514,545	685,361	519,945

See Notes to Financial Statements.

JJD Statewide Automated Bond 27300	Statewide Drug Court Technology 44300	Special Water Rights Adjudication 51200	Magistrate Court Warrant Enforcement 57500	Magistrate Court 69200	STB Capital Outlay 89200	Non-Major Governmental Funds	Total Governmental Funds
\$ 231,662	-	1,462,144	1,982,688	617,354	-	2,763,540	10,839,693
-	-	-	-	-	-	-	5,876
-	-	-	-	1,974	-	-	1,974
-	1,325	-	402,761	9,614	-	95,579	1,065,746
-	435,373	-	-	2,321	275,021	110,454	823,169
-	-	-	-	-	-	307,067	307,067
<u>\$ 231,662</u>	<u>\$ 436,698</u>	<u>1,462,144</u>	<u>2,385,449</u>	<u>631,263</u>	<u>275,021</u>	<u>3,276,640</u>	<u>13,043,525</u>
\$ -	346,106	-	-	-	152,328	280,431	778,865
202,169	89,266	24,686	8,955	44,487	122,693	250,739	1,566,951
-	-	512	13,548	81,953	-	12,897	134,214
-	-	204	4,947	47,327	-	7,386	71,436
-	-	2,697	55,380	433,095	-	67,657	700,942
29,446	-	-	7,636	16,913	-	80	136,857
-	-	-	-	-	-	1,419	136,535
47	1	-	-	6,300	-	6,841	55,650
-	1,325	-	5	1,188	-	-	19,819
-	-	-	-	-	-	-	495
<u>231,662</u>	<u>436,698</u>	<u>28,099</u>	<u>90,471</u>	<u>631,263</u>	<u>275,021</u>	<u>627,450</u>	<u>3,601,764</u>
-	-	1,434,045	2,294,978	-	-	2,649,190	9,241,761
-	-	-	-	-	-	-	200,000
-	-	<u>1,434,045</u>	<u>2,294,978</u>	-	-	<u>2,649,190</u>	<u>9,441,761</u>
<u>\$ 231,662</u>	<u>436,698</u>	<u>1,462,144</u>	<u>2,385,449</u>	<u>631,263</u>	<u>275,021</u>	<u>3,276,640</u>	<u>13,043,525</u>

**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, 2011**

Fund balances - total governmental funds	\$ 9,441,761
Amounts reported for governmental activities in the Statement of Net Assets are different because	
Compensated absences	<u>(1,213,336)</u>
Net Assets of Governmental Activities	<u><u>\$ 8,228,425</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, 2011**

	General 13900	JID Supreme Court Automation 01100	Jury and Witness Fees 01200	Court Appointed Attorney 12400	JID Statewide Automated Bond 27300
REVENUES					
Charges for services	\$ 6,882	5,395,481	2,327,533	-	-
Grants	-	-	-	-	-
Total revenues	6,882	5,395,481	2,327,533	-	-
EXPENDITURES					
Expenditures					
Personal services	2,217,779	1,504,904	107,826	64,455	-
Employee benefits	742,875	504,294	40,382	20,560	-
Contractual services	1,202,708	1,089,114	34,163	4,418,852	1,200,000
In-state travel	21,824	51,523	9,274	-	663
Maintenance and repairs	575	75,837	-	-	-
Supplies	21,926	560,782	2,855	14,202	17,884
Operating costs	104,650	1,002,356	2,190,537	552	-
Other costs	2,203	4,190	3,927,235	5,546	303
Capital outlay	-	862,957	-	-	-
Out-of-state travel	-	803	-	-	-
Total expenditures	4,314,540	5,656,760	6,312,272	4,524,167	1,218,850
Excess (deficiency) of revenues over expenditures	(4,307,658)	(261,279)	(3,984,739)	(4,524,167)	(1,218,850)
OTHER FINANCING SOURCES AND (USES)					
State General fund appropriations	5,673,400	-	4,197,900	4,550,200	-
Transfers from other agencies	1,000,000	-	-	-	-
Transfers - Bond proceeds appropriations	-	-	-	-	-
Transfers to other agencies	(2,149,327)	-	-	-	-
Transfer from other governments	-	-	-	-	-
Reversions	(16,415)	-	-	(26,033)	(47)
Total other financing sources and (uses)	4,507,658	-	4,197,900	4,524,167	(47)
Net change in fund balances	200,000	(261,279)	213,161	-	(1,218,897)
Fund balances, beginning	-	2,495,068	416,598	-	1,218,897
Fund balances, ending	\$ 200,000	2,233,789	629,759	-	-

See Notes to Financial Statements.

Statewide Judiciary Capital Outlay 44300	Special Water Rights Adjudication 51200	Magistrate Court Warrant Enforcement 57500	Magistrate Court 69200	STB Capital Outlay 89200	Non-Major Governmental Funds	Total Governmental Funds
\$ -	-	3,774,180	41,151	-	1,584,313	13,129,540
-	-	-	-	-	1,710,965	1,710,965
-	-	3,774,180	41,151	-	3,295,278	14,840,505
-	47,484	1,555,638	12,175,197	-	2,254,809	19,928,092
-	17,060	790,285	4,454,754	-	740,832	7,311,042
-	237,551	16,874	34,318	-	1,365,935	9,599,515
-	319	29,188	74,013	-	34,244	221,048
321,288	-	2,008	121,875	55,333	3,410	580,326
159,020	4,702	41,335	171,817	62,148	66,394	1,123,065
5,061	490	79,596	5,327,476	38,217	2,035,497	10,784,432
-	-	73,101	13,770	-	544,490	4,570,838
249,275	-	-	21,614	687,969	21,358	1,843,173
-	-	1,672	-	-	12,457	14,932
734,644	307,606	2,589,697	22,394,834	843,667	7,079,426	55,976,463
(734,644)	(307,606)	1,184,483	(22,353,683)	(843,667)	(3,784,148)	(41,135,958)
-	-	-	22,354,200	-	2,863,500	39,639,200
-	752,906	-	-	-	3,026	1,755,932
734,644	-	-	-	843,667	-	1,578,311
-	-	-	-	-	(305,000)	(2,454,327)
-	-	-	3,495	-	1,583,461	1,586,956
-	-	-	(4,012)	-	(6,841)	(53,348)
734,644	752,906	-	22,353,683	843,667	4,138,146	42,052,724
-	445,300	1,184,483	-	-	353,998	916,766
-	988,745	1,110,495	-	-	2,295,192	8,524,995
\$ -	1,434,045	2,294,978	-	-	2,649,190	9,441,761

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, 2011

Net change in fund balances - total governmental funds	\$ 916,766
<p>Amounts reported for governmental activities in the Statement of Activities are different because of</p>	
Change in compensated absences	70,090
Other	<u>(401,105)</u>
Change in net assets of governmental activities	<u><u>\$ 585,751</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
 General Fund (13900)
 Year Ended June 30, 2011

	General Fund (13900)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriations	\$ 5,473,400	5,673,400	5,673,400	-
Other financing sources	-	1,000,000	1,000,000	-
Cash rebudgeted	-	-	-	-
Reversion	-	-	(16,415)	(16,415)
Miscellaneous revenues	-	-	6,882	6,882
Total revenues	5,473,400	6,673,400	6,663,867	(9,533)
Expenditures - All Organizations				
Personal services	2,947,000	2,961,000	2,960,654	346
Contractual services	1,035,700	1,204,139	1,202,708	1,431
Other costs	172,000	158,000	151,178	6,822
Other financing uses	1,318,700	2,350,261	2,149,327	200,934
Total expenditures	5,473,400	6,673,400	6,463,867	209,533
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	-	200,000	200,000

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)
JID Supreme Court Automation Fund (01100)
Year Ended June 30, 2011

	JID Supreme Court Automation Fund (01100)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriations	\$ -	-	-	-
Reversions	-	-	-	-
Other financing sources	-	-	-	-
Miscellaneous revenues	5,178,000	5,641,950	5,395,481	(246,469)
Total revenues	<u>5,178,000</u>	<u>5,641,950</u>	<u>5,395,481</u>	<u>(246,469)</u>
Expenditures				
Personal services	1,791,400	2,016,400	2,009,198	7,202
Contractual services	1,662,100	1,473,100	1,089,114	383,986
Other costs	1,724,500	2,927,450	2,558,448	369,002
Other financing uses	-	-	-	-
Total expenditures	<u>5,178,000</u>	<u>6,416,950</u>	<u>5,656,760</u>	<u>760,190</u>
Excess of revenues and other financing sources over expenditures and other financing uses	-	(775,000)	<u>(261,279)</u>	<u>513,721</u>
Fund balance carryforward	-	775,000		
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)
Jury and Witness Fee Fund (01200)
Year Ended June 30, 2011

	Jury and Witness Fee Fund (01200)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriations	\$ 4,097,900	4,197,900	4,197,900	-
Other financing sources	50,000	50,000	-	(50,000)
Reversions	-	-	-	-
Miscellaneous revenues	1,325,000	2,167,000	2,327,533	160,533
Total revenues	<u>5,472,900</u>	<u>6,414,900</u>	<u>6,525,433</u>	<u>110,533</u>
Expenditures				
Personal services	73,600	153,600	148,207	5,393
Contractual services	56,000	72,300	34,164	38,136
Other costs	5,343,300	6,314,900	6,129,901	184,999
Other financing uses	-	-	-	-
Total expenditures	<u>5,472,900</u>	<u>6,540,800</u>	<u>6,312,272</u>	<u>228,528</u>
Excess of revenues and other financing sources over expenditures and other financing uses	-	(125,900)	<u>213,161</u>	<u>339,061</u>
Fund balance carryforward	-	125,900		
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)
Court Appointed Attorney (12400)
Year Ended June 30, 2011

	Court Appointed Attorney (12400)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriations	\$ 4,550,200	4,550,200	4,550,200	-
Reversions	-	-	(26,033)	(26,033)
Total Revenues	4,550,200	4,550,200	4,524,167	(26,033)
Expenditures				
Personal services	87,500	87,500	85,015	2,485
Contractual services	4,442,400	4,442,400	4,418,852	23,548
Other costs	20,300	20,300	20,300	-
Other financing uses	-	-	-	-
Total expenditures	4,550,200	4,550,200	4,524,167	26,033
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)
JID Statewide Automation (27300)
Year Ended June 30, 2011

