

STATE OF NEW MEXICO
OTERO COUNTY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2011

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INTRODUCTORY SECTION

STATE OF NEW MEXICO

Otero County
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June 30, 2011

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STATE OF NEW MEXICO

Otero County

Official Roster

June 30, 2011

<u>Name</u>		<u>Title</u>
	<u>Board of County Commissioners</u>	
Ronny Rardin		Chairman
Susan Flores		Vice-Chairperson
Tommie Herrell		Commissioner
	<u>Elected Officials</u>	
Donald Yee		County Assessor
Robyn Holmes		County Clerk
Benny House		County Sheriff
Grace Gonzalez		County Treasurer
Chris Tenski		County Probate Judge
	<u>Administrative Officials</u>	
Pamela Heltner		Acting County Manager
Donna Brandon		County Finance Director

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FINANCIAL SECTION



Accounting & Consulting Group, LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Hector Balderas
New Mexico State Auditor
The Office of Management and Budget and
To the County Administrator and County Commissioners
Otero County
Alamogordo, 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 Otero County, New Mexico (the County) as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the County's nonmajor governmental funds and budgetary comparisons for the remaining 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, 2011 as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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, 2011, and the respective changes in financial position thereof, and the respective budgetary comparisons for the General Fund and the major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the County as of June 30, 2011, and the respective changes in financial position thereof, and the budgetary comparisons for the remaining 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 November 4, 2011 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 13 through 19 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 basic 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 County. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and each of the nonmajor governmental fund financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements and the nonmajor governmental fund financial statements, taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
November 4, 2011

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STATE OF NEW MEXICO
Otero County
Management's Discussion and Analysis
June 30, 2011

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, 2011. 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 \$45,873,719 (*net assets*). Of this amount, \$10,166,435 (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The change in net assets for the year was \$977,853. The increase is primarily due to a decrease in expenses from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,401,567, or 21 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.

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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-seven 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, road special revenue fund, and fire funds special revenue fund, all of which are considered to be major funds. Data from the other twenty-four 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, road special revenue fund, and fire funds special revenue 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 statement 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 39-60 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 64-102 of this report.

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Otero County
Management's Discussion and Analysis
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Government-wide Financial Analysis

A summary 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 \$45,873,719 and \$44,634,847 at the close of the fiscal years ended June 30, 2011 and June 30, 2010, respectively.

The largest portion of the County's net assets (62 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 (\$7,258,249) 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* (\$10,166,435) 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, 2011.

OTERO COUNTY'S NET ASSETS
June 30, 2011

	Governmental Activities	
	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 18,779,218	\$ 20,174,235
Capital assets	<u>31,821,368</u>	<u>28,803,560</u>
Total assets	<u>50,600,586</u>	<u>48,977,795</u>
Current liabilities	1,701,094	1,528,392
Non-current liabilities	<u>3,025,773</u>	<u>2,814,556</u>
Total liabilities	<u>4,726,867</u>	<u>4,342,948</u>
Net assets:		
Invested in capital assets, net of related debt	28,449,035	25,654,548
Restricted	7,258,249	10,887,773
Unrestricted	<u>10,166,435</u>	<u>8,092,526</u>
Total net assets	<u>\$ 45,873,719</u>	<u>\$ 44,634,847</u>

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Otero County
Management's Discussion and Analysis
June 30, 2011

Changes in Net Assets

The County's total revenues of \$26,418,470 and program expenses of \$25,333,781 resulted in a change in net assets of \$1,084,689. Reasons for the change include a decrease in expenses, primarily public works and health and welfare expenses.

The County also had a restatement in the amount of \$261,019 for prior year capital assets not recorded in the prior year.

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, 2011 and June 30, 2010.

	<u>Governmental</u>	
	<u>Activities</u>	
	<u>2011</u>	<u>2010</u>
Program revenues:		
Charges for services	\$ 2,941,651	\$ 2,867,778
Operating grants and contributions	5,707,889	6,204,011
Capital grants and contributions	909,757	1,541,407
General revenues:		
Property taxes	8,254,575	8,108,133
Gross receipts taxes	4,503,577	4,824,113
Gasoline, motor vehicle and other taxes	342,556	432,585
Payment in lieu of taxes	2,658,915	2,595,814
Investment income	193,308	320,019
Miscellaneous revenue	941,122	437,386
(Loss)/Gain on disposal of capital assets	(34,881)	(23,751)
<i>Special Item:</i>		
Debt relief	-	63,632
Total revenues	<u>26,418,469</u>	<u>27,371,127</u>
Program expenses:		
General government	5,425,498	5,773,006
Public safety	12,367,778	11,300,919
Public works	3,965,480	3,885,367
Culture and recreation	233,009	398,800
Health and welfare	3,330,754	2,809,361
Interest on long-term debt	118,097	120,878
Total expenses	<u>25,440,616</u>	<u>24,288,331</u>
Change in net assets	<u>977,853</u>	<u>3,082,796</u>
Net assets, beginning	<u>44,634,847</u>	<u>39,023,597</u>
Net assets, restatement	<u>261,019</u>	<u>2,528,454</u>
Net assets, ending	<u>\$ 45,873,719</u>	<u>\$ 44,634,847</u>

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Otero County
Management's Discussion and Analysis
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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.

As of the end of the current fiscal year, Otero County's governmental funds reported combined ending fund balances of \$17,161,804, a decrease of \$1,554,760 in comparison with the prior year. Approximately 20 percent of this total amount, \$3,401,567, constitutes *unassigned fund balance*, which is available for spending at the government's discretion, 39 percent (\$6,733,806) constitutes fund balance *restricted for specific purposes*, 37 percent (\$6,308,410) constitutes fund balances *committed to specific purposes*, and 4 percent of this total amount (\$718,021) is *nonspendable fund balance*.

The general fund is the chief operating fund of Otero County. At the end of the current fiscal year, *unassigned* fund balance of the general fund was \$3,401,567, while total fund balance was \$9,903,555. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 21 percent of total general fund expenditures, while total fund balance represents 62 percent of that same amount. Fund balance of Otero County's general fund decreased by \$838,018 during the current fiscal year.

The Road Fund has a total fund balance of \$565,871, of which \$74,112 is *spendable and restricted* and \$397,643 is *committed to specific purposes*. The decrease in fund balance during the current year was \$13,331. The decrease from current year activity is due, primarily, to an increase in public works expenses and a decrease in interfund transfers.

The Fire Funds have a total fund balance of \$3,563,718. At the end of the current fiscal year, *spendable and restricted* fund balance of the fire funds was \$3,563,718. The net decrease in fund balance during the current year in the fire fund was \$535,780. The decrease from current year activity is due to a decrease in state funding and an increase in public safety expenditures.

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 \$102,642. The significant variations were in the public safety and capital outlay functions, which were a decrease and an increase of \$147,855 and \$346,574, respectively. This increase was to allow for more funding for equipment 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, 2011. Detailed budget comparisons are reported in the budgetary comparison statements for each major fund and the statements of revenues, expenditures, and changes in fund balance-Budget (Non-GAAP Budgetary Basis) and actual for the non-major funds.

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Fund Expenditure Budget Performance

	<u>Final Budget</u>	<u>Actual on Cash (Budgetary) Basis</u>	<u>Favorable (Unfavorable) Variance</u>
General Fund	\$ 17,509,643	\$ 16,216,281	\$ 1,293,362
Road Fund	4,597,279	3,159,284	1,437,995
Fire Funds	6,075,080	3,898,193	2,176,887
Other Governmental Funds	<u>8,716,413</u>	<u>5,575,025</u>	<u>3,141,388</u>
 Total for Governmental Funds	 <u>\$ 36,898,415</u>	 <u>\$ 28,848,783</u>	 <u>\$ 8,049,632</u>

The County amends its budget during the year in response to unexpected changes in its operating environment.

Capital Asset and Debt Administration

Capital Assets

Otero County's investment in capital assets for its governmental activities as of June 30, 2011, amounts to \$31,821,368 (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, 2011 and June 30, 2010.

