



NEW MEXICO JUDICIARY

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
FINANCIAL STATEMENTS
JUNE 30, 2012

PREPARED BY: CFO, ADMINISTRATIVE OFFICE OF THE COURTS

Cover: A few of New Mexico's older county courthouses.

Top, left to right:

One of the WPA projects of the 30s, the Art Deco-style Roosevelt County Courthouse in Portales was built in 1939 with the designs of William M. Bickel.

The Luna County Courthouse in Deming was built in 1910 and was designed by W. E. Corwin. Deming's annual duck race takes place across the street in the city park.

Built in 1909, the Union County Courthouse in Clayton is New Mexico's oldest county courthouse in continuous use. It was designed by the architectural firm of D. P. Kaufman & Son.

Middle, left to right:

The Grant County Courthouse in Silver City was erected in 1930 with the designs of architect George Williamson.

The Chaves County Beaux-Arts-style courthouse in Roswell was completed in 1912, the year New Mexico became a state. It is just down the street from the International UFO Museum and the green dome is visible throughout the city.

The Mission-style Eddy County courthouse in Carlsbad was erected in 1891 and its appearance was altered to its current style in 1939. It has one of New Mexico's best town squares.

Bottom, left to right:

The Hidalgo County Courthouse in Lordsburg was built in 1926-1927 with Classical Revival elements. The firm of Thorman and Frazer designed it.

The Guadalupe County Courthouse in Santa Rosa was built in 1909 with Romanesque Revival elements. In 1946 an addition was added to the building's left.

The 1917 Rio Arriba County Courthouse in Tierra Amarilla hosted a shoot-out in the 1970s that resulted over a land rights quarrel.

**STATE OF NEW MEXICO
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**

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

Official Roster

June 30, 2012

ADMINISTRATIVE OFFICIALS

Name	Title
Honorable Petra J. Maes	Chairperson
Arthur W. Pepin	Director
Patrick J. Simpson	Deputy Director
Oscar J. Arevalo	Director of Fiscal Services
Lorri A. Hatcher	Director of Human Resources
Karen Janes	Director of Magistrate Courts
Steve Prisoc	Director of Judicial Information
Louise Baca-Sena	Director of Special Court Services



INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico and
Honorable Petra J. Maes, Chairperson
Administrative Office of the Courts
Santa Fe, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, 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, 2012 which collectively comprise the AOC's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the AOC's non-major governmental and fiduciary funds, and the budgetary comparisons for the major capital project fund and all non-major funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the AOC's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

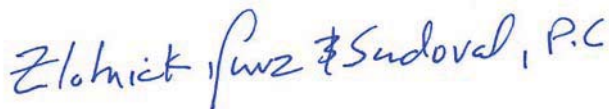
As discussed in Note 1, the financial statements of the Administrative Office of the Courts are intended to present the financial position and changes in financial position of only that portion of the financial reporting entity of the State that is attributable to the transactions of the AOC. They do not purport to, and do not, present fairly the financial position of the entire state of New Mexico as of June 30, 2012 and the changes in its financial position 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 financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the AOC as of June 30, 2012, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund and the 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 non-major governmental and fiduciary fund of the AOC as of June 30, 2012, and the respective changes in financial position thereof and the respective budgetary comparisons for the major capital project fund and all non-major funds 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 12, 2012 on our consideration of the AOC's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The accompanying schedule of expenditures of federal awards included in the supplementary information is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is also not a required part of the basic financial statements. The additional schedules listed as supplementary information in the table of contents are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in blue ink that reads "Zlotnick, Laws & Sandoval, P.C." The signature is written in a cursive, slightly slanted style.

Zlotnick, Laws & Sandoval, P.C.

December 12, 2012

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

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 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 its respective programs. Below is a brief description of each activity.

Administrative Support Program:

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

Judicial Performance Evaluation – Appointed commission members are vested with the responsibility of evaluating judges who stand for retention and publishing and distributing 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 (CONTINUED)
June 30, 2012**

Jury and Witness – This activity administers the payment of jurors, interpreters, and witness and administers sub-activities related to jurors and interpreters. This fund is also used to pay for interpreter certification workshop instructors.

Federal Grants Administration – The AOC administered 19 grants throughout FY2012 that include the following: (4) U.S. Department of Justice Awards of which two were Congressionally-Mandated Awards 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, (3) 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) Interactive Forms project.

Statewide Judiciary Automation Program:

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

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

Municipal Court Automation – Administers a fee-based special fund to assist with purchasing, implementing and maintaining court automation systems for participating municipalities.

Case Management Implementation – Purchases, implements and maintains the new statewide case management system for all state courts.

Magistrate Court Program:

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

Warrant Enforcement – Provides 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 – Administers voluntary civil mediation programs in the Magistrate Courts.

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

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

Video Arraignment, Security and Facilities – Equips, secures and leases 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.

Special Court Services Program:

Court Appointed Special Advocate (CASA) – Supports 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 – Provides 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.

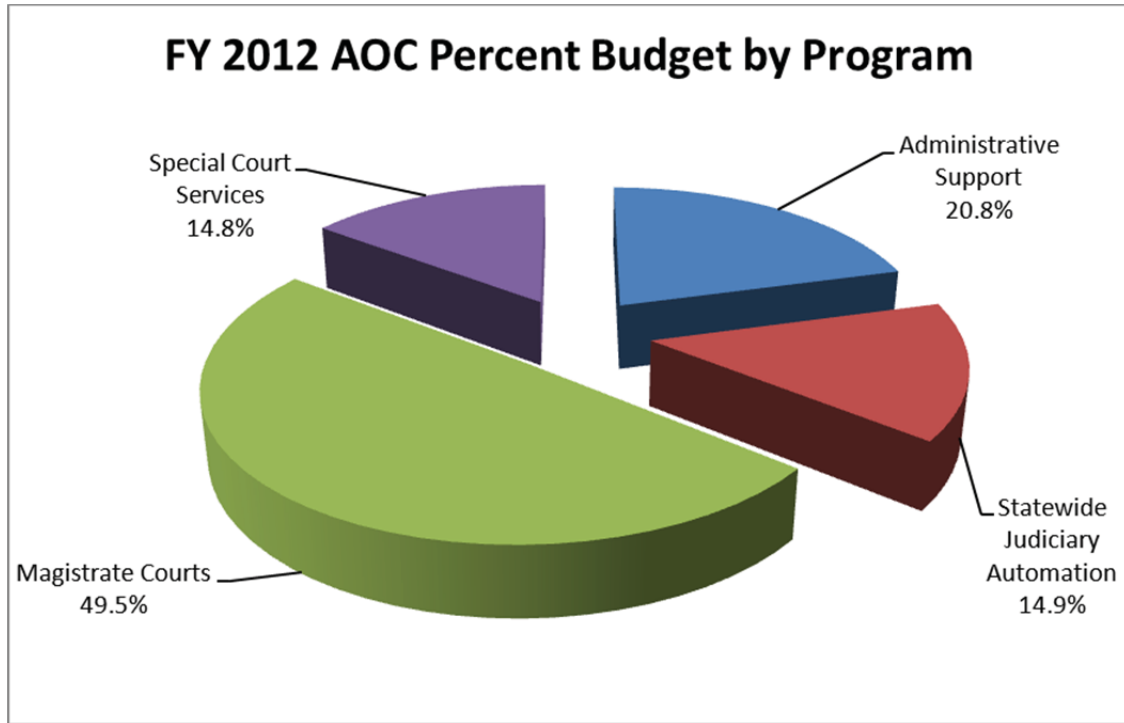
Court Appointed Attorney – Administers a program that provides legal representation to clients, treatment guardians and to appoint special commissioners. These funds are paid to attorneys by the AOC on behalf of district courts statewide.

Water Rights Adjudication – Provides 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, 2012



HIGHLIGHTS

Financial Highlights:

- The General Fund revenue decrease for FY2012 was a total of 0.5%. This was attributed to leveling off of statewide general fund revenue as a result of the slight improvement in national and state economic conditions.
- Pursuant to Laws of 2011 Chapter 179, Section 4, AOC's FY2012 General Fund appropriation was reduced by 0.5% also due to a leveling off of general fund revenues for the State. The national financial market improvement prevented further decline in State revenues.
- Federal revenue to the AOC decreased by 12.7% to \$1,490,895 in FY2012 as compared to \$1,710,965 in FY2011 mainly attributable to the decrease of the ARRA funding the AOC received in FY 2011 to prevent furloughs statewide.
- Overall revenue decreased by 6.3% in FY2012 as compared to FY2011. This was largely attributable to a decrease in federal revenue and case filings statewide.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2012**

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, 2012**

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>2012</u>	<u>2011</u>
<u>Statement of Net Assets</u>		
<u>Government Activities</u>		
Current and other assets	<u>\$12,174,211</u>	13,043,527
Current liabilities	<u>\$ 4,232,922</u>	4,815,100
Net assets		
Restricted	\$ 9,142,403	9,241,761
Unrestricted	<u>(1,201,114)</u>	<u>(1,013,334)</u>
Total net assets	<u>\$ 7,941,289</u>	<u>8,228,427</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 year ending June 30:

	<u>Government Activities</u>	
	<u>2012</u>	<u>2011</u>
<u>General Revenues</u>		
State General Fund appropriations	\$ 39,423,500	39,639,200
Transfers from other agencies	2,988,426	1,755,932
Bond proceeds appropriations	429,401	1,578,311
Transfers from other governments	35,836	1,586,956
Reversions to the State General Fund	<u>(184,263)</u>	<u>(53,348)</u>
	<u>\$ 42,692,900</u>	<u>44,507,051</u>

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2012**

	<u>Government Activities</u>	
	<u>2012</u>	<u>2011</u>
<u>Program Revenues</u>		
Charges for services	\$ 11,415,122	13,129,540
Operating grants	<u>1,490,887</u>	<u>1,710,966</u>
	<u>12,906,009</u>	14,840,506
<u>Program Expenses</u>		
Judicial services	54,387,806	57,050,678
Operating grants	<u>1,498,241</u>	<u>1,711,129</u>
	<u>55,886,047</u>	58,761,807
Change in net assets	(287,138)	585,750
Net assets, beginning	<u>8,228,427</u>	<u>7,642,677</u>
	<u>\$ 7,941,289</u>	<u>8,228,427</u>

The FY2012 final approved operating budget for the AOC was a 0.7% decrease compared to FY2011 adjusted. The slight 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 stagnant 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 Finances 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, 2012**

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 fund balances did not change significantly as they are budgeted to operate at about break even. The exception to this was the Supreme Court Automation Fund (SCAF) and the Metropolitan and Magistrate Court Capital Fund. SCAF decreased by (\$1,195,408) because of an increase in spending with the continuation of implementation of the Statewide Court Case Management System (Odyssey), and the Capital fund decreased by (\$666,176) due to declining fee collection revenues and rebates due back to the AOC from the New Mexico Finance Authority. Another exception was an increase of \$1,425,770 in the Statewide Automation Bond Fund due to special and IT appropriations made to the AOC during the 2012 Legislative session for use in FY12 and FY13. All of the fund balance at year-end is set aside for the purpose of the particular fund and may be expended in future years.

The AOC does anticipate an increase in its general fund revenues in FY 2013. The state's general fund revenue has improved slightly mainly due to increases in oil and gas revenues. AOC began FY 2012 with recurring General Fund revenue of \$ 38,252,700 and finished with \$39,423,500 due to special and supplemental appropriations at year end. During the 2012 Legislative Session, which sets the operating budget for FY 2013, the AOC's recurring General Fund appropriations were increased to \$ 40,678,500 a total increase of \$ 2,425,800 (6.3%) from original FY 2012 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 declined. Therefore, the revenue generated from fee collections are expected to decline. Fund balances in funds used to operate core functions within the AOC decreased by (\$2,017,157) in FY 2012. This was due to increases in expenditures and decrease in fee collection revenues. The AOC does not anticipate any significant increase in case filings in the immediate future and therefore will continue to request additional general fund increases in the near future to cover this revenue shortfall.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2012**

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 Chief Financial Officer in room 28 of the Supreme Court Building, 237 Don Gaspar, Santa Fe, New Mexico 87501.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
STATEMENT OF NET ASSETS
June 30, 2012**

	Governmental Activities
ASSETS	
Interest in SGFIP	\$ 10,704,162
Other Cash	5,876
Other Receivables	818,124
Due from other state agencies	280,699
Due from Federal Government	365,350
Total assets	<u>12,174,211</u>
LIABILITIES	
Vouchers Payable	1,790,213
Payroll Benefits Payable	498,305
Payroll Taxes Payable	280,276
Accrued Payroll	251,657
Due to other state agencies	13,367
Due to State General Fund	184,263
Other Liabilities	681
Compensated Absences	1,214,160
Total liabilities	<u>4,232,922</u>
NET ASSETS	
Restricted	9,142,403
Unrestricted	(1,201,114)
Total net assets	<u>\$ 7,941,289</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
STATEMENT OF ACTIVITIES
June 30, 2012**

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants	Governmental Activities
Governmental Activities				
General Operations	\$ 33,305,952	8	-	(33,305,944)
Jury and Witness Program	4,096,400	-	-	(4,096,400)
Court Appointed Attorney Program	4,484,988	-	-	(4,484,988)
Court Automation Fees	6,590,332	5,431,646	-	(1,158,686)
Bench Warrant Fees	2,915,648	3,090,804	-	175,156
Magistrate Court Operations	585,554	529,911	-	(55,643)
Magistrate Mediation Fees	74,806	101,390	-	26,584
Jury Demand and Penalty Assess Fees	2,267,670	2,167,740	-	(99,930)
E-Filing Services	-	37,094	-	37,094
Miscellaneous Reimbursements	607	607	-	-
Drug Court Fees and Photo Enforcement	65,849	55,922	-	(9,927)
Drug Courts	849,516		842,208	(7,308)
DOJ - VAWA	53,222		53,227	5
Court Improvement Program	374,120	-	374,120	-
Children's Mediation	166,817	-	166,766	(51)
Language Access Planning	17,867		17,867	-
Court Officer Basic Training	30,000	-	30,000	-
Case Management Interactive Forms	6,699	-	6,699	-
Total governmental activities	55,886,047	11,415,122	1,490,887	(42,980,038)
General Revenues				
General fund appropriations				\$ 39,423,500
Transfers from other agencies				2,988,426
Transfers - Bond proceeds appropriations				429,401
Transfer from other governments				35,836
Reversion to State General Fund				(184,263)
Total general revenues				42,692,900
Changes in net assets				(287,138)
Net assets, beginning				8,228,427
Net assets, ending				\$ 7,941,289

See Notes to Financial Statements.