	JID Statewide Automation (27300)			Variance Favorable (Unfavorable)
	Original Budget	Approved Revised Budget	Actual	
Revenues				
State General Fund appropriations	\$ -	-	-	-
Reversions	-	-	(47)	(47)
Fund balance	1,218,850	1,218,850	1,218,897	47
Total revenues	1,218,850	1,218,850	1,218,850	-
Expenditures				
Personal Services	-	-	-	-
Contractual services	1,200,000	1,200,000	1,200,000	-
Other Costs	18,850	18,850	18,850	-
Other financing uses	-	-	-	-
Total expenditures	1,218,850	1,218,850	1,218,850	-
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)
Water Rights Adjudications (51200)
Year Ended June 30, 2011

	Water Rights Adjudication Fund (51200)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Miscellaneous revenues	\$ -	-	-	-
Reversions	-	-	-	-
Other financing sources	440,000	440,000	752,906	312,906
Total revenues	440,000	440,000	752,906	312,906
Expenditures				
Personal Services	-	64,800	64,544	256
Contractual services	380,000	350,000	237,551	112,449
Other Costs	-	6,000	5,511	489
Other financing uses	60,000	60,000	-	60,000
Total expenditures	440,000	480,800	307,606	113,194
Excess of revenues and other financing sources over expenditures and other financing uses	-	(40,800)	<u>445,300</u>	<u>426,100</u>
Fund balance carryforward	-	40,800		
Total	\$ -	-		

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)
Magistrate Court Warrant Enforcement Fund (57500)
Year Ended June 30, 2011

Magistrate Court Warrant Enforcement Fund (57500)				
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Miscellaneous revenues	\$ 2,700,000	2,700,000	3,774,180	1,074,180
Reversions	-	-	-	-
Other financing sources	-	-	-	-
Total revenues	<u>2,700,000</u>	<u>2,700,000</u>	<u>3,774,180</u>	<u>1,074,180</u>
Expenditures				
Personal Services	2,418,700	2,418,700	2,345,923	72,777
Contractual services	28,000	28,000	16,874	11,126
Other Costs	253,300	253,300	226,900	26,400
Total expenditures	<u>2,700,000</u>	<u>2,700,000</u>	<u>2,589,697</u>	<u>110,303</u>
Excess of revenues and other financing sources over expenditures and other financing uses	-	-	<u>1,184,483</u>	<u>1,184,483</u>
Fund balance carryforward	-	-		
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)
Magistrate Court Fund (69200)
Year Ended June 30, 2011

	Magistrate Court Fund (69200)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Misc Revenue	\$ -	-	3,495	3,495
State General Fund appropriations	22,354,200	22,354,200	22,354,200	-
Other financing sources	-	-	-	-
Other Services	-	41,151	41,151	
Reversion	-	-	(4,012)	(4,012)
Total revenues	22,354,200	22,395,351	22,394,834	(517)
Expenditures				
Personal services	15,788,800	16,629,951	16,629,951	-
Contractual services	34,800	34,800	34,318	482
Other costs	6,530,600	5,730,600	5,730,565	35
Other financing uses	-	-	-	-
Total expenditures	22,354,200	22,395,351	22,394,834	517
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 ASSETS AND LIABILITIES - AGENCY FUND
 Year Ended June 30, 2011**

	Agency Fund
ASSETS	
Interest in State General Fund Investment Pool	\$ 4,300,062
Cash in commercial banks	<u>3,502,894</u>
Total assets	<u><u>\$ 7,802,956</u></u>
LIABILITIES	
Deposits held for others	\$ 3,217,449
Due to other agencies	<u>4,585,507</u>
Total liabilities	<u><u>\$ 7,802,956</u></u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

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.

Approve budgeting for the district courts.

Supervise and direct administrative support for the State's forty-nine 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, 2011**

**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 of the *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 receivables 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 is otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses by related program revenues, operating and contributions and capital grants and contributions. 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, 2011**

**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 to the approved 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, 2011

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.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

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

C. Basis of Presentation (Continued)

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.

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 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. 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.

Fund 44300 - Statewide Drug Court Technology - Initially created to standardize equipment and software statewide necessary to consistently track and report Drug Court client information. This fund is used to record multi-year judiciary capital outlay appropriations through fiscal year 2011. 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, 2011**

**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 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 89200 – Severance Tax Bond Capital Outlay – This fund was created to record multi-year judiciary capital outlay appropriations beginning July 1, 2010. This fund will replace fund 44300 for recording STB capital appropriations. All balances remaining in this fund at the end of the designated fiscal year reverts to the STB Fund. This fund does not meet the criteria for a major fund; however, management has determined to present this fund with the major funds.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

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

C. Basis of Presentation (Continued)

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

Fund 10790 - Electronic Services Fund - Created under Laws of 2009, Chapter 112, subject to appropriation by the legislature for defraying the costs of operating and maintaining electronic filing services and providing public access to electronic documents in appellate, district, metropolitan and magistrate courts, consistent with rules promulgated by the supreme court. The fund consists of electronic services fees, appropriations, gifts, grants and donations. Any balance remaining in this fund at the end of the fiscal year does not revert to the State General Fund. This fund did not have an approved budget.

Fund 11120 - Magistrate Court Operations - Created under Laws of 2010, Chapter 7, Section 1, subject to appropriation by the legislature for the operations of magistrate courts. The fund consists of magistrate courts operations fees collected pursuant to Section 66-8-116.3 NMSA 1978 and any appropriations, gifts, grants and donations. Money in the fund shall be used 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.

Fund 11600 - Magistrate Drug Court - To account for the Magistrate Drug Court expenditures and revenues received as a result of fees collected from participants in the program and fees transferred to the AOC pursuant to NMSA Section 3-18-17. 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.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

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

C. Basis of Presentation (Continued)

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.

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 – Judicial Performance Evaluation Fund - Created under Laws of 2008, Chapter 36, for the operation and costs of the judicial performance evaluation commission to perform the duties required by the supreme court to evaluate appellate, district and metropolitan court judges. The fund consists of appropriations, gifts, grants, donations and bequests. Any balances remaining in this fund at the end of the fiscal year shall not revert to the State General Fund.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

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

C. Basis of Presentation (Continued)

Fund 89000 – ARRA Fund - Created to account for funds received from the American Recovery and Re-investment Act. 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.

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 \$1,000,000, in fiscal year 2009, for assistive listening devices (\$200,000) and security related equipment for Magistrate Courts statewide (\$800,000). In addition, the AOC received \$1,000,000 in Fiscal Year 2011, for purchasing and installing security equipment, including related infrastructure, at courts statewide. The AOC is not obligated in any manner for the related indebtedness. These proceeds are available for use through fiscal year 2012 and 2014, respectively, at which time any unexpended balance shall revert to the severance tax bonding fund. At June 30, 2011, unexpended budget balances of \$185,680 and \$156,333 remained, respectively.

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, 2011

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	\$ <u>20.00</u>	Fund 53200-Court Facilities
Civil docket fees	\$ 25.00	Fund 12200-Judges Retirement Fund
	12.00	Fund 53200-Court Facilities Fund
	20.00	Fund 07800-Court Automation Fund
	15.00	Fund 60000-Civil Legal Service Fund
	<u>5.00</u>	Fund 30400-Magistrate Court Mediation Fund
	\$ <u>77.00</u>	
Jury fees	\$ 15.00	Fund 53200-Court Facilities Fund
	<u>10.00</u>	Fund 12200-Judges Retirement Fund
	\$ <u>25.00</u>	
Bench warrant fee	\$ <u>100.00</u>	Fund 57600-Magistrate Enforcement Fund
Interest income	Various	Fund 79400-Magistrate Penalty Assessment Fund

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

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

C. Basis of Presentation (Continued)

Fines and Fees Fund (Continued)

Description	Amount	Beneficiary
Fines and forfeitures	Various	Fund 71700-State Public School Fund
Copying fees – each	<u>\$ 0.50</u>	Fund 53200-Court Facilities Fund
Copying fees – electronic	<u>\$ 1.00</u>	Fund 07800-Court Automation Fund
Lab tests fees in cases involving DWI:		
DWI lab fee	\$ 85.00	Fund 68700-Crime Laboratory Fund
Substance abuse lab fee	75.00	Fund 68700-Crime Laboratory Fund
DWI prevention fee	<u>75.00</u>	Fund 68700-Crime Laboratory Fund
	<u>\$ 235.00</u>	
Fees relating drug courts:		
Drug Court Fee	<u>\$ 50.00</u>	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
Jury and Witness fee	5.00	Fund 01200-Jury and witness Fee Fund
Magistrate Court Operations fee	5.00	Fund 11120-Mag Court Operations Fee Fund (collected in contested cases only)
Judicial education fee	3.00	Fund 57700-Judicial Education Fee Fund
Juvenile Adjudication fee	1.00	Fund 11210-Juvenile Adjudication Fee Fund (collected in contested cases only)
Domestic Violence Treatment fee	<u>5.00</u>	Fund 51500-Domestic Violence Offender Treatment
	<u>\$ 67.00</u>	

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

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

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.

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.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

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

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.
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.

**STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2011**

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

E. Budgets and Budgetary Accounting (Continued)

The budget is adopted on a modified accrual basis of accounting (General Appropriations Act, Laws of 2010, Chapter 6, Section 3, Subsection M) except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline (Section 6-10-4 NMSA 1978) that must be paid out of the next year's budget. A reconciliation of budgetary basis 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 2011 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

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, 2011, over 600 hours. Expenditures for accumulated sick pay for hours under 600 hours will be recognized as employees take such absences.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

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

F. Compensated Absences (Continued)

The leave accruals for compensated absences is calculated at employee pay rates in effect on June 30, 2011, 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.

