



NEW MEXICO JUDICIARY

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
FINANCIAL STATEMENTS

JUNE 30, 2014

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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ADMINISTRATIVE OFFICE OF THE COURTS**

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

Official Roster

June 30, 2014

ADMINISTRATIVE OFFICIALS

Name	Title
Honorable Barbara J. Vigil	Chairperson
Arthur W. Pepin	Director
Patrick J. Simpson	Deputy Director
Oscar J. Arevalo	Director of Fiscal Services
Lynette Pulman-Rodriguez	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 Barbara J. Vigil, Chairperson
Administrative Office of the Courts
Santa Fe, New Mexico

Report on Financial Statements

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, 2014, and the related notes to the financial statements 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 nonmajor governmental funds and the budgetary comparisons for the major capital project funds and all nonmajor funds presented as supplementary information as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the AOC as of June 30, 2014, and the changes in financial position thereof and the budgetary comparisons for the general fund and the major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental funds of the AOC as of June 30, 2014, and the respective changes in financial position thereof and the respective budgetary comparisons for the major capital project funds and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America

Other Matters

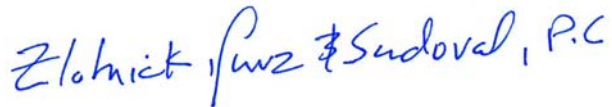
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 to 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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 AOC's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of federal awards as required by Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the supplementary information listed on the table of contents and other schedules required by 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of federal awards and other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of federal awards and the supplementary information listed on the table of contents and other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 3, 2014 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* in considering the AOC's internal control over financial reporting and compliance.

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

Zlotnick, Laws & Sandoval, P.C.
December 3, 2014

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

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, 2014**

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 17 grants throughout FY2014 that include the following: (4) U.S. Department of Justice Awards of which three were 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, (2) State Court Improvement Program basic initiatives, (2) Court Improvement Data Sharing Program, (2) Court Improvement Training Program, and (2) pass-through from the State of New Mexico Department of Children, Youth and Families for Mediation Services; and State Justice Institute, (2) Language Access, 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, 2014**

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.

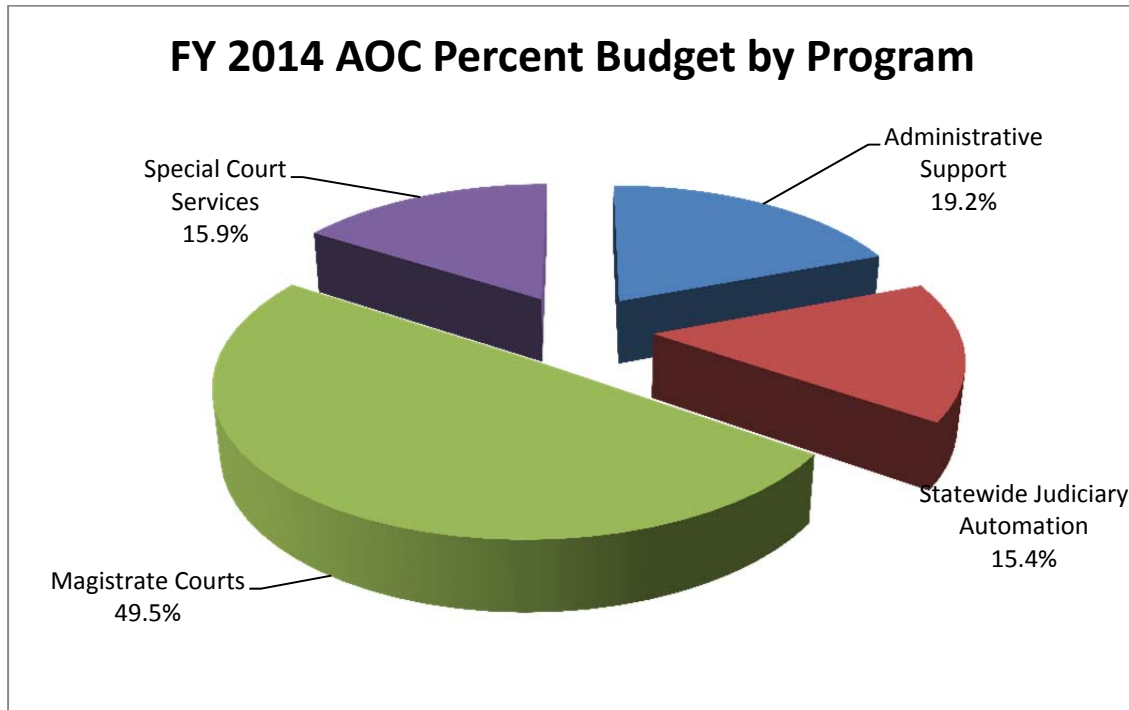
Court Appointed Attorney – Administers a program that provides legal representation to clients, treatment guardians and to appoint special commissioners. These funds are paid to attorneys by the AOC on behalf of district courts statewide.

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, 2014**



HIGHLIGHTS

Financial Highlights:

- The Statewide General Fund recurring revenue increase for FY2014 was a total of 5.2%. This was attributed to increased statewide general fund revenue as a result of improvement in national and state economic conditions.
- Pursuant to Laws of 2013 Chapter 227, Section 4, AOC's FY2014 General Fund appropriation was increased by 4.8% also due to increased general fund revenues for the State. The national financial market improvement provided increases in State revenues.
- Federal revenue to the AOC decreased by 6.3% to \$1,514,105 in FY2014 as compared to \$1,608,789 in FY2013 mainly attributable to the decrease of expenditures of multi-year awards.
- Overall revenue to the AOC increased by 3.6% in FY2014 as compared to FY2013. This was largely attributable to an increase in state general funds.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2014**

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-Wide Financial Statements (Statement of Net Position 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 Position 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, 2014**

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>2014</u>	<u>2013</u>
<u>Statement of Net Position</u>		
<u>Government Activities</u>		
Current and other assets	<u>\$10,457,525</u>	12,932,608
Current liabilities	<u>\$ 4,348,121</u>	4,570,778
Net Position		
Restricted	\$ 6,736,826	7,107,931
Unrestricted	<u>(627,422)</u>	1,253,899
Total net position	<u>\$ 6,109,404</u>	<u>8,361,830</u>

For more detailed information see the Net Position.

The change to assets, liabilities and net position compared to the prior year are attributable primarily to a decrease in fund balances from prior year's data processing and capital outlay appropriations.

Statement of Activities

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

	<u>Government Activities</u>	
	<u>2014</u>	<u>2013</u>
<u>General Revenues</u>		
State General Fund appropriations	\$ 44,051,500	42,043,500
Transfers from other agencies	2,108,543	2,636,319
Bond proceeds appropriations	664,713	373,649
Transfers from other governments	-0-	37,368
Reversions to the State General Fund	<u>(57,039)</u>	<u>(64,537)</u>
	<u>\$ 46,767,717</u>	<u>45,026,299</u>

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2014**

Statement of Activities (Continued)

	<u>Government Activities</u>	
	<u>2014</u>	<u>2013</u>
<u>Program Revenues</u>		
Charges for services	\$ 11,738,994	11,330,155
Operating grants	<u>1,531,038</u>	<u>1,608,789</u>
	<u>13,270,032</u>	<u>12,938,944</u>
<u>Program Expenses</u>		
Judicial services	60,774,891	55,935,911
Operating grants	<u>1,515,283</u>	<u>1,608,789</u>
	<u>62,290,174</u>	<u>57,544,700</u>
Change in net position	(2,252,425)	420,543
Net position, beginning	<u>8,361,829</u>	<u>7,941,287</u>
Net position, ending	<u>\$ 6,109,404</u>	<u>8,361,830</u>

The FY2014 final approved operating budget for the AOC was a 6.1% increase compared to FY2013. The increase was primarily attributable to improved general fund increases as part of overall state and national economic improvements. Overall Net Position decreased significantly due to the use of fund balances in special revenue funds and multi-year data processing and special appropriations.

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 two categories:

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

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2014**

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 Judicial Performance Evaluation (JPEC) fund, several Magistrate Court special revenue funds and revenues associated with multi-year appropriations. The JPEC fund balance decreased by (\$170,891) mainly to cover increased costs associated with judges standing for retention. Magistrate Court special revenue fund balances decreased by (\$399,318) due to an increase in spending. Multi-year appropriations fund balance decreased (\$1,744,282) due to increased expenditures. All of the remaining fund balances at year-end are 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 2015. The state's general fund revenue has improved mainly due to increases in oil and gas revenues. AOC began FY 2014 with recurring General Fund revenue of \$ 43,369,500 and finished with \$44,255,500 due to special and supplemental appropriations at year end. During the 2014 Legislative Session, which sets the operating budget for FY 2015, the AOC's recurring General Fund appropriations were increased to \$ 46,772,800 a total increase of \$ 3,403,300 (7.8%) from original FY 2014 recurring General Fund appropriation.

As stated above, other non-general fund revenue 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 (\$623,700) in FY 2014. 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, 2013**

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

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**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
STATEMENT OF NET POSITION
June 30, 2014**

	<u>Governmental Activities</u>
ASSETS	
Interest in SGFIP	\$ 8,547,883
Other Cash	5,776
Other Receivables	149,886
Due from agency funds	727,235
Due from other state agencies	683,753
Due from Federal Government	342,992
Total assets	<u>10,457,525</u>
LIABILITIES	
Vouchers Payable	2,120,649
Payroll Benefits Payable	233,140
Payroll Taxes Payable	123,773
Accrued Payroll	312,421
Due to other state agencies	63,848
Due to State General Fund	63,759
Other Liabilities	3,288
Compensated Absences	1,427,243
Total liabilities	<u>4,348,121</u>
NET POSITION	
Restricted	7,120,100
Unrestricted	(1,010,696)
Total net position	<u>\$ 6,109,404</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
STATEMENT OF ACTIVITIES
June 30, 2014**

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants & Other	Governmental Activities
Governmental Activities				
General Operations	\$ 38,772,296	1,679	-	(38,770,617)
Jury and Witness Program	5,084,142	-	-	(5,084,142)
Court Appointed Attorney Program	4,814,243	-	-	(4,814,243)
Court Automation Fees	5,345,511	5,321,984	-	(23,527)
Bench Warrant Fees	3,304,243	3,339,459	-	35,216
Magistrate Court Operations	677,171	577,395	16,933	(82,843)
Magistrate Mediation Fees	238,171	92,270	-	(145,901)
Drug Court Fees and Photo Enforcement	250,816	34,615	-	(216,201)
Jury Demand and Penalty Assess Fees	2,258,177	2,371,592	-	113,415
E-Filing Services	30,000	-	-	(30,000)
* Federal Grants	1,515,283	-	1,514,105	(1,178)
Miscellaneous Administrative Expenses	121	-	-	(121)
(*Detail of Federal Grants may be found in the Schedule of Expenditures of Federal Awards in the Supplemental Information Section)				
Total governmental activities	62,290,174	11,738,994	1,531,038	(49,020,142)
General Revenues				
General fund appropriations				\$ 44,051,500
Transfers from other agencies				2,108,543
Transfers - Bond proceeds appropriations				664,713
Reversion to State General Fund				(57,039)
Total general revenues				46,767,717
Changes in net position				(2,252,425)
Net position, beginning				8,361,829
Net position, ending				\$ 6,109,404

See Notes to Financial Statements.

FUNDS FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014**

	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	\$ 312,166	561,673	-	506,890	739,585
Other Cash	5,776	-	-	-	-
Receivables	-	1,840	-	-	-
Due from agency funds	-	388,955	-	-	-
Due from other funds	12	-	-	28	-
Due from other state agencies	-	-	531,501	-	-
Due from Federal Government	-	-	-	-	-
Total assets	\$ 317,954	952,468	531,501	506,918	739,585
LIABILITIES AND FUND BALANCES					
Current Liabilities					
Deficit cash balance	\$ -	-	239,396	-	-
Vouchers Payable	132,197	51,609	667,183	482,110	54,939
Payroll Benefits Payable	28,564	16,533	2,529	876	-
Payroll Taxes Payable	9,703	10,534	1,179	577	-
Accrued Payroll	36,602	24,129	3,956	1,499	-
Other Liabilities	653	235	532	-	-
Due to other funds	44,252	18,190	-	-	-
Due to other state agencies	63,848	-	-	-	-
Due to State General Fund	2,135	-	-	21,856	825
Total liabilities	317,954	121,230	914,775	506,918	55,764
FUND BALANCES					
Restricted	-	831,238	-	-	-
Committed	-	-	-	-	683,821
Unassigned	-	-	(383,274)	-	-
Total fund balances	-	831,238	(383,274)	-	683,821
Total liabilities and fund balances	\$ 317,954	952,468	531,501	506,918	739,585

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
\$ 136,374	-	2,093,798	2,388,834	600,835	-	1,803,484	9,143,639
-	-	-	-	-	-	-	5,776
-	131,693	-	379	1,974	-	14,000	149,886
-	-	-	277,232	-	-	61,048	727,235
-	3,572	2,483	223,198	-	-	45,850	275,143
-	18,483	-	-	-	131,474	2,295	683,753
-	342,992	-	-	-	-	-	342,992
136,374	496,740	2,096,281	2,889,643	602,809	131,474	1,926,677	11,328,424
\$ -	329,420	-	-	-	26,940	-	595,756
20,331	141,529	18,905	37,824	52,897	104,077	357,048	2,120,649
-	4,200	946	22,756	133,189	-	23,547	233,140
-	2,532	388	8,450	78,654	-	11,756	123,773
-	5,243	1,256	24,429	186,022	-	29,285	312,421
-	1,504	-	364	-	-	-	3,288
-	11,491	-	-	143,721	-	57,489	275,143
-	-	-	-	-	-	-	63,848
43	-	-	-	8,326	-	30,574	63,759
20,374	495,919	21,495	93,823	602,809	131,017	509,699	3,791,777
-	821	2,074,786	2,795,820	-	457	1,416,978	7,120,100
116,000	-	-	-	-	-	-	799,821
-	-	-	-	-	-	-	(383,274)
116,000	821	2,074,786	2,795,820	-	457	1,416,978	7,536,647
\$ 136,374	496,740	2,096,281	2,889,643	602,809	131,474	1,926,677	11,328,424

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
Year Ended June 30, 2014**

Fund balances - total governmental funds	\$ 7,536,647
Amounts reported for governmental activities in the Statement of Net Position are different because	
Compensated absences	<u>(1,427,243)</u>
Net Position of Governmental Activities	<u><u>\$ 6,109,404</u></u>

See Notes to Financial Statements.