FUNDS FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012**

	General 13900	JID Supreme Court Automation 01100	Jury and Witness Fees 01200	Court Appointed Attorney 12400	JID Statewide Automated Bond 27300
ASSETS					
Current Assets					
Interest in SGFIP	\$ 379,748	1,031,146	865,042	485,992	1,454,000
Other Cash	5,876	-	-	-	-
Receivables	-	413,674	-	-	-
Due from other funds	-	3,667	-	294	-
Due from other state agencies	-	-	-	-	-
Due from Federal Government	-	-	-	-	-
Total assets	\$ 385,624	1,448,487	865,042	486,286	1,454,000
LIABILITIES AND FUND BALANCES					
Current Liabilities					
Deficit cash balance	\$ -	-	-	-	-
Vouchers Payable	112,289	334,262	328,626	456,013	28,230
Payroll Benefits Payable	56,810	33,030	3,510	1,484	-
Payroll Taxes Payable	31,579	22,530	1,475	897	-
Accrued Payroll	28,047	20,086	1,343	980	-
Other Liabilities	-	198	259	-	-
Due to other funds	294	-	-	-	-
Due to other state agencies	13,367	-	-	-	-
Due to State General Fund	143,238	-	-	26,912	-
Total liabilities	385,624	410,106	335,213	486,286	28,230
FUND BALANCES					
Restricted	-	1,038,381	529,829	-	1,425,770
Committed	-	-	-	-	-
Total fund balances	-	1,038,381	529,829	-	1,425,770
Total liabilities and fund balances	\$ 385,624	1,448,487	865,042	486,286	1,454,000

See Notes to Financial Statements.

Statewide Drug Court Technology 44300	Grant 49500	Special Water Rights Adjudication 51200	Magistrate Court Warrant Enforcement 57500	Magistrate Court 69200	STB Capital Outlay 89200	Non-Major Governmental Funds	Total Governmental Funds
\$ -	-	1,739,961	2,259,843	690,243	-	2,093,142	10,999,117
-	-	-	-	-	-	-	5,876
-	-	-	330,521	1,995	-	71,934	818,124
-	-	-	19,000	-	-	-	22,961
39,299	145,326	-	537	-	95,526	11	280,699
-	365,350	-	-	-	-	-	365,350
<u>\$ 39,299</u>	<u>510,676</u>	<u>1,739,961</u>	<u>2,609,901</u>	<u>692,238</u>	<u>95,526</u>	<u>2,165,087</u>	<u>12,492,127</u>
\$ 6,686	288,269	-	-	-	-	-	294,955
32,613	191,937	26,849	50,707	29,972	95,526	103,189	1,790,213
-	7,974	-	49,016	301,954	-	44,527	498,305
-	4,328	-	18,375	174,710	-	26,382	280,276
-	4,226	-	21,443	152,489	-	23,043	251,657
-	896	-	226	-	-	(898)	681
-	-	-	-	19,000	-	3,667	22,961
-	-	-	-	-	-	-	13,367
-	-	-	-	14,113	-	-	184,263
<u>39,299</u>	<u>497,630</u>	<u>26,849</u>	<u>139,767</u>	<u>692,238</u>	<u>95,526</u>	<u>199,910</u>	<u>3,336,678</u>
-	-	1,713,112	2,470,134	-	-	1,965,177	9,142,403
-	13,046	-	-	-	-	-	13,046
<u>-</u>	<u>13,046</u>	<u>1,713,112</u>	<u>2,470,134</u>	<u>-</u>	<u>-</u>	<u>1,965,177</u>	<u>9,155,449</u>
<u>\$ 39,299</u>	<u>510,676</u>	<u>1,739,961</u>	<u>2,609,901</u>	<u>692,238</u>	<u>\$ 95,526</u>	<u>2,165,087</u>	<u>12,492,127</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, 2012**

Fund balances - total governmental funds	\$ 9,155,449
Amounts reported for governmental activities in the Statement of Net Assets are different because	
Compensated absences	<u>(1,214,160)</u>
Net Assets of Governmental Activities	<u><u>\$ 7,941,289</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, 2012**

	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	\$ -	4,581,244	2,167,740	-	-
Miscellaneous Revenue	-	-	-	-	-
Grants	-	-	-	-	-
Total revenues	-	4,581,244	2,167,740	-	-
EXPENDITURES					
Judicial:					
Personal services	2,275,883	1,396,370	107,779	67,505	-
Employee benefits	717,499	435,426	43,867	19,995	-
Contractual services	1,105,199	1,644,565	82,865	4,390,295	-
In-state travel	36,200	152,575	6,650	-	-
Maintenance and repairs	-	51,201	92	-	-
Supplies	24,950	420,171	2,736	1,974	19,700
Operating costs	137,679	1,182,652	2,412,360	531	8,530
Other costs	5,347	6,222	3,707,721	4,688	-
Capital Outlay	-	476,206	-	-	-
Out-of-state travel	2,257	11,264	-	-	-
Total expenditures	4,305,014	5,776,652	6,364,070	4,484,988	28,230
Excess (deficiency) of revenues over expenditures	(4,305,014)	(1,195,408)	(4,196,330)	(4,484,988)	(28,230)
OTHER FINANCING SOURCES AND (USES)					
General fund appropriations	5,433,800	-	4,096,400	4,511,900	500,000
Transfers from other agencies	800,000	-	-	-	954,000
Transfers - Bond proceeds appropriations	-	-	-	-	-
Transfers to other agencies	(1,985,548)	-	-	-	-
Transfer from other governments	-	-	-	-	-
Reversions	(143,238)	-	-	(26,912)	-
Total other financing sources and (uses)	4,105,014	-	4,096,400	4,484,988	1,454,000
Net change in fund balances	(200,000)	(1,195,408)	(99,930)	-	1,425,770
Fund balances, beginning	200,000	2,233,789	629,759	-	-
Fund balances, ending	\$ -	1,038,381	529,829	-	1,425,770

See Notes to Financial Statements.

Statewide Drug Court Technology 44300	Grant 49500	Special Water Rights Adjudication 51200	Magistrate Court Warrant Enforcement 57500	Magistrate Court 69200	STB Capital Outlay 89200	Non-Major Governmental Funds	Total Governmental Funds
\$ -	-	-	3,090,804	607	-	1,574,720	11,415,115
-	8	-	-	-	-	-	8
-	1,490,887	-	-	-	-	-	1,490,887
-	1,490,895	-	3,090,804	607	-	1,574,720	12,906,010
-	247,962	50,542	1,501,158	12,090,890	-	1,931,006	19,669,095
-	96,617	16,458	662,071	4,196,146	-	612,651	6,800,730
-	924,001	239,249	72,041	39,442	-	403,700	8,901,357
-	28,009	494	43,077	62,763	-	25,307	355,075
52,746	302	-	3,689	106,434	116,930	12,547	343,941
55,957	76,540	3,178	116,945	216,200	69,979	49,397	1,057,727
1,296	57,171	1,248	452,968	5,558,310	2,064	1,698,525	11,513,334
-	6,320	-	57,427	23,718	-	645,511	4,456,954
75,448	-	-	-	94,527	54,982	-	701,163
-	61,318	-	6,272	-	-	-	81,111
185,447	1,498,240	311,169	2,915,648	22,388,430	243,955	5,378,644	53,880,487
(185,447)	(7,345)	(311,169)	175,156	(22,387,823)	(243,955)	(3,803,924)	(40,974,477)
-	-	-	-	22,366,100	-	2,515,300	39,423,500
-	-	609,426	-	-	-	625,000	2,988,426
185,446	-	-	-	-	243,955	-	429,401
-	-	(19,189)	-	-	-	-	(2,004,737)
-	-	-	-	35,836	-	-	35,836
-	-	-	-	(14,113)	-	-	(184,263)
185,446	-	590,237	-	22,387,823	243,955	3,140,300	40,688,163
(1)	(7,345)	279,068	175,156	-	-	(663,624)	(286,314)
1	20,391	1,434,044	2,294,978	-	-	2,628,801	9,441,763
\$ -	13,046	1,713,112	2,470,134	-	-	1,965,177	9,155,449

**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, 2012**

Net change in fund balances - total governmental funds	\$ (286,314)
Amounts reported for governmental activities in the Statement of Activities are different because of	
Change in compensated absences	(824)
Other	<u>-</u>
Change in net assets of governmental activities	<u><u>\$ (287,138)</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, 2012

	General Fund (13900)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriations	\$ 5,433,800	5,433,800	5,433,800	-
Other financing sources	800,000	800,000	800,000	-
Cash rebudgeted	200,000	200,000	200,000	-
Reversion	-	-	(143,238)	(143,238)
Miscellaneous revenues	-	-	-	-
Total revenues	6,433,800	6,433,800	6,290,562	(143,238)
Expenditures - All Organizations				
Personal services	2,848,300	2,993,752	2,993,382	370
Contractual services	1,256,400	1,108,048	1,105,199	2,849
Other costs	211,000	213,900	206,433	7,467
Other financing uses	2,118,100	2,118,100	1,985,548	132,552
Total expenditures	6,433,800	6,433,800	6,290,562	143,238
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	-	-	-
Fund balance carryforward	-	-		
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)
JID Supreme Court Automation Fund (01100)
Year Ended June 30, 2012

	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	5,634,500	5,634,500	4,581,244	(1,053,256)
Total revenues	<u>5,634,500</u>	<u>5,634,500</u>	<u>4,581,244</u>	<u>(1,053,256)</u>
Expenditures				
Personal services	1,748,900	1,928,900	1,831,796	97,104
Contractual services	1,677,373	2,037,373	1,644,565	392,808
Other costs	2,967,252	2,427,252	2,300,291	126,961
Other financing uses	-	-	-	-
Total expenditures	<u>6,393,525</u>	<u>6,393,525</u>	<u>5,776,652</u>	<u>616,873</u>
Excess of revenues and other financing sources over expenditures and other financing uses	(759,025)	(759,025)	<u>(1,195,408)</u>	<u>(436,383)</u>
Fund balance carryforward	<u>759,025</u>	<u>759,025</u>	<u>1,195,408</u>	
Total	<u>\$ -</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)
MAJOR BUDGETED FUNDS (CONTINUED)
Jury and Witness Fee Fund (01200)
Year Ended June 30, 2012

	Jury and Witness Fee Fund (01200)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriations	\$ 3,800,400	4,096,400	4,096,400	-
Other financing sources	-	-	0	-
Reversions	-	-	-	-
Miscellaneous revenues	2,025,000	2,025,000	2,167,740	142,740
Total revenues	5,825,400	6,121,400	6,264,140	142,740
Expenditures				
Personal services	140,000	152,500	151,646	854
Contractual services	155,000	155,000	82,865	72,135
Other costs	5,530,400	6,343,400	6,129,559	213,841
Other financing uses	-	-	-	-
Total expenditures	5,825,400	6,650,900	6,364,070	286,830
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	(529,500)	<u>(99,930)</u>	<u>429,570</u>
Fund balance carryforward	-	529,500		
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)
Court Appointed Attorney (12400)
Year Ended June 30, 2012

	Court Appointed Attorney (12400)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriations	\$ 4,437,100	4,511,900	4,511,900	-
Reversions	-	-	(26,912)	(26,912)
Total Revenues	4,437,100	4,511,900	4,484,988	(26,912)
Expenditures				
Personal services	87,500	87,500	87,500	-
Contractual services	4,334,300	4,417,050	4,390,295	26,755
Other costs	15,300	7,350	7,193	157
Other financing uses	-	-	-	-
Total expenditures	4,437,100	4,511,900	4,484,988	26,912
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, 2012

	JID Statewide Automation (27300)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriations	\$ -	500,000	500,000	-
Other financing sources	-	954,000	954,000	-
Reversions	-	-	-	-
Fund balance	-	-	-	-
Total revenues	-	1,454,000	1,454,000	-
Expenditures				
Personal Services	-	-	-	-
Contractual services	-	304,000	-	304,000
Other Costs	-	1,150,000	28,230	1,121,770
Other financing uses	-	-	-	-
Total expenditures	-	1,454,000	28,230	1,425,770
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	-	1,425,770	1,425,770

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)
 Statewide Drug Court Technology (44300)
 Year Ended June 30, 2012

	Statewide Drug Court Technology (44300)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Severance Tax Bond Appropriations	\$ 185,680	185,680	185,446	(234)
Total revenues	<u>185,680</u>	<u>185,680</u>	<u>185,446</u>	<u>(234)</u>
Expenditures				
Personal services	-	-	-	-
Contractual services	-	-	-	-
Other costs	185,680	185,680	185,447	233
Other financing uses	-	-	-	-
Total expenditures	<u>185,680</u>	<u>185,680</u>	<u>185,447</u>	<u>233</u>
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	-	(1)	<u><u>(1)</u></u>
Fund balance carryforward	-	-	1	
Total	<u>\$ -</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)
 Grant Fund (49500)
 Year Ended June 30, 2012

	Grant Fund (49500)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Federal Grants	\$ 965,300	1,400,064	1,007,403	(392,661)
Intra-State Wts-Fed Grants	617,300	917,300	483,484	(433,816)
Miscellaneous Revenue	-	-	8	8
Total revenues	<u>1,582,600</u>	<u>2,317,364</u>	<u>1,490,895</u>	<u>(826,469)</u>
Expenditures				
Personal Services	171,300	381,026	344,579	36,447
Contractual services	1,038,900	1,526,656	924,001	602,655
Other Costs	372,400	409,682	229,660	180,022
Other financing uses	-	-	-	-
Total Expenditures	<u>1,582,600</u>	<u>2,317,364</u>	<u>1,498,240</u>	<u>819,124</u>
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	-	(7,345)	<u><u>(7,345)</u></u>
Fund balance carryforward	-	-	7,345	
Total	<u><u>\$ -</u></u>	<u><u>-</u></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)
 MAJOR BUDGETED FUNDS (CONTINUED)
 Water Rights Adjudications (51200)
 Year Ended June 30, 2012