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.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

H. 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 \$0 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.

I. Fund Balances

Government Accounting Standards Board (GASB) Statement No. 54 clarifies the existing governmental fund type definitions and provides clearer fund balance classifications are based primarily upon the extent to which a government is bound to follow constraints on resources in governmental funds and includes the terms: non-spendable, restricted, committed, assigned, and unassigned. GASB Statement No. 54 was implemented in the current fiscal year as follows.

In the governmental fund financial statements, fund balance is reported in five classifications.

Non-spendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted - This classification includes amounts that are restricted to a specific purpose. Fund balances are restricted when constraints placed on the use of resources are either: (a) Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; (b) Enabling legislation, as the term is used authorizes the Commission to assess, levy, charge or otherwise mandate payment of resources and includes a *legally enforceable* requirement that those resources be used only for the specific purposes stipulated in the legislation.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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

I. Fund Balances (Continued)

Committed - This classification includes amounts that can only be used for specific purposes to constraints imposed by formal action of the Commission's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Commission removes or changes the specific use by taking the same type of action (for example resolution, ordinance) it employed to previously commit those amounts.

Assigned - This classification includes amounts that are constrained by the Commission's *intent* to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance.

Unassigned - This classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

J. Use of Estimates

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

K. Capital Assets

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

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

**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.

Investment in State General Fund Investment Pool	\$ 14,366,766
Commercial Bank Balance	3,878,298
Magistrate Change Fund Balance	5,876
Reconciling items	<u>(362,416)</u>
Financial statement balance	<u>\$ 17,882,647</u>

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 3. REVERSIONS

The amounts reverted to the State General Fund and reversion balances due at June 30, 2011 are detailed as follows:

	Reversion Amount	Due at June 30, 2011
Court Appointed Attorney (12400) Reversion - Budget year 2011	\$ 26,033	<u>26,033</u>
General Fund (13900) Reversion - Budget year 2011	9,533	9,533
Other	<u>6,882</u>	<u>6,895</u>
	<u>16,415</u>	<u>16,428</u>
Magistrate Drug Court (11600) Reversion - Budget year 2011	<u>-</u>	<u>-</u>
Jury and Witness Fees (01200) Reversion - Budget year 2011	<u>-</u>	<u>-</u>
Judges Pro-Temp Fund (13600) Reversion - Budget year 2011	<u>6,841</u>	<u>6,841</u>
Statewide Drug Court Technology (44300) Reversion - Budget year 2011	<u>1</u>	<u>1</u>
Statewide Data Processing (27300) Reversion - Budget year 2011	<u>47</u>	<u>47</u>
Magistrate Courts (69200) Budget year 2011	<u>4,012</u>	<u>6,300</u>
Total reversions	<u>\$ 53,348</u>	<u>55,650</u>

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 4. COMPENSATED ABSENCES

During the year ended June 30, 2011, the following changes occurred in the compensated absence liabilities:

	Balance July 1, 2010	Increase	Decrease	Balance June 30, 2011
Compensated absences	<u>\$ 1,283,426</u>	1,309,574	(1,379,664)	<u>1,213,336</u>

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

NOTE 5. OPERATING LEASES

At June 30, 2011, 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, 2011 amounted to \$6,683,017 for buildings and \$295,800 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
2012	\$ 7,156,599	326,147
2013	5,881,918	291,841
2014	5,284,166	283,902
2015	4,906,826	74,536
2016	4,469,452	48,491
2017-2020	17,788,182	-
2021-2025	<u>10,608,212</u>	<u>-</u>
	<u>\$ 56,095,355</u>	<u>1,024,917</u>

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 6. PERA PENSION PLAN

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

Funding Policy. Plan members are required to contribute 8.92% of their gross salary. The AOC is required to contribute 15.09% of the gross covered salary. The contribution requirements of plan members and the AOC are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The AOC's contributions to PERA for the fiscal years ending June 30, 2011, 2010 and 2009 were \$2,139,115, \$2,253,548, and \$2,493,103, respectively, which equal the amount of the required contributions for each fiscal year.

Plan Description. Substantially all of the Magistrate Judges of the AOC are eligible to participate in a defined benefit contributory retirement plan through the Magistrate Retirement Act (Chapter 10, Article 12C, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy. Plan members are required to contribute 9.0% of their gross salary. The AOC is required to contribute 9.5% of the gross covered salary. In addition, the AOC remits \$25.00 from each civil case docket fee paid in Magistrate Court and \$10.00 from each civil jury fee paid in Magistrate Court to PERA for accumulation in the Magistrate retirement fund. The contribution requirements of plan members and the AOC are established in State statute under Chapter 10, Article 12C, NMSA 1978. The requirements may be amended by acts of the legislature. The AOC's contributions to PERA for the fiscal years ending June 30, 2011, 2010 and 2009 were \$385,323, \$359,351, and \$410,534, respectively, which equal the amount of the required contributions for each fiscal year.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 7. POST-EMPLOYMENT BENEFITS

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

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 1.666% of each participating employee's annual salary; each participating employee was required to contribute .833% of their salary.

**STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2011**

NOTE 7. POST-EMPLOYMENT BENEFITS (CONTINUED)

In the fiscal years ending June 30, 2012 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY12	1.834%	.917%
FY13	2.000%	1.000%

Also, employers joining the program after January 1, 1998 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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

The Administrative Office of the Court's contributions to the RHCA for the years ended June 30, 2011, 2010 and 2009 were \$298,562, \$241,588 and \$242,564, respectively, which equal the required contributions for each year.

NOTE 8. SUPPLEMENTAL AND SPECIFIC APPROPRIATIONS

During the year, the AOC received data processing and capital outlay appropriations as described below:

Judicial Wide Data Processing Appropriations Laws of 2010, Chapter 6, Section 7, item 1: The AOC was appropriated \$895,000 for expenditures in fiscal years 2010, 2011 and 2012 to provide judicial case management system support to all courts. The appropriation is from the Supreme Court automation fund. 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, 2011 balances of \$759,025 remained.

Judicial Wide Data Processing Appropriations Laws of 2010, Chapter 6, Section 7, item 2: The period of time for expending the \$2,000,000 appropriated from the general fund contained in Subsection 2 of Section 7 of Chapter 3 of Laws 2008 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 was extended through fiscal year 2011. Balance remaining at June 30, 2011 was \$1.00, which will be reverted to the Computer Systems Enhancement Fund.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 8. SUPPLEMENTAL AND SPECIFIC APPROPRIATIONS (CONTINUED)

Judicial Wide Capital Outlay Appropriations laws of 2009, Chapter 125, Section 3: The AOC was appropriated \$1,000,000 for the purpose of: 1. \$200,000 for assistive listening devices statewide; and 2. \$800,000 to furnish and equip magistrate facilities statewide. At the end of June 30, 2011, \$ 185,680 remained unexpended.

Judicial Wide Capital Outlay Appropriations laws of 2010, Chapter 4, Section 3: The AOC received \$1,000,000 for purchasing and installing security equipment, including related infrastructure, at courts statewide. As of June 30, 2011, \$156,333 remained unexpended.

Special Appropriations laws of 2011, Chapter 179, Section 5: The AOC received \$200,000 for the purpose of avoiding statewide furloughs for use through the fiscal period ended June 30, 2012. As of June 30, 2011, \$200,000 remained unexpended.

NOTE 9. RISK MANAGEMENT

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

NOTE 10. INTERAGENCY TRANSFERS

Transfers to district courts from the Administrative Office of the Courts for the year ended June 30, 2011 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	\$ 1,150,261
General Fund	13900	Various Courts	Various Funds	<u>999,066</u>
				2,149,327
ARRA Funds	89000	Various Courts	Various Funds	<u>305,000</u>
		Total transfers to District Courts		<u>\$ 2,454,327</u>

There were no transfers to other state agencies from the Administrative Office of the Court's for FY 2011.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 10. INTERAGENCY TRANSFERS (CONTINUED)

Transfers from other agencies for the year ended June 30, 2011 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>
Water Rights Adjudication	51200	State Engineer- Capital Projects	55000-21400	\$ 752,906
General Fund	13900	Dept. Finance and Admin. (DFA)	34100-56000	1,000,000
Magistrate Drug Courts	11600	Admin. Office of the Court (AOC)	21800-13900	<u>3,026</u>
Total transfers from other agencies				<u>\$ 1,755,932</u>

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 10. INTERAGENCY TRANSFERS (CONTINUED)

Appropriations from the State of New Mexico General Fund for the year ended June 30, 2011 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	\$ 120,300
General Fund	13900	DFA- Appropriations	34100-85300	5,673,400
Jury and Witness	01200	DFA- Appropriations	34100-85300	4,197,900
Court Appointed Attorney	12400	DFA- Appropriations	34100-85300	4,550,200
Magistrate Court	69200	DFA- Appropriations	34100-85300	22,354,200
Judges Pro-temp	13600	DFA- Appropriations	34100-85300	40,000
Judicial Perf Eval	58300	DFA- Appropriations	34100-85300	188,700
Judicial Information Division	68900	DFA- Appropriations	34100-85300	<u>2,514,500</u>
Total State General Fund Appropriations				<u>\$ 39,639,200</u>

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 11. DUE FROM/TO OTHER FUNDS

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

<u>From</u>	<u>To</u>	
13900 AOC General Fund	01100 Supreme Court Auto	\$ 1,188
	12600 Muni Court Auto	20
	44300 Stwide Drug Court Tech	1,325
	49500 AOC Grants	10
	57500 Warrant Enforce Fund	177
	69200 Magistrate Courts	<u>1,188</u>
		<u>3,908</u>
07800 Court Auto. (agency)	01100 Supreme Court Auto	524,376
27300 Court Auto. Bond fund	01100 Supreme Court Auto	29,446
11210 Juv. adjudication	01200 Jury and Witness	80
70400 Muni Court Auto (agency)	12600 Muni Court Automation	75,280
01100 Supreme Court Automation	00689 JID General Fund	3,356
12400 Court Appt. Attorney	13900 General Fund	1,377
66400 Severance Tax Bonds	44300 Statewide Drug Court Technology	435,373
66400 Severance Tax Bonds	89200 STB Capital Outlay	275,021
69200 Mag Courts	49600 Mag and Metro Capital	16,913
Federal Agencies	49500 Federal Grant Fund	307,067
State Agencies	49500 Federal Grant Fund	110,453
57600 Warr Enforce (agency)	57500 Warrant Enforce Fund	402,584
57500 Warrant Enforce Fund	69200 Magistrate Courts	7,645
Xerox (vendor)	69200 Magistrate Courts	781
General Services Division	69200 Magistrate Courts	2,321
Dept of Finance and Admin	10790 Electronic Services Fund	<u>1</u>
		<u>\$ 2,195,982</u>

