

STATE OF NEW MEXICO
OTERO COUNTY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2008

(This page intentionally left blank)

INTRODUCTORY SECTION

(This page intentionally left blank)

STATE OF NEW MEXICO

Otero County
Official Roster
June 30, 2008

<u>Name</u>		<u>Title</u>
	<u>Board of County Commissioners</u>	
Doug Moore		Chairman
Clarissa McGinn		Vice-Chairperson
Michael Nivison		Commissioner
	<u>Elected Officials</u>	
Dale Palkki		County Assessor
Robyn Holmes		County Clerk
John Blansett		County Sheriff
Grace Gonzalez		County Treasurer
Yvonne Boyle		County Probate Judge
	<u>Administrative Officials</u>	
Timothy C. Smith		County Manager
Ray Backstrom		Assistant County Manager
Donna Brandon		County Finance Director

STATE OF NEW MEXICO

Otero County

June 30, 2008

Table of Contents

	<u>Exhibit</u>	<u>Page</u>
INTRODUCTORY SECTION		
Official Roster		3
Table of Contents		4-5
FINANCIAL SECTION		
Independent Auditors' Report		7-8
Management's Discussion and Analysis		9-15
BASIC FINANCIAL STATEMENTS		
Government-wide Financial Statements:		
Statement of Net Assets	A-1	17
Statement of Activities	A-2	18
Fund Financial Statements:		
Balance Sheet – Governmental Funds	B-1	19-20
Reconciliation of the Balance Sheet to the Statement of Net Assets		21
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	B-2	22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities		24
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual General Fund	C-1	25
Fire Special Revenue Fund	C-2	26
Road Special Revenue Fund	C-3	27
Statement of Fiduciary Assets and Liabilities – Agency Funds	D-1	28
NOTES TO THE FINANCIAL STATEMENTS		30-50
SUPPLEMENTARY INFORMATION	<u>Statement/ Schedule</u>	
Nonmajor Fund Descriptions		53-54
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES		
Combining Balance Sheet – Nonmajor Governmental Funds	A-1	56-60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	A-2	61-65
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:		
DWI Special Revenue Fund	B-1	66
Southwest Border Prosecution Special Revenue Fund	B-2	67
Water Planning Special Revenue Fund	B-3	68
Landfill Closure Special Revenue Fund	B-4	69
C.O.P.S. Grant Special Revenue Fund	B-5	70
Property Valuation Special Revenue Fund	B-6	71
Clerk's Equipment Special Revenue Fund	B-7	72
Farm and Range Special Revenue Fund	B-8	73
Recreation Special Revenue Fund	B-9	74
Law Enforcement Protection Special Revenue Fund	B-10	75
Hazard Mitigation-2003 Special Revenue Fund	B-11	76
Hazard Mitigation-2002 Special Revenue Fund	B-12	77

STATE OF NEW MEXICO

Otero County

June 30, 2008

Table of Contents

	<u>Statement/ Schedule</u>	<u>Page</u>
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (CONTINUED)		
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual: (Continued)		
EMS Special Revenue Fund	B-13	78
Environmental Gross Receipts Tax Special Revenue Fund	B-14	79
Indigent Special Revenue Fund	B-15	80
Domestic Violence Grant Special Revenue Fund	B-16	81
Sheriff’s Covert Activity Special Revenue Fund	B-17	82
HIDTA Grant Special Revenue Fund	B-18	83
County Partnership Special Revenue Fund	B-19	84
CDBG Comprehensive Plan Special Revenue Fund	B-20	85
Debt Service Fund	B-21	86
Legislative Grants Capital Projects Fund	B-22	87
Building Improvements Capital Projects Fund	B-23	88
SUPPORTING SCHEDULES		
Schedule of Collateral Pledged by Depository for Public Funds	I	90
Schedule of Deposits and Investment Accounts	II	91-92
Tax Roll Reconciliation – Changes in Property Taxes Receivable	III	93
Schedule of Property Taxes Receivable by Agency	IV	94-108
Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds	V	109
Schedule of Legislative Grants	VI	110-111
COMPLIANCE SECTION		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		113-114
FEDERAL FINANCIAL ASSISTANCE		
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133		116-117
Schedule of Expenditures of Federal Awards	VII	118-119
Schedule of Findings and Questioned Costs	VIII	120-124
Other Disclosures		125

(This page intentionally left blank)

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Hector Balderas
New Mexico State Auditor
The Office of Management and Budget and
To the County Administrator and County Commissioners
Otero County
Otero, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, the budgetary comparisons for the general fund and each major special revenue fund and the aggregate remaining fund information of the Otero County as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the County's nonmajor governmental funds and budgetary comparisons for the nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008 as listed in the table of contents. These financial statements are the responsibility of County management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2008, and the respective changes in financial position, thereof, and the respective budgetary comparisons for the General Fund, Fire Special Revenue Fund and Road Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the County as of June 30, 2008, and the respective changes in financial position, thereof, and the budgetary comparisons for the nonmajor governmental funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2008 on our consideration of the County'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The *Management's Discussion and Analysis* on pages 9 through 15 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The accompanying financial information listed as supporting Schedules I through VI in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Otero County, New Mexico. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and each of the County's nonmajor governmental funds financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements and each of the County's nonmajor governmental funds financial statements, taken as a whole.

Accounting & Consulting Group, L.L.P.

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
October 8, 2008

STATE OF NEW MEXICO
Otero County
Management's Discussion and Analysis
June 30, 2008

As management of Otero County (the County), we offer readers of Otero County financial statements this narrative overview and analysis of the financial activities of Otero County for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with the financial statements of Otero County and additional information provided.

Financial Highlights

- The assets of Otero County exceeded its liabilities at the close of the most recent fiscal year by \$34,656,469 (*net assets*). Of this amount, \$9,275,226 (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors.
- Change in net assets for the year end was \$2,267,283. The increase is primarily due to an increase in property taxes and gross receipts taxes revenue.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$5,025,307, or 39 percent of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Otero County's basic financial statements. Otero County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Otero County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Otero County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Otero County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Otero County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs. The governmental activities of Otero County include general government, public safety, public works, culture and recreation, and health and welfare.

The government-wide financial statements can be found at Exhibits A-1 and A-2 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Otero County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Otero County can be divided into two categories: governmental funds and fiduciary funds.

STATE OF NEW MEXICO
Otero County
Management's Discussion and Analysis
June 30, 2008

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Otero County maintains twenty-five individual governmental funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the general fund, fire special revenue fund and road special revenue fund, all of which are considered to be major funds. Data from the other twenty-two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Otero County adopts an annual appropriated budget for its general fund and all other funds. A budgetary comparison statement has been provided for the general fund, fire special revenue fund, road special revenue fund and legislative grants capital projects fund to demonstrate compliance with this budget. In addition, the individual financial statements of the non-major governmental funds include budgetary comparison data.

The basic governmental fund financial statements can be found at Exhibits B-1 and B-2 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Otero County's own programs.

Otero County fiduciary funds account for the collection of property taxes and special fees and their remittance to other governmental agencies.

The basic fiduciary fund financial statements can be found at Exhibit D-1 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-49 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 54-86 of this report.

STATE OF NEW MEXICO
Otero County
Management's Discussion and Analysis
June 30, 2008

Government-wide Financial Analysis

A detailed comparison to the prior year is presented below.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Otero County, assets exceeded liabilities by \$34,656,469 and \$32,389,186 at the close of the fiscal years ended June 30, 2008 and June 30, 2007, respectively.

The largest portion of the County's net assets (51 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion (\$7,628,173) of Otero County's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$9,275,226) may be used to meet the government's ongoing obligations to citizens and creditors.

Otero County is able to report positive balances in all three categories (Invested in capital assets, net of related debt, Restricted, and Unrestricted) of net assets, for the government as a whole as of June 30, 2008.

OTERO COUNTY'S NET ASSETS
June 30, 2008

	<u>2008</u>	<u>2007</u>
		<u>Governmental</u>
		<u>Activities</u>
Current and other assets	\$ 18,039,682	\$ 16,469,623
Capital assets	<u>20,744,104</u>	<u>20,410,337</u>
Total assets	<u>38,783,786</u>	<u>36,879,960</u>
Current liabilities	2,016,046	2,135,551
Non-current liabilities	<u>2,111,271</u>	<u>2,355,223</u>
Total liabilities	<u>4,127,317</u>	<u>4,490,774</u>
Net assets:		
Invested in capital assets, net of related debt	17,753,070	17,529,791
Restricted	7,628,173	7,396,120
Unrestricted	<u>9,275,226</u>	<u>7,463,275</u>
Total net assets	<u>\$ 34,656,469</u>	<u>\$ 32,389,186</u>

STATE OF NEW MEXICO
Otero County
Management's Discussion and Analysis
June 30, 2008

Changes in Net Assets

The County's total revenues of \$27,570,519 and program expenses of \$25,303,236 resulted in a change in net assets of \$2,267,283. Reasons for the change include an increase in revenues for both operating grants, capital grants, gross receipts taxes, and property taxes. Expenses also increased by over \$3 million but not to the extent that revenues increased.

This section contains a condensed comparison of revenues and expenditures and explanations for significant differences. The table shows the summarized revenues and expenditures for the years ended June 30, 2008 and June 30, 2007.

	<u>Governmental</u>	
	<u>Activities</u>	
	<u>2008</u>	<u>2007</u>
Program revenues:		
Charges for service	\$ 2,608,086	\$ 2,566,304
Operating grants and contributions	5,346,427	4,989,290
Capital grants and contributions	1,761,300	1,638,651
General revenues:		
Property taxes	9,284,972	8,833,628
Gross receipts taxes	5,025,419	3,839,614
Gasoline, motor vehicle and cigarette taxes	383,142	409,983
Investment income	787,541	865,504
Miscellaneous revenue and licenses and fees	2,383,176	1,858,688
Loss on disposal of capital assets	<u>(9,544)</u>	<u>(36)</u>
Total revenues	<u>27,570,519</u>	<u>25,001,626</u>
Program expenses:		
General government	5,559,404	5,110,331
Public safety	10,656,291	9,689,009
Public works	3,950,632	3,718,615
Culture and recreation	886,482	645,015
Health and welfare	4,162,670	2,998,678
Interest on long-term debt	<u>87,757</u>	<u>116,754</u>
Total expenses	<u>25,303,236</u>	<u>22,278,402</u>
Change in net assets	<u>2,267,283</u>	<u>2,723,224</u>
Net assets, beginning	<u>32,389,186</u>	<u>29,665,962</u>
Net assets, ending	<u>\$ 34,656,469</u>	<u>\$ 32,389,186</u>

Financial Analysis of the Government's Funds

As noted earlier, Otero County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of Otero County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Otero County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

STATE OF NEW MEXICO
Otero County
Management's Discussion and Analysis
June 30, 2008

As of the end of the current fiscal year, Otero County's governmental funds reported combined ending fund balances of \$16,800,648, an increase of \$2,003,847 in comparison with the prior year. Approximately 49 percent of this total amount, \$8,290,853, constitutes *unreserved, undesignated fund balance*, which is available for spending at the government's discretion, and 51 percent of this total amount, \$8,509,795, is *reserved for prepaid expenses, inventory, and subsequent year's expenditures*. Amounts budgeted for subsequent year's expenditures are shown as reserved fund balance after the budget is approved.

The general fund is the chief operating fund of Otero County. At the end of the current fiscal year, *unreserved, undesignated* fund balance of the general fund was \$5,025,307, while total fund balance was \$9,008,907. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 39 percent of total general fund expenditures, while total fund balance represents 70 percent of that same amount. Fund balance of Otero County's general fund increased by \$970,401 during the current fiscal year.

The Fire Fund has a total fund balance of \$3,691,760. At the end of the current fiscal year, *unreserved, undesignated* fund balance of the fire fund was \$465,091. The net increase in fund balance during the current year in the fire fund was \$664,089. This increase is due to increased gross receipts taxes revenue and decreased expenditures.

The Road Fund has a total fund balance of \$352,533, of which \$296,124 is *unrestricted and undesignated*. The decrease in net assets during the current year was \$26,482. This decrease was due primarily to a decrease of taxes revenue and intergovernmental income.

Budgetary Highlights

County budgets reflect the same pattern as seen in the revenue and expenditures of the County. The State of New Mexico budget process is defined under state law and regulation. To enhance the process of developing a budget at the county level, Otero County utilizes goals and objectives defined by the County Commissioners, community input meetings, long term plans and input from various staff groups to develop the County budget. County priorities are well defined through this process.

GASB 34 does not require a statement presenting the overall result of the budget for each year; however, all major budgetary funds are required to be reported as a separate statement.

The total variation in expenditures from the original and final budgets in the general fund was \$500,195. The significant variations were in the general government and health and welfare functions, which were increases of \$327,321 and \$126,423, respectively. This increase was to allow for more vehicles for the County's Sheriff and fire districts.

The following table presents the summary budget comparisons of the major and aggregate non-major funds for the fiscal year ending June 30, 2008. Detailed budget comparisons are reported in the budgetary comparison statements for each major fund and the statements of revenues and expenditures budget and actual for the non-major funds.

STATE OF NEW MEXICO
Otero County
Management's Discussion and Analysis
June 30, 2008

Fund Expenditure Budget Performance

	<u>Final Budget</u>	<u>Actual on Cash (Budgetary) Basis</u>	<u>Favorable (Unfavorable) Variance</u>
General Fund	\$ 13,932,038	\$ 12,819,088	\$ 1,112,950
Fire Fund	5,146,628	2,264,350	2,882,278
Road Fund	3,427,801	2,884,995	542,806
Other Governmental Funds	<u>14,483,031</u>	<u>7,565,512</u>	<u>6,917,519</u>
Total for Governmental Funds	<u>\$ 36,989,498</u>	<u>\$ 25,533,945</u>	<u>\$ 11,455,553</u>

The County amends its budget during the year in response to unexpected changes in its operating environment. The original and final budgets are reported and can be examined in the budgetary comparison statements for each major fund and the statements of revenues and expenditures budget and actual for the non-major funds.

Capital Asset and Debt Administration

Capital Assets

Otero County's investment in capital assets for its governmental activities as of June 30, 2008, amounts to \$20,744,104 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, buildings and building improvements, furniture and equipment and vehicles. The table below shows the summarized capital assets of Otero County as of June 30, 2008 and June 30, 2007.

Otero County's Capital Assets, Net of Depreciation

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Property, plant and equipment:		
Land	\$ 1,502,662	\$ 1,966,699
Infrastructure	803,235	-
Buildings and improvements	20,985,120	20,927,944
Furniture and equipment	19,077,702	17,879,418
Vehicles	<u>3,953,983</u>	<u>3,444,148</u>
Total property, plant and equipment	46,322,702	44,218,209
Less: accumulated depreciation	<u>(25,578,598)</u>	<u>(23,807,872)</u>
Total property, plant and equipment, Net of accumulated depreciation	<u>\$ 20,744,104</u>	<u>\$ 20,410,337</u>

The County had vehicle additions of \$586,096 during the year. Infrastructure was reclassified from land improvements during the current year. Many of these additions replaced old and obsolete vehicles of the County Sheriff and fire districts within Otero County. The County also replaced old furniture and equipment in the County's administration building. The County recognized \$1,888,183 in depreciation expense during the year. Additional information on Otero County's capital assets can be found in the notes to the financial statements.

The County had several commitments to construction companies at June 30, 2008. Additional information on Otero County's commitments can be found in the notes to the financial statements.

STATE OF NEW MEXICO
Otero County
Management's Discussion and Analysis
June 30, 2008

Long-term debt

At June 30, 2008, Otero County had total bonded debt outstanding of \$1,660,000 and loans and capital leases outstanding of \$1,220,546 all of which is secured by pledged gross receipts tax revenues.

Otero County's Outstanding Debt

	<u>2008</u>	<u>2007</u>
		Governmental Activities
Bonds	\$ 1,010,000	\$ 1,660,000
Loans and capital leases payable	<u>1,981,034</u>	<u>1,220,546</u>
Total outstanding debt	<u>\$ 2,991,034</u>	<u>\$ 2,880,546</u>

The County reduced bonds payable by their principal payment of \$650,000. They also added four New Mexico Finance Authority loans and capital leases for new fire vehicles and equipment totaling \$1,025,285. The County made principal payments towards loans and capital leases payable in the amount of \$264,797. Additional information on Otero County's long-term debt can be found in the notes to the financial statements.

Economic Factor and Next Year's Budgets and Rates

- Inflationary trends in the region compare favorably to national indices.

This factor was considered in preparing Otero County's budget for the 2009 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund decreased to \$5,025,307. It is intended that use of available fund balance will avoid the need to raise taxes or charges during the 2009 fiscal year.

Request for Information

This financial report is designed to provide a general overview of Otero County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the County Administrator, Otero County, 1000 New York Ave., Room 101, Alamogordo, NM 88310-6935.

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO

Exhibit A-1

Otero County

Statement of Net Assets

June 30, 2008

	<u>Governmental Activities</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 6,440,581
Investments	8,552,895
Receivables:	
Property taxes	724,699
Other taxes	336,582
Other receivables	689,346
Inventory	56,409
Prepaid expenses	<u>304,011</u>
 Total current assets	 <u>17,104,523</u>
Noncurrent assets	
Restricted cash and cash equivalents	935,159
Capital assets	46,322,702
Less: accumulated depreciation	<u>(25,578,598)</u>
 Total noncurrent assets	 <u>21,679,263</u>
 Total assets	 <u>\$ 38,783,786</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 345,386
Accrued payroll expenses	356,701
Accrued compensated absences	365,848
Accrued interest	25,709
Current portion of long-term debt	<u>922,402</u>
 Total current liabilities	 <u>2,016,046</u>
Noncurrent liabilities	
Accrued compensated absences	42,639
Bonds payable	325,000
Loans and capital leases payable	<u>1,743,632</u>
 Total noncurrent liabilities	 <u>2,111,271</u>
 Total liabilities	 <u>4,127,317</u>
Net Assets	
Invested in capital assets, net of related debt	17,753,070
Restricted for:	
Debt service	1,640,897
Capital projects	337,090
Other purposes - special revenue	5,650,186
Unrestricted	<u>9,275,226</u>
 Total net assets	 <u>34,656,469</u>
 Total liabilities and net assets	 <u>\$ 38,783,786</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Otero County
Statement of Activities
For the Year Ended June 30, 2008

Exhibit A-2

<u><i>Functions/Programs:</i></u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total Governmental Activities</u>
Primary Government					
General government	\$ 5,559,404	\$ 946,770	\$ 1,363,599	\$ -	\$ (3,249,035)
Public safety	10,656,291	892,067	2,408,317	-	(7,355,907)
Public works	3,950,632	-	598,919	-	(3,351,713)
Culture and recreation	886,482	-	-	1,761,300	874,818
Health and welfare	4,162,670	769,249	975,592	-	(2,417,829)
Interest on long-term debt	87,757	-	-	-	(87,757)
<i>Total governmental activities</i>	<u>\$ 25,303,236</u>	<u>\$ 2,608,086</u>	<u>\$ 5,346,427</u>	<u>\$ 1,761,300</u>	(15,587,423)
General Revenues:					
Taxes					
Property taxes, levied for general purposes					8,429,051
Property taxes, levied for debt service					855,921
Gross receipts taxes					5,025,419
Gasoline, motor vehicle and cigarette taxes					383,142
Licenses and fees					1,557,247
Investment income					787,541
Miscellaneous income					825,929
Loss on disposal of capital assets					<u>(9,544)</u>
Total general revenues and transfers					<u>17,854,706</u>
Change in net assets					<u>2,267,283</u>
Net assets, beginning					<u>32,389,186</u>
Net assets, ending					<u>\$ 34,656,469</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Otero County