Otero County's Capital Assets, Net of Depreciation

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Property, plant and equipment:		
Land	\$ 1,986,064	\$ 1,966,064
Construction in progress	19,302	646,949
Infrastructure	2,372,478	1,785,649
Buildings and improvements	26,827,734	25,175,499
Furniture and equipment	25,318,932	22,158,910
Vehicles	<u>5,133,417</u>	<u>4,635,961</u>
Total property, plant and equipment	61,657,927	56,369,032
Less: accumulated depreciation	<u>(29,836,559)</u>	<u>(27,565,472)</u>
Total property, plant and equipment, Net of accumulated depreciation	<u>\$ 31,821,368</u>	<u>\$ 28,803,560</u>

The County recognized \$2,456,700 in depreciation expense during the year. Additional information on Otero County's capital assets can be found in Note 6 to the financial statements.

The County restated capital assets in the amount of \$261,019 to account for construction in progress, land, and equipment that was not recorded in the prior year.

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Long-term debt

At June 30, 2011, Otero County had total bonded debt outstanding of \$0 and loans and capital leases outstanding of \$3,372,333, all of which is secured by pledged gross receipts tax revenues.

Otero County's Outstanding Debt

	<u>2011</u>	<u>2010</u>
Loans and capital leases payable	\$ <u>3,372,333</u>	\$ <u>3,149,012</u>
Total outstanding debt	\$ <u>3,372,333</u>	\$ <u>3,149,012</u>

The County added three New Mexico Finance Authority loans and capital leases for new fire vehicles totaling \$705,425. The County made principal payments towards loans and capital leases payable in the amount of \$482,104. 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 2011 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund decreased to \$9,404,170. It is intended that use of available fund balance will avoid the need to raise taxes or charges during the 2011 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, 1101 New York Ave., Room 106, Alamogordo, NM 88310-6935.

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**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO

Exhibit A-1

Otero County

Statement of Net Assets

June 30, 2011

	<u>Governmental Activities</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 3,348,197
Investments	11,655,397
Receivables:	
Property taxes	848,028
Other taxes	727,454
Other receivables	1,062,083
Inventory	25,571
Prepaid expenses	692,450
Total current assets	<u>18,359,180</u>
Noncurrent assets	
Restricted cash and cash equivalents	420,038
Capital assets	61,657,927
Less: accumulated depreciation	<u>(29,836,559)</u>
Total noncurrent assets	<u>32,241,406</u>
Total assets	<u>\$ 50,600,586</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 335,287
Accrued payroll expenses	548,815
Accrued interest	24,346
Current portion of accrued compensated absences	440,441
Current portion of loans and capital leases payables	<u>352,205</u>
Total current liabilities	<u>1,701,094</u>
Noncurrent liabilities	
Accrued compensated absences	5,645
Loans and capital leases payable	<u>3,020,128</u>
Total noncurrent liabilities	<u>3,025,773</u>
Total liabilities	<u>4,726,867</u>
Net Assets	
Invested in capital assets, net of related debt	28,449,035
Restricted for:	
Debt service	141,433
Capital projects	250,000
Other purposes - special revenue	6,866,816
Unrestricted	<u>10,166,435</u>
Total net assets	<u>45,873,719</u>
Total liabilities and net assets	<u>\$ 50,600,586</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, 2011

Exhibit A-2

Functions/Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
General government	\$ 5,425,498	\$ 1,062,770	\$ 1,543,265	\$ 461,396	\$ (2,358,067)
Public safety	12,367,778	1,103,981	2,228,649	116,920	(8,918,228)
Public works	3,965,480	769,539	1,167,138	317,414	(1,711,389)
Culture and recreation	233,009	-	-	-	(233,009)
Health and welfare	3,330,754	5,361	768,837	14,027	(2,542,529)
Interest on long-term debt	118,097	-	-	-	(118,097)
<i>Total governmental activities</i>	<u>\$ 25,440,616</u>	<u>\$ 2,941,651</u>	<u>\$ 5,707,889</u>	<u>\$ 909,757</u>	(15,881,319)
General revenues:					
Taxes					
Property					8,254,575
Gross receipts					4,503,577
Gasoline and motor vehicle					342,170
Other					386
Payment in lieu of taxes					2,658,915
Investment income					193,308
Miscellaneous income					941,122
Loss on sale of capital assets					(34,881)
Total general revenues					<u>16,859,172</u>
Change in net assets					<u>977,853</u>
Net assets - beginning, as originally reported					44,634,847
Net assets - restatement (Note 20)					<u>261,019</u>
Net assets - beginning, as restated					<u>44,895,866</u>
Net assets, ending					<u>\$ 45,873,719</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Otero County
Balance Sheet
Governmental Funds
June 30, 2011

	<u>General Fund</u>	<u>Road Fund</u>	<u>Fire Funds</u>
<i>Assets</i>			
Cash and cash equivalents	\$ 441,152	\$ 431,747	\$ 1,255,538
Investments	8,668,180	-	1,996,775
Receivables:			
Property taxes	841,988	-	-
Other taxes	241,789	30,884	156,458
Other receivables	445,328	127,283	213,267
Inventory	-	25,571	-
Prepaid expenses	606,221	68,545	-
Due from other funds	3,359	-	-
<i>Total assets</i>	<u>\$ 11,248,017</u>	<u>\$ 684,030</u>	<u>\$ 3,622,038</u>
<i>Liabilities</i>			
Accounts payable	\$ 201,454	\$ 46,956	\$ 58,320
Accrued payroll expenses	421,828	66,483	-
Accrued compensated absences	15,196	4,720	-
Due to other funds	-	-	-
Deferred revenue:			
Deferred property taxes	705,984	-	-
<i>Total liabilities</i>	<u>1,344,462</u>	<u>118,159</u>	<u>58,320</u>
<i>Fund balances</i>			
Nonspendable			
Inventory	-	25,571	-
Prepaid expenses	606,221	68,545	-
Spendable			
Restricted for:			
General county operations	-	-	-
Maintenance of roads	-	74,112	-
Environment	-	-	-
Recreation	-	-	-
Public safety	-	-	3,563,718
Healthcare	-	-	-
Debt service expenditures	-	-	-
Capital projects	-	-	-
Committed to:			
Recycling center	-	-	-
Minimum fund balance	2,702,550	397,643	-
Subsequent year's expenditures	3,193,217	-	-
Unassigned	3,401,567	-	-
<i>Total fund balances</i>	<u>9,903,555</u>	<u>565,871</u>	<u>3,563,718</u>
<i>Total liabilities and fund balances</i>	<u>\$ 11,248,017</u>	<u>\$ 684,030</u>	<u>\$ 3,622,038</u>

The accompanying notes are an integral part of these financial statements

Other Governmental Funds	Total
\$ 1,639,798	\$ 3,768,235
990,442	11,655,397
6,040	848,028
298,323	727,454
276,205	1,062,083
-	25,571
17,684	692,450
-	3,359
<u>\$ 3,228,492</u>	<u>\$ 18,782,577</u>
\$ 28,557	\$ 335,287
60,504	548,815
1,666	21,582
3,359	3,359
5,746	711,730
<u>99,832</u>	<u>1,620,773</u>
-	25,571
17,684	692,450
451,685	451,685
240,156	314,268
505,796	505,796
7,410	7,410
234,172	3,797,890
1,265,324	1,265,324
141,433	141,433
250,000	250,000
15,000	15,000
-	3,100,193
-	3,193,217
-	3,401,567
<u>3,128,660</u>	<u>17,161,804</u>
<u>\$ 3,228,492</u>	<u>\$ 18,782,577</u>

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STATE OF NEW MEXICO

Otero County

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Assets

June 30, 2011

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	\$ 17,161,804
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	31,821,368
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities	711,730
Certain liabilities, including bonds payable, and current and long-term portions of accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued interest payable	(24,346)
Accrued compensated absences	(424,504)
Loans and capital leases payable	<u>(3,372,333)</u>
Net assets of governmental activities	<u><u>\$ 45,873,719</u></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, 2011

