



# NEW MEXICO JUDICIARY

## STATE OF NEW MEXICO ADMINISTRATIVE OFFICE OF THE COURTS FINANCIAL STATEMENTS

JUNE 30, 2019

**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.

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New Mexico Administrative Office of the Courts

**OFFICIAL ROSTER**

June 30, 2019

<b>Name</b>	<b>Title</b>
Honorable Judith K. Nakamura	Chairperson
Arthur W. Pepin	Director
Celina A. Jones	General Counsel
Suzette A. Fronk	Director of Fiscal Services
Lynette Pulman-Rodriguez	Director of Human Resources
Jason Clack	Director of Magistrate Courts
David Wasson	Director of Judicial Information
Daniel Garcia	Director of Special Court Services

## INDEPENDENT AUDITORS' REPORT

Honorable Judith K. Nakamura, Chief Justice  
Administrative Office of the Courts  
and  
Mr. Brian Colón  
New Mexico State Auditor  
Santa Fe, New Mexico

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, 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, 2019, and the related notes to the financial statements, which collectively comprise the AOC's basic financial statements 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 misstatement, whether due to fraud or error.

### Auditors' 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 auditors' 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 AOC'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 respective financial position of the governmental activities, each major fund, the aggregate remaining fund information and the respective budgetary comparisons for the general fund and major special revenue funds of the AOC as of June 30, 2019, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each fiduciary fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matters**

As discussed in Note A1, the financial statements of the AOC are intended to present the financial position and changes in financial position of only that portion of the governmental activities, major funds and aggregate remaining fund information of the State of New Mexico that is attributable to the transactions of the AOC. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2019, and the changes in financial position and budgetary comparisons for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified for this matter.

As discussed in Notes G and H, the State of New Mexico, as a single employer, follows Governmental Accounting Standards Board (GASB) Standard No. 68, *Accounting and Financial Reporting for Pensions*, in the June 30, 2019, Comprehensive Annual Financial Report (CAFR). Accordingly, there is no allocation of the proportional share of the net pension liability to individual agencies or AOC's financial statements. All other required footnotes and other disclosures required by GASB are included in the State of New Mexico CAFR for June 30, 2019. Our opinion is not modified with respect to this matter.

As discussed in Note I, the State of New Mexico, as a single employer, follows GASB Standard No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions*, (OPEB) in the June 30, 2019, Comprehensive Annual Financial Report. Accordingly, there is no allocation of the proportional share of the net OPEB liability to individual agencies or to AOC's financial statements. All other required footnotes and other disclosures required by GASB are included in the State of New Mexico CAFR for June 30, 2019. Our opinion is not modified with respect to this matter.



## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the AOC's basic financial statements. The combining and individual financial statements of the nonmajor funds, the budgetary comparison schedules for the major capital projects funds and the schedules required by 2.2.2 NMAC listed as supplementary information in the table of contents 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 is presented for purposes of additional analysis as required by Title 2, U.S. *Code of Federal Regulations* (CFR) 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual financial statements of the nonmajor funds, the budgetary comparison schedule for the major capital projects funds and the schedules required by 2.2.2 NMAC listed as supplementary information in the table of contents 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 auditing standards generally accepted in the United States of America. In our opinion, the schedules listed in the Supplementary Information section within the Table of Contents 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 our report dated October 31, 2019, on our consideration of the AOC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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.

ATKINSON & CO., LTD

**Atkinson & Co., Ltd.**

Albuquerque, New Mexico  
October 31, 2019

**MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)**

June 30, 2019

**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;
- Providing administrative support for the Magistrate Courts; and
- Maintaining 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 consists of multiple activities. Below is a brief description of each activity.

**Administrative Support Program:**

AOC Administration – Provides administrative support for all judicial units and provides the administrative staffing for the Magistrate Courts.

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

Tribal State Consortium – 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.

**MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED**

June 30, 2019

Jury and Witness – This activity administers the payment of jurors and witnesses and administers sub-activities related to jurors.

Language Access Services – This activity provides operating and staffing language access services for court proceedings. This fund is also used to provide training for the purpose of enhancing language access services in the courts.

Federal Grants Administration – The AOC administered 17 grants throughout FY2019 that include the following: (3) U.S. Department of Justice Awards including one Drug Courts, one for Victims of Crime Act (VOCA), and one for Violence against Women; U.S. Department of Transportation (4) pass-through from the State of New Mexico Department of Transportation with (2) Minimum Penalties for Repeat DWI and (2) National Priority Safety Program; U. S. Department of Health and Human Services, (6) State Court Improvement Program basic initiatives, (1) pass-through from the State of New Mexico Department of Children, Youth and Families for Promoting Safe and Stable Family; and (3) State Justice Institute with one for Improving Access to Justice for Native Peoples, one for Courthouse Security Assessments, and one for Pretrial Justice and the State Courts Initiative.

**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.

**Magistrate Court Program:**

Magistrate Court General – Provides court clerk staff, judges and operational costs associated with 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.

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

**MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED**

June 30, 2019

**Special Court Services Program:**

Court Appointed Special Advocate (CASA) – Supports effective volunteer advocacy for the best interests 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 lengthens the duration of the case, and protect the child and non-offending parent from further acts of child abuse, violence and dysfunction.

Water Rights Adjudication – Provides administrative staff a staff attorney and special master to aid with the stream adjudication cases in the 1<sup>st</sup>, 3<sup>rd</sup>, 5<sup>th</sup>, 6<sup>th</sup>, 11<sup>th</sup> and 13<sup>th</sup> Judicial District Courts. A portion of these funds is transferred to the 1<sup>st</sup>, 3<sup>rd</sup> and 11<sup>th</sup> district courts. Funding for this activity 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 the fund at the end of the fiscal year does not revert to the State General Fund.

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.

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.

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

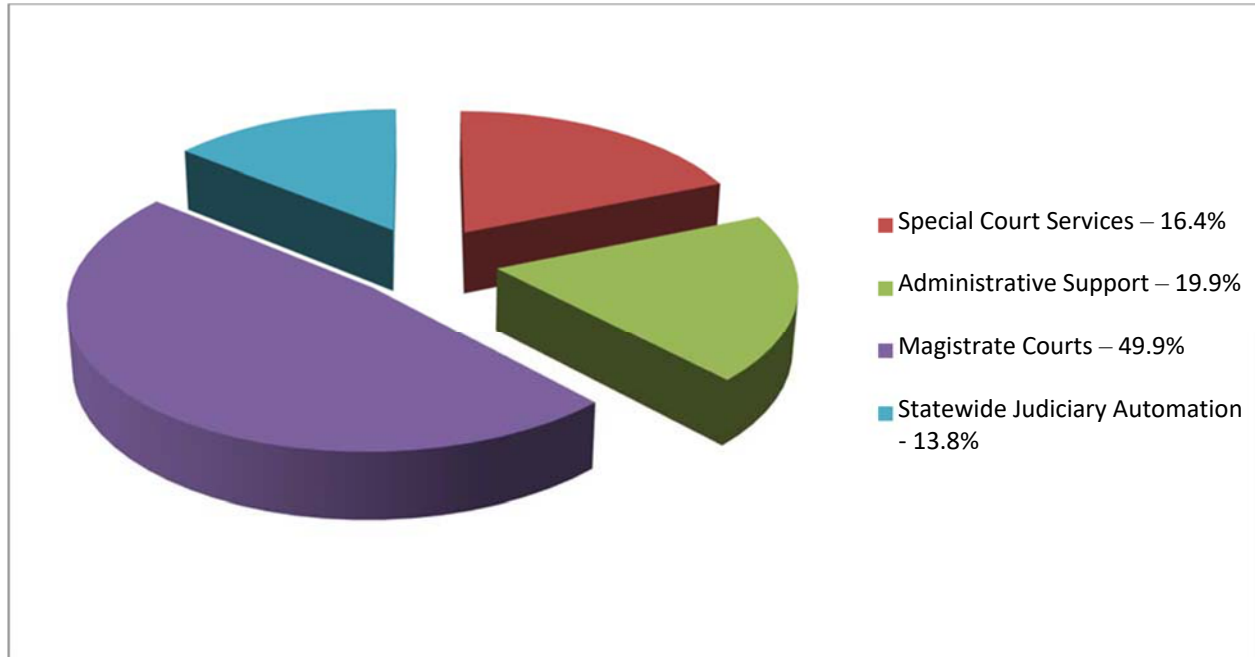
Statewide Alternative Dispute Resolution (ADR) – The commission strives to provide guidance and materials to state courts for the development and organization of court-connected ADR services. Conflict resolution training opportunities are also offered through partner organizations to the Judiciary.

AOC Drug Court – The AOC appropriations include Liquor Excise Tax Funds and General Funds used to support adult and juvenile drug court programs.

**MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED**

June 30, 2019

**FY19 AOC Percent of Budget by Program**



**Financial Highlights:**

- Pursuant to Laws of 2018 Chapter 73, Section 4, AOC's FY2019 General Fund appropriation was 12.6% greater than FY2018 due to increased oil and gas revenues for the State.
- Overall revenue to the AOC increased by 28.9% in FY2019 as compared to FY2018. This was due to an increase in general fund appropriation, transfers from other agencies and recognizing the AOC capital assets.
- Total Net Position increased from \$8,449,916 in FY18 to \$19,154,592 in FY19 due to current assets of the AOC that were previously recorded by the Supreme Court Building Commission being transferred to the AOC and additions to current assets.
- Federal revenue to the AOC increased by 16% to \$1,314,522 in FY2019 as compared to \$1,133,375 in FY2018, mainly attributable to an increase in the amount of awards.

**MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED**

June 30, 2019

**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 expenditures are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

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

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

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

**Budgetary Comparisons**

GASB 34 requires budgetary comparison schedules for general fund and for each major special revenue fund that has a legally adopted annual budget to be presented. The budgetary comparison schedules present both the original and the final appropriated budgets for the reporting period as well as the actual inflows, outflows and balances, stated on the government's budgetary basis.

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

**MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED**

June 30, 2019

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Statement of Net Position  
June 30,

	<u>2019</u>	<u>2018</u>
Current Assets	\$ 21,926,892	\$ 13,320,771
Invested in Capital Assets	<u>2,641,907</u>	<u>-</u>
Total Assets	24,568,799	13,320,771
Current Liabilities	5,211,120	4,684,551
Noncurrent Liabilities	<u>203,087</u>	<u>186,304</u>
Total Liabilities	<u>5,414,207</u>	<u>4,870,855</u>
Net Position		
Invested in Capital Assets	2,641,907	-
Restricted	16,067,958	6,988,976
Unrestricted	<u>444,727</u>	<u>1,460,940</u>
Total Net Position	<u>\$ 19,154,592</u>	<u>\$ 8,449,916</u>

For more detailed information see the Statement of Net Position and Note E.

The change to assets, liabilities and net position compared to the prior year are attributable to increases in fund balances in Supreme Court Automation, Jury and Witness, Statewide Automation Bond, and Language Access.



**MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED**

June 30, 2019

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

	Government Activities	
	2019	2018
General Revenues		
General fund appropriations	\$ 58,929,032	\$ 52,357,500
Transfers out to District courts	(207,766)	-
Transfers from other state agencies	5,242,877	-
Transfers in from other state agencies - capital assets	2,036,211	-
Transfers – bond proceeds	987,215	113,234
Transfer to other agencies	(1,544,988)	(2,029,752)
Interest income	54,177	7,670
Reversion to State General Fund	(769,191)	(158,806)
Total Revenues	64,727,567	50,289,846
Program Revenues		
Charges for Services	10,282,315	10,659,635
Operating and Capital Grants	1,314,522	3,574,023
	11,596,837	14,233,658
Program Expenditures		
Judicial Services	65,619,728	61,460,425
Change in Net Position	10,704,676	3,063,079
Net position, beginning of year	8,449,916	5,386,837
Net Position, end of year	\$ 19,154,592	\$ 8,449,916

The FY2019 approved General Fund operating budget beginning July 1, 2018, for the AOC was increased by 12.6% during the 2018 Legislative session due to an increase in state revenues, mostly from oil and gas revenue. Overall, Net Position increased due to increased revenues and recognizing capital assets of the AOC that were previously recorded by the Supreme Court Building Commission.

**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

**MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED**

June 30, 2019

**ANTICIPATED CHANGES**

**Fund Financial Statements**

Major Funds and Non-Major Funds both saw increases in total fund balance despite a few funds experiencing decreases. Total fund balances increased by \$3,063,079, or 56.9%, at year end. All remaining fund balances at year-end are set aside for the purpose of the particular fund and may be expended in future years.

Funds experiencing a decrease in fund balance include:

- Statewide Automated Bond (27300) decreased as a result of no revenue and increased expenditures.
- Statewide Drug Court Technology Fund balance decreased due to receiving no revenues and increased expenditures.

Funds experiencing an increase include:

- Supreme Court Automation Fund increased due to decreased expenditures despite a decrease in revenue.
- Jury and Witness Fund increased 69.1% due to continuing cost saving policies that were put in place to preserve the fund balance despite revenue dropping slightly.
- Language Access Fund increased 78.8% due to expenditures remaining flat thus preserving and adding to fund balance.

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 have also declined. The AOC does not anticipate a significant increase in case filings in the immediate future and therefore will continue to request additional general fund increases to cover fee revenue shortfalls.

**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.

State of New Mexico Administrative Office of the Courts

**STATEMENT OF NET POSITION**

June 30, 2019

	Governmental Activities
<b>ASSETS</b>	
Interest in State General Fund Investment Pool	\$ 21,560,488
Petty cash	5,711
Due from external parties	3,324
Other receivable	2,252
Due from other component units of the State	100,801
Due from local governments	4,968
Due from Federal grants	249,348
Capital assets, net	<u>2,641,907</u>
Total assets	<u>\$ 24,568,799</u>
<b>LIABILITIES</b>	
Due to State General Fund Investment Pool	\$ 80,754
Accounts payable	2,679,385
Accrued payroll	1,298,486
Due to other funds	-
Due to other component units of the State	-
Due to local governments	-
Due to state general fund	-
Other liabilities	1,669
Deposit held for others	-
Compensated absences - current	1,150,826
Compensated absences - noncurrent	<u>203,087</u>
Total liabilities	<u>5,414,207</u>
<b>NET POSITION</b>	
Invested in capital assets	2,641,907
Restricted	16,067,958
Unrestricted	<u>444,727</u>
Total net position	<u>19,154,592</u>
Total liabilities & net position	<u>\$ 24,568,799</u>

The accompanying notes are an integral part of this financial statement.