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 11. DUE FROM/TO OTHER FUNDS (CONTINUED)

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

<u>To</u>	<u>From</u>	
53300 WEF Suspense	13900 AOC General Fund	\$ 1,966
68700 Crime Lab Fees		71,926
00000 LETF to various courts		135,116
01100 Supreme Court Auto		1,188
12600 Muni Court Auto		19
44300 Stwide Drug Court Tech		1,325
49500 AOC Grants		10
57500 Warrant Enforce Fund		177
69200 Magistrate Courts		1,188
82200 Magistrate Suspense		<u>250</u>
		<u>213,165</u>
00689 JID General Fund	01100 Supreme Court Automation	3,356
13900 General Fund	12400 Court Appointed Atty	1,377
01100 Supreme Court Auto	27300 Court Auto. Bond fund	29,446
49600 Mag & Metro Capital	69200 Magistrate General	16,913
01200 Jury and Witness	11210 Juv. adjudication	80
13 th Judicial District Court	49500 AOC Grants	1,419
69200 Magistrate General	57500 Mag Warrant Enforce	<u>7,636</u>
		<u>\$ 273,392</u>

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2011

NOTE 12. GOVERNMENTAL FUND BALANCES - RESTRICTED AND COMMITTED

The Court's fund balances represent: (1) Restricted Purposes which include balances that are legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; (2) Committed Purposes, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches. A summary of the nature and purpose of these reserves by fund type at June 30, 2011, follows:

<u>Fund/Program</u>	<u>Laws</u>	<u>Committed Purposes</u>	<u>Restricted Purposes</u>
General Fund:			
13900 AOC General Fund	Administratively Created	\$ 200,000	-
Capital Improvements Projects:			
49600 Magistrate and Metropolitan Court Capital Fund	NMSA 34-9-13 1978	-	731,962
Special Revenue:			
01100 Court Automation Fund	NMSA 34-9-10 1978	-	2,233,789
11600 Magistrate Drug Court Fund	NMSA 34-9-14.1 1978	-	416,972
12600 Municipal Court Automation Fund	NMSA 34-9-12 1978	-	583,667
30400 Magistrate Court Mediation Fund	NMSA 35-6-8 1978	-	457,024
51200 Water Project Fund	NMSA 72-4A-9 1978	-	1,434,045
57500 Magistrate Court Warrant Enforcement Fund	NMSA 35-6-5 1978	-	2,294,978
58300 Judicial Performance Evaluation Fund	NMSA 34-9-18 1978	-	308,185
01200 Jury and Witness Fee Fund	NMSA 34-9-11 1978	-	629,759
11120 Magistrate Court Operations	NMSA 35-1-1 1978	-	115,779
49500 Grant		-	20,391
10790 E-Filing Services Fund	NMSA 34-1-11 1978	-	15,210
		-	8,509,799
Total Fund Balance		\$ 200,000	9,241,761

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 (44300)
 Year Ended June 30, 2011

Severance Tax Bond Appropriation

	Original Budget	Approved Revised Budget	Actual	Favorable (Unfavorable)
Revenues				
Severance Tax Bond Appropriations	\$ 1,000,000	1,000,000	734,644	(265,356)
Total revenues	<u>1,000,000</u>	<u>1,000,000</u>	<u>734,644</u>	<u>(265,356)</u>
Expenditures				
Personal services	-	-	-	-
Contractual services	-	-	-	-
Other costs	1,000,000	1,000,000	734,644	265,356
Other financing uses	-	-	-	-
Total expenditures	<u>1,000,000</u>	<u>1,000,000</u>	<u>734,644</u>	<u>265,356</u>
Excess of revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 COMBINING BALANCE SHEET
 ALL NON-MAJOR FUNDS
 June 30, 2011

	E-Filing Services Fund 10790	Magistrate Drug Court 11600	Magistrate Court Operations 11120	Municipal Court Automation 12600	Judges Pro-Temp 13600
ASSETS					
Interest in State General Fund Investment Pool	\$ 15,209	437,699	126,279	594,941	27,946
Due from other funds	-	-	-	75,300	-
Due from other state agencies	1	-	-	-	-
Due from Federal Government	-	-	-	-	-
Total assets	\$ 15,210	437,699	126,279	670,241	27,946
LIABILITIES					
Deficit cash balance	\$ -	-	-	-	-
Vouchers payable	-	18,082	10,420	85,129	21,105
Payroll Benefits Payable	-	317	-	-	-
Payroll Taxes Payable	-	384	-	-	-
Accrued Payroll	-	1,944	-	1,445	-
Due to other funds	-	-	80	-	-
Due to other state agencies	-	-	-	-	-
Due to State General Fund	-	-	-	-	6,841
Total liabilities	-	20,727	10,500	86,574	27,946
FUND BALANCE					
Fund balances					
Restricted	15,210	416,972	115,779	583,667	-
Total fund balance	15,210	416,972	115,779	583,667	-
Total liabilities and fund balance	\$ 15,210	437,699	126,279	670,241	27,946

See Notes to Financial Statements.

Magistrate Court Mediation 30400	Grant 49500	ARRA Furlough 89000	Magistrate Security and Facilities 49600	Judicial Performance Evaluation 58300	Judicial Information Division 68900	Total
\$ 463,631	-	-	719,064	310,988	67,783	2,763,540
	10	-	16,913		3,356	95,579
-	110,453	-	-	-	-	110,454
-	307,067	-	-	-	-	307,067
463,631	\$ 417,530	-	735,977	310,988	71,139	3,276,640
-	280,431	-	-	-	-	280,431
6,607	103,750	-	4,015	1,631	-	250,739
-	1,658	-	-	158	10,764	12,897
-	782	-	-	196	6,024	7,386
-	9,099	-	-	818	54,351	67,657
-	-	-	-	-	-	80
-	1,419	-	-	-	-	1,419
-	-	-	-	-	-	6,841
6,607	397,139	-	4,015	2,803	71,139	627,450
457,024	20,391	-	731,962	308,185	-	2,649,190
457,024	20,391	-	731,962	308,185	-	2,649,190
\$ 463,631	417,530	-	735,977	310,988	71,139	3,276,640

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, 2011

	E-Filing Services Fund 10790	Magistrate Drug Court 11600	Magistrate Court Operations 11120	Municipal Court Automation 12600	Judges Pro-Temp 13600
Revenues					
Charges for services	\$ 15,210	-	482,011	984,320	-
Grants	-	-	-	-	-
Total revenues	15,210	-	482,011	984,320	-
Expenditures					
Current					
Personal services	-	78,518	-	106,785	-
Employee benefits	-	24,150	-	43,516	-
Contractual services	-	36,953	24,860	-	33,159
In-state travel	-	9,172	3,444	5,869	-
Maintenance and repairs	-	-	440	-	-
Supplies	-	1,795	16,637	692	-
Operating costs	-	7,930	320,921	1,528	-
Other costs	-	-	39	541,533	-
Capital outlay	-	7,638	-	-	-
Out-of-state travel	-	-	-	1,032	-
Total expenditures	-	166,156	366,341	700,955	33,159
(Deficiency) excess of revenues over expenditures	15,210	(166,156)	115,670	283,365	(33,159)
Other Financing Sources (Uses)					
State General Fund appropriation	-	120,300	-	-	40,000
Transfers from other agencies	-	3,026	-	-	-
Transfers to other agencies	-	-	-	-	-
Transfer from other governments	-	83,461	-	-	-
Reversions	-	-	-	-	(6,841)
Net other financing sources (uses)	-	206,787	-	-	33,159
Net changes in fund balances	15,210	40,631	115,670	283,365	-
Fund balance at beginning of year	-	376,341	109	300,302	-
Fund balance at end of year	\$ 15,210	416,972	115,779	583,667	-

See Notes to Financial Statements.

Magistrate Court Mediation 30400	Grant 49500	ARRA Furlough 89000	Magistrate Security and Facilities 49600	Judicial Performance Evaluation 58300	Judicial Information Division 68900	Total
\$ 102,772	-	-	-	-	-	1,584,313
-	1,260,965	450,000	-	-	-	1,710,965
102,772	1,260,965	450,000	-	-	-	3,295,278
-	194,018	116,554	-	21,569	1,737,365	2,254,809
-	77,430	28,446	-	7,255	560,035	740,832
32,008	924,514	-	144,439	170,002	-	1,365,935
-	4,925	-	3,115	7,719	-	34,244
-	-	-	2,970	-	-	3,410
-	14,303	-	32,873	94	-	66,394
-	31,595	-	1,456,165	258	217,100	2,035,497
-	2,918	-	-	-	-	544,490
-	-	-	13,720	-	-	21,358
-	11,425	-	-	-	-	12,457
32,008	1,261,128	145,000	1,653,282	206,897	2,514,500	7,079,426
70,764	(163)	305,000	(1,653,282)	(206,897)	(2,514,500)	(3,784,148)
-	-	-	-	188,700	2,514,500	2,863,500
-	-	-	-	-	-	3,026
-	-	(305,000)	-	-	-	(305,000)
-	-	-	1,500,000	-	-	1,583,461
-	-	-	-	-	-	(6,841)
-	-	(305,000)	1,500,000	188,700	2,514,500	4,138,146
70,764	(163)	-	(153,282)	(18,197)	-	353,998
386,260	20,554	-	885,244	326,382	-	2,295,192
\$ 457,024	20,391	-	731,962	308,185	-	2,649,190