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**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
June 30, 2014**

	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	\$ -	4,558,235	2,371,592	-	-
Miscellaneous Revenue	-	-	-	-	-
Grants	-	-	-	-	-
Total revenues	-	4,558,235	2,371,592	-	-
EXPENDITURES					
Judicial:					
Personal services and Employee Benefits	3,233,200	2,196,387	265,140	105,500	-
Contractual services	1,123,400	1,125,675	139,977	4,695,841	233,627
Other costs	276,600	1,254,792	6,937,202	12,902	482,815
Total expenditures	4,633,200	4,576,854	7,342,319	4,814,243	716,442
Excess (deficiency) of revenues over expenditures	(4,633,200)	(18,619)	(4,970,727)	(4,814,243)	(716,442)
OTHER FINANCING SOURCES AND (USES)					
General fund appropriations	6,709,600	-	4,620,200	4,856,100	-
Transfers from other agencies	529,800	-	463,942	-	195,000
Transfers - Bond proceeds appropriations	-	-	-	-	-
Transfers to other agencies	(2,604,194)	-	-	(20,000)	-
Reversions to the State General Fund:					
FY2012	-	-	-	-	(825)
FY2013	-	-	-	-	-
FY2014	(2,006)	-	-	(21,857)	-
Total other financing sources and (uses)	4,633,200	-	5,084,142	4,814,243	194,175
Net change in fund balances	-	(18,619)	113,415	-	(522,267)
Fund balances, beginning	-	849,857	(496,689)	-	1,206,088
Fund balances, ending	\$ -	831,238	(383,274)	-	683,821

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
\$ -	-	-	3,339,459	1,679	-	1,468,029	11,738,994
-	-	-	-	16,897	-	36	16,933
-	1,514,105	-	-	-	-	-	1,514,105
-	1,514,105	-	3,339,459	18,576	-	1,468,065	13,270,032
-	444,599	111,046	2,283,248	17,273,697	-	2,918,706	28,831,523
-	963,926	275,432	93,131	160,170	-	656,651	9,467,830
1,337,972	106,879	2,815	927,864	7,286,924	664,256	1,801,230	21,092,251
1,337,972	1,515,404	389,293	3,304,243	24,720,791	664,256	5,376,587	59,391,604
(1,337,972)	(1,299)	(389,293)	35,216	(24,702,215)	(664,256)	(3,908,522)	(46,121,572)
116,000	-	-	-	24,567,700	-	3,181,900	44,051,500
-	-	745,601	-	136,400	-	151,964	2,222,707
-	-	-	-	-	664,713	-	664,713
-	-	(251,500)	-	-	-	-	(2,875,694)
-	-	-	-	-	-	-	(825)
(43)	-	-	-	-	-	-	(43)
-	-	-	-	(1,885)	-	(30,423)	(56,171)
115,957	-	494,101	-	24,702,215	664,713	3,303,441	44,006,187
(1,222,015)	(1,299)	104,808	35,216	-	457	(605,081)	(2,115,385)
1,338,015	2,120	1,969,978	2,760,604	-	-	2,022,059	9,652,032
\$ 116,000	821	2,074,786	2,795,820	-	457	1,416,978	7,536,647

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, 2014

Net change in fund balances - total governmental funds	\$ (2,115,385)
<p>Amounts reported for governmental activities in the Statement of Activities are different because of</p>	
Change in compensated absences	<u>(137,040)</u>
Change in net position of governmental activities	<u><u>\$ (2,252,425)</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, 2014

	General Fund (13900)			
	Original <u>Budget</u>	Approved Revised <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues				
State General Fund appropriations	\$ 6,709,600	6,709,600	6,709,600	-
Other financing sources	529,800	529,800	529,800	-
Miscellaneous revenues	-	-	-	-
Total revenues	<u>7,239,400</u>	<u>7,239,400</u>	<u>7,239,400</u>	<u>-</u>
Expenditures - All Organizations				
Personal services	3,233,200	3,233,200	3,233,200	-
Contractual services	1,123,400	1,123,400	1,123,400	-
Other costs	276,600	276,600	276,600	-
Other financing uses	2,606,200	2,606,200	2,604,194	2,006
Total expenditures	<u>\$ 7,239,400</u>	<u>7,239,400</u>	<u>7,237,394</u>	<u>2,006</u>
Excess of revenues and other financing sources over expenditures and other financing uses			2,006	
Reversion			<u>(2,006)</u>	
Ending Balance			<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)
JID Supreme Court Automation Fund (01100)
Year Ended June 30, 2014

	JID Supreme Court Automation Fund (01100)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriations	\$ -	-	-	-
Other financing sources	-	-	-	-
Miscellaneous revenues	4,789,800	4,789,800	4,558,235	(231,565)
Total revenues	<u>4,789,800</u>	<u>4,789,800</u>	<u>4,558,235</u>	<u>(231,565)</u>
Fund Balance Budgeted	<u>400,000</u>	<u>400,000</u>		
	<u>5,189,800</u>	<u>5,189,800</u>		
Expenditures				
Personal services	2,213,900	2,213,900	2,196,387	17,513
Contractual services	1,486,200	1,486,200	1,125,675	360,525
Other costs	1,489,700	1,489,700	1,254,792	234,908
Other financing uses	-	-	-	-
Total expenditures	<u>\$ 5,189,800</u>	<u>5,189,800</u>	<u>4,576,854</u>	<u>612,946</u>
Excess of revenues and other financing sources over expenditures and other financing uses			(18,619)	
Fund Balance Beginning			<u>849,857</u>	
Fund Balance carryforward			<u>831,238</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, 2014

Jury and Witness Fee Fund (01200)				
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriations	\$ 4,020,200	4,620,200	4,620,200	-
Other financing sources	-	463,942	463,942	-
Miscellaneous revenues	2,025,000	2,272,850	2,371,592	98,742
Total revenues	6,045,200	7,356,992	7,455,734	98,742
Expenditures				
Personal services	225,000	281,000	265,140	15,860
Contractual services	67,000	161,600	139,977	21,623
Other costs	5,753,200	6,914,392	6,907,940	6,452
Other financing uses	-	-	-	-
Total expenditures	\$ 6,045,200	7,356,992	7,313,057	43,935
Excess of revenues and other financing sources over expenditures and other financing uses				
			142,677	
Reverse amount for FY13 expenditures paid w/ FY14 funds			567,196	
Add FY14 expenditures paid w/ FY15 funds			(596,458)	
Fund Balance Beginning			(496,689)	
Fund Balance carryforward			(383,274)	

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, 2014

	Court Appointed Attorney (12400)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriations	\$ 4,706,100	4,856,100	4,856,100	-
Other financing sources	-	-	-	-
Miscellaneous revenues	-	-	-	-
Total Revenues	<u>4,706,100</u>	<u>4,856,100</u>	<u>4,856,100</u>	-
Expenditures				
Personal services	84,500	105,500	105,500	-
Contractual services	4,614,600	4,717,600	4,695,841	21,759
Other costs	7,000	13,000	12,902	98
Other financing uses	-	20,000	20,000	-
Total expenditures	<u>\$ 4,706,100</u>	<u>4,856,100</u>	<u>4,834,243</u>	<u>21,857</u>
Excess of revenues and other financing sources over expenditures and other financing uses			21,857	
Reversion			<u>(21,857)</u>	
Ending Balance			<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)
JID Statewide Automation (27300)
Year Ended June 30, 2014

DATA PROCESSING APPROPRIATIONS

JID Statewide Automation (27300)

	Original Budget	Approved Revised Budget	Prior Year Actual	Current Year Actual	Total Since Inception	Variance Favorable (Unfavorable)
Revenues						
State General Fund appropriations	\$ -	-	-	-	-	-
Other financing sources	1,977,000	1,977,000	1,782,000	195,000	1,977,000	-
Miscellaneous revenues	-	-	-	-	-	-
Total revenues	1,977,000	1,977,000	1,782,000	195,000	1,977,000	-
Expenditures						
Personal Services	-	-	-	-	-	-
Contractual services	770,000	770,000	2,435	233,627	236,062	533,938
Other Costs	1,207,000	1,207,000	573,477	482,815	1,056,292	150,708
Other financing uses	-	-	-	-	-	-
Total expenditures	\$ 1,977,000	1,977,000	575,912	716,442	1,292,354	684,646
Excess of revenues and other financing sources over expenditures and other financing uses				(521,442)		
Reversion				-		
Fund Balance Beginning				1,206,088		
Fund Balance carryforward				<u>684,646</u>		

Appropriation Period	Short Title	Approved Budget	Prior Years	Current Year	Outstanding Encumbrances	Unexpended/ Unencumbered Balance
FY 2012	Disaster Recovery & Business Continuity	\$ 700,000	382,349	316,826	-	825
FY 2012	Telecomm Circuit Upgrades	254,000	193,563	60,437	-	-
FY 2013	Case Mgmt Roll-out to Metropolitan Court	310,000	-	176,432	-	133,568
FY 2013	Case Mgmt Roll-out to Appellate Courts	220,000	-	-	-	220,000
FY 2013	Statewide Video Equipment purchase	298,000	-	162,747	-	135,253
FY 2014	One-stop Online Portal	195,000	-	-	-	195,000
		\$ 1,977,000	575,912	716,442	-	684,646
	Reversion to Computer Systems Enhancement Fund					(825)
	Net Committed Fund Balance					<u>683,821</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)
Statewide Drug Court Technology (44300)
Year Ended June 30, 2014

<u>SPECIAL APPROPRIATIONS</u>	Statewide Drug Court Technology (44300)					
	Original Budget	Approved Revised Budget	Prior Year Actual	Current Year Actual	Total Since Inception	Variance Favorable (Unfavorable)
Revenues						
State General Fund appropriations	\$ 1,481,000	1,481,000	1,365,000	116,000	1,481,000	-
Other financing sources	-	-	-	-	-	-
Miscellaneous revenues	-	-	-	-	-	-
Total revenues	1,481,000	1,481,000	1,365,000	116,000	1,481,000	-
Expenditures						
Personal services	-	-	-	-	-	-
Contractual services	-	-	-	-	-	-
Other costs	1,481,000	1,481,000	26,985	1,337,972	1,364,957	116,043
Other financing uses	-	-	-	-	-	-
Total expenditures	\$ 1,481,000	1,481,000	26,985	1,337,972	1,364,957	116,043
Excess of revenues and other financing sources over expenditures and other financing uses				(1,221,972)		
Reversion				-		
Fund Balance Beginning				1,338,015		
Fund Balance carryforward				116,043		
<u>Appropriation Period</u>	<u>Short Title</u>	<u>Approved Budget</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Outstanding Encumbrances</u>	<u>Unexpended/Unencumbered Balance</u>
FY 2013	Purchase Furnishings, vehicles and IT Equipment	\$ 1,365,000	26,985	1,337,972	-	43
FY 2014	Purchase Security and IT Equipment and Vehicles	116,000	-	-	-	116,000
		\$ 1,481,000	26,985	1,337,972	-	116,043
Reversion to Computer Systems Enhancement Fund						(43)
Net Committed Fund Balance						116,000

See Notes to Financial Statements.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
Grant Fund (49500)
Year Ended June 30, 2014**

	Grant Fund (49500)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Federal Grants	\$ 966,100	966,100	895,679	(70,421)
Intra-State Wts-Fed Grants	619,400	619,400	618,426	(974)
Miscellaneous Revenue	-	-	-	-
Total revenues	<u>1,585,500</u>	<u>1,585,500</u>	<u>1,514,105</u>	<u>(71,395)</u>
Expenditures				
Personal Services	125,000	450,000	444,599	5,401
Contractual services	1,104,200	1,029,200	963,926	65,274
Other Costs	356,300	106,300	105,615	685
Other financing uses	-	-	-	-
Total Expenditures	<u>\$ 1,585,500</u>	<u>1,585,500</u>	<u>1,514,140</u>	<u>71,360</u>
Excess of revenues and other financing sources over expenditures and other financing uses			(35)	
Fund balance expenditures			<u>(1,264)</u>	
Net Change in Fund Balance			<u>(1,299)</u>	
Fund Balance Beginning			<u>2,120</u>	
Fund Balance carryforward			<u>821</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, 2014

	Water Rights Adjudication Fund (51200)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriations	\$ -	-	-	-
Other financing sources	-	-	-	-
Miscellaneous revenues	609,400	609,400	745,601	136,201
Total revenues	<u>609,400</u>	<u>609,400</u>	<u>745,601</u>	<u>136,201</u>
Fund Balance Budgeted	61,600	117,000		
Total	<u>671,000</u>	<u>726,400</u>		
Expenditures				
Personal Services	97,700	111,700	111,046	654
Contractual services	318,800	360,200	275,432	84,768
Other Costs	3,000	3,000	2,815	185
Other financing uses	251,500	251,500	251,500	-
Total expenditures	<u>\$ 671,000</u>	<u>726,400</u>	<u>640,793</u>	<u>85,607</u>
Excess of revenues and other financing sources over expenditures and other financing uses			104,808	
Fund Balance Beginning			<u>1,969,978</u>	
Fund Balance carryforward			<u>2,074,786</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 Warrant Enforcement Fund (57500)
Year Ended June 30, 2014

Magistrate Court Warrant Enforcement Fund (57500)				
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriations	\$ -	-	-	-
Other financing sources	-	-	-	-
Miscellaneous revenues	3,090,800	3,090,800	3,339,459	248,659
Total revenues	<u>3,090,800</u>	<u>3,090,800</u>	<u>3,339,459</u>	<u>248,659</u>
Fund Balance Budgeted				
Total	<u>114,900</u>	<u>564,900</u>		
Expenditures				
Personal Services	2,404,400	2,404,400	2,283,248	121,152
Contractual services	145,900	175,900	93,131	82,769
Other Costs	655,400	1,075,400	927,864	147,536
Total expenditures	<u>\$ 3,205,700</u>	<u>3,655,700</u>	<u>3,304,243</u>	<u>351,457</u>
Excess of revenues and other financing sources over expenditures and other financing uses				
			35,216	
Fund Balance Beginning				
Fund Balance carryforward			<u>2,760,604</u>	
			<u>2,795,820</u>	

SPECIAL APPROPRIATION

Appropriation Period	Short Title	Approved Budget	Prior Years	Current Year	Outstanding Encumbrances	Unexpended/ Unencumbered Balance
FY 2014	Purchase Desktop Scanners	\$ 140,000	-	-	-	140,000

See Notes to Financial Statements.