	<u>General Fund</u>	<u>Road Fund</u>	<u>Fire Funds</u>
<i>Revenues:</i>			
Taxes:			
Property	\$ 8,039,645	\$ -	\$ -
Gross receipts	1,947,738	-	861,450
Gasoline and motor vehicle	-	342,170	-
Other	257	-	-
Payment in lieu of taxes	2,658,915	-	-
Intergovernmental:			
Federal operating grants	184,360	443,086	8,899
Federal capital grants	-	-	-
State operating grants	901,807	711,099	1,442,649
State capital grants	-	-	66,520
Local sources	511,788	-	-
Charges for services	1,791,087	769,539	-
Investment income	124,346	-	50,536
Licenses and fees	-	-	-
Miscellaneous	544,555	2,909	306,495
<i>Total revenues</i>	<u>16,704,498</u>	<u>2,268,803</u>	<u>2,736,549</u>
<i>Expenditures:</i>			
Current:			
General government	4,838,785	-	-
Public safety	8,340,829	-	1,757,407
Public works	745,381	2,763,479	-
Culture and recreation	93,906	-	-
Health and welfare	493,757	-	-
Capital outlay	1,588,428	462,730	2,002,042
Debt service:			
Principal	-	-	113,734
Interest	-	-	9,226
<i>Total expenditures</i>	<u>16,101,086</u>	<u>3,226,209</u>	<u>3,882,409</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>603,412</u>	<u>(957,406)</u>	<u>(1,145,860)</u>
<i>Other financing sources (uses)</i>			
Proceeds from notes	-	-	705,425
Proceeds from sale of equipment	-	-	1,992
Transfers in	350,373	1,000,000	-
Transfers (out)	(1,791,803)	(55,925)	(97,337)
<i>Total other financing sources (uses)</i>	<u>(1,441,430)</u>	<u>944,075</u>	<u>610,080</u>
<i>Net change in fund balance</i>	(838,018)	(13,331)	(535,780)
<i>Fund balance - beginning of year</i>	<u>10,741,573</u>	<u>579,202</u>	<u>4,099,498</u>
<i>Fund balance - end of year</i>	<u>\$ 9,903,555</u>	<u>\$ 565,871</u>	<u>\$ 3,563,718</u>

The accompanying notes are an integral part of these financial statements

Other Governmental Funds	Total
\$ 215,249	\$ 8,254,894
1,694,389	4,503,577
-	342,170
129	386
-	2,658,915
847,444	1,483,789
331,441	331,441
656,757	3,712,312
511,796	578,316
-	511,788
344,271	2,904,897
18,426	193,308
36,754	36,754
87,166	941,125
<u>4,743,822</u>	<u>26,453,672</u>
361,859	5,200,644
717,146	10,815,382
-	3,508,860
74,526	168,432
2,679,037	3,172,794
1,197,162	5,250,362
368,370	482,104
108,045	117,271
<u>5,506,145</u>	<u>28,715,849</u>
<u>(762,323)</u>	<u>(2,262,177)</u>
-	705,425
-	1,992
877,453	2,227,826
<u>(282,761)</u>	<u>(2,227,826)</u>
<u>594,692</u>	<u>707,417</u>
(167,631)	(1,554,760)
<u>3,296,291</u>	<u>18,716,564</u>
<u>\$ 3,128,660</u>	<u>\$ 17,161,804</u>

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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, 2011

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	\$	(1,554,760)
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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		5,250,362
Depreciation expense		(2,456,700)

In the Statement of Activities, only the gain on the sale of equipment is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the equipment sold.

Loss on disposition of assets		(34,881)
Cash proceeds from sale of assets		(1,992)

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		(319)
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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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Increase in accrued interest		(827)
Decrease in accrued compensated absences not paid 60 days after year-end		291
Proceeds from issuance of notes		(705,425)
Principal payments on capital leases and loans payable		482,104

Change in net assets of governmental activities	\$	<u>977,853</u>
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The accompanying notes are an integral part of these financial statements

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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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ 7,839,482	\$ 7,839,482	\$ 8,011,025	\$ 171,543
Gross receipts	1,583,333	1,583,333	2,127,854	544,521
Gasoline and motor vehicle	-	-	-	-
Other	-	-	759	759
<i>Intergovernmental:</i>				
Federal operating grants	391,978	422,603	249,475	(173,128)
Federal capital grants	-	-	24,729	24,729
State operating grants	1,125,000	1,126,960	901,807	(225,153)
State capital grants	-	-	-	-
Local sources	470,000	470,000	550,675	80,675
Payment in lieu of taxes	2,595,814	2,595,814	2,658,915	63,101
Charges for services	1,702,302	1,702,302	1,748,660	46,358
Investment income	196,000	196,000	124,346	(71,654)
Miscellaneous	268,806	277,363	374,194	96,831
<i>Total revenues</i>	<u>16,172,715</u>	<u>16,213,857</u>	<u>16,772,439</u>	<u>558,582</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	4,797,391	4,701,314	4,458,679	242,635
Public safety	8,714,201	8,566,346	8,339,326	227,020
Public works	1,493,166	1,493,166	1,270,530	222,636
Culture and recreation	94,023	94,023	93,371	652
Health and welfare	519,757	519,757	493,758	25,999
Capital outlay	1,788,463	2,135,037	1,560,617	574,420
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>17,407,001</u>	<u>17,509,643</u>	<u>16,216,281</u>	<u>1,293,362</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,234,286)</u>	<u>(1,295,786)</u>	<u>556,158</u>	<u>1,851,944</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	4,226,809	4,598,129	-	(4,598,129)
Transfers in	316,761	316,761	350,373	33,612
Transfers (out)	(3,309,284)	(3,619,104)	(1,791,803)	1,827,301
<i>Total other financing sources (uses)</i>	<u>1,234,286</u>	<u>1,295,786</u>	<u>(1,441,430)</u>	<u>(2,737,216)</u>
<i>Net change in fund balance</i>	-	-	(885,272)	(885,272)
<i>Fund balance - beginning of year</i>	-	-	9,997,963	9,997,963
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,112,691</u>	<u>\$ 9,112,691</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (885,272)
Adjustments to revenue for property and other taxes receivable and other receivables				(67,941)
Adjustments to expenditures for accounts payable, accrued payroll expenses, and prepaid expenses				115,195
Net change in fund balance (GAAP)				<u>\$ (838,018)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit C-2

Otero County

Road 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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	400,000	400,000	382,824	(17,176)
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	446,612	446,612	443,086	(3,526)
Federal capital grants	-	-	-	-
State operating grants	845,719	845,719	790,749	(54,970)
State capital grants	-	-	-	-
Local sources	-	-	-	-
Charges for services	705,000	705,000	697,679	(7,321)
Investment income	-	-	-	-
Miscellaneous	-	-	2,219	2,219
<i>Total revenues</i>	<u>2,397,331</u>	<u>2,397,331</u>	<u>2,316,557</u>	<u>(80,774)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	2,391,381	2,399,453	2,748,418	(348,965)
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	2,149,876	2,141,804	410,866	1,730,938
Debt service:	-	-	-	-
Principal	56,022	56,022	-	56,022
Interest	-	-	-	-
<i>Total expenditures</i>	<u>4,597,279</u>	<u>4,597,279</u>	<u>3,159,284</u>	<u>1,437,995</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,199,948)</u>	<u>(2,199,948)</u>	<u>(842,727)</u>	<u>1,357,221</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(100,052)	(100,052)	-	100,052
Transfers in	2,300,000	2,300,000	1,000,000	(1,300,000)
Transfers (out)	-	-	(55,925)	(55,925)
<i>Total other financing sources (uses)</i>	<u>2,199,948</u>	<u>2,199,948</u>	<u>944,075</u>	<u>(1,255,873)</u>
<i>Net change in fund balance</i>	-	-	101,348	101,348
<i>Fund balance - beginning</i>	-	-	330,399	330,399
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 431,747</u>	<u>\$ 431,747</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 101,348
Adjustments to revenue for taxes receivable and other receivables				(47,754)
Adjustments to expenditures for accounts payable, accrued payroll expenses, prepaids, and inventory				(66,925)
Net change in fund balance (GAAP)				<u>\$ (13,331)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit C-3