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, 2011

	Magistrate Drug Court Fund (11600)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriations	120,300	120,300	120,300	-
Other financing sources	18,597	18,597	3,026	(15,571)
Miscellaneous revenues	-	-	83,461	83,461
Reversions	\$ -	-	-	-
Total Revenue	138,897	138,897	206,787	67,890
Expenditures				
Personal Services	83,000	152,000	102,668	49,332
Contract Services	38,297	63,297	36,953	26,344
Other Costs	17,600	27,600	26,535	1,065
Total expenditures	138,897	242,897	166,156	76,741
Excess of revenues and other financing sources over expenditures and other financing uses	-	(104,000)	40,631	144,631
Fund balance carryforward	-	104,000		
Total	\$ -	-		

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)
 Municipal Court Automation (12600)
 Year Ended June 30, 2011

	Municipal Court Automation (12600)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Other financing sources	\$ -	-	-	-
Miscellaneous revenues	996,000	996,000	984,320	(11,680)
Reversions	-	-	-	-
Total Revenue	996,000	996,000	984,320	(11,680)
Expenditures				
Personal Services	195,000	195,000	150,301	44,699
Other Costs	801,000	801,000	550,654	250,346
Total expenditures	996,000	996,000	700,955	295,045
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	-	283,365	283,365

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)
 Judges Pro-Temp (13600)
 Year Ended June 30, 2011

	Judges Pro-Temp (13600)			Variance Favorable (Unfavorable)
	Original Budget	Approved Revised Budget	Actual	
Revenues				
State General Fund appropriations	\$ 40,000	40,000	40,000	-
Other financing sources	-	-	-	-
Reversions to State General Fund	-	-	(6,841)	(6,841)
Total Revenue	40,000	40,000	33,159	(6,841)
Expenditures				
Personal services	-	-	-	-
Contractual services	40,000	40,000	33,159	6,841
Other costs	-	-	-	-
Total expenditures	40,000	40,000	33,159	6,841
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)
 STB Capital Outlay (89200)
 Year Ended June 30, 2011

	STB Capital Outlay (89200)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Misc Revenue	\$ -	-	-	-
Severance Tax Bond Appropriations	-	1,000,000	843,667	156,333
Other financing sources	-	-	-	-
Other Services	-	-	-	-
Reversion	-	-	-	-
Total revenues	-	1,000,000	843,667	156,333
Expenditures				
Personal services	-	-	-	-
Contractual services	-	-	-	-
Other costs	-	1,000,000	843,667	156,333
Other financing uses	-	-	-	-
Total expenditures	-	1,000,000	843,667	156,333
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)
 Magistrate Court Mediation Fund (30400)
 Year Ended June 30, 2011

Magistrate Court Mediation (30400)				
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Misc Revenue	\$ 105,000	105,000	102,772	(2,228)
Other financing sources	-	-	-	-
Reversions	-	-	-	-
Total revenues	105,000	105,000	102,772	(2,228)
Expenditures				
Personal services	-	-	-	-
Contractual services	175,000	175,000	32,008	142,992
Other costs	40,000	40,000	-	40,000
Other financing uses	-	-	-	-
Total expenditures	215,000	215,000	32,008	182,992
Excess of revenues and other financing sources over expenditures and other financing uses	(110,000)	(110,000)	<u>70,764</u>	<u>180,764</u>
Fund balance carryforward	110,000	110,000		
	<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)
 Magistrate Security and Facilities (49600)
 Year Ended June 30, 2011

Magistrate Security and Facilities (49600)				
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
General Fund Appropriation	-	-	-	-
Miscellaneous revenues	\$ 800,000	1,000,000	1,500,000	500,000
Reversions	-	-	-	-
Other financing sources	-	-	-	-
Total revenues	<u>800,000</u>	<u>1,000,000</u>	<u>1,500,000</u>	<u>500,000</u>
Expenditures				
Personal Services	-	-	-	-
Contractual services	200,000	148,000	144,439	3,561
Other Costs	1,300,000	1,552,000	1,508,843	43,157
Other Financing Uses	-	-	-	-
Total expenditures	<u>1,500,000</u>	<u>1,700,000</u>	<u>1,653,282</u>	<u>46,718</u>
Excess of revenues and other financing sources over expenditures and other financing uses	(700,000)	(700,000)	<u>(153,282)</u>	<u>546,718</u>
Fund balance carryforward	<u>700,000</u>	<u>700,000</u>		
	<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)
 Judicial Information Division Fund (68900)
 Year Ended June 30, 2011

	Judicial Information Division Fund (68900)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriations	\$ 2,514,500	2,514,500	2,514,500	-
Other financing sources	-	-	-	-
Reversions to State General Fund	-	-	-	-
Total Revenues	2,514,500	2,514,500	2,514,500	-
Expenditures				
Personal services	2,297,400	2,297,400	2,297,400	-
Contractual services	-	-	-	-
Other Costs	217,100	217,100	217,100	-
Total expenditures	2,514,500	2,514,500	2,514,500	-
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)
 Judicial Performance Evaluation Fund (58300)
 Year Ended June 30, 2011

	Judicial Performance Evaluation Fund (58300)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriations	\$ 188,700	188,700	188,700	-
Other financing sources	-	-	-	-
Reversions to State General Fund	-	-	-	-
Misc Revenue	-	-	-	-
Total Revenue	<u>188,700</u>	<u>188,700</u>	<u>188,700</u>	<u>-</u>
Expenditures				
Personal services	25,200	29,200	28,824	376
Contractual services	245,400	241,400	170,002	71,398
Other costs	18,100	18,100	8,071	10,029
Total expenditures	<u>288,700</u>	<u>288,700</u>	<u>206,897</u>	<u>81,803</u>
Excess of revenues and other financing sources over expenditures and other financing uses	(100,000)	(100,000)	<u>(18,197)</u>	<u>81,803</u>
Fund balance carryforward	<u>100,000</u>	<u>100,000</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)
 Grant Fund (49500)
 Year Ended June 30, 2011

	Grant Fund (49500)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Federal Grants	\$ 966,300	2,213,900	856,533	(1,357,367)
Intra-State Wts-Fed Grants	570,000	570,000	404,422	(165,578)
Miscellaneous Revenue	-	-	10	10
Total revenues	1,536,300	2,783,900	1,260,965	(1,522,935)
Expenditures				
Personal Services	228,200	408,800	271,448	137,352
Contractual services	903,300	1,836,300	924,514	911,786
Other Costs	404,800	538,800	65,166	473,634
Other financing uses	-	-	-	-
Total Expenditures	1,536,300	2,783,900	1,261,128	1,522,772
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	-	(163)	(163)

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)
 ARRA Fund (89000)
 Year Ended June 30, 2011

	ARRA Fund (89000)			Variance Favorable (Unfavorable)
	Original Budget	Approved Revised Budget	Actual	
Revenues				
Federal Grants	\$ -	-	-	-
Intra-State Wts-Fed Grants	450,000	450,000	450,000	-
Total revenues	450,000	450,000	450,000	-
Expenditures				
Personal Services	145,000	145,000	145,000	-
Contractual services	-	-	-	-
Other Costs	-	-	-	-
Other financing uses	305,000	305,000	305,000	-
Total Expenditures	450,000	450,000	450,000	-
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)
 Magistrate Court Operations (11120)
 Year Ended June 30, 2011

	Magistrate Court Operations (11120)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Other financing sources	\$ 631,120	631,120	482,011	(149,109)
Total revenues	631,120	631,120	482,011	(149,109)
Expenditures				
Personal Services	-	-	-	-
Contractual services	30,000	30,000	24,860	5,140
Other Costs	601,120	601,120	341,481	259,639
Other financing uses	-	-	-	-
Total Expenditures	631,120	631,120	366,341	264,779
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	-	115,670	115,670

See Notes to Financial Statements.

SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
June 30, 2011

<u>Total All Agency Funds</u>	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
ASSETS				
Interest in State General Fund Investment Pool	\$ 4,153,378	14,266,040	(14,119,356)	4,300,062
Cash in commercial banks	3,793,286	21,161,487	(21,451,879)	3,502,894
Total assets	\$ 7,946,664	35,427,527	(35,571,235)	7,802,956
LIABILITIES				
Due to other state agencies	\$ 4,434,378	14,230,383	(14,079,254)	4,585,507
Due to litigants	2,480,660	9,143,492	(9,375,893)	2,248,259
Due to				
Brain Injury Fee Fund (481)	37,720	432,052	(434,804)	34,968
Civil Legal Service Fund (600)	29,960	308,255	(312,490)	25,725
Correction Fee Fund (688)	168,542	1,949,346	(1,961,301)	156,587
Court Automation Fund (078)	129,055	1,423,047	(1,435,619)	116,483
Court Facilities Fund (532)	194,115	2,211,657	(2,226,545)	179,227
Crime Laboratory Fund (687)	61,689	755,201	(753,039)	63,851
Judges Retirement Fund (122)	49,950	511,175	(518,250)	42,875
Juvenile Adjudication (11210)	190	4,885	(3,488)	1,587
Judicial Education Fee Fund (577)	24,038	289,145	(290,133)	23,050
Magistrate Enforcement Fund (576)	272,050	3,424,836	(3,431,875)	265,011
Magistrate Penalty Assessment Fund (794)	317	3,224	(3,324)	217
Domestic Violence Offender Fund (515)	41,333	480,248	(482,905)	38,676
Traffic Safety Fund (252)	22,667	260,581	(262,315)	20,933
Total liabilities	\$ 7,946,664	35,427,527	(35,571,235)	7,802,956

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS-DETAILED
June 30, 2011

<u>Litigant Fund</u>	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
ASSETS				
Interest in State General Fund Investment Pool	\$ 211,739	35,657	(100,044)	147,352
Cash in commercial banks	2,275,575	9,107,835	(9,275,849)	2,107,561
Total assets	\$ 2,487,314	9,143,492	(9,375,893)	2,254,913

LIABILITIES				
Due to litigants	\$ 2,487,314	9,143,492	(9,375,893)	2,254,913

Fines and Fees Fund

ASSETS				
Interest in State General Fund Investment Pool	\$ 3,941,639	14,230,383	(14,019,312)	4,152,710
Cash in commercial banks	1,524,365	12,053,652	(12,176,030)	1,401,987
Total assets	\$ 5,466,004	26,284,035	(26,195,342)	5,554,697