	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	609,426	169,426
Total revenues	440,000	440,000	609,426	169,426
Expenditures				
Personal Services	-	67,000	67,000	-
Contractual services	324,200	324,200	239,249	84,951
Other Costs	-	8,000	4,920	3,080
Other financing uses	115,800	115,800	19,189	96,611
Total expenditures	440,000	515,000	330,358	184,642
Excess of revenues and other financing sources over expenditures and other financing uses	-	(75,000)	<u>279,068</u>	<u>354,068</u>
Fund balance carryforward	-	<u>75,000</u>		
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, 2012

	Magistrate Court Warrant Enforcement Fund (57500)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Miscellaneous revenues	\$ 2,973,600	3,148,600	3,090,804	(57,796)
Reversions	-	-	-	-
Other financing sources	-	-	-	-
Total revenues	<u>2,973,600</u>	<u>3,148,600</u>	<u>3,090,804</u>	<u>(57,796)</u>
Expenditures				
Personal Services	2,404,400	2,254,400	2,163,229	91,171
Contractual services	145,900	95,900	72,041	23,859
Other Costs	423,300	798,300	680,378	117,922
Total expenditures	<u>2,973,600</u>	<u>3,148,600</u>	<u>2,915,648</u>	<u>232,952</u>
Excess of revenues and other financing sources over expenditures and other financing uses	-	-	<u>175,156</u>	<u>175,156</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, 2012

	Magistrate Court Fund (69200)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Misc Revenue	\$ -	-	607	607
State General Fund appropriations	22,066,100	22,366,100	22,366,100	-
Other financing sources	-	-	-	-
Other Services	-	35,836	35,836	-
Reversion	-	-	(14,113)	(14,113)
Total revenues	22,066,100	22,401,936	22,388,430	(13,506)
Expenditures				
Personal services	15,951,200	16,287,036	16,287,036	-
Contractual services	40,200	40,200	39,442	758
Other costs	6,074,700	6,074,700	6,061,952	12,748
Other financing uses	-	-	-	-
Total expenditures	22,066,100	22,401,936	22,388,430	13,506
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, 2012

	STB Capital Outlay (89200)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Misc Revenue	\$ -	-	-	-
Severance Tax Bond Appropriations	1,188,333	1,188,333	243,955	944,378
Other financing sources	-	-	-	-
Other Services	-	-	-	-
Reversion	-	-	-	-
Total revenues	1,188,333	1,188,333	243,955	944,378
Expenditures				
Personal services	-	-	-	-
Contractual services	-	-	-	-
Other costs	1,188,333	1,188,333	243,955	944,378
Other financing uses	-	-	-	-
Total expenditures	1,188,333	1,188,333	243,955	944,378
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, 2012**

	Agency Fund
ASSETS	
Cash	<u>\$ 5,853,077</u>
Total assets	<u>5,853,077</u>
LIABILITIES	
Deposits held for others	2,671,176
Due to other agencies	<u>3,181,901</u>
Total liabilities	<u>5,853,077</u>

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

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 use of direct shipping from office supply vendors to the various magistrate courts.

Budgeting for the district courts.

Supervising of 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, 2012**

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

A. Financial Reporting Entity (Continued)

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

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 otherwise are being supported by general government revenues. The Statement of Activities reduces gross expenses by related program revenues, operating grants 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, 2012**

**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 aggregated 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 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, 2012**

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

C. Basis of Presentation (Continued)

GASB 34 sets forth the minimum criteria (a percentage of the assets, liabilities, revenues or expenditures of either the governmental fund category or of the governmental and enterprise funds combined) 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, 2012**

**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. This fund has more recently been used to account for IT equipment or computer systems enhancement funds appropriated. Any unexpended State General Fund appropriations at the end of the fiscal year revert to the State General Fund unless otherwise indicated. Unspent revenues from other sources do not revert, accordingly an ending fund balance is shown for this 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.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

**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.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

C. Basis of Presentation (Continued)

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. During FY 2012 the AOC had Severance Tax Bond proceeds in effect from FY 2010, FY 2011 and FY 2012. In FY 2010 the AOC received \$1,000,000 for assistive listening devices and security related equipment for Magistrate Courts statewide. The authority for expenditures of this appropriation ended on June 30, 2012 and the AOC expended all but \$234 of the \$1,000,000. In FY 2011 the AOC was appropriated \$1,000,000 for Security equipment and infrastructure statewide for use through FY 2014. At the end of FY 2012 there were balances of \$38,304 remaining for this appropriation. In FY 2012 the AOC was appropriated \$1,032,000 for security and infrastructure for courts statewide for use through FY 2016. At the end of FY 2012 there were \$906,074 balances remaining for this appropriation. In total, at June 30, 2012, unexpended balances of \$944,378 remained.

Fund 44300 – Statewide Drug Court Technology – Initially created to standardize equipment and software statewide necessary to consistently track and report Drug Court client information. Most recently this fund is used to record multi-year judiciary capital outlay appropriations. All balances remaining in this fund at the end of the designated fiscal year reverts to the State General Fund or appropriate fund. This fund does not meet the criteria for a major fund; however, management has determined to present this fund with the major funds to maintain consistency as this fund has been presented as a major fund in the past.

Fund 89200 – Severance Tax Bond (STB) Capital Outlay – During FY 2012 the AOC was instructed to use this fund in an effort for the Department of Finance and Administration to establish statewide consistency in tracking all STB Capital Outlay appropriations. This conversion to a statewide fund will allow for better reporting consistency and monitoring of appropriations. All current and future capital appropriations to the AOC will be budgeted in this fund. This fund may not always meet the criteria for a major fund; however, management has determined to present this fund with the major funds to maintain consistency.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

**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 by Section 34-1-11 NMSA 1978. The fund consists of electronic services fees collected by the courts and transferred to the AOC. Money in the fund is subject to appropriation by the legislature to the administrative office of the courts for the purpose of 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. This Fund was not budgeted during FY 2012. Any balance remaining in this fund at the end of the fiscal year does not revert to the State General Fund.

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. 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 1978. 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.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

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

C. Basis of Presentation (Continued)

Fund 13600 - Judges Pro-Temp - Established in July 1979 to pay the cost of hiring retired judges and justices who are appointed by the Chief Justice of the Supreme Court to serve as a district judge pro-temp, pursuant to the provisions of Article 6, Section 15 of the Constitution of New Mexico. Any balance remaining in this fund at the end of the fiscal year reverts to the State General Fund.

Fund 30400 - Magistrate Court Mediation - All balances in the fund are subject to appropriation for payment to magistrate courts for the purpose of funding and administering voluntary mediation programs. The mediation programs shall be established by Supreme Court rule for the efficient disposition of civil complaints. Any balance remaining in this fund at the end of the fiscal year does not revert to the State General Fund.

Fund 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 58300 - Judicial Performance Evaluation - Established by Section 34-9-18 NMSA 1978. The fund shall consist of appropriations, gifts, grants, donations and bequests made to the fund. Money in the fund is subject to appropriation by the legislature to the administrative office of the courts 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. Any balances remaining in this fund at the end of the fiscal year 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.

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
 (CONTINUED)

C. Basis of Presentation (Continued)

FIDUCIARY FUND TYPES

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

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

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

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		
Under section 29-5-1	\$ <u>1.00</u>	State educational institution where Violation occurred Under section 35-6-1
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>	

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

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

C. Basis of Presentation (Continued)

Fines and Fees Fund (Continued)

Description	Amount	Beneficiary
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
Fines and forfeitures	Various	Fund 71700-State Public School Fund
Copying fees – each	0.50	Fund 53200-Court Facilities Fund
Copying fees – electronic	1.00	Fund 07800-Court Automation Fund
Lab tests fees in cases involving DWI:		
DWI lab fee	85.00	Fund 68700-Crime Laboratory Fund
Substance abuse lab fee	75.00	Fund 68700-Crime Laboratory Fund
DWI prevention fee	75.00	Fund 68700-Crime Laboratory Fund
Fees relating to 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
Judicial education fee	3.00	Fund 57700-Judicial Education Fee Fund
Juvenile Adjudication fee	1.00	Fund 11210-Juvenile Adjudication Fee Fund
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, 2012**

**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. The AOC records fine and fee revenue when it is collected and deposited into the various magistrate court bank accounts as estimated because these amounts are subject to reconciliation prior to their official recording in the AOC agency funds. 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, 2012**

**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, 2012**

**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 2011, Chapter 179, Section 3, Subsections O) 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 reconciliations for fiscal year 2012 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, 2010, 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, 2012**

**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, 2012, 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, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

H. Net Assets

The government-wide Statement of Net Assets 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

Governmental fund equity is classified as fund balance. Fund balances are classified into spendable and non-spendable classifications. The non-spendable 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. The spendable classifications are as follows:

Restricted Fund Balances

In the governmental fund financial statements restrictions of fund balance are reported when constraints placed on the use of resources are either: (1) Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. The AOC has restricted fund balances at year end which is shown on the *balance sheet* in the accompanying financial statements.

Committed fund balances

Committed fund balances consist of amounts which can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (the Court through policy action).

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

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

I. Fund Balances (Continued)

Assigned fund balances

Assigned fund balances consist of fund balances which are constrained by the government intent to be used for specific purposes, but are neither committed nor restricted. Intent can be expressed by (a) the governing body itself, or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The AOC has no assigned fund balances as of June 30, 2012.

Unassigned fund balances

Unassigned fund balances consist of are all other fund balances which have not been assigned to other funds and have not been restricted, committed, or assigned to specific purposes within the general fund. Generally, the policy of the AOC is to first apply committed resources when an expense is incurred for purposes which have committed, assigned, or unassigned fund balances available for use. The AOC has no unassigned fund balances at year end.

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, 2012**

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

State Treasurer Balance	\$ 13,753,475
Commercial Bank Balance	3,196,929
Magistrate Change Fund Balance	5,876
Reconciling items	<u>(393,165)</u>
Financial statement balance	<u>\$ 16,563,115</u>

Presented in the financial statements as:

Interest in SGIP	\$ 10,999,117
Other cash	5,876
Deficit cash balance	(294,955)
Agency fund cash	<u>5,853,078</u>
Total cash per financial statement	<u>\$ 16,563,116</u>

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 3. GENERAL FUND INVESTMENT POOL NOT RECONCILED

In June 2012 an independent expert diagnostic report revealed that the General Fund Investment Pool balances have not been reconciled at the business unit/fund level since the inception of the Statewide Human resources, Accounting, and management Reporting system (SHARE) system in July of 2006. The Diagnostic reports are available in the Resources section of the Cash Control page of the New Mexico Department of Finance & Administration's website at: http://www.nmdfa.state.nm.us/Cash_Control.aspx.

The General Fund Investment Pool is the State of New Mexico's main operating account. State revenues such as income taxes, sales taxes, rents and royalties, and other recurring revenues are credited to the General Fund Investment Pool. The fund also comprises numerous State agency accounts whose assets, by statute (Section 8-6-3 NMSA 1978), must be held at the State Treasury.

As of June 30, 2012, the General Fund Investment Pool has not been reconciled at the business unit/fund level. It is the responsibility of the Department of Finance and Administration (DFA) to reconcile the General Fund Investment Pool. Essentially, independent, third-party verification/confirmation of the balances at the business unit/fund level is not possible.

Under the direction of the State Controller/Financial Control Division Director, the Financial Control Division of the New Mexico Department of Finance & Administration (DFA/FCD) is taking aggressive action to resolve this serious problem. DFA/FCD has commenced the Cash Management Remediation Project (Remediation Project) in partnership with the New Mexico State Treasurer's Office, the New Mexico Department of Information Technology, and a contracted third party PeopleSoft Treasury expert.

The purpose of the Remediation Project is to design and implement the changes necessary to reconcile the General Fund Investment Pool in a manner that is complete, accurate, and timely. The Remediation Project will make changes to the State's current SHARE system configuration, cash accounting policies and procedures, business practices, and banking structure. The scheduled implementation date for the changes associated with the Remediation Project is February 1, 2013. An approach and plan to address the population of historical reconciling items will be developed during the Remediation Project, but a separate initiative will be undertaken to resolve the historical reconciling items.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

**NOTE 3. GENERAL FUND INVESTMENT POOL NOT RECONCILED
(CONTINUED)**

The initial phase of the Remediation Project, completed on October 11, 2012, focused on developing a project plan and documenting current statewide business processes. The work product of the initial phase of the Remediation Project is a document entitled Cash Management Plan and Business Processes. This document is available on the Cash Control page of the New Mexico Department of Finance & Administration's website at: http://www.nmdfa.state.nm.us/Cash_Control.aspx.

The AOC has 49 bank accounts, one for each Magistrate Court, and a sub-account under the oversight of the State Treasurers Office. The AOC does reconcile all fines, fees and transfers that come into its possession including those receipts that are statutorily mandated to be sent to the state general fund. The cash transactions processed by AOC flow through the state general fund investment pool. Since SHARE was implemented, AOC recognized the statewide cash reconciliation issue and in response, developed internal reconciliation procedures to ensure that cash receipts and disbursements recorded in the SHARE system are in fact transactions that have been initiated by AOC. The reconciliation occurs each month and any required adjustments are forwarded to the Financial Control Division at DFA for correction. Monthly reconciliation procedures throughout the Fiscal Year, include, but are not limited to validation of: allotments, deposits, expenditures, all general entries, operating transfers, payroll expenditures/payroll liabilities by fund, and review of outstanding warrants within the court's statewide case management system. The AOC reports the timely completion of the reconciliation process to Court management monthly and conducts monthly management budget reviews to ensure that all cash deposits and financial transactions are accurately recorded and posted to the SHARE system. This monthly internal reconciliation of cash receipts and disbursements flowing through AOC's share of the state general fund investment pool provides management assurance that the balance reflected in State General Fund Investment Pool account is accurate as of the end of the reporting period. In addition, AOC reconciles other asset and liability accounts on the Balance Sheet of each fund type. This process also provides additional assurance that transactions affecting AOC's share in the State General Fund Investment Pool account are accurate.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 4. INTEREST in the GENERAL FUND INVESTMENT POOL

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

At June 30, 2012 the AOC had the following cash balances as shown in the Schedule of Cash Accounts:

Total Cash per AOC Books: \$ 16,563,115

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

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

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer’s Office for the fiscal year ended June 30, 2012.