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MAJOR BUDGETED FUNDS (CONTINUED)
Magistrate Court Fund (69200)
Year Ended June 30, 2014

	Magistrate Court Fund (69200)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriations	\$ 24,567,700	24,567,700	24,567,700	-
Other financing sources	136,400	136,400	136,400	-
Miscellaneous revenues	-	17,294	16,897	(397)
Other Services	-	-	1,679	1,679
Total revenues	24,704,100	24,721,394	24,722,676	1,282
Expenditures				
Personal services	17,376,800	17,273,697	17,273,697	-
Contractual services	40,200	160,200	160,170	30
Other costs	7,287,100	7,287,500	7,286,924	576
Other financing uses	-	-	-	-
Total expenditures	\$ 24,704,100	24,721,397	24,720,791	606
Excess of revenues and other financing sources over expenditures and other financing uses			1,885	
Reversion			(1,885)	
Ending Balance			-	

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, 2014**

	Agency Fund
ASSETS	
Interest in SGFIP	\$ 2,923,461
Cash in banks	3,406,487
Due from other state agencies	<u>543,452</u>
Total assets	<u><u>\$ 6,873,400</u></u>
LIABILITIES	
Deposits held for others	\$ 1,918,762
Due to other agencies	<u>4,954,638</u>
Total liabilities	<u><u>\$ 6,873,400</u></u>

See Notes to Financial Statements.

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NOTES TO FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

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, 2014**

**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 Position, 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 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. Interfund activities and balances were eliminated to remove the "doubling-up" effect between funds in the government-wide financial statements. 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, 2014**

**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 and detailed in the supplemental information section.

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, deferred outflows, liabilities, deferred inflows, 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, 2014**

**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 supplemental information 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. Any balance remaining in this fund at the end of the fiscal year reverts to the State General Fund.

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 - Created by Section 34-9-10 NMSA 1987. All balances in the fund are appropriated and may be expended for service contracts related to court automation systems or for the purchase, lease-purchase, financing, refinancing and maintenance of court automation systems and equipment in the judiciary. Any 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, 2014**

**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 (GAA) (Chapter 355, Laws of 1987) to account for the payment of interpreter, witness and jury expenses (generally travel, per diem and hourly stipends) for the Bernalillo County Metropolitan Court, thirteen district courts and forty-nine magistrate courts. Any balance remaining in this fund at the end of the fiscal year does not revert to the State General Fund. Special language was placed in section four of the 2013 GAA after the Supreme Court appropriation to set juror pay accordingly in order to stay within the annual allotted appropriation of the 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 - This fund is 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, 2014**

**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, 2014**

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

C. Basis of Presentation (Continued)

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 special 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.

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.

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.

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 2014 there was an unexpended/unencumbered balance of \$32,756 remaining for this appropriation.

In FY 2013 the AOC was appropriated \$1,000,000 to purchase and install security and other equipment and to make infrastructure improvements at magistrate courts and judicial district courts statewide. At the end of FY 2014 there was an unexpended/unencumbered balance of \$873,224 remaining for this appropriation.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

**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 2014. 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. This fund was dissolved on May 31, 2014.

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, 2014**

**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 - Metropolitan and Magistrate Court Capital Fund - 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 balance remaining in this fund at the end of the fiscal year does not revert to the State General Fund.

Fund 68900 - Judicial Information Division - Created by a joint powers agreement between the New Mexico Supreme Court and the State of New Mexico AOC to provide for the cost of personnel for the Supreme Court statewide automation project and related costs. Any balance remaining in this fund at the end of the fiscal year reverts to the State General Fund.

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2014

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, 2014**

**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, 2014**

**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 unearned 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, 2014**

**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, 2014**

**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 2013, Chapter 227, Section 3, Subsections M) except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline (Section 6-10-4 NMSA 1978) that must be paid out of the next year's budget.

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 of accumulated sick leave above 600 hours. Therefore, the only sick leave which has been accrued represents the hours earned at June 30, 2014, over 600 hours. Expenditures for accumulated sick pay for hours under 600 hours will be recognized as employees take such absences.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

**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, 2014, 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 a liability and as an increase or decrease in expenses in the government-wide financial statements.

G. Federal Grants Receivable (Unearned 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, unearned revenue balances represent an overdraw of cash (advances) in excess of modified accrual basis expenditures. Generally, receivable or unearned 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, 2014**

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

H. Net Position

The government-wide Statement of Net Position utilizes a net position presentation. Net Position is categorized as investment in capital assets (net of related debt), restricted and unrestricted.

Restricted – are liquid resources (generated from revenues and not bond proceeds), which have third-party (statutory, bond covenant or granting agency) limitations on their use.

Unrestricted – represent unrestricted liquid resources.

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 restricted fund balances at year end were \$6,736,826.

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). The AOC committed fund balances at year end were \$799,821 consisting of multi-year Special and Data Processing appropriations.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

**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 at year end.

Unassigned fund balances

Unassigned fund balances 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.

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. During the year, the AOC transferred \$919,507 in capital assets to the Supreme Court Building Commission.

**STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2014**

**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	\$ 11,471,344
Commercial Bank Balance	3,180,714
Magistrate Change Fund Balance	5,776
Reconciling items	<u>225,773</u>
Financial statement balance	<u>\$ 14,883,607</u>

Presented in the financial statements as:

Interest in SGIP	\$ 9,143,639
Other cash	5,776
Deficit cash balance	(595,756)
Agency Fund Cash	<u>6,329,948</u>
Total cash per financial statement	<u>\$ 14,883,607</u>

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 3. GENERAL FUND INVESTMENT POOL NOT RECONCILED

For cash management and investment purposes, funds of various state agencies are deposited in the State General Fund Investment Pool (the Pool), which is managed by the office of the New Mexico State Treasurer. Claims on the Pool are reported as assets by the various agencies investing in the Pool.

In June 2012 an independent expert diagnostic report revealed that the 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.

By state statute, DFA is responsible for the performance of monthly reconciliations with the balances and accounts kept by the State Treasurer. Therefore, under the direction of the State Controller/Financial Control Division Director, the Financial Control Division of the New Mexico Department of Finance & Administration (DFA/FCD) undertook 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. DFA has or is in process of implementing all recommendations resulting from the Remediation Project and has made changes to the State’s current SHARE system configuration, cash accounting policies and procedures, business practices, and banking structure. This has enabled DFA to complete timely and accurate reconciliation of bank to book balances at the State and Business Unit level on a post-implementation basis, however it did not resolve historical reconciliation items. Additional changes recommended by the Project continue to be cascaded through DFA and state agencies to support the Business Unit by Fund accounting requirements.

A plan to address historical reconciliation items is being assessed and a separate initiative will need to be undertaken to resolve the historical reconciliation items. DFA Management considers it unlikely that this separate initiative will be successful in allocating all historical reconciling items to the State entities invested in the Pool. As a result, any remaining differences post specific allocation to Pool participants will be reported in the State General Fund.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

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

DFA Management in FY 2012 recorded a loss contingency of \$101.7 million in the General Fund based on its estimate of the effect of issues related to the reconciliation of the Pool, that estimate is still current. Because no specific loss amount is determinable, consistent with generally accepted accounting principles, the amount accrued is the minimum amount that DFA management considers to be probable. Ultimately, the loss could exceed the amount accrued, perhaps by a substantial amount.

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, 2014**

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, 2014 the AOC had the following cash balances as shown in the Schedule of Cash Accounts:

Total Cash per AOC Books: \$ 14,883,607.

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, 2014.

NOTE 5. REVERSIONS

The amounts reverted to the State General Fund and reversion balances due at June 30, 2014 are detailed as follows:

	Due at June 30, 2014
Court Appointed Attorney (12400)	\$ 21,857
General Fund (13900)	2,006
Judges Pro Tem Fund (13600)	30,164
Automation Bond Fund (27300)	825
Drug Court Tech Fund (44300)	43
Magistrate Court Gen Fund (69200)	1,885
JID General Fund (68900)	<u>259</u>
Total reversions	<u>\$ 57,039</u>

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 6. COMPENSATED ABSENCES

During the year ended June 30, 2013, the following changes occurred in the compensated absence liabilities:

	Balance <u>July 1, 2013</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>June 30, 2014</u>	Due in <u>one year</u>
Compensated absences	<u>\$1,290,204</u>	<u>1,374,274</u>	<u>(1,237,235)</u>	<u>1,427,243</u>	<u>1,407,329</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, 2014, 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, 2014, amounted to \$7,610,837 for buildings and \$279,834 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
2015	\$ 7,781,815	304,114
2016	6,989,388	291,586
2017	6,637,943	228,334
2018	6,202,189	168,225
2019	5,711,278	-
Thereafter	<u>33,254,283</u>	-
	<u>\$ 66,576,896</u>	<u>992,259</u>

STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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 2014 State General Plan 3 members, of which all non-judicial AOC employee are members, were required to contribute 8.92% of their gross salary. The AOC is required to contribute 16.59% of the gross covered salary. The contribution requirements of plan members and the AOC are established 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, 2014, 2013 and 2012, 2011 were \$2,567,550, \$2,175,834, and \$1,911,824 respectively, which equal 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 2014 Magistrate Retirement Act plan members were required to contribute 7.5% of their gross salary. The AOC is required to contribute 11.0% 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 \$458,336 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, 2014, 2013 and 2012, were \$375,972, \$311,762, and \$257,868 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, 2014**

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 employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 9. POST-EMPLOYMENT BENEFITS (CONTINUED)

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended **June 30, 2014**, the statute required each participating employer to contribute **2.0%** of each participating employee's annual salary; each participating employee was required to contribute **1.0%** of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Administrative Office of the Court's contributions to the RHCA for the years ended June 30, 2014, 2013 and 2012 were \$378,744, \$354,316, and \$322,091 respectively, which equal the required contributions for each year.

NOTE 10. SPECIFIC AND SUPPLEMENTAL APPROPRIATIONS

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

Data Processing Appropriations:

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, 2013 and 2014. As of June 30, 2014, \$825.11 remained unexpended and will be reverted. (See Statement of Revenue and Expenditures – Budget to Actual for fund 27300)

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, 2013 and 2014. As of June 30, 2014, the entire amount was full expended. (See Statement of Revenue and Expenditures – Budget to Actual for fund 27300)

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

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

Judicial Wide Data Processing Appropriations Laws of 2013, Chapter 227, Section 7, Item 1: The AOC was appropriated \$310,000 to extend the statewide integrated and consolidated case management system with electronic document management and electronic filing to the Bernalillo County Metropolitan Court for use in fiscal years 2013, 2014 and 2015. As of June 30, 2014, \$133,567.81 remained unexpended. (See Statement of Revenue and Expenditures – Budget to Actual for fund 27300)

Judicial Wide Data Processing Appropriations Laws of 2013, Chapter 227, Section 7, Item 2: The AOC was appropriated \$220,000 to extend the statewide integrated and consolidated case management system with electronic document management and electronic filing to the New Mexico Supreme Court and the New Mexico Court of Appeals for use in fiscal years 2013, 2014 and 2015. As of June 30, 2014, no expenditures had been made. (See Statement of Revenue and Expenditures – Budget to Actual for fund 27300)

Judicial Wide Data Processing Appropriations Laws of 2013, Chapter 227, Section 7, Item 3: The AOC was appropriated \$298,000 to purchase video equipment for the statewide judicial video arraignment network for use in fiscal years 2013, 2014 and 2015. As of June 30, 2014, \$135,253.63 remained unexpended. (See Statement of Revenue and Expenditures – Budget to Actual for fund 27300)

Judicial Wide Data Processing Appropriations Laws of 2014, Chapter 63, Section 7, Item 1: The AOC was appropriated \$195,000 To create a one-stop online portal to provide improved user access to all court services for use in fiscal years 2014, 2015 and 2016. As of June 30, 2014, no expenditures had been made. (See Statement of Revenue and Expenditures – Budget to Actual for fund 27300)

Capital Outlay Appropriations:

Judicial Wide Capital Outlay Appropriations Laws of 2012, 1st special session, Chapter 5, Section 3: The AOC was appropriated \$1,032,000 for purchasing and installing security equipment, including related infrastructure, at judicial district and magistrate courts statewide. As of June 30, 2014, \$33,247.61 remained unexpended. (See Statement of Revenue and Expenditures – Budget to Actual for fund 89200)

Judicial Wide Capital Outlay Appropriations Laws of 2013, Chapter 226, Section 4: The AOC was appropriated \$1,000,000 to purchase and install security and other equipment and to make infrastructure improvements at magistrate courts and judicial district courts statewide. As of June 30, 2013, \$873,224.47 remained unexpended. (See Statement of Revenue and Expenditures – Budget to Actual for fund 89200)

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

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

Special Appropriations:

Special Appropriation Laws of 2013, Chapter 227, Section 5, Item 6: The AOC was appropriated \$1,365,000 to purchase information technology equipment, furnishings and vehicles for eleven district courts. As of June 30, 2014, \$42.74 remained unexpended and will revert. (See Statement of Revenue and Expenditures – Budget to Actual for fund 44300)

Special Appropriation Laws of 2014, Chapter 63, Section 5, Item 6: The AOC was appropriated \$116,000 to purchase information technology equipment, security equipment and vehicles for the AOC and district courts statewide. As of June 30, 2014, no expenditures had been made. (See Statement of Revenue and Expenditures – Budget to Actual for fund 44300)

Special Appropriation Laws of 2014, Chapter 63, Section 5, Item 5: The AOC was appropriated \$140,000 from the warrant enforcement fund to purchase desktop scanners. As of June 30, 2014, no expenditures had been made. (See Statement of Revenue and Expenditures – Budget to Actual for fund 57500)

Supplemental Appropriations:

Supplemental Appropriation laws of 2014, Chapter 63, Section 6, item 2: The AOC received \$150,000 for the court appointed attorney program. As of June 30, 2014, all balances have been expended.