Balance Sheet

Governmental Funds

June 30, 2008

	<u>General Fund</u>	<u>Fire Funds</u>	<u>Road Fund</u>	<u>Other Governmental Funds</u>
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ 3,738,771	\$ 89,507	\$ 3,547,462
Investments	8,548,597	-	4,298	-
Receivables:				
Property taxes	648,452	-	-	76,247
Other taxes	164,442	38,961	31,714	101,465
Other receivables	261,513	1,031	225,877	200,925
Inventory	-	-	56,409	-
Prepaid expenses	304,011	-	-	-
<i>Total assets</i>	<u>\$ 9,927,015</u>	<u>\$ 3,778,763</u>	<u>\$ 407,805</u>	<u>\$ 3,926,099</u>
<i>Liabilities and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 157,975	\$ 87,003	\$ 9,587	\$ 90,821
Accrued payroll expenses	283,835	-	45,685	27,181
Deferred revenue	467,012	-	-	60,649
Accrued compensated absences	9,286	-	-	-
<i>Total liabilities</i>	<u>918,108</u>	<u>87,003</u>	<u>55,272</u>	<u>178,651</u>
<i>Fund balances</i>				
Reserved for:				
Inventory	-	-	56,409	-
Prepaid expenses	304,011	-	-	-
Subsequent year's expenditures	3,679,589	3,226,669	-	1,243,117
Unreserved, reported in:				
General fund	5,025,307	-	-	-
Special revenue funds	-	465,091	296,124	1,598,834
Debt service fund	-	-	-	528,794
Capital projects funds	-	-	-	376,703
<i>Total fund balances</i>	<u>9,008,907</u>	<u>3,691,760</u>	<u>352,533</u>	<u>3,747,448</u>
<i>Total liabilities and fund balances</i>	<u>\$ 9,927,015</u>	<u>\$ 3,778,763</u>	<u>\$ 407,805</u>	<u>\$ 3,926,099</u>

The accompanying notes are an integral part of these financial statements

<u>Total</u>	
\$	7,375,740
	8,552,895
	724,699
	336,582
	689,346
	56,409
	<u>304,011</u>
\$	<u><u>18,039,682</u></u>

\$	345,386
	356,701
	527,661
	<u>9,286</u>
	<u>1,239,034</u>

	56,409
	304,011
	8,149,375
	5,025,307
	2,360,049
	528,794
	<u>376,703</u>
	<u>16,800,648</u>
\$	<u><u>18,039,682</u></u>

(This page intentionally left blank)

STATE OF NEW MEXICO

Otero County

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Assets

June 30, 2008

Exhibit B-1

Page 2 of 2

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

Fund balances - total governmental funds	16,800,648
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	20,744,104
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds:	
Deferred property taxes	527,661
Interest on long-term debt is not accrued in the fund financial statements unless it is due and payable	
Accrued interest	(25,709)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	
Bonds payable	(1,010,000)
Capital leases payable	(1,981,034)
Compensated absences	(399,201)
Net assets of governmental activities	<u>\$ 34,656,469</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Otero County
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	General Fund	Fire Funds	Road Fund	Other Governmental Funds
<i>Revenues:</i>				
Taxes:				
Property	\$ 8,297,673	\$ -	\$ -	\$ 795,272
Gross receipts	2,279,189	686,385	-	2,059,845
Gasoline and motor vehicle	-	-	377,696	-
Other	3,626	-	-	1,820
Intergovernmental:				
Federal operating grants	-	231,681	-	1,156,842
State operating grants	1,359,670	1,539,498	598,919	459,817
State capital grants	-	-	-	1,888,088
Charges for services	1,862,453	-	-	836,665
Licenses and fees	822,113	-	656,564	78,570
Investment income	572,040	150,683	-	64,818
Miscellaneous	270,855	449,767	8,250	97,057
<i>Total revenues</i>	<u>15,467,619</u>	<u>3,058,014</u>	<u>1,641,429</u>	<u>7,438,794</u>
<i>Expenditures:</i>				
Current:				
General government	5,037,082	-	-	284,754
Public safety	6,874,624	1,773,892	-	914,791
Public works	34,808	-	2,482,601	1,139,472
Culture and recreation	78,817	-	-	699,544
Health and welfare	560,109	-	-	3,513,689
Capital outlay	310,718	1,366,205	329,817	210,563
Debt service:				
Principal	-	215,162	49,635	650,000
Interest	-	39,635	5,858	55,518
<i>Total expenditures</i>	<u>12,896,158</u>	<u>3,394,894</u>	<u>2,867,911</u>	<u>7,468,331</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2,571,461</u>	<u>(336,880)</u>	<u>(1,226,482)</u>	<u>(29,537)</u>
<i>Other financing sources (uses)</i>				
Loan proceeds	-	1,025,285	-	-
Transfers in	267,056	-	1,200,000	668,116
Transfers out	(1,868,116)	(24,316)	-	(242,740)
<i>Total other financing sources (uses)</i>	<u>(1,601,060)</u>	<u>1,000,969</u>	<u>1,200,000</u>	<u>425,376</u>
<i>Net change in fund balance</i>	970,401	664,089	(26,482)	395,839
<i>Fund balance - beginning of year</i>	<u>8,038,506</u>	<u>3,027,671</u>	<u>379,015</u>	<u>3,351,609</u>
<i>Fund balance - end of year</i>	<u>\$ 9,008,907</u>	<u>\$ 3,691,760</u>	<u>\$ 352,533</u>	<u>\$ 3,747,448</u>

The accompanying notes are an integral part of these financial statements

<u>Total</u>
\$ 9,092,945
5,025,419
377,696
5,446
1,388,523
3,957,904
1,888,088
2,699,118
1,557,247
787,541
825,929
<u>27,605,856</u>
5,321,836
9,563,307
3,656,881
778,361
4,073,798
2,217,303
914,797
101,011
<u>26,627,294</u>
<u>978,562</u>
1,025,285
2,135,172
<u>(2,135,172)</u>
<u>1,025,285</u>
2,003,847
<u>14,796,801</u>
<u><u>\$ 16,800,648</u></u>

(This page intentionally left blank)

STATE OF NEW MEXICO

Otero County

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, 2008

Exhibit B-2

Page 2 of 2

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

Net change in fund balances - total governmental funds	2,003,847
--------------------------------------------------------	-----------

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:

Capital expenditures	2,231,494
Depreciation expense	(1,888,183)
Loss on disposition of assets	(9,544)

Revenues in the statement of activities that do not provide current financial
resources are not reported as revenue in the funds:

Change in deferred revenue related to property taxes receivable	192,027
Change in deferred revenue related to grant revenue receivable	(126,788)

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial
resources to governmental funds, while the repayment of the principal of long-term
debt consumes the current financial resources of governmental funds. Neither
transaction, however, has any effect on net assets.

Decrease in accrued interest	13,254
Increase in accrued compensated absences	(38,336)
Proceeds from issuance of loans	(1,025,285)
Principal payments on bonds payable	650,000
Principal payments on capital leases payable	<u>264,797</u>

Change in net assets of governmental activities	<u><u>\$ 2,267,283</u></u>
-------------------------------------------------	----------------------------

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit C-1

Otero County

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ 7,900,025	\$ 7,900,025	\$ 8,391,806	\$ 491,781
Gross receipts	2,000,000	2,120,000	2,292,954	172,954
Gasoline and motor vehicle	-	-	-	-
Other	500	500	3,246	2,746
<i>Intergovernmental income:</i>				
Federal operating grants	-	-	-	-
State operating grants	1,217,440	1,517,085	1,359,670	(157,415)
State capital grants	-	-	-	-
Charges for services	1,571,202	1,618,768	1,934,123	315,355
Licenses and fees	755,400	755,400	850,950	95,550
Investment income	611,500	611,500	572,040	(39,460)
Miscellaneous	30,000	80,000	255,566	175,566
<i>Total revenues</i>	<u>14,086,067</u>	<u>14,603,278</u>	<u>15,660,355</u>	<u>1,057,077</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	5,070,132	5,397,453	5,009,552	387,901
Public safety	7,280,106	7,326,557	6,825,821	500,736
Public works	119,686	119,686	34,548	85,138
Culture and recreation	78,738	78,738	78,340	398
Health and welfare	592,577	592,577	560,109	32,468
Capital outlay	290,604	417,027	310,718	106,309
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>13,431,843</u>	<u>13,932,038</u>	<u>12,819,088</u>	<u>1,112,950</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>654,224</u>	<u>671,240</u>	<u>2,841,267</u>	<u>2,170,027</u>
<i>Other financing sources (uses)</i>				
Designated cash	1,963,476	2,014,360	-	(2,014,360)
Transfers in	599,803	589,803	267,056	(322,747)
Transfers out	(3,217,503)	(3,275,403)	(1,868,116)	1,407,287
<i>Total other financing sources (uses)</i>	<u>(654,224)</u>	<u>(671,240)</u>	<u>(1,601,060)</u>	<u>(929,820)</u>
<i>Net change in fund balance</i>	-	-	1,240,207	1,240,207
<i>Fund balance - beginning of year</i>	-	-	7,308,390	7,308,390
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,548,597</u>	<u>\$ 8,548,597</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 1,240,207
Adjustments to revenue for property taxes, other taxes and other receivables, and deferred property tax revenue				(192,736)
Adjustments to expenditures for prepaid expenses, accounts payable, accrued payroll expenses and accrued compensated absences				(77,070)
Net change in fund balance (GAAP)				<u>\$ 970,401</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit C-2

Otero County

Fire Fund Special Revenue Fund

Statement of Revenue, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	480,000	480,000	697,302	217,302
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	231,681	231,681	231,681	-
State operating grants	1,446,923	1,456,923	1,456,923	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	113,600	113,600	150,683	37,083
Miscellaneous	30,000	393,242	448,736	55,494
<i>Total revenues</i>	<u>2,302,204</u>	<u>2,675,446</u>	<u>2,985,325</u>	<u>309,879</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	2,122,787	2,318,033	1,806,577	511,456
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	2,543,429	2,828,595	457,773	2,370,822
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>4,666,216</u>	<u>5,146,628</u>	<u>2,264,350</u>	<u>2,882,278</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,364,012)</u>	<u>(2,471,182)</u>	<u>720,975</u>	<u>3,192,157</u>
<i>Other financing sources (uses)</i>				
Designated cash	2,388,328	2,435,498	-	(2,435,498)
Loan proceeds	-	-	-	-
Proceeds from sale of capital assets	-	60,000	60,000	-
Transfers in	-	-	-	-
Transfers out	(24,316)	(24,316)	(24,316)	-
<i>Total other financing sources (uses)</i>	<u>2,364,012</u>	<u>2,471,182</u>	<u>35,684</u>	<u>(2,435,498)</u>
<i>Net change in fund balance</i>	-	-	756,659	756,659
<i>Fund balance - beginning of year</i>	-	-	2,982,112	2,982,112
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,738,771</u>	<u>\$ 3,738,771</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 756,659
Adjustments to revenue for other taxes receivable and other receivables				1,037,974
Adjustments to expenditures for accounts payable				<u>(1,130,544)</u>
Net change in fund balance (GAAP)				<u>\$ 664,089</u>

The accompanying notes are an integral part of these financial statements

(This page intentionally left blank)

STATE OF NEW MEXICO

Exhibit C-3

Otero County

Road Fund Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	365,000	365,000	377,040	12,040
Other	-	-	-	-
<i>Intergovernmental income:</i>				
Federal operating grants	-	-	-	-
State operating grants	633,724	833,328	454,857	(378,471)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	570,000	570,000	716,916	146,916
Investment income	-	-	-	-
Miscellaneous	-	-	8,250	8,250
<i>Total revenues</i>	<u>1,568,724</u>	<u>1,768,328</u>	<u>1,557,063</u>	<u>(211,265)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	2,826,827	2,908,696	2,499,685	409,011
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	413,370	519,105	385,310	133,795
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>3,240,197</u>	<u>3,427,801</u>	<u>2,884,995</u>	<u>542,806</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,671,473)</u>	<u>(1,659,473)</u>	<u>(1,327,932)</u>	<u>331,541</u>
<i>Other financing sources (uses)</i>				
Designated cash	(53,527)	(65,527)	-	65,527
Transfers in	1,725,000	1,725,000	1,200,000	(525,000)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,671,473</u>	<u>1,659,473</u>	<u>1,200,000</u>	<u>(459,473)</u>
<i>Net change in fund balance</i>	-	-	(127,932)	(127,932)
<i>Fund balance - beginning of year</i>	-	-	221,737	221,737
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,805</u>	<u>\$ 93,805</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (127,932)
Adjustments to revenue for other taxes receivable and other receivables				84,366
Adjustments to expenditures for accounts payable, accrued payroll expenses and inventory				17,084
Net change in fund balance (GAAP)				<u>\$ (26,482)</u>

The accompanying notes are an integral part of these financial statements

(This page intentionally left blank)

STATE OF NEW MEXICO
Otero County
Agency Funds
Statement of Fiduciary Assets and Liabilities
June 30, 2008

Exhibit D-1

<i>Assets</i>	
Cash	\$ 295,109
Property taxes receivable	<u>1,202,288</u>
<i>Total assets</i>	<u><u>\$ 1,497,397</u></u>
<i>Liabilities</i>	
Due to other taxing units	<u>\$ 1,497,397</u>
<i>Total liabilities</i>	<u><u>\$ 1,497,397</u></u>

The accompanying notes are an integral part of these financial statements

(This page intentionally left blank)

**NOTES TO THE
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies

Otero County is a political sub-division of the State of New Mexico established and regulated by the constitution of the State of New Mexico. The County operates under a Board of County Commissions-manager form of government and provides the following services as authorized by public law: public safety (sheriff, fire, emergency medical, etc.), roads, health and social services, recreation, sanitation, planning and zoning, property assessment, tax collection and general administrative services.

The County of Otero is a body politic and corporate under the name and form of government selected by its qualified electors. The County may:

1. Sue or be sued;
2. Enter into contracts and leases;
3. Acquire and hold property, both real and personal;
4. Have common seal, which may be altered at pleasure;
5. Exercise such other privileges that are incident to corporations of like character or degree that are not inconsistent with the laws of New Mexico.
6. Protect generally the property of its county and its inhabitants;
7. Preserve peace and order within the county; and
8. Establish rates for services provided by the County utilities and revenue-producing projects, including amounts which the governing body determines to be reasonable in the operation of similar facilities.

This summary of significant accounting policies of Otero County is presented to assist in the understanding of Otero County's financial statements. The financial statements and notes are the representation of Otero County's management who is responsible for their integrity and objectivity. The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance in the government wide financial statements. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity

In evaluating how to define the County, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB No. 14 and No. 39. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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 benefits the government and/or 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. Based upon the application of these criteria, the County does not have any component units required to be reported under GASB Statements No. 14 and No. 39.

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The County does not have any *business-type activities*.

The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

In the government-wide Statement of Net Assets, the governmental activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognized all long-term assets and receivables as well as long-term debt obligations. The County's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are billed. Grants and similar items are recognized as revenue as soon as all eligibility requirements of time, reimbursement and contingencies imposed by the provider are met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

C. *Measurement focus, basis of accounting, and financial statement presentation (continued)*

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

The County reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Fire Special Revenue Fund* is used to account for monies received from the New Mexico State Fire Marshall's Office and fire protection gross receipts tax proceeds. These funds are to be used to support the twenty volunteer fire departments in the region.

The *Road Special Revenue Fund* is used to account for funds used to maintain roads for which the County has responsibility. Financing sources include gasoline taxes, motor vehicle registration fees and New Mexico State Highway Department Cooperative Agreement funds. Expenditures are restricted for the construction and maintenance of county roads. The fund was created by authority of State Statutes Section 67-4-1 NMSA, 1978 Compilation.

Additionally, the government reports the following fund types:

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Debt Service Fund* accounts for the services of general long-term debt.

Capital Projects Funds account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

Fiduciary funds are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The County's fiduciary funds are used to account for the collection and payment of property taxes and special fees to other governmental agencies. They also account for collection and disbursement of inmate funds for the Otero County Detention Center.

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the County's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the County's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of County facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as small cities assistance to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The County reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The County does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments: The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Investments for the County are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables: Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting funds and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Assets or Equity (continued)

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded as revenue when levied.

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after May 10th are considered delinquent. The taxes attach as an enforceable lien on property as of January 1st.

Inventory: Inventory is valued at the lower of cost or market under the consumption method.

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide financial statements and the governmental fund financial statements.

Restricted Assets: Restricted assets consist of those funds expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be expended.

Capital Assets: Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	10-30
Buildings and building improvements	40-45
Office furniture and equipment	5-10
Vehicles	5

Accrued Expenses: Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2008, along with applicable PERA and Retiree Health Care and other payroll related liabilities.

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

D. *Assets, Liabilities and Net Assets or Fund Equity (continued)*

Deferred Revenues: Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as deferred revenues. In addition, property taxes receivable but uncollected within sixty (60) days of year-end are classified as deferred revenue.

Compensated Absences: Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net assets.

Long-term Obligations: In the government-wide financial statements, and in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. For bonds issued after the County implemented GASB 34, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds Payable are reported net of the applicable bond premium or discount. For fund financial reporting, bond premiums, discounts as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Net Assets or Fund Equity: In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriations or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Equity Classifications

Government-wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt:
Net assets invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets:
Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets:
All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The government-wide statement of net assets reports \$7,628,173 of restricted net assets, all of which is restricted by enabling legislation.

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

E. *Assets, Liabilities and Net Assets or Fund Equity (continued)*

Interfund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications: Certain amounts included in the financial statements have been reclassified to conform to the current year presentation.

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets of the County are prepared prior to June 1 and must be approved by resolution of the County Commissioners, and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the County Commissioners and the Department of Finance and Administration. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total by fund.

These budgets are prepared on the Non-GAAP budgetary basis. Budgetary basis expenditures exclude encumbrances. The budget secures appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

The budgetary information presented in these financial statements has been properly amended by County Commissioners in accordance with the above procedures. These amendments resulted in the following changes:

	Excess (deficiency) of revenues over expenditures	
	Original Budet	Final Budget
Budgeted Funds:		
General Fund	\$ 654,224	\$ 671,240
Fire Fund	\$ (2,364,012)	\$ (2,471,182)
Road Fund	\$ (1,671,473)	\$ (1,659,473)
Other Governmental Funds	\$ (1,363,572)	\$ (1,395,358)

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual presents comparisons of the legally adopted budget with actual data on a budgetary basis.

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2008

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information (continued)

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2008 is presented. Reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on each individual budgetary statement.

NOTE 3. Deposits and Investments

State statutes authorize the investment of County funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the County properly followed State investment requirements as of June 30, 2008.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the County. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$100,000 in aggregate and separate from the \$100,000 coverage for public unit demand deposits at the same institution.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2008, \$7,475,271 of the County's bank balances of \$8,181,301 was exposed to custodial credit risk. \$6,222,373 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the County's name and \$1,252,898 was uninsured and uncollateralized. At June 30, 2008, the carrying amount of all deposits was \$8,180,376.

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2008

NOTE 3. Deposits and Investments (continued)

	Alamogordo First National Bank	Alamogordo National Bank	Western Bank
Amount of deposits	\$ 4,096,282	\$ 500,000	\$ 1,628,989
FDIC coverage	200,000	100,000	200,000
Total uninsured public funds	<u>3,896,282</u>	<u>400,000</u>	<u>1,428,989</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the County's name	3,881,323	200,000	841,050
Uninsured and uncollateralized	<u>\$ 14,959</u>	<u>\$ 200,000</u>	<u>\$ 587,939</u>
Collateral requirement (50%)	\$ 1,948,141	\$ 200,000	\$ 714,495
Pledged securities	3,881,323	200,000	841,050
Over (under) collateralized	<u>\$ 1,933,182</u>	<u>\$ -</u>	<u>\$ 126,555</u>
	Alamogordo Federal Savings & Loan	Pioneer Savings Bank	Total
Amount of deposits	\$ 1,000,000	\$ 950,000	\$ 8,175,271
FDIC coverage	100,000	100,000	700,000
Total uninsured public funds	<u>900,000</u>	<u>850,000</u>	<u>7,475,271</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the County's name	450,000	850,000	6,222,373
Uninsured and uncollateralized	<u>\$ 450,000</u>	<u>\$ -</u>	<u>\$ 1,252,898</u>
Collateral requirement (50%)	\$ 450,000	\$ 425,000	\$ 3,737,636
Pledged securities	450,000	955,349	6,327,722
Over (under) collateralized	<u>\$ -</u>	<u>\$ 530,349</u>	<u>\$ 2,590,086</u>

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2008

NOTE 3. Deposits and Investments (continued)

Investments

As of June 30, 2008, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Rating</u>	<u>Par/Fair Value</u>	<u>Investment Maturities</u>	
			<u>Less than 1 Year</u>	<u>1 to 10 Years</u>
Freddie Mac Discount Note	AAA	\$ 1,000,950	\$ —	\$ 1,000,950
Freddie Mac Medium Term Note	AAA	500,850	—	500,850
Federal Home Loan Bank Note	AAA	3,332,660	500,000	2,832,660
Farm Credit Note	AAA	550,000	—	550,000
Fannie Mae Note	AAA	500,500	—	500,500
Wells Fargo Money Market*	AAA	2,667,935	2,667,935	—
Total		\$ 8,552,895	\$ 3,167,935	\$ 5,384,960

* Wells Fargo Money Market Account is guaranteed by US Securities.