Otero County

Fire Funds 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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	725,000	725,000	850,419	125,419
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	78,835	216,835	11,830	(205,005)
Federal capital grants	-	-	-	-
State operating grants	1,442,649	1,442,649	1,442,649	-
State capital grants	11,400	83,927	66,520	(17,407)
Charges for services	-	-	-	-
Investment income	30,000	30,000	50,536	20,536
Miscellaneous	50,000	57,153	98,987	41,834
<i>Total revenues</i>	<u>2,337,884</u>	<u>2,555,564</u>	<u>2,520,941</u>	<u>(34,623)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	1,771,098	2,135,465	1,717,715	417,750
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	3,109,268	3,833,444	2,057,518	1,775,926
Debt service:				
Principal	95,034	106,171	113,734	(7,563)
Interest	-	-	9,226	(9,226)
<i>Total expenditures</i>	<u>4,975,400</u>	<u>6,075,080</u>	<u>3,898,193</u>	<u>2,176,887</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,637,516)</u>	<u>(3,519,516)</u>	<u>(1,377,252)</u>	<u>2,142,264</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	2,671,516	3,038,516	-	(3,038,516)
Proceeds from notes	-	515,000	705,425	190,425
Proceeds from sale of equipment	-	-	1,992	1,992
Transfers in	134,000	134,000	134,000	-
Transfers (out)	(168,000)	(168,000)	(231,337)	(63,337)
<i>Total other financing sources (uses)</i>	<u>2,637,516</u>	<u>3,519,516</u>	<u>610,080</u>	<u>(2,909,436)</u>
<i>Net change in fund balance</i>	-	-	(767,172)	(767,172)
<i>Fund balance - beginning</i>	-	-	4,019,485	4,019,485
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,252,313</u>	<u>\$ 3,252,313</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (767,172)
Adjustments to revenue for taxes receivable and other receivables				215,608
Adjustments to expenditures for accounts payable and accrued payroll expenses				15,784
Net change in fund balance (GAAP)				<u>\$ (535,780)</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
Otero County
Agency Funds
Statement of Fiduciary Assets and Liabilities
June 30, 2011

Exhibit D-1

<i>Assets</i>	
Cash	\$ 285,265
Property taxes receivable	<u>1,503,203</u>
<i>Total assets</i>	<u><u>\$ 1,788,468</u></u>
<i>Liabilities</i>	
Deposits held in trust	\$ 285,265
Due to other taxing units	<u>1,503,203</u>
<i>Total liabilities</i>	<u><u>\$ 1,788,468</u></u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies

Otero County is a political subdivision 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 Commissioners-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.

Otero County 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 Statements 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, 2011

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 and (b) is reported on a full accrual, economic resource basis, which recognizes 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 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, 2011

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 due within the current fiscal period are 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.

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 include revenues received from state and federal sources such as county equalization distributions 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.

Under the requirements of GASB Statement No. 34, the County is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following, which includes funds that were not required to be presented as major but were at the discretion of management:

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 *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.

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.

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Additionally, the government reports the following agency fund:

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 the collection and disbursement of inmate funds for the Otero County Detention Center.

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 various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 Local Government Investment Pool (LGIP).

Investments for the County are reported at fair value.

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.

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.

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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 Expenses: Prepaid expenses include insurance and contract payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide financial statements and 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 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) is 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 the asset's life 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, 2011, along with applicable FICA and Medicare liabilities.

Deferred Revenues: There are two types of deferred revenue. Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for deferred revenue (commonly referred to as unearned revenue). The other type of deferred revenue is "unavailable revenue." Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. It must also be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period). If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred revenue. The County has recognized deferred revenues of \$711,730 at June 30, 2011.

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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, 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 Statement No. 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 and discounts, as well as issuance costs are recognized in the period the bonds are issued. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Fund Balance Classification Policies and Procedures: For committed fund balance, the County's highest level of decision-making authority is the County Commission. The formal action that is required to be taken to establish a fund balance commitment is the County Commission.

For assigned fund balance, the County Commission or an official or body to which the County Commission delegates the authority is authorized to assign amounts to a specific purpose. Under the current authorization system, for funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

For the classification of fund balances, the County considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the County considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Nonspendable Fund Balance: At June 30, 2011, the nonspendable fund balance in the governmental funds consists of amounts associated with inventory and prepaid expense contracts that are not in spendable form.

Restricted and Committed Fund Balance: At June 30, 2011, the County has presented restricted fund balance on the governmental funds balance sheet in the amount of \$6,733,806 for various County operations as restricted by enabling legislation, of which \$397,643 is committed to meet minimum fund balance requirements in the Road Special Revenue Fund. The County has also presented committed fund balance on the governmental funds balance sheet in the amount of \$15,000 in order to build a recycling center, \$2,702,550 to meet minimum fund balance requirements for the General Fund, and \$3,193,217 for subsequent year's expenditures in the General Fund. The details of these fund balance items are located on the governmental funds balance sheet as detailed on pages 24-25.

Minimum Fund Balance Policy: The County's policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the County holds cash reserves of 3/12th the General Fund expenditures and a cash reserve of 1/12th the Road Special Revenue Fund.

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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.”

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. Significant estimates in the County’s financial statements include management’s estimate of the expected useful lives of Capital Assets.

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.

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 at the fund level.

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.

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2011

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information (continued)

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 Budget	Final Budget
Budgeted Funds:		
General Fund	\$ (1,234,286)	\$ (1,295,786)
Road Special Revenue Fund	\$ (2,199,948)	\$ (2,199,948)
Fire Funds Special Revenue Fund	\$ (2,637,516)	\$ (3,519,516)
Other Governmental Funds	\$ (2,237,152)	\$ (2,336,903)

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

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, 2011 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, the 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, 2011.

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 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.

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2011

NOTE 3. Deposits and Investments (continued)

According to the Federal Deposit Insurance Corporation (FDIC), public unit deposits are funds owned by the public unit. From July 1, 2010 to December 31, 2010, time deposits, savings deposits and interest bearing negotiable order of withdrawal (NOW) accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. However, on October 14, 2008, the FDIC announced a new Transaction Account Guarantee (TAG) Program that provides depositors with unlimited coverage through December 31, 2010. From January 1, 2011 to July 20, 2011, accounts held by an official custodian for a government unit are insured as follows:

- Up to \$250,000 for the combined total of all time and savings deposits (including NOW accounts), and
- Unlimited coverage for noninterest-bearing transaction (demand deposit) accounts

Through July 20, 2011, there is no difference in deposit insurance coverage when an official custodian deposits money in-state or out-of-state.

With regards to this Transaction Account Guarantee Program, noninterest-bearing checking accounts include Demand Deposit Accounts (DDA's) and any other transaction accounts that has unlimited withdrawals and that cannot earn interest. Also included in this program are low-interest NOW accounts that cannot earn more than 0.5% interest.

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, 2011, \$8,067,521 of the County's bank balances of \$9,338,114 was exposed to custodial credit risk. \$7,357,683 was uninsured and collateralized by collateral held by the pledging bank's trust department not in the County's name and \$709,838 was uninsured and uncollateralized.

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2011

NOTE 3. Deposits and Investments (continued)

	First American Bank	First National Bank of Alamogordo	Bank 34
Amount of deposits	\$ 500,000	\$ 5,367,521	\$ 1,500,000
FDIC coverage	(250,000)	(500,000)	(250,000)
Total uninsured public funds	250,000	4,867,521	1,250,000
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the County's name	250,000	4,867,521	1,250,000
Uninsured and uncollateralized	\$ -	\$ -	\$ -
Collateral requirement (50%)	\$ 125,000	\$ 2,433,761	\$ 625,000
Pledged securities	250,000	4,876,865	1,430,855
Over (under) collateralized	\$ 125,000	\$ 2,443,104	\$ 805,855
	Western Bank	Total	
Amount of deposits	\$ 1,970,593	\$ 9,338,114	
FDIC coverage	(270,593)	(1,270,593)	
Total uninsured public funds	1,700,000	8,067,521	
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the County's name	990,162	7,357,683	
Uninsured and uncollateralized	\$ 709,838	\$ 709,838	
Collateral requirement (50%)	\$ 850,000	\$ 4,033,761	
Pledged securities	990,162	7,547,882	
Over (under) collateralized	\$ 140,162	\$ 3,514,121	

The collateral pledged is listed on Schedule I of this report. The types of collateral are limited to direct obligations of the United States Government and all bonds issued by any agency, district, or political subdivision of the State of New Mexico.