NOTE 5. REVERSIONS

The amounts reverted to the State General Fund and reversion balances due at June 30, 2012 are detailed as follows:

	Reversion Amount	Due at June 30, 2012
Court Appointed Attorney (12400)		
Reversion - Budget year 2012	\$ 26,912	<u>26,912</u>
General Fund (13900)		
Reversion - Budget year 2012	14,238	14,238
FY 2011 Special Appropriation	<u>129,000</u>	<u>129,000</u>
	<u>143,238</u>	<u>143,238</u>
Magistrate Courts (69200)		
Budget year 2012	<u>14,113</u>	<u>14,113</u>
Total reversions	<u>\$ 184,263</u>	<u>184,263</u>

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 6. COMPENSATED ABSENCES

During the year ended June 30, 2012, the following changes occurred in the compensated absence liabilities:

	Balance July 1, 2011	Increase	Decrease	Balance June 30, 2012	Long Term
Compensated absences	<u>\$1,213,336</u>	<u>1,282,337</u>	<u>(1,281,513)</u>	<u>1,214,160</u>	<u>191,693</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 7. OPERATING LEASES

At June 30, 2012, the AOC is committed under various leases for buildings, magistrate offices, courtroom facilities, copying and postage equipment. These leases are considered operating leases for accounting purposes. Lease expenditures for the year ended June 30, 2012, amounted to \$7,208,154 for buildings and \$287,160 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
2013	\$ 7,373,037	258,428
2014	5,933,581	250,437
2015	5,474,684	78,512
2016	5,038,534	67,429
2017	4,749,700	57,649
2018-2022	19,991,998	-
2023-2027	8,401,849	-
	<u>\$ 56,963,383</u>	<u>712,455</u>

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 8. 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. In FY 2012 State General Plan 3 members were required to contribute 10.67% of their gross salary. The AOC is required to contribute 13.34% 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, 2012, 2011, 2010 were \$1,911,824, \$2,139,115, \$2,253,548 respectively, which equals the amount of the required percentage of payroll 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. For FY 2012 Magistrate Retirement Act plan members were required to contribute 10.75% of their gross salary. The AOC is required to contribute 7.75% 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 AOC contributed \$506,932 of these fees to PERA for credit 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, 2012, 2011, 2010 were \$257,868, \$385,323, \$359,351 respectively, which equals the amount of the required percentage of payroll contributions for each fiscal year.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 9. 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, 2010, the statute required each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee was required to contribute .65% of their salary.

**STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2012**

NOTE 9. POST-EMPLOYMENT BENEFITS (CONTINUED)

In the fiscal years ending June 30, 2011 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>
FY11	1.666%	.833%
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, 2012, 2011 and 2010 were \$322,091, \$298,562 and \$241,588, respectively, which equal the required contributions for each year.

NOTE 10. SUPPLEMENTAL AND SPECIFIC APPROPRIATIONS

During the year, the AOC received special, supplemental, 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, 2012 all expenditures had been made.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

**NOTE 10. SUPPLEMENTAL AND SPECIFIC APPROPRIATIONS
(CONTINUED)**

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 2012. As of June 30, 2012 all expenditures had been made.

Judicial Wide Data Processing Appropriations Laws of 2012, Chapter 19, section 7, item 1: The AOC was appropriated \$700,000 to address disaster recovery and business continuity of the court systems for use in fiscal years 2012 and 2013. As of June 30, 2012, no expenditures had been made.

Judicial Wide Data Processing Appropriations Laws of 2012, Chapter 19, section 7, item 2: The AOC was appropriated \$254,000 to upgrade telecommunication circuits in the judiciary for use in fiscal years 2012 and 2013. As of June 30, 2012, \$225,770 remained unexpended.

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 for use through June 30, 2012. At the end of June 30, 2012, \$234 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, 2012, \$38,304 remained unexpended.

Judicial Wide Capital Outlay Appropriations laws of 2012, 1st special session, Chapter 5, Section 3: The AOC received \$1,032,000 for purchasing and installing security equipment, including related infrastructure, at judicial district and magistrate courts statewide. As of June 30, 2012, \$906,074 remained unexpended.

Special Appropriation laws of 2011, Chapter 179, Section 5, item 5: The AOC received \$200,000 for the purpose of avoiding statewide furloughs in fiscal years 2011 and 2012 in all courts. As of June 30, 2012, \$129,000 remained unexpended. This amounts will revert to the general fund and has been included in the June 30, 2012 AOC reversions.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

**NOTE 10. SUPPLEMENTAL AND SPECIFIC APPROPRIATIONS
(CONTINUED)**

Special Appropriation laws of 2012, Chapter 19, Section 5, item 2: The AOC received \$500,000 to purchase new information technology equipment to support the new case management system in the courts for use in fiscal years 2012 and 2013. As of June 30, 2012, no expenditures had been made.

Supplemental Appropriation laws of 2012, Chapter 19, Section 6, item 2: The AOC received \$296,000 to fund juror, interpreter and witness costs in fiscal year 2012. As of June 30, 2012, all balances have been expended.

Supplemental Appropriation laws of 2012, Chapter 19, Section 6, item 3: The AOC received \$300,000 to fund a shortfall in personal services and employee benefits in the

Magistrate courts statewide in fiscal year 2012. As of June 30, 2012, all balances have been expended.

Supplemental Appropriation laws of 2012, Chapter 19, Section 6, item 4: The AOC received \$74,800 to provide adequate funding to the court-appointed attorney fund in fiscal year 2012. As of June 30, 2012, all balances have been expended.

NOTE 11. RISK MANAGEMENT

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

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 12. INTERAGENCY TRANSFERS

Transfers to district courts from the Administrative Office of the Courts' General Fund and other state funds for the year ended June 30, 2012 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 For CASA, Water Rights Adjudication and Drug Courts	13900	Various Courts	Various Funds	\$ 1,985,548
Special Water Rights Adjudication	51200	Various Courts	Various Funds	\$ 19,189
				<u>\$ 2,004,737</u>

For state appropriations transferred to the district courts.

Transfers from other agencies and governments for the year ended June 30, 2012 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	55000-86400	\$ 609,426
Judges Pro Tempore	13600	DFA-Supplemental	34100-20900	50,000
Magistrate Security and Facilities	49600	New Mexico Finance Authority Wire Transfer		575,000
Statewide Automation Bond	27300	Computer Systems Enhancement Fund DFA	34100-00900	954,000
Magistrate Court	69200	Local Governments for Drug Courts Manual Warrant		35,836
General Fund Liquor Excise Tax	13900	DFA	34100-56000	<u>800,000</u>
Total transfers from other agencies and governments				<u>\$3,024,262</u>

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 12. INTERAGENCY TRANSFERS (CONTINUED)

Appropriations from the State of New Mexico General Fund for the year ended June 30, 2012 are as follows:

To/ Fund Name	SHARE Fund #	From/Agency- Fund Name	SHARE Fund #	Amount
Magistrate Drug Court Fund	11600	DFA- Appropriations	34100-85300	\$ 50,600
General Fund	13900	DFA- Appropriations	34100-85300	5,433,800
Jury & Witness Fund	01200	DFA- Appropriations	34100-85300	4,096,400
Court Appointed Attorney	12400	DFA- Appropriations	34100-85300	4,511,900
Statewide Automation Bond Fund	27300	DFA- Appropriations	34100-85300	500,000
Magistrate Court	69200	DFA- Appropriations	34100-85300	22,366,100
Judges Pro-temp	13600	DFA- Appropriations	34100-85300	30,000
Judicial Perf Eval	58300	DFA- Appropriations	34100-85300	118,800
Judicial Information Division	68900	DFA- Appropriations	34100-85300	<u>2,315,900</u>
Total general fund appropriations				<u>\$39,423,500</u>

Bond proceeds draw requests from the New Mexico Board of Finance for the year ended June 30, 2012 are as follows:

Statewide Judiciary Capital Outlay	44300	DFA- Appropriations	34100-85300	185,446
Severance Tax Bond Capital Outlay	89200	DFA- Appropriations	34100-85300	<u>243,955</u>
Total bond proceeds draw requests				<u>\$ 429,401</u>

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 13. DUE FROM/DUE TO FUNDS

AOC had the following amounts due from other funds, state agencies and federal government at year end:

OTHER FUNDS

<u>To</u>	<u>From</u>	
01100 Supreme Court Automation	68900 JID General Fund	<u>3,667</u>
12400 Court Appointed Attorney	13900 General Fund	294
69200 Magistrate Court	57500 Magistrate Warrant Enforcement Fund (WEF)	<u>19,000</u> <u>\$ 22,961</u>

OTHER STATE AGENCIES

<u>To</u>	<u>From</u>	
44300 Statewide Drug Court Technology	34101 Board of Finance	39,299
49500 Grant Fund	Various	145,326
57500 Magistrate Court Warrant Enforcement	Dept. of Public Safety	537
89200 STB Capital Outlay	34101 Board of Finance	95,526
10790 E-filing Services Fund	34100 DFA	<u>11</u> <u>\$ 280,699</u>
13960 AOC General Fund (LETF)	14100 1 st Judicial District	8,333
	14300 3 rd Judicial District	48
	14400 4 th Judicial District	2,058
	14800 8 th Judicial District	<u>2,928</u>
		<u>\$ 13,367</u>

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2012

NOTE 13. DUE FROM/DUE TO FUNDS (CONTINUED)

RECEIVABLES

<u>To</u>	<u>From</u>	
01100 Supreme Court Automation	07800 SCAF Agency Fund	413,674
57500 Magistrate Warrant Enforcement (WEF)	57600 WEF Agency Fund	330,521
69200 Magistrate Court		1,995
12600 Municipal Court Automation Fund	70400 MCAF Agency Fund	<u>71,934</u>
		<u>\$ 818,124</u>

SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 COMBINING BALANCE SHEET
 ALL NON-MAJOR FUNDS
 June 30, 2012

	E-Filing Services Fund 10790	Magistrate Drug Court 11600	Magistrate Court Operations 11120	Municipal Court Automation 12600
ASSETS				
Interest in SGFIP	\$ 52,294	414,967	62,038	615,384
Receivables	-	-	-	71,934
Due from other funds	-	-	-	-
Due from other state agencies	11	-	-	-
Due from Federal Government	-	-	-	-
Total assets	\$ 52,305	414,967	62,038	687,318
LIABILITIES				
Deficit cash balance	\$ -	-	-	-
Vouchers payable	-	3,265	1,901	64,978
Payroll Benefits Payable	-	1,870	-	1,578
Payroll Taxes Payable	-	1,488	-	(67)
Accrued Payroll	-	1,299	-	1,337
Other Liabilities	-	-	-	(898)
Due to other funds	-	-	-	-
Due to other state agencies	-	-	-	-
Due to State General Fund	-	-	-	-
Total liabilities	-	7,922	1,901	66,928
FUND BALANCE				
Fund balances				
Restricted and designated for future expenditures	52,305	407,045	60,137	620,390
Total fund balance	52,305	407,045	60,137	620,390
Total liabilities and fund equity	\$ 52,305	414,967	62,038	687,318

See Auditor's Report.

	Judges Pro-Temp 13600	Magistrate Court Mediation 30400	Magistrate Security and Facilities 49600	Judicial Performance Evaluation 58300	Judicial Information Division 68900	Total
\$	742	486,249	73,039	299,537	88,892	2,093,142
	-	-	-	-	-	71,934
	-	-	-	-	-	-
	-	-	-	-	-	11
	-	-	-	-	-	-
\$	742	486,249	73,039	299,537	88,892	2,165,087
\$	-	-	-	-	-	-
	742	2,641	7,253	22,409	-	103,189
	-	-	-	522	40,557	44,527
	-	-	-	414	24,547	26,382
	-	-	-	286	20,121	23,043
	-	-	-	-	-	(898)
	-	-	-	-	3,667	3,667
	-	-	-	-	-	-
	-	-	-	-	-	-
	742	2,641	7,253	23,631	88,892	199,910
	-	483,608	65,786	275,906	-	1,965,177
	-	483,608	65,786	275,906	-	1,965,177
\$	742	486,249	73,039	299,537	88,892	2,165,087

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL NON-MAJOR FUNDS
June 30, 2012**

	E-Filing Services Fund 10790	Magistrate Drug Court 11600	Magistrate Court Operations 11120	Municipal Court Automation 12600
Revenues				
Charges for services	\$ 37,094	55,922	529,911	850,402
Grants	-	-	-	-
Total revenues	37,094	55,922	529,911	850,402
Expenditures				
Current				
Personal services	-	64,646	-	115,792
Employee benefits	-	17,396	-	45,931
Contractual services	-	18,860	20,667	-
In-state travel	-	826	-	4,536
Maintenance and repairs	-	-	10,718	-
Supplies	-	1,409	9,451	414
Operating costs	-	13,309	544,718	1,499
Other costs	-	3	-	645,508
Capital outlay	-	-	-	-
Out-of-state travel	-	-	-	-
Total expenditures	-	116,449	585,554	813,680
(Deficiency) excess of revenues over expenditures	37,094	(60,527)	(55,643)	36,722
Other Financing Sources (Uses)				
General Fund appropriation	-	50,600	-	-
Transfers from other agencies	-	-	-	-
Transfers to other agencies	-	-	-	-
Transfer from other governments	-	-	-	-
Reversions	-	-	-	-
Net other financing sources (uses)	-	50,600	-	-
Net changes in fund balances	37,094	(9,927)	(55,643)	36,722
Fund balance at beginning of year	15,211	416,972	115,780	583,668
Fund balance at end of year (deficit)	\$ 52,305	407,045	60,137	620,390

See Auditor's Report.