The investments are listed on Schedule II of this report.

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's policy related to investments is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). The securities are not subject to custodial credit risk as they are registered and held in the name of Otero County. The carrying value of the County's investments in notes at June 30, 2008 was \$5,884,960.

Interest Rate Risk – Investments. The County has eleven investments in which the maturity date is greater than one year. Schedule II in this report specifically identifies the investment type and amount of investment for these securities. The fair value of the securities exposed to interest rate risk is \$8,552,895. These securities do not have call options. The County's policy related to interest rate risk with investments is to comply with the statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

Concentration Credit Risk – Investments. For an investment, concentration credit risk is when any one issuer is 5% or more of the investment portfolio of the County. The investments in the Federal Home Loan Bank, Freddie Mac, Farm Credit, Fannie Mae and Wells Fargo Money Market represent 40%, 17.6%, 6.4%, 5.9% and 30.1%, respectively, of the investment portfolio. Since the County only purchases investments with the highest credit rating, the additional concentration is not viewed to be an additional risk by the County. The County's policy related to concentration credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

The County utilizes pooled accounts for their funds. The general fund, special revenue funds, capital projects funds and agency funds are all pooled in multiple accounts. Separate accounts exist for sheriff and confiscation related funds.

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2008

NOTE 3. Deposits and Investments (continued)

Reconciliation of Cash and Cash Equivalents

Reconciliation to the Statement of Net Assets:

Cash and cash equivalents per Exhibit A-1	\$ 6,440,581
Restricted cash and cash equivalents per Exhibit A-1	935,159
Agency funds cash per Exhibit D-1	<u>295,109</u>
 Total cash and cash equivalents	 <u>7,670,849</u>
Add: outstanding checks and other reconciling items	26,233
Add: outstanding warrants per Treasurer's Report	511,377
Less: deposits in transit and other reconciling items	(32,263)
Less: petty cash	<u>(925)</u>
 Bank balance of deposits	 <u><u>\$ 8,175,271</u></u>

NOTE 4. Receivables

Receivables as of June 30, 2008, are as follows:

	<u>General</u>	<u>Fire Fund</u>	<u>Road Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total</u>
Property taxes	\$ 648,452	\$ -	\$ -	\$ 76,247	\$ 724,699
Other taxes:					
Gross receipts taxes	164,062	38,961	-	101,274	304,297
Gasoline and oil taxes	-	-	31,714	-	31,714
Cigarette taxes	380	-	-	191	571
Other receivables:					
Licenses and fees	60,830	-	55,019	-	115,849
Intergovernmental-grants:					
State	60,607	-	170,858	129,498	360,963
Federal	1,080	-	-	-	1,080
Miscellaneous	<u>138,996</u>	<u>1,031</u>	<u>-</u>	<u>71,427</u>	<u>211,454</u>
 Totals by category	 <u>\$ 1,074,407</u>	 <u>\$ 39,992</u>	 <u>\$ 257,591</u>	 <u>\$ 378,637</u>	 <u>\$ 1,750,627</u>

These receivables are considered to be fully collectible.

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2008

NOTE 5. Interfund Receivables, Payables, and Transfers

Net operating transfers, made to close out funds and to supplement other funding sources, were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Property Valuation	General Fund	\$ 95,701
C.O.P.S. Grant	General Fund	55,000
Road	General Fund	1,200,000
HIDTA Grant	General Fund	50,000
Capital Improvements	General Fund	39,613
Environmental GRT	General Fund	344,000
Domestic Violence Grant	General Fund	45,000
CDBG Comprehensive Plan	General Fund	38,802
General Fund	Hazard Mitigation - 2003	25,830
General Fund	S.W.B.P.I. Grant	81,910
General Fund	Legislative Grants	25,000
General Fund	Fire Funds	24,316
General Fund	Indigent Fund	<u>110,000</u>
		<u>\$ 2,135,172</u>

There were not any interfund balances at June 30, 2008.

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2008

NOTE 6. Capital Assets

The following is a summary of capital assets and changes occurring during the year ended June 30, 2008. Land is not subject to depreciation.

	<u>Balance June 30, 2007</u>	<u>Additions</u>	<u>Reclassifications</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
Capital Assets Used in Governmental Activities:					
Capital Assets, not depreciated:					
Land	\$ 1,966,699	\$ 8,885	\$ (472,922)	\$ -	\$ 1,502,662
Total Capital Assets, not depreciated	<u>1,966,699</u>	<u>8,885</u>	<u>(472,922)</u>	<u>-</u>	<u>1,502,662</u>
Capital Assets, depreciated:					
Infrastructure	-	134,050	669,185	-	803,235
Buildings and building improvements	20,927,944	270,797	(212,864)	757	20,985,120
Furniture and equipment	17,879,418	1,212,305	88,114	102,135	19,077,702
Vehicles	<u>3,444,148</u>	<u>605,457</u>	<u>(71,513)</u>	<u>24,109</u>	<u>3,953,983</u>
Total Capital Assets, depreciated	<u>42,251,510</u>	<u>2,222,609</u>	<u>472,922</u>	<u>127,001</u>	<u>44,820,040</u>
Accumulated Depreciation:					
Infrastructure	-	-	187,168	-	187,168
Buildings and building improvements	10,496,160	526,984	(187,621)	966	10,834,557
Furniture and equipment	10,995,014	1,034,628	47,949	95,389	11,982,202
Vehicles	<u>2,316,698</u>	<u>326,571</u>	<u>(47,496)</u>	<u>21,102</u>	<u>2,574,671</u>
Total Accumulated Depreciation	<u>23,807,872</u>	<u>1,888,183</u>	<u>-</u>	<u>117,457</u>	<u>25,578,598</u>
Net Book Value	<u>\$ 20,410,337</u>	<u>\$ 343,311</u>	<u>\$ -</u>	<u>\$ 9,544</u>	<u>\$ 20,744,104</u>

Depreciation expense for the year ended June 30, 2008 was charged to governmental activities as follows:

General Government	\$ 100,814
Public Safety	1,294,609
Public Works	290,827
Health and Welfare	89,609
Culture and Recreation	<u>112,324</u>
	<u>\$ 1,888,183</u>

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2008

NOTE 7. Long-term Debt

During the year ended June 30, 2008, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

	<u>Balance June 30, 2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2008</u>	<u>Due Within One Year</u>
2001 G.O. Refunding Bonds	\$ 1,660,000	\$ -	\$ 650,000	\$ 1,010,000	\$ 685,000
Loans and Capital Leases	1,220,546	1,025,285	264,797	1,981,034	237,402
Compensated Absences	360,865	413,469	365,847	408,487	365,848
Total long-term debt	<u>\$ 3,241,411</u>	<u>\$ 1,438,754</u>	<u>\$ 1,280,644</u>	<u>\$ 3,399,521</u>	<u>\$ 1,288,250</u>

General Obligation Bonds

The County issued general obligation bonds to provide funds for the acquisition and construction of a new correctional facility. The original amount of general obligation bonds issued in prior years was \$4,025,000.

General obligation bonds are direct obligations and pledge the full faith and credit of the County. These bonds generally are issued as 10 year serial bonds with various amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

General Obligation Jail Refunding Bonds – Series 2001	<u>Interest Rates</u> 4.0% - 4.25%	<u>Balance</u> <u>\$ 1,010,000</u>
-------------------------------------------------------	---------------------------------------	---------------------------------------

The annual requirements to amortize the Bonds Payable as of June 30, 2008, including interest payments are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2009	\$ 685,000	\$ 27,963	\$ 712,963
2010	<u>325,000</u>	<u>6,703</u>	<u>331,703</u>
	<u>\$ 1,010,000</u>	<u>\$ 34,666</u>	<u>\$ 1,044,666</u>

A description of bonds payable at June 30, 2008 is as follows:

General Obligation Bonds
Series: 2001
Original Issue: \$4,025,000
Principal: August 1
Interest: February 1 and August 1
Maturity: August 1, 2010
Rate: 4.0% - 4.25%

General obligation bonds have been liquidated by the debt service fund in prior years.

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2008

NOTE 7. Long-term Debt (continued)

Loans and Capital Leases

The County has entered into several loan agreements with the New Mexico Finance Authority, wherein the County pledged revenue derived from New Mexico Fire Protection Allotments to cover debt service. This revenue is subject to intercept agreements by the New Mexico Finance Authority. Additionally, the County entered into lease agreements as lessee for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Equipment	\$ 1,889,648
Less: Accumulated depreciation	<u>(1,201,269)</u>
Total	<u><u>\$ 688,379</u></u>

The annual requirements to amortize the Loans and Capital Leases Payable as of June 30, 2008, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2009	\$ 237,402	\$ 81,564	\$ 318,966
2010	271,199	59,255	330,454
2011	234,968	50,411	285,379
2012	154,478	42,699	197,177
2013	159,518	37,985	197,503
2014-2018	595,495	119,830	715,325
2019-2023	148,100	52,098	200,198
2024-2028	<u>179,874</u>	<u>21,665</u>	<u>201,539</u>
	<u><u>\$ 1,981,034</u></u>	<u><u>\$ 465,507</u></u>	<u><u>\$ 2,446,541</u></u>

Loans and capital leases have been liquidated by the Fire Special Revenue Fund, Road Special Revenue Fund and Legislative Grants Capital Projects Funds in prior years.

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2008

NOTE 7. Long-term Debt (continued)

Summary of Future Payments

The debt requirements on long-term liabilities having scheduled payments are as follows:

Fiscal Year Ending June 30,	Bonds	Loans and Capital Leases	Total Debt Service
2009	\$ 712,963	\$ 318,966	\$ 1,031,929
2010	331,703	330,454	662,157
2011	-	285,379	285,379
2012	-	197,177	197,177
2013	-	197,503	197,503
2014-2018	-	715,325	715,325
2019-2023	-	200,198	200,198
2024-2028	-	201,539	201,539
Total Payments	1,044,666	2,446,541	3,491,207
Less Interest	34,666	465,507	500,173
Net Outstanding Debt	<u>\$ 1,010,000</u>	<u>\$ 1,981,034</u>	<u>\$ 2,991,034</u>

Compensated Absences – Employees of the County are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2008, compensated absences increased \$47,622 over the prior year accrual. Accrued compensated absences has typically been liquidated by the general fund.

NOTE 8. Risk Management

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters.

Otero County is a member and is insured through the New Mexico County Insurance Authority. The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The Authority acts as the common carrier for the State of New Mexico counties. The County pays an annual premium to the Authority based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. The County is not liable for more than the premiums paid.

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2008

NOTE 9. PERA Pension Plan

Plan Description. Substantially all of Otero County’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 Employee Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing, multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P. O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA’s website at www.pera.state.nm.us.

Funding Policy. Plan members are required to contribute the following percentages of their gross salary: 16.3% for law enforcement and fire protection employees; and 15.65% for municipal employees. The County was required to contribute the following percentages of the gross covered salary: 18.5% for law enforcement and fire protection plan members; and 11.65% for municipal plan members. The contribution requirements of plan members and Otero County are established in State Statute under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The County’s contributions to PERA for the years ended June 30, 2008, 2007 and 2006 were \$834,205, \$794,773 and \$726,140, respectively, which equal the amount of the required contributions for each year.

NOTE 10. Post-Employment Benefits

The County offers the option for eligible retirees to continue coverage for themselves and dependents under the County’s active group health care plan. If the retirees so elect, they must bear 100% of the cost. There is no cost to the County to provide this benefit.

NOTE 11. Joint Powers Agreements

Closure of the Dog Canyon Landfill

Participants	Otero County City of Alamogordo
Responsible party	Otero County City of Alamogordo
Description	To perform certain maintenance and monitoring functions at the landfill site for the duration of the post-closure period.
Term of agreement	Thirty years
Amount of project	Estimated to be \$288,420
County contributions	25% of the total post-closure costs
Audit responsibility	N/A

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2008

NOTE 11. Joint Powers Agreements (continued)

Regional Emergency Communications Center and Dispatch Services

Participants	Otero County Village of Cloudcroft
Responsible party	Otero County
Description	Establishing a regional emergency communications center and providing for dispatch services
Term of agreement	Indefinite
Amount of project	Village of Cloudcroft will pay \$20,000 for the service
County contributions	Unknown
Audit responsibility	Regional Emergency Communications Center

Ambulance Services

Participants	Otero County City of Alamogordo Village of Tularosa Village of Cloudcroft
Responsible party	Otero County
Description	To provide a more efficient and responsible emergency medical system for the citizens and visitors of the participants.
Term of agreement	July 1, 2003 to June 30, 2011
Amount of project	Varies from year to year depending on the population, but for FY 07-08, the total cost for the City of Alamogordo, Village of Tularosa and Otero County was \$163,169, \$13,133 and \$78,430, respectively.
County contribution	Varies from year to year depending on the population, but for FY 07-08, the County's contribution was \$78,430.
Audit responsibility	Otero County

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2008

NOTE 11. Joint Powers Agreements (continued)

Otero/Lincoln County Regional Landfill

Participants	Otero County City of Alamogordo Village of Cloudcroft Village of Tularosa Village of Corona	Lincoln County Town of Carrizozo Village of Capitan Village of Ruidoso Village of Ruidoso Downs
Responsible party	City of Alamogordo	
Description	To establish, finance and operate the Otero/Lincoln County Regional landfill.	
Terms of agreement	Perpetual	
Amount of project	Unknown	
County contributions	100% of Environmental Services Gross Receipts Tax	
Audit responsibility	City of Alamogordo	

NOTE 12. Landfill Closure Costs – Dog Canyon Landfill

The County entered into a joint powers agreement with the City of Alamogordo to participate in the closure of the Dog Canyon Landfill. The City of Alamogordo is responsible for 75% of the closure and post-closure costs and the County is responsible for 25%. State and Federal laws and regulations require the County to place a final cover on the landfill. This was completed on August 2, 2000, however, there have been problems with the cap and the County is working with the contractor to correct the problems. During the current year, the capping problems were corrected. Certain maintenance and monitoring functions at the landfill site must be continued for thirty years after closure. The total liability for landfill closure and post-closure care has been estimated at \$288,420 as of June 30, 2002. However, the actual cost of closure and post-closure care may vary due to inflation, changes in technology, or changes in landfill laws and regulations.

The County is required by State and Federal laws and regulations to make annual contributions to closure and post-closure care. The County and the City of Alamogordo have currently funded closure and post-closure costs in the amount of \$273,201. Remaining costs will be funded as current expenditures in future years.

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2008

NOTE 13. Otero/Lincoln County Regional Landfill

During the 1993-1994 fiscal years the County entered into a joint powers agreement for the operation of a regional landfill. The following entities represent the signers of this agreement:

Otero County:

City of Alamogordo
Otero County
Village of Cloudcroft
Village of Tularosa

Lincoln County:

Lincoln County
Town of Carrizozo
Village of Capitan
Village of Ruidoso
Village of Ruidoso Downs
Village of Corona

The purpose of the joint venture was to establish, finance and operate the Otero/Lincoln County Regional Landfill. Each of the governmental entities has pledged their respective environmental services gross receipts tax revenues as financial support for the purpose of funding the acquisition of capital assets necessary for the operation of the landfill. The Otero and Lincoln County authorities have also agreed to a 50-50 joint ownership and operation of this enterprise.

It was mutually agreed and covenanted between the entities that:

1. The facility shall be known as the Otero/Lincoln County Regional Landfill;
2. Each entity designated the City of Alamogordo to act as the administrator to issue bonds and pledge the environmental services gross receipts tax revenues of each respective governmental entity as well as the operating revenues of the landfill to service the bonds and operate the landfill;
3. Title to the facility shall be held in undivided-joint tenancy between the Otero and Lincoln Solid Waste Authorities;
4. The entities, through their respective Otero or Lincoln County Authorities, shall be joint owners of a co-equal undivided one-half interest in the assets and also shall be equally responsible for the debt;
5. The entities each agree to maintain an irrevocable, first, but not exclusive, pledge of 100% of their environmental gross receipts tax revenues for the life of the bond issue used for permanent financing;
6. The entities agree that tipping fees collected shall be used to pay principal and interest on the bonds and that the fee established shall be adequate to meet operations, maintenance and financing requirements;
7. The entities agree that the City of Alamogordo shall annually prepare a budget that shall be approved by the Otero and Lincoln County Solid Waste Authorities. Thereafter, the City will operate the Landfill in accordance with good business practice;
8. The governmental entities authorize the exercise of the following joint powers by the City of Alamogordo, acting as agent on their behalf:
 1. In accordance with the approved budget, to acquire, cause to be acquired and maintain the necessary property, equipment and personnel for the landfill.
 2. To approve the issuance of revenue bonds
 3. To enter into agreements for the services of managers, attorneys, appraisers, consultants and employees
 4. To implement adopted policies regarding fees, rates and charges.
9. The landfill shall be a joint venture of the entities acting in a proprietary capacity;
10. Annually, the City of Alamogordo will provide a complete financial report on the operation to each participating entity; and
11. The terms of this agreement are perpetual.

The City of Alamogordo reports the joint venture above as a discretely presented component unit on its annual financial report. During the year ended June 30, 2007, the County paid \$217,440 in Environmental Services Gross Receipts Taxes to the City of Alamogordo as per the agreement. The landfill's fees, however, were enough to meet the expenses of the landfill and the City of Alamogordo refunded all of these gross receipts taxes to the County.

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2008

NOTE 14. Federal and State Grants

Otero County participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, Otero County may be required to reimburse the grantor government. As of June 30, 2008, significant amounts of grant expenditures have not been audited by the grantor agencies. Management believes that any disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of Otero County.

NOTE 15. Contingent Liabilities

The County is party to various claims and lawsuits arising in the normal course of business. The County is insured through the New Mexico County Insurance Authority. In the opinion of management, the outcome of these matters will not have a material effect on the financial position of the County.

NOTE 16. Commitments

The County's commitments as of June 30, 2008 are as follows:

<u>Construction Project</u>	<u>Contractor</u>	<u>Contract Amount</u>	<u>Remaining Amount</u>
Detention Center	Gentry	\$233,333	\$233,333
Oro Vista Fire Station	National Const.	\$406,200	\$286,500
Armed Forces	Jack Wayte	\$149,995	\$149,995

See Schedule VI in the supplementary information for a detailed presentation of the amounts remaining for the County's legislative capital outlay grants.

SUPPLEMENTARY INFORMATION

(This page intentionally left blank)

NONMAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
Otero County
Nonmajor Governmental Funds
June 30, 2008

Special Revenue Funds:

DWI Fund – In accordance with NMSA Section 11-6A-1/5 – This fund is to account for funding restricted for the following:

1. Coordination and planning for DWI prevention and evaluation
2. Prosecution and intensive probation supervision
3. Screening and assessment

Southwest Border Prosecution Fund – The County receives monies from the U.S. Department of Justice for participation in the prosecution of various offenders involving federal and state criminal offenses. These funds are used for prosecution activities. Authorization is a contract with the Department of Justice.

Water Planning Fund – Program to develop a forty year water need and source plan to the Tularosa Basin and adjacent regions. The program is funded by a consortium of state, county and city government contributions. Funding sources limit use. As such, special revenue has been established.

Landfill Closure Fund – In accordance with New Mexico Solid Waste Act Section 7-9-40. This fund is to account for a state grant to fund costs relating to the final closure of Dog Canyon Landfill.

C.O.P.S. Grant Fund – To account for a grant from the Department of Justice. Funding is provided by the Anti-Drug Abuse Act of 1988, Public Law 100-690.

Property Valuation Fund – To account for funds used to provide valuation services to the County. The Fund was created under the authority of NMSA Section 7-38-38.1.

Clerk's Equipment Fund – To account for revenues and expenditures for equipment for the Clerk's office. The fund is authorized under Section 14-8-2.2 NMSA 1978.

Farm and Range Fund – To account for the operations and maintenance of county roads and predatory animal control. Financing is provided by the County's share of grazing fees under the authority of NMSA 1978 Section 6-11-6.