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2011

NOTE 3. Deposits and Investments (continued)

Investments

As of June 30, 2011, the County's investments and related maturities were as follows:

<u>Investment Type</u>	<u>Weighted Average Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
Federal Home Loan Bank Bond	1 to 10 years	\$ 3,401,908	AAA
Freddie Mac Notes	1 to 10 years	580,069	AAA
Fannie Mae Notes	1 to 10 years	1,501,169	AAA
Wells Fargo Money Market Mutual Fund*	<1 year	701,379	AAA
Certificates of deposit	<1 year	5,450,000	N/A
US Treasury and Agency Notes	<1 year	20,872	AAA
		<u>\$ 11,655,397</u>	

* Wells Fargo Money Market Mutual Fund 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, 2011 was \$5,504,018.

Interest Rate Risk – Investments. The County has three 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 \$5,483,146. 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 Bonds, Freddie Mac Notes, Fannie Mae Notes and Wells Fargo Money Market Mutual Fund represent 55%, 9%, 24%, and 11%, 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, Special Revenue, Capital Projects, and Agency funds are all 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, 2011

NOTE 3. Deposits and Investments (continued)

Reconciliation of Cash and Cash Equivalents

Primary Government

Reconciliation to the Statement of Net Assets:

Cash and cash equivalents per Exhibit A-1	\$	3,348,197
Restricted cash and cash equivalents per Exhibit A-1		420,038
Cash - Statement of Fiduciary Assets and Liabilities per Exhibit D-1		285,265
Investments per Exhibit A-1		<u>11,655,397</u>
 Total cash, cash equivalents and investments per Exhibit A-1		 15,708,897
 Add: outstanding checks and other reconciling items		 15,924
Add: outstanding warrants per Treasurer's Report		399,320
Less: investments in US Treasury MM mutual fund		(701,379)
Less: cash held by NMFA		(420,038)
Less: investments in U.S. Government and U. S. Agency securities		(5,504,018)
Less: deposits in transit and other reconciling items		(159,592)
Less: petty cash		<u>(1,000)</u>
 Bank balance of deposits	 \$	 <u><u>9,338,114</u></u>

NOTE 4. Receivables

Receivables as of June 30, 2011, are as follows:

	<u>General Fund</u>	<u>Road Fund</u>	<u>Fire Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Property taxes	\$ 841,988	\$ -	\$ -	\$ 6,040	\$ 848,028
Other taxes:					
Gross receipts taxes	241,789	-	156,458	298,323	696,570
Gasoline and oil taxes	-	30,884	-	-	30,884
Other receivables:					
Charges for services	244,647	126,593	-	-	371,240
Intergovernmental-grants:					
State	-	-	207,508	1,801	209,309
Federal	-	-	5,759	269,699	275,458
Miscellaneous	<u>200,681</u>	<u>690</u>	<u>-</u>	<u>4,705</u>	<u>206,076</u>
 Totals by category	 <u>\$ 1,529,105</u>	 <u>\$ 158,167</u>	 <u>\$ 369,725</u>	 <u>\$ 580,568</u>	 <u>\$ 2,637,565</u>

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$711,730 that were not collected within the period of availability have been reclassified as deferred revenue in the governmental fund financial statements. All of the above receivables are deemed to be fully collectible.

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2011

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 Out</u>	<u>Transfers In</u>	<u>Amount</u>
Primary Government		
General Fund	Property Valuation Special Revenue Fund	\$ 112,567
General Fund	Road Special Revenue Fund	1,000,000
General Fund	A.R.R.A Recycling Grant Special Revenue Fund	15,000
General Fund	HIDTA Grant Special Revenue Fund	60,000
General Fund	Environmental Gross Receipts Tax Special Revenue Fund	600,000
General Fund	Environmental Inspections Special Revenue Fund	4,236
Fire Funds Special Revenue Fund	General Fund	67,612
Water Planning Special Revenue Fund	General Fund	5,272
CDBG Comprehensive Plan Special Revenue Fund	General Fund	3,200
Legislative Grants Capital Projects Fund	General Fund	272,624
Building Improvements Capital Projects Fund	General Fund	1,665
Road Special Revenue Fund	Other Debt Service Fund	55,925
Fire Funds Special Revenue Fund	Other Debt Service Fund	29,725
	Total	<u>\$ 2,227,826</u>

Internal balances have primarily been recorded when funds overdraw their share of pooled cash. The composition of interfund balances as of June 30, 2011 is as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
Other Debt Service Fund	General Fund	\$ 3,359
	Total	<u>\$ 3,359</u>

All interfund balances are short-term in nature and are expected to be repaid within one year.

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2011

NOTE 6. Capital Assets

The following is a summary of capital assets and changes occurring during the year ended June 30, 2011. Land and construction in progress are not subject to depreciation.

	Balance June 30, 2010	Adjustments	Additions	Deletions	Balance June 30, 2011
Governmental activities:					
Capital Assets, not depreciated:					
Land	\$ 1,966,064	\$ 20,000	\$ -	\$ -	\$ 1,986,064
Construction in progress	646,949	65,311	19,302	(712,260)	19,302
Total Capital Assets, not depreciated	<u>2,613,013</u>	<u>85,311</u>	<u>19,302</u>	<u>(712,260)</u>	<u>2,005,366</u>
Capital Assets, depreciated:					
Infrastructure	1,785,649	-	586,829	-	2,372,478
Buildings and building improvements	25,175,499	-	1,654,025	(1,790)	26,827,734
Furniture and equipment	22,158,910	260,000	3,103,470	(203,448)	25,318,932
Vehicles	4,635,961	-	598,996	(101,540)	5,133,417
Total Capital Assets, depreciated	<u>53,756,019</u>	<u>260,000</u>	<u>5,943,320</u>	<u>(306,778)</u>	<u>59,652,561</u>
Accumulated Depreciation:					
Infrastructure	273,343	-	425,190	-	698,533
Buildings and building improvements	11,221,051	-	564,128	(1,790)	11,783,389
Furniture and equipment	13,189,945	84,292	1,358,655	(185,754)	14,447,138
Vehicles	2,881,133	-	108,727	(82,361)	2,907,499
Total Accumulated Depreciation	<u>27,565,472</u>	<u>84,292</u>	<u>2,456,700</u>	<u>(269,905)</u>	<u>29,836,559</u>
Net Book Value	<u>\$ 28,803,560</u>	<u>\$ 261,019</u>	<u>\$ 3,505,922</u>	<u>\$ (749,133)</u>	<u>\$ 31,821,368</u>

Depreciation expense for the year ended June 30, 2011 was charged to governmental activities as follows:

General Government	\$ 225,146
Public Safety	1,552,398
Public Works	456,620
Health and Welfare	157,959
Culture and Recreation	64,577
Total	<u>\$ 2,456,700</u>

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2011

NOTE 7. Long-term Debt

During the year ended June 30, 2011, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

	Balance <u>June 30, 2010</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2011</u>	Due Within <u>One Year</u>
Loans and Capital Leases	\$ 3,149,012	\$ 705,425	\$ (482,104)	\$ 3,372,333	\$ 352,205
Compensated Absences	424,795	440,150	(418,859)	446,086	440,441
Total Long-term Debt	<u>\$ 3,573,807</u>	<u>\$ 1,145,575</u>	<u>\$ (900,963)</u>	<u>\$ 3,818,419</u>	<u>\$ 792,646</u>

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 the lessee for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the future minimum lease payments as of the inception date. The NMFA and capital leases are as follows:

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2011

NOTE 7. Long-term Debt (continued)

NMFA Loans:

Description	Date of Issue	Maturity Date	Interest Rate	Original Amount of Issue	Balance June 30, 2011
NMFA Loan	Apr-06	May-16	3.67%	\$ 129,983	\$ 70,250
NMFA Loan	Apr-06	May-16	3.14%	187,778	106,204
NMFA Loan	Jan-07	May-17	3.00%	160,000	102,158
NMFA Loan	Aug-06	May-14	3.00%	80,000	22,282
NMFA Loan	Aug-06	May-17	3.43%	91,109	59,199
NMFA Loan	May-07	May-13	3.00%	40,000	17,167
NMFA Loan	Oct-04	May-15	2.75%	52,000	23,026
NMFA Loan	Dec-07	May-28	3.41-4.56%	540,496	495,467
NMFA Loan	Dec-07	May-18	3.41-4.01%	268,889	200,235
NMFA Loan	Nov-07	May-18	3.41-4.01%	155,000	115,943
NMFA Loan	May-08	May-13	1.58-2.97%	60,900	25,534
NMFA Loan	Sep-08	May-29	5.05%	162,400	155,889
NMFA Loan	Nov-08	May-29	3.00%	163,557	153,196
NMFA Loan	Jan-09	May-19	3.68%	293,712	244,892
NMFA Loan	Mar-09	May-19	3.21%	233,450	191,643
NMFA Loan	Mar-09	May-19	3.19%	189,783	155,838
NMFA Loan	Mar-09	May-19	3.23%	182,700	155,246
NMFA Loan	Sep-09	May-19	0.65-3.58%	135,559	115,142
NMFA Loan	Sep-09	May-20	1.03-3.78%	121,800	110,989
NMFA Loan	Nov-09	May-20	0.98-3.22%	144,130	130,829
NMFA Loan	Jul-10	May-21	2.78%	233,450	233,450
NMFA Loan	Aug-10	Jun-21	2.94%	279,125	279,125
NMFA Loan	Apr-11	May-26	3.58%	192,850	192,850
Total NMFA Loans					<u><u>\$ 3,356,554</u></u>

Capital Leases:

Description	Date of Issue	Interest Rate	Original Amount of Issue	Balance June 30, 2011
Caterpillar Financial Services	Nov-06	5.85%	\$ 112,580	\$ 12,793
Caterpillar Financial Services	Nov-06	4.57%	70,440	2,986
Total Capital Leases				<u><u>\$ 15,779</u></u>

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2011

NOTE 7. Long-term Debt (continued)

The annual requirements to amortize the Loans and Capital Leases Payable as of June 30, 2011, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2012	\$ 352,205	\$ 118,491	\$ 470,696
2013	345,110	98,698	443,808
2014	329,729	89,510	419,239
2015	332,945	80,265	413,210
2016	343,685	70,449	414,134
2017-2021	1,188,052	199,283	1,387,335
2022-2026	336,463	71,503	407,966
2027-2031	144,144	10,525	154,669
	<u>\$ 3,372,333</u>	<u>\$ 738,724</u>	<u>\$ 4,111,057</u>

Loans and capital leases have been liquidated by the Road and Fire Funds Special Revenue Funds in prior years.

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 2011, compensated absences increased \$21,291 over the prior year accrual.

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.

NOTE 9. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

- A. Deficit fund balance of individual funds. The following fund reflected a deficit fund balance as of June 30, 2011:

Non Major Funds	
Other Debt Service Fund	\$ (3,359)
Total Governmental Funds	<u>\$ (3,359)</u>

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2011

NOTE 9. Other Required Individual Fund Disclosures (continued)

- B. Excess of expenditures over appropriations. There were not any funds with expenditures in excess of appropriations.
- C. Designated cash appropriations in excess of available balances. The following fund's budget exceeded approved budgetary authority for the year ended June 30, 2011:

	Designated Cash	Beginning Year Cash & AR Available	Cash Appropriation in excess of available
Other Debt Service Fund	\$ 13,750	\$ -	\$ (13,750)

NOTE 10. Pension Plan – Public Employees Retirement Association

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 Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing, multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P. O. Box 2123, Santa Fe, 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 9.15% for County employees. The County is required to contribute the following percentages of the gross covered salary: 18.5% for law enforcement and fire protection plan members; and 9.15% 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 fiscal years ended June 30, 2011, 2010 and 2009 were \$1,049,621, \$959,576, and \$909,918, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 11. 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.

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2011

NOTE 12. Joint Powers Agreements

Closure of the Dog Canyon Landfill

Participants	Otero County City of Alamogordo
Responsible parties	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

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	The 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 10-11, the total cost for the City of Alamogordo, Village of Tularosa and Otero County was \$163,169, \$13,133 and \$78,430, respectively.

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2011

NOTE 12. Joint Powers Agreements (continued)

Ambulance Services (continued)

County contribution	Varies from year to year depending on the population, but for FY 10-11, the County's contribution was \$78,430.
Audit responsibility	Otero County

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 13. 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 \$307,361. Remaining costs will be funded as current expenditures in future years.

STATE OF NEW MEXICO
Otero County
Notes to the Financial Statements
June 30, 2011

NOTE 14. 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:
 - a. In accordance with the approved budget, to acquire, cause to be acquired and maintain the necessary property, equipment and personnel for the landfill.
 - b. To approve the issuance of revenue bonds
 - c. To enter into agreements for the services of managers, attorneys, appraisers, consultants and employees
 - d. 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. 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, 2011

NOTE 15. 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, 2011, significant amounts of grant expenditures have not been audited by the grantor agencies. Management believes that 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 16. 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 17. Commitments

The County had no outstanding commitments as of June 30, 2011.

NOTE 18. Restricted Net Assets

The government-wide statement of net assets reports \$7,258,249 of restricted assets, all of which is restricted by enabling legislation. For descriptions of the related enabling legislation for special revenue, debt service and capital project funds, see pages 41 and 64-65.

NOTE 19. Subsequent Events

Subsequent to June 30, 2011, the County closed on the following NMFA Loans:

- The County has entered into an NMFA Loan closing on October 28, 2011, for \$43,645. The purpose of the loan shall be used for the purchase of a fire pumper for use by the James Canyon Volunteer Fire Department. The debt payments will be made by intercepting the state fire allotments provided on an annual basis by the State of New Mexico.
- The County has entered into an NMFA Loan closing on October 28, 2011, for \$213,049. The purpose of the loan shall be used for the purchase of a fire pumper for use by the Alamo West Volunteer Fire Department. The debt payments will be made by intercepting the state fire allotments provided on an annual basis by the State of New Mexico.

The date to which events occurring after June 30, 2011, the date of the most recent statement of net assets, have been evaluated for possible adjustment to the financial statements or disclosures is November 4, 2011 which is the date on which the financial statements were issued.

NOTE 20. Net Asset Restatement

The County has restated prior year net assets in the government-wide financial statements as a result of the following:

- Inclusion of prior year construction in progress not recorded by the County of \$65,311 and inclusion of assets purchased and received as donations in prior years of \$195,708 for a total restatement in net assets in the amount of \$261,019.

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
Otero County
Nonmajor Governmental Funds
June 30, 2011

Special Revenue Funds:

DWI Grant – 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

Property Valuation – 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 – 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 – 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.

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

A.R.R.A. Recycling Grant – To account for revenues and expenditures for the A.R.R.A. Recycling Grants, Department of Energy grant 2011-03.

Recreation – 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.

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

Indigent – 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 for this fund is NMSA Section 7029E-9.

EMS – 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 for this fund is NMSA 24-10A to 24-10A-10.

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

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

Water Planning – 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, a special revenue fund has been established.

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

STATE OF NEW MEXICO
Otero County
Nonmajor Governmental Funds
June 30, 2011

Special Revenue Funds (continued):

Southwest Border Prosecution – 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 for this fund is a contract with the U.S. Department of Justice.

Landfill Closure – 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.

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

Secure Rural Schools Grant – To account for expenditures received from the US Forest Services for rural schools. Authority for this fund is commission motion.

Environmental Inspections – To account for the operation of the inspection and permitting of septic systems, food and swimming pools. Authorization for this fund is commission motion.

Sheriff's Covert Activity – 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 for this fund is commission motion.

Debt Service Funds:

Debt Service - 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 for this fund is the bond ordinance.

Other Debt Service – To account for long-term debt activity other than general obligation bonds. The authorization for this fund is commission motion.