Supplemental Appropriation laws of 2014, Chapter 63, Section 6, item 3: The AOC received \$20,000 for judges pro-tempore. As of June 30, 2014, no balances were expended and therefore will revert.

Supplemental Appropriation laws of 2014, Chapter 63, Section 6, item 4: The AOC received \$600,000 for juror and interpreter costs. As of June 30, 2014, 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. At year end, there were eight claims and assessments against the AOC. The AOC paid total premiums of \$264,728 for Fiscal Year ending June 30, 2014.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

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, 2014 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	\$ 2,604,194
Court Appointed Attorney	12400	13 th Dist. Court	Court Reg.	\$ 20,000
Special Water Rights Adjudication	51200	Various Courts	Various Funds	\$ 251,500
Total other financing uses				<u>\$ 2,875,694</u>

Transfers from other agencies and gov't's for the year ended June 30, 2014 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	\$ 745,601
Jury and Witness	01200	New Mexico Board of Finance	34100-20800	463,942
General Fund	Various	DFA-Compensation	34100-56000	204,000
Magistrate Drug Crt	11600	Local Gov'ts & Funds		114,164
Statewide Automation Bond	27300	Computer Systems Enhancement Fund DFA	34100-00900	195,000
General Fund	13900	DFA Liquor Excise Tax	34100-56000	<u>500,000</u>
Total other financing sources				<u>\$ 2,222,707</u>

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 12. INTERAGENCY TRANSFERS (CONTINUED)

Appropriations from the State of New Mexico General Fund for the year ended June 30, 2014 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	6,709,600
Jury & Witness Fund	01200	DFA- Appropriations	34100-85300	4,620,200
Court Appointed Attorney	12400	DFA- Appropriations	34100-85300	4,856,100
Statewide Drug Court Tech Fund	44300	DFA- Appropriations	34100-85300	116,000
Magistrate Court	69200	DFA- Appropriations	34100-85300	24,567,700
Judges Pro-temp	13600	DFA- Appropriations	34100-85300	50,900
Judicial Perf Eval	58300	DFA- Appropriations	34100-85300	194,200
Judicial Information Division	68900	DFA- Appropriations	34100-85300	<u>2,886,200</u>
Total general fund appropriations				<u>\$44,051,500</u>

Bond proceeds draw requests from the New Mexico Board of Finance for the year ended June 30, 2014 are as follows:

Severance Tax Bond Capital Outlay	89200	DFA- Appropriations	34100-85300	<u>664,713</u>
Total bond proceeds draw requests				<u>\$ 664,713</u>

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 13. DUE FROM/DUE TO FUNDS

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

To OTHER FUNDS from AOC AGENCY FUNDS

<u>To</u>	<u>From</u>	
01100 Supreme Court Automation	07800 SCAF Agency Fund	388,955
57500 Magistrate Warrant Enforcement (WEF)	57600 WEF Agency Fund	277,232
12600 Municipal Court Automation Fund	70400 MCAF Agency Fund	<u>61,048</u>
		<u>\$ 727,235</u>

To OTHER FUNDS from OTHER FUNDS

<u>To</u>	<u>From</u>	
11600 Magistrate Drug Court	13900 AOC General Fund	12,622
	49500 AOC Grant Fund	11,452
12400 Court Appt. Attorney	49500 AOC Grant Fund	27
13900 AOC General Fund	49500 AOC General Fund	12
49500 AOC Grant Fund	11600 Magistrate Drug Court	334
	13900 AOC General Fund	538
	69200 Magistrate Court Gen Fund	2,701
51200 Water Rights Adjudication	13900 AOC General Fund	2,483
57500 Magistrate Warrant Enforcement (WEF)	11120 Magistrate Operations	57,155
	13900 AOC General Fund	25,023
	69200 Magistrate Court Gen Fund	141,020
58300 Judicial Evaluation Fund	13900 AOC General Fund	3,586
68900 Judicial Information Div. General Fund	01100 SC Automation Fund	<u>18,190</u>
		<u>\$ 275,143</u>

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

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

To AOC FUNDS from OTHER STATE AGENCIES

<u>To</u>	<u>From</u>	
01200 Jury & Witness Fund	34101 Board of Finance	463,941
	NM Dept. of Taxation and Revenue	67,560
10790 E-Filing Services Fund	34100 Dept. of Finance & Admin	3
11120 Magistrate Operations	NM Dept. of Taxation and Revenue	2,292
49500 AOC Grant Fund	Various State Agencies	18,483
89200 STB Capital Outlay	34101 Board of Finance	<u>131,474</u>
		<u>\$ 683,753</u>

To OTHER JUDICIAL AGENCIES from AOC FUNDS

<u>To</u>	<u>From</u>	
1 st Judicial District Fund 14100	13900 AOC Special Crt Services	19,987
3 rd Judicial District Fund 14300		12,114
5 th Judicial District Fund 14500		17,365
8 th Judicial District Fund 14800		6,302
11 th Judicial District Fund 33500		2,856
13 th Judicial District Fund 15300		35
Bernalillo Metro Court Fund 15400		<u>5,191</u>
		<u>\$ 63,848</u>

To AOC AGENCY FUNDS from OTHER STATE AGENCIES

<u>To</u>	<u>From</u>	
07800 Court Automation Fund	NM Dept. of Taxation & Revenue	135,772
53200 Court Facility Fund	NM Dept. of Taxation & Revenue	153,050
68800 Corrections Fee	NM Dept. of Taxation & Revenue	<u>254,630</u>
		<u>\$ 543,452</u>

**STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2014**

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

FEDERAL GOVERNMENT

<u>To</u>	<u>From</u>	
49500 AOC Grant Fund	Various Federal Agencies	\$ 342,992

NOTE 14. FUND BALANCE DEFICIT

Fund balance deficit of \$383,274 in the Jury and Witness fund was the result of posting FY2014 expenditures from July 1, 2014 through October 31, 2014 of \$596,458 that were paid with FY2015 appropriations. The tracking of fee revenues and fund expenditures continue to be difficult to project to fiscal year end. Section 6-10-4, NMSA 1978, allows state agencies to pay prior fiscal year expenditures with current year appropriations only if there are sufficient funds and unexpended budget at fiscal year-end to pay the obligations. The AOC continues to work with the Legislature and the Executive to ensure that adequate appropriations are made to cover the constitutional mandated payment of jurors, witnesses and interpreters.

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SUPPLEMENTAL INFORMATION

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
COMBINING BALANCE SHEET
ALL NON-MAJOR FUNDS
June 30, 2014**

	E-Filing Services Fund 10790	Magistrate Drug Court 11600	Magistrate Court Operations 11120	Municipal Court Automation 12600
ASSETS				
Interest in SGFIP	\$ 22,455	221,305	62,188	823,240
Receivables	-	14,000	-	-
Due from agency funds	-	-	-	61,048
Due from other funds	-	24,074	-	-
Due from other state agencies	3	-	2,292	-
Total assets	\$ 22,458	259,379	64,480	884,288
LIABILITIES				
Deficit cash balance	\$ -	-	-	-
Vouchers payable	-	17,463	7,174	206,048
Payroll Benefits Payable	-	2,055	-	(168)
Payroll Taxes Payable	-	1,006	-	(1,012)
Accrued Payroll	-	2,908	-	2,026
Due to other funds	-	334	57,155	-
Due to State General Fund	-	-	151	-
Total liabilities	-	23,766	64,480	206,894
FUND BALANCE				
Fund balances				
Restricted and designated for future expenditures	22,458	235,613	-	677,394
Total fund balance	22,458	235,613	-	677,394
Total liabilities and fund equity	\$ 22,458	259,379	64,480	884,288

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
\$	37,440	365,594	-	234,486	36,776	1,803,484
	-	-	-	-	-	14,000
	-	-	-	-	-	61,048
	-	-	-	3,586	18,190	45,850
	-	-	-	-	-	2,295
\$	37,440	365,594	-	238,072	54,966	1,926,677
\$	-	-	-	-	-	-
	7,276	4,359	-	114,728	-	357,048
	-	905	-	265	20,490	23,547
	-	402	-	267	11,093	11,756
	-	844	-	383	23,124	29,285
	-	-	-	-	-	57,489
	30,164	-	-	-	259	30,574
	37,440	6,510	-	115,643	54,966	509,699
	-	359,084	-	122,429	-	1,416,978
	-	359,084	-	122,429	-	1,416,978
\$	37,440	365,594	-	238,072	54,966	1,926,677

**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, 2014**

	E-Filing Services Fund 10790	Magistrate Drug Court 11600	Magistrate Court Operations 11120	Municipal Court Automation 12600
Revenues				
Charges for services	\$ -	34,615	577,395	763,749
Miscellaneous Revenue	36	-	-	-
Grants	-	-	-	-
Total revenues	36	34,615	577,395	763,749
Expenditures				
Current				
Personal services and Employee Benefits	-	206,367	-	173,038
Contractual services	30,000	88,593	99,755	-
Other costs	-	6,456	577,416	595,619
Total expenditures	30,000	301,416	677,171	768,657
(Deficiency) excess of revenues over expenditures	(29,964)	(266,801)	(99,776)	(4,908)
Other Financing Sources (Uses)				
General Fund appropriation	-	50,600	-	-
Transfers from other agencies	-	114,164	-	-
Transfers to other agencies	-	-	-	-
Reversions to the State General Fund: FY2014	-	-	-	-
Net other financing sources (uses)	-	164,764	-	-
Net changes in fund balances	(29,964)	(102,037)	(99,776)	(4,908)
Fund balance at beginning of year	52,422	337,650	99,776	682,302
Fund balance at end of year (deficit)	\$ 22,458	235,613	-	677,394

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
\$	-	92,270	-	-	-	1,468,029
	-	-	-	-	-	36
	-	-	-	-	-	-
	-	92,270	-	-	-	1,468,065
	-	92,522	-	29,000	2,417,779	2,918,706
	20,736	50,006	51,604	315,957	-	656,651
	-	95,643	-	20,134	505,962	1,801,230
	20,736	238,171	51,604	365,091	2,923,741	5,376,587
	(20,736)	(145,901)	(51,604)	(365,091)	(2,923,741)	(3,908,522)
	50,900	-	-	194,200	2,886,200	3,181,900
	-	-	-	-	37,800	151,964
	-	-	-	-	-	-
	(30,164)	-	-	-	(259)	(30,423)
	20,736	-	-	194,200	2,923,741	3,303,441
	-	(145,901)	(51,604)	(170,891)	-	(605,081)
	-	504,985	51,604	293,320	-	2,022,059
\$	-	359,084	-	122,429	-	1,416,978

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, 2014

CAPITAL APPROPRIATIONS	STB Capital Projects (89200)					
	Original Budget	Approved Revised Budget	Prior Year Actual	Current Year Actual	Total Since Inception	Variance Favorable (Unfavorable)
Revenues						
Severance Tax Bonds	\$ 2,032,000	2,032,000	461,272	664,713	1,125,985	906,015
Total revenues	<u>2,032,000</u>	<u>2,032,000</u>	<u>461,272</u>	<u>664,713</u>	<u>1,125,985</u>	<u>906,015</u>
Expenditures						
Personal services	-	-	-	-	-	-
Contractual services	-	-	-	-	-	-
Other costs	2,032,000	2,032,000	461,272	664,256	1,125,528	906,472
Other financing uses	-	-	-	-	-	-
Total expenditures	<u>\$ 2,032,000</u>	<u>2,032,000</u>	<u>461,272</u>	<u>664,256</u>	<u>1,125,528</u>	<u>906,472</u>
Excess of revenues and other financing sources over expenditures and other financing uses				457		
Fund Balance Beginning				-		
Fund Balance carryforward				<u>457</u>		