Recreation Fund – To account for expenditures for recreational purposes in the County. Funding is provided by a cigarette tax levy Authority NMSA 1978 7-12-1 and 7-12-15.

Law Enforcement Protection Fund – To account for grant funds used for maintenance and development of the County's sheriff office. Funding authority is NMSA 29-13-1.

Hazard Mitigation-2002 and 2003 Funds – To account for expenditures under New Mexico Energy, Minerals and Natural Resources contract 02-521-0463-112.

EMS Fund – To account for grant monies restricted to expenditures for improvement and operations of emergency medical services. Source of funds is the State of New Mexico Health and Environment Department Emergency Medical Services Bureau. Authority is NMSA 24-10A to 24-10A-10.

Environmental Gross Receipts Tax Fund – To account for a gross receipts tax imposed to fund environmental activities, mainly sanitary landfill closure and disposal of solid waste. Authority is NMSA 1978 7-20E-17.

Indigent Fund – To cover local hospital care and/or ambulance service for qualifying indigent residents of Otero County in an amount not to exceed \$10,000 per applicant per claim. In the event the fund has not exceeded its budgeted allotment for indigent care at the end of a fiscal year, the fund may expend more than \$10,000 for any one applicant, and may also pay for hospital services provided to qualified Otero County residents at an out-of-town facility. Funding is provided by one-eighth cent attachment to local gross receipts tax rate. Authority is NMSA Section 7029E-9.

STATE OF NEW MEXICO
Otero County
Nonmajor Governmental Funds
June 30, 2008

Special Revenue Funds (continued):

Domestic Violence Grant – To account for a grant to prevent domestic violence. Authority is grant 2002 WFB x-00-57.

Sheriff's Covert Activity Fund – To account for monies received by the Sheriff's department for forfeiture of cash that results from the auction of seized property and judgments handed down in drug cases. Authorization is commission motion.

HIDTA Grant Fund – To account for a grant from the Department of Justice to combat drug trafficking in a high intensity drug trafficking area. Authorization is a grant from the Department of Justice.

County Partnership Fund –To account for revenues and expenditures for miscellaneous classes and professional education for the County. Funding authority is set forth by the County Commission.

CDBG Comprehensive Plan Fund – To account for monies received through a Community Development Block Grant to make improvements for the County's storm drainage system. Authority is CDBG grant #07-C-RS-I-1-G.

Debt Service Fund:

Debt Service Fund - To account for the accumulation of resources for, and the payment of, general long-term principal, interest and related costs of general obligation bonds. The primary source of revenue is property taxes. The authorization is the bond ordinance.

Capital Projects Funds

Legislative Grants Fund - To account for revenues and expenditures of various State appropriations. Majority of monies received are for equipment and vehicles for the various fire departments throughout the County.

Building Improvements Fund – To account for improvements made to various buildings throughout the County. Funding authority is set forth by the County Commission.

(This page intentionally left blank)

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

STATE OF NEW MEXICO
Otero County
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2008

	Special Revenue			
	DWI Fund	Southwest Border Prosecution Fund	Water Planning Fund	Landfill Closure Fund
<i>Assets</i>				
Cash and cash equivalents	\$ 77,056	\$ 261,197	\$ 5,096	\$ 92,914
Receivables:				
Property taxes	-	-	-	-
Other taxes	-	-	-	-
Other receivables	10,557	-	-	-
<i>Total assets</i>	\$ 87,613	\$ 261,197	\$ 5,096	\$ 92,914
<i>Liabilities</i>				
Accounts payable	\$ 365	\$ 1,799	\$ -	\$ 7,020
Accrued payroll expenses	6,846	-	-	-
Deferred revenue	-	-	-	-
<i>Total liabilities</i>	7,211	1,799	-	7,020
<i>Fund balances</i>				
Reserved for subsequent year's expenditures	-	171,197	4,906	27,000
Unreserved, reported in:				
Special revenue	80,402	88,201	190	58,894
Debt service	-	-	-	-
Capital projects	-	-	-	-
<i>Total fund balances</i>	80,402	259,398	5,096	85,894
<i>Total liabilities and fund balances</i>	\$ 87,613	\$ 261,197	\$ 5,096	\$ 92,914

The accompanying notes are an integral part of these financial statements

Special Revenue

C.O.P.S. Grant Fund	Property Valuation Fund	Clerk's Equipment Fund	Farm and Range Fund	Recreation Fund	Law Enforcement Protection Fund
\$ 2,962	\$ 310,456	\$ 113,193	\$ 47,359	\$ 12,887	\$ 24,181
-	-	-	-	-	-
-	-	-	-	191	-
-	-	-	-	-	-
<u>\$ 2,962</u>	<u>\$ 310,456</u>	<u>\$ 113,193</u>	<u>\$ 47,359</u>	<u>\$ 13,078</u>	<u>\$ 24,181</u>
\$ -	\$ 416	\$ 26,812	\$ -	\$ 317	\$ -
-	6,700	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>7,116</u>	<u>26,812</u>	<u>-</u>	<u>317</u>	<u>-</u>
2,962	93,684	57,672	-	9,300	24,181
-	209,656	28,709	47,359	3,461	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,962</u>	<u>303,340</u>	<u>86,381</u>	<u>47,359</u>	<u>12,761</u>	<u>24,181</u>
<u>\$ 2,962</u>	<u>\$ 310,456</u>	<u>\$ 113,193</u>	<u>\$ 47,359</u>	<u>\$ 13,078</u>	<u>\$ 24,181</u>

STATE OF NEW MEXICO
Otero County
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2008

	Special Revenue			
	Hazard Mitigation-2003 Fund	Hazard Mitigation-2002 Fund	EMS Fund	Environmental Gross Receipts Tax Fund
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ 173,399	\$ 49,343	\$ 387
Receivables:				
Property taxes	-	-	-	-
Other taxes	-	-	-	19,481
Other receivables	-	-	-	59,756
<i>Total assets</i>	\$ -	\$ 173,399	\$ 49,343	\$ 79,624
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 8,211	\$ 4,063	\$ 9,017
Accrued payroll expenses	-	-	-	-
Deferred revenue	-	-	-	-
<i>Total liabilities</i>	-	8,211	4,063	9,017
<i>Fund balances</i>				
Reserved for subsequent year's expenditures	-	-	49,343	-
Unreserved, reported in:				
Special revenue	-	165,188	(4,063)	70,607
Debt service	-	-	-	-
Capital projects	-	-	-	-
<i>Total fund balances</i>	-	165,188	45,280	70,607
<i>Total liabilities and fund balances</i>	\$ -	\$ 173,399	\$ 49,343	\$ 79,624

The accompanying notes are an integral part of these financial statements

Special Revenue

Indigent Fund	Domestic Violence Grant Fund	Sheriff's Covert Activity Fund	HIDTA Grant Fund	County Partnership Fund	CDBG Comprehensive Plan
\$ 1,023,730	\$ 2,518	\$ 28,869	\$ 62,042	\$ 349	\$ 33,773
-	-	-	-	-	-
81,793	-	-	-	-	-
-	-	-	-	-	3,929
<u>\$ 1,105,523</u>	<u>\$ 2,518</u>	<u>\$ 28,869</u>	<u>\$ 62,042</u>	<u>\$ 349</u>	<u>\$ 37,702</u>
\$ 286	\$ -	\$ -	\$ -	\$ -	\$ -
3,476	-	-	10,159	-	-
-	-	-	-	-	-
<u>3,762</u>	<u>-</u>	<u>-</u>	<u>10,159</u>	<u>-</u>	<u>-</u>
275,403	2,518	-	60,809	349	33,773
826,358	-	28,869	(8,926)	-	3,929
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,101,761</u>	<u>2,518</u>	<u>28,869</u>	<u>51,883</u>	<u>349</u>	<u>37,702</u>
<u>\$ 1,105,523</u>	<u>\$ 2,518</u>	<u>\$ 28,869</u>	<u>\$ 62,042</u>	<u>\$ 349</u>	<u>\$ 37,702</u>

(This page intentionally left blank)

STATE OF NEW MEXICO
Otero County
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2008

	Debt Service	Capital Projects		Total Nonmajor Governmental Funds
	Debt Service Fund	Legislative Grants Fund	Building Improvements	
<i>Assets</i>				
Cash and cash equivalents	\$ 935,159	\$ 282,535	\$ 8,057	\$ 3,547,462
Receivables:				
Property taxes	76,247	-	-	76,247
Other taxes	-	-	-	101,465
Other receivables	-	126,683	-	200,925
<i>Total assets</i>	<u>\$ 1,011,406</u>	<u>\$ 409,218</u>	<u>\$ 8,057</u>	<u>\$ 3,926,099</u>
<i>Liabilities</i>				
Accounts payable	-	32,515	-	90,821
Accrued payroll expenses	-	-	-	27,181
Deferred revenue	60,649	-	-	60,649
<i>Total liabilities</i>	<u>60,649</u>	<u>32,515</u>	<u>-</u>	<u>178,651</u>
<i>Fund balances</i>				
Reserved for subsequent year's expenditures	421,963	-	8,057	\$ 1,243,117
Unreserved, reported in:				-
Special revenue	-	-	-	1,598,834
Debt service	528,794	-	-	528,794
Capital projects	-	376,703	-	376,703
<i>Total fund balances</i>	<u>950,757</u>	<u>376,703</u>	<u>8,057</u>	<u>3,747,448</u>
<i>Total liabilities and fund balances</i>	<u>\$ 1,011,406</u>	<u>\$ 409,218</u>	<u>\$ 8,057</u>	<u>\$ 3,926,099</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Otero County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2008

	Special Revenue			
	DWI Fund	Southwest Border Prosecution Fund	Water Planning Fund	Landfill Closure Fund
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	52,547	145,362	-	-
State capital grants	-	-	-	-
Charges for services	245,797	-	-	-
Licenses and fees	28,782	-	-	-
Investment income	-	-	190	3,639
Miscellaneous	2,805	-	-	-
<i>Total revenues</i>	<u>329,931</u>	<u>145,362</u>	<u>190</u>	<u>3,639</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	337,718	39,523	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	15,888
Capital outlay	-	89,204	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>337,718</u>	<u>128,727</u>	<u>-</u>	<u>15,888</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(7,787)</u>	<u>16,635</u>	<u>190</u>	<u>(12,249)</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	(81,910)	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(81,910)</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	(7,787)	(65,275)	190	(12,249)
<i>Fund balances - beginning of year</i>	<u>88,189</u>	<u>324,673</u>	<u>4,906</u>	<u>98,143</u>
<i>Fund balances - end of year</i>	<u>\$ 80,402</u>	<u>\$ 259,398</u>	<u>\$ 5,096</u>	<u>\$ 85,894</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

C.O.P.S. Grant Fund	Property Valuation Fund	Clerk's Equipment Fund	Farm and Range Fund	Recreation Fund	Law Enforcement Protection
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	1,820	-
-	-	-	-	-	-
-	-	-	18,981	-	49,200
-	-	-	-	-	-
-	204,350	-	-	-	-
-	-	49,788	-	-	-
-	-	-	857	-	-
-	-	-	-	-	-
-	204,350	49,788	19,838	1,820	49,200
-	201,322	78,403	-	-	-
59,350	-	-	-	-	6,913
-	-	-	-	-	-
-	-	-	-	4,421	-
-	-	-	14,999	-	-
-	1,388	7,582	-	-	24,918
-	-	-	-	-	-
-	-	-	-	-	-
59,350	202,710	85,985	14,999	4,421	31,831
(59,350)	1,640	(36,197)	4,839	(2,601)	17,369
55,000	95,701	-	-	-	-
-	-	-	-	-	-
55,000	95,701	-	-	-	-
(4,350)	97,341	(36,197)	4,839	(2,601)	17,369
7,312	205,999	122,578	42,520	15,362	6,812
\$ 2,962	\$ 303,340	\$ 86,381	\$ 47,359	\$ 12,761	\$ 24,181

STATE OF NEW MEXICO
Otero County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2008

	Special Revenue			
	Hazard Mitigation-2003 Fund	Hazard Mitigation-2002 Fund	EMS Fund	Environmental Gross Receipts Tax Fund
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	343,193
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	900,653	-	-
State operating grants	-	55,958	131,835	-
State capital grants	-	-	-	-
Charges for services	-	-	-	386,518
Licenses and fees	-	-	-	-
Investment income	-	-	-	3,060
Miscellaneous	-	-	561	24,854
<i>Total revenues</i>	<u>-</u>	<u>956,611</u>	<u>132,396</u>	<u>757,625</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	771,587	126,261	1,035,912
Capital outlay	-	-	20,072	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>771,587</u>	<u>146,333</u>	<u>1,035,912</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>185,024</u>	<u>(13,937)</u>	<u>(278,287)</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	344,000
Transfers out	(25,830)	-	-	-
<i>Total other financing sources (uses)</i>	<u>(25,830)</u>	<u>-</u>	<u>-</u>	<u>344,000</u>
<i>Net change in fund balances</i>	(25,830)	185,024	(13,937)	65,713
<i>Fund balances - beginning of year</i>	<u>25,830</u>	<u>(19,836)</u>	<u>59,217</u>	<u>4,894</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ 165,188</u>	<u>\$ 45,280</u>	<u>\$ 70,607</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Indigent Fund	Domestic Violence Grant Fund	Sheriff's Covert Activity Fund	HIDTA Grant Fund	County Partnership Fund	CDBG Comprehensive Plan
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,716,652	-	-	-	-	-
-	-	-	-	-	-
-	-	-	256,189	-	-
-	2,005	-	-	-	3,929
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
36,518	-	52	-	-	-
6,416	-	62,421	-	-	-
<u>1,759,586</u>	<u>2,005</u>	<u>62,473</u>	<u>256,189</u>	<u>-</u>	<u>3,929</u>
-	-	-	-	-	5,029
-	59,096	109,886	302,305	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,549,042	-	-	-	-	-
-	-	-	35,843	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,549,042</u>	<u>59,096</u>	<u>109,886</u>	<u>338,148</u>	<u>-</u>	<u>5,029</u>
<u>210,544</u>	<u>(57,091)</u>	<u>(47,413)</u>	<u>(81,959)</u>	<u>-</u>	<u>(1,100)</u>
-	45,000	-	50,000	-	38,802
<u>(110,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(110,000)</u>	<u>45,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>38,802</u>
100,544	(12,091)	(47,413)	(31,959)	-	37,702
<u>1,001,217</u>	<u>14,609</u>	<u>76,282</u>	<u>83,842</u>	<u>349</u>	<u>-</u>
<u>\$ 1,101,761</u>	<u>\$ 2,518</u>	<u>\$ 28,869</u>	<u>\$ 51,883</u>	<u>\$ 349</u>	<u>\$ 37,702</u>

(This page intentionally left blank)

STATE OF NEW MEXICO
Otero County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2008

Statement A-2
Page 3 of 3

	Debt Service	Capital Projects		Total Nonmajor Governmental Funds
	Debt Service Fund	Legislative Grants Fund	Building Improvements	
<i>Revenues:</i>				
Taxes:				
Property	\$ 795,272	\$ -	\$ -	\$ 795,272
Gross receipts	-	-	-	2,059,845
Other	-	-	-	1,820
Intergovernmental:				
Federal operating grants	-	-	-	1,156,842
State operating grants	-	-	-	459,817
State capital grants	-	1,888,088	-	1,888,088
Charges for services	-	-	-	836,665
Licenses and fees	-	-	-	78,570
Investment income	20,502	-	-	64,818
Miscellaneous	-	-	-	97,057
<i>Total revenues</i>	815,774	1,888,088	-	7,438,794
<i>Expenditures:</i>				
Current:				
General government	-	-	-	284,754
Public safety	-	-	-	914,791
Public works	-	1,139,472	-	1,139,472
Culture and recreation	-	695,123	-	699,544
Health and welfare	-	-	-	3,513,689
Capital outlay	-	-	31,556	210,563
Debt service:				
Principal	650,000	-	-	650,000
Interest	55,518	-	-	55,518
<i>Total expenditures</i>	705,518	1,834,595	31,556	7,468,331
<i>Excess (deficiency) of revenues over expenditures</i>	110,256	53,493	(31,556)	(29,537)
<i>Other financing sources (uses)</i>				
Transfers in	-	-	39,613	668,116
Transfers out	-	(25,000)	-	(242,740)
<i>Total other financing sources (uses)</i>	-	(25,000)	39,613	425,376
<i>Net change in fund balances</i>	110,256	28,493	8,057	395,839
<i>Fund balances - beginning of year</i>	840,501	348,210	-	3,351,609
<i>Fund balances - end of year</i>	\$ 950,757	\$ 376,703	\$ 8,057	\$ 3,747,448

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-1

Otero County

DWI Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	45,000	45,000	41,990	(3,010)
State capital grants	-	-	-	-
Charges for services	281,091	281,091	245,797	(35,294)
Licenses and fees	26,500	26,500	28,782	2,282
Investment income	-	-	-	-
Miscellaneous	-	-	2,805	2,805
<i>Total revenues</i>	<u>352,591</u>	<u>352,591</u>	<u>319,374</u>	<u>(33,217)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	387,338	387,338	336,007	51,331
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>387,338</u>	<u>387,338</u>	<u>336,007</u>	<u>51,331</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(34,747)</u>	<u>(34,747)</u>	<u>(16,633)</u>	<u>18,114</u>
<i>Other financing sources (uses)</i>				
Designated cash	34,747	34,747	-	(34,747)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>34,747</u>	<u>34,747</u>	<u>-</u>	<u>(34,747)</u>
<i>Net change in fund balance</i>	-	-	(16,633)	(16,633)
<i>Fund balance - beginning of year</i>	-	-	93,689	93,689
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,056</u>	<u>\$ 77,056</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (16,633)
Adjustments to revenue for other receivables				10,557
Adjustments to expenditures for accounts payable and accrued payroll expenses				(1,711)
Net change in fund balance (GAAP)				<u>\$ (7,787)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-2

Otero County

Southwest Border Prosecution Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	80,000	80,000	177,973	97,973
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>80,000</u>	<u>80,000</u>	<u>177,973</u>	<u>97,973</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	55,602	55,602	37,724	17,878
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	155,550	155,550	89,204	66,346
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>211,152</u>	<u>211,152</u>	<u>126,928</u>	<u>84,224</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(131,152)</u>	<u>(131,152)</u>	<u>51,045</u>	<u>182,197</u>
<i>Other financing sources (uses)</i>				
Designated cash	131,152	131,152	-	(131,152)
Transfers in	-	-	-	-
Transfers out	81,910	(81,910)	(81,910)	-
<i>Total other financing sources (uses)</i>	<u>213,062</u>	<u>49,242</u>	<u>(81,910)</u>	<u>(131,152)</u>
<i>Net change in fund balance</i>	81,910	(81,910)	(30,865)	51,045
<i>Fund balance - beginning of year</i>	-	-	292,062	292,062
<i>Fund balance - end of year</i>	<u>\$ 81,910</u>	<u>\$ (81,910)</u>	<u>\$ 261,197</u>	<u>\$ 343,107</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (30,865)
Adjustments to revenue for other receivables				(32,611)
Adjustments to expenditures for accounts payable				(1,799)
Net change in fund balance (GAAP)				<u>\$ (65,275)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-3

Otero County

Water Planning Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	200	200	190	(10)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>200</u>	<u>200</u>	<u>190</u>	<u>(10)</u>
<i>Expenditures:</i>				
Current:				
General government	5,106	5,106	-	5,106
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>5,106</u>	<u>5,106</u>	<u>-</u>	<u>5,106</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(4,906)</u>	<u>(4,906)</u>	<u>190</u>	<u>5,096</u>
<i>Other financing sources (uses)</i>				
Designated cash	4,906	4,906	-	(4,906)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>4,906</u>	<u>4,906</u>	<u>-</u>	<u>(4,906)</u>
<i>Net change in fund balance</i>	-	-	190	190
<i>Fund balance - beginning of year</i>	-	-	4,906	4,906
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,096</u>	<u>\$ 5,096</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 190
No adjustments to revenue				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ 190</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-4

Otero County

Landfill Closure Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	5,000	5,000	3,639	(1,361)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>5,000</u>	<u>5,000</u>	<u>3,639</u>	<u>(1,361)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	30,000	30,000	8,868	21,132
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>30,000</u>	<u>30,000</u>	<u>8,868</u>	<u>21,132</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(25,000)</u>	<u>(25,000)</u>	<u>(5,229)</u>	<u>19,771</u>
<i>Other financing sources (uses)</i>				
Designated cash	25,000	25,000	-	(25,000)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>
<i>Net change in fund balance</i>	-	-	(5,229)	(5,229)
<i>Fund balance - beginning of year</i>	-	-	98,143	98,143
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,914</u>	<u>\$ 92,914</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (5,229)
No adjustments to revenue				-
Adjustments to expenditures for accounts payable				(7,020)
Net change in fund balance (GAAP)				<u>\$ (12,249)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-5