Capital Projects Funds:

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

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

STATE OF NEW MEXICO
Otero County
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2011

	Special Revenue			
	DWI Grant	Property Valuation	Clerk's Equipment	Farm and Range
<i>Assets</i>				
Cash and cash equivalents	\$ 86,286	\$ 431,130	\$ 26,894	\$ 71,283
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Other taxes	-	-	-	-
Other receivables	390	3,879	379	-
Prepaid Expenses	315	2,558	3,985	-
<i>Total assets</i>	\$ 86,991	\$ 437,567	\$ 31,258	\$ 71,283
<i>Liabilities</i>				
Accounts payable	\$ 856	\$ 311	\$ 351	\$ -
Accrued payroll expenses	13,044	9,935	-	-
Accrued compensated absences	240	-	-	-
Due to other funds	-	-	-	-
Deferred revenue:				
Deferred property taxes	-	-	-	-
<i>Total liabilities</i>	14,140	10,246	351	-
<i>Fund balances</i>				
Nonspendable				
Inventory	-	-	-	-
Prepaid expenses	315	2,558	3,985	-
Spendable				
Restricted for:				
General county operations	-	424,763	26,922	-
Maintenance of roads	-	-	-	-
Environment	-	-	-	71,283
Recreation	-	-	-	-
Public safety	72,536	-	-	-
Healthcare	-	-	-	-
Debt service expenditures	-	-	-	-
Capital projects	-	-	-	-
Committed to:				
Recycling center	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	72,851	427,321	30,907	71,283
<i>Total liabilities and fund balances</i>	\$ 86,991	\$ 437,567	\$ 31,258	\$ 71,283

The accompanying notes are an integral part of these financial statements

Special Revenue

COPS Grant	A.R.R.A Recycling Grant	Recreation	HIDTA Grant	Indigent	EMS
\$ 295	\$ 973	\$ 7,410	\$ 96,255	\$ 41,141	\$ 19,585
-	-	-	-	990,442	-
-	-	-	-	-	-
-	-	-	-	219,631	-
-	14,027	-	40,355	-	-
-	-	-	1,919	145	-
<u>\$ 295</u>	<u>\$ 15,000</u>	<u>\$ 7,410</u>	<u>\$ 138,529</u>	<u>\$ 1,251,359</u>	<u>\$ 19,585</u>
\$ -	\$ -	\$ -	\$ 6,304	\$ 191	\$ 3,371
-	-	-	14,150	1,913	-
-	-	-	1,103	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	21,557	2,104	3,371
-	-	-	-	-	-
-	-	-	1,919	145	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	7,410	-	-	-
295	-	-	115,053	-	-
-	-	-	-	1,249,110	16,214
-	-	-	-	-	-
-	-	-	-	-	-
-	15,000	-	-	-	-
-	-	-	-	-	-
<u>295</u>	<u>15,000</u>	<u>7,410</u>	<u>116,972</u>	<u>1,249,255</u>	<u>16,214</u>
<u>\$ 295</u>	<u>\$ 15,000</u>	<u>\$ 7,410</u>	<u>\$ 138,529</u>	<u>\$ 1,251,359</u>	<u>\$ 19,585</u>

STATE OF NEW MEXICO
Otero County
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2011

	Special Revenue			Environmental Gross Receipts Tax
	Hazard Mitigation 2002	Law Enforcement Protection	Water Planning	
<i>Assets</i>				
Cash and cash equivalents	\$ 80,423	\$ -	\$ -	\$ 36,270
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Other taxes	-	-	-	78,692
Other receivables	215,317	-	-	57
Prepaid Expenses	-	-	-	8,762
<i>Total assets</i>	<u>\$ 295,740</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,781</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ 17,173
Accrued payroll expenses	-	-	-	21,462
Accrued compensated absences	-	-	-	323
Due to other funds	-	-	-	-
Deferred revenue:				
Deferred property taxes	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,958</u>
<i>Fund balances</i>				
Nonspendable				
Inventory	-	-	-	-
Prepaid expenses	-	-	-	8,762
Spendable				
Restricted for:				
General county operations	-	-	-	-
Maintenance of roads	-	-	-	-
Environment	295,740	-	-	76,061
Recreation	-	-	-	-
Public safety	-	-	-	-
Healthcare	-	-	-	-
Debt service expenditures	-	-	-	-
Capital projects	-	-	-	-
Committed to:				
Recycling center	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>295,740</u>	<u>-</u>	<u>-</u>	<u>84,823</u>
<i>Total liabilities and fund balances</i>	<u>\$ 295,740</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,781</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Otero County
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2011

	Debt Service		Capital Projects	
	Debt Service	Other Debt Service	Legislative Grants	Building Improvements
<i>Assets</i>				
Cash and cash equivalents	\$ 144,498	\$ -	\$ 248,199	\$ -
Investments	-	-	-	-
Receivables:				
Property taxes	6,040	-	-	-
Other taxes	-	-	-	-
Other receivables	-	-	1,801	-
Prepaid Expenses	-	-	-	-
<i>Total assets</i>	\$ 150,538	\$ -	\$ 250,000	\$ -
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll expenses	-	-	-	-
Accrued compensated absences	-	-	-	-
Due to other funds	-	3,359	-	-
Deferred revenue:				
Deferred property taxes	5,746	-	-	-
<i>Total liabilities</i>	5,746	3,359	-	-
<i>Fund balances</i>				
Nonspendable				
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
Spendable				
Restricted for:				
General county operations	-	-	-	-
Maintenance of roads	-	-	-	-
Environment	-	-	-	-
Recreation	-	-	-	-
Public safety	-	-	-	-
Healthcare	-	-	-	-
Debt service expenditures	144,792	(3,359)	-	-
Capital projects	-	-	250,000	-
Committed to:				
Recycling center	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	144,792	(3,359)	250,000	-
<i>Total liabilities and fund balances</i>	\$ 150,538	\$ -	\$ 250,000	\$ -

The accompanying notes are an integral part of these financial statements

Total Nonmajor Governmental Funds	
\$	1,639,798
	990,442
	6,040
	298,323
	276,205
	17,684
\$	<u>3,228,492</u>
\$	28,557
	60,504
	1,666
	3,359
	5,746
	<u>99,832</u>
	-
	17,684
	451,685
	240,156
	505,796
	7,410
	234,172
	1,265,324
	141,433
	250,000
	15,000
	-
	<u>3,128,660</u>
\$	<u>3,228,492</u>

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, 2011

	Special Revenue			
	DWI Grant	Property Valuation	Clerk's Equipment	Farm and Range
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ 208,009	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	18,811
Federal capital grants	-	-	-	-
State operating grants	98,945	-	-	-
State capital grants	-	-	-	-
Charges for services	293,725	-	45,185	-
Investment income	-	-	-	428
Licenses and fees	36,754	-	-	-
Miscellaneous	30	-	-	-
<i>Total revenues</i>	<u>429,454</u>	<u>208,009</u>	<u>45,185</u>	<u>19,239</u>
<i>Expenditures:</i>				
Current:				
General government	-	305,559	55,501	-
Public safety	425,504	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	20,235	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>425,504</u>	<u>325,794</u>	<u>55,501</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>3,950</u>	<u>(117,785)</u>	<u>(10,316)</u>	<u>19,239</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	112,567	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>112,567</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	3,950	(5,218)	(10,316)	19,239
<i>Fund balances - beginning of year</i>	<u>68,901</u>	<u>432,539</u>	<u>41,223</u>	<u>52,044</u>
<i>Fund balances - end of year</i>	<u>\$ 72,851</u>	<u>\$ 427,321</u>	<u>\$ 30,907</u>	<u>\$ 71,283</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