Appropriation Period	Short Title	Approved Budget	Prior Years	Current Year	Outstanding Encumbrances	Unexpended/Unencumbered Balance
FY 2012	Statewide Equipment and Infrastructure	\$ 1,032,000	461,272	537,481	491	32,756
FY 2013	Statewide Security and Safety Enhancements	<u>1,000,000</u>	-	<u>126,776</u>	-	<u>873,224</u>
		<u>\$ 2,032,000</u>	<u>461,272</u>	<u>664,257</u>	<u>491</u>	<u>905,980</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 STATEMENT OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 Magistrate Drug Court Fund (11600)
 Year Ended June 30, 2014

Magistrate Drug Court Fund (11600)				
	<u>Original Budget</u>	<u>Approved Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriations	\$ 50,600	50,600	50,600	-
Other financing sources	-	116,170	114,164	(2,006)
Miscellaneous revenues	-	14,000	34,615	20,615
Total Revenue	<u>50,600</u>	<u>180,770</u>	<u>199,379</u>	<u>18,609</u>
Fund Balance Budgeted				
	<u>82,700</u>	<u>142,700</u>		
	<u>133,300</u>	<u>323,470</u>		
Expenditures				
Personal Services	124,300	217,300	206,367	10,933
Contract Services	4,500	94,670	88,593	6,077
Other Costs	4,500	11,500	6,456	5,044
Total expenditures	<u>\$ 133,300</u>	<u>323,470</u>	<u>301,416</u>	<u>22,054</u>
Excess of revenues and other financing sources over expenditures and other financing uses			(102,037)	
Fund Balance Beginning			<u>337,650</u>	
Fund Balance carryforward			<u>235,613</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 Court Operations Fund (11120)
 Year Ended June 30, 2014

Magistrate Court Operations Fund (11120)				
	<u>Original Budget</u>	<u>Approved Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
State General Fund appropriations	\$ -	-	-	-
Charges for services	530,000	530,000	577,395	47,395
Miscellaneous revenues	-	-	-	-
Total Revenue	<u>530,000</u>	<u>530,000</u>	<u>577,395</u>	<u>47,395</u>
Fund Balance Budgeted				
	<u>50,000</u>	<u>250,000</u>		
	<u>580,000</u>	<u>780,000</u>		
Expenditures				
Personal Services	-	-	-	-
Contract Services	30,000	155,000	99,755	55,245
Other Costs	550,000	625,000	577,416	47,584
Total expenditures	<u>\$ 580,000</u>	<u>780,000</u>	<u>677,171</u>	<u>102,829</u>
Excess of revenues and other financing sources over expenditures and other financing uses			(99,776)	
Fund Balance Beginning			<u>99,776</u>	
Fund Balance carryforward			<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, 2014

Municipal Court Automation (12600)				
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriations	\$ -	-	-	-
Other financing sources	-	-	-	-
Miscellaneous revenues	994,000	994,000	763,749	(230,251)
Total Revenue	<u>994,000</u>	<u>994,000</u>	<u>763,749</u>	<u>(230,251)</u>
Expenditures				
Personal Services	193,000	193,000	173,038	19,962
Other Costs	801,000	801,000	595,619	205,381
Total expenditures	<u>994,000</u>	<u>994,000</u>	<u>768,657</u>	<u>225,343</u>
Excess of revenues and other financing sources over expenditures and other financing uses			(4,908)	
Fund Balance Beginning			<u>682,302</u>	
Fund Balance carryforward			<u><u>677,394</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)
 Judges Pro-Temp (13600)
 Year Ended June 30, 2014

		Judges Pro-Temp (13600)			
		Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues					
State General Fund appropriations	\$	30,900	50,900	50,900	-
Other financing sources		-	-	-	-
Miscellaneous revenues		-	-	-	-
Total Revenue		<u>30,900</u>	<u>50,900</u>	<u>50,900</u>	<u>-</u>
Expenditures					
Personal services		-	-	-	-
Contractual services		30,900	50,900	20,736	30,164
Other costs		-	-	-	-
Total expenditures	\$	<u>30,900</u>	<u>50,900</u>	<u>20,736</u>	<u>30,164</u>
Excess of revenues and other financing sources over expenditures and other financing uses				30,164	
Reversion				<u>(30,164)</u>	
Ending Balance				<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 Court Mediation Fund (30400)
 Year Ended June 30, 2014

Magistrate Court Mediation (30400)				
	<u>Original Budget</u>	<u>Approved Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriations	\$ -	-	-	-
Other financing sources	-	-	-	-
Miscellaneous revenues	105,000	105,000	92,270	(12,730)
Total revenues	<u>105,000</u>	<u>105,000</u>	<u>92,270</u>	<u>(12,730)</u>
Fund Balance Budgeted				
	<u>145,000</u>	<u>145,000</u>		
	<u>250,000</u>	<u>250,000</u>		
Expenditures				
Personal services	-	95,000	92,522	-
Contractual services	150,000	55,000	50,006	4,994
Other costs	100,000	100,000	95,643	4,357
Other financing uses	-	-	-	-
Total expenditures	<u>\$ 250,000</u>	<u>250,000</u>	<u>238,171</u>	<u>9,351</u>
Excess of revenues and other financing sources over expenditures and other financing uses			(145,901)	
Fund Balance Beginning			<u>504,985</u>	
Fund Balance carryforward			<u>359,084</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, 2014**

Magistrate Security and Facilities (49600)				
	<u>Original Budget</u>	<u>Approved Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
State General Fund appropriations	\$ -	-	-	-
Other financing sources	400,000	150,000	-	(150,000)
Miscellaneous revenues	-	-	-	-
Total revenues	<u>400,000</u>	<u>150,000</u>	-	<u>(150,000)</u>
Expenditures				
Personal Services	-	-	-	-
Contractual services	150,000	150,000	51,604	98,396
Other Costs	250,000	-	-	-
Other Financing Uses	-	-	-	-
Total expenditures	<u>\$ 400,000</u>	<u>150,000</u>	<u>51,604</u>	<u>98,396</u>
Excess of revenues and other financing sources over expenditures and other financing uses			(51,604)	
Fund Balance Beginning			<u>51,604</u>	
Fund Balance carryforward			<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, 2014

Judicial Performance Evaluation Fund (58300)				
	<u>Original Budget</u>	<u>Approved Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
State General Fund appropriations	\$ 194,200	194,200	194,200	-
Other financing sources	-	-	-	-
Miscellaneous revenues	-	-	-	-
Total Revenue	<u>194,200</u>	<u>194,200</u>	<u>194,200</u>	<u>-</u>
Fund Balance Budgeted				
	<u>180,000</u>	<u>180,000</u>		
	<u>374,200</u>	<u>374,200</u>		
Expenditures				
Personal services	29,000	29,000	29,000	-
Contractual services	321,200	321,200	315,957	5,243
Other costs	24,000	24,000	20,134	3,866
Total expenditures	<u>\$ 374,200</u>	<u>374,200</u>	<u>365,091</u>	<u>9,109</u>
Excess of revenues and other financing sources over expenditures and other financing uses			(170,891)	
Fund Balance Beginning			<u>293,320</u>	
Fund Balance carryforward			<u>122,429</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 Information Division Fund (68900)
Year Ended June 30, 2014

Judicial Information Division Fund (68900)				
	<u>Original Budget</u>	<u>Approved Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
State General Fund appropriations	\$ 2,886,200	2,886,200	2,886,200	-
Other financing sources	37,800	37,800	37,800	-
Miscellaneous revenues	-	-	-	-
Total Revenues	<u>2,924,000</u>	<u>2,924,000</u>	<u>2,924,000</u>	<u>-</u>
Expenditures				
Personal services	2,418,000	2,418,000	2,417,779	221
Contractual services	-	-	-	-
Other Costs	506,000	506,000	505,962	38
Total expenditures	<u>\$ 2,924,000</u>	<u>2,924,000</u>	<u>2,923,741</u>	<u>259</u>
Excess of revenues and other financing sources over expenditures and other financing uses			259	
Reversion			<u>(259)</u>	
Ending Balance			<u><u>-</u></u>	

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, 2014**

<u>Total All Agency Funds</u>	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
ASSETS				
Interest in State General Fund				
Investment Pool	\$ 3,335,939	12,734,077	(13,146,555)	2,923,461
Cash in commercial banks	2,697,289	19,260,921	(18,551,723)	3,406,487
Due from other state agencies	-	543,452	-	543,452
Total assets	\$ 6,033,228	32,538,450	(31,698,278)	6,873,400
LIABILITIES				
Due to other state agencies	\$ 3,497,763	13,241,818	(12,649,297)	4,090,284
Due to litigants	1,726,219	8,443,781	(8,251,238)	1,918,762
Due to				
Brain Injury Fee Fund (481)	28,335	384,468	(382,333)	30,470
Civil Legal Service Fund (600)	21,870	276,795	(277,425)	21,240
Correction Fee Fund (688)	128,593	1,725,565	(1,714,308)	139,850
Court Automation Fund (078)	95,921	1,264,641	(1,259,687)	100,875
Court Facilities Fund (532)	139,815	1,879,180	(1,869,416)	149,579
Crime Laboratory Fund (687)	47,478	610,697	(599,695)	58,480
Judges Retirement Fund (122)	36,490	458,336	(459,426)	35,400
Juvenile Adjudication (11210)	310	4,104	(4,035)	379
Judicial Education Fee Fund (577)	19,003	255,710	(254,168)	20,545
Magistrate Enforcement Fund (576)	242,530	3,333,629	(3,321,379)	254,780
Magistrate Penalty Assessment Fund (794)	56	821	(827)	50
Domestic Violence Offender Fund (515)	31,761	426,963	(424,490)	34,234
Traffic Safety Fund (252)	17,084	231,942	(230,554)	18,472
Total liabilities	\$ 6,033,228	32,538,450	(31,698,278)	6,873,400

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, 2014

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
<u>Litigant Fund</u>				
ASSETS				
Interest in State General Fund				
Investment Pool	\$ 188,665	35,711	(78,108)	146,268
Cash in commercial banks	1,537,554	8,408,070	(8,173,130)	1,772,494
Total assets	\$ 1,726,219	8,443,781	(8,251,238)	1,918,762
LIABILITIES				
Due to litigants	\$ 1,726,219	8,443,781	(8,251,238)	1,918,762
<u>Fines and Fees Fund</u>				
ASSETS				
Investment Pool	\$ 3,147,274	12,698,366	(13,068,447)	2,777,193
Cash in commercial banks	1,159,735	10,852,851	(10,378,593)	1,633,993
Due from other state agencies	-	543,452	-	543,452
Total assets	\$ 4,307,009	24,094,669	(23,447,040)	4,954,638
LIABILITIES				
Due to other state agencies	\$ 3,497,763	13,241,818	(12,649,297)	4,090,284
Due to				
Brain Injury Fee Fund (481)	28,335	384,468	(382,333)	30,470
Civil Legal Service Fund (600)	21,870	276,795	(277,425)	21,240
Correction Fee Fund (688)	128,593	1,725,565	(1,714,308)	139,850
Court Automation Fund (078)	95,921	1,264,641	(1,259,687)	100,875
Court Facilities Fund (532)	139,815	1,879,180	(1,869,416)	149,579
Crime Laboratory Fund (687)	47,478	610,697	(599,695)	58,480
Judges Retirement Fund (122)	36,490	458,336	(459,426)	35,400
Juvenile Adjudication (11210)	310	4,104	(4,035)	379
Judicial Education Fee Fund (577)	19,003	255,710	(254,168)	20,545
Magistrate Enforcement Fund (576)	242,530	3,333,629	(3,321,379)	254,780
Magistrate Penalty Assessment Fund (794)	56	821	(827)	50
Domestic Violence Offender Fund (515)	31,761	426,963	(424,490)	34,234
Traffic Safety Fund (252)	17,084	231,942	(230,554)	18,472
Total liabilities	\$ 4,307,009	24,094,669	(23,447,040)	4,954,638

See Auditor's Report.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF CASH ACCOUNTS
June 30, 2014**

	<u>Fund</u>	<u>Balance June 30, 2014</u>
State Treasurer- Interest in SGFIP		
General Fund		
Administrative Office of the Courts	139	\$ 312,166
Special Revenue Funds		
JID Supreme Court Automation	011	561,673
Jury & Witness Fees	012	(239,396)
Magistrate Drug Court Fund	116	221,305
E-Filing Services Fund	10790	22,455
Magistrate Court Operations	11120	62,188
Court Appointed Attorney	124	506,890
JID Municipal Court Automation	126	823,240
Judges Pro-Temp	136	37,440
JID Statewide Automated Bond	273	739,585
Grant Fund	495	(329,420)
Magistrate Court Mediation Fund	304	365,594
Statewide drug court	443	136,374
Magistrate Security & Facilities Fund	496	-
Water Adjudication Fund	512	2,093,798
Magistrate Court Warrant Enforcement	575	2,388,834
Judicial Performance Evaluation	583	234,486
JID Judicial Information Division	689	36,776
Magistrate Courts	692	600,835
STB Capital Outlay	892	(26,940)
Total Special Revenue Funds		<u>8,235,717</u>
Fiduciary Funds		
Brain Injury Fee Fund	481	31,025
Civil Legal Service Fund	600	167,331
Correction Fees Fund	688	989,580
Court Automation Fund	078	388,955
Court Facilities Fund	532	440,483
Crime Laboratory Fees Fund	687	279,419
Judicial Education Fee Fund	577	20,694
Magistrate - Penalty Assessment Fund	794	47
Magistrate Court Warrant Enforcement Fund	576	277,232
Suspense Fund	533	7,761
Magistrate Retirement Fund	122	35,115
Juvenile Adjudication	11210	363
Magistrate Suspense Fund	822	146,268
Municipal Court Automation Fund	704	61,048
Domestic Violence Treatment Fund	515	51,534
Traffic Safety Fund	252	26,606
Total Fiduciary Funds		<u>2,923,461</u>
Total Interest in SGFIP		<u>\$ 11,471,344</u>

See Auditor's Report.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF CASH ACCOUNTS (CONTINUED)
June 30, 2014**

Magistrate Court	Bank	Court Location	Bank Balance June 30, 2014
Catron I	First State	Reserve	\$ 3,863
Catron Circuit	First State	Quemado	1,144
Chaves I, II	Valley Bank of Commerce	Roswell	128,776
Cibola I, II	Wells Fargo	Grants	53,370
Colfax I	International State	Raton	53,647
Colfax II	International State	Springer	7,453
Curry I, II	New Mexico Bank & Trust	Clovis	153,559
DeBaca I	Citizens Bank of Clovis	Ft. Sumner	11,626
Dona Ana I, II, III	Wells Fargo	Las Cruces	352,010
Dona Ana Circuit	Wells Fargo	Anthony	84,352
Dona Ana Hatch	Wells Fargo	Hatch	1,046
Eddy I, II	Western Commerce	Carlsbad	84,514
Eddy III	First National	Artesia	58,632
Grant I	Wells Fargo	Silver City	23,678
Grant II	Bank of America	Bayard	13,732
Guadalupe I	Wells Fargo	Santa Rosa	23,121
Harding I	Wells Fargo	Roy	2,847
Hidalgo I	Western	Lordsburg	35,239
Lea I	Lea County State	Lovington	57,374
Lea II	Lea County State	Hobbs	123,996
Lea III	Wells Fargo	Eunice	1,696
Lea Circuit	Wells Fargo	Jal	7,133
Lincoln I	Wells Fargo	Carrizozo	36,966
Lincoln II	First National	Ruidoso	44,287
Los Alamos I	Los Alamos National	Los Alamos	16,809
Luna I	Wells Fargo	Deming	68,488
McKinley I, II	Wells Fargo	Gallup	120,316
Subtotal			<u>\$ 1,569,674</u>

See Auditor's Report.