Otero County

C.O.P.S. Grant Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	63,864	63,864	61,092	2,772
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>63,864</u>	<u>63,864</u>	<u>61,092</u>	<u>2,772</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(63,864)</u>	<u>(63,864)</u>	<u>(61,092)</u>	<u>2,772</u>
<i>Other financing sources (uses)</i>				
Designated cash	8,864	8,864	-	(8,864)
Transfers in	55,000	55,000	55,000	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>63,864</u>	<u>63,864</u>	<u>55,000</u>	<u>(8,864)</u>
<i>Net change in fund balance</i>	-	-	(6,092)	(6,092)
<i>Fund balance - beginning of year</i>	-	-	9,054	9,054
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,962</u>	<u>\$ 2,962</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (6,092)
No adjustments to revenue				-
Adjustments to expenditures for accrued payroll expenses				1,742
Net change in fund balance (GAAP)				<u>\$ (4,350)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-6

Otero County

Property Valuation Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	170,000	170,000	204,350	34,350
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>170,000</u>	<u>170,000</u>	<u>204,350</u>	<u>34,350</u>
<i>Expenditures:</i>				
Current:				
General government	357,429	357,429	200,132	157,297
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	1,400	1,400	1,388	12
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>358,829</u>	<u>358,829</u>	<u>201,520</u>	<u>157,309</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(188,829)</u>	<u>(188,829)</u>	<u>2,830</u>	<u>191,659</u>
<i>Other financing sources (uses)</i>				
Designated cash	93,128	93,128	-	(93,128)
Transfers in	95,701	95,701	95,701	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>188,829</u>	<u>188,829</u>	<u>95,701</u>	<u>(93,128)</u>
<i>Net change in fund balance</i>	-	-	98,531	98,531
<i>Fund balance - beginning of year</i>	-	-	211,925	211,925
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 310,456</u>	<u>\$ 310,456</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 98,531
No adjustments to revenue				-
Adjustments to expenditures for accounts payable and accrued payroll expenses				(1,190)
Net change in fund balance (GAAP)				<u>\$ 97,341</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-7

Otero County

Clerk's Equipment Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	55,000	55,000	49,788	(5,212)
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>55,000</u>	<u>55,000</u>	<u>49,788</u>	<u>(5,212)</u>
<i>Expenditures:</i>				
Current:				
General government	83,000	83,000	51,591	31,409
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	14,000	14,000	7,582	6,418
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>97,000</u>	<u>97,000</u>	<u>59,173</u>	<u>37,827</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(42,000)</u>	<u>(42,000)</u>	<u>(9,385)</u>	<u>32,615</u>
<i>Other financing sources (uses)</i>				
Designated cash	42,000	42,000	-	(42,000)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>42,000</u>	<u>42,000</u>	<u>-</u>	<u>(42,000)</u>
<i>Net change in fund balance</i>	-	-	(9,385)	(9,385)
<i>Fund balance - beginning of year</i>	-	-	122,578	122,578
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,193</u>	<u>\$ 113,193</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (9,385)
No adjustments to revenue				-
Adjustments to expenditures for accounts payable				(26,812)
Net change in fund balance (GAAP)				<u>\$ (36,197)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-8

Otero County

Farm and Range Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	15,000	15,000	18,981	3,981
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	1,000	1,000	857	(143)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>16,000</u>	<u>16,000</u>	<u>19,838</u>	<u>3,838</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	15,000	15,000	14,999	1
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>15,000</u>	<u>15,000</u>	<u>14,999</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,000</u>	<u>1,000</u>	<u>4,839</u>	<u>3,839</u>
<i>Other financing sources (uses)</i>				
Designated cash	(1,000)	(1,000)	-	1,000
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>	<u>1,000</u>
<i>Net change in fund balance</i>	-	-	4,839	4,839
<i>Fund balance - beginning of year</i>	-	-	42,520	42,520
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,359</u>	<u>\$ 47,359</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 4,839
No adjustments to revenue				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ 4,839</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-9

Otero County

Recreation Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	(700)	(700)	1,629	2,329
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	(700)	(700)	-	700
<i>Total revenues</i>	<u>(1,400)</u>	<u>(1,400)</u>	<u>1,629</u>	<u>3,029</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	7,522	7,522	4,104	3,418
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>7,522</u>	<u>7,522</u>	<u>4,104</u>	<u>3,418</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(8,922)</u>	<u>(8,922)</u>	<u>(2,475)</u>	<u>6,447</u>
<i>Other financing sources (uses)</i>				
Designated cash	8,922	8,922	-	(8,922)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>8,922</u>	<u>8,922</u>	<u>-</u>	<u>(8,922)</u>
<i>Net change in fund balance</i>	-	-	(2,475)	(2,475)
<i>Fund balance - beginning of year</i>	-	-	15,362	15,362
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,887</u>	<u>\$ 12,887</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (2,475)
Adjustments to revenue for other taxes receivable				191
Adjustments to expenditures for accounts payable				(317)
Net change in fund balance (GAAP)				<u>\$ (2,601)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-10

Otero County

Law Enforcement Protection Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	48,600	49,200	49,200	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>48,600</u>	<u>49,200</u>	<u>49,200</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	6,913	6,913	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	55,412	49,099	24,918	24,181
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>55,412</u>	<u>56,012</u>	<u>31,831</u>	<u>24,181</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(6,812)</u>	<u>(6,812)</u>	<u>17,369</u>	<u>24,181</u>
<i>Other financing sources (uses)</i>				
Designated cash	6,812	6,812	-	(6,812)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>6,812</u>	<u>6,812</u>	<u>-</u>	<u>(6,812)</u>
<i>Net change in fund balance</i>	-	-	17,369	17,369
<i>Fund balance - beginning of year</i>	-	-	6,812	6,812
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,181</u>	<u>\$ 24,181</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 17,369
No adjustments to revenue				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ 17,369</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-11

Otero County

Hazard Mitigation-2003 Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(25,830)	(25,830)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(25,830)</u>	<u>(25,830)</u>
<i>Net change in fund balance</i>	-	-	(25,830)	(25,830)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>25,830</u>	<u>25,830</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (25,830)
No adjustments to revenue				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ (25,830)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-12

Otero County

Hazard Mitigation-2002 Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	1,071,838	1,215,838	900,653	(315,185)
State operating grants	198,000	490,532	55,958	(434,574)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,269,838</u>	<u>1,706,370</u>	<u>956,611</u>	<u>(749,759)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	1,082,054	1,528,638	792,176	736,462
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,082,054</u>	<u>1,528,638</u>	<u>792,176</u>	<u>736,462</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>187,784</u>	<u>177,732</u>	<u>164,435</u>	<u>(13,297)</u>
<i>Other financing sources (uses)</i>				
Designated cash	(141,037)	(140,985)	-	140,985
Transfers in	-	-	-	-
Transfers out	(46,747)	(36,747)	-	36,747
<i>Total other financing sources (uses)</i>	<u>(187,784)</u>	<u>(177,732)</u>	<u>-</u>	<u>177,732</u>
<i>Net change in fund balance</i>	-	-	164,435	164,435
<i>Fund balance - beginning of year</i>	-	-	8,964	8,964
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 173,399</u>	<u>\$ 173,399</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 164,435
No adjustments to revenue				-
Adjustments to expenditures for accounts payable				20,589
Net change in fund balance (GAAP)				<u>\$ 185,024</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-13

Otero County

EMS Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	129,197	131,835	131,835	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	561	561
<i>Total revenues</i>	<u>129,197</u>	<u>131,835</u>	<u>132,396</u>	<u>561</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	179,399	170,805	122,198	48,607
Capital outlay	9,016	20,247	20,072	175
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>188,415</u>	<u>191,052</u>	<u>142,270</u>	<u>48,782</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(59,218)</u>	<u>(59,217)</u>	<u>(9,874)</u>	<u>49,343</u>
<i>Other financing sources (uses)</i>				
Designated cash	59,218	59,217	-	(59,217)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>59,218</u>	<u>59,217</u>	<u>-</u>	<u>(59,217)</u>
<i>Net change in fund balance</i>	-	-	(9,874)	(9,874)
<i>Fund balance - beginning of year</i>	-	-	59,217	59,217
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,343</u>	<u>\$ 49,343</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (9,874)
No adjustments to revenue				-
Adjustments to expenditures for accounts payable				(4,063)
Net change in fund balance (GAAP)				<u>\$ (13,937)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-14

Otero County

Environmental Gross Receipts Tax Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	265,000	369,000	348,651	(20,349)
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	265,000	265,000	370,164	105,164
Licenses and fees	-	-	-	-
Investment income	2,500	2,500	3,060	560
Miscellaneous	45,000	45,000	18,695	(26,305)
<i>Total revenues</i>	<u>577,500</u>	<u>681,500</u>	<u>740,570</u>	<u>59,070</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	1,027,231	1,131,231	1,089,703	41,528
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,027,231</u>	<u>1,131,231</u>	<u>1,089,703</u>	<u>41,528</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(449,731)</u>	<u>(449,731)</u>	<u>(349,133)</u>	<u>100,598</u>
<i>Other financing sources (uses)</i>				
Designated cash	(269)	(269)	-	269
Transfers in	450,000	450,000	344,000	(106,000)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>449,731</u>	<u>449,731</u>	<u>344,000</u>	<u>(105,731)</u>
<i>Net change in fund balance</i>	-	-	(5,133)	(5,133)
<i>Fund balance - beginning of year</i>	-	-	5,520	5,520
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 387</u>	<u>\$ 387</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (5,133)
Adjustments to revenue for other taxes receivable and other receivables				17,055
Adjustments to expenditures for accounts payable				53,791
Net change in fund balance (GAAP)				<u>\$ 65,713</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-15

Otero County

Indigent Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	1,500,000	1,500,000	1,149,457	(350,543)
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	45,000	45,000	36,518	(8,482)
Miscellaneous	-	-	6,416	6,416
<i>Total revenues</i>	<u>1,545,000</u>	<u>1,545,000</u>	<u>1,192,391</u>	<u>(352,609)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	1,518,197	1,539,932	1,057,497	482,435
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,518,197</u>	<u>1,539,932</u>	<u>1,057,497</u>	<u>482,435</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>26,803</u>	<u>5,068</u>	<u>134,894</u>	<u>129,826</u>
<i>Other financing sources (uses)</i>				
Designated cash	243,197	264,932	-	(264,932)
Transfers in	-	-	-	-
Transfers out	(270,000)	(270,000)	(110,000)	160,000
<i>Total other financing sources (uses)</i>	<u>(26,803)</u>	<u>(5,068)</u>	<u>(110,000)</u>	<u>(104,932)</u>
<i>Net change in fund balance</i>	-	-	24,894	24,894
<i>Fund balance - beginning of year</i>	-	-	998,836	998,836
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,023,730</u>	<u>\$ 1,023,730</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 24,894
Adjustments to revenue for other taxes receivable and intercepted medicaid gross receipt tax				567,195
Adjustments to expenditures for accounts payables, accrued payroll expenses and medicaid				(491,545)
Net change in fund balance (GAAP)				<u>\$ 100,544</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-16

Otero County

Domestic Violence Grant Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	-	-	2,005	2,005
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>2,005</u>	<u>2,005</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	61,156	61,156	61,018	138
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>61,156</u>	<u>61,156</u>	<u>61,018</u>	<u>138</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(61,156)</u>	<u>(61,156)</u>	<u>(59,013)</u>	<u>2,143</u>
<i>Other financing sources (uses)</i>				
Designated cash	16,156	16,156	-	(16,156)
Transfers in	45,000	45,000	45,000	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>61,156</u>	<u>61,156</u>	<u>45,000</u>	<u>(16,156)</u>
<i>Net change in fund balance</i>	-	-	(14,013)	(14,013)
<i>Fund balance - beginning of year</i>	-	-	16,531	16,531
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,518</u>	<u>\$ 2,518</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (14,013)
No adjustments to revenue				-
Adjustments to expenditures for accrued payroll expenses				1,922
Net change in fund balance (GAAP)				<u>\$ (12,091)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-17

Otero County

Sheriff's Covert Activity Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	52	52
Miscellaneous	344,894	344,894	62,421	(282,473)
<i>Total revenues</i>	<u>344,894</u>	<u>344,894</u>	<u>62,473</u>	<u>(282,421)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	344,894	344,894	109,886	235,008
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>344,894</u>	<u>344,894</u>	<u>109,886</u>	<u>235,008</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(47,413)</u>	<u>(47,413)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(47,413)	(47,413)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>76,282</u>	<u>76,282</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,869</u>	<u>\$ 28,869</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (47,413)
No adjustments to revenue				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ (47,413)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-18

Otero County

HIDTA Grant Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	266,975	324,878	331,620	6,742
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>266,975</u>	<u>324,878</u>	<u>331,620</u>	<u>6,742</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	386,492	408,006	303,196	104,810
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	3,699	40,088	35,843	4,245
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>390,191</u>	<u>448,094</u>	<u>339,039</u>	<u>109,055</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(123,216)</u>	<u>(123,216)</u>	<u>(7,419)</u>	<u>115,797</u>
<i>Other financing sources (uses)</i>				
Designated cash	3,216	(54,684)	-	54,684
Transfers in	120,000	177,900	50,000	(127,900)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>123,216</u>	<u>123,216</u>	<u>50,000</u>	<u>(73,216)</u>
<i>Net change in fund balance</i>	-	-	42,581	42,581
<i>Fund balance - beginning of year</i>	-	-	19,461	19,461
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,042</u>	<u>\$ 62,042</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 42,581
Adjustments to revenue for other receivables				(75,431)
Adjustments to expenditures for accrued payroll expenses				891
Net change in fund balance (GAAP)				<u>\$ (31,959)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-19

Otero County

County Partnership Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>349</u>	<u>349</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 349</u>	<u>\$ 349</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ -
No adjustments to revenue				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-20

Otero County

CDBG Comprehensive Plan Special Revenue Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental income:</i>				
Federal operating grants	-	-	-	-
State operating grants	349,215	349,215	-	(349,215)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>349,215</u>	<u>349,215</u>	<u>-</u>	<u>(349,215)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	388,017	388,017	5,029	382,988
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>388,017</u>	<u>388,017</u>	<u>5,029</u>	<u>382,988</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(38,802)</u>	<u>(38,802)</u>	<u>(5,029)</u>	<u>33,773</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	38,802	38,802	38,802	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>38,802</u>	<u>38,802</u>	<u>38,802</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	33,773	33,773
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,773</u>	<u>\$ 33,773</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 33,773
Adjustments to revenue for other receivables				3,929
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ 37,702</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-21

Otero County

Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ 640,000	\$ 640,000	\$ 779,674	\$ 139,674
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	11,000	11,000	20,502	9,502
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>651,000</u>	<u>651,000</u>	<u>800,176</u>	<u>149,176</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	650,000	650,000	650,000	-
Interest	55,519	55,519	55,518	1
<i>Total expenditures</i>	<u>705,519</u>	<u>705,519</u>	<u>705,518</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(54,519)</u>	<u>(54,519)</u>	<u>94,658</u>	<u>149,177</u>
<i>Other financing sources (uses)</i>				
Designated cash	54,519	54,519	-	(54,519)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>54,519</u>	<u>54,519</u>	<u>-</u>	<u>(54,519)</u>
<i>Net change in fund balance</i>	-	-	94,658	94,658
<i>Fund balance - beginning of year</i>	-	-	840,501	840,501
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 935,159</u>	<u>\$ 935,159</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 94,658
Adjustments to revenue for property taxes receivable and deferred property tax revenue				15,598
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ 110,256</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-22

Otero County

Legislative Grants Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	7,554,296	7,977,296	2,621,548	(5,355,748)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>7,554,296</u>	<u>7,977,296</u>	<u>2,621,548</u>	<u>(5,355,748)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	6,186,728	6,609,728	1,474,784	5,134,944
Culture and recreation	965,853	965,853	912,514	53,339
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>7,152,581</u>	<u>7,575,581</u>	<u>2,387,298</u>	<u>5,188,283</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>401,715</u>	<u>401,715</u>	<u>234,250</u>	<u>(167,465)</u>
<i>Other financing sources (uses)</i>				
Designated cash	(250,715)	(250,715)	-	250,715
Transfers in	24,000	24,000	-	(24,000)
Transfers out	(175,000)	(175,000)	(25,000)	150,000
<i>Total other financing sources (uses)</i>	<u>(401,715)</u>	<u>(401,715)</u>	<u>(25,000)</u>	<u>376,715</u>
<i>Net change in fund balance</i>	-	-	209,250	209,250
<i>Fund balance - beginning of year</i>	-	-	73,285	73,285
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 282,535</u>	<u>\$ 282,535</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 209,250
Adjustments to revenue for other receivables and deferred capital grant revenue				(733,460)
Adjustments to expenditures for accounts payable				552,703
Net change in fund balance (GAAP)				<u>\$ 28,493</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-23

Otero County

Building Improvements Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	688,000	688,000	31,556	656,444
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>688,000</u>	<u>688,000</u>	<u>31,556</u>	<u>656,444</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(688,000)</u>	<u>(688,000)</u>	<u>(31,556)</u>	<u>656,444</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	688,000	688,000	39,613	(648,387)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>688,000</u>	<u>688,000</u>	<u>39,613</u>	<u>(648,387)</u>
<i>Net change in fund balance</i>	-	-	8,057	8,057
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,057</u>	<u>\$ 8,057</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 8,057
No adjustments to revenue				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ 8,057</u>

The accompanying notes are an integral part of these financial statements

SUPPORTING SCHEDULES

(This page intentionally left blank)

STATE OF NEW MEXICO
Otero County
Schedule of Collateral Pledged by Depository
For Public Funds
June 30, 2008

Schedule I

Name of Depository	Type of Collateral	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2008	Name and Location of Safekeeper
Alamogordo First National Bank						
	Note	FNMA Pool #252149	6/1/26	31371HBS6	\$ 98,477	FHLB Dallas
	Note	FHLMX Pool #G12358	5/1/21	3128M1QK8	1,016,519	FHLB Dallas
	Note	FHLMC #M30281	11/1/17	31282CJ24	143,989	FHLB Dallas
	Note	FNMA Pool #709835	11/1/17	31401SY5	508,441	FHLB Dallas
	Note	FHLMC #E01418	7/1/18	31294KSF3	476,638	FHLB Dallas
	Note	FHLMC Pool #B10680	11/1/18	312962XH1	812,910	FHLB Dallas
	Note	FNMA Pool #893271	8/1/26	31410PMU4	824,349	FHLB Dallas
		Total Alamogordo First National Bank			<u>3,881,323</u>	
Alamogordo National Bank						
	Note	FHLB		3133XGSE5	200,000	FHLB Dallas
		Total Alamogordo National Bank			<u>200,000</u>	
Western Bank						
	Note	FNMA #70864-A	9/20/27	31362TWZ2	44,103	FHLB Dallas
	Note	FNMA #70864-B	9/20/27	31362TWZ2	44,103	FHLB Dallas
	Note	GGNMA	3/20/28	36225CFW1	21,079	FHLB Dallas
	Note	GNMA	7/30/23	36202KEU5	65,517	FHLB Dallas
	Note	GNMA #80681	3/20/33	36225CXK7	61,657	FHLB Dallas
	Note	FHLMC	9/1/18	31294KTD7	207,740	FHLB Dallas
	Note	FNMA #725462	1/4/34	31402C5X6	71,082	FHLB Dallas
	Note	GNMA #080902	5/20/34	36225DAC8	158,431	FHLB Dallas
	Note	GNMA #80702	6/20/33	36225CX84	91,596	FHLB Dallas
	Note	GNMA	11/20/25	36202KWD3	31,341	FHLB Dallas
	Note	GNMA	12/20/28	36225CHW9	44,401	FHLB Dallas
		Total Western Bank			<u>841,050</u>	
Alamogordo Federal Savings & Loan						
	Letter of Credit	FHLB Irrevocable Letter of Credit		8837000752	450,000	FHLB Dallas
		Total Alamogordo Federal Savings & Loan			<u>450,000</u>	
Pioneer Savings Bank						
	Note	FNMA,7.082%	6/1/32	31390KQK7	216,033	FHLB Dallas
	Note	FHLMC	7/1/33	31336STG3	31,535	FHLB Dallas
	Note	FNMA,7.082%	9/1/32	31391BES2	49,351	FHLB Dallas
	Note	FHLMC	7/1/32	3128HDY52	34,343	FHLB Dallas
	Note	FNMA	1/1/35	805152	321,830	FHLB Dallas
	Note	FHLMC	7/1/34	31349S4E0	302,257	FHLB Dallas
		Total Pioneer Savings Bank			<u>955,349</u>	
		Total Pledged Collateral			<u>\$6,327,722</u>	

See accompanying independent auditors' report.