LIABILITIES				
Due to other state agencies	\$ 4,434,378	14,230,383	(14,079,254)	4,585,507
Due to				
Brain Injury Fee Fund (481)	37,720	432,052	(434,804)	34,968
Civil Legal Service Fund (600)	29,960	308,255	(312,490)	25,725
Correction Fee Fund (688)	168,542	1,949,346	(1,961,301)	156,587
Court Automation Fund (078)	129,055	1,423,047	(1,435,619)	116,483
Court Facilities Fund (532)	194,115	2,211,657	(2,226,545)	179,227
Crime Laboratory Fund (687)	61,689	755,201	(753,039)	63,851
Judges Retirement Fund (122)	49,950	511,175	(518,250)	42,875
Juvenile Adjudication (11210)	190	4,885	(3,488)	1,587
Judicial Education Fee Fund (577)	24,038	289,145	(290,133)	23,050
Magistrate Enforcement Fund (576)	272,050	3,424,836	(3,431,875)	265,011
Magistrate Penalty Assessment Fund (794)	317	3,224	(3,324)	217
Domestic Violence Offender Fund (515)	41,333	480,248	(482,905)	38,676
Traffic Safety Fund (252)	22,667	260,581	(262,315)	20,933
Total liabilities	\$ 5,466,004	26,284,035	(26,195,342)	5,554,697

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF CASH ACCOUNTS
June 30, 2011**

	Fund	Balance June 30, 2011
Cash on Deposit - State Treasurer		
General Fund		
Administrative Office of the Courts	139	\$ <u>617,544</u>
Special Revenue Funds		
JID Supreme Court Automation	011	1,959,535
Jury & Witness Fees	012	685,281
Magistrate Drug Court Fund	116	437,699
E-Filing Services Fund	10790	15,209
Magistrate Court Operations	11120	126,279
Court Appointed Attorney	124	519,945
JID Municipal Court Automation	126	594,941
Judges Pro-Temp	136	27,946
JID Statewide Automated Bond	273	231,662
Grant Fund	495	(280,431)
ARRA Fund	890	-
Magistrate Court Mediation Fund	304	463,631
Statewide drug court	443	(346,106)
Magistrate Security & Facilities Fund	496	719,064
Water Adjudication Fund	512	1,462,144
Magistrate Court Warrant Enforcement	575	1,982,688
Judicial Performance Evaluation	583	310,988
JID Judicial Information Division	689	67,783
Magistrate Courts	692	617,354
STB Capital Outlay	892	(152,328)
Total Special Revenue Funds		<u>9,443,284</u>
Fiduciary Funds		
Brain Injury Fee Fund	481	49,115
Civil Legal Service Fund	600	184,417
Correction Fees Fund	688	1,823,221
Court Automation Fund	078	524,376
Court Facilities Fund	532	625,072
Crime Laboratory Fees Fund	687	254,381
Judicial Education Fee Fund	577	39,772
Magistrate - Penalty Assessment Fund	794	325
Magistrate Court Warrant Enforcement Fund	576	402,584
Suspense Fund	533	6,469
Magistrate Retirement Fund	122	50,286
Juvenile Adjudication	11210	1,235
Magistrate Suspense Fund	822	147,352
Municipal Court Automation Fund	704	75,280
Domestic Violence Treatment Fund	515	68,627
Traffic Safety Fund	252	47,550
Total Fiduciary Funds		<u>4,300,062</u>
Total cash on deposit - State Treasurer		<u>14,360,890</u>
Total cash per books	78	<u>\$ 14,360,890</u>

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 SCHEDULE OF CASH ACCOUNTS (CONTINUED)
 June 30, 2011

Magistrate Court	Bank	Court Location	Bank Balance June 30, 2011
Catron I	First State	Reserve	\$ 4,383
Catron Circuit	First State	Quemado	1,779
Chaves I, II	Valley Bank of Commerce	Roswell	345,075
Cibola I, II	Wells Fargo	Grants	35,099
Colfax I	International State	Raton	34,892
Colfax II	International State	Springer	17,283
Colfax Circuit - CLOSED	International State	Cimarron	-
Curry I, II	New Mexico Bank & Trust	Clovis	151,553
DeBaca I	Citizens Bank of Clovis	Ft. Sumner	10,069
Dona Ana I, II, III	Wells Fargo	Las Cruces	354,550
Dona Ana Circuit	Wells Fargo	Anthony	62,232
Dona Ana Hatch	Wells Fargo	Hatch	1,739
Eddy I, II	Western Commerce	Carlsbad	62,989
Eddy III	First National	Artesia	59,771
Grant I	Wells Fargo	Silver City	30,945
Grant II	Bank of America	Bayard	9,027
Guadalupe I	Wells Fargo	Santa Rosa	36,479
Guadalupe Circuit - CLOSED	Wells Fargo	Vaughn	-
Harding I	Wells Fargo	Roy	2,112
Hidalgo I	Western	Lordsburg	46,440
Lea I	Lea County State	Lovington	40,572
Lea II	Lea County State	Hobbs	338,848
Lea III	Wells Fargo	Eunice	490
Lea IV -CLOSED	Western Commerce	Tatum	-
Lea Circuit	Wells Fargo	Jal	12,286
Lincoln I	Wells Fargo	Carrizozo	41,642
Lincoln II	First National	Ruidoso	59,120
Los Alamos I	Los Alamos National	Los Alamos	9,638
Luna I	Wells Fargo	Deming	56,124
McKinley I, II	Wells Fargo	Gallup	160,825
McKinley III - CLOSED	Wells Fargo	Thoreau	-
			<hr/>
			1,985,962
			<hr/>

Reconciling Items	Book Balance June 30, 2011	Deposits In Transit	Outstanding Checks	Book Bal Variance	Bond Bal
(262)	4,121	238	500	-	1,994
(231)	1,548	-	231	-	100
(1,512)	343,563	1,168	2,680	(4)	286,309
(2,606)	32,493	1,648	4,254	1	14,650
210	35,102	391	181	-	17,029
572	17,855	680	108	-	12,325
-	-	-	-	-	-
(3,628)	147,925	6,049	9,677	(976)	96,282
213	10,282	221	8	-	6,000
(5,057)	349,493	8,768	13,825	-	160,060
1,098	63,330	2,825	1,727	-	10,707
(60)	1,679	-	60	-	567
1,014	64,003	1,129	115	-	23,843
2,121	61,892	2,149	28	-	31,647
547	31,492	1,049	502	-	8,502
(6)	9,021	-	6	-	1,875
(261)	36,218	-	261	-	20,197
-	-	-	-	-	-
-	2,112	-	-	-	1,000
(2,792)	43,648	-	2,792	-	19,800
(1,019)	39,553	-	1,019	(1)	17,891
(9,555)	329,293	-	9,555	-	295,831
-	490	-	-	-	100
-	-	-	-	-	-
(6,000)	6,286	-	6,000	-	5,950
236	41,878	573	337	-	20,694
(811)	58,309	-	811	-	31,570
(5)	9,633	-	5	-	5,517
676	56,800	1,516	840	-	15,577
(2,442)	158,383	3,491	5,933	-	93,633
-	-	-	-	-	-
(29,560)	1,956,402	31,895	61,455	(980)	1,199,650

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 SCHEDULE OF CASH ACCOUNTS (CONTINUED)
 June 30, 2011

Magistrate Court	Bank	Court Location	Bank Balance June 30, 2011
Mora I	Bank of Las Vegas	Mora	\$ 7,666
Otero I, II	First National	Alamogordo	153,658
Quay I	Wells Fargo	Tucumcari	113,029
Rio Arriba I, II	Bank of America	Espanola	78,661
Rio Arriba Circuit	Community Bank	Chama	27,372
Roosevelt I	Portales National	Portales	90,117
San Juan I	Wells Fargo	Aztec	138,302
San Juan II, III	Bank of the Southwest	Farmington	97,594
San Miguel I, II	Bank of Las Vegas	Las Vegas	103,120
Sandoval I	Wells Fargo	Bernalillo	156,411
Sandoval II	Wells Fargo	Cuba	39,833
Santa Fe I, II, III	Wells Fargo	Santa Fe	471,381
Santa Fe Circuit	Wells Fargo	Pojoaque	1,971
Sierra I	Bank of the Southwest	T or C	85,038
Socorro I	Wells Fargo	Socorro	33,088
Taos I, II	Centinel	Taos	95,743
Taos Circuit	Centinel	Questa	1,765
Torrance I, II	Wells Fargo	Moriarity	32,950
Torrance Circuit	Wells Fargo	Estancia	32,551
Union I	Farmers/Stockmens	Clayton	11,272
Valencia I	Ranchers Banks	Los Lunas	85,361
Valencia II	Ranchers Banks	Belen	35,455
			<u>1,892,338</u>
	Total bank and book balance		<u>\$ 3,878,300</u>
	Total - change funds		<u>\$ 5,876</u>
	Total - cash in banks		3,878,300
	Total - deposits in transit		68,857
	Total outstanding checks		(431,272)
	Total cash per books		<u>\$ 3,515,885</u>
	Cash on deposit with State Treasurer for governmental funds per books		\$ 10,066,704
	Cash on Deposit with the State Treasurer for agency funds		4,300,062
	Cash on deposit with banks per books		<u>3,515,885</u>
	Total cash per books		<u>\$ 17,882,651</u>

Reconciling Items	Book Balance June 30, 2011	Deposits In Transit	Outstanding Checks	Book Bal Variance	Bond Bal
(481)	7,185	-	481	-	2,000
(71,550)	82,108	2,546	74,096	-	20,523
(4,246)	108,783	1,358	5,604	-	81,890
(257)	78,404	2,884	3,141	-	59,322
(8,706)	18,666	-	8,706	-	14,030
(8,846)	81,271	4,801	13,647	-	59,069
4,287	142,589	4,958	671	-	33,614
1,148	98,742	2,305	1,157	(6)	39,800
3,363	106,483	4,476	1,113	-	71,264
(8,692)	147,719	663	9,355	-	105,614
271	40,104	271	-	-	23,058
(135,270)	336,111	11,376	146,646	-	231,967
(172)	1,799	-	172	-	1,566
(26,808)	58,230	-	26,808	-	35,078
(1,299)	31,789	-	1,299	-	9,700
(43,553)	52,190	-	43,553	-	32,479
(405)	1,360	-	405	-	100
(2,401)	30,549	1,100	3,501	(58)	24,500
140	32,691	160	20	18	15,350
15	11,287	64	49	-	5,998
(28,905)	56,456	-	28,905	-	30,715
(488)	34,967	-	488	-	10,275
(332,855)	1,559,483	36,962	369,817	(46)	907,912
(362,415)	3,515,885	68,857	431,272	(1,026)	2,107,562