Judges Pro-Temp 13600	Magistrate Court Mediation 30400	Magistrate Security and Facilities 49600	Judicial Performance Evaluation 58300	Judicial Information Division 68900	Total
\$ -	101,390	-	1	-	1,574,720
-	-	-	-	-	-
-	101,390	-	1	-	1,574,720
-	-	-	21,569	1,728,999	1,931,006
-	-	-	6,923	542,401	612,651
80,000	34,806	138,553	110,814	-	403,700
-	-	8,412	11,533	-	25,307
-	-	1,829	-	-	12,547
-	-	37,930	193	-	49,397
-	40,000	1,054,452	47	44,500	1,698,525
-	-	-	-	-	645,511
-	-	-	-	-	-
-	-	-	-	-	-
80,000	74,806	1,241,176	151,079	2,315,900	5,378,644
(80,000)	26,584	(1,241,176)	(151,078)	(2,315,900)	(3,803,924)
30,000	-	-	118,800	2,315,900	2,515,300
50,000	-	575,000	-	-	625,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
80,000	-	575,000	118,800	2,315,900	3,140,300
-	26,584	(666,176)	(32,278)	-	(663,624)
-	457,024	731,962	308,184	-	2,628,801
\$ -	483,608	65,786	275,906	-	1,965,177

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, 2012

	Magistrate Drug Court Fund (11600)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriations	\$ 50,600	50,600	50,600	-
Other financing sources	-	-	-	-
Miscellaneous revenues	241,100	241,100	55,922	(185,178)
Reversions	-	-	-	-
Total Revenue	<u>291,700</u>	<u>291,700</u>	<u>106,522</u>	<u>(185,178)</u>
Expenditures				
Personal Services	124,300	124,300	82,042	42,258
Contract Services	147,400	147,400	18,860	128,540
Other Costs	20,000	20,000	15,547	4,453
Total expenditures	<u>291,700</u>	<u>291,700</u>	<u>116,449</u>	<u>175,251</u>
Excess of revenues and other financing sources over expenditures and other financing uses	-	-	(9,927)	<u><u>(9,927)</u></u>
Fund balance carryforward	-	-	9,927	
Total	<u>\$ -</u>	<u>-</u>	<u>-</u>	

See Auditor's Report.

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, 2012

	Magistrate Court Operations Fund (11120)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriations	\$ -	-	-	-
Other financing sources	-	-	-	-
Miscellaneous revenues	631,100	631,100	529,911	(101,189)
Reversions	-	-	-	-
Total Revenue	<u>631,100</u>	<u>631,100</u>	<u>529,911</u>	<u>(101,189)</u>
Expenditures				
Personal Services	-	-	-	-
Contract Services	30,000	30,000	20,667	9,333
Other Costs	601,100	601,100	564,887	36,213
Total expenditures	<u>631,100</u>	<u>631,100</u>	<u>585,554</u>	<u>45,546</u>
Excess of revenues and other financing sources over expenditures and other financing uses	-	-	(55,643)	<u><u>(55,643)</u></u>
Fund balance carryforward	-	-	55,643	
Total	<u>\$ -</u>	<u>-</u>	<u>-</u>	

See Auditor's Report.

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, 2012

	Municipal Court Automation (12600)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Other financing sources	\$ -	-	-	-
Miscellaneous revenues	994,000	994,000	850,402	(143,598)
Reversions	-	-	-	-
	<hr/>			
Total Revenue	994,000	994,000	850,402	(143,598)
	<hr/>			
Expenditures				
Personal Services	193,000	193,000	161,723	31,277
Other Costs	801,000	801,000	651,957	149,043
	<hr/>			
Total expenditures	994,000	994,000	813,680	180,320
	<hr/>			
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	-	36,722	36,722
	<hr/> <hr/>			

See Auditor's Report.

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, 2012

	Judges Pro-Temp (13600)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriations	\$ 30,000	30,000	30,000	-
Other financing sources	-	50,000	50,000	-
Reversions to State General Fund	-	-	-	-
Total Revenue	30,000	80,000	80,000	-
Expenditures				
Personal services	-	-	-	-
Contractual services	30,000	80,000	80,000	-
Other costs	-	-	-	-
Total expenditures	30,000	80,000	80,000	-
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	-	-	-

See Auditor's Report.

**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, 2012**

	Magistrate Court Mediation (30400)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Misc Revenue	\$ 105,000	105,000	101,390	(3,610)
Other financing sources (Fund Balance)	-	-	-	-
Reversions	-	-	-	-
Total revenues	<u>105,000</u>	<u>105,000</u>	<u>101,390</u>	<u>(3,610)</u>
Expenditures				
Personal services	-	125,000	-	125,000
Contractual services	175,000	50,000	34,806	15,194
Other costs	40,000	40,000	40,000	-
Other financing uses	-	-	-	-
Total expenditures	<u>215,000</u>	<u>215,000</u>	<u>74,806</u>	<u>140,194</u>
Excess of revenues and other financing sources over expenditures and other financing uses	(110,000)	(110,000)	<u>26,584</u>	<u>136,584</u>
Fund balance carryforward	<u>110,000</u>	<u>110,000</u>		
	<u>\$ -</u>	<u>-</u>		

See Auditor's Report.

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, 2012

	Magistrate Security and Facilities (49600)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
General Fund Appropriation	\$ -	-	-	-
Miscellaneous revenues	-	-	-	-
Reversions	-	-	-	-
Other financing sources	800,000	800,000	575,000	(225,000)
Total revenues	<u>800,000</u>	<u>800,000</u>	<u>575,000</u>	<u>(225,000)</u>
Expenditures				
Personal Services	-	-	-	-
Contractual services	200,000	200,000	138,553	61,447
Other Costs	1,150,000	1,150,000	1,102,623	47,377
Other Financing Uses	-	-	-	-
Total expenditures	<u>1,350,000</u>	<u>1,350,000</u>	<u>1,241,176</u>	<u>108,824</u>
Excess of revenues and other financing sources over expenditures and other financing uses	(550,000)	(550,000)	<u>(666,176)</u>	<u>(116,176)</u>
Fund balance carryforward	<u>550,000</u>	<u>550,000</u>		
	<u>\$ -</u>	<u>-</u>		

See Auditor's Report.

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, 2012

	Judicial Performance Evaluation Fund (58300)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriations	\$ 118,800	118,800	118,800	-
Other financing sources	-	-	-	-
Reversions to State General Fund	-	-	-	-
Misc Revenue	-	-	1	1
	<hr/>			
Total Revenue	118,800	118,800	118,801	1
	<hr/>			
Expenditures				
Personal services	29,000	29,000	28,492	508
Contractual services	177,800	165,800	110,814	54,986
Other costs	12,000	24,000	11,773	12,227
	<hr/>			
Total expenditures	218,800	218,800	151,079	67,721
	<hr/>			
Excess of revenues and other financing sources over expenditures and other financing uses	(100,000)	(100,000)	<u>(32,278)</u>	<u>67,722</u>
	<hr/>			
Fund balance carryforward	100,000	100,000		
	<hr/>			
Total	\$ -	-		
	<hr/>			

See Auditor's Report.

**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, 2012**

	Judicial Information Division Fund (68900)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriations	\$ 2,315,900	2,315,900	2,315,900	-
Other financing sources	-	-	-	-
Reversions to State General Fund	-	-	-	-
Total Revenues	2,315,900	2,315,900	2,315,900	-
Expenditures				
Personal services	2,271,400	2,271,400	2,271,400	-
Contractual services	-	-	-	-
Other Costs	44,500	44,500	44,500	-
Total expenditures	2,315,900	2,315,900	2,315,900	-
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	-	-	-

See Auditor's Report.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
June 30, 2012**

	Balance			Balance
<u>Total All Agency Funds</u>	June 30, 2011	Additions	Deletions	June 30, 2012
ASSETS				
Interest in State General Fund Investment Pool	\$ 4,300,062	12,870,305	(14,121,054)	3,049,313
Cash in commercial banks	3,509,548	19,755,814	(20,461,598)	2,803,764
Total assets	\$ 7,809,610	32,626,119	(34,582,652)	5,853,077
LIABILITIES				
Due to other state agencies	\$ 4,585,507	12,824,018	(14,227,624)	3,181,901
Due to litigants	2,254,913	8,740,189	(9,189,014)	1,806,088
Due to				
Brain Injury Fee Fund (481)	34,968	393,247	(397,816)	30,399
Civil Legal Service Fund (600)	25,725	304,155	(306,840)	23,040
Correction Fee Fund (688)	156,587	1,783,261	(1,800,053)	139,795
Court Automation Fund (078)	116,483	1,328,537	(1,342,348)	102,672
Court Facilities Fund (532)	179,227	2,014,229	(2,037,765)	155,691
Crime Laboratory Fund (687)	63,851	694,815	(705,565)	53,101
Judges Retirement Fund (122)	42,875	506,932	(511,407)	38,400
Juvenile Adjudication (11210)	1,587	6,011	(7,193)	405
Judicial Education Fee Fund (577)	23,050	263,086	(265,576)	20,560
Magistrate Enforcement Fund (576)	265,011	3,087,160	(3,103,942)	248,229
Magistrate Penalty Assessment Fund (794)	217	1,984	(2,127)	74
Domestic Violence Offender Fund (515)	38,676	441,630	(446,166)	34,140
Traffic Safety Fund (252)	20,933	236,865	(239,216)	18,582
Total liabilities	\$ 7,809,610	32,626,119	(34,582,652)	5,853,077

See Auditor's Report.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS-DETAILED
June 30, 2012

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
<u>Litigant Fund</u>				
ASSETS				
Interest in State General Fund Investment	\$ 147,352	46,287	(52,020)	141,619
Cash in commercial banks	2,107,561	8,693,902	(9,136,994)	1,664,470
Total assets	\$ 2,254,913	8,740,189	(9,189,014)	1,806,089
LIABILITIES				
Due to litigants	\$ 2,254,913	8,740,189	(9,189,014)	1,806,089
<u>Fines and Fees Fund</u>				
ASSETS				
Interest in State General Fund Investment	\$ 4,152,710	12,824,018	(14,069,034)	2,907,694
Cash in commercial banks	1,401,987	11,061,912	(11,324,604)	1,139,295
Total assets	\$ 5,554,697	23,885,930	(25,393,638)	4,046,989
LIABILITIES				
Due to other state agencies	\$ 4,585,507	12,824,018	(14,227,624)	3,181,901
Due to				
Brain Injury Fee Fund (481)	34,968	393,247	(397,816)	30,399
Civil Legal Service Fund (600)	25,725	304,155	(306,840)	23,040
Correction Fee Fund (688)	156,587	1,783,261	(1,800,053)	139,795
Court Automation Fund (078)	116,483	1,328,537	(1,342,348)	102,672
Court Facilities Fund (532)	179,227	2,014,229	(2,037,765)	155,691
Crime Laboratory Fund (687)	63,851	694,815	(705,565)	53,101
Judges Retirement Fund (122)	42,875	506,932	(511,407)	38,400
Juvenile Adjudication (11210)	1,587	6,011	(7,193)	405
Judicial Education Fee Fund (577)	23,050	263,086	(265,576)	20,560
Magistrate Enforcement Fund (576)	265,011	3,087,160	(3,103,942)	248,229
Magistrate Penalty Assessment Fund (794)	217	1,984	(2,127)	74
Domestic Violence Offender Fund (515)	38,676	441,630	(446,166)	34,140
Traffic Safety Fund (252)	20,933	236,865	(239,216)	18,582
Total liabilities	\$ 5,554,697	23,885,930	(25,393,638)	4,046,989

See Auditor's Report.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF CASH ACCOUNTS
June 30, 2012**

	Fund	Balance June 30, 2012
Cash on Deposit - State Treasurer General Fund		
Administrative Office of the Courts	139	<u>\$ 379,748</u>
Special Revenue Funds		
JID Supreme Court Automation	011	1,031,146
Jury & Witness Fees	012	865,042
Magistrate Drug Court Fund	116	414,967
E-Filing Services Fund	10790	52,294
Magistrate Court Operations	11120	62,038
Court Appointed Attorney	124	485,992
JID Municipal Court Automation	126	615,384
Judges Pro-Temp	136	742
JID Statewide Automated Bond	273	1,454,000
Grant Fund	495	(288,269)
Magistrate Court Mediation Fund	304	486,249
Statewide drug court	443	(6,686)
Magistrate Security & Facilities Fund	496	73,039
Water Adjudication Fund	512	1,739,961
Magistrate Court Warrant Enforcement	575	2,259,843
Judicial Performance Evaluation	583	299,537
JID Judicial Information Division	689	88,892
Magistrate Courts	692	690,243
STB Capital Outlay	892	-
Total Special Revenue Funds		<u>10,324,414</u>
Fiduciary Funds		
Brain Injury Fee Fund	481	41,432
Civil Legal Service Fund	600	158,892
Correction Fees Fund	688	917,815
Court Automation Fund	078	413,674
Court Facilities Fund	532	490,551
Crime Laboratory Fees Fund	687	307,391
Judicial Education Fee Fund	577	27,676
Magistrate - Penalty Assessment Fund	794	384
Magistrate Court Warrant Enforcement Fund	576	330,521
Suspense Fund	533	9,858
Magistrate Retirement Fund	122	46,575
Juvenile Adjudication	11210	637
Magistrate Suspense Fund	822	141,619
Municipal Court Automation Fund	704	71,934
Domestic Violence Treatment Fund	515	59,333
Traffic Safety Fund	252	31,021
Total Fiduciary Funds		<u>3,049,313</u>
Total cash on deposit - State Treasurer		13,753,475
Total cash per books		<u>\$ 13,753,475</u>

See Auditor's Report.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF CASH ACCOUNTS (CONTINUED)
June 30, 2012**

Magistrate Court	Bank	Court Location	Bank Balance June 30, 2012
Catron I	First State	Reserve	\$ 2,433
Catron Circuit	First State	Quemado	1,677
Chaves I, II	Valley Bank of Commerce	Roswell	127,824
Cibola I, II	Wells Fargo	Grants	39,965
Colfax I	International State	Raton	10,946
Colfax II	International State	Springer	23,419
Curry I, II	New Mexico Bank & Trust	Clovis	201,296
DeBaca I	Citizens Bank of Clovis	Ft. Sumner	10,375
Dona Ana I, II, III	Wells Fargo	Las Cruces	316,604
Dona Ana Circuit	Wells Fargo	Anthony	73,397
Dona Ana Hatch	Wells Fargo	Hatch	1,853
Eddy I, II	Western Commerce	Carlsbad	45,846
Eddy III	First National	Artesia	46,234
Grant I	Wells Fargo	Silver City	37,356
Grant II	Bank of America	Bayard	21,473
Guadalupe I	Wells Fargo	Santa Rosa	50,522
Harding I	Wells Fargo	Roy	4,253
Hidalgo I	Western	Lordsburg	53,456
Lea I	Lea County State	Lovington	44,167
Lea II	Lea County State	Hobbs	60,572
Lea III	Wells Fargo	Eunice	1,435
Lea Circuit	Wells Fargo	Jal	25,842
Lincoln I	Wells Fargo	Carrizozo	42,855
Lincoln II	First National	Ruidoso	47,053
Los Alamos I	Los Alamos National	Los Alamos	18,470
Luna I	Wells Fargo	Deming	96,537
McKinley I, II	Wells Fargo	Gallup	104,256
			<hr/>
			\$ 1,510,116
			<hr/>

See Auditor's Report.