State of New Mexico Administrative Office of the Courts

**STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2019

	Expenses	Program Revenues		Governmental Activities	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants & Contributions		
Governmental Activities					
Judicial:					
Administrative services	\$ 13,032,350	\$ 2,008,561	\$ 1,314,522	\$ -	\$ (9,709,267)
Statewide judiciary automation	9,073,778	5,294,934	-	-	(3,778,844)
Magistrate courts	32,774,897	2,978,820	-	-	(29,796,077)
Special court services	10,738,703	-	-	-	(10,738,703)
	-				-
Total governmental activities	<u>\$ 65,619,728</u>	<u>\$ 10,282,315</u>	<u>\$ 1,314,522</u>	<u>\$ -</u>	(54,022,891)
General Revenues					
General Fund appropriation					58,929,032
Transfers in from other agencies					5,242,877
Transfers in from other agencies - capital assets					2,036,211
Transfers out to District courts - noncapital assets					(207,766)
Bond proceeds					987,215
Transfers to other State agencies					(1,544,988)
Interest income					54,177
Reversions					(769,191)
Total general revenues					<u>64,727,567</u>
Changes in net position					10,704,676
Net position, beginning					<u>8,449,916</u>
Net position, ending					<u>\$ 19,154,592</u>

The accompanying notes are an integral part of this financial statement.

State of New Mexico Administrative Office of the Courts

**BALANCE SHEET – GOVERNMENTAL FUNDS**

June 30, 2019

	General Fund 13900	Supreme Court Automation 01100	Jury and Witness Fees 01200	Court Appointed Attorney 12400	Statewide Automated Bond 27300	Statewide Drug Court Technology 44300
<b>ASSETS</b>						
Interest in State Government Fund						
Investment Pool	\$ 2,134,024	\$ 1,529,536	\$ 2,319,954	\$ 573,890	\$ 243,705	\$ 342,179
Petty Cash	5,711	-	-	-	-	-
Due from external parties	-	-	-	-	-	-
Other receivable	-	-	-	-	-	-
Due from other state agencies	1,990	-	-	-	-	-
Due from local governments	-	-	-	-	-	-
Due from federal grants	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 2,141,725</b>	<b>\$ 1,529,536</b>	<b>\$ 2,319,954</b>	<b>\$ 573,890</b>	<b>\$ 243,705</b>	<b>\$ 342,179</b>
<b>LIABILITIES</b>						
Due to State Government Fund						
Investment Pool	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	538,454	61,188	118,752	516,958	-	342,179
Accrued payroll	158,143	62,247	8,467	6,932	-	-
Due to other funds	-	-	-	-	-	-
Due to other state agencies	-	-	-	-	-	-
Due to local governments	-	-	-	-	-	-
Due to State general fund	-	-	-	-	-	-
Other liabilities	654	-	-	-	-	-
<b>Total liabilities</b>	<b>697,251</b>	<b>123,435</b>	<b>127,219</b>	<b>523,890</b>	<b>-</b>	<b>342,179</b>
<b>FUND BALANCES</b>						
Non-Spendable	-	-	-	-	-	-
Restricted	721,316	1,396,901	2,192,735	50,000	-	-
Committed	723,158	-	-	-	243,705	-
Assigned	-	9,200	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balances</b>	<b>1,444,474</b>	<b>1,406,101</b>	<b>2,192,735</b>	<b>50,000</b>	<b>243,705</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,141,725</b>	<b>\$ 1,529,536</b>	<b>\$ 2,319,954</b>	<b>\$ 573,890</b>	<b>\$ 243,705</b>	<b>\$ 342,179</b>

The accompanying notes are an integral part of this financial statement.

Grant Fund 49500	Special Water Rights Adjudication 51200	Magistrate Court Warrant Enforcement 57500	Language Access 68170	Magistrate Courts 69200	STB Capital Outlay 89200	GF Capital Outlay 93100	Non-Major Funds	Total Governmental Funds
\$ -	\$ 648,093	\$ 2,051,599	\$ 1,924,577	\$ 1,033,480	\$ 294,543	\$ 4,773,832	\$ 3,691,076	\$ 21,560,488
-	-	-	-	-	-	-	-	5,711
-	-	-	835	271	-	-	2,218	3,324
-	-	-	-	2,252	-	-	-	2,252
18,811	80,000	-	-	-	-	-	-	100,801
4,968	-	-	-	-	-	-	-	4,968
249,348	-	-	-	-	-	-	-	249,348
<u>\$ 273,127</u>	<u>\$ 728,093</u>	<u>\$ 2,051,599</u>	<u>\$ 1,925,412</u>	<u>\$ 1,036,003</u>	<u>\$ 294,543</u>	<u>\$ 4,773,832</u>	<u>\$ 3,693,294</u>	<u>\$ 21,926,892</u>
\$ 80,754	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,754
174,823	6,481	67,782	153,011	220,719	294,543	-	184,495	2,679,385
10,212	-	101,188	25,588	764,820	-	-	160,889	1,298,486
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
440	-	575	-	-	-	-	-	1,669
<u>266,229</u>	<u>6,481</u>	<u>169,545</u>	<u>178,599</u>	<u>985,539</u>	<u>294,543</u>	<u>-</u>	<u>345,384</u>	<u>4,060,294</u>
-	-	-	-	-	-	-	-	-
-	220,612	1,882,054	1,646,098	50,000	-	4,773,832	3,134,410	16,067,958
-	-	-	100,715	464	-	-	-	1,068,042
-	501,000	-	-	-	-	-	213,500	723,700
6,898	-	-	-	-	-	-	-	6,898
<u>6,898</u>	<u>721,612</u>	<u>1,882,054</u>	<u>1,746,813</u>	<u>50,464</u>	<u>-</u>	<u>4,773,832</u>	<u>3,347,910</u>	<u>17,866,598</u>
<u>\$ 273,127</u>	<u>\$ 728,093</u>	<u>\$ 2,051,599</u>	<u>\$ 1,925,412</u>	<u>\$ 1,036,003</u>	<u>\$ 294,543</u>	<u>\$ 4,773,832</u>	<u>\$ 3,693,294</u>	<u>\$ 21,926,892</u>

The accompanying notes are an integral part of this financial statement.

**RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET POSITION**

June 30, 2019

Fund balances - total governmental funds \$ 17,866,598

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Capital assets	\$ 14,028,224	
Accumulated depreciation	<u>(11,386,317)</u>	
 Total capital assets, net		 2,641,907

Amounts reported for governmental activities in the statement of net position are different because some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of the following:

Compensated absences		<u>(1,353,913)</u>
 Net Position of Governmental Activities		 <u>\$ 19,154,592</u>

State of New Mexico Administrative Office of the Courts

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
GOVERNMENTAL FUNDS**

Year Ended June 30, 2019

	General Fund 13900	Supreme Court Automation 01100	Jury and Witness Fees 01200	Court Appointed Attorney 12400	Statewide Automated Bond 27300	Statewide Drug Court Technology 44300
<b>REVENUES</b>						
Court fees	\$ -	\$ 3,690,842	\$ -	\$ -	\$ -	\$ -
Charges for services	-	2,631	1,882,889	-	-	-
Federal grants	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>3,693,473</b>	<b>1,882,889</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES</b>						
Judicial:						
Current:						
Personnel services and benefits	4,051,224	1,569,606	321,056	176,733	-	-
Contractual services	4,064,745	329,371	10,000	5,858,100	-	110,445
Other costs	517,678	1,397,312	2,917,960	9,000	181,137	131,109
Capital outlays	-	44,328	-	-	225,211	261,296
<b>Total expenditures</b>	<b>8,633,647</b>	<b>3,340,617</b>	<b>3,249,016</b>	<b>6,043,833</b>	<b>406,348</b>	<b>502,850</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(8,633,647)</b>	<b>352,856</b>	<b>(1,366,127)</b>	<b>(6,043,833)</b>	<b>(406,348)</b>	<b>(502,850)</b>
Other Financing Sources (Uses)						
Transfer In:						
General fund appropriation	8,737,900	-	2,253,500	6,087,100	-	-
Other state agencies	3,101,600	-	8,700	6,800	-	-
Bond proceeds	-	-	-	-	-	-
Transfer Out:						
Other state agencies	(1,274,988)	-	-	-	-	-
Reversions	(487,983)	-	-	(67)	(250,000)	(71)
<b>Total other financing sources (uses)</b>	<b>10,076,529</b>	<b>-</b>	<b>2,262,200</b>	<b>6,093,833</b>	<b>(250,000)</b>	<b>(71)</b>
<b>Net changes in fund balances</b>	<b>1,442,882</b>	<b>352,856</b>	<b>896,073</b>	<b>50,000</b>	<b>(656,348)</b>	<b>(502,921)</b>
Fund balances, beginning	1,592	1,053,245	1,296,662	-	900,053	502,921
<b>Fund balances, ending</b>	<b>\$ 1,444,474</b>	<b>\$ 1,406,101</b>	<b>\$ 2,192,735</b>	<b>\$ 50,000</b>	<b>\$ 243,705</b>	<b>\$ -</b>

The accompanying notes are an integral part of this financial statement.



Grant Fund 49500	Special Water Rights Adjudication 51200	Magistrate Court Warrant Enforcement 57500	Language Access 68170	Magistrate Courts 69200	STB Capital Outlay 89200	GF Capital Outlay 93100	Non-Major Funds	Total Governmental Funds
\$ -	\$ -	\$ 2,903,661	\$ -	\$ -	\$ -	\$ -	\$ 694,311	\$ 7,288,814
22,264	-	1,114	103,408	-	-	-	981,195	2,993,501
1,314,522	-	-	-	-	-	-	-	1,314,522
-	-	-	-	-	-	-	54,177	54,177
<u>1,336,786</u>	<u>-</u>	<u>2,904,775</u>	<u>103,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,729,683</u>	<u>11,651,014</u>
213,212	43,880	2,462,493	634,038	19,832,150	-	-	4,589,351	33,893,743
999,716	85,557	25,114	127,643	419,000	-	-	552,422	12,582,113
122,957	1,795	334,982	2,313,135	9,301,007	58,455	-	1,099,331	18,385,858
-	-	-	-	-	928,760	-	-	1,459,595
<u>1,335,885</u>	<u>131,232</u>	<u>2,822,589</u>	<u>3,074,816</u>	<u>29,552,157</u>	<u>987,215</u>	<u>-</u>	<u>6,241,104</u>	<u>66,321,309</u>
901	(131,232)	82,186	(2,971,408)	(29,552,157)	(987,215)	-	(4,511,421)	(54,670,295)
-	-	-	3,718,600	28,727,300	-	4,773,832	4,630,800	58,929,032
-	433,277	-	22,400	903,500	-	-	766,600	5,242,877
-	-	-	-	-	987,215	-	-	987,215
-	(270,000)	-	-	-	-	-	-	(1,544,988)
-	-	-	-	(30,378)	-	-	(692)	(769,191)
<u>-</u>	<u>163,277</u>	<u>-</u>	<u>3,741,000</u>	<u>29,600,422</u>	<u>987,215</u>	<u>4,773,832</u>	<u>5,396,708</u>	<u>62,844,945</u>
901	32,045	82,186	769,592	48,265	-	4,773,832	885,287	8,174,650
5,997	689,567	1,799,868	977,221	2,199	-	-	2,462,623	9,691,948
<u>\$ 6,898</u>	<u>\$ 721,612</u>	<u>\$ 1,882,054</u>	<u>\$ 1,746,813</u>	<u>\$ 50,464</u>	<u>\$ -</u>	<u>\$ 4,773,832</u>	<u>\$ 3,347,910</u>	<u>\$ 17,866,598</u>

The accompanying notes are an integral part of this financial statement.

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**

For the Year Ended June 30, 2019

Net change in fund balances - total governmental funds \$ 8,174,650

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:

Additions	\$ 1,251,830	
Transfers out to District Courts	(207,766)	
Transfers in from other State Agencies	2,036,211	
Depreciation expense	<u>(646,134)</u>	
		2,434,141
Total capital assets, net		

Amounts reported for governmental activities in the Statement of Activities are different because the following expenses are not reported in the governmental funds:

Other		(16,000)
Change in compensated absences		111,885

Change in net position of governmental activities \$ 10,704,676

State of New Mexico Administrative Office of the Courts

**STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL – MAJOR BUDGETED FUNDS**

Year Ended June 30, 2019

	General Fund (13900)			Variance Favorable (Unfavorable)
	Original Budget	Approved Revised Budget	Actual	
<b>Revenues</b>				
State General Fund appropriations	\$ 8,737,900	\$ 8,737,900	\$ 8,737,900	\$ -
Other financing sources	3,101,600	3,101,600	3,101,600	-
<b>Total revenues</b>	<b>11,839,500</b>	<b>11,839,500</b>	<b>11,839,500</b>	<b>-</b>
<b>Expenditures - All Departments</b>				
Personnel services	4,652,900	4,584,250	4,051,224	533,026
Contractual services	5,257,900	5,245,750	4,064,745	1,181,005
Other costs	643,500	733,400	517,678	215,722
Other financing uses	1,285,200	1,276,100	1,274,988	1,112
<b>Total expenditures</b>	<b>\$ 11,839,500</b>	<b>\$ 11,839,500</b>	<b>9,908,635</b>	<b>\$ 1,930,865</b>
Excess of revenues and other financing sources over expenditures and other financing uses			1,930,865	
Current year reversion			(487,983)	
Fund balance, beginning			1,592	
Fund balance, ending			<u>\$ 1,444,474</u>	*

\* Amount will revert in FY20

The accompanying notes are an integral part of this financial statement.