Reconciling Items	Book Balance June 30, 2014	Deposits In Transit	Outstanding Checks	Book Bal Variance	Bond Bal
\$ (1)	3,862	-	1	(8)	557
-	1,144	-	-	-	231
373	129,149	2,767	2,394	(182)	79,875
1,725	55,095	2,791	1,066	75	32,780
-	53,647	-	-	3	40,584
2,212	9,665	2,426	214	(17)	3,518
(1,286)	152,273	3,566	4,852	(902)	95,798
56	11,682	267	211	24	5,270
(21,108)	330,902	-	21,108	1,640	158,773
(1,755)	82,597	3,026	4,781	5,946	29,464
-	1,046	-	-	10	-
4,116	88,630	4,460	344	659	30,481
(125)	58,507	-	125	20	36,193
526	24,204	1,076	550	76	10,250
(7)	13,725	-	7	26	4,926
(872)	22,249	338	1,210	20	10,661
(162)	2,685	-	162	127	1,500
(1,408)	33,831	69	1,477	148	11,318
(2,532)	54,842	-	2,532	(69)	40,820
(7,748)	116,248	-	7,748	2	74,668
-	1,696	-	-	-	-
-	7,133	-	-	-	6,500
(899)	36,067	1,334	2,233	59	16,974
307	44,594	459	152	9	26,500
(5)	16,804	-	5	(15)	11,367
(8,709)	59,779	1,753	10,462	(70)	20,209
(5,617)	114,699	3,390	9,007	806	69,291
\$ (42,919)	1,526,755	27,722	70,641	8,387	818,508

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF CASH ACCOUNTS (CONTINUED)
June 30, 2014**

Magistrate Court	Bank	Court Location	Bank Balance June 30, 2014
Mora I	Bank of Las Vegas	Mora	\$ 10,992
Otero I, II	First National	Alamogordo	115,576
Quay I	Wells Fargo	Tucumcari	67,899
Rio Arriba I, II	Bank of America	Espanola	163,518
Rio Arriba Circuit	Community Bank	Chama	10,686
Roosevelt I	Portales National	Portales	48,632
San Juan I	Wells Fargo	Aztec	142,369
San Juan II, III	Bank of the Southwest	Farmington	66,343
San Miguel I, II	Bank of Las Vegas	Las Vegas	125,250
Sandoval I	Wells Fargo	Bernalillo	126,561
Sandoval II	Wells Fargo	Cuba	39,424
Santa Fe I, II, III	Wells Fargo	Santa Fe	337,938
Santa Fe Circuit	Wells Fargo	Pojoaque	199
Sierra I	Bank of the Southwest	T or C	76,178
Socorro I	Wells Fargo	Socorro	22,926
Taos I, II	Centinel	Taos	90,524
Taos Circuit	Centinel	Questa	3,575
Torrance I, II	Wells Fargo	Moriarity	33,347
Torrance Circuit	Wells Fargo	Estancia	92
Union I	Farmers/Stockmens	Clayton	19,921
Valencia I	Ranchers Banks	Los Lunas	61,432
Valencia II	Ranchers Banks	Belen	47,658
Subtotal			<u>1,611,040</u>
Total cash in bank			<u><u>3,180,714</u></u>

Note> Custodial credit risk is a risk that in the event of a bank failure, the AOC's deposits may not be returned. The AOC does not have a policy for custodial credit risk. At year end, there were two accounts that exceeded the FDIC coverage and were exposed to custodial credit risk totaling \$189,948, of which, fifty percent or (\$94,974) of the total is pledged collateral held by the bank trust's department or agent but not in the magistrate court name. The remaining fifty percent of the total is uninsured and uncollateralized.

See Auditor's Report.

Reconciling Items	Book Balance June 30, 2013	Deposits In Transit	Outstanding Checks	Book Bal Variance	Bond Bal
\$ (110)	10,882	-	110	(81)	7,011
(4,610)	110,966	5,862	10,472	489	42,507
(5,759)	62,140	946	6,705	35	41,950
(5,892)	157,626	1,412	7,304	(22)	132,620
(272)	10,414	77	349	(48)	8,170
974	49,606	2,324	1,350	(42)	28,744
2,784	145,153	6,048	3,264	(48)	33,709
137	66,480	3,409	3,272	35	21,717
445	125,695	2,532	2,087	100	94,094
(3,568)	122,993	122	3,690	(19)	95,309
681	40,105	683	2	46	24,200
333,931	671,869	337,938	4,007	(256)	232,636
-	199	-	-	-	-
(32,310)	43,868	-	32,310	40	24,454
(420)	22,506	-	420	(47)	9,000
(14,723)	75,801	(50)	14,673	141	55,010
-	3,575	-	-	1	1,062
(1,087)	32,260	322	1,409	(74)	21,750
-	92	-	-	11	-
226	20,147	226	-	1	16,150
(1,127)	60,305	-	1,127	43	40,602
(608)	47,050	-	608	(593)	23,291
268,692	1,879,732	361,851	93,159	(288)	953,986
\$ 225,773	3,406,487	389,573	163,800	8,099	1,772,494

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF CASH ACCOUNTS (CONTINUED)
Year Ended June 30, 2014**

<u>Magistrate Court-Change Funds</u>	<u>Court Location</u>	<u>Balance June 30, 2014</u>
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

See Auditor's Report.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF CASH ACCOUNTS (CONTINUED)
Year Ended June 30, 2014**

<u>Magistrate Court-Change Funds</u>	<u>Court Location</u>	<u>Balance June 30, 2014</u>
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	-
Torrance I	Moriarty	250
Torrance Circuit	Estancia	65
Union I	Clayton	100
Valencia I	Los Lunas	130
Valencia II	Belen	200
		<hr/>
		3,031
		<hr/>
Total		\$ 5,776
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See Auditor's Report.

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STATE OF NEW MEXICO
 ADMINISTRATIVE OFFICE OF THE COURTS
 SCHEDULE OF MEMORANDUM OF UNDERSTANDING
 June 30, 2014

MOU No.	Participants	Operation Responsibility	Description	Term	Total Estimated Amount	Agency Contribution	Fical Agent/ Audit Responsibility
Administrative Office of the Courts (AOC) and:							
2014-0020	Las Vegas Police Dept	AOC	LVPD to provide Officer designee to report to Sobriety druct Ct for purposes of conducting home visits to participants in program.	7/1/2013 - 6/30/2014	\$ 3,000	\$ 3,000	AOC
2014-0053	Village of Los Lunas	AOC	Electronic monitoring services to the Valencia Mag DWI/Drug Ct participants.	7/1/2013 - 6/30/2014	\$ 13,200	\$ 13,200	AOC
2014-0056	NM Public Defender	AOC	Provide state and fed funds towards the operating costs of Valencia DWI/Drug Ct program.	7/1/2013 - 6/30/2014	\$ 20,000	\$ 20,000	AOC
2014-0057	NM Public Defender	AOC	Provide fed funds towards the operating costs of Dona Ana DWI/Drug Ct program.	7/1/2013 - 6/30/2014	\$ 20,000	\$ 20,000	AOC
2014-0058	NM Public Defender	AOC	Provide fed funds towards the operating costs of Torrance DWI/Drug Ct program.	7/1/2013 - 6/30/2014	\$ 11,520	\$ 11,520	AOC
2014-0059	NM Public Defender	AOC	Provide fed funds towards the operating costs of San Miguel Sobriety Drug Ct program.	7/1/2013 - 6/30/2014	\$ 7,000	\$ 7,000	AOC
2014-0084	13th Judicial District	AOC	Part time master level court social work supervisor.	7/1/2013 - 6/30/2014	\$ 20,000	\$ 20,000	AOC
2014-0123	Regents of NMSU	AOC	Planning, facilitating and implementing Children's Law Institute under State CIP initiatives.	7/1/2013 - 6/30/2014	\$ 30,800	\$ 30,800	AOC
2014-0168	Valencia Cty Sheriff's Office	AOC	Provide a member of Law Enforcement to serve on DWI/Drug Ct team.	7/1/2013 - 6/30/2014	\$ 5,000	\$ 5,000	AOC
2014-0169	Carlsbad Police Dept	AOC	Provide a member of Law Enforcement to serve on DWI/Drug Ct team.	7/1/2013 - 6/30/2014	\$ 1,700	\$ 1,700	AOC
2014-0170	Carlsbad Mun Transit System	AOC	Transportation for participants in Eddy DWI/Drug Ct Program.	7/1/2013 - 6/30/2014	\$ 400	\$ 400	AOC
2014-0206	Carlsbad Mun Transit System	AOC	Provide bus passes for transportation of participants of the Eddy Mag DWI/Drug Ct program.	7/1/2013 - 6/30/2014	\$ 400	\$ 400	AOC

See Auditor's Report.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF MEMORANDUM OF UNDERSTANDING
June 30, 2014**

MOU No.	Participants	Operation Responsibility	Description	Term	Total Estimated Amount	Agency Contribution	Fical Agent/ Audit Responsibility
2014-0207	Rio Metro Regional Transit District	AOC	Provide transportation services to Valencia Cty DWI/Drug Ct participants.	7/1/2013 - 6/30/2014	\$ 1,000	\$ 1,000	AOC
2014-0239	City of Las Cruces	AOC	Public transportation costs incurred as a result of participation in the DADWI program.	7/1/2013 - 6/30/2014	\$ 1,600	\$ 1,600	AOC
2014-0333	Eddy County DWI Program	AOC	Provide weekly one hour substance abuse counseling for all participants in the Eddy Cty Mag DWI/Drug Ct program.	7/1/2013 - 6/30/2014	Free/MOU	Free/MOU	AOC
2014-0361	City of Santa Fe	AOC	Provide SFMDWI pogram bus passes for transportation of participants.	7/1/2013 - 6/30/2014	\$ 800	\$ 800	AOC
2014-0362	Dept of Pub Safety - NM State Police	AOC	Provide Law Enforcement (Officer Sam Sena) to serve on the SF Mag DWI/Drug Court Team.	7/1/2013 - 6/30/2014	\$ 2,000	\$ 2,000	AOC
2014-0387	Second Judicial District	AOC	Reimburse the court for costs related to drug and mental health courts.	7/1/2013 - 6/30/2014	\$ 143,000	\$ 143,000	AOC
2014-0388	Sixth Judicial District	AOC	Reimburse the court for costs related to drug and mental health courts.	7/1/2013 - 6/30/2014	\$ 79,494	\$ 79,494	AOC
2014-0389	Third Judicial District	AOC	Reimburse the court for costs related to drug and mental health courts.	7/1/2013 - 6/30/2014	\$ 49,967	\$ 49,967	AOC
2014-0390	Fourth Judicial District	AOC	Reimburse the court for costs related to problem solving court.	7/1/2013 - 6/30/2014	\$ 105,407	\$ 105,407	AOC
2014-0391	Fifth Judicial District	AOC	Reimburse the court for costs related to drug and mental health courts.	7/1/2013 - 6/30/2014	\$ 111,198	\$ 111,198	AOC
2014-0392	Seventh Judicial District	AOC	Reimburse the court for costs related to drug and mental health courts.	7/1/2013 - 6/30/2014	\$ 33,700	\$ 33,700	AOC
2014-0393	Ninth Judicial District	AOC	Reimburse the court for costs related to drug and mental health courts.	7/1/2013 - 6/30/2014	\$ 40,030	\$ 40,030	AOC
2014-0394	Eleventh Judicial District	AOC	Reimburse the court for costs related to drug and mental health courts.	7/1/2013 - 6/30/2014	\$ 86,551	\$ 86,551	AOC
2014-0395	Twelfth Judicial District	AOC	Reimburse the court for costs related to drug and mental health courts.	7/1/2013 - 6/30/2014	\$ 27,695	\$ 27,695	AOC
2014-0396	Thirteenth Judicial District	AOC	Reimburse the court for costs related to drug and mental health courts.	7/1/2013 - 6/30/2014	\$ 137,075	\$ 137,075	AOC