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF CASH ACCOUNTS (CONTINUED)
Year Ended June 30, 2011**

Magistrate Court-Change Funds	Court Location	Balance June 30, 2011
Catron I	Reserve	\$ 65
Catron Circuit	Quemado	65
Chaves I, II	Roswell	200
Cibola I, II	Grants	65
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	130
Dona Ana Circuit	Anthony	65
Dona Ana Hatch	Hatch	-
Eddy I, II	Carlsbad	200
Eddy III	Artesia	100
Grant I	Silver City	150
Grant II	Bayard	65
Guadalupe I	Santa Rosa	150
Guadalupe Circuit	Vaughn	65
Harding I	Roy	65
Hidalgo I	Lordsburg	150
Lea I	Lovington	150
Lea II	Hobbs	265
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/>
		2,745
		<hr/>

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF CASH ACCOUNTS (CONTINUED)
Year Ended June 30, 2011**

Magistrate Court-Change Funds	Court Location	Balance June 30, 2011
Luna I	Deming	\$ -
McKinley I, II	Gallup	300
McKinley III	Thoreau	-
Mora I	Mora	65
Otero I, II	Alamogordo	100
Quay I	Tucumcari	65
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	Pojoaque	65
Sierra I	T of C	100
Socorro I	Socorro	100
Taos I, II	Taos	100
Taos Circuit	Questa	100
Torrance I	Moriarty	250
Torrance Circuit	Estancia	65
Union I	Clayton	100
Valencia I	Los Lunas	130
Valencia II	Belen	200
		<hr/>
		3,131
		<hr/>
Total		\$ 5,876
		<hr/> <hr/>

SINGLE AUDIT INFORMATION

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2011

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 - Congressional Award for NM Drug Court Programs (5085)	16.580		93,388
BJA - Congressionally Selected Award for NM Drug Court Programs (5093)	16.753		169,149
BJA - Drug Court Discretionary Grant Program (5095)	16.585		<u>124,344</u>
			386,881
U.S. Department of Justice / Office of Violence Against Women			
Pass-through Program From:			
State of New Mexico Crime Victims Reparation Commission (5092)	16.588	2009-WF-AX-0003/2011-WF-501	<u>41,233</u>
Subtotal U.S. Department of Justice			<u>41,233</u>
Total U.S. Department of Justice			<u>428,114</u>
U.S. Department of Transportation			
Pass-through Program From:			
State of New Mexico Department of Transportation			
AOC DWI/Drug Court Expansion (5080)	20.600	10-AL-10-P27	45,672
AOC DWI/Drug Court Expansion (5094)	20.600	11-AL-10-P27	<u>150,552</u>
Subtotal State of New Mexico Department of Transportation			196,224
Total State of New Mexico Department of Transportation			<u>196,224</u>
U.S. Department of Health and Human Service			
State Court Improvement Program - Basic (5074)	93.586		68
Court Improvement Data Sharing Program (5075)	93.586		8,025
State Court Improvement - Basic Program (5081)	93.586		59,098
State Court Improvement - Data Program (5082)	93.586		46,619
State Court Improvement - Training Program (5083)	93.586		65,511
State Court Improvement - Basic Program (5086)	93.586		89,418
State Court Improvement - Training Program (5087)	93.586		59,340
State Court Improvement - Basic Program (5088)	93.586		66,011
State Court Improvement - Basic Program Supplemental (5090)	93.586		<u>5,597</u>
Subtotal U.S. Department of Health and Human Services			399,687
Pass-through Program From:			
State of New Mexico Department of Children, Youth & Families			
Mediation Services (5091)	93.556	09-690-7745	<u>167,138</u>
Subtotal State of New Mexico Department of Children, Youth and Families			167,138
Total U.S. Department of Health and Human Services			<u>566,825</u>
State Justice Institute			
New Mexico Justice System Interpreter Resources Partnership Phase II(5084)	NA	SJI-09-N-157	30,428
New Mexico ADR Assessment (5089)	NA	SJI-10-T-004	<u>39,538</u>
Subtotal State Justice Institute			69,966
Total State Justice Institute			<u>69,966</u>
Pass-through Program From			
State of New Mexico Department of Finance and Administration			
ARRA State Fiscal Stabilization Government Services Fund	84.397A	GSF-AOC-01FurPrev	<u>450,000</u>
Total Expenditures of Federal Awards			<u>\$ 1,711,129</u>

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2011**

NOTE A. SIGNIFICANT ACCOUNTING POLICIES

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

State Justice Institute Grants. The State Justice Institute is not a federal government agency; therefore, no CFDA number has been issued.

**Report of Independent Auditors 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 Charles W. Daniels, 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, 2011, and have issued our report thereon dated December 13, 2011. 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, 2011, 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

Management of the AOC is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the 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 the AOC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the AOC's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that

Honorable Charles W. Daniels, Chief Justice
New Mexico Supreme Court
and
Mr. Hector H. Balderas,
New Mexico State Auditor

there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

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

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 no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

We noted additional matters that are required to be reported under Government Auditing Standards, January 2008 Revision paragraphs 5.14 and 5.16 and Section 12-6-5, NMSA 1978 that are described in the accompanying schedule of findings and questioned costs as items: 08-06, 09-01, 10-01, 10-02, 10-03, and 11-01.

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.

Honorable Charles W. Daniels, Chief Justice
New Mexico Supreme Court
and
Mr. Hector H. Balderas,
New Mexico State Auditor

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.

Mess Adams LLP

Albuquerque, New Mexico
December 13, 2011

**Report of Independent Auditors on Compliance with
Requirements That Could Have a Direct
and Material Effect on Each Major Program and Internal Control
Over Compliance in Accordance With OMB Circular A-133**

Honorable Charles W. Daniels, Chairperson
New Mexico Supreme Court
and
Mr. Hector H. Balderas,
New Mexico State Auditor

Compliance

We have audited the State of New Mexico, Administrative Office of the Courts (AOC) compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of AOC's major federal programs for the year ended June 30, 2011. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Honorable Charles W. Daniels, Chairperson
New Mexico Supreme Court
and
Mr. Hector H. Balderas,
New Mexico State Auditor

Internal Control Over Compliance

Management of the AOC is responsible for establishing and maintaining effective internal control over compliance with the 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 the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 the AOC's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 Charles W. Daniels, 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.

Mess Adams LLP

Albuquerque, New Mexico
December 13, 2011

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2011**

08-06 Abstract not forwarded to DMV timely
Current Status: Revised and Repeated

09-01 Lack of Proper Segregation of Duties
Current Status: Revised and Repeated

10-01 Case File Management
Current Status: Revised and Repeated

10-02 Bond Outstanding Over Six Months and Other Bond Issues
Current Status: Revised and Repeated

10-03 Mail and Cash Handling
Current Status: Revised and Repeated

**STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2011**

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? _____ Yes X None Reported

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

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(s) identified? _____ 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 Programs:

CFDA Number	Name of Federal Program or Cluster
93.586	State Court Improvement Program
84.397A	State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act

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, 2011**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT - None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS - None.

D. OTHER MATTERS

08-06 Traffic Violation - Abstract not forwarded to DMV On-Time (Repeated)

CONDITION

Of the eleven Magistrate Courts visited, we noted that two case files contained abstracts that had not been forwarded to the DMV in a timely manner.

CRITERIA

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

EFFECT

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

CAUSE

Although the direct cause is unknown, we expect that the reason for the late submission of the abstracts to the DMV lack of supervisory monitoring.

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

The Magistrate Court have revisited and made court staff aware that the abstracts must be filled out immediately upon sentencing and mailed to DMV within 10 days, in accordance to the procedures outlined in the NM Magistrate Court Procedures for the Judges and Clerks.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2011**

D. OTHER MATTERS (CONTINUED)

09-01 Cash Receipts - Segregation of Duties (Repeated)

CONDITION

Of the thirteen Magistrate Courts visited, we noted five Courts with outstanding checks that were over six months old. We noted in one court, the clerk who prepared and verified the deposit was the same clerk. We noted in one court there is no review of the deposit reconciliation prior to taking it to the bank. We noted at one court the Judge has access to the safe and combination. We also noted at five of the Courts, the mail log is not filled out correctly which includes missing signatures of receipted payments or the same clerk will receipt and post the mail. Lastly, we noted in two courts, that the use of a date stamp is not implemented consistently.

CRITERIA

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 11.13.G.2.b).

The incoming mail function should be separated from the cash receipting function. (New Mexico Magistrate Court Administrative Procedures Manual 11.3.B.1)

Controls should be in place to segregate duties to minimize the possibility of loss, errors, or theft. Without a minimum of two full time clerks working in the court each day, it is not possible to segregate all financial responsibility. For these Courts, procedures as identified in the New Mexico Magistrate Court Administrative Procedures Manual 11.4 should be utilized for the verification of the daily deposit.

All mail should be opened, date stamped, and filed daily. All faxes shall be date stamped and filed daily. (New Mexico Magistrate Court Administrative Procedures Manual 3.1)

EFFECT

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, 2011**

D. OTHER MATTERS (CONTINUED)

09-01 Cash Receipts - Segregation of Duties (Repeated) (Continued)

CAUSE

These Courts have a limited number of personnel; therefore, the same individual occasionally receipts cash, maintains the records and performs the reconciliations. 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. Lastly, it appears the court was lacking a date stamp to be utilized.

RECOMMENDATION

We recommend 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.