State of New Mexico Administrative Office of the Courts

**STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL – MAJOR BUDGETED FUNDS – CONTINUED**

Year Ended June 30, 2019

	Supreme Court Automation Fund (01100)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Court fees	\$ 4,295,200	\$ 4,295,200	\$ 3,690,842	\$ (604,358)
State General Fund appropriations	-	-	-	-
Miscellaneous revenues	-	-	2,631	2,631
<b>Total revenues</b>	<b>4,295,200</b>	<b>4,295,200</b>	<b>3,693,473</b>	<b>(601,727)</b>
Fund Balance Budgeted	-	-		
	<b>4,295,200</b>	<b>4,295,200</b>		
Expenditures				
Personnel services	2,022,900	2,022,900	1,569,606	453,294
Contractual services	965,000	665,000	329,371	335,629
Other costs	1,307,300	1,607,300	1,441,640	165,660
<b>Total expenditures</b>	<b>\$ 4,295,200</b>	<b>\$ 4,295,200</b>	<b>3,340,617</b>	<b>\$ 954,583</b>
Excess of revenues and other financing sources over expenditures and other financing uses			352,856	
Fund balance, beginning			1,053,245	
Fund balance, ending			<b>\$ 1,406,101</b>	

The accompanying notes are an integral part of this financial statement.

State of New Mexico Administrative Office of the Courts

**STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL – MAJOR BUDGETED FUNDS – CONTINUED**

Year Ended June 30, 2019

	Jury and Witness Fees Fund (01200)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
State General Fund appropriations	\$ 5,735,100	\$ 2,253,500	\$ 2,253,500	\$ -
Court fees	100,000	100,000	8,700	(91,300)
Miscellaneous revenues	2,275,000	2,275,000	1,882,889	(392,111)
<b>Total revenues</b>	<b>8,110,100</b>	<b>4,628,500</b>	<b>4,145,089</b>	<b>(483,411)</b>
<b>Expenditures</b>				
Personnel services	154,800	411,800	321,056	90,744
Contractual services	10,000	10,000	10,000	-
Other costs	4,122,400	3,865,400	2,917,960	947,440
<b>Total expenditures</b>	<b>\$ 4,287,200</b>	<b>\$ 4,287,200</b>	<b>3,249,016</b>	<b>\$ 1,038,184</b>
Excess of revenues and other financing sources over expenditures and other financing uses			896,073	
Fund balance, beginning			1,296,662	
Fund balance, ending			<b>\$ 2,192,735</b>	

The accompanying notes are an integral part of this financial statement.

State of New Mexico Administrative Office of the Courts

**STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL – MAJOR BUDGETED FUNDS – CONTINUED**

Year Ended June 30, 2019

	Court Appointed Attorney Fund (12400)			Variance Favorable (Unfavorable)
	Original Budget	Approved Revised Budget	Actual	
<b>Revenues</b>				
State General Fund appropriations	\$ 6,037,100	\$ 6,037,100	\$ 6,087,100	\$ 50,000
Other financing sources	6,800	6,800	6,800	-
<b>Total revenues</b>	<u>6,043,900</u>	<u>6,043,900</u>	<u>6,093,900</u>	<u>50,000</u>
<b>Expenditures</b>				
Personnel services	182,100	182,100	176,733	5,367
Contractual services	5,842,800	5,882,800	5,858,100	24,700
Other costs	19,000	29,000	9,000	20,000
Other financing uses	-	-	-	-
<b>Total expenditures</b>	<u>\$ 6,043,900</u>	<u>\$ 6,093,900</u>	<u>6,043,833</u>	<u>\$ 50,067</u>
Excess of revenues and other financing sources over expenditures and other financing uses			50,067	
Reversion			(67)	
Fund balance, beginning			<u>-</u>	
Fund balance, ending			<u>\$ 50,000</u>	

The accompanying notes are an integral part of this financial statement.

State of New Mexico Administrative Office of the Courts

**STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL – MAJOR BUDGETED FUNDS – CONTINUED**

Year Ended June 30, 2019

		Statewide Automation Bond Fund (27300)					
		Original Budget	Approved Revised Budget	Prior Year Actual	Current Year Actual	Total Since Inception	Variance Favorable (Unfavorable)
<b><u>DATA PROCESSING APPROPRIATIONS</u></b>							
Revenues							
	State General Fund appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Other financing sources	<u>1,181,000</u>	<u>1,181,000</u>	<u>1,181,000</u>	<u>-</u>	<u>1,181,000</u>	<u>-</u>
	Total revenues	<u>\$ 1,181,000</u>	<u>\$ 1,181,000</u>	<u>\$ 1,181,000</u>	<u>\$ -</u>	<u>\$ 1,181,000</u>	<u>\$ -</u>
Expenditures							
	Contractual services	\$ 250,000	\$ 300,000	\$ 280,947	\$ -	\$ 280,947	\$ 19,053
	Other costs	<u>931,000</u>	<u>881,000</u>	<u>-</u>	<u>406,348</u>	<u>406,348</u>	<u>474,652</u>
	Total expenditures	<u>\$ 1,181,000</u>	<u>\$ 1,181,000</u>	<u>\$ 280,947</u>	<u>406,348</u>	<u>\$ 687,295</u>	<u>\$ 493,705</u>
Excess of revenues and other financing sources over expenditures and other financing uses					(406,348)		
Reversion					(250,000)		
Fund balance, beginning					<u>900,053</u>		
Fund balance, ending					<u>\$ 243,705</u>		
Appropriation		Approved	Prior	Current	Outstanding	Unexpended/	
<u>Period</u>	<u>Short Title</u>	<u>Budget</u>	<u>Years</u>	<u>Year</u>	<u>Encumbrances</u>	<u>Unencumbered</u>	<u>Balance</u>
FY 2017		\$ 284,000	\$ 280,947	\$ 2,874	\$ -	\$ 179	
Exp:6/30/19	Video Network System						
FY 2018	Odyssey Elec. Filing	250,000	-	-	-	250,000	
Exp:6/30/19	Update						
FY 2018	Network Switches	275,000	-	104,618	-	170,382	
Exp:6/30/20	Replacement						
FY 2018	Video and Audio	372,000	-	298,856	-	73,144	
Exp:6/30/20	Communication Install						
		<u>\$ 1,181,000</u>	<u>\$ 280,947</u>	<u>\$ 406,348</u>	<u>\$ -</u>	<u>\$ 493,705</u>	
	Reversion to Computer Systems Enhancement Fund					<u>(250,000)</u>	
	Fund balance, ending					<u>\$ 243,705</u>	

The accompanying notes are an integral part of this financial statement.

State of New Mexico Administrative Office of the Courts

**STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL – MAJOR BUDGETED FUNDS – CONTINUED**

Year Ended June 30, 2019

		Statewide Drug Court Technology Fund (44300)					
		Original Budget	Approved Revised Budget	Prior Year Actual	Current Year Actual	Total Since Inception	Variance Favorable (Unfavorable)
<b><u>SPECIAL APPROPRIATIONS</u></b>							
Revenues							
	State General Fund appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ - *
	Other financing sources	2,200,000	2,200,000	2,200,000	-	2,200,000	-
	Miscellaneous revenues	-	-	-	-	-	-
	<b>Total revenues</b>	<b>2,200,000</b>	<b>2,200,000</b>	<b>2,200,000</b>	<b>-</b>	<b>2,200,000</b>	<b>-</b>
Expenditures							
	Contractual services	-	110,445	-	110,445	110,445	-
	Other costs	1,500,000	2,089,555	1,697,079	392,405	2,089,484	71
	Other financing uses	700,000	-	-	-	-	-
	<b>Total expenditures</b>	<b>\$ 2,200,000</b>	<b>\$ 2,200,000</b>	<b>\$ 1,697,079</b>	<b>502,850</b>	<b>\$ 2,199,929</b>	<b>\$ 71</b>
Excess of revenues and other financing sources over expenditures and other financing uses					(502,850)		
Reversion					(71)		
Fund balance, beginning					502,921		
Fund balance, ending					\$ -		
Appropriation		Approved	Prior	Current	Outstanding	Unexpended/ Unencumbered	
<u>Period</u>	<u>Short Title</u>	<u>Budget</u>	<u>Years</u>	<u>Year</u>	<u>Encumbrances</u>	<u>Balance</u>	
FY 2016	Critical Safety and	\$ 2,200,000	\$ 1,697,079	\$ 502,850	\$ -	\$ 71	
Exp:6/30/18	Security Statewide						
FY 2019	IT, Furniture, Other	-	-	-	-	-	
Exp:6/30/20	Expenses for JDCs						
Other		-	-	-	-	-	
		<b>\$ 2,200,000</b>	<b>\$ 1,697,079</b>	<b>\$ 502,850</b>	<b>\$ -</b>	<b>\$ 71</b>	

The accompanying notes are an integral part of this financial statement.



State of New Mexico Administrative Office of the Courts

**STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL – MAJOR BUDGETED FUNDS – CONTINUED**

Year Ended June 30, 2019

	Grant Fund (49500)			Variance Favorable (Unfavorable)
	Original Budget	Approved Revised Budget	Actual	
Revenues				
Federal Grants	\$ 832,300	\$ 1,968,501	\$ 778,672	\$ (1,189,829)
Intra-State Wts-Fed Grants	310,900	310,900	535,850	224,950
Miscellaneous Revenue	-	-	22,264	22,264
Total revenues	<u>1,143,200</u>	<u>2,279,401</u>	<u>1,336,786</u>	<u>(942,615)</u>
Expenditures				
Personnel services	197,500	307,844	213,212	94,632
Contractual services	883,500	1,771,357	999,716	771,641
Other costs	62,200	200,200	122,957	77,243
Total Expenditures	<u>\$ 1,143,200</u>	<u>\$ 2,279,401</u>	<u>1,335,885</u>	<u>\$ 943,516</u>
Excess of revenues and other financing sources over expenditures and other financing uses			901	
Fund balance, beginning			<u>5,997</u>	
Fund balance, ending			<u>\$ 6,898</u>	

The accompanying notes are an integral part of this financial statement.

State of New Mexico Administrative Office of the Courts

**STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL – MAJOR BUDGETED FUNDS – CONTINUED**

Year Ended June 30, 2019

	Special Water Rights Adjudication Fund (51200)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Other financing sources	\$ 447,400	\$ 447,400	\$ 433,277	\$ (14,123)
Fund Balance Budgeted	-	80,000	-	\$ (80,000)
Total	<u>\$ 447,400</u>	<u>\$ 527,400</u>	<u>433,277</u>	<u>(94,123)</u>
Expenditures				
Personnel services	\$ 98,700	\$ 98,700	43,880	54,820
Contractual services	78,700	153,700	85,557	68,143
Other costs	-	5,000	1,795	3,205
Other financing uses	<u>270,000</u>	<u>270,000</u>	<u>270,000</u>	<u>-</u>
Total expenditures	<u>\$ 447,400</u>	<u>\$ 527,400</u>	<u>401,232</u>	<u>\$ 126,168</u>
Excess of revenues and other financing sources over expenditures and other financing uses			32,045	
Fund balance, beginning			<u>689,567</u>	
Fund balance, ending			<u>\$ 721,612</u>	

The accompanying notes are an integral part of this financial statement.

State of New Mexico Administrative Office of the Courts

**STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL – MAJOR BUDGETED FUNDS – CONTINUED**

Year Ended June 30, 2019

	Magistrate Court Warrant Enforcement Fund (57500)			
	Original Budget	Approved Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Court fees	\$ 3,437,300	\$ 3,437,300	\$ 2,903,661	\$ (533,639)
Miscellaneous revenues	-	-	1,114	1,114
Total revenues	<u>3,437,300</u>	<u>3,437,300</u>	<u>2,904,775</u>	<u>(532,525)</u>
Expenditures				
Personnel Services	3,007,200	3,007,200	2,462,493	544,707
Contractual services	46,200	46,200	25,114	21,086
Other costs	383,900	383,900	334,982	48,918
Total expenditures	<u>\$ 3,437,300</u>	<u>\$ 3,437,300</u>	<u>2,822,589</u>	<u>\$ 614,711</u>
Excess of revenues and other financing sources over expenditures and other financing uses			82,186	
Fund balance, beginning			<u>1,799,868</u>	
Fund balance, ending			<u>\$ 1,882,054</u>	

The accompanying notes are an integral part of this financial statement.

State of New Mexico Administrative Office of the Courts

**STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL – MAJOR BUDGETED FUNDS – CONTINUED**

Year Ended June 30, 2019

	Language Access Fund (68170)			Variance Favorable (Unfavorable)
	Original Budget	Approved Revised Budget	Actual	
<b>Revenues</b>				
State General Fund appropriations	\$ 3,718,600	\$ 3,718,600	\$ 3,718,600	\$ -
Federal grants	-	-	-	-
Intra-state transfers	22,400	22,400	22,400	-
Other fees and services	100,000	100,000	103,408	3,408
Reversion	-	-	-	-
<b>Total revenues</b>	<b>3,841,000</b>	<b>3,841,000</b>	<b>3,844,408</b>	<b>3,408</b>
<b>Expenditures</b>				
Personnel services and benefits	595,400	635,400	634,038	1,362
Contractual services	165,900	150,900	127,643	23,257
Other operating costs	3,079,700	3,054,700	2,313,135	741,565
Other financing uses	-	-	-	-
<b>Total expenditures</b>	<b>\$ 3,841,000</b>	<b>\$ 3,841,000</b>	<b>3,074,816</b>	<b>\$ 766,184</b>
Excess of revenues and other financing sources over expenditures and other financing uses			769,592	
Reversion			-	
Fund balance, beginning			977,221	
Fund balance, ending			<u>\$ 1,746,813</u>	

The accompanying notes are an integral part of this financial statement.