See Auditor's Report.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF MEMORANDUM OF UNDERSTANDING
June 30, 2014**

MOU No.	Participants	Operation Responsibility	Description	Term	Total Estimated Amount	Agency Contribution	Fical Agent/ Audit Responsibility
2014-0397	Metro Court	AOC	Reimburse the court for costs related to drug and mental health courts.	7/1/2013 - 6/30/2014	\$ 310,046	\$ 310,046	AOC
2014-0407	Eighth Judicial District	AOC	Reimburse the court for costs related to problem solving court.	7/1/2013 - 6/30/2014	\$ 69,505	\$ 69,505	AOC
2014-0408	First Judicial District	AOC	Reimburse the court for costs related to problem solving court.	7/1/2013 - 6/30/2014	\$ 190,162	\$ 190,162	AOC
2014-0430	Department of Public Safety	AOC	DPS will coordinate awith county and municipal agencies to conduct warrant round ups in the State of New Mexico.	10/2/2013 - 6/30/2014	\$ 150,000	\$ 150,000	AOC
2014-0448	Regents of UNM	AOC	Provide training to judges, attorneys and other legal personnel in child welfare cases.	10/1/2013 - 9/30/2014	\$ 119,903	\$ 119,903	AOC
2014-0460	NM Highlands University	AOC	Provide intern level social work student.	8/19/2013 - 6/30/2014	\$ 500	\$ 500	AOC
2014-0486	Soutwest Region National Child Protection Training Center	AOC	Develop plenary and workshop sessions and recruit speakers.	1/13/2014 - 6/30/2014	\$ 1,000	\$ 1,000	AOC
2014-0513	Santa Fe Community College	AOC	Production of Mediation videos.	3/27/2014 - 6/30/2014	\$ 25,000	\$ 25,000	AOC
2014-0520	Santa Fe County	AOC	Provide funding to the AOC for random alcohol and drug testing of individuals convicted of DWI in SF Mag in FY14.	5/1/2014 - 6/30/2014	\$ 14,000	\$ 14,000	AOC
2014-0527	Village of Ruidoso	AOC	DWI Clerk.	7/1/2013 - 6/30/2014	\$ 16,897	\$ 16,897	AOC
2014-0532	NMPED & NMCYFD	AOC	MOU to share information between and among PED, CYFD, and the AOC.	8/9/2013 - 6/30/2014	N/A	N/A	AOC

(1) The revenues and expenditures are reported by the participants.

See Auditor's Report.

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**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014**

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		\$ 6,143.08
BJA - Congressionally Selected Award for NM Drug Court Programs (5093)	16.753		\$ 35,100.00
BJA - Drug Court Discretionary Grant Program (5095)	16.585		\$ 263,064.92
*			<u>\$ 304,308.00</u>
U.S. Department of Justice / Office of Violence Against Women			
Pass-through Program From:			
State of New Mexico Crime Victims Reparation Commission (5121)	16.588	2012-WF-AX-0023	<u>\$ 60,458.00</u>
Subtotal U.S. Department of Justice			<u>\$ 364,766.00</u>
Total U.S. Department of Justice			<u><u>\$ 364,766.00</u></u>
U.S. Department of Transportation			
Pass-through Program From:			
State of New Mexico Department of Transportation			
AOC DWI/Drug Court Expansion (5113)	20.608	13-AL-K8-P08	\$ 25,339.38
AOC DWI/Drug Court Expansion (5123)	20.608	14-AL-64-P23	\$ 198,233.14
Subtotal State of New Mexico Department of Transportation			<u>\$ 223,572.52</u>
Total U.S. Department of Transportation			<u><u>\$ 223,572.52</u></u>
U.S. Department of Health and Human Service			
State Court Improvement - Basic Program (5108)	93.586		\$ 13,891.62
State Court Improvement - Data Program (5109)	93.586		\$ 81,057.59
State Court Improvement - Training Program (5110)	93.586		\$ 65,681.60
State Court Improvement - Basic Program (5116)	93.586		\$ 119,570.20
State Court Improvement - Data Program (5117)	93.586		\$ 108,201.86
State Court Improvement - Training Program (5118)	93.586		\$ 102,319.93
Subtotal U.S. Department of Health and Human Services			<u>\$ 490,722.80</u>
Pass-through Program From:			
State of New Mexico Department of Children, Youth & Families			
* Mediation Services (5119)	93.556	13-690-14805	\$ 178,073.10
Children's Justice Act (5122)	93.643	14-690-15985-1	\$ 46,326.37
Subtotal State of New Mexico Department of Children, Youth and Families			<u>\$ 224,399.47</u>
Total U.S. Department of Health and Human Services			<u><u>\$ 715,122.27</u></u>

See Auditor's Report.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014**

Federal Grantor/Pass-through Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
State Justice Institute			
New Mexico Interactive Forms Project (5103) Ensuring Language Access Outside the Courtroom (5111)	NA	SJI-11-T-163	\$ 17,983.89
Ensuring Language Access Outside the Courtroom: Training for Judicial Employees (5114)	NA	SJI-12-N-156	\$ 71,442.98
	NA	SJI-13-T-085	\$ 11,332.00
Total State Justice Institute			<u>\$ 100,758.87</u>
Total Expenditures of Federal Awards			<u>\$ 1,404,219.66</u>

* - 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, 2014. 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. This schedule excludes all State matching requirements and may not agree to the amounts in the accompanying financial statements.

Note 2> Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 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. Pass-through entity identifying numbers are presented where available.

Note 3> Outstanding Loans and Subrecipients

Of the federal expenditures presented in the schedule, the AOC did not receive any non-cash assistance, outstanding loan or provide federal awards to subrecipients.

See Auditor's Report.

OTHER REPORTS

**INDEPENDENT AUDITOR'S 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 Barbara J. Vigil, Chairperson
Administrative Office of the Courts
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, 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, 2014, and the related notes to the financial statements, which collectively comprise the AOC's basic financial statements, and the combining and individual funds and related budgetary comparisons of the AOC, presented as supplemental information, and have issued our report thereon dated December 3, 2014.

Internal Control over Financial Reporting

In planning and performing our audit, of the financial statements, we considered the AOC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the AOC's internal control. Accordingly, we do not express an opinion on the effectiveness of the AOC's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying *schedule of findings and questioned costs*, we identified a deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of finding and questioned costs as item 2014-001 to be a material weakness.

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. We did not identify deficiencies in internal control that we consider to be significant deficiencies; however, significant deficiencies may exist that have not been identified.

Compliance and Other Matters

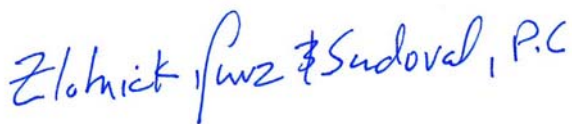
As part of obtaining reasonable assurance about whether the AOC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect 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 instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards* and by Section 12-6-5 NMSA 1978 which are described in the accompanying *schedule of findings and questioned costs* as items 2013-002, 2012-004, 2010-001 to 2010-002 and 2008-006.

AOC's Responses to the findings

The AOC's responses to the findings identified in our audit are described in the accompanying *schedule of findings and questioned costs*. The AOC's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Zlotnick, Laws & Sandoval, P.C.
December 3, 2014

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

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, 2014. 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*.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the AOC's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the AOC's compliance.

Opinion on Each Major Federal Program

In our opinion, the AOC complied, in all material respects, with the types of 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, 2014.

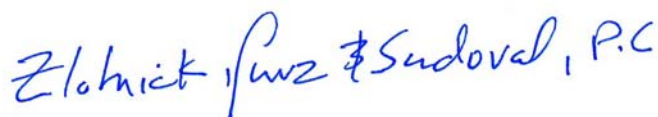
Report on Internal Control Over Compliance

Management of the AOC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the AOC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. *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.

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Zlotnick, Laws & Sandoval, P.C.
December 3, 2014

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued: Unmodified Opinion

Internal control over financial reporting:

A. Material weaknesses identified X Yes No

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

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

CFDA Numbers

16.580, 16.753 & 16.585
93.556

Name of Federal Program or Cluster

Drug Court Program (Cluster).
Promoting Safe and Stable Families.

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**

**Summary Schedules of Findings and Questioned Costs
For the Year Ended June 30,2014**

No.	Title	Status of Prior Year Findings	Significant Deficiency	Material Weakness	Compliance	Other Matters	Federal Awards Finding
Prior Year Findings:							
2008-006	Traffic Violation – Abstract not forwarded to DMV on time	Repeated				x	
2010-001	Case File Management	Repeated				x	
2010-002	Bonds Outstanding over Six Months and Other Bond Issues	Repeated				x	
2012-004	Cash Receipts	Repeated			x		
2013-01	Leave Accrual	Resolved					
2013-002	Compliance with Regulations	Repeated			x		
2013-03	Payroll Allocations	Resolved					
Current Year Findings:							
2014-001	Account Codes			x			

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

Section II – Financial Statement Findings

MATERIAL WEAKNESS

2014-001

Account Codes

Condition:

All capital outlay purchases by the AOC are accounted for and maintained by the Supreme Court Building Commission. During the year, there was more than \$800,000 expended in the inventory exempt category. Our examination of payment vouchers revealed that some items should have been capitalized. We selected ten vouchers totaling \$213,211 and found seven vouchers totaling \$136,702 of items that should have been capitalized. These items were individually under the capitalization policy, but collectively, are over the \$5,000 threshold. While some individual assets are below the capitalization threshold amounts, collectively, they are material to the governmental entity.

Some of these items were purchased for other district courts and will require the capital assets be transferred to those entities.

Criteria:

The Audit Act (12-6-10 NMSA 1978) requires agencies to capitalize chattels and equipment whose cost is over \$5,000. In addition, under the GASB *Comprehensive Implementation Guide*, Question 7.9.8, capitalization policies should ensure that all material capital assets, collectively, be reported.

Effect:

Capital outlay purchases are not reflected in the Supreme Court Building Commission's capital assets inventory.

Cause:

The current AOC capital asset policy does not consider the capitalization of items that, collectively, are over the \$5,000 threshold.

Recommendation:

We recommend that the AOC review purchases made in FY14 in the inventory exempt and other general ledger accounts to determine whether items can be grouped as a unit, a network, a system, etc... and be included as capital assets. The current capital asset policy should also be updated to consider items that, collectively, are material to the financial statements of the entities affected.

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

Year Ended June 30, 2014

Section II – Financial Statement Findings

Management Response:

The AOC agrees with this finding and will review all purchases made on behalf of Courts statewide in FY14 for equipment and furnishings to determine whether or not the expenditure accounts are classified appropriately and make appropriate adjustments if necessary. In addition, the AOC will update its Capital Asset Policy to ensure that all requests for purchase of equipment and furnishings be reviewed accordingly to determine whether they should be reported as capital assets in the appropriate account codes.

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ADMINISTRATIVE OFFICE OF THE COURTS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

Section II – Financial Statement Findings

COMPLIANCE

2013-002

Compliance with Regulations (Repeated)

Condition:

We found the following matters that related to the Magistrate Courts failing to comply with regulations and procedures; of the twelve Courts we visited we noted the following: A) 1 Court with a written agreement to pay fines and fees of less than \$50 without a written finding of hardship in the file. B) 1 Court where more than 3 extensions were given on an agreement to pay without documentation of hardship. C) 1 Court with six agreements to pay that were not documented in Odyssey. D) 1 Court where documentation of two agreements to pay were incomplete and not signed. E) 2 Courts with a specific tested incident of no follow up on agreements to pay. In 1 of the courts our interview and enquiry revealed that follow up on agreements to pay is often lacking. F) 1 Court where 2 Bench Warrant were issued more than 30 days after the failure to pay occurred. G) 3 Courts with outstanding checks more than 6 months old. H) 1 Court with money logged on the mail log that was not receipted to Odyssey for 7 days. I) 1 Court missing a clerk's initial on the daily mail log.

Criteria:

Operation of the court is governed by the New Mexico Magistrate Court Administrative Procedures Manual. The manual is authorized and approved by the New Mexico Supreme Court as the best practices for Magistrate Courts to be efficient and effective. Local Magistrates should not have the authority to over ride these procedures and courts should comply in every respect.

Effect:

The authority of the courts to enforce the law is undermined when cases are not properly followed through to completion. The State of New Mexico also loses revenue from fines and fees that should be paid by those who break the law

Cause:

Errors usually occur as the result of turnover of clerk personnel, inexperience and the volume of cases required to be handled. In most cases the lack of compliance is an isolated anomaly. In other cases local magistrates and clerks justify their actions by doing what they believe is best for their local situation.

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

Year Ended June 30, 2014

Section II – Financial Statement Findings

Recommendation:

The New Mexico Magistrate Court Administrative Procedures Manual should be followed by all Magistrate Courts in the state. Training should make it clear that exceptions are not appropriate.

Management Response:

We agree with these findings. Updated procedures and data standards as well as training discussed above will aid in addressing these issues.

A) 1 Court with a written agreement to pay fines and fees of less than \$50 without a written finding of hardship in the file. B) 1 Court where more than 3 extensions were given on an agreement to pay without documentation of hardship. E) 2 Courts with a specific tested incident of no follow up on agreements to pay. In 1 of the courts our interview and enquiry revealed that follow up on agreements to pay is often lacking. F) 1 Court where 2 Bench Warrant were issued more than 30 days after the failure to pay occurred.