Reconciling Items	Book Balance June 30, 2012	Deposits In Transit	Outstanding Checks	Book Bal Variance	Bond Bal
\$ -	2,433	-	-	(11)	-
(100)	1,577	-	100		797
(102,469)	25,355	2,918	105,387	14	25,341
(1,317)	38,648	-	1,317	9	20,750
(4,509)	6,437	-	4,509	4	2,219
(7,321)	16,098	-	7,321	-	13,823
(59,565)	141,731	2,773	62,338	(1,960)	87,252
(934)	9,441	50	984	11	7,980
(11,047)	305,557	381	11,428	609	114,688
(829)	72,568	25	854	20	22,003
(247)	1,606	-	247	(1)	651
(284)	45,562	154	438	13	7,485
(13)	46,221	-	13	3	20,706
1,169	38,525	1,310	141	76	23,149
(522)	20,951	-	522	19	9,047
(3,789)	46,733	208	3,997	141	27,861
(1,314)	2,939	-	1,314	-	2,200
(14,384)	39,072	-	14,384	(11)	9,227
(11,300)	32,867	-	11,300	2	19,443
(1,471)	59,101	-	1,471	2	37,846
(602)	833	-	602	200	-
-	25,842	-	-	-	25,250
(318)	42,537	-	318	191	24,940
(2,859)	44,194	3	2,862	-	24,659
(1,801)	16,669	-	1,801	(6)	12,040
(8,591)	87,946	-	8,591	(38)	44,621
(15,744)	88,512	-	15,744	1	67,407
<hr/>					
\$ (250,161)	1,259,955	7,822	257,983	(712)	651,385

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF CASH ACCOUNTS (CONTINUED)
June 30, 2012**

Magistrate Court	Bank	Court Location	Bank Balance June 30, 2012
Mora I	Bank of Las Vegas	Mora	\$ 8,967
Otero I, II	First National	Alamogordo	119,253
Quay I	Wells Fargo	Tucumcari	95,511
Rio Arriba I, II	Bank of America	Espanola	105,510
Rio Arriba Circuit	Community Bank	Chama	17,726
Roosevelt I	Portales National	Portales	43,330
San Juan I	Wells Fargo	Aztec	150,086
San Juan II, III	Bank of the Southwest	Farmington	121,864
San Miguel I, II	Bank of Las Vegas	Las Vegas	104,439
Sandoval I	Wells Fargo	Bernalillo	220,425
Sandoval II	Wells Fargo	Cuba	32,487
Santa Fe I, II, III	Wells Fargo	Santa Fe	338,043
Santa Fe Circuit	Wells Fargo	Pojoaque	2,500
Sierra I	Bank of the Southwest	T or C	56,176
Socorro I	Wells Fargo	Socorro	32,000
Taos I, II	Centinel	Taos	83,982
Taos Circuit	Centinel	Questa	4,146
Torrance I, II	Wells Fargo	Moriarity	37,444
Torrance Circuit	Wells Fargo	Estancia	5,976
Union I	Farmers/Stockmens	Clayton	7,168
Valencia I	Ranchers Banks	Los Lunas	49,702
Valencia II	Ranchers Banks	Belen	50,081
			<u>1,686,816</u>
	Total bank and book balance		<u>\$ 3,196,932</u>
	Total - change funds		<u>\$ 5,876</u>
	Total - cash in banks		\$ 3,196,932
	Total - deposits in transit		18,657
	Total outstanding checks		(411,824)
	Total cash per books		<u>\$ 2,803,765</u>
	Cash on deposit with State Treasurer for governmental funds per books		\$ 10,710,038
	Cash on Deposit with the State Treasurer for agency		3,049,313
	Cash on deposit with banks per books		<u>2,803,765</u>
	Total cash per books		<u>\$ 16,563,116</u>

Reconciling Items	Book Balance June 30, 2012	Deposits In Transit	Outstanding Checks	Book Bal Variance	Bond Bal
\$ (30)	8,937	-	30	-	4,381
(5,545)	113,708	-	5,545	(248)	55,228
(15,964)	79,547	745	16,709	2	63,297
(2,890)	102,620	-	2,890	(22)	83,691
(1,925)	15,801	-	1,925	(10)	11,827
(575)	42,755	2,140	2,715	19	20,555
(2,765)	147,321	-	2,765	168	36,062
(2,826)	119,038	2,124	4,950	41	67,159
(18,765)	85,674	340	19,105	(21)	57,624
(16,298)	204,127	-	16,298	181	190,233
(4,768)	27,719	-	4,768	-	24,851
(30,242)	307,801	1,850	32,092	234	214,117
(693)	1,807	-	693	(28)	1,115
(5,905)	50,271	-	5,905	15	34,875
(327)	31,673	-	327	25	13,600
(2,196)	81,786	(50)	2,146	3	59,212
(3,544)	602	-	3,544	2	600
(481)	36,963	620	1,101	(88)	20,200
(954)	5,022	50	1,004	16	2,500
(3,501)	3,667	-	3,501	1	1,519
(11,755)	37,947	3,016	14,771	(2)	27,438
(11,057)	39,024	-	11,057	37	23,001
(143,006)	1,543,810	10,835	153,841	325	1,013,085
\$ (393,167)	2,803,765	18,657	411,824	(387)	1,664,470

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF CASH ACCOUNTS (CONTINUED)
Year Ended June 30, 2012**

Magistrate Court-Change Funds	Court Location	Balance June 30, 2012
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/>

See Auditor's Report.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF CASH ACCOUNTS (CONTINUED)
Year Ended June 30, 2012**

Magistrate Court-Change Funds	Court Location	Balance June 30, 2012
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/>

See Auditor's Report.

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 SCHEDULE OF MEMORANDUM OF UNDERSTANDING
 June 30, 2012

MOU No.	Participants	Operation Responsibility	Description	Term	Total Amount	Agency Contribution	Audit Responsibility
	Administrative Office of the Courts (AOC) and:						
2012-0009	Village of Ruidoso	AOC	Provide a part-time court clerk at the Magistrate Court	7/1/2011 - 6/30/2012	\$ 16,667	\$ 16,667	AOC
2012-0010	New Mexico Public Defender Dept.	AOC	Provide a criminal/delinquency defense attorney to report to the Drug Court Advisory Team meetings	7/1/2011 - 6/30/2012	\$ 11,520	\$ 11,520	AOC
2012-0011	New Mexico Public Defender Dept.	AOC	Provide a criminal/delinquency defense attorney to report to the Drug Court Advisory Team meetings	7/1/2011 - 6/30/2012	\$ 20,000	\$ 20,000	AOC
2012-0012	Valencia County Sheriffs Office	AOC	Provide Sergeant Allen Montano or approved designee to report to the Valencia Co. Magistrate DWI/Drug Court Advisory Team Meetings	7/1/2011 - 6/30/2012	\$ 9,000	\$ 9,000	AOC
2012-0031	New Mexico Public Defender Department	AOC	Provide a criminal/delinquency defense attorney to report to the Drug Court Advisory Team meetings	7/1/2011 - 6/30/2012	\$ 20,000	\$ 20,000	AOC
2012-0075	Quay County New Mexico	AOC	Employs the services of a Court Clerk to work at the Quay County Magistrate Court	7/1/2011 - 6/30/2012	\$ 24,000	\$ 24,000	AOC
2012-0173	Ruth M. Dygert	AOC	Allow AOC employees to stay in guest house	7/1/2011 - 6/30/2012	\$ 2,000	\$ 2,000	AOC
2012-0323	City of Santa Fe	AOC	Provide operating costs for the Santa Fe County Magistrate DWI Drug Court Program	4/1/2011 - 9/30/2011	\$ 400	\$ 400	AOC
2012-0335	Fifth Judicial District	AOC	Provide treatment and counseling to drug dependent juvenile offenders	7/1/2011 - 6/30/2012	\$ 9,669	\$ 9,669	AOC
2012-0336	Sixth Judicial District	AOC	Provide treatment and counseling to drug dependent juvenile offenders	7/1/2011 - 6/30/2012	\$ 6,188	\$ 6,188	AOC
2012-0337	Eleventh Judicial District	AOC	Provide treatment and counseling to drug dependent juvenile offenders	7/1/2011 - 6/30/2012	\$ 351	\$ 351	AOC
2012-0338	Twelfth Judicial District	AOC	Provide treatment and counseling to drug dependent juvenile offenders	7/1/2011 - 6/30/2012	\$ 3,605	\$ 3,605	AOC
2012-0339	First Judicial District Court	AOC	Provide treatment and counseling to drug dependent offenders	7/1/2011 - 6/30/2012	\$ 56,000	\$ 56,000	AOC
2012-0340	Second Judicial District	AOC	Provide treatment and counseling to drug dependent offenders	7/1/2011 - 6/30/2012	\$ 143,000	\$ 143,000	AOC

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 SCHEDULE OF MEMORANDUM OF UNDERSTANDING
 June 30, 2012

MOU No.	Participants	Operation Responsibility	Description	Term	Total Amount	Agency Contribution	Audit Responsibility
2012-0341	Third Judicial District	AOC	Provide treatment and counseling to drug dependent offenders	7/1/2011 - 6/30/2012	\$ 30,000	\$ 30,000	AOC
2012-0342	Fourth Judicial District	AOC	Provide treatment and counseling to drug dependent offenders	7/1/2011 - 6/30/2012	\$ 24,700	\$ 24,700	AOC
2012-0343	Sixth Judicial District	AOC	Provide treatment and counseling to drug dependent offenders	7/1/2011 - 6/30/2012	\$ 39,000	\$ 39,000	AOC
2012-0344	Seventh Judicial District	AOC	Provide treatment and counseling to drug dependent offenders	7/1/2011 - 6/30/2012	\$ 33,700	\$ 33,700	AOC
2012-0345	Eighth Judicial District	AOC	Provide treatment and counseling to drug dependent offenders	7/1/2011 - 6/30/2012	\$ 32,200	\$ 32,200	AOC
2012-0346	Ninth Judicial District	AOC	Provide treatment and counseling to drug dependent offenders	7/1/2011 - 6/30/2012	\$ 18,500	\$ 18,500	AOC
2012-0347	Eleventh Judicial District	AOC	Provide treatment and counseling to drug dependent offenders	7/1/2011 - 6/30/2012	\$ 45,000	\$ 45,000	AOC
2012-0348	Twelfth Judicial District	AOC	Provide treatment and counseling to drug dependent offenders	7/1/2011 - 6/30/2012	\$ 20,300	\$ 20,300	AOC
2012-0349	Bernalillo County Metropolitan Court	AOC	Provide treatment and counseling to drug dependent offenders	7/1/2011 - 6/30/2012	\$ 253,400	\$ 253,400	AOC
2012-0353	Second Judicial District	AOC	Provide treatment and counseling to drug-dependent juvenile offenders	7/1/2011 - 6/30/2012	\$ 1,571	\$ 1,571	AOC
2012-0354	Fifth Judicial District	AOC	Provide treatment and counseling to drug-dependent juvenile offenders	7/1/2011 - 6/30/2012	\$ 11,200	\$ 11,200	AOC
2012-0355	Thirteenth Judicial District	AOC	Provide treatment and counseling to drug-dependent offenders	7/1/2011 - 6/30/2012	\$ 93,000	\$ 93,000	AOC
2012-0364	Valencia County/Village of Los Lunas	AOC	Provide electronic monitoring services and equipment to the clients	10/1/2011 - 9/30/2012	\$ 25,000	\$ 25,000	AOC
2012-0366	Rio Metro Regional Transit District	AOC	Provide the clients of the VDWI Program with bus passes	10/1/2011 - 9/30/2012	\$ 500	\$ 500	AOC
2012-0367	New Mexico Public Defender Department	AOC	Provide a criminal/delinquency defense attorney to serve on the Sobriety Court Advisory Team	10/1/2011 - 9/30/2012	\$ 7,500	\$ 7,500	AOC
2012-0378	UNM, Institute of Public Law, Corinne Wolfe Children's Law Center	AOC	Continue to develop, conduct and evaluate the pre-service/in-service training curriculum for judges and attorneys	10/1/2011 - 9/30/2012	\$ 121,479	\$ 121,479	AOC
2012-0380	Las Vegas Police Department	AOC	Provide an Officer designee to report to the San Miguel County Magistrate DWI/Sobriety Drug Court	10/1/2011 - 9/30/2012	\$ 3,000	\$ 3,000	AOC

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 SCHEDULE OF MEMORANDUM OF UNDERSTANDING
 June 30, 2012