State of New Mexico Administrative Office of the Courts

**STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL – MAJOR BUDGETED FUNDS – CONTINUED**

Year Ended June 30, 2019

	Magistrate Courts Fund (69200)			Variance Favorable (Unfavorable)
	Original Budget	Approved Revised Budget	Actual	
<b>Revenues</b>				
State General Fund appropriations	\$ 29,580,800	\$ 29,630,800	\$ 29,630,800	\$ -
Other Services	-	-	-	-
<b>Total revenues</b>	<u>29,580,800</u>	<u>29,630,800</u>	<u>29,630,800</u>	<u>-</u>
<b>Expenditures</b>				
Personnel services	19,389,300	19,834,300	19,832,150	2,150
Contractual services	374,000	419,000	419,000	-
Other costs	9,817,500	9,327,500	9,301,007	26,493
Transfers out	-	-	-	-
<b>Total expenditures</b>	<u>\$ 29,580,800</u>	<u>\$ 29,580,800</u>	<u>29,552,157</u>	<u>\$ 28,643</u>
<b>Excess of revenues and other financing sources over expenditures and other financing uses</b>				
Reversion			78,643 (30,378)	
Fund balance, beginning			<u>2,199</u>	
Fund balance, ending			<u>\$ 50,464</u>	

The accompanying notes are an integral part of this financial statement.

State of New Mexico Administrative Office of the Courts

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUND**

June 30, 2019

	<u>Agency Fund</u>
<b>ASSETS</b>	
Interest in the State General Fund Investment Pool	\$ 1,414,375
Cash in Authorized Bank Accounts	1,443,452
	<hr/>
Total assets	<u>\$ 2,857,827</u>
 <b>LIABILITIES</b>	
Accounts payable	\$ 403,376
Due To Litigants	498,047
Due To Local Governments	849,227
Due to New Mexico Finance Authority	54,553
Deposits Held for Others	1,052,624
	<hr/>
Total liabilities	<u>\$ 2,857,827</u>

The accompanying notes are an integral part of this financial statement.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

### NOTE A – 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-six magistrate courts.

#### 1. 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 these criteria, the AOC has no component units.

However, the AOC is a part of the Judicial Branch of the State of New Mexico and these financial statements include all funds and activities over which the AOC has oversight responsibility. The AOC is also a part of the primary government of the State of New Mexico and its financial data should be included in the state's audited Comprehensive Annual Financial Report.

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 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.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2019

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

2. 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 deferred outflows as well as long-term liabilities and deferred inflows. 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.

Inter-fund activity 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.

This government-wide financial statements 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.



**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2019

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

2. Basic Financial Statements – Continued

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.

3. 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.

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 AOC has elected to present certain funds as major funds that are not required to be presented as major.

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.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2019

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

3. Basis of Presentation – Continued

*General Fund* (13900) – 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 general fund 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. 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.

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. 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.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2019

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

3. 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 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.

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. 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.

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.

Fund 68170 – Language Access Services – This activity provides operating and staffing language access services for court proceedings. This fund is also used to provide training for the purpose of enhancing language access services in the courts. Any fund balance remaining in this fund at the end of the fiscal year does not revert to the State General Fund.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2019

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

3. Basis of Presentation – Continued

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.

*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 – This fund was established by the Department of Finance and Administration for the AOC to track 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.

Fund 93100 – General Fund Capital Outlay – This fund accounts for the capital outlay appropriation the Court received during the 2019 Legislative Session. The appropriation is for the purchase and installation of an upgrade to the existing security access control system. The NM Department of Finance and Administration utilizes this fund for all authorized projects and the Court received the entire allotment in May of 2019. This is a reverting fund.

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. Any balance remaining in this fund at the end of the fiscal year does not revert to the State General Fund.

Fund 11600 – Magistrate Drug Court - To account for the Magistrate Drug Court expenditures and revenues received as a result of fees collected from participants in the program and fees transferred to the AOC pursuant to NMSA Section 3-18-17. Any balance remaining in this fund at the end of the fiscal year does not revert to the State General Fund.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2019

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

3. Basis of Presentation – Continued

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. This fund is no longer being used by the AOC. Fees collected in this fund are reverted 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.

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 does not revert to the State General Fund.

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

Fund 49600 – Magistrate and Security Facility 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. This fund has a \$0 balance in all accounts for FY19.

Fund 58300 – Judicial Performance Evaluation – Created under Laws of 2008, Chapter 36 for the operation and costs of the judicial performance evaluation commission to perform the duties required by the Supreme Court to evaluate appellate, district and metropolitan court judges. The fund shall consist of appropriations, gifts, grants, donations and bequests made to the fund. Any balances 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 memorandum of 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.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2019

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

3. Basis of Presentation – Continued

**Fiduciary Fund Types**

Fiduciary fund types include 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 may be converted to the extent that fines and/or fees are owed.

Fines and Fees Funds- Used to record the collection of allowable Magistrate Court costs and fees and disbursements to the beneficiaries.

The Litigant Fund and the Fines and Fees Funds are detailed in the combining schedule of changes in assets and liabilities – agency funds.

4. 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. Measurable means knowing or being able to reasonably estimate the amount. Available means 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 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.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2019

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

4. Basis of Accounting – Continued

The AOC records fine and fee revenue when received in its agency funds. Fine and fee revenue collected at various magistrate court bank accounts and not yet received in its agency funds is recorded as deposits held for others.

5. Federal Grants Receivable

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.

6. Capital Assets

Property and equipment purchased or acquired at a value of \$5,000 or greater are capitalized. 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 \$0 in capital assets to the Supreme Court and \$207,766 in capital outlay to various district courts, see Schedule of Operating Transfers.

7. Compensated Absences

Qualified employees accumulate annual leave as follows:

<u>Years of Service</u>	<u>Hours Earned Per Pay Period</u>	<u>Hours of Maximum Accrual</u>
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

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2019

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

7. Compensated Absences – Continued

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

Employees who have over 600 hours of accumulated sick leave can receive payment for hours over 600, up to 120 hours, on July 1 or January 1 of each year. However, sick leave is paid at 50% of the employee's regular hourly wage.

At retirement, employees can receive 50% payment for up to 400 hours of accumulated sick leave above 600 hours. Therefore, the only sick leave which has been accrued represents the hours earned at June 30<sup>th</sup>, over 600 hours. Expenditures for accumulated sick pay for hours under 600 hours will be recognized as employees take such absences.

The leave accruals for compensated absences is calculated at employee pay rates in effect on June 30 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 liabilities and as an increase or decrease in expenses in the government –wide financial statements.

In addition, the AOC allows Fair Labor Standards Act (FLSA) non-exempt employees to accumulate compensatory leave in certain approved circumstances. Compensatory leave may be carried forward into the next calendar year and any unused portion is paid at termination to non-exempt employees under FLSA. Accrued compensated absences are recorded as liabilities and net charges are recorded as expenditures in the government-wide financial statements. The fund financial statements only recognize the compensated absences when due and payable at year end.

8. 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.

Invested in Capital Assets (net of related debt) – is intended to reflect the portion of net position which is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost. The AOC does not have any related debt.

Restricted – are liquid resources (generated from revenues), which have third-party (statutory, bond covenant or granting agency) limitations on their use.



**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2019

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

8. Net Position – Continued

Unrestricted – represent unrestricted liquid resources.

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

9. 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 \$16,067,958.

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 \$1,068,042 consisting of multi-year Special and Data Processing appropriations.

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 assigned fund balances at year end were \$723,700.

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. The AOC unassigned fund balances at year end were \$6,898.

10. Inter-fund Activity

Inter-fund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation of the government-wide financial statements.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2019

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

11. 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.

12. 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 program appropriation 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. No 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.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2019

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

12. Budgets and Budgetary Accounting – Continued

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

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

The budget is adopted on a modified accrual basis of accounting (General Appropriations Act, Laws of 2015, Chapter 101, Section 3, Subsections L) 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.

13. Subsequent Events

Subsequent events have been evaluated through October 31, 2019, the date which the financial statements were available to be issued, to determine whether such events should be recorded or disclosed in the financial statements for the year ended June 30, 2019. During April 2019, the Supreme Court issued Order No. 19-8500-001, *In the Matter of the Consolidation of Administrative Functions of the District and Magistrate Courts*, which made effective on July 1, 2019, the transfer of all personnel services and benefits costs from AOC's FY19 Magistrate Courts Fund 69200 over to 12 district courts and also transfers oversight and monitoring responsibilities with Rule 6-207.1 NMRA, Rule 6-406 NMRA and magistrate case file management down to 12 district courts (see findings). Management believes no other material subsequent events have arisen that would require adjustment, except as described above.

**NOTE B – INTEREST IN THE STATE GENERAL FUND INVESTMENT POOL**

State law (Section 8-6-3 NMSA 1978) requires the AOC's cash be managed by the New Mexico State Treasurer's Office. Accordingly, the investments of the AOC consist of an interest in the General Fund Investment Pool managed by the New Mexico State Treasurer's Office. At June 30, 2019, the AOC had a balance of \$21,560,488 in Interest in the State General Fund Investment Pool as shown in the *Schedule of Investment in State General Fund Investment Pool*.

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, 2019.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2019

**NOTE C – CASH ACCOUNTS**

The AOC has 47 bank accounts for Magistrate and Magistrate Circuit Courts. Deposits are non-interest bearing. 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 and issues its own separate financial statements.

State Treasurer Balance	\$ 22,894,109
Commercial Bank Balance	1,479,104
Magistrate Change Fund Balance	5,711
Reconciling items	<u>(40,059)</u>
Financial statement balance	<u>\$ 24,338,865</u>
Presented in the financial statements as:	
Interest in State General Fund Investment Pool	\$ 21,560,488
Other cash	5,711
Deficit cash balance	(80,754)
Agency Fund Cash	<u>1,414,375</u>
Total cash per financial statement	<u>\$ 22,899,820</u>

Custodial Credit Risk – Cash in Commercial Banks - Custodial credit risk is the 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; however, the risk to the bank accounts at June 30 was limited with respect to custodial credit risk.

**NOTE D – DUE TO THE STATE GENERAL FUND**

The amounts reverted to the State General Fund and reversion balances due at June 30, 2019, are detailed as follows:

General Fund (13900)	\$ (487,983)
Court Appointed Attorney (12400)	(67)
Statewide Automated Bond (27300)	(250,000)
Judicial Information Systems (68900)	(692)
Statewide Drug Court Technology (44300)	(71)
Magistrate Court General Fund (69200)	<u>(30,378)</u>
Total reversions	(769,191)
Less amount reverted during year	<u>769,191</u>
Total Due to State General Fund	<u>\$ -</u>

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2019

**NOTE E – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance June 30, 2018	Additions	Transfers in from Other State Agencies	Balance June 30, 2019
Capital assets:				
Building and improvements	\$ -	\$ 35,801	\$ 1,994,373	\$ 2,030,174
Aircraft, autos and trucks	-	-	357,626	357,626
Information tech equipment	-	269,539	7,545,896	7,815,435
Furniture and fixtures	-	946,490	2,878,499	3,824,989
Total capital assets at cost	<u>-</u>	<u>1,251,830</u>	<u>12,776,394</u>	<u>14,028,224</u>
Less accumulated depreciation for:				
Building and improvements	-	169,053	1,226,850	1,395,903
Aircraft, autos and trucks	-	53,882	211,534	265,416
Information tech equipment	-	204,953	7,274,013	7,478,966
Furniture and fixtures	-	218,246	2,027,786	2,246,032
Total accumulated depreciation	<u>-</u>	<u>646,134</u>	<u>10,740,183</u>	<u>11,386,317</u>
Total capital assets, net	<u>\$ -</u>	<u>\$ 605,696</u>	<u>\$ 2,036,211</u>	<u>\$ 2,641,907</u>

Current depreciation expense is \$646,134.

During the year ended June 30, 2019, the Supreme Court Building Commission (Supreme Court) transferred capital assets at historical cost of \$12,776,394 and accumulated depreciation of \$10,740,183 as net capital assets of \$2,036,211 out to the Administrative Office of the Courts that had been included on the Supreme Court's capital asset inventory. Prior to transfer, any assets under \$5,000 and assets that were obsolete and no longer being used were removed from the capital asset inventory.

**NOTE F – COMPENSATED ABSENCES**

During the year ended June 30, 2019, the following changes occurred in the compensated absence liabilities:

	Balance June 30, 2018	Increase	Decrease	Balance June 30, 2019	Due In One Year
Annual Leave	<u>\$ 1,242,027</u>	<u>\$ 1,397,753</u>	<u>\$ (1,285,837)</u>	<u>\$ 1,353,943</u>	<u>\$ 1,150,826</u>

AOC allocates 15% to the portion of compensated absences due after one year. 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.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2019

**NOTE G – STATE EMPLOYEES’ PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

*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.

Compliant with the requirements of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, the State of New Mexico follows the standard for the fiscal year ending June 30, 2019.

The New Mexico Supreme Court, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the PERA. Disclosure requirements for governmental funds apply to the primary government as a whole, and as such, this information will be presented in the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico.

The New Mexico Supreme Court also has a single employer defined benefit pension plan for Supreme Court Justices (Judicial Retirement) administered by the PERA. Disclosure requirements for governmental funds apply to the primary government as a whole, and as such, this information will be presented in the CAFR of the State of New Mexico.

The Administrative Office of the Courts, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the PERA. Disclosure requirements for governmental funds apply to the primary government as a whole, and as such, this information will be presented in the CAFR of the State of New Mexico.

Information concerning the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources of the primary government will be contained in the General Fund and the CAFR and will be available, when issued, from the Office of State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

*Funding Policy.* General Plan 3 members, of which all non-judicial AOC employees are members, were required to contribute 8.92% of their gross salary. The AOC is required to contribute 16.99% 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, 2019, 2018 and 2017 were \$3,007,858, \$2,791,030, and \$2,736,389, respectively, which equal the amount of the required percentage of payroll contributions for each fiscal year.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2019

**NOTE H – MAGISTRATE JUDGES PENSION PLAN**

*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 plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries.

The Magistrate Judges within the Administrative Office of the Courts, as part of the primary government of the State of New Mexico, participate in a single employer defined benefit pension plan (Magistrate Retirement) administered by the PERA. Disclosure requirements for governmental funds apply to the primary government as a whole, and as such, this information will be presented in the CAFR of the State of New Mexico.

*Funding Policy.* The Magistrate Retirement Act plan members were required to contribute 10.5% of their gross salary. The AOC is required to contribute 15.0% 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 \$459,605 of these fees to PERA for credit in the Magistrate Retirement Fund during FY19. The AOC's contributions to PERA for the fiscal years ending June 30, 2019, 2018 and 2017, were \$898,955 \$828,985, and \$829,793, respectively, which equals the amount of the required percentage of payroll contributions for each fiscal year.