Requirements for addressing failure to pay issues as well as written findings of hardship are addressed in Policy Directive #7. Management will review these requirements with judges and court managers during the scheduled training in December 2014. Internal auditors will conduct monthly desk audits to review compliance with requirements set forth in Policy Directive #7. Findings identified during these reviews will be forwarded to management.

C) 1 Court with six agreements to pay that were not documented in Odyssey. D) 1 Court where documentation of two agreements to pay were incomplete and not signed.

Requirements for docketing agreements to pay as well as obtaining required signatures and use of event code 6075 to document instances where the agreement to pay was mailed to the defendant will be addressed with court managers during the training on December 10, 2014. Internal auditors will conduct monthly desk audits to determine if courts are complying with these requirements. Findings identified during these reviews will be forwarded to the magistrate division director and statewide operations managers.

G) 3 Courts with outstanding checks more than 6 months old.

AOC Field Services staff reviews outstanding checks on a monthly basis and addresses instances where the courts fail to properly address stale dated checks. The report provided to judges on a monthly basis has been modified to identify bonds and checks outstanding over six months. Field services staff will also send emails to court managers listing the checks that have been outstanding six months and requesting that the checks be

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

Section II – Financial Statement Findings

voided and money sent to the suspense fund the following month. The magistrate division director or statewide operations manager assigned to the courts will be copied on the emails and advised if a court manager fails to forward the money to the suspense fund the following month. Repeated findings in this area may result in disciplinary action.

H) 1 Court with money logged on the mail log that was not receipted to Odyssey for 7 days. I) 1 Court missing a clerk's initial on the daily mail log.

Management will address the requirements for proper cash handling and timely deposit of money received by the court during the training for court managers scheduled in December 2014. The internal auditors and magistrate financial specialists will conduct monthly remittance testing to determine if courts are complying with requirements for depositing money received within 24 hours. Findings identified during these reviews will be provided to the magistrate division director and statewide operations manager assigned to the courts reviewed.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

Section II – Financial Statement Findings

2012-004

Cash Receipts (Repeat)

Condition:

We selected 42 deposit days and tested the cash receipts. We found two (2) instances for about \$25,000 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 funds to the State Treasurer before the close of the next succeeding business day after the date of receipt.

Effect:

Non-compliance with State Law.

Cause:

AOC currently does not make deposit on the last day of the month for money received the day before. Also, payments were received and dated, then sent to a division in a different location for processing, before being sent back to AOC for deposit. This late deposit occurred before the AOC implemented new procedures.

Recommendation:

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

Management Response:

The AOC agrees with this finding. The first occurrence was with a \$200 court interpreter registration fee that was received in the mail on an afternoon when the financial specialist (that handles this fund) was out. Upon her return the next day, she opened the mail, date stamped the check from the date it was physically received the day before in the mail and immediately put it in the deposit for the following day, noting the reason for the delay on the backup documentation. Fiscal Services Division (FSD) has since changed the procedure in receipt of these interpreter checks/money orders since they may be received in various forms and/or by different people. The AOC staff is now aware that once a check or money order is received, they must “hand deliver” to someone in FSD for immediate placement in the next day’s deposit so as not to violate the 24 hour rule.

The second instance relates to an internal procedure that FSD has followed for years. Historically, FSD’s policy was to not make deposits on the last working day of the month

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Section II – Financial Statement Findings

due to previous fiscal year reconciling issues. After review, those reconciling issues have been continually resolved; therefore FSD will update its procedure to include the last day of the month in its deposit process.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

Section II – Financial Statement Findings

OTHER MATTERS

2010-001

Case File Management (Repeated)

Condition:

Of the twelve Magistrate Courts visited, we noted the following circumstances related to case file management: A) 1 Court where a file needed to be updated to show adjustment for time served by the defendant. B) 1 Court where a wrong hearing type for a case was docketed. C) 2 Courts that each had 2 agreements to pay bench warrant fees without a default order in the file showing that the bench warrant must be paid and D) 1 Court where there was no default order in the file to forfeit a bond and the bond forfeiture document was not signed.

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. The paper case file and the Odyssey system should agree as to the details and progress of the case.

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. The above findings appear to be isolated errors and do not reflect a trend or pattern.

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:

We agree with these findings. The procedures manual for magistrate judges and clerks has been revised and will be distributed within the next few weeks. The revised manual will provide guidance and clarification on multiple points identified in this audit. In addition to the procedures manual, the statewide operations managers will work on developing a data

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Year Ended June 30, 2014

Section II – Financial Statement Findings

standards manual to be provided to court clerks. This manual will define requirements for data entry in Odyssey.

Annual training is also provided for all magistrate judges. This year's training will be held December 8, 2014 through December 10, 2014. The court managers will join the judges for the training conducted on December 10, 2014. Findings identified for the FY 2014 audit will be addressed with the judges and court managers during this training. Information on the findings, clarification on current procedures and statute requirements as well as procedures to be implemented will be emailed to all courts once the training has been completed and the audit report has been presented to the Chief Justice. In addition to the annual training for judges, management and the statewide operations managers will be working with JID to provide standardized training for new clerks. Initial plans include providing regional training on a quarterly basis.

Beginning with performance plans to be implemented for FY 2016, management and the statewide operations managers are discussing the possibilities of requiring court managers to conduct periodic desk audits. The purpose of the desk audits would be to review case files to ensure that clerks are following proper case management procedures. This process would also aid in identifying areas where further training may be required.

A) 1 Court where a file needed to be updated to show adjustment for time served by the defendant.

The judge ordered credit to be granted for pre-sentence confinement but the clerks failed to create the adjustment of fines order and credit the balance due in Odyssey for time served. Management will review procedures with court staff and emphasize the importance of following through with the judge's orders so that balances are adjusted in a timely manner.

B) 1 Court where a wrong hearing type for a case was docketed.

It appears that the hearing type may have been changed after the notice was issued. Management will review procedures for setting hearings and issuing notices with court staff.

C) 2 Courts that each had 2 agreements to pay bench warrant fees without a default order in the file showing that the bench warrant must be paid

The Forms Committee is in the process of working on a standardized order to address bench warrant fees to be paid in cases where failure to appear warrants were issued prior to charges being dismissed. In the interim, management will review the requirement for

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

Section II – Financial Statement Findings

orders to be entered any time defendants are required to pay fees with the judges and court managers during the training scheduled for December 2014.

D) 1 Court where there was no default order in the file to forfeit a bond and the bond forfeiture document was not signed.

Management has identified the need for additional training with respect to bond forfeiture procedures. The statewide operations managers will schedule a video training within the next few weeks to address procedures and answer any questions that staff may have with respect to bond forfeitures.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

Section II – Financial Statement Findings

2010-002

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

Condition:

Of the twelve Magistrate Courts visited, we noted that four 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 5 courts we noted a bond received that was receipted to an individual other than the person who actually posted the bond. B) At three courts we found a bond that was refunded to someone other than the person that posted the bond. C) At one court we found two bonds that were posted without a copy of the ID for the person posting the bond. D) At one court we found a bond that was exonerated without a court order to exonerate E) At one court we found two bonds where the forfeiture documents were not signed and F) One of the Courts were not issuing the Bond receipt mandated by the Supreme Court.

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 correct case and to the correct individual who posted the bond. Bonds must then be refunded to the same person that posted the bond and a copy of the ID helps assure that will happen. The newly mandated bond receipt book contains all of the information necessary to properly refund or convert the bond as appropriate.

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.

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Year Ended June 30, 2014

Section II – Financial Statement Findings

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. Others errors related to accounting for bonds are simply the result of clerk error.

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. Ongoing training sessions about the handling of bonds is always helpful. All courts should be trained to handle bonds consistently.

Management Response:

We agree with these findings. Updated procedures and data standards as well as training discussed above will aid in addressing these issues.

Of the twelve Magistrate Courts visited, we noted that four of those courts had cash bonds that were not refunded or forfeited within six months of posting of the bond.

Management will address the requirement for processing bonds and including documentation on the reports submitted to Fiscal Services for bonds that remain outstanding. Field Services staff has modified the monthly report sent to the judge for signature after the month's reports have been reconciled to include a feedback section which details the number of bonds outstanding over six months and whether explanations were provided for these bonds. Beginning with December reports submitted in January 2015, Field Services staff will also email the court managers and copy the statewide operations manager assigned to the court as well as the magistrate division director advising if bonds outstanding over six months were not properly documented. Repeated findings in this area may result in disciplinary action.

A) In 5 courts we noted a bond received that was receipted to an individual other than the person who actually posted the bond

Odyssey defaults to the defendant when issuing receipts in Odyssey. Many times court staff will create the bond depositor in Odyssey but fail to change the default to the bond depositor when receipting cash bonds. Beginning January 1, 2015, a new procedure will be implemented that will require all cash bonds receipted be verified by a second person on the same date the receipts are issued. Both the receipting and verifying clerk will initial the cash bond receipt indicating that the bond depositor has been verified. This will provide

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Year Ended June 30, 2014

Section II – Financial Statement Findings

the court the opportunity to correct receipts issued to the defendant instead of the bond depositors. The internal auditors and magistrate financial specialists will also conduct monthly audits to verify that this procedure has been implemented. Reports detailing findings will be provided to the magistrate division director and statewide operations managers on a monthly basis.

B) At three courts we found a bond that was refunded to someone other than the person that posted the bond.

Management will remind courts of the importance of refunding cash bonds to the payor as required by NMRA 6-401(H). Beginning January 1, 2015, a new procedure will be implemented which will require that the payee listed on refund checks for cash bonds be verified against the bond depositor information on the cash bond receipt. The cash bond receipt will be attached to the front of the case file along with the refund check so that the judges may verify that the check has been issued to the correct person prior to signing the check. The check stub will be initialed by the two people verifying that the check was issued to the correct person. The internal auditors and magistrate financial specialists will conduct monthly audits to verify that this procedure has been implemented. Reports detailing findings will be provided to the magistrate division direct and statewide operations managers on a monthly basis. Repeated findings in this area may result in disciplinary action.

C) At one court we found two bonds that were posted without a copy of the ID for the person posting the bond.

Chapter 11.6 of the Magistrate Court Procedures for Judges and Clerks requires that a copy of the driver's license be obtained from the person posting the bond. Management will review requirements for documenting and receipting cash bonds with court staff. However, it should be noted that most detention centers do not obtain copies of driver's licenses when bonds are posted with them instead of at the court. Management will review the possibilities of requesting that detention centers adhere to the same requirements for identification that courts are required to obtain.

D) At one court we found a bond that was exonerated without a court order to exonerate

It appears that the bond in this case may have been automatically exonerated after voluntary dismissal. Management has determined that this is a training issue. Requirements for processing of bonds after voluntary dismissal will be reviewed with court staff.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

Section II – Financial Statement Findings

E) At one court we found two bonds where the forfeiture documents were not signed
Management has identified the need for additional training with respect to bond forfeiture procedures. The statewide operations managers will schedule a video training within the next few weeks to address procedures and answer any questions that staff may have with respect to bond forfeitures. The importance of ensuring that all required signatures are obtained will also be addressed during this training.

F) One of the Courts was not issuing the Bond receipt mandated by the Supreme Court.

The court was using an outdated form to receipt cash bonds posted at the court. Criminal form 9-312A is the New Mexico Supreme Court mandated form to be used when receipting cash bonds. Amendments to the form were approved through Supreme Court Order No. 13-8300-037 and became effective December 31, 2013. In an email sent to all court managers on December 5, 2013, Oscar Arévalo, Chief Financial Officer, addressed the revisions to the form and included a copy of the current form in use. The court failed to request the updated form through Fiscal Services after receiving the email that contained an example of the form that should have been in use.

Management will follow-up with all courts to ensure that the current form is in use by the courts and detention centers. A memo will be sent to all court managers requiring that they verify that the correct receipt books are in use. Court managers will be required to return the verification to the magistrate division director or statewide operation manager assigned to oversee their court as well as provide a copy to the internal auditors. Disciplinary action may result if this finding is repeated after the court managers have verified that the proper form is in use.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

Section II – Financial Statement Findings

2008-006

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

Condition:

Of the twelve Magistrate Courts visited, we noted a case file at 2 of the courts with 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. The 2 cases noted above were isolated incidents.

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 is working to automate submission of approximately 95% of abstract data to MVD. When this project is implemented it should significantly reduce the number of abstracts improperly processed. This finding is likely the result of failure to properly utilize the tickler system, especially with respect to cases where the judge has entered a deferred sentence. These case files are filed in the tickler for the date the order for deferred sentence becomes final. If the court does not pull cases from the tickler on a regular basis, the abstracts are not processed in a timely manner. Management will work with the statewide operations managers to address this issue with the court managers and ensure that the tickler systems are properly utilized and abstracts are forwarded to MVD as required.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

Section III - Federal Awards Findings

No Matters were reported.

**STATE OF NEW MEXICO
ADMINISTRATIVE OFFICE OF THE COURTS
EXIT CONFERENCE
Year Ended June 30, 2014**

We discussed the recommendations contained in this letter during the exit conference held December 11, 2014. The exit conference was attended by the following individuals:

Administrative Office of the Courts

Honorable Barbara J. Vigil	Chairperson
Arthur Pepin	Director
Patrick Simpson	Deputy Director
Rosemary P. McCourt	Director, Magistrate Court Division
Oscar Arevalo	Director, Fiscal Services Division
Rosie Salgado	Court Financial Manager
Heather Velasquez	Financial Supervisor
Bobbi Geiss	Internal Auditor
Charlene Romero	Internal Auditor

Zlotnick, Laws & Sandoval, P.C.

Asa Laws	CPA
Brian Laws	CPA
Ban Trinh	CPA

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