MOU No.	Participants	Operation Responsibility	Description	Term	Total Amount	Agency Contribution	Audit Responsibility
2012-0381	City of Santa Fe	AOC	Provide the SFDWI program bus passes for the purposes of transportation for participants	10/1/2011 - 9/30/2012	\$ 1,000	\$ 1,000	AOC
2012-0389	Carlsbad Municipal Transit System	AOC	Provide the EDWI program bus passes for the purpose of transportation for participants	10/1/2011 - 9/30/2012	\$ 200	\$ 200	AOC
2012-0393	City of Las Cruces	AOC	Provide clients of the DADWI Program with bus passes	10/1/2011 - 9/30/2012	\$ 1,500	\$ 1,500	AOC
2012-0398	Southwest Institute of Family and Child Advocacy at NMSu (SWIFCA)	AOC	Conduct the CLI, perform all duties and responsibilities to plan and coordinate the special meeting of Providers and District Courts	11/15/2011 - 2/29/2012	\$ 1,000	\$ 1,000	AOC
2012-0404	Regents of the University of New Mexico, NM Center for Language Access	AOC	Train and certify bilingual employees of the New Mexico Judiciary as Language Access Specialists	1/1/2012 - 6/30/2012	\$ 50,000	\$ 50,000	AOC
2012-0405	Department of Public Safety, New Mexico State Police	AOC	Conduct warrant round-ups based on lists provided by the Warrant Enforcement Program Office	12/1/2011 - 6/30/2012	\$ 50,000	\$ 50,000	AOC
2012-0414	Carlsbad Police Department	AOC	Provide a member of law enforcement to serve on the Eddy County DWI Drug Court Team	12/1/2011 - 9/30/2012	\$ 8,000	\$ 8,000	AOC
2012-0422	Lea County Magistrate Court, Lea County, City of Hobbs	AOC	Provide funding to the AOC for the purpose of hiring a contractor to provide security services to the court	7/1/2011 - 6/30/2012	\$ 30,000	\$ -	AOC
2012-0426	NM Dept of Public Safety	AOC	Use of temporary quarters due to emergency need	2/16/2012 - 2/29/2012	N/A	N/A	AOC
2012-0465	UNM, Institute of Public Law	AOC	Design and produce promotional materials and coordinate their on-line dissemination	5/29/2012 - 6/30/2012	\$ 13,000	\$ -	AOC

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2012**

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		\$ 140,654
BJA - Congressionally Selected Award for NM Drug Court Programs (5093)	16.753		56,404
BJA - Drug Court Discretionary Grant Program (5095)	16.585		<u>382,814</u>
*			579,872
U.S. Department of Justice / Office of Violence Against Women			
Pass-through Program From:			
State of New Mexico Crime Victims Reparation Commission (5102)	16.588	2010-WF-AX-0047	<u>53,222</u>
Subtotal U.S. Department of Justice			<u>633,094</u>
Total U.S. Department of Justice			<u><u>633,094</u></u>
U.S. Department of Transportation			
Pass-through Program From:			
State of New Mexico Department of Transportation			
AOC DWI/Drug Court Expansion (5094)	20.600	11-AL-10-P27	74,871
AOC DWI/Drug Court Expansion (5104)	20.600	12-AL-K8-P08	<u>194,773</u>
Subtotal State of New Mexico Department of Transportation			269,644
Total State of New Mexico Department of Transportation			<u><u>269,644</u></u>
U.S. Department of Health and Human Service			
State Court Improvement - Basic Program (5081)	93.586		13,309
State Court Improvement - Data Program (5082)	93.586		36,855
State Court Improvement - Training Program (5083)	93.586		1,175
State Court Improvement - Basic Program (5086)	93.586		33,024
State Court Improvement - Training Program (5087)	93.586		57,233
State Court Improvement - Basic Program (5088)	93.586		56,667
State Court Improvement - Basic Program Supplemental (5090)	93.586		8,550
State Court Improvement - Basic Program (5097)	93.586		110,311
State Court Improvement - Data Program (5098)	93.586		20,548
State Court Improvement - Training Program (5099)	93.586		<u>36,449</u>
Subtotal U.S. Department of Health and Human Services			374,121

See Auditor's Report.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2012**

Federal Grantor/Pass-through Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Pass-through Program From:			
State of New Mexico Department of Children, Youth & Families			
Mediation Services (5100)	93.556	09-690-7745	166,817
Subtotal State of New Mexico Department of Children, Youth and Families			166,817
Total U.S. Department of Health and Human Services			540,938
State Justice Institute			
Language Access Planning for New Mexico State Courts (5096)	NA	SJI-10-T-179	17,867
Court Officer Basic Training (5101)	NA	SJI-11-E-153	30,000
New Mexico Interactive Forms Project (5103)	NA	SJI-11-T-163	6,699
Subtotal State Justice Institute			54,566
Total State Justice Institute			54,566
Total Expenditures of Federal Awards			\$ 1,498,242

* - Tested as a major program

Note 1> Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Administrative Office of the Courts (AOC) under programs of the federal government for the year ended June 30, 2012. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the AOC, it is not intended to and does not present the financial position, changes in net assets or cash flows of the AOC.

Note 2> Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the (identify basis of accounting) basis of accounting. Such expenditures are recognized following the cost principles contained in OMB 2 CFR Part 225, *Cost Principles for State, Local and Indian Tribal Governments* (OMB Circular A-87), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

See Auditor's Report.

**STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2012**

Federal Grantor/Pass-through Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
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Note 3> Subrecipients

Of the federal expenditures presented in the schedule, the AOC provided federal awards to subrecipients as follows:

Program Name	CFDA Number	Amount Provided to Subrecipients
BJA - Congressional Award for NM Drug Court Programs (5085)	16.580	\$ 10,631
BJA - Congressionally Selected Award for NM Drug Court Programs (5093)	16.753	47,643
		<u>\$ 58,274</u>

See Auditor's Report.

OTHER REPORTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Hector H. Balderas
New Mexico State Auditor
and
Honorable Petra J. Maes, Chairperson
Administrative Office of the Courts
Santa Fe, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, and the combining and individual funds and related budgetary comparisons presented as supplemental information of the State of New Mexico, Administrative Office of the Courts (AOC), as of and for the year ended June 30, 2012 and have issued our reported thereon dated December 12, 2012. 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 opinions 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting as item 2012-01. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

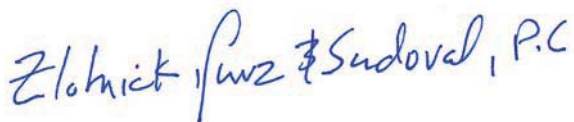
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the AOC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2012-04.

We also noted certain other matters that are required to be reported pursuant to *Government Auditing Standards* paragraphs 5.14 and 5.16, and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as items 2008-06 to 2010-03, 2012-02 and 2012-03.

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

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



Zlotnick, Laws & Sandoval, P.C.

December 12, 2012

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

Hector H. Balderas
New Mexico State Auditor
and
Honorable Petra J. Maes, Chairperson
Administrative Office of the Courts
Santa Fe, New Mexico

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 the AOC's major federal programs for the year ended June 30, 2012. 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, *Audits of States, Local Governments, and Non-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 Administrative Office of the Courts 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, 2012.

Internal Control Over Compliance

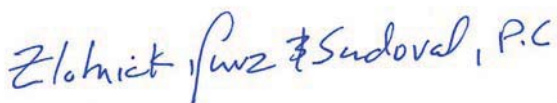
The management of the AOC is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the AOC's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purposes 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. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2012-05 to 2012-08. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Zlotnick, Laws & Sandoval, P.C.

December 12, 2012

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued: Unqualified Opinion

Internal control over financial reporting:

- A. Material weaknesses identified ___ Yes X No
- B. Significant deficiencies identified that
are not considered to be material
weaknesses? X Yes ___ No

Noncompliance material to the financial
statements noted? ___ Yes X No

Federal Awards

Internal control over major programs:

- A. Material weaknesses identified? ___ Yes X No
- B. Significant deficiencies identified that
are not considered to be material
weaknesses? X Yes ___ No

Type of auditors' report issued on compliance for major programs: Unqualified Opinion

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
16-580	Congressional Award for NM Drug Court Program.
16-753	Congressionally Selected Award for NM Drug Court Program.
16-585	Drug Court Discretionary Grant Program.

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

Year Ended June 30, 2012

Section II - Financial Statement Findings

SIGNIFICANT DEFICIENCY

2012-01

Fraud Policy

Condition:

The AOC policies and procedures address some elements of SAS No. 99; however, the AOC has not established a formal fraud policy that includes a management assessment of fraud, monitoring, and procedures whereby employees can report fraud.

Criteria:

Management is responsible for creating an atmosphere of honesty and ethical behavior. Statement on Auditing Standards (SAS) No. 99 created new responsibilities for management to formalize this responsibility.

Effect:

The AOC has not formally established the manner in which employees can report fraud.

Cause:

Management believed the current policies and procedures and code of conduct addressed the condition.

Recommendation:

We recommend that the AOC formalize a fraud policy as soon as possible. The policy should cover all of the necessary elements described in the condition above.

Management Response:

The AOC acknowledges this finding. The AOC does provide periodic presentations to employees on fraud prevention. AOC does have a draft fraud policy but it has not been finalized and fully implemented. AOC management will ensure that a fraud policy is formally implemented and that all employees receive training on how to detect and report fraud, and what rights are afforded to employees who report fraud to management.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

Section II - Financial Statement Findings

OTHER MATTERS

2008-06

Traffic Violation – Abstract not forwarded to DMV on time (Repeated)

Condition:

Of the twelve Magistrate Courts visited, we noted case files at 6 of the courts contained traffic violation abstracts that had not been forwarded to the Department of Motor Vehicles 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 record and late reporting to the defendant's insurance carrier.

Cause:

Court clerks' often get very busy and forget to submit the abstract.

Recommendation:

This should be a point of emphasis in all AOC training sessions. The situation should also be monitored as often as is practical.

Management Response:

Management recently addressed this topic with court staff during the November OMUG meeting. Further clarification of requirements will be addressed during the January OMUG meeting. Programmers are also writing a computer program to report abstract data automatically in about 95% of the cases.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

Section II - Financial Statement Findings

2010-01

Case File Management (Repeated)

Condition:

At the twelve Magistrate Courts visited, we noted the following circumstances related to case file management: A) 6 Courts with no follow up on Agreements to Pay after the due date for payment had expired. B) 2 Courts where a copy of the Agreement to Pay was not found in the case file. C) 1 Court where the Agreement to Pay in the case file was not signed by the defendant. D) 1 Court where the Agreement to Pay was not reflected in the Odyssey computer case management program. E) 2 Courts where there was no indication of the disposition of the case in the case file. F) 1 Court where a Cash Bond that had been refunded still reflected as outstanding in Odyssey.

Criteria:

Both the paper case file and the Odyssey system should always reflect the current status of the case as it progresses through the judicial process.

Effect:

Cases could be improperly handled in a variety of ways if the file does not contain a complete record of all actions in the adjudication of the case. The Court runs the risk of failing to properly execute its' duty to enforce the Statutes of New Mexico.

Cause:

The Courts are very busy and operating with a limited number of personnel. Turnover and training is always an issue. In addition, the Odyssey system was just rolled out during the current fiscal year and is not completely free of transition errors.

Recommendation:

The AOC and the Magistrate Courts should continue to do their best with training and internal audits to minimize the types of errors described.

Management Response:

No follow up on Agreements to Pay after the due date for payment had expired – Per Policy Directive #7, courts have 30 days from the date of default of the payment to address failure to pay issues before a bench warrant needs to be issued. Requirements for addressing and documenting failure to pay issues have been addressed by Warrant Enforcement staff during recent OMUG meetings and through a recent webinar training.

**STATE OF NEW MEXICO
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

Section II - Financial Statement Findings

Agreement to Pay was not found in the case file. – The J&S is the enforceable order that sentences and requires payment of fines and fees imposed by the court. Per current Odyssey procedures, the court documents payment terms for fines and fees due on the J&S. In instances where the balance due is not satisfied in full on the date the case is adjudicated, the court has the option order community service hours be performed in lieu of the fines and fees or issue a payment plan. Requirements for payment plans will be revisited with court staff.

Agreement to Pay in the case file was not signed by the defendant. – In the instance of this one case, the agreement to pay was mailed to the defendant for signature and was not returned. Management will recommend that court staff document instances where documents are mailed to the defendant for signature.

Agreement to Pay was not reflected in the Odyssey computer case management program. – Requirements for docketing of events in Odyssey are reviewed regularly during monthly OMUG meetings.

No indication of the disposition of the case in the case file. – With the transition to Odyssey and the standardization of Odyssey forms and procedures, documentation for disposition of charges in a case should improve. Requirements for appealable final orders will be revisited with court staff.

Cash Bond that had been refunded still reflected as outstanding in Odyssey. – This issue was a result of conversion of data from FACTS to Odyssey. Court staff is working with Fiscal Services to correct.

**STATE OF NEW MEXICO
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

Section II - Financial Statement Findings

2010-02

Bonds Outstanding over Six Months and Other Bond Issues (Repeated)

Condition:

Of the twelve Magistrate Courts visited, we noted that ten of those courts had cash bonds that were not refunded or forfeited within six months of posting of the bond. We also noted the following matters regarding bonds. A) In 2 courts we noted a bond received that was receipted to an individual other than the person who actually posted the bond. B) At one court bonds are delivered to the court from another court in the circuit by a traveling judge. These bonds are not logged in the same manner as other moneys received from outside sources.

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) In order to take proper action on Outstanding Bonds the Court must assure that all bonds posted are properly posted to the case and to the correct individual who posted the bond.

Effect:

Bonds over 6 months old are an indication of lack of follow up in some way on an individual case. Efficiency within the court would permit cases to be heard and adjudicated within the 6 month time period. If bonds are not properly recorded as to amount and the name of the individual posting the bond the refund may be erroneously disbursed or otherwise disposed.