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

*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.

Compliant with the requirements of Government Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State of New Mexico follows this standard for the fiscal year ended June 30, 2019.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2019

**NOTE I – POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN –  
CONTINUED**

The Court, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple-employer defined benefit postemployment health care plan that provides comprehensive group health insurance for persons who have retired from certain public service positions in New Mexico. The other postemployment benefits (OPEB) Plan is administered by the Retiree Health Care Authority of the State of New Mexico. Overall, total OPEB liability exceeds OPEB Plan net position resulting in a net OPEB liability. The State has determined the State's share of the net OPEB liability to be a liability of the State as a whole, rather than any agency or department of the State and the liability will not be reported in the department or agency level financial statements of the State. All required disclosures will be presented in the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico.

Information concerning the net liability, benefit expense, and benefit-related deferred inflows and deferred outflows of resources of the primary government will be contained in the State of New Mexico Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2019, and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

The Administrative Office of the Court's contributions to the RHCA for the years ended June 30, 2019, 2018 and 2017 were \$438,946, \$432,808 and \$438,450, respectively, which equal the required contributions for each year.

**NOTE J – DEFERRED COMPENSATION**

The State of New Mexico offers state, local government, and school district employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all State employees and those local government and school district employees whose employers have elected participation in the plan, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. There are employees that are making contributions to a Deferred Compensation Plan. Neither the AOC nor the State of New Mexico makes any contributions to the Deferred Compensation Plan. All contributions withheld from participants by the AOC have been paid to the New Mexico Public Employees Retirement Association, which administers the plan.



**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2019

**NOTE K – OPERATING LEASES**

At June 30, 2019, 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, 2019, amounted to \$8,770,226 for buildings and \$255,220 for equipment. The AOC is in the process of renegotiating new lease terms for many of the magistrate courts; as a result, the future minimum lease calculation excludes potential savings. Future minimum lease payments for these leases are as follows:

<u>Year ending June 30 :</u>	<u>Buildings</u>	<u>Equipment</u>
2020	\$ 8,770,572	\$ 53,523
2021	9,304,614	45,815
2022	10,594,403	36,869
2023	10,293,305	29,642
2024	11,293,151	8,980
Thereafter	75,799,031	-
	<u>\$ 126,055,076</u>	<u>\$ 174,829</u>

**NOTE L – 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 Law of 2017, Chapter 135, Section 7, Item 2:* The AOC was appropriated \$284,000 to purchase and install software and hardware for the video network operations center to provide video and audio communications to various courts statewide for use in fiscal years 2017, 2018 and 2019. As of June 30, 2019, all funds were expended.

*Judicial Wide Data Processing Appropriations Law of 2018, Chapter 73, Section 7, Item 1:* The AOC was appropriated \$115,000 to purchase and implement language access system scheduling software for court interpreter services for use in fiscal years 2018, 2019, and 2020. As of June 30, 2019, \$100,715 remained unexpended.

*Judicial Wide Data Processing Appropriations Law of 2018, Chapter 73, Section 7, Item 2:* The AOC was appropriated \$275,000 to replace network switches for all courts statewide with the exception of the second judicial district court and metropolitan court in Albuquerque for use in fiscal years 2018 and 2019. As of June 30, 2019, \$161,861 remained unexpended.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2019

**NOTE L – SPECIFIC AND SUPPLEMENTAL APPROPRIATIONS – CONTINUED**

*Judicial Wide Data Processing Appropriations Law of 2018, Chapter 73, Section 7, Item 3:* The AOC was appropriated \$372,000 to purchase and install software and hardware for the video network operations center to provide video and audio communications to various courts statewide for use in fiscal years 2018 and 2019. As of June 30, 2019, \$59,519 remained unexpended.

*Judicial Wide Data Processing Appropriations Law of 2019, Chapter 271, Section 7, Item 1:* The AOC was appropriated \$163,000 to implement the e-signature module in the odyssey case management system for secure electronic signature of court documents. As of June 30, 2019, all funds were expended.

*Judicial Wide Data Processing Appropriations Law of 2019, Chapter 271, Section 7, Item 2:* The AOC was appropriated \$125,000 to purchase and install hardware to upgrade storage capacity. As of June 30, 2019, all funds were expended.

**Capital Outlay Appropriations:**

*Judicial Wide Capital Outlay Appropriations Laws of 2018, HB 306, Chapter 80, Section 3:* The AOC was appropriated \$1,400,000 to purchase and install security systems and for technology upgrades related to security systems at magistrate courts and judicial district courts statewide. As of June 30, 2019, \$455,399 remained unexpended.

*Judicial Wide Capital Outlay Appropriations Laws of 2019, SB 280, Chapter 277, Section 2:* The AOC was appropriated \$1,799,830 to plan, design, construct, furnish and equip a new courtroom, including demolition of existing third floor courtroom, at the second judicial district court in Albuquerque in Bernalillo county. As of June 30, 2019, all funds remained unexpended.

*Judicial Wide Capital Outlay Appropriations Laws of 2019, SB 280, Chapter 277, Section 2:* The AOC was appropriated \$1,500,000 to purchase and install security systems, technology upgrades and facility upgrades related to security systems at magistrate courts and judicial district courts statewide. As of June 30, 2019, all funds remained unexpended.

*Judicial Wide Capital Outlay Appropriations Laws of 2019, SB 280, Chapter 277, Section 2:* The AOC was appropriated \$800,000 to plan, design, construct, furnish and equip facility improvements and to purchase and install telephone systems at the fourth judicial district court, the ninth judicial district court and magistrate courts statewide. As of June 30, 2019, all funds remained unexpended.

*Judicial Wide Capital Outlay Appropriations Laws of 2019, SB 280, Chapter 277, Section 2:* The AOC was appropriated \$700,000 to purchase and install technology upgrades at magistrate courts and judicial district courts statewide. As of June 30, 2019, all funds remained unexpended.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2019

**NOTE L – SPECIFIC AND SUPPLEMENTAL APPROPRIATIONS – CONTINUED**

**Supplemental Appropriations:**

*Supplemental Appropriation Laws of 2019, Chapter 271, Section 6, Item 1:* The AOC received \$120,000 for a shortfall in funding to cover membership fees for the national center for state courts. As of June 30, 2019, all balances have been expended.

**Special Appropriations:**

*Special Appropriation Laws of 2019, Chapter 271, Section 5, Item 8:* The AOC was appropriated \$1,800,000 from other state funds for costs associated with redacting personally identifiable information from historical court case filings. The other state funds appropriation is from the electronic services fund.

*Special Appropriation Laws of 2019, Chapter 271, Section 5, Item 9:* The AOC was appropriated \$450,000 for online dispute resolution program.

*Special Appropriation Laws of 2019, Chapter 271, Section 5, Item 10:* The AOC was appropriated \$50,000 for magistrate courts to purchase recording licenses, equipment, installation, training and support.

*Special Appropriation Laws of 2019, Chapter 271, Section 5, Item 11:* The AOC was appropriated \$100,000 for the judicial performance evaluation fund.

*Special Appropriation Laws of 2019, Chapter 271, Section 5, Item 12:* The AOC was appropriated \$375,400 for a unified appropriation for information technology, furniture, and other expenses for district courts.

*Special Appropriation Laws of 2019, Chapter 271, Section 5, Item 13:* The AOC was appropriated \$251,000 to upgrade network infrastructure to improve bandwidth at courthouses statewide.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2019

**NOTE M – 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. As of June 30, 2019, premiums for claims and assessments against the AOC totaled \$431,031. No claims have exceeded coverage limits for FY19.

**NOTE N – SUBSEQUENT ACCOUNTING PRONOUNCEMENTS**

GASB 84

GASB Statement No. 84, Fiduciary Activities (GASB 84) establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements.

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 is effective for periods beginning after December 15, 2018 (FY20). Management has not yet determined the impact of this statement.

GASB 87

GASB Statement No. 87, Leases (GASB 87) establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB 87 is effective for periods beginning after December 15, 2019 (FY 21) with earlier application encouraged. This statement may have some impact on the assets and liabilities of the Office.

**SUPPLEMENTARY INFORMATION**

State of New Mexico Administrative Office of the Courts

**COMBINING BALANCE SHEET – ALL NON-MAJOR FUNDS**

June 30, 2019

	Electronic Services Fund 10790	Magistrate Drug Court 11600	Magistrate Court Operations 11120	Municipal Court Automation 12600
<b>ASSETS</b>				
Interest in State Government Fund				
Investment Pool	\$ 2,304,768	\$ 168,636	\$ -	\$ 430,909
Petty Cash	-	-	-	-
Due from external parties	-	-	-	-
Other receivable	-	-	-	-
Due from other component units of the State	-	-	-	-
Due from local governments	-	-	-	-
Due from federal grants	-	-	-	-
<b>Total assets</b>	<b>\$ 2,304,768</b>	<b>\$ 168,636</b>	<b>\$ -</b>	<b>\$ 430,909</b>
<b>LIABILITIES</b>				
Due to State Government Fund				
Investment Pool	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	107,369
Accrued payroll	-	12,040	-	7,799
Due to other funds	-	-	-	-
Due to other component units of the State	-	-	-	-
Due to local governments	-	-	-	-
Due to state general fund	-	-	-	-
Other liabilities	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>12,040</b>	<b>-</b>	<b>115,168</b>
<b>FUND BALANCES</b>				
Non-Spendable	-	-	-	-
Restricted	2,304,768	106,596	-	315,741
Committed	-	-	-	-
Assigned	-	50,000	-	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>2,304,768</b>	<b>156,596</b>	<b>-</b>	<b>315,741</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,304,768</b>	<b>\$ 168,636</b>	<b>\$ -</b>	<b>\$ 430,909</b>

Judges Pro- Temp 13600	Magistrate Court Mediation 30400	Magistrate Security Facility 49600	Judicial Performance Evaluation 58300	Judicial Information Division 68900	Total Non-Major Funds
\$ 25,491	\$ 112,526	\$ -	\$ 488,095	\$ 160,651	\$ 3,691,076
-	-	-	-	-	-
2,218	-	-	-	-	2,218
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 27,709</u>	<u>\$ 112,526</u>	<u>\$ -</u>	<u>\$ 488,095</u>	<u>\$ 160,651</u>	<u>\$ 3,693,294</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,695	7,183	-	45,106	21,142	184,495
-	-	-	1,541	139,509	160,889
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>3,695</u>	<u>7,183</u>	<u>-</u>	<u>46,647</u>	<u>160,651</u>	<u>345,384</u>
-	-	-	-	-	-
24,014	105,343	-	277,948	-	3,134,410
-	-	-	-	-	-
-	-	-	163,500	-	213,500
-	-	-	-	-	-
<u>24,014</u>	<u>105,343</u>	<u>-</u>	<u>441,448</u>	<u>-</u>	<u>3,347,910</u>
<u>\$ 27,709</u>	<u>\$ 112,526</u>	<u>\$ -</u>	<u>\$ 488,095</u>	<u>\$ 160,651</u>	<u>\$ 3,693,294</u>

State of New Mexico Administrative Office of the Courts

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – ALL NON-MAJOR FUNDS**

For the Year Ended June 30, 2019

	Electronic Services Fund 10790	Magistrate Drug Court 11600	Magistrate Court Operations 11120	Municipal Court Automation 12600
<b>REVENUES</b>				
Court fees	\$ -	\$ 4,550	\$ -	\$ 620,266
Charges for services	981,195	-	-	-
Federal grants	-	-	-	-
Interest income	54,177	-	-	-
<b>Total revenues</b>	<b>1,035,372</b>	<b>4,550</b>	<b>-</b>	<b>620,266</b>
<b>EXPENDITURES</b>				
Judicial:				
Current:				
Personnel services and benefits	165,103	312,496	-	202,918
Contractual services	262,813	-	-	5,663
Other costs	-	-	-	479,050
Capital outlays	-	-	-	-
<b>Total expenditures</b>	<b>427,916</b>	<b>312,496</b>	<b>-</b>	<b>687,631</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>607,456</b>	<b>(307,946)</b>	<b>-</b>	<b>(67,365)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In:				
General fund appropriation	-	-	-	-
Other State agencies	288,000	300,000	-	-
Bond Proceeds	-	-	-	-
Transfer Out:				
Other State agencies	-	-	-	-
Reversions	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>288,000</b>	<b>300,000</b>	<b>-</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>895,456</b>	<b>(7,946)</b>	<b>-</b>	<b>(67,365)</b>
<b>Fund balances, beginning</b>	<b>1,409,312</b>	<b>164,542</b>	<b>-</b>	<b>383,106</b>
<b>Fund balances, ending</b>	<b>\$ 2,304,768</b>	<b>\$ 156,596</b>	<b>\$ -</b>	<b>\$ 315,741</b>



Judges Pro-Temp 13600	Magistrate Court Mediation 30400	Judicial Performance Evaluation 58300	Judicial Information Division 68900	Total Non-Major Funds
\$ -	\$ 69,495	\$ -	\$ -	\$ 694,311
-	-	-	-	981,195
-	-	-	-	-
-	-	-	-	54,177
-	69,495	-	-	1,729,683
-	-	36,226	3,872,608	4,589,351
6,090	87,290	190,566	-	552,422
196	364	11,521	608,200	1,099,331
-	-	-	-	-
6,286	87,654	238,313	4,480,808	6,241,104
(6,286)	(18,159)	(238,313)	(4,480,808)	(4,511,421)
30,300	-	297,600	4,302,900	4,630,800
-	-	-	178,600	766,600
-	-	-	-	-
-	-	-	-	-
-	-	-	(692)	(692)
30,300	-	297,600	4,480,808	5,396,708
24,014	(18,159)	59,287	-	885,287
-	123,502	382,161	-	2,462,623
<u>\$ 24,014</u>	<u>\$ 105,343</u>	<u>\$ 441,448</u>	<u>\$ -</u>	<u>\$ 3,347,910</u>

**STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL STB CAPITAL PROJECT FUND (89200)**

For the Year Ended June 30, 2019

		<b>STB Capital Outlay Fund (89200)</b>					
		Original Budget	Approved Revised Budget	Prior Year Actual	Current Year Actual	Total Since Inception	Variance Favorable (Unfavorable)
<b><u>CAPITAL APPROPRIATIONS</u></b>							
Revenues							
	Severance Tax Bonds	\$ 1,934,561	\$ 1,934,561	\$ 418,720	\$ 987,215	\$ 1,405,935	\$ (528,626)
Expenditures							
	Contractual services	220,000	220,000	-	-	-	220,000
	Other costs	1,714,561	1,714,561	418,720	987,215	1,405,935	308,626
	<b>Total expenditures</b>	<b>\$ 1,934,561</b>	<b>\$ 1,934,561</b>	<b>\$ 418,720</b>	<b>987,215</b>	<b>\$ 1,405,935</b>	<b>\$ 528,626</b>
Excess of revenues and other financing sources over expenditures and other financing uses							-
Fund balance, beginning							-
Fund balance, ending							<u>\$ -</u>

Appropriation Period	Short Title	Approved Budget	Prior Years	Current Year	Outstanding Encumbrances	Unexpended/ Unencumbered Balance
FY 2018 Exp:6/30/22	Security Systems Upgrade for Magistrates and JDCs	\$ 1,400,000	\$ -	\$ 944,601	\$ -	\$ 455,399
FY 2017 Exp:6/30/20	Court Priorities	534,560	418,720	42,613	-	73,227
		<u>\$ 1,934,560</u>	<u>\$ 418,720</u>	<u>\$ 987,214</u>	<u>\$ -</u>	<u>\$ 528,626</u>

**STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL GENERAL FUND CAPITAL PROJECT FUND (93100)**

For the Year Ended June 30, 2019

		<b>General Fund Capital Outlay Fund (93100)</b>					
		Original Budget	Approved Revised Budget	Prior Year Actual	Current Year Actual	Total Since Inception	Variance Favorable (Unfavorable)
<b><u>CAPITAL APPROPRIATIONS</u></b>							
Revenues							
	General Fund Capital Projects Fund	\$ 1,934,561	\$4,773,832	\$ -	\$ 4,773,832	\$ 4,773,832	\$ -
Expenditures							
	Contractual services	2,246,685	2,246,685	-	-	-	2,246,685
	Other costs	2,527,147	2,527,147	-	-	-	2,527,147
	<b>Total expenditures</b>	<b>\$ 4,773,832</b>	<b>\$4,773,832</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>\$ 4,773,832</b>
Excess of revenues and other financing sources over expenditures and other financing uses					4,773,832		
Fund balance, beginning					-		
Fund balance, ending					<u>\$ 4,773,832</u>		
Appropriation Period	Short Title	Approved Budget	Prior Years	Current Year	Outstanding Encumbrances	Unexpended/ Unencumbered Balance	
FY 2019 Exp:6/30/23	Capital Outlay for various District courts	\$ 4,773,832	\$ -	\$ -	\$ -	\$ 4,773,832	
		<u>\$ 4,773,832</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,773,832</u>	

State of New Mexico Administrative Office of the Courts

**SCHEDULE OF OPERATING TRANSFERS**

For the Year Ended June 30, 2019

SHARE FUND	TITLE	TRANSFER	
		IN	OUT
<b>General Fund</b>			
(1) 85300	Department of Finance and Administration	\$ 53,216,700	\$ -
(2) 85300	Department of Finance and Administration	120,000	-
(4) 85300	Department of Finance and Administration	268,500	-
(5) 85300	Department of Finance and Administration	50,000	-
<b>Local DWI Grant Fund</b>			
(6) 56000	DWI Grant Fund Distribution for Drug Courts	1,300,000	-
<b>Magistrate Drug Court</b>			
(7) 56000	DWI Grant Fund for Drug Courts	300,000	-
<b>Special Water Rights Adjudication</b>			
(8) 21400 & 89200	Water Project Fund Distribution to AOC	433,277	-
<b>Computer System Enhancement Fund</b>			
(9) 00900	IT Project Funding to AOC	288,000	-
<b>Special Appropriation Funding</b>			
(3) 85300	Department of Finance and Administration	500,000	-
(12) 79000	Developmental Disabilities Planning	1,000,000	-
(13) 62000	Department of Finance and Administration	1,921,600	-
<b>Capital Outlay</b>			
(10) 85300	Department of Finance and Administration	4,773,832	-
(11) 43120&20650	Severance Tax Bonds	987,215	-
<b>General Fund</b>			
(14) 13900	Transfer CASA funding to Various Courts	-	1,274,988
<b>Water Adjudication Fund</b>			
(15) Various	Transfer water adjudication funding to various district courts	-	270,000
<b>Due to the State General Fund</b>			
(16) 85300	Department of Finance and Administration	-	769,191
Total governmental funds		<u>\$ 65,159,124</u>	<u>\$ 2,314,179</u>

State of New Mexico Administrative Office of the Courts

**SCHEDULE OF OPERATING TRANSFERS – CONTINUED**

For the Year Ended June 30, 2019

SHARE FUND	TITLE	TRANSFER	
		IN	OUT
<b>Government-Wide Financial Statements</b>			
(17) 14100	1st Judicial District Court	\$ -	\$ 8,000
(17) 14200	2nd Judicial District Court	-	68,224
(17) 15100	11th Judicial District Court	-	39,016
(18) 14100	1st Judicial District Court	-	40,544
(18) 14400	4th Judicial District Court	-	27,518
(18) 15100	11th Judicial District Court	-	24,464
(19) 13800	Supreme Court	2,036,211	-
Total governmental activities		2,036,211	207,766
Grand total		\$ 67,195,335	\$ 2,521,945

- (1) General Fund Appropriation - Laws of 2018, Chapter 73, Section 4B
- (2) General Fund Appropriation - Laws of 2019, Chapter 271, Section 6(1)
- (3) General Fund Appropriation - Laws of 2019, Chapter 271, Section 5(9,10)
- (4) General Fund Appropriation - Laws of 2019, Chapter 278, Section 2(A1,2)
- (5) General Fund Appropriation - Laws of 2019, Chapter 279, Section 2
- (6) Interagency Transfer Appropriation - Laws of 2018, Chapter 73, Section 4 (4I)
- (7) Interagency Transfer Appropriation - Laws of 2018, Chapter 73, Section 4-(3A)
- (8) Interagency Transfer Appropriation - Laws of 2018, Chapter 73, Section 4 (4C)
- (9) Interagency Transfer Appropriation - Laws of 2019, Chapter 271, Section 7(1-2)
- (10) Capital Outlay Appropriations Laws of 2019, Chapter 277, Section 2 (1,5-7)
- (11) Capital Outlay Appropriations (Severance Tax Bonds) - Laws of 2016, Chapter 5, Section 3
- (12) Interagency Transfer Appropriation - Laws of 2018, Chapter 73, Section 5 (5)
- (13) Interagency Transfer Appropriation - Laws of 2018, Chapter 73, Section 8 (2)
- (14) Interagency Transfer Appropriation - Laws of 2018, Chapter 73, Section 4B
- (15) Interagency Transfer Appropriation - Laws of 2018, Chapter 73, Section 4B
- (16) Fiscal Year 2019 Reversions to the State General Fund
- (17) Interagency Transfer Appropriation - Laws of 2015, Chapter 03, Section 57,66.6
- (18) Interagency Transfer Appropriation - Laws of 2018, Chapter 80, Section 3
- (19) Transfer of capital assets received from the Supreme Court

State of New Mexico Administrative Office of the Courts

**SCHEDULE OF DUE FROM/DUE TO FUNDS**

June 30, 2019

To AOC FUNDS from OTHER STATE AGENCY FUNDS

TO		FROM		AMOUNT
FUND	NAME	FUND	NAME	
51200	Special Water Rights Adjudication	21400	Office of State Engineer	<u>\$ 80,000</u>

To OTHER STATE AGENCY FUNDS from AOC FUNDS

TO		FROM		AMOUNT
FUND	NAME	FUND	NAME	
49500	AOC Grant Fund	91602	VOCA	<u>\$ 18,811</u>

To AOC FUNDS from FEDERAL GOVERNMENT

TO		FROM		AMOUNT
FUND	NAME	FUND	NAME	
49500	AOC Grant Fund		Various Federal Agencies	<u>\$ 249,348</u>

To AOC FUNDS from LOCAL GOVERNMENT

TO		FROM		AMOUNT
FUND	NAME	FUND	NAME	
49500	AOC Grant Fund		Various Local Governments	<u>\$ 4,968</u>

**COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES –  
ALL AGENCY FUNDS**

June 30, 2019

<b><u>Total All Agency Funds</u></b>	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
<b>ASSETS</b>				
Interest in SGFIP	\$ 1,673,219	\$ 6,041,516	\$ (6,300,360)	\$ 1,414,375
Cash in commercial banks	1,688,478	21,550,469	(21,795,495)	1,443,452
Total assets	<u>\$ 3,361,697</u>	<u>\$ 27,591,985</u>	<u>\$ (28,095,855)</u>	<u>\$ 2,857,827</u>
<b>LIABILITIES</b>				
Deposits held for others (in banks)	\$ 1,073,983	\$ 6,041,516	\$ (6,170,094)	\$ 945,405
Due to Litigants	614,495	2,542,197	(2,658,645)	498,047
Deposits held for others				
Brain Injury Fee Fund (48100)	-	284,828	(284,828)	-
Civil Legal Service Fund (60000)	-	1,742,112	(1,742,112)	-
Correction Fee Fund (68800)	989,537	3,523,421	(3,663,731)	849,227
Crime Victims Reparation (40150)	-	355,306	(355,306)	-
Warrant Enforcement Suspense (53300)	47,259	291,939	(317,104)	22,094
Magistrate Suspense (82200)	126,452	39,103	(68,655)	96,900
Municipal Court Automation (70400)	-	619,116	(619,116)	-
Court Automation Fund (07800)	-	3,689,825	(3,689,825)	-
Court Facilities Fund (53200)	499,646	3,370,831	(3,432,450)	438,027
Crime Laboratory Fund (68700)	10,325	985,464	(987,662)	8,127
Judges Retirement Fund (12200)	-	347,598	(347,598)	-
Juvenile Adjudication (11210)	-	4,043	(4,043)	-
Judicial Education Fee Fund (57700)	-	233,719	(233,719)	-
Magistrate Enforcement Fund (57600)	-	2,866,539	(2,866,539)	-
Domestic Violence Offender Fund (51500)	-	393,573	(393,573)	-
Traffic Safety Fund (25200)	-	260,855	(260,855)	-
Magistrate Court Operations (11120)	-	-	-	-
Total liabilities	<u>\$ 3,361,697</u>	<u>\$ 27,591,985</u>	<u>\$ (28,095,855)</u>	<u>\$ 2,857,827</u>

State of New Mexico Administrative Office of the Courts

**SCHEDULE OF INTEREST IN STATE GENERAL FUND INVESTMENT POOL**

June 30, 2019

	<u>Fund</u>	<u>Maturity</u>	<u>Account Balance</u>	<u>Fair Value</u>
State Treasurer - Interest in SGFIP				
General Fund				
Administrative Office of the Courts	13900	1 day	<u>\$ 2,134,024</u>	<u>\$ 2,134,024</u>
Special Revenue Funds				
JID Supreme Court Automation	01100	1 day	1,529,536	1,529,536
Jury & Witness Fees	01200	1 day	2,319,954	2,319,954
Court Appointed Attorney	12400	1 day	573,890	573,890
JID Statewide Automated Bond	27300	1 day	243,705	243,705
Statewide drug court	44300	1 day	342,179	342,179
Grant Fund	49500	1 day	(80,754)	(80,754)
Water Adjudication Fund	51200	1 day	648,093	648,093
Magistrate Court Warrant Enforcement	57500	1 day	2,051,599	2,051,599
Language Access	68170	1 day	1,924,577	1,924,577
Magistrate Courts	69200	1 day	1,033,480	1,033,480
STB Capital Outlay	89200	1 day	294,543	294,543
E-Filing Services Fund	10790	1 day	2,304,768	2,304,768
Magistrate Drug Court Fund	11600	1 day	168,636	168,636
JID Municipal Court Automation	12600	1 day	430,909	430,909
Judges Pro-Temp	13600	1 day	25,491	25,491
Magistrate Court Mediation Fund	30400	1 day	112,526	112,526
Judicial Performance Evaluation	58300	1 day	488,095	488,095
STB Capital Outlay	93100	1 day	4,773,832	4,773,832
JID Judicial Information Division	68900	1 day	160,651	160,651
Total Special Revenue Funds			<u>19,345,710</u>	<u>19,345,710</u>
Fiduciary Funds				
Correction Fees Fund	68800	1 day	849,227	849,227
Court Facilities Fund	53200	1 day	438,027	438,027
Crime Laboratory Fees Fund	68700	1 day	8,127	8,127
Suspense Fund	53300	1 day	22,095	22,095
Magistrate Suspense Fund	82200	1 day	96,899	96,899
Total Fiduciary Funds			<u>1,414,375</u>	<u>1,414,375</u>
Total State Treasurer - Interest in SGFIP			<u>\$ 22,894,109</u>	<u>\$ 22,894,109</u>



State of New Mexico Administrative Office of the Courts

**SCHEDULE OF CASH ACCOUNTS**

June 30, 2019

Magistrate Court	Bank	Court Location	Bank Balance June 30, 2019
Catron I	First State	Reserve	\$ 2,484
Catron Circuit	First State	Quemado	-
Chaves I, II	Valley Bank of Commerce	Roswell	50,802
Cibola I, II	Wells Fargo	Grants	26,058
Colfax I	Wells Fargo	Raton	11,819
Colfax II	International State	Springer	17,471
Curry I, II	New Mexico Bank & Trust	Clovis	51,152
DeBaca I	Citizens Bank of Clovis	Ft. Sumner	5,817
Dona Ana I, II, III	Wells Fargo	Las Cruces	133,894
Dona Ana Circuit	Wells Fargo	Anthony	35,511
Dona Ana Hatch	Wells Fargo	Hatch	1,846
Eddy I, II	Western Commerce	Carlsbad	82,426
Eddy III	First National	Artesia	23,406
Grant I	Wells Fargo	Silver City	15,151
Grant II	Bank of America	Bayard	8,435
Guadalupe I	Wells Fargo	Santa Rosa	17,451
Harding I	Wells Fargo	Roy	654
Hidalgo I	Western	Lordsburg	28,259
Lea I	Lea County State	Lovington	29,424
Lea II	Lea County State	Hobbs	43,801
Lea III	Wells Fargo	Eunice	3,467
Lea Circuit	Wells Fargo	Jal	2,533
Lincoln I	Wells Fargo	Carrizozo	10,997
Lincoln II	First National	Ruidoso	14,472
Los Alamos I	Los Alamos National	Los Alamos	1,631
Luna I	Wells Fargo	Deming	42,303
McKinley I, II	Wells Fargo	Gallup	60,298
Subtotal			<u>721,562</u>