We suggest that the individual who receives the receipts not also maintain the records and perform the reconciliations. For those Courts, where the duties cannot be segregated due to a lack of personnel, we recommend that a relationship between this court and another in the same situation be forged such that they each perform verification of the payments received in the mail

MANAGEMENT RESPONSE

Stale Dated Checks - Court Managers have revisited the Stale Dated Refund Checks procedures with their court staff. Courts will review their Outstanding Checks Reports on a monthly basis to ensure that all checks over six-month old have been submitted to the suspense fund per required procedures. In at least one instance, it appears that the check noted was not a valid outstanding check. The court (Bayard Magistrate) changed banks, and the check for the outstanding balance was submitted to the suspense fund through the new bank account. The discrepancy was due to the change in bank accounts.

Verification of Deposits - The Court Manager has revisited the procedure for verification of deposits with court staff. Deposits will be prepared by one clerk and verified by a second clerk, in accordance to procedures outlined in the NM Magistrate Court Procedures Manual for Judges and Clerks.

Deposit Reconciliation Procedures - The Court Manager has revisited the procedure for review of the deposit reconciliation prior to taking it to the bank with court staff, in accordance to the NM Magistrate Court Procedures for Judges and Clerks.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2011**

D. OTHER MATTERS (CONTINUED)

09-01 Cash Receipts - Segregation of Duties (Repeated) (Continued)

MANAGEMENTS RESPONSE (CONTINUED)

Judge Access to Safe – The judge has returned the information for the combination to the court manager. The court manager has made a request that the combination to the safe be changed. If unable to do so, the court will attempt to trade safes with another court. This was an isolated incident and courts across the state are working on ensuring that judges do not have access to safe combinations.

Mail Log – In at least one instance, the error was identified as a training issue. The Court Managers have revisited the procedure for opening mail, recording in mail log and receipting payments into FACTS/Odyssey. Court clerks have been made aware that the mail must be opened and payments logged in the mail log by one clerk and receipted in FACTS/Odyssey by a second clerk, in accordance to the procedures outlined in the NM Magistrate Procedures for Judges and Clerks. In several instances, the finding above was for courts that have two clerks, which may lead to the same clerk opening, logging and receipting mail in order to ensure that money received is deposited timely. Court staff will make every effort to ensure that segregation of duties are implemented as required, and in the event that one clerk is out, the clerk will follow the procedures outlined in the procedures manual for one clerk courts to ensure compliance with cash handling procedures.

Date Stamping - The Court Managers have revisited the procedure for date stamping of documents placed in the case files. The court clerks have been made aware of the importance of date stamping all documents and will follow proper procedures as outlined in NM Magistrate Court Procedures for Judges and Clerks.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2011**

D. OTHER MATTERS (CONTINUED)

10-01 Case File Management (Repeated)

CONDITION

Of the eleven Magistrate Courts visited, we noted at one Court, Agreement to Pay forms were not utilized or properly documented. We also noted at one of the Courts visited information in the file did not agree with information entered into FACTS system.

CRITERIA

The case file should always reflect the current status of the case as it progresses through the judicial process in both the paper file and the FACTS system. The court should have a process to manage the case files to ensure proper safekeeping of the paper files.

EFFECT

Cases could be improperly files as closed when open or improperly filed as open when closed. There is an increase of error or fraud and potential loss of information when case file management processes are not followed or implemented.

CAUSE

The Courts have a limited number of personnel; therefore it is difficult to maintain up to date documentation in the files and to ensure proper case file management.

RECOMMENDATION

We recommend the chief clerk periodically review files to ensure all documentation in the files is captures in FACTs and vice versa. We also recommend the Court implement a process to ensure the safekeeping of all case files.

MANAGEMENT RESPONSE

Agreements to Pay - Court Managers revisited procedures for the issuance of Agreements to Pay with court staff. Court staff will review documents before placing in case file to ensure all required signatures are reflected on the Agreements to Pay forms. There was one case at the Carrizozo Magistrate Court, M-30-TR-201000329, that contained an unsigned Agreement to Pay. The defendant paid in full on the date of sentencing, and therefore the agreement to pay was not signed nor required.

Docketing of Information in FACTS/Odyssey - Court Managers revisited procedures for docketing all documents/events in FACTS/Odyssey with court staff, in accordance to procedures outlined in DATA Standards.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2011**

D. OTHER MATTERS (CONTINUED)

10-02 Bond Outstanding Over Six Months and Other Bond Issues (Repeated)

CONDITION

Of the eleven Magistrate Courts visited, we noted at two Courts that three selected files with bonds outstanding that bonds were not properly refunded or forfeited per the six month rule. We also noted in one case file the bond was not refunded for the proper amount.

CRITERIA

Courts shall review all Outstanding Cash Bond Reports monthly to ensure that appropriate action is taken on the related case. Outstanding Bonds shall be refunded, converted, forfeited or sent to the Administrative Office of the Courts suspense fund. All bonds over six months shall be reviewed for disposition. (New Mexico Magistrate Court Administrative Procedures Manual 11.13.G.2.a) Further, action to remove bonds from the cash bond record should be timely. Generally, bonds should be removed from the cash bond record within six months. (New Mexico Magistrate Court Administrative Procedures Manual 11.6.B.1)

EFFECT

The bonds over six months have met the criteria to be forfeited or refunded. Follow-up by the clerk could result in additional revenue to the State. Also, the longer a bond is held, the more difficult and time consuming it becomes for clerks to trace the proper disposition of the bond. The court may not know to whom to refund a bond if the receipt documentation is incomplete and potentially refund the bond to the wrong party or convert a bond to pay fines and fees when the party providing the bond did not permit this treatment.

CAUSE

Although the direct cause is unknown, we expect that the reason for noncompliance is due to lack of monitoring of the outstanding bond listing.

RECOMMENDATION

We recommend the Administrative Office of the Courts continue to emphasize the need for magistrate clerks to follow-up on the detail bond listing, and continue to give written explanations of bonds which are outstanding in excess of six months. We also recommend the Administrative Office of the Courts emphasize their policy regarding bond receipts.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2011**

D. OTHER MATTERS (CONTINUED)

**10-02 Bond Outstanding Over Six Months and Other Bond Issues (Repeated)
(Continued)**

MANAGEMENT RESPONSE

The Court Managers have revisited the procedure for timely refund of bonds with court staff, as outlined in the NM Magistrate Court Procedures Manual for Judges and Clerks. The court staff will begin to thoroughly review files ready to be closed for any outstanding bonds. The Court Managers will begin to run their Outstanding Cash Bond Reports bi-weekly

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2011**

D. OTHER MATTERS (CONTINUED)

10-03 Cash Handling (Repeated)

CONDITION

Of the eleven Magistrate Courts visited, we noted at one court that payments received and logged two days prior to our field site visit had not been deposited. Additionally through our remittance testwork we noted deposits prepared in two of the courts had not been deposited in the bank within 24 hours.

CRITERIA

Checks and money orders received through the mail should be processed on the day they are received. Any exceptions are to be brought to the attention of a supervisor, placed in a locked area and processed on the next business day. (New Mexico Magistrate Court Administrative Procedures Manual 12.a).

Courts shall deposit all monies within 24 hours. Monies should not be left in the court overnight. (New Mexico Magistrate Court Administrative Procedures Manual 11.2.A)

EFFECT

There is increased risk of theft, error or fraud.

CAUSE

Although the direct cause is unknown, we expect that the reason for noncompliance is due to lack of monitoring by supervisors.

RECOMMENDATION

We recommend supervisors monitor and implement all procedures as outlined in the New Mexico Magistrate Court Administrative Procedures Manual to minimize the risk of theft, error or fraud.

MANAGEMENT RESPONSE

Payments logged, not receipted – The court manager and financial specialist in this court are aware of the requirement to deposit payments received within 24 hours of receipt. The court manager is working the financial specialist to redefine the financial specialist's responsibilities and task schedule to ensure that all money received is deposited timely.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011**

D. OTHER MATTERS (CONTINUED)

11-01 Cash Management

CONDITION

During our test work of internal controls, it was noted that the Court is submitting draw requests quarterly to the federal government.

CRITERIA

Good internal control procedures should include processes to submit draw down requests timely.

EFFECT

Cash management for the State is enhanced with more frequent draws.

CAUSE

The Courts practice is to submit draw requests quarterly as more frequent draws would require additional resources that are currently not available.

RECOMMENDATION

The Court should consider developing a process that will ensure draw down requests are submitted monthly.

MANAGEMENT RESPONSE

The AOC does not believe that it is subject to the CMIA Agreement for the following reasons listed:

- The total Statewide Federal Fund Appropriation contained in Laws of 2010, Chapter 179, Section 4, is \$5.919 billion and the total appropriation for the AOC, including Federal Flow-through funds is \$1.586 million. This represents a total percentage of AOC Federal Fund appropriation of 0.027%. Furthermore within the AOC's appropriation, this represents a 2.847% which is below a 5% and 3% threshold of materiality. The AOC believes that this amount is immaterial to the provisions of the CMIA Agreement.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011**

D. OTHER MATTERS (CONTINUED)

11-01 Cash Management (Continued)

MANAGEMENT RESPONSE (CONTINUED)

- AOC has adequate policies and procedures in place to ensure timely quarterly drawdowns of Federal Funds and has never received any type of audit finding or misappropriations of funds from the Federal Government, the Office of Management and Budget or annual external auditor review.
- The AOC reports on 19 to 22 grants every fiscal year with only one financial staff personnel and to require monthly drawdowns for immaterial amounts would require additional staff to comply with the CMIA agreement.
- Pursuant to Exhibit I and II contained in the CMIA agreement, the AOC does not receive funds from any of the CFDA numbers listed.

The AOC strongly opposes this finding.

AUDITOR RESPONSE

We understand there is a cost benefit analysis that needs to be performed as it relates to cash drawdown frequency.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
EXIT CONFERENCE
Year Ended June 30, 2011**

We discussed the recommendations contained in this letter during the exit conference held December 13, 2011. The exit conference was attended by the following individuals:

Administrative Office of the Courts

Honorable Charles W. Daniels	Chief Justice of the New Mexico Supreme Court
Arthur Pepin	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
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
Maria Carrillo	Senior