Cause:

We believe that in the majority of situations the case has been slowed or delayed by the judicial process. (often at the request of the defendant) In the minority of the cases there is a lack of follow up on a bench warrant or a failure to set the case for hearing. Consistent follow up on bonds that have been outstanding for more than 6 months will identify those types of cases. Bonds posted that are credited to the incorrect individual are simply the result of clerk error.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

Section II - Financial Statement Findings

Recommendation:

The AOC and the Magistrate Courts should continue to emphasize the need for magistrate clerks to follow-up on the detail bond listing and provide a written explanation of bonds which exceed the 6 month limitation. We also recommend that bonds that come to a court by any route other than payment at the cashier's window should be logged on the mail log and handled accordingly.

Management Response:

Cash bonds not refunded or forfeited within six months of posting of the bond – Magistrates have discretion to hold bonds beyond the six months in instances where the cases have not been adjudicated and bonds are required to ensure the defendant's appearance at court hearings. However, current procedures require courts to document reasons for holding bonds beyond the six months on the outstanding bond report submitted to the Fiscal Services Division with their monthly reports. Requirements for documentation will be addressed with court staff.

Bond received was receipted to an individual other than the person who actually posted the bond - Odyssey procedures require receipts to be issued to the person posting bonds. Requirements for receipting cash bonds will be revisited with court staff.

Bonds delivered to the court from another court in the circuit by a traveling judge not logged - A recommendation was made to court staff that the bonds be logged on the mail log when received. Follow-up will be conducted with court staff to ensure that bonds are properly logged.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

Section II - Financial Statement Findings

2010-03

Cash Handling (Repeated)

Condition:

At the twelve Magistrate Courts visited, we noted two courts that did not receipt checks received by mail and deposit the money to the bank within the 24 hours of receiving the money. Ten of the Twelve courts had outstanding checks that were more than 6 months old.

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) 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).

Effect:

There is an increased risk of theft, error or fraud.

Cause:

The cause is unknown. In both cases of failure to deposit the court entered the checks on the mail log and did not receipt the money in the Odyssey system until some days later. In the case of old outstanding checks the courts have not followed up in a timely manner.

Recommendation:

The procedures at each magistrate court should include a provision that money received in the mail should be logged on the mail log and receipted by the clerks on the same day received. They should also include a provision to submit money to the suspense account on a monthly basis with the monthly report.

**STATE OF NEW MEXICO
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

Section II - Financial Statement Findings

Management Response:

Checks received in the mail not receipted and deposited within 24 hours – The Portales Magistrate Court utilizes the night drop for their deposits but bank procedures require that a clerk from the court provide a key to the bank bag the following business day before money can be deposited. On days with heavy dockets or short staff, court clerks cannot always make it to the bank to deliver the key and be present for the bank to record the deposit. The court is working with Fiscal Services staff to change banks which should correct this issue. In the instance of the checks present not deposited in the Clovis Magistrate Court, the checks were for cash bonds that could not be receipted because the court had not received the criminal complaint to open the cases. The checks for these cases were secured in the safe.

Checks outstanding over six months – Fiscal services staff has begun sending reminders to courts to review outstanding checks on a regular basis. Internal auditors also perform remittance testing and review outstanding checks during internal audits. This issue will continue to be addressed with court staff.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

Section II - Financial Statement Findings

2012-02

Vouchers Test

Condition:

During our testing of expenditures we looked at 92 vouchers and we found two instances where an employee was reimbursed for travel expenses without a supervisor signature, and one instance where an employee was reimbursed for an alcoholic beverage.

Criteria:

Supervisors should approve all travel vouchers. Alcoholic beverages are not an ordinary and necessary travel expense.

Effect:

The AOC has reimbursed travel expenses that have not or should not be approved.

Cause:

Unknown.

Recommendation:

The AOC should follow its own procedures to ensure travel expenses are authorized and that reimbursements are only for ordinary and necessary expenses.

Management Response:

The AOC Fiscal Services Division acknowledges the finding and understands the importance of careful scrutiny of travel reimbursements. AOC Management will remind fiscal staff to be more diligent when auditing travel reimbursements for unauthorized expenditures and supervisor signatures. In addition, AOC management will remind all AOC, JID and Magistrate staff of the importance of obtaining supervisors signatures on all travel reimbursements as well as excluding unauthorized expenditures on travel reimbursement requests.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

Section II - Financial Statement Findings

2012-03

Personnel Records Maintenance – Other

Condition:

Documents that are required to be present in personnel records were missing or inadequate. Our review of personnel files revealed the following forms were not retained in the files:

- Employee evaluations were not on file. We couldn't determine if they were misfiled or never done.
- One file was missing the PERA enrollment form.

Criteria:

New Mexico Judicial Branch Personnel Rules and Code of Conduct, Audit Rule 2012 2.2.2.10 G NMAC, and 12-6-5 NMSA.

Effect:

The AOC is out of compliance with personnel rules as they relate to personnel file documentation.

Cause:

Responsible personnel did not follow proper procedures in maintaining files.

Recommendation:

Management must ensure that all personnel files contain all required documents and that those documents are filed in a systematic and orderly manner.

Management Response:

The finding is acknowledged. Staff evaluations are mandatory, and their inclusion in the central personnel files is mandatory. Also, all management and supervisory staff with evaluation responsibilities have the timely filing of evaluations as part of their own performance expectations. Nonetheless, compliance with this requirement is uneven. The Administrative Office of the Courts will provide all HR staff statewide with a reminder of these requirements, and will continue to perform random personnel file audits to compel compliance. In addition, HR and AOC management will periodically review and audit personnel files to ensure that all required forms and documents are contained in the files of respective employees.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

Section II - Financial Statement Findings

COMPLIANCE

2012-04

Cash Receipts

Condition:

We selected 44 deposit days to test the cash receipts. We found one (1) instance where the cash receipts were not deposited within the 24 hour time requirement.

Criteria:

The Public Money Act [Chapter 6-10-3 NMSA 1978] requires that state agencies receiving any money for or on behalf of the state shall remit to the State Treasurer before the close of the next succeeding business day after the receipt of money.

Effect:

Non-compliance with State Law.

Cause:

No explanation was provided for the late deposit.

Recommendation:

The Agency should make every effort to comply with the state law.

Management Response:

The AOC Fiscal Services Division acknowledges the finding and understands the importance of compliance with the state law requirement of depositing within a 24 hour time period. The CFO and Deputy CFO will remind fiscal staff to insure that all cash receipts are date stamped and deposited within the 24 hour period in order to comply with state law.

**STATE OF NEW MEXICO
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

Section III – Federal Awards Findings

2012-05

Cost principles for Personal Services

Condition:

The Administrative Office of the Courts does not have the required certifications for employees working solely on a Federal award program.

Criteria:

Under OMB 2 CFR Part 225, *Cost Principles for State, Local, and Indian Tribal governments (OMB Circular A-87)*, Charges of employees' salaries and wages will be supported by periodic certifications that the employees worked solely on a single Federal program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.

Effect:

The grantor could reject wages and benefits charged to the Federal award program.

Cause:

The AOC was not aware of this compliance requirement from the above OMB circular.

Recommendation:

The AOC should have procedures in place to ensure semi-annual certification for employees working solely on a single Federal program. Employees working on multiple Federal programs should have activities reports showing how their hours are allocated to various Federal programs.

Management Response:

The AOC is drafting a form that will be used semi-annually to certify that federally-funded employees worked solely in support of the specified scope of work of the source federal award. We will have the form signed semi-annually, with the timeframe conforming to the grant cycle. A copy of the form will be retained in program files.

We currently don't have any employees on these grants who are working on multiple Federal programs and who would then have to provide activities reports showing how their time is allocated to the various Federal programs.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

Section III – Federal Awards Findings

**2012-06
Matching**

Program: **Drug Court Discretionary Grant**
CFDA #: **16.585**
Award #: **2010-DC-BX-0124**
Period: **10/01/2010 – 6/30/2013**

Condition:

AOC uses in-kind contributions of facilities and wages and benefits for judges, clerks and drug court coordinators to meet matching requirements. We obtained a worksheet used to calculate the in-kind matching and tested supporting documentation for the costs allowability and correct calculation of the amount. We reviewed supporting documentation for 52 out of a population of 311 entries used for matching and found the following exceptions:

1. Two judges received credit totaling three hours (\$117.18) for a meeting they did not attend.
2. Two judges attended a DWI hearing, but the matching worksheet overstated their attendance by three extra hours (\$125.49).
3. One employee whose entire wages and benefits for the second quarter were used as an in-kind match also got credit for an additional 6.5 hours for that quarter (\$157.50).
4. One employee, who attended DWI hearings for a total of six hours, only received credit for three hours (understated by \$381.20).
5. Two judges attended the DWI hearing for the Santa Fe Magistrate Courts on March 21st and 28th totaling four hours but did not receive credit for the match (understated by \$372.88).
6. Some trainings and conferences attended by judges and employees were excluded from the in-kind matching worksheet, and some were not properly documented. However, the overall effect will increase the amount of matching by about \$1,700.00

Criteria:

The Drug Court Discretionary grant calls for a 25% State matching requirement. The matching funds can be either cash or in-kind.

Effect:

Grantors could reject amounts used for matching requirements if they are not properly documented.

**STATE OF NEW MEXICO
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

Section III – Federal Awards Findings

Cause:

The worksheet and files used to support the matching requirement are poorly maintained and improperly documented. In-kind facilities usage, wages and benefits information that are used to calculate the matching requirement have not been updated since the inception of the program. There are no controls in place to ensure that all in-kind contributions are received timely and properly valued.

Recommendation:

AOC should have a system in place to account for, value and document all in-kind contributions used to meet the matching requirement. The information should be organized and reviewed periodically by a program manager or someone else who is not preparing the worksheet.

Management Response:

On a monthly basis, the Program Manager will account for and document all in-kind contributions used to meet the match (cash and/or in-kind) required by the grantor. This information will be organized, compiled, and reviewed monthly by the Program Manager and submitted to the Fiscal Grant Manager quarterly for review and submission to the grantor.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

Section III – Federal Awards Findings

2012-07

Subrecipient Monitoring

Condition:

AOC signs MOUs with the district courts to provide pass-through funding for the drug court program under the Congressional Award and the Congressionally Selected Award grants. We reviewed a standard MOU noting that it did not provide a CFDA number to the recipient, and language regarding compliance with OMB Circular A-133 is missing. Other than reimbursement reports received from subrecipients, AOC does not have a mechanism to ensure the subrecipients audit findings over the drug court program, if applicable, are resolved, and that the impact of any subrecipient's noncompliance on the pass-through entity is evaluated

Criteria:

AOC should have controls in place to provide reasonable assurance that Federal award information and compliance requirements are identified to subrecipients, subrecipient activities are monitored, subrecipient audit findings are resolved, and the impact of any subrecipient noncompliance on the pass-through entity is evaluated.

Effect:

Sub-grantees receiving funding under this Federal award may be subject to the Single Audit Act, but could potentially exclude the drug court program in their schedule of federal expenditures because the MOU did not specify the CFDA numbers in compliance with the OMB Circular A-133.

Cause:

The program manager was not aware of the subrecipient monitoring requirement under the Single Audit Act (OMB Circular A-133).

Recommendation:

AOC should have a system in place to inform, identify and monitor Federal awards pass-through to the subrecipients. Also, AOC should perform procedures to provide reasonable assurance that the subrecipient obtained the required audits and took the appropriate corrective action on audit findings.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

Section III – Federal Awards Findings

Management Response:

This finding and recommendation apply to two congressional earmarks, one received in 2009 and the other in 2010. Both earmarks will terminate June 30, 2013, but neither has any funding still available for subrecipients. The recommendation for monitoring such subrecipients is, therefore, noted for future funding, in that the AOC will provide the CFDA number and the language regarding compliance with OMB Circular A-133 in the MOU with any courts receiving a share of the award. The AOC will also include language detailing the need to be informed of any audit findings of the court involving any subrecipients of the awarded funds.

**STATE OF NEW MEXICO
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

Section III – Federal Awards Findings

2012-08

Procurement, Suspension and Debarment

Condition:

Grant managers currently do not check the Excluded Parties List System (EPLS) to ensure that contracts are not awarded to disqualified persons.

Criteria:

28 CFR 66 *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments* states that grantees must not make any award or permit any award at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs.

Effect:

Contracts may have been awarded to a party that has been suspended or debarred without the AOC's knowledge.

Cause:

Grant managers were not aware of the existence of the website (Sam.gov) that lists disqualified persons from participating in Federal assistance programs.

Recommendation:

The AOC should verify that a vendor is not on the EPLS before the contract is awarded. The AOC needs to assure that its sub-grantees do not make awards to disqualified persons as well.

Management Response:

The Program Manager will ensure that a copy of the Excluded Parties List System is attached to all Requests for Purchase Orders for contractual services and/or for direct purchases over \$1,500.

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

PRIOR YEAR FINDINGS

Year Ended June 30, 2012

<u>Reference Number</u>	<u>Condition</u>	<u>Disposition</u>
08-06	Traffic Violation – Abstracts not forwarded To the DMV On-Time	Revised and Repeated
09-01	Cash Receipts – Segregation of Duties	Resolved
10-01	Case File Management	Revised and Repeated
10-02	Bond Outstanding Over Six-Months and Other Bond Issues	Revised and Repeated
10-03	Cash Handling	Revised and Repeated
11-01	Cash Management	Resolved

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
EXIT CONFERENCE
Year Ended June 30, 2012**

We discussed the recommendations contained in this letter during the exit conference held December 13, 2012. The exit conference was attended by the following individuals:

Administrative Office of the Courts

Honorable Petra J. Maes	Chairperson
Arthur Pepin	Director
Louise Baca-Sena	Director of Special Court Services
Karen Janes	Director, Magistrate Court Division
Oscar Arevalo	Director, Fiscal Services Division
Lydia Romero	Asst. Director, Fiscal Services Division
Rosie Salgado	Court Financial Manager
Marie Salazar	Financial Supervisor
Olga Solano	Internal Auditor
Charlene Romero	Internal Auditor

Zlotnick, Laws & Sandoval, P.C.

Asa Laws	CPA
Richard Sandoval	CPA
Ban Trinh	CPA
Brian Laws	CPA

Supreme Court of New Mexico
Administrative Office of the Courts
237 Don Gaspar
Santa Fe, New Mexico 87501
505-827-4800