Reconciling Items	Book Balance June 30, 2019	Deposits In Transit	Outstanding Checks	Book Balance Variance	Bond Balance
\$ 200	\$ 2,684	\$ 231	\$ 31	\$ (16)	\$ -
-	-	-	-	-	-
613	51,415	713	100	(204)	16,877
(538)	25,520	994	1,532	(146)	7,666
(388)	11,431	262	650	21	2,755
807	18,278	741	134	(134)	781
(848)	50,304	2,678	3,526	(1,060)	15,735
50	5,867	50	-	(1)	750
40	133,934	3,745	3,705	315	36,075
323	35,834	1,031	708	(185)	6,398
-	1,846	-	-	-	1,257
(1,454)	80,972	5,555	7,009	172	29,985
1,243	24,649	1,248	5	33	10,991
287	15,438	387	100	3	1,391
223	8,658	223	-	(90)	-
57	17,508	371	314	25	5,500
-	654	-	-	-	-
625	28,884	1,769	1,144	(8)	4,960
140	29,564	1,432	1,292	(31)	11,806
(3,013)	40,788	437	3,450	(197)	19,767
189	3,656	189	-	-	300
-	2,533	-	-	-	1,500
475	11,472	472	-	14	4,537
(60)	14,412	575	635	(13)	667
-	1,631	-	-	(28)	150
(82)	42,221	554	636	257	2,504
(3,988)	56,310	579	4,567	29	19,894
<u>(5,099)</u>	<u>716,463</u>	<u>24,236</u>	<u>29,538</u>	<u>(1,244)</u>	<u>202,246</u>

State of New Mexico Administrative Office of the Courts

**SCHEDULE OF CASH ACCOUNTS – CONTINUED**

June 30, 2019

Magistrate Court	Bank	Court Location	Bank Balance June 30, 2019
Mora I	Bank of Las Vegas	Mora	\$ 12,751
Otero I, II	First National	Alamogordo	65,283
Quay I	Wells Fargo	Tucumcari	26,801
Rio Arriba I, II	Wells Fargo	Espanola	59,622
Rio Arriba Circuit	Community Bank	Chama	12,869
Roosevelt I	Portales National	Portales	33,446
San Juan I	Wells Fargo	Aztec	75,530
San Juan II, III	Bank of the Southwest	Farmington	55,886
San Miguel I, II	Bank of Las Vegas	Las Vegas	79,730
Sandoval I	Wells Fargo	Bernalillo	52,562
Sandoval II	Wells Fargo	Cuba	17,145
Santa Fe I, II, III	Wells Fargo	Santa Fe	88,670
Santa Fe Circuit	Wells Fargo	Pojoaque	-
Sierra I	Bank of the Southwest	T or C	23,473
Socorro I	Wells Fargo	Socorro	16,221
Taos I, II	Centinel	Taos	30,113
Taos Circuit	Centinel-CLOSED	Questa	-
Torrance I, II	Wells Fargo	Moriarity	19,637
Torrance Circuit	Wells Fargo-CLOSED	Estancia	-
Union I	Farmers/Stockmens	Clayton	12,260
Valencia I	Ranchers Banks	Los Lunas	34,078
Valencia II	Ranchers Banks	Belen	41,465
Subtotal			<u>757,542</u>
Total bank and book balance			<u>\$ 1,479,104</u>

Reconciling Items	Book Balance June 30, 2019	Deposits In Transit	Outstanding Checks	Book Balance Variance	Bond Balance
\$ (2)	\$ 12,749	\$ 142	\$ 144	\$ 1	\$ 2,864
(1,787)	63,496	4,977	6,764	(15)	13,932
(383)	26,418	1,479	862	5	8,227
(4,126)	55,496	1,125	5,251	(89)	32,187
(3,548)	9,321	252	3,800	(83)	4,553
(3,416)	30,030	530	3,946	(36)	13,701
(964)	74,566	1,341	2,305	(27)	19,313
(2,685)	53,201	459	3,144	(185)	23,680
(1,760)	77,970	411	2,171	(615)	56,388
(2,102)	50,460	81	2,183	2	28,027
(494)	16,651	1,206	1,700	33	5,450
(9,157)	79,513	1,618	10,775	(805)	27,517
-	-	-	-	-	-
111	23,584	1,472	1,361	(117)	2,281
690	16,911	691	1	2	1,100
(2,308)	27,805	890	3,198	(17)	16,540
-	-	-	-	-	-
(1,441)	18,196	284	1,725	(116)	1,641
-	-	-	-	-	-
48	12,308	50	2	8	8,500
(1,861)	32,217	545	2,406	(625)	14,926
226	41,691	1,235	1,009	(488)	14,975
(34,960)	722,582	18,788	52,747	(3,167)	295,802
\$ (40,059)	\$ 1,439,045	\$ 43,024	\$ 82,285	\$ (4,411)	\$ 498,048

New Mexico Administrative Office of the Courts

**SCHEDULE OF CHANGE FUNDS**

June 30, 2019

<u>Magistrate Court</u>	<u>Court Location</u>	<u>Balance June 30, 2019</u>
Catron I	Reserve	\$ 65
Catron Circuit	Quemado	-
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	215
Guadalupe Circuit	Vaughn	-
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
Subtotal		<u>2,680</u>

State of New Mexico Administrative Office of the Courts

**SCHEDULE OF CHANGE FUNDS – CONTINUED**

June 30, 2019

<u>Magistrate Court</u>	<u>Court Location</u>	<u>Balance June 30, 2019</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	265
Santa Fe Circuit	Pojoaque	-
Sierra I	T or 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
Subtotal		<u>3,031</u>
<b>Total</b>		<u><u>\$ 5,711</u></u>

State of New Mexico Administrative Office of the Courts

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2019

Federal Grantor / Pass-through Grantor / Program	CFDA Number	Pass-Through Entity Identifying Number	Pass-Through Subrecipient Expenditures	Federal Expenditures
<b>U.S. Department of Justice / Office of Justice Programs</b>				
Violence Against Women Formula Grants	16.588		\$ -	\$ 46,521
			-	-
<b>Total U.S. Department of Justice</b>			-	46,521
<b>U.S. Department of Transportation</b>				
TraCS Citation and Adjudication Data Transfer	20.605	16-HE-64-P05	-	141,390
AOC DWI Drug Court Expansion				
San Juan County	20.616	18-ID-05d-P02	-	53,442
AOC DWI Drug Court San Juan County	20.616	19-ID-05d-P02	-	148,357
<b>* Total U.S. Department of Transportation</b>			-	343,189
<b>U.S. Department of Health and Human Services</b>				
State Court Improvement - Basic Program	93.586	1701NMSCIP	-	41,303
State Court Improvement - Data Program	93.586	1701NMSCID	-	46,194
State Court Improvement - Training Program	93.586	1701NMSCIT	12,284	12,284
State Court Improvement - Basic Program	93.586	1801NMSCIP	-	100,943
State Court Improvement - Data Program	93.586	1801NMSCID	-	63,492
State Court Improvement - Training Program	93.586	1801NMSCIT	68,614	68,614
Total State Court Improvement Program			80,898	332,830
Strengthening NM Child Welfare	93.652	90CO1136-01-00	-	409,375 *
Total Strengthening NM Child Welfare			-	409,375
State of New Mexico Department of Children, Youth and Families:				
Promoting Safe and Stable Families	93.556		-	145,553
<b>Total U.S. Department of Health and Human Services</b>			80,898	887,758
<b>State Justice Institute</b>				
			-	-
			-	-
Pretrial Justice and the State Courts Initiative	NA		-	36,469
<b>Total State Justice Institute</b>			-	36,469
<b>Total Expenditures of Federal Awards</b>			<b>\$ 80,898</b>	<b>\$ 1,313,937</b>

\* - Tested as a major program.

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2019

**NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the Administrative Office of the Courts (AOC) under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the AOC, it is not intended to and does not present the financial position, changes in net assets or cash flows of the AOC.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The AOC has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE C – SUBRECIPIENTS**

The AOC had entered into contractual agreements with The University of New Mexico to provide State Court Improvement funds for training services and with the University of Alabama to provide IT services.

**NOTE D – 2019 COMPLIANCE SUPPLEMENT**

On September 20, 2019, the OMB issued a corrected edition of the 2019 Compliance Supplement (Supplement) which is dated August 2019 and replaces the previously released edition dated June 2019. For Single Audits subject to the 2019 Supplement (i.e. audits of fiscal years beginning after June 30, 2018), auditors are permitted to perform the audit using either the June 2019 or August 2019 edition of the Supplement for reports dated on or before October 31, 2019. The Single Audit was performed using the June 2019 edition which was completed by October 31, 2019.

**NOTE E – RECONCILIATION OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO FINANCIAL STATEMENTS**

Expenditures per the schedule of expenditures of federal awards	\$ 1,313,937
Nonfederal expenditures	21,363
Other	<u>585</u>
Total grant fund expenditures (Fund 49500)	<u>\$ 1,335,885</u>



**INDEPENDENT AUDITORS' 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**

Honorable Judith K. Nakamura, Chief Justice  
State of New Mexico  
Administrative Office of the Courts  
and  
Mr. Brian Colón  
New Mexico State Auditor

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, the budgetary comparisons for the general fund and major special revenue funds, and, the aggregate remaining fund information of the State of New Mexico Administrative Office of the Courts (the AOC), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the AOC's basic financial statements as of and for the year ended June 30, 2019.

### **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.

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 AOC's financial statements will not be prevented or detected and corrected on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-003 that we consider to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the AOC's basic 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 or other matters that are required to be reported under *Government Auditing Standards* and 2.2.2 NMAC, which are described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002.

### **AOC's Responses to 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 results of that testing, and not to provide an opinion on the effectiveness of the AOC'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 AOC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ATKINSON & CO., LTD

**Atkinson & Co., Ltd.**

Albuquerque, New Mexico  
October 31, 2019

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Judith K. Nakamura, Chief Justice  
State of New Mexico  
Administrative Office of the Court  
and  
Mr. Brian Colón  
New Mexico State Auditor

### **Report on Compliance for Each Major Federal Program**

We have audited the State of New Mexico Administrative Office of the Courts' (the AOC) compliance with the types of compliance requirements described in the *OMB 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, 2019. The AOC's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statute, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditors' 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2019.

## Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance. Our opinion on each major federal program is not modified with respect to these matters.

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

## 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 the Uniform Guidance, 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 AOC's response to the internal control over compliance findings identified in our audit is 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 compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

ATKINSON & CO., LTD

**Atkinson & Co., Ltd.**

Albuquerque, New Mexico  
October 31, 2019

**SUMMARY OF AUDIT FINDINGS AND QUESTIONED COSTS**

Year ended June 30, 2019

**A. SUMMARY OF AUDITORS' RESULTS**

***Financial Statements***

Type of auditor's report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes   X   No
- Significant deficiency(s) identified?   X   Yes \_\_\_\_\_ None Reported
- Non-compliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes   X   No
- Significant deficiency(s) identified? \_\_\_\_\_ Yes   X   None Reported

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

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ Yes   X   No

Identification of Major Programs:

CFDA Numbers	Name of Federal Program or Cluster
93.652	Strengthening NM Child Welfare

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

- Auditee qualified as low-risk auditee?   X   Yes \_\_\_\_\_ No

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

June 30, 2019

**Current Year Findings Description**

*Findings – Financial Statement Audit*

- 2019-001 (2010-001) Case File Management (Other Matters) Modified and Repeated
- 2019-002 (2010-002) Matters Related to Bonds Posted by Defendants (Other Noncompliance)  
Modified and Repeated
- 2019-003 (2016-001) Agreements to Pay (Significant Deficiency) (Other Noncompliance)  
Modified and Repeated

*Federal Award Findings and Responses*

None

*Findings in Accordance with 2.2.2 NMAC (State Audit Rule)*

None

**Prior Year Findings Description**

**Status**

*Findings – Financial Statement Audit*

- |  |                       |
|--|-----------------------|
| 2018-001 (2010-001) Case File Management (Other Matters)                                   | Modified and Repeated |
| 2018-002 (2010-002) Matters Related to Bonds Posted by<br>Defendants (Other Noncompliance) | Modified and Repeated |
| 2018-003 (2013-002) Compliance with Regulations<br>(Other Noncompliance)                   | Resolved              |
| 2018-004 (2016-001) Agreements to Pay (Significant Deficiency)<br>(Other Noncompliance)    | Modified and Repeated |
| 2018-010 Compensated Absences (Control Deficiency)   | Resolved              |

*Federal Award Findings and Responses*

- |   |          |
|---|----------|
| 2018-005 (2016-003) Subrecipient Monitoring<br>(Significant Deficiency)   | Resolved |
| 2018-006 Failure to Review Schedule of Expenditures of Federal<br>Awards (Significant Deficiency)                       | Resolved |
| 2018-007 Invoices not Approved – Allowable Costs, Activities Allowed,<br>Period of Performance (Significant Deficiency) | Resolved |
| 2018-008 Time Tracking – Allowable Costs (Significant Deficiency and<br>Noncompliance)                                  | Resolved |
| 2018-009 Federal Financial Reports Incomplete<br>(Significant Deficiency and Noncompliance)                             | Resolved |

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED**

June 30, 2019

**B. FINANCIAL STATEMENT FINDINGS**

**2019-001 (2010-001) Case File Management (Other Matters)**

CONDITION

We selected a total sample of 120 outstanding bonds dating over six months old as well as 199 checks received within the month across all 47 active New Mexico magistrate courts as listed by AOC, with a maximum of up to 5 outstanding bonds dating over six months old as well as 5 checks received within the month selected for each court, to test on specific agreed-upon attributes determined by AOC as required by the Manual as well as law or regulation. We verified the explanations provided by the court in the end-of-month file as to why the bonds were still held, tested deposit of the mailed payments within 24 hours, as well as verified relevant documentation was included in and tied to each other in the end-of-month report.