STATE OF NEW MEXICO
Otero County
Schedule of Deposit and Investment Accounts
For the Year Ended June 30, 2008

Bank Account Type/Name	Alamogordo First National Bank	Alamogordo National Bank	Western Bank	Alamogordo Federal Savings & Loan	Pioneer Savings Bank
Cash and cash equivalents:					
General Operating - Checking	\$ 2,701,360	\$ -	\$ -	\$ -	\$ -
Inmate Trust - Checking	18,334	-	-	-	-
Money Market	626,588	-	-	-	-
Certificate of Deposit	750,000	-	-	-	-
Certificate of Deposit	-	100,000	-	-	-
Certificate of Deposit	-	400,000	-	-	-
Covert Activities - Checking	-	-	28,989	-	-
Certificate of Deposit	-	-	500,000	-	-
Certificate of Deposit	-	-	300,000	-	-
Certificate of Deposit	-	-	250,000	-	-
Certificate of Deposit	-	-	300,000	-	-
Certificate of Deposit	-	-	250,000	-	-
Certificate of Deposit	-	-	-	1,000,000	-
Certificate of Deposit	-	-	-	-	300,000
Certificate of Deposit	-	-	-	-	100,000
Certificate of Deposit	-	-	-	-	250,000
Certificate of Deposit	-	-	-	-	300,000
Total cash and cash equivalents	<u>4,096,282</u>	<u>500,000</u>	<u>1,628,989</u>	<u>1,000,000</u>	<u>950,000</u>
Investments:					
Money Market	-	-	-	-	-
Freddie Mac Note	-	-	-	-	-
Federal Home Loan Bank Note	-	-	-	-	-
Farm Credit Note	-	-	-	-	-
Freddie Mac Medium Term Note	-	-	-	-	-
Federal Home Loan Note	-	-	-	-	-
Federal Home Loan Note	-	-	-	-	-
Federal Home Loan Bank Note	500,000	-	-	-	-
Federal Home Loan Bank Note	500,000	-	-	-	-
Freddie Mac Note	500,000	-	-	-	-
Fannie Mae Note	500,500	-	-	-	-
Federal Home Loan Bank Note	333,906	-	-	-	-
Federal Home Loan Medium Term Note	500,000	-	-	-	-
Total investments	<u>2,834,406</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total on deposit	6,930,688	500,000	1,628,989	1,000,000	950,000
Reconciling items	<u>6,147</u>	<u>-</u>	<u>(117)</u>	<u>-</u>	<u>-</u>
Reconciled balance	<u>\$ 6,936,835</u>	<u>\$ 500,000</u>	<u>\$ 1,628,872</u>	<u>\$ 1,000,000</u>	<u>\$ 950,000</u>

Petty cash

Less: outstanding warrants per treasurer's report

Less: agency funds cash per Exhibit D-1

Less: investments per Exhibit A-1

Less: restricted cash and cash equivalents per Exhibit A-1

Total unrestricted cash and cash equivalents per Exhibit A-1

See accompanying independent auditors' report.

Wells Fargo Bank	Totals
\$ -	\$ 2,701,360
-	18,334
-	626,588
-	750,000
-	100,000
-	400,000
-	28,989
-	500,000
-	300,000
-	250,000
-	300,000
-	250,000
-	1,000,000
-	300,000
-	100,000
-	250,000
-	300,000
-	8,175,271
2,667,935	2,667,935
500,950	500,950
500,250	500,250
550,000	550,000
500,850	500,850
500,579	500,579
497,925	497,925
-	500,000
-	500,000
-	500,000
-	500,500
-	333,906
-	500,000
5,718,489	8,552,895
5,718,489	16,728,166
-	6,030
\$ 5,718,489	\$ 16,734,196
	925
	(511,377)
	(295,109)
	(8,552,895)
	(935,159)
	\$ 6,440,581

(This page intentionally left blank)

STATE OF NEW MEXICO
Otero County
Tax Roll Reconciliation - Changes in Property Taxes Receivable
For the Year Ended June 30, 2008

Schedule III

Property taxes receivable, beginning of year	\$ 1,623,213
Changes to tax roll:	
Net taxes charged to treasurer for fiscal year	19,699,431
Adjustments:	
Less amount pending in litigation with Qwest	(103,999)
Increases (decreases) in taxes receivables	<u>(40,057)</u>
Total receivables prior to collections	21,178,588
Collections for fiscal year ended June 30, 2007	<u>(19,251,601)</u>
Property taxes receivable, end of year	<u><u>\$ 1,926,987</u></u>
Property taxes receivable are reported as follows:	
Governmental Funds:	
General Fund	\$ 648,452
Debt Service Fund	76,247
Agency Funds	<u>1,202,288</u>
Total property taxes receivable	<u><u>\$ 1,926,987</u></u>
Property taxes receivable by years:	
1998	\$ 3,149
1999	5,637
2000	26,466
2001	10,993
2002	14,881
2003	26,454
2004	42,071
2005	97,881
2006	398,091
2007	<u>1,301,364</u>
Total property taxes receivable	<u><u>\$ 1,926,987</u></u>

See accompanying independent auditors' report.

STATE OF NEW MEXICO
Otero County
Schedule of Property Taxes Receivable by Agency
June 30, 2008

Schedule IV
1 of 15

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	Treasurer's Receivable at Year End
State of New Mexico								
P&I on Bonds 1998	680,683	18	680,522	21	-	-	1	162
P&I on Bonds 1999	781,277	57	780,961	57	-	-	-	315
P&I on Bonds 2000	833,319	45	831,950	45	-	-	5	1,368
P&I on Bonds 2001	1,010,314	66	1,009,635	67	-	-	-	679
P&I on Bonds 2002	658,486	207	657,877	214	-	-	-	609
P&I on Bonds 2003	929,878	609	928,349	619	-	-	12	1,528
P&I on Bonds 2004	652,808	1,588	651,205	3,581	-	-	21	1,603
P&I on Bonds 2005	844,862	11,423	840,375	11,174	-	-	2,187	4,487
P&I on Bonds 2006	918,470	31,572	899,130	45,199	-	-	952	19,340
P&I on Bonds 2007	954,415	889,229	893,395	879,813	-	-	9,416	61,020
Total General Advalorem	8,264,512	934,814	8,173,399	940,790	-	-	12,594	91,111
State Special Levies 1998	27,466	-	27,457	-	-	-	-	10
State Special Levies 1999	26,076	-	26,067	-	-	-	-	10
State Special Levies 2000	26,160	38	26,145	38	-	-	-	14
State Special Levies 2001	24,836	38	24,732	38	-	-	-	103
State Special Levies 2002	20,469	37	20,428	37	-	-	-	41
State Special Levies 2003	17,294	36	17,229	36	-	-	-	66
State Special Levies 2004	15,354	42	15,293	122	-	-	-	61
State Special Levies 2005	20,813	63	20,588	63	-	-	-	226
State Special Levies 2006	21,946	335	21,684	579	-	-	-	261
State Special Levies 2007	26,279	21,854	21,854	21,796	-	-	59	4,425
Total State Special Levies	226,693	22,443	221,477	22,709	-	-	59	5,217
Total State of New Mexico	8,491,205	957,257	8,394,876	963,499	-	-	12,653	96,328

See accompanying independent auditors' report.

STATE OF NEW MEXICO
Otero County
Schedule of Property Taxes Receivable by Agency
June 30, 2008

Schedule IV
2 of 15

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	Treasurer's Receivable at Year End
Otero County								
General Advalorem 1998	4,370,761	97	4,369,722	97	-	-	-	1,039
General Advalorem 1999	4,554,981	286	4,552,832	286	-	-	-	2,150
General Advalorem 2000	4,840,153	272	4,830,249	272	-	-	-	9,905
General Advalorem 2001	4,999,482	388	4,996,211	388	-	-	-	3,271
General Advalorem 2002	5,157,396	1,642	5,153,055	1,642	-	-	-	4,342
General Advalorem 2003	5,262,559	3,669	5,253,857	3,669	-	-	-	8,702
General Advalorem 2004	5,537,054	12,364	5,524,328	12,364	-	-	-	12,726
General Advalorem 2005	5,866,267	78,938	5,834,382	78,938	-	-	-	31,884
General Advalorem 2006	6,221,871	221,959	6,088,145	221,959	-	-	-	133,726
General Advalorem 2007	6,693,201	6,212,090	6,252,494	6,212,090	-	-	-	440,707
Total General Advalorem	53,503,725	6,531,705	52,855,275	6,531,705	-	-	-	648,452
Debt Service P&I 1998	751,684	20	751,505	20	-	-	-	179
Debt Service P&I 1999	760,717	56	760,411	56	-	-	-	307
Debt Service P&I 2000	751,026	41	749,793	41	-	-	-	1,233
Debt Service P&I 2001	599,318	39	598,916	39	-	-	-	403
Debt Service P&I 2002	844,945	266	844,164	266	-	-	-	781
Debt Service P&I 2003	743,290	487	742,069	487	-	-	-	1,222
Debt Service P&I 2004	793,149	1,929	791,202	1,929	-	-	-	1,947
Debt Service P&I 2005	757,852	10,246	753,827	10,246	-	-	-	4,025
Debt Service P&I 2006	724,414	24,901	709,160	24,901	-	-	-	15,254
Debt Service P&I 2007	796,060	741,689	745,164	741,689	-	-	-	50,896
Total Debt Service	7,522,455	779,674	7,446,211	779,674	-	-	-	76,247
Total Otero County	61,026,180	7,311,379	60,301,486	7,311,379	-	-	-	724,699

See accompanying independent auditors' report.

STATE OF NEW MEXICO
Otero County
Schedule of Property Taxes Receivable by Agency
June 30, 2008

Schedule IV
3 of 15

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	Treasurer's Receivable at Year End
City of Alamogordo								
General Advalorem 1998	1,463,203	24	1,462,864	20	-	-	4	339
General Advalorem 1999	1,552,389	-	1,552,152	-	-	-	-	237
General Advalorem 2000	1,620,255	-	1,617,979	-	-	-	-	2,275
General Advalorem 2001	1,646,126	100	1,645,880	100	-	-	-	246
General Advalorem 2002	1,692,047	251	1,691,656	256	-	-	-	391
General Advalorem 2003	1,703,435	971	1,702,806	960	-	-	14	629
General Advalorem 2004	1,800,951	3,496	1,798,739	11,273	-	-	11	2,212
General Advalorem 2005	1,913,112	23,272	1,907,338	20,158	-	-	6,093	5,774
General Advalorem 2006	2,073,555	60,520	2,034,434	93,051	-	-	1,089	39,121
General Advalorem 2007	2,233,077	2,091,656	2,108,059	2,073,376	-	-	18,280	125,018
Total General Advalorem	17,698,150	2,180,290	17,521,907	2,199,194	-	-	25,491	176,242
Debt Service P&I 1998	581,980	10	581,859	9	-	-	2	120
Debt Service P&I 1999	591,681	-	591,595	-	-	-	-	86
Debt Service P&I 2000	677,729	-	676,940	-	-	-	-	789
Debt Service P&I 2001	771,658	43	771,536	43	-	-	-	122
Debt Service P&I 2002	796,372	116	796,169	119	-	-	-	203
Debt Service P&I 2003	804,872	420	804,550	414	-	-	8	321
Debt Service P&I 2004	816,074	1,488	815,142	5,081	-	-	5	933
Debt Service P&I 2005	794,208	9,669	792,006	8,269	-	-	2,711	2,202
Debt Service P&I 2006	794,472	22,075	780,049	34,198	-	-	423	14,423
Debt Service P&I 2007	898,312	845,038	850,289	837,969	-	-	7,068	48,023
Total Debt Service	7,527,358	878,859	7,460,135	886,102	-	-	10,217	67,222
Total City of Alamogordo	25,225,508	3,059,149	24,982,042	3,085,296	-	-	35,708	243,464

See accompanying independent auditors' report.

STATE OF NEW MEXICO
Otero County
Schedule of Property Taxes Receivable by Agency
June 30, 2008

Schedule IV
4 of 15

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	Treasurer's Receivable at Year End
Alamogordo Public Schools								
General Advalorem 1998	140,459	2	140,426	1	-	-	-	33
General Advalorem 1999	146,915	1	146,881	1	-	-	-	34
General Advalorem 2000	154,522	1	154,192	1	-	-	-	330
General Advalorem 2001	160,243	8	160,216	8	-	-	-	27
General Advalorem 2002	164,488	25	164,434	26	-	-	-	54
General Advalorem 2003	166,382	84	166,206	83	-	-	1	176
General Advalorem 2004	176,010	246	175,777	833	-	-	2	233
General Advalorem 2005	186,508	1,984	185,697	1,767	-	-	478	812
General Advalorem 2006	198,405	5,760	194,616	8,780	-	-	131	3,790
General Advalorem 2007	212,900	198,660	200,316	196,937	-	-	1,723	12,584
Total General Advalorem	1,706,832	206,771	1,688,761	208,437	-	-	2,335	18,073
Debt Service P&I 1998	2,078,123	26	2,077,651	22	-	-	5	472
Debt Service P&I 1999	2,011,070	12	2,010,663	12	-	-	-	407
Debt Service P&I 2000	1,975,877	12	1,972,535	12	-	-	-	3,342
Debt Service P&I 2001	2,157,235	97	2,156,825	101	-	-	-	409
Debt Service P&I 2002	2,828,350	415	2,827,281	439	-	-	-	1,068
Debt Service P&I 2003	2,523,610	1,159	2,521,007	1,148	-	-	16	2,603
Debt Service P&I 2004	2,204,541	3,222	2,201,624	10,857	-	-	23	2,918
Debt Service P&I 2005	2,198,663	23,851	2,189,895	21,013	-	-	6,138	8,768
Debt Service P&I 2006	2,285,827	63,711	2,243,542	97,294	-	-	1,537	42,285
Debt Service P&I 2007	3,435,978	3,221,448	3,241,709	3,194,696	-	-	26,752	194,270
Total Debt Service	23,699,274	3,313,953	23,442,732	3,325,594	-	-	34,471	256,542

See accompanying independent auditors' report.

STATE OF NEW MEXICO
Otero County
Schedule of Property Taxes Receivable by Agency
June 30, 2008

Schedule IV
5 of 15

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	Treasurer's Receivable at Year End
Capital Improvements 1998	660,786	8	660,634	7	-	-	1	152
Capital Improvements 1999	775,428	5	775,271	5	-	-	-	157
Capital Improvements 2000	800,761	5	799,406	5	-	-	-	1,354
Capital Improvements 2001	834,871	38	834,713	39	-	-	-	158
Capital Improvements 2002	851,797	125	851,475	132	-	-	-	322
Capital Improvements 2003	878,084	403	877,178	400	-	-	6	906
Capital Improvements 2004	909,089	1,329	907,886	4,477	-	-	9	1,203
Capital Improvements 2005	965,344	10,460	961,474	9,221	-	-	2,682	3,870
Capital Improvements 2006	1,025,495	28,583	1,006,525	43,649	-	-	690	18,970
Capital Improvements 2007	1,123,235	1,053,104	1,059,727	1,044,359	-	-	8,745	63,507
Total Capital Improvements	8,824,890	1,094,060	8,734,289	1,102,294	-	-	12,133	90,599
Tech Debt 1998	-	-	-	-	-	-	-	-
Tech Debt 1999	-	-	-	-	-	-	-	-
Tech Debt 2000	352,732	2	352,136	2	-	-	-	597
Tech Debt 2001	719,640	32	719,503	34	-	-	-	137
Tech Debt 2002	108,152	16	108,112	17	-	-	-	41
Tech Debt 2003	277,913	128	277,626	126	-	-	2	287
Tech Debt 2004	725,452	1,060	724,492	3,573	-	-	7	960
Tech Debt 2005	853,507	9,259	850,103	8,157	-	-	2,383	3,404
Tech Debt 2006	871,669	24,295	855,545	37,102	-	-	586	16,125
Tech Debt 2007	-	-	-	-	-	-	-	-
Total TECH DEBT	3,909,065	34,792	3,887,517	49,011	-	-	2,978	21,551
Total Alamogordo Public Schools	38,140,061	4,649,576	37,753,299	4,685,336	-	-	51,917	386,765

See accompanying independent auditors' report.

STATE OF NEW MEXICO
Otero County
Schedule of Property Taxes Receivable by Agency
June 30, 2008

Schedule IV
6 of 15

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	Treasurer's Receivable at Year End
Village of Cloudcroft								
General Advalorem 1998	26,012	-	26,012	-	-	-	-	-
General Advalorem 1999	27,038	-	27,038	-	-	-	-	-
General Advalorem 2000	28,337	-	28,337	-	-	-	-	-
General Advalorem 2001	29,573	-	29,573	-	-	-	-	-
General Advalorem 2002	30,785	-	30,785	-	-	-	-	-
General Advalorem 2003	31,681	13	31,681	13	-	-	-	-
General Advalorem 2004	33,616	13	33,592	13	-	-	-	24
General Advalorem 2005	35,829	487	35,794	520	-	-	17	35
General Advalorem 2006	38,699	2,326	38,129	2,799	-	-	17	570
General Advalorem 2007	42,700	40,505	40,505	39,793	-	-	712	2,195
Total General Advalorem	324,270	43,344	321,446	43,138	-	-	746	2,824
Debt Service P&I 1998	-	-	-	-	-	-	-	-
Debt Service P&I 1999	-	-	-	-	-	-	-	-
Debt Service P&I 2000	-	-	-	-	-	-	-	-
Debt Service P&I 2001	-	-	-	-	-	-	-	-
Debt Service P&I 2002	-	-	-	-	-	-	-	-
Debt Service P&I 2003	-	-	-	-	-	-	-	-
Debt Service P&I 2004	-	-	-	-	-	-	-	-
Debt Service P&I 2005	-	-	-	-	-	-	-	-
Debt Service P&I 2006	-	-	-	-	-	-	-	-
Debt Service P&I 2007	-	-	-	-	-	-	-	-
Total Debt Service	-	-	-	-	-	-	-	-
Total Village of Cloudcroft	324,270	43,344	321,446	43,138	-	-	746	2,824

See accompanying independent auditors' report.

STATE OF NEW MEXICO
Otero County
Schedule of Property Taxes Receivable by Agency
June 30, 2008

Schedule IV
7 of 15

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	Treasurer's Receivable at Year End
Cloudcroft Public Schools								
General Advalorem 1998	21,922	-	21,920	-	-	-	-	2
General Advalorem 1999	22,438	-	22,421	-	-	-	-	17
General Advalorem 2000	23,644	1	23,643	1	-	-	-	1
General Advalorem 2001	25,089	3	25,084	3	-	-	-	5
General Advalorem 2002	26,529	14	26,525	14	-	-	-	4
General Advalorem 2003	27,311	23	27,297	23	-	-	-	14
General Advalorem 2004	28,853	13	28,820	48	-	-	-	33
General Advalorem 2005	30,713	441	30,631	522	-	-	42	82
General Advalorem 2006	32,980	1,299	32,405	1,830	-	-	16	574
General Advalorem 2007	35,862	33,774	33,792	33,180	-	-	595	2,070
Total General Advalorem	275,341	35,568	272,538	35,621	-	-	653	2,802
Debt Service P&I 1998	236,263	-	236,244	-	-	-	-	19
Debt Service P&I 1999	234,142	-	234,003	-	-	-	-	139
Debt Service P&I 2000	218,406	9	218,394	9	-	-	-	13
Debt Service P&I 2001	640,459	56	640,345	56	-	-	-	113
Debt Service P&I 2002	676,253	324	676,137	324	-	-	-	116
Debt Service P&I 2003	643,760	437	643,438	445	-	-	-	322
Debt Service P&I 2004	541,111	386	540,504	1,050	-	-	10	607
Debt Service P&I 2005	537,076	7,104	535,772	8,379	-	-	700	1,303
Debt Service P&I 2006	514,813	18,566	506,523	26,767	-	-	269	8,290
Debt Service P&I 2007	913,905	863,564	863,882	848,398	-	-	15,166	50,022
Total Debt Service	5,156,188	890,446	5,095,242	885,428	-	-	16,145	60,944

See accompanying independent auditors' report.