At the 47 Magistrate Courts tested for 2019, we noted the following matters of noncompliance in accordance with the internal policies and procedures as required by the Magistrate Manual for Judges and Clerks related to case file management:

<b>Noncompliance</b>	<b>Total # of instances</b>
Outstanding bonds over 6 months not properly explained, process for bonds not being followed.	25
Bond log is not sequential and skips numbers without explanation.	14
Court has checks outstanding that are over 7 months old.	12
Mail log not filled out completely.	11
Cash receipt not recorded within 24 hours of receipt.	7
Bond log has voids with no explanation.	6
Line skips and lines with insufficient information (city only stated) noted in bond log.	1
No detail backup provided for daily deposit (could not verify if amount received was deposited).	1
No mail log included in reporting package.	1
Deposit form missing initials.	1
Deposit slip not scanned, however, deposit for correct amount noted within 24 hours of receipt. Deposit slip should have been scanned.	1
<b>Grand Total</b>	<b>80</b>

CORRECTIVE ACTION PLAN UPDATE:

The AOC has regularly and continually worked to improve the operations of the Magistrate courts by utilizing training sessions, assigning AOC staff to assist the courts, and conducting internal audits.



**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED**

June 30, 2019

**B. FINANCIAL STATEMENT FINDINGS – CONTINUED**

**2019-001 (2010-001) Case File Management (Other Matters) – Continued**

CRITERIA

Operation of the Court is governed by the policies and procedures within the Magistrate Manual for Judges and Clerks (the Manual) or laws and regulations that relate to magistrate courts. The Manual is authorized and approved by the New Mexico Supreme Court as the best practices for magistrate courts to be efficient and effective with respect to following established policies and procedures. In addition, both the paper case file and the Odyssey system should always reflect the details, progress and status of the case as required by the Manual related to case file management.

EFFECT

We tested 120 outstanding bonds dating over six months old from the case files selected as well as 199 checks received within the month-end reporting for March 2019 from all active New Mexico magistrate courts and from 25 of the 120 case files and month-end reporting found the above matters of noncompliance in accordance with the internal policies and procedures as required by the Magistrate Manual for Judges and Clerks or law and regulation.

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 Courts run the risk of failing to properly execute their duty to enforce the Statutes of New Mexico. Courts are creating additional paperwork when bonds are created unnecessarily.

CAUSE

The Courts are very busy and operating with a limited number of personnel. Turnover and training are always an issue to ensure consistent compliance. The above findings appear to be isolated errors or practices at a few Magistrate Courts and do not appear to reflect a trend or pattern.

RECOMMENDATION

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

VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN

On July 1, 2019, the 47 magistrate courts were consolidated into 12 of the district courts with the hopes that magistrate courts will show improvement as they will have closer and more frequent oversight and direction from the district courts. The Case File Management finding was discussed with the district court CEOs and CFOs at an all-day training held in Albuquerque on

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED**

June 30, 2019

**B. FINANCIAL STATEMENT FINDINGS – CONTINUED**

**2019-001 (2010-001) Case File Management (Other Matters) – Continued**

October 3, 2019. Steps to resolve the above finding along with best practice to prevent the finding were outlined and discussed. AOC will continue to support and assist the district courts to resolve the findings and continue to perform internal audits and end of month report submissions.

POINT OF CONTACT  
Chief Financial Officer

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED**

June 30, 2019

**B. FINANCIAL STATEMENT FINDINGS – CONTINUED**

**2019-002 (2010-002) Matters Related to Bonds Posted by Defendants  
(Other Noncompliance)**

CONDITION

We selected a total sample of 561 bond receipts across all 47 active New Mexico magistrate courts as prescribed through listing by AOC, with a maximum of 15 bond receipts per magistrate court, to test on specific agreed-upon attributes determined by AOC as required by Rule 6-406. We then performed procedures to verify whether bonds are properly posted to the correct case and receipted to the correct individual who posted the bond within 24 hours, as well as whether bonds were properly refunded, converted or forfeited.

At the 47 Magistrate Courts we tested and noted the following matters of noncompliance in accordance with the internal policies and procedures as required by the Magistrate Manual for Judges and Clerks or laws and regulations related to the handling of bonds posted by defendants:

<b>Noncompliance</b>	<b>Total # of instances</b>
Cash receipt not recorded within 24 hours of receipt.	20
Bond was receipted to the defendant not to the bond payor.	15
Supreme Court mandated form not signed by court official, therefore 24 hour receipt compliance cannot be determined.	12
Hearing for forfeiture scheduled less than 30 days from notice.	12
Bond form did not have a date, therefore 24 hour receipt compliance cannot be determined.	11
Bond information not on Supreme Court mandated form.	11
Bond was converted but "I agree" was not checked by bond payor.	11
Notice of forfeiture and/or bench warrant issued more than 4 days after failure to appear.	3
Receipt made out to incorrect individual other than defendant.	3
Bond not receipted within 24 hours.	3
Bond was refunded to the defendant not to the bond payor.	3
No judgement of forfeiture in case file.	2
Pre-adjudication Agreement to Pay for bench warrant fees was issued without order from the court nor from judgment and sentence.	1
Neither bond form nor receipt were available for review.	1
Amount listed on Criminal Form 9-312A did not match amount paid by depositor.	1
Case was dismissed before transfer. Court should have but did not refund bond upon dismissal.	1
<b>Grand Total</b>	<b>110</b>

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED**

June 30, 2019

**B. FINANCIAL STATEMENT FINDINGS – CONTINUED**

**2019-002 (2010-002) Matters Related to Bonds Posted by Defendants  
(Other Noncompliance) – Continued**

**CORRECTIVE ACTION PLAN UPDATE:**

The AOC has regularly and continually worked to improve the operations of the Magistrate courts by utilizing training sessions, assigning AOC staff to assist the courts, and conducting internal audits.

**CRITERIA**

Rule 6-406 NMRA, *Exoneration and Forfeiture of Bonds* (Rule 6-406) requires that certain actions be taken at certain times. 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 AOC suspense fund. Courts must assure that all bonds posted are properly posted to the correct case and receipted to the correct individual who posted the bond. Bonds must then be refunded to the same person that posted the bond.

**EFFECT**

We tested 561 bond receipts from case files selected across all active New Mexico magistrate courts and from 92 of the 561 case files found 110 instances of noncompliance subject to Rule 6-406 or established internal policies and procedures as required by the Magistrate Manual for Judges and regarding bond receipts resulted in the above matters of noncompliance.

Improper adjudication of bonds. If bonds are not properly recorded as to amount and the name of the individual posting the bond, the refund may be erroneously disbursed or otherwise disposed.

**CAUSE**

Several compliance procedures related to bonds were new during this fiscal year. Timing requirements also often proved most difficult for Courts with only a single Magistrate judge. Errors related to accounting for bonds were usually the result of clerk error. In most cases the clerk was new and not fully trained.

**RECOMMENDATION**

The AOC and the Magistrate Courts should continue to emphasize the need for magistrate clerks to handle bonds properly and develop procedures to assist clerks and judges with the timing of orders, summons, and bench warrants.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED**

June 30, 2019

**B. FINANCIAL STATEMENT FINDINGS – CONTINUED**

**2019-002 (2010-002) Matters Related to Bonds Posted by Defendants  
(Other Noncompliance) – Continued**

**VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN**

On July 1, 2019, the 47 magistrate courts were consolidated into 12 of the district courts with the hopes that magistrate courts will show improvement as they will have closer and more frequent oversight and direction from the district courts. The Matters Related to Bonds Posted by Defendants finding was discussed with the district court CEOs and CFOs at an all-day training held in Albuquerque on October 3, 2019. Steps to resolve the above finding along with best practice to prevent the finding were outlined and discussed. AOC will continue to support and assist the district courts to resolve the findings and continue to perform internal audits and end of month report submissions

POINT OF CONTACT  
Chief Financial Officer

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED**

June 30, 2019

**B. FINANCIAL STATEMENT FINDINGS – CONTINUED**

**2019-003 (2016-001) Agreements to Pay (Significant Deficiency) (Other Noncompliance)**

CONDITION

We selected a total sample of 375 Agreements to Pay across all 47 active New Mexico magistrate courts as listed by AOC, with a maximum of 15 ATPs per magistrate court, to test specific attributes subject to Rule 6-207.1 as determined by AOC. We determined whether or not criminal court fees were properly applied and that ATPs were properly issued and executed within 30 days of judgment and sentencing in accordance with laws and regulations. We also performed procedures based on specific attributes determined by AOC for compliance with Rule 6-207.1 to determine whether all criminal summons’ and bench warrants selected for testing were issued timely and in accordance with court policies and procedures when a defendant had a failure to pay. We performed our procedures based on the following attributes:

We tested 47 courts and found the following matters of noncompliance in accordance with the internal policies and procedures as required by the Magistrate Manual for Judges and Clerks or laws and regulations regarding agreements to pay:

<b>Noncompliance</b>	<b>Total # of instances</b>
Summons or bench warrant for failure to pay was not issued within 5 business days of payment or community service due date.	106
Date to bring current was not within 15 days of summons.	85
Bench warrant for failure to appear was not issued within 5 business days.	35
Bench warrant for failure to appear was not issued within 4 business days.	12
Agreement to Pay execution date and/or first payment date is more than 30 days after sentencing date.	11
Pre-adjudication Agreement to Pay for bench warrant fees was issued without order from the court nor from judgment and sentence.	9
Court costs not charged and should have been (non-penalty assessment).	8
Bench warrant for failure to pay was not issued timely (within 30 days) for cases older than 2017.	4
\$20 court costs charged on an uncontested penalty assessment.	3
Case dismissed, Agreement to Pay filed, however, no order to pay bench warrant fees filed.	2
Appeal filed in magistrate court before transferred to other court, however, magistrate court did not appear to follow-up on appeal or docket events as they occurred resulting in failure to obtain remand order following dismissal of case.	2
Court was unable to provide judgment and sentence or final order detailing fines and fees.	1
No payment plan executed, no payment made.	1
No order to pay bench warrant fee issued.	1
Case is pending and is in warrant status, no pre-adjudication Agreement to Pay issued, no order to pay bench warrant fees filed. Fees are not yet owed, therefore account should not be documented as delinquent.	1
Court costs not charged and should have been (contested penalty assessment).	1
For cases dismissed, Agreement to Pay issued before order to pay fines and fees filed.	1
Criminal summons issued, however case was on appeal and summons should not have been issued.	1
Judge did not address failure to pay in ruling related to original charge for proper case management as required by the Judges and Clerks Manual.	1
<b>Grand Total</b>	<b>285</b>

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED**

June 30, 2019

**B. FINANCIAL STATEMENT FINDINGS – CONTINUED**

**2019-003 (2016-001) Agreements to Pay (Significant Deficiency) (Other Noncompliance) – Continued**

**CORRECTIVE ACTION PLAN UPDATE:**

The AOC has regularly and continually worked to improve the operations of the Magistrate courts by utilizing training sessions, assigning AOC staff to assist the courts, and conducting internal audits.

**CRITERIA**

Rule 6-207.1 NMRA, *Payment of Fines, Fees, and Costs* (Rule 6-207.1) specifies how payments for Agreements to Pay (ATPs) for defendants are supposed to be scheduled and what legal action is required to be taken by the court on late payments.

**EFFECT**

We tested 375 ATPs from case files selected across all active New Mexico magistrate courts and from 206 of the 375 case files found 285 instances of noncompliance subject to Rule 6-207.1 or established internal policies and procedures as required by the Magistrate Manual for Judges and Clerks or laws and regulations regarding ATPs resulted in the above matters of noncompliance:

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**

In most cases the lack of follow-up on agreements to pay is a function of new rules in the current year regarding the timing of required judicial action required for nonpayment as well as staffing vacancies.

**RECOMMENDATION**

We recommend that the process for issuing and handling agreements to pay be revisited due to the new rules including soliciting the input of the judges and clerks.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED**

June 30, 2019

**B. FINANCIAL STATEMENT FINDINGS – CONTINUED**

**2019-003 (2016-001) Agreements to Pay (Significant Deficiency) (Other Noncompliance) – Continued**

**VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION**

On July 1, 2019, the 47 magistrate courts were consolidated into 12 of the district courts with the hopes that magistrate courts will show improvement as they will have closer and more frequent oversight and direction from the district courts. The Agreements-to-Pay finding was discussed with the district court CEOs and CFOs at an all-day training held in Albuquerque on October 3, 2019. Steps to resolve the above finding along with best practice to prevent the finding were outlined and discussed. AOC will continue to support and assist the district courts to resolve the findings and continue to perform internal audits and end of month report submissions.

**POINT OF CONTACT**  
Chief Financial Officer



**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED**

June 30, 2019

**C. STATE AUDITOR COMPLIANCE FINDINGS**

None

**EXIT CONFERENCE**

Year ended June 30, 2019

We discussed the recommendations contained in this letter during the exit conference held October 29, 2019. The exit conference was attended by the following individuals:

**Administrative Office of the Courts**

Honorable Judith K. Nakamura  
Artie Pepin  
Suzette Fronk  
Jason Clack  
Rosie Salgado

Chief Justice  
AOC Director  
Chief Financial Officer  
Acting Magistrate Court Division Director  
Court Financial Manager

**Atkinson & Co., Ltd.**

Clarke Cagle, CPA, CCIFP, CGFM  
Andrea Brewer, CPA, CFE  
Valerie Torrez, CPA

Audit Shareholder  
Audit Manager  
Audit Senior

**PREPARATION OF FINANCIAL STATEMENTS**

Management is responsible for ensuring that the books and records adequately support the preparation of financial statements in accordance with generally accepted accounting principles and that records are correct and in balance. The financial statements presented in this report have been prepared by the independent auditor with the assistance of the AOC. Management has reviewed and approved the financial statements.