STATE OF NEW MEXICO
Otero County
Schedule of Property Taxes Receivable by Agency
June 30, 2008

Schedule IV
8 of 15

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	Treasurer's Receivable at Year End
Capital Improvements 1998	133,958	-	133,947	-	-	-	-	11
Capital Improvements 1999	171,659	-	171,557	-	-	-	-	102
Capital Improvements 2000	177,062	7	177,052	7	-	-	-	10
Capital Improvements 2001	186,093	16	186,060	16	-	-	-	33
Capital Improvements 2002	194,493	93	194,459	93	-	-	-	33
Capital Improvements 2003	209,660	142	209,555	145	-	-	-	105
Capital Improvements 2004	215,196	153	214,955	418	-	-	4	241
Capital Improvements 2005	227,530	3,019	226,976	3,561	-	-	297	554
Capital Improvements 2006	237,296	8,558	233,475	12,338	-	-	124	3,821
Capital Improvements 2007	264,708	250,127	250,219	245,734	-	-	4,393	14,489
Total Capital Improvements	2,017,655	262,115	1,998,255	262,312	-	-	4,818	19,399
Total Cloudcroft Public Schools	7,449,184	1,188,129	7,366,035	1,183,361	-	-	21,616	83,145
Village of Tularosa								
General Advalorem 1998	91,543	-	91,541	-	-	-	-	2
General Advalorem 1999	96,627	-	96,579	-	-	-	-	48
General Advalorem 2000	98,125	7	98,069	17	-	-	-	56
General Advalorem 2001	102,029	-	101,817	-	-	-	-	212
General Advalorem 2002	105,764	15	105,428	15	-	-	-	336
General Advalorem 2003	108,215	45	107,861	23	-	-	27	355
General Advalorem 2004	113,582	395	113,244	816	-	-	35	338
General Advalorem 2005	119,160	2,532	118,158	2,766	-	-	306	1,002
General Advalorem 2006	128,154	6,866	124,215	8,485	-	-	318	3,939
General Advalorem 2007	141,202	126,142	126,143	124,636	-	-	1,507	15,059
Total General Advalorem	1,104,401	136,002	1,083,055	136,758	-	-	2,193	21,347

See accompanying independent auditors' report.

STATE OF NEW MEXICO
Otero County
Schedule of Property Taxes Receivable by Agency
June 30, 2008

Schedule IV
9 of 15

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	Treasurer's Receivable at Year End
Debt Service P&I 1998	-	-	-	-	-	-	-	-
Debt Service P&I 1999	-	-	-	-	-	-	-	-
Debt Service P&I 2000	-	-	-	-	-	-	-	-
Debt Service P&I 2001	-	-	-	-	-	-	-	-
Debt Service P&I 2002	-	-	-	-	-	-	-	-
Debt Service P&I 2003	-	-	-	-	-	-	-	-
Debt Service P&I 2004	-	-	-	-	-	-	-	-
Debt Service P&I 2005	-	-	-	-	-	-	-	-
Debt Service P&I 2006	-	-	-	-	-	-	-	-
Debt Service P&I 2007	-	-	-	-	-	-	-	-
Total Debt Service	-	-	-	-	-	-	-	-
Total Village of Tularosa	1,104,401	136,002	1,083,055	136,758	-	-	2,193	21,347
Tularosa Public Schools								
General Advalorem 1998	14,276	-	14,272	-	-	-	-	4
General Advalorem 1999	14,940	-	14,936	-	-	-	-	4
General Advalorem 2000	15,735	4	15,731	4	-	-	-	4
General Advalorem 2001	16,947	3	16,929	3	-	-	-	18
General Advalorem 2002	17,556	17	17,526	18	-	-	-	30
General Advalorem 2003	18,014	22	17,968	24	-	-	1	46
General Advalorem 2004	18,961	81	18,909	116	-	-	2	52
General Advalorem 2005	20,277	325	20,164	343	-	-	42	113
General Advalorem 2006	21,647	922	21,208	1,171	-	-	29	439
General Advalorem 2007	23,532	21,737	21,737	21,497	-	-	239	1,795
Total General Advalorem	181,885	23,111	179,380	23,176	-	-	313	2,505

See accompanying independent auditors' report.

STATE OF NEW MEXICO
Otero County
Schedule of Property Taxes Receivable by Agency
June 30, 2008

Schedule IV
10 of 15

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	Treasurer's Receivable at Year End
Debt Service P&I 1998	301,244	-	301,158	-	-	-	-	85
Debt Service P&I 1999	321,452	-	321,353	-	-	-	-	99
Debt Service P&I 2000	334,002	63	333,893	78	-	-	-	109
Debt Service P&I 2001	363,198	53	362,738	53	-	-	-	460
Debt Service P&I 2002	428,144	447	427,320	467	-	-	-	824
Debt Service P&I 2003	446,073	595	444,939	649	-	-	46	1,133
Debt Service P&I 2004	459,546	2,199	457,991	3,200	-	-	58	1,555
Debt Service P&I 2005	476,626	8,180	473,566	8,724	-	-	996	3,059
Debt Service P&I 2006	524,403	23,557	512,874	29,951	-	-	765	11,529
Debt Service P&I 2007	520,758	480,776	480,776	475,570	-	-	5,206	39,982
Total Debt Service	4,175,446	515,870	4,116,608	518,692	-	-	7,071	58,835
Capital Improvements 1998	69,748	-	69,729	-	-	-	-	20
Capital Improvements 1999	72,208	-	72,187	-	-	-	-	21
Capital Improvements 2000	81,059	15	81,032	19	-	-	-	26
Capital Improvements 2001	86,887	13	86,778	13	-	-	-	109
Capital Improvements 2002	90,115	94	89,942	98	-	-	-	173
Capital Improvements 2003	92,542	122	92,307	133	-	-	9	235
Capital Improvements 2004	100,043	479	99,704	697	-	-	13	338
Capital Improvements 2005	107,105	1,835	106,420	1,957	-	-	224	685
Capital Improvements 2006	112,004	5,031	109,542	6,397	-	-	163	2,462
Capital Improvements 2007	122,182	112,802	112,802	111,580	-	-	1,222	9,380
Total Capital Improvements	933,893	120,391	920,443	120,894	-	-	1,631	13,449
Total Tularosa Public Schools	5,291,224	659,372	5,216,431	662,762	-	-	9,015	74,789

See accompanying independent auditors' report.

STATE OF NEW MEXICO
Otero County
Schedule of Property Taxes Receivable by Agency
June 30, 2008

Schedule IV
11 of 15

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	Treasurer's Receivable at Year End
Gadsden School Dist								
General Advalorem 1998	3,178	2	3,173	3	-	-	-	5
General Advalorem 1999	5,151	10	5,121	10	-	-	-	30
General Advalorem 2000	5,397	4	5,318	4	-	-	1	79
General Advalorem 2001	5,706	1	5,621	1	-	-	-	84
General Advalorem 2002	6,293	8	6,202	8	-	-	-	91
General Advalorem 2003	6,486	16	6,369	17	-	-	-	117
General Advalorem 2004	7,349	173	7,154	210	-	-	2	195
General Advalorem 2005	7,555	488	7,257	510	-	-	56	298
General Advalorem 2006	7,960	1,111	7,215	1,276	-	-	87	745
General Advalorem 2007	8,855	6,809	6,836	6,627	-	-	181	2,019
Total General Advalorem	63,930	8,622	60,266	8,666	-	-	327	3,663
Debt Service P&I 1998	129,960	114	129,724	161	-	-	-	236
Debt Service P&I 1999	211,686	521	210,662	521	-	-	-	1,024
Debt Service P&I 2000	223,904	233	221,035	207	-	-	49	2,868
Debt Service P&I 2001	232,467	58	229,121	58	-	-	-	3,346
Debt Service P&I 2002	252,087	398	248,111	398	-	-	-	3,976
Debt Service P&I 2003	278,177	909	272,768	921	-	-	-	5,409
Debt Service P&I 2004	327,384	8,077	317,821	9,853	-	-	108	9,563
Debt Service P&I 2005	311,411	19,347	297,617	20,630	-	-	1,799	13,794
Debt Service P&I 2006	327,223	45,613	295,360	51,718	-	-	3,363	31,864
Debt Service P&I 2007	382,704	291,697	292,491	284,058	-	-	7,639	90,213
Total Debt Service	2,677,003	366,967	2,514,710	368,525	-	-	12,958	162,293

See accompanying independent auditors' report.

STATE OF NEW MEXICO
 Otero County
 Schedule of Property Taxes Receivable by Agency
 June 30, 2008

Schedule IV
 12 of 15

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	Treasurer's Receivable at Year End
Capital Improvements 1998	18,079	16	18,046	22	-	-	-	33
Capital Improvements 1999	27,667	66	27,530	66	-	-	-	138
Capital Improvements 2000	31,139	32	30,740	29	-	-	7	399
Capital Improvements 2001	32,341	8	31,875	8	-	-	-	465
Capital Improvements 2002	35,098	55	34,545	55	-	-	-	554
Capital Improvements 2003	38,768	127	38,014	128	-	-	-	754
Capital Improvements 2004	45,724	1,128	44,389	1,376	-	-	15	1,336
Capital Improvements 2005	46,238	2,877	44,200	3,066	-	-	270	2,039
Capital Improvements 2006	48,424	6,750	43,708	7,653	-	-	498	4,715
Capital Improvements 2007	53,357	40,669	40,780	39,604	-	-	1,065	12,578
Total Capital Improvements	376,835	51,728	353,827	52,007	-	-	1,855	23,011
Tech Debt 1998	-	-	-	-	-	-	-	-
Tech Debt 1999	-	-	-	-	-	-	-	-
Tech Debt 2000	-	-	-	-	-	-	-	-
Tech Debt 2001	-	-	-	-	-	-	-	-
Tech Debt 2002	-	-	-	-	-	-	-	-
Tech Debt 2003	-	-	-	-	-	-	-	-
Tech Debt 2004	-	-	-	-	-	-	-	-
Tech Debt 2005	28,370	1,763	27,114	1,879	-	-	164	1,257
Tech Debt 2006	20,023	2,791	18,074	3,165	-	-	206	1,950
Tech Debt 2007	-	-	-	-	-	-	-	-
Total Tech Debt	48,393	4,554	45,188	5,044	-	-	370	3,207
Total Gadsden School District	3,166,161	431,871	2,973,991	434,242	-	-	15,510	192,174

See accompanying independent auditors' report.

STATE OF NEW MEXICO
Otero County
Schedule of Property Taxes Receivable by Agency
June 30, 2008

Schedule IV
13 of 15

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	Treasurer's Receivable at Year End
NMSU - Alamogordo								
General Advalorem 1998	314,443	4	314,370	3	-	-	1	73
General Advalorem 1999	328,176	2	328,104	2	-	-	-	71
General Advalorem 2000	345,470	2	344,803	2	-	-	-	667
General Advalorem 2001	359,088	17	359,024	18	-	-	-	64
General Advalorem 2002	369,407	55	369,277	58	-	-	-	130
General Advalorem 2003	373,822	181	373,431	179	-	-	2	391
General Advalorem 2004	390,637	557	390,120	1,881	-	-	4	517
General Advalorem 2005	412,560	4,427	410,831	3,924	-	-	1,099	1,729
General Advalorem 2006	441,976	12,600	433,654	19,222	-	-	294	8,322
General Advalorem 2007	474,359	443,525	446,837	439,748	-	-	3,777	27,523
Total General Advalorem	3,809,938	461,370	3,770,451	465,037	-	-	5,177	39,487
Debt Service P&I 1998	375,363	13	375,263	15	-	-	1	100
Debt Service P&I 1999	379,903	36	379,761	36	-	-	-	141
Debt Service P&I 2000	381,426	17	380,622	15	-	-	3	804
Debt Service P&I 2001	386,977	20	386,700	21	-	-	-	278
Debt Service P&I 2002	357,275	75	356,888	78	-	-	-	386
Debt Service P&I 2003	346,109	200	345,483	199	-	-	2	626
Debt Service P&I 2004	369,511	951	368,529	2,265	-	-	9	983
Debt Service P&I 2005	379,802	5,015	377,584	4,619	-	-	1,112	2,218
Debt Service P&I 2006	408,086	13,426	399,086	19,495	-	-	451	9,000
Debt Service P&I 2007	188,089	172,910	173,945	171,207	-	-	1,703	14,145
Total Debt Service	3,572,541	192,663	3,543,861	197,950	-	-	3,281	28,681
Total NMSU - Alamogordo	7,382,479	654,033	7,314,312	662,987	-	-	8,458	68,168

See accompanying independent auditors' report.

STATE OF NEW MEXICO
Otero County
Schedule of Property Taxes Receivable by Agency
June 30, 2008

Schedule IV
14 of 15

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	Treasurer's Receivable at Year End
NMSU - Dona Ana								
General Advalorem 1998	8,586	7	8,571	10	-	-	-	15
General Advalorem 1999	13,536	32	13,468	32	-	-	-	68
General Advalorem 2000	14,386	14	14,197	13	-	-	3	189
General Advalorem 2001	15,116	4	14,898	4	-	-	-	219
General Advalorem 2002	14,042	22	13,820	22	-	-	-	221
General Advalorem 2003	17,895	57	17,550	57	-	-	-	345
General Advalorem 2004	21,156	518	20,547	631	-	-	7	609
General Advalorem 2005	21,907	1,369	20,951	1,455	-	-	132	955
General Advalorem 2006	22,959	3,201	20,733	3,634	-	-	237	2,226
General Advalorem 2007	25,274	19,282	19,337	18,776	-	-	506	5,936
Total General Advalorem	174,857	24,506	164,072	24,634	-	-	885	10,783
Total NMSU - Dona Ana	174,857	24,506	164,072	24,634	-	-	885	10,783
Local Special Levies								
Timberon Water & Sanitation District								
Timberon Special Levy 1998	305,491	-	305,453	-	-	-	-	38
Timberon Special Levy 1999	256,219	-	256,186	-	-	-	-	33
Timberon Special Levy 2000	273,379	55	273,345	55	-	-	-	33
Timberon Special Levy 2001	271,668	168	271,634	168	-	-	-	33
Timberon Special Levy 2002	279,085	848	278,930	942	-	-	-	155
Timberon Special Levy 2003	303,043	1,021	302,882	1,051	-	-	-	161
Timberon Special Levy 2004	304,855	2,544	303,969	2,809	-	-	64	886
Timberon Special Levy 2005	311,237	9,881	307,931	9,676	-	-	910	3,306
Timberon Special Levy 2006	120,142	7,487	115,794	8,934	-	-	131	4,348
Timberon Special Levy 2007	128,367	114,858	114,858	113,662	-	-	1,196	13,508
Total Timberon Water & Sanitat	2,553,486	136,862	2,530,982	137,297	-	-	2,301	22,501

See accompanying independent auditors' report.

STATE OF NEW MEXICO
Otero County
Schedule of Property Taxes Receivable by Agency
June 30, 2008

Schedule IV
15 of 15

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	Treasurer's Receivable at Year End
Penasco S&W Conservation Dist								
Penasco Special Levy 1998	52	-	52	-	-	-	-	-
Penasco Special Levy 1999	52	-	52	-	-	-	-	-
Penasco Special Levy 2000	52	-	52	-	-	-	-	-
Penasco Special Levy 2001	52	-	52	-	-	-	-	-
Penasco Special Levy 2002	52	-	52	-	-	-	-	-
Penasco Special Levy 2003	52	-	52	-	-	-	-	-
Penasco Special Levy 2004	52	-	52	-	-	-	-	-
Penasco Special Levy 2005	52	-	52	-	-	-	-	-
Penasco Special Levy 2006	52	-	52	-	-	-	-	-
Penasco Special Levy 2007	93	93	93	67	-	-	26	-
Total Penasco S&W Conservatio	561	93	561	67	-	-	26	-
Carlsbad Soil & Water Conservation District								
Carlsbad Special Levy 1998	22	-	22	-	-	-	-	-
Carlsbad Special Levy 1999	22	-	22	-	-	-	-	-
Carlsbad Special Levy 2000	22	-	22	-	-	-	-	-
Carlsbad Special Levy 2001	31	-	31	-	-	-	-	-
Carlsbad Special Levy 2002	20	-	20	-	-	-	-	-
Carlsbad Special Levy 2003	28	-	28	-	-	-	-	-
Carlsbad Special Levy 2004	28	-	28	-	-	-	-	-
Carlsbad Special Levy 2005	28	-	28	-	-	-	-	-
Carlsbad Special Levy 2006	27	-	27	1	-	-	-	-
Carlsbad Special Levy 2007	28	28	28	28	-	-	-	-
Total Carlsbad S&W Conservatio	256	28	256	29	-	-	-	-
Total Local Special Levies	2,554,303	136,983	2,531,799	137,393	-	-	2,327	22,501
Grand Totals	160,329,833	19,251,601	158,402,844	19,330,785	-	-	161,028	1,926,987

See accompanying independent auditors' report.

STATE OF NEW MEXICO
 Otero County
 Agency Funds
 Schedule of Changes in Fiduciary Assets and Liabilities
 For the Year Ended June 30, 2008

Schedule V

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
ASSETS				
Cash	\$ 413,498	\$ 14,881,991	\$ 15,000,380	295,109
Property taxes receivable	<u>1,012,006</u>	<u>12,130,503</u>	<u>11,940,221</u>	<u>1,202,288</u>
<i>Total assets</i>	<u>\$ 1,425,504</u>	<u>\$ 27,012,494</u>	<u>\$ 26,940,601</u>	<u>\$ 1,497,397</u>
LIABILITIES				
Due to other taxing units	<u>\$ 1,425,504</u>	<u>\$ 27,012,494</u>	<u>\$ 26,940,601</u>	<u>\$ 1,497,397</u>
<i>Total liabilities</i>	<u>\$ 1,425,504</u>	<u>\$ 27,012,494</u>	<u>\$ 26,940,601</u>	<u>\$ 1,497,397</u>

See accompanying independent auditors' report.

STATE OF NEW MEXICO
Otero County
Schedule of Legislative Grants
June 30, 2008

Schedule VI
1 of 2

Project	Agency	Grant #	Effective Date	Reversion Date	Original Amount	Arts in Public Places	Net Amount	Expenditures to Date	Remaining
Administrative Complex	DFA	07-5367	05/15/07	06/30/11	200,000.00	2,000.00	198,000.00	0.00	198,000.00
Alamo Canyon Flood Plain	DFA	07-3447	05/15/07	06/30/11	48,800.00		48,800.00	0.00	48,800.00
Alamo Canyon Flood Plain	DFA	07-5363	05/15/07	06/30/11	690,000.00		690,000.00	0.00	690,000.00
Alamo West Fire Station	DFA	06-1745	04/25/06	06/30/10	202,000.00		202,000.00	202,000.00	0.00
Alamogordo Relief Route	DOT	03-0465	01/06/05	06/30/08	125,000.00		125,000.00	0.00	125,000.00
Alamogordo Relief Route	DOT	04-0407	01/06/05	06/30/09	52,000.00		52,000.00	0.00	52,000.00
Armed Forces Museum	DFA	05-1537	10/20/05	06/30/10	100,000.00		100,000.00	67,353.69	32,646.31
Armed Forces Museum	DFA	07-5369	05/15/07	06/30/11	80,000.00		80,000.00	0.00	80,000.00
Chaparral Clinic	DFA	04-0303	06/27/06	06/30/09	50,000.00		50,000.00	6,997.94	43,002.06
Chaparral Clinic	DFA	04-0306	09/21/04	06/30/09	65,000.00		65,000.00	0.00	65,000.00
Chaparral Clinic	DFA	04-1650	06/08/06	06/30/09	42,000.00		42,000.00	0.00	42,000.00
Chaparral Clinic	DFA	04-0968	09/21/04	06/30/09	50,000.00		50,000.00	0.00	50,000.00
Chaparral Clinic	DFA	05-0342	08/10/05	06/30/10	505,000.00	5,050.00	499,950.00	0.00	499,950.00
Chaparral Clinic	DFA	08-4387	07/03/08	06/30/12	50,000.00		50,000.00	0.00	50,000.00
Chaparral Clinic	DFA	08-3246			250,000.00	2,500.00	247,500.00	0.00	247,500.00
Chaparral Transfer Station	Environment Dept	05-0093	02/07/05	06/30/10	430,000.00		430,000.00	430,000.00	0.00
Courthouse Security	DFA	07-5368	05/15/07	06/30/11	250,000.00		250,000.00	58,983.69	191,016.31
Emergency Response Center	DFA	07-5362	05/15/07	06/30/11	250,000.00	2,500.00	247,500.00	0.00	247,500.00
Emergency Operations PSAP	DFA	08-4383	07/03/08	06/30/12	80,000.00		80,000.00	0.00	80,000.00
Flickinger Center	DFA	04-0302	09/21/04	06/30/09	200,000.00	2,000.00	198,000.00	198,000.00	0.00
Flickinger Center	DFA	04-0305	04/13/05	06/30/09	97,000.00		97,000.00	97,000.00	0.00
Flickinger Center	DFA	05-0343	05/16/06	06/30/10	200,000.00	2,000.00	198,000.00	198,000.00	0.00
Flickinger Center	DFA	05-1538	10/20/05	06/30/10	150,000.00	1,500.00	148,500.00	148,500.00	0.00
Flickinger Center	DFA	06-0466	08/16/06	06/30/10	100,000.00		100,000.00	100,000.00	0.00
Flickinger Center	DFA	07-8065	08/31/07	06/30/08	57,500.00		57,500.00	57,500.00	0.00
Flickinger Center	DFA	06-1748	04/25/06	06/30/10	75,000.00		75,000.00	29,465.70	45,534.30
Flickinger Center (seats)	DFA	08-4384	07/03/08	06/30/12	34,000.00		34,000.00	0.00	34,000.00
Flood Control/ Storm Drainage	DOT	08-3298			200,000.00		200,000.00	0.00	200,000.00
GRIP2/Fresnal Canyon Road	DOT				423,000.00		423,000.00	18,289.22	404,710.78
Inmate Holding Facility	DFA	03-0899	10/12/05	06/30/08	200,000.00	2,000.00	198,000.00	0.00	198,000.00
La Luz FD	DFA	06-1744	04/25/06	06/30/10	175,000.00	1,750.00	173,250.00	173,250.00	0.00
La Luz FD	DFA	07-5370	05/15/07	06/30/11	120,000.00	1,200.00	118,800.00	118,800.00	0.00
La Luz FD	DFA	08-4390	07/03/08	06/30/12	67,000.00		67,000.00	0.00	67,000.00
Nogal Canyon	State Engineer	06-0138	02/08/07	06/30/10	100,000.00		100,000.00	35,124.57	64,875.43
Nogal Canyon	State Engineer	07-3218	05/15/07	06/30/11	48,000.00		48,000.00	0.00	48,000.00

See accompanying independent auditors' report.

STATE OF NEW MEXICO
Otero County
Schedule of Legislative Grants
June 30, 2008

Schedule VI
2 of 2

Project	Agency	Grant #	Effective Date	Reversion Date	Original Amount	Arts in Public Places	Net Amount	Expenditures to Date	Remaining
Nogal Canyon	State Engineer	08			67,000.00		67,000.00	0.00	67,000.00
Otero County Fair Facility	DFA	04-0301	04/13/05	06/30/09	100,000.00		100,000.00	0.00	100,000.00
Otero County Fair Facility	DFA	05-0338	10/20/05	06/30/10	260,000.00	2,600.00	257,400.00	0.00	257,400.00
Otero County Fair Facility	DFA	05-1533	10/20/05	06/30/10	40,000.00		40,000.00	25,542.49	14,457.51
Otero County Fair Facility	DFA	07-3449	05/15/07	06/30/11	87,000.00		87,000.00	0.00	87,000.00
Otero County Fair Facility	DFA	07-3450	05/15/07	06/30/11	113,000.00	1,130.00	111,870.00	0.00	111,870.00
Otero County Fair Facility	DFA	08-3247			274,000.00	2,740.00	271,260.00	0.00	271,260.00
Otero County Jail Remodel	DFA	05-0339	10/20/05	06/30/10	58,000.00		58,000.00	58,000.00	0.00
Otero County Jail Remodel	DFA	05-1760	10/20/05	06/30/10	122,811.00	1,228.11	121,582.89	9,693.55	111,889.34
Otero County Jail Remodel	DFA	06-0464	08/16/06	06/30/10	693,000.00	6,930.00	686,070.00	0.00	686,070.00
Otero County Jail Remodel	DFA	07-3448	05/15/07	06/30/11	50,000.00		50,000.00	0.00	50,000.00
Red Brick School House	DFA	03-1074	07/14/06	06/30/07	50,000.00		50,000.00	50,000.00	0.00
Red Brick School House	DFA	04-1649	09/21/04	06/30/09	75,000.00		75,000.00	75,000.00	0.00
Red Brick School House	DFA	04-2221	09/21/04	06/30/09	25,000.00		25,000.00	25,000.00	0.00
Red Brick School House	DFA	06-1746	04/25/06	06/30/10	300,000.00	3,000.00	297,000.00	297,000.00	0.00
Red Brick School House	DFA	07-5373	05/15/07	06/30/11	100,000.00		100,000.00	89,749.55	10,250.45
Red Brick School House	DFA	08-4391	07/03/08	06/30/12	60,000.00		60,000.00	0.00	60,000.00
Riata Road Culverts	DOT	03-0464	12/11/03	06/30/08	50,000.00		50,000.00	48,267.16	1,732.84
Riata Road Culverts	DOT	05-2203	10/12/05	06/30/10	100,000.00		100,000.00	0.00	100,000.00
Rio Penasco Flood Plain	State Engineer	07-4400	05/15/07	06/30/11	50,000.00		50,000.00	0.00	50,000.00
Roll-Off Truck	Environment Dept	08-????			24,000.00		24,000.00	0.00	24,000.00
Sheriff's office electronic	DFA	06-0468	08/16/06	06/10/10	73,000.00		73,000.00	60,906.68	12,093.32
Sheriff's office electronic	DFA	07-3446	05/15/07	06/30/11	2,000.00		2,000.00	0.00	2,000.00
Sheriff's Neu Building	DFA	08-4386	07/03/08	06/30/12	50,000.00		50,000.00	0.00	50,000.00
Timberon Airport	DOT	05-2204	10/12/05	06/30/10	125,000.00		125,000.00	97,365.67	27,634.33
Timberon Airport	DOT	06-0625	12/29/06	06/30/10	100,000.00		100,000.00	0.00	100,000.00
Timberon FD	DFA	06-1750	04/25/06	06/30/10	50,000.00		50,000.00	14,453.84	35,546.16
Timberon Swimming Pool		07-5371	05/15/07	06/30/11	75,000.00		75,000.00	14,443.20	60,556.80
Twin Forks MDWCA	Environment Dept	06-0187	12/13/06	06/30/10	200,000.00		200,000.00	200,000.00	0.00
Twin Forks MDWCA	Environment Dept	06-1169	12/13/06	06/30/10	103,000.00		103,000.00	86,444.08	16,555.92
Twin Forks MDWCA	Environment Dept	07-4512	05/15/07	06/30/11	190,000.00		190,000.00	0.00	190,000.00
Twin Forks MDWCA	Environment Dept	08			150,000.00		150,000.00	0.00	150,000.00
Weed Community Center Roof	DFA	05-1535	10/20/05	06/30/10	175,000.00		175,000.00	174,695.99	304.01
Grand Totals					9,758,111.00	40,128.11	9,717,982.89	3,265,827.02	6,452,155.87

See accompanying independent auditors' report.

(This page intentionally left blank)

COMPLIANCE SECTION

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

Hector Balderas
New Mexico State Auditor
The Office of Management and Budget
To the County Administrator and County Commissioners
Otero County
Otero, New Mexico

We have audited the financial statements of the governmental activities, each major fund, the budgetary comparisons for the general fund and each major special revenue fund and the aggregate remaining fund information of Otero County, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents, and have issued our report thereon dated October 6, 2008. We also have audited the financial statements of each of the County's nonmajor governmental funds and budgetary comparisons for the nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008 as listed in the table of contents. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Otero County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Otero County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by Otero County's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. These are items FS 2007-5, FS 2007-6, FS 2008-1 and FS 2008-2.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Otero County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items FS 2007-6 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Otero County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that are required to be reported under Government Auditing Standards January 2007 Revision paragraphs 5.14 and 5.16, and Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as findings FS 2007-1, 2007-2 and FS 2007-3.

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

This report is intended solely for the information and use of the audit committee management, others within the organization, County Commission, the Office of the State Auditor, the New Mexico Department of Finance and Administration, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Accounting & Consulting Group, L.L.P.

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
October 8, 2008

(This page intentionally left blank)

FEDERAL FINANCIAL ASSISTANCE

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Hector Balderas
New Mexico State Auditor
The Office of Management and Budget
To the County Administrator and County Commissioners
Otero County
Otero, New Mexico

Compliance

We have audited the compliance of Otero County, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Otero County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Otero County's management. Our responsibility is to express an opinion on Otero County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Otero County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Otero County's compliance with those requirements.

In our opinion, Otero County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Otero County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Otero County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Otero County's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Otero County's internal control.

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

This report is intended solely for the information and use of the audit committee, management, others within the organization, County Commission, the Office of the State Auditor, the New Mexico Department of Finance and Administration, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Accounting & Consulting Group, L.L.P.

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
October 8, 2008

STATE OF NEW MEXICO
Otero County
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Federal Grantor/ Passthrough Grantor/ Program Title	Grant Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Interior			
BLM Grant	GDA061020	15.242	26,000
National Fire Plan (BLM)	GDA061005	15.228	23,000
Total U.S. Department of Interior			<u>49,000</u>
Office of National Drug Control			
High Intensity Drug Trafficking Area	I7PSNP564Z	16.579	288,851
Total Office of National Drug Control			<u>288,851</u>
U.S. Department of Homeland Security			
(Passed through the New Mexico Department of Public Safety)			
Homeland Security (1)	2006-GE-T6-0064	97.004 & 97.067	690,986
FEMA	EMW-2006-FG-00644	97.044	228,000
Homeland Security Operation Stonegarden	07-NMSG-06-OT	97.064	80,891
Homeland Security Safe Border	08-Otero County	97.064	50,000
Total U.S. Department of Homeland Security			<u>1,049,877</u>
Total Federal Financial Assistance			<u>\$ 1,387,728</u>

(1) Denotes Major Federal Financial Assistance Program

STATE OF NEW MEXICO
Otero County
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Otero County, New Mexico (County) and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

2. Subrecipients

The County did not provide any federal awards to subrecipients during the year.

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 1,387,728
Total expenditures funded by other sources	<u>25,239,566</u>
Total expenditures	<u><u>\$ 26,627,294</u></u>

See accompanying independent auditors' report.

(This page intentionally left blank)

STATE OF NEW MEXICO
Otero County
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Schedule VIII
1 of 5

Section I – Summary of Audit Results

Financial Statements:

- | | |
|----------------------------------------------------------------------------------|-------------|
| 1. Type of auditors’ report issued | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------------|-----------------|-------------------|--|
| 1. Internal control over major programs: | | | | | |
| a. Material weaknesses identified? | No | | | | |
| b. Significant deficiencies identified not considered to be material weaknesses? | No | | | | |
| 2. Type of auditors’ report issued on compliance for major programs | Unqualified | | | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? | No | | | | |
| 4. Identification of major programs: | | | | | |
| <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; width: 50%; border-bottom: 1px solid black;">CFDA
Number</td> <td style="text-align: center; width: 50%; border-bottom: 1px solid black;">Federal Program</td> </tr> <tr> <td style="text-align: center;">97.004 & 97.067</td> <td style="text-align: center;">Homeland Security</td> </tr> </table> | CFDA
Number | Federal Program | 97.004 & 97.067 | Homeland Security | |
| CFDA
Number | Federal Program | | | | |
| 97.004 & 97.067 | Homeland Security | | | | |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 | | | | |
| 6. Auditee qualified as low-risk auditee? | Yes | | | | |

Section II – Financial Statement Findings and Questioned Costs

FS 2007-1 - Stale Dated Checks

Criteria: New Mexico Statutes, Section 7-8A, NMSA 1978, requires local public bodies to remit outstanding checks older than one year to the Unclaimed Property Division of the New Mexico Taxation and Revenue Department.

Condition: The County is in violation of New Mexico Statute, Section 7-8A, NMSA, 1978 regarding stale-dated checks. The County had 900 checks that were over one year old, totaling \$2,988.

Cause: The inmate trust fund account of the County has 900 checks at June 30, 2008 that are over one year old because the County did not properly remit the checks to the Unclaimed Property Division of the New Mexico Taxation and Revenue Department.

Effect: The County is in violation of New Mexico Statute, Section 7-8A, NMSA, 1978. Also, the County's cash balances are not accurately reflected as a result of stale-dated checks appearing on the outstanding check listings.

Recommendation: We recommend that the County implement a procedure to review the outstanding check listings for all bank accounts and track stale-dated checks. If checks on the outstanding check listings are greater than one year old we recommend the related funds be remitted to the Unclaimed Property Bureau per Section 7-8A, NMSA 1978.

Agency's Response: The County will work more diligently to monitor the outstanding check listings and remit the related funds to the Unclaimed Property Bureau.

FS 2007-2 - Timeliness of Deposits

Criteria: Per the County's policy, receipts should be deposited within 24 hours of the receipt.

Condition: During our observation and inquiry over the receipt process it came to our attention that the detention center is bringing small deposits to the treasurers office to be deposited only one or two times a week.

Cause: The administrators at the detention center expressed various reasons for the delay in taking the deposit to the treasurer's office.

Effect: Non-adherence to state statutes places the County in noncompliance and lack of timeliness of deposits could subject the County to a possible occurrence of fraud.

Recommendation: We recommend that the County emphasize the importance of timely deposits of receipts, and monitor detention receipts more closely in order to be compliant with the County's policy.

Agency's Response: The Detention administrative staff has indicated that they will make every effort to ensure that monies received are placed on deposit with the appropriate depository no later than the business day following the receipt.

FS 2007-3 - Disposition of Property and Equipment

Criteria: According to the 2008 State Audit Rule 2.2.2.10 X, at least 30 days prior to disposition of property, written notification of the official finding and proposed disposition duly sworn and subscribed under oath by each member of the authority approving the disposition must be sent to the State Auditor.

Condition: During our testwork of capital assets, we noted that the County disposed of a 1993 Ambulance and a 2003 Ford Crown Victoria during the year ended June 30, 2008. The County obtained approval from the department heads but failed to notify the State Auditor of the planned disposition.

Cause: The County was unaware of the rule requiring notification to the State Auditor of disposition of property. The County thought they only needed to notify the State Auditor when property is disposed of through an auction.

Effect: This disposal of property and equipment without notification to the State Auditor places the County in noncompliance with the State Audit Rule.

Recommendation: The County must notify the State Auditor at least thirty days prior to planned disposition of property and equipment.

Agency's Response: The County will work more diligently toward ensuring that proper training is provided to staff responsible for the maintenance of the Capital Assets Inventory and that all matters related to the disposition of public property are in accordance with law.

FS 2007-5 - Depreciation Expense

Criteria: According to GASBS No. 34 all capital assets must be depreciated over their useful lives unless they are inexhaustible (land and land improvements and, in some instances, art and historical treasures).

Condition: The County has disposed of improperly depreciated land in prior years. The fully depreciated land had been acquired in years 1974, 1981, and 1983 at a cost of \$4,274.58, \$365.75 and \$9,753.80, respectively.

Cause: According to County personnel, this occurred due to continued problems with the County's fixed asset software and oversight.

Effect: The effect is the capital asset and depreciation beginning balances were undersated by \$14,394.13.

Recommendation: We recommend for County personnel to identify all land items and make sure they are not being depreciated either by their software or by using manual methods.

Agency's Response: The County will work toward identifying land in their fixed assets lists and make sure they are not being depreciated.

FS 2007-6 – Preparation of Financial Statements

Criteria: According to the American Institute of Certified Public Accountants' Statement on Auditing Standards No. 112, a system of internal control over financial reporting does not stop at the general ledger. Well designed systems include controls over financial statement preparation, including footnote disclosures.

Condition: Financial statements and related footnote disclosures were not prepared by the County.

Cause: The County's personnel do not have the time and have not been adequately trained in understanding the elements of external financial reporting including the preparation of financial statements and related footnote disclosures.

Effect: When sufficient controls over the preparation of financial statements and related disclosures are not designed, implemented and operating effectively, an entity's ability to prevent or detect a misstatement in its financial statements is limited.

Recommendation: We recommend the County's management and personnel receive training on understanding the requirements of external financial reporting. The training should include, but not be limited to:

- Selection of appropriate accounting policies:
 - Governmental Accounting Standards Board (GASB)
 - Generally Accepted Accounting Principles (specifically as applied to governmental units)
 - Financial Accounting Standards Board (FASB)
- Understanding the financial reporting entity
- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements
- Required supplementary information, including Management's discussion and analysis
- Supplementary information required by the Office of the State Auditor

In addition, we recommend that the County develop and implement policies and procedures designed to prevent or detect possible misstatements in its financial statements and related footnote disclosures.

Agency's Response: Otero County staff will receive training on the preparation of financial statements and related footnote disclosures or secure the services of a CPA to prepare the financial statements.

FS-2008-1 - Capital Asset Disposals and Acquisitions

Criteria: The County is required by Title 2, Chapter 20, Part 1 of NMAC to maintain a current detailed capital asset listing and to record disposal and acquisitions of assets in the period in which they were disposed or acquired.

Condition: The County has disposed of assets with a total net book value of \$158.95 in prior years (dating back to 1998) but recorded the disposal in the current year. The County has also acquired assets with a cost of \$3,534 in 2003 but recorded the asset in the current year.

Cause: According to County personnel, this occurred due to continued problems with the County's fixed asset software and oversight.

Effect: The effect is the capital asset and depreciation beginning balances were incorrect.

Recommendation: We recommend for County personnel to identify disposals and acquisitions as they occur and properly record them.

Agency's Response: The County will work toward identifying and recording disposals on a more timely basis. With the cooperation of all pertinent personnel, decisions will be made regarding upgrading or replacing the existing Fixed Assets Inventory software.

FS-2008-2 - Capital Asset Donated Assets

Criteria: According to GASB Cod. sec. 1400.102 additions obtained by donation should be recorded at estimated fair value. Estimated value may be tested by comparison to acquisition cost of similar capital assets.

Condition: The County valued and recorded a donated asset at the donator's estimated book value of \$50,000 rather than at estimated fair market value of \$7,000.

Cause: According to County personnel, this was an oversight.

Effect: The effect is that the capital asset amounts for donated items would be overstated by the difference between book value and the estimated fair market value.

Recommendation: We recommend for County personnel to obtain the fair market value for donated assets and record them at that amount.

Agency's Response: The County will work toward identifying and recording donated assets using the fair market value.

Section III- Prior Year Audit Findings

Prior Year Finding	Status
FS 2007-1 – Stale-dated Checks	Repeated but modified
FS 2007-2 – Timeliness of Deposits	Repeated
FS 2007-3 – Disposition of Property and Equipment	Repeated
FS 2007-4 – Capital Asset Roll Forward	Resolved
FS 2007-5 – Depreciation Expense	Repeated but modified
FS 2007-6 – Preparation of Financial Statements	Repeated
FS 2007-7 – Material Mistatement	Resolved
FS 2007-8 – Capitalization Threshold	Resolved

(This page intentionally left blank)

STATE OF NEW MEXICO
Otero County
Other Disclosures
For the Year Ended June 30, 2008

Other Disclosures

Exit Conference

An exit conference was held on October 8, 2008. In attendance were the following:

Representing the Otero County:

Doug Moore, County Commission Chairman
Timothy C. Smith, County Manager
Ray Backstrom, Assistant County Manager
Donna Brandon, County Finance Director

Representing Accounting & Consulting Grouping, LLP:

Ray Roberts, Managing Partner

Auditor Prepared Financial Statements

Although it would be preferred and desirable for the County to prepare its own financial statements, the County's personnel did not have the time to prepare them. Accounting and Consulting Group, LLP prepared the financial statements of Otero County from the original books and records provided to them by the management of the County.