COPS Grant	A.R.R.A Recycling Grant	Recreation	HIDTA Grant	Indigent	EMS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	1,263,667	-
-	-	129	-	-	-
-	-	-	226,397	-	-
-	14,027	-	-	-	-
-	-	-	-	97,120	116,203
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	13,315	-
-	-	-	-	-	-
295	-	1	-	-	48
<u>295</u>	<u>14,027</u>	<u>130</u>	<u>226,397</u>	<u>1,374,102</u>	<u>116,251</u>
-	-	-	-	-	-
-	-	-	275,508	-	-
-	-	897	-	-	-
-	3,008	-	-	1,318,999	120,278
-	11,019	-	-	1,000	12,039
-	-	-	-	-	-
-	-	-	-	-	-
-	<u>14,027</u>	<u>897</u>	<u>275,508</u>	<u>1,319,999</u>	<u>132,317</u>
<u>295</u>	<u>-</u>	<u>(767)</u>	<u>(49,111)</u>	<u>54,103</u>	<u>(16,066)</u>
-	15,000	-	60,000	-	-
-	-	-	-	-	-
-	<u>15,000</u>	<u>-</u>	<u>60,000</u>	<u>-</u>	<u>-</u>
295	15,000	(767)	10,889	54,103	(16,066)
-	-	8,177	106,083	1,195,152	32,280
<u>\$ 295</u>	<u>\$ 15,000</u>	<u>\$ 7,410</u>	<u>\$ 116,972</u>	<u>\$ 1,249,255</u>	<u>\$ 16,214</u>

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, 2011

	Special Revenue			
	Hazard Mitigation 2002	Law Enforcement Protection	Water Planning	Environmental Gross Receipts Tax
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	430,722
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	529,257	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	50,400	-	-
Charges for services	-	-	-	5,361
Investment income	-	-	-	826
Licenses and fees	-	-	-	-
Miscellaneous	-	-	-	72,820
<i>Total revenues</i>	<u>529,257</u>	<u>50,400</u>	<u>-</u>	<u>509,729</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	450,067	-	-	773,909
Capital outlay	-	50,400	-	350,104
Debt service:				
Principal	-	-	-	36,434
Interest	-	-	-	6,784
<i>Total expenditures</i>	<u>450,067</u>	<u>50,400</u>	<u>-</u>	<u>1,167,231</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>79,190</u>	<u>-</u>	<u>-</u>	<u>(657,502)</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	600,000
Transfers (out)	-	-	(5,272)	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(5,272)</u>	<u>600,000</u>
<i>Net change in fund balances</i>	79,190	-	(5,272)	(57,502)
<i>Fund balances - beginning of year</i>	<u>216,550</u>	<u>-</u>	<u>5,272</u>	<u>142,325</u>
<i>Fund balances - end of year</i>	<u>\$ 295,740</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,823</u>

The accompanying notes are an integral part of these financial statements

Special Revenue					
Southwest Border Prosecution	Landfill Closure	CDBG Comprehensive Plan	Secure Rural Schools Grant	Environmental Inspections	Sheriff's Covert Activity
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	72,979	-	-
-	-	317,414	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	904	-	-	-	12
-	-	-	-	-	-
1	-	463	-	-	13,508
<u>1</u>	<u>904</u>	<u>317,877</u>	<u>72,979</u>	<u>-</u>	<u>13,520</u>
-	-	-	799	-	-
-	-	-	-	-	14,772
-	-	-	-	-	-
-	8,540	-	-	4,236	-
83,342	-	313,831	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>83,342</u>	<u>8,540</u>	<u>313,831</u>	<u>799</u>	<u>4,236</u>	<u>14,772</u>
<u>(83,341)</u>	<u>(7,636)</u>	<u>4,046</u>	<u>72,180</u>	<u>(4,236)</u>	<u>(1,252)</u>
-	-	-	-	4,236	-
-	-	(3,200)	-	-	-
-	-	(3,200)	-	4,236	-
(83,341)	(7,636)	846	72,180	-	(1,252)
<u>108,371</u>	<u>70,348</u>	<u>(846)</u>	<u>167,976</u>	<u>-</u>	<u>22,510</u>
<u>\$ 25,030</u>	<u>\$ 62,712</u>	<u>\$ -</u>	<u>\$ 240,156</u>	<u>\$ -</u>	<u>\$ 21,258</u>

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, 2011

	Debt Service		Capital Projects	
	Debt Service	Other Debt Service	Legislative Grants	Building Improvements
<i>Revenues:</i>				
Taxes:				
Property	\$ 7,240	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	344,489	-	-
State capital grants	-	-	461,396	-
Charges for services	-	-	-	-
Investment income	1,880	1,061	-	-
Licenses and fees	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	9,120	345,550	461,396	-
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	1,362	-	-
Culture and recreation	-	-	73,629	-
Health and welfare	-	-	-	-
Capital outlay	-	-	355,192	-
Debt service:				
Principal	-	331,936	-	-
Interest	-	101,261	-	-
<i>Total expenditures</i>	-	434,559	428,821	-
<i>Excess (deficiency) of revenues over expenditures</i>	9,120	(89,009)	32,575	-
<i>Other financing sources (uses)</i>				
Transfers in	-	85,650	-	-
Transfers (out)	-	-	(272,624)	(1,665)
<i>Total other financing sources (uses)</i>	-	85,650	(272,624)	(1,665)
<i>Net change in fund balances</i>	9,120	(3,359)	(240,049)	(1,665)
<i>Fund balances - beginning of year</i>	135,672	-	490,049	1,665
<i>Fund balances - end of year</i>	\$ 144,792	\$ (3,359)	\$ 250,000	\$ -

The accompanying notes are an integral part of these financial statements

Total Nonmajor
Governmental
Funds

\$	215,249
	1,694,389
	129
	847,444
	331,441
	656,757
	511,796
	344,271
	18,426
	36,754
	87,166
	<hr/>
	4,743,822
	<hr/>
	361,859
	717,146
	74,526
	2,679,037
	1,197,162
	368,370
	108,045
	<hr/>
	5,506,145
	<hr/>
	(762,323)
	<hr/>
	877,453
	(282,761)
	<hr/>
	594,692
	<hr/>
	(167,631)
	<hr/>
	3,296,291
	<hr/>
\$	3,128,660
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STATE OF NEW MEXICO

Schedule B-1

Otero County

DWI 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, 2011

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	109,800	109,800	142,253	32,453
State capital grants	-	-	-	-
Local sources	-	-	-	-
Charges for services	295,305	295,305	293,725	(1,580)
Investment income	-	-	-	-
Licenses and fees	-	24,500	36,484	11,984
Miscellaneous	-	-	30	30
<i>Total revenues</i>	<u>405,105</u>	<u>429,605</u>	<u>472,492</u>	<u>42,887</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	415,991	440,491	422,345	18,146
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>415,991</u>	<u>440,491</u>	<u>422,345</u>	<u>18,146</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(10,886)</u>	<u>(10,886)</u>	<u>50,147</u>	<u>61,033</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	10,886	10,886	-	(10,886)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>10,886</u>	<u>10,886</u>	<u>-</u>	<u>(10,886)</u>
<i>Net change in fund balance</i>	-	-	50,147	50,147
<i>Fund balance - beginning of year</i>	-	-	36,139	36,139
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,286</u>	<u>\$ 86,286</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 50,147
Adjustments to revenue for other receivables				(43,038)
Adjustments to expenditures for accounts payable, accrued payroll expenses, and prepaid expenses				(3,159)
Net change in fund balance (GAAP)				<u>\$ 3,950</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-2

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, 2011

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ 200,000	\$ 200,000	\$ 207,837	\$ 7,837
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Local sources	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Licenses and fees	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>200,000</u>	<u>200,000</u>	<u>207,837</u>	<u>7,837</u>
<i>Expenditures:</i>				
Current:				
General government	263,020	263,020	304,340	(41,320)
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	284,848	284,848	20,235	264,613
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>547,868</u>	<u>547,868</u>	<u>324,575</u>	<u>223,293</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(347,868)</u>	<u>(347,868)</u>	<u>(116,738)</u>	<u>231,130</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	235,301	235,301	-	(235,301)
Transfers in	112,567	112,567	112,567	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>347,868</u>	<u>347,868</u>	<u>112,567</u>	<u>(235,301)</u>
<i>Net change in fund balance</i>	-	-	(4,171)	(4,171)
<i>Fund balance - beginning of year</i>	-	-	435,301	435,301
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 431,130</u>	<u>\$ 431,130</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (4,171)
Adjustments to revenue for other receivables				172
Adjustments to expenditures for accounts payable, accrued payroll expenses, and prepaid expenses				(1,219)
Net change in fund balance (GAAP)				<u>\$ (5,218)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-3

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, 2011

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Local sources	-	-	-	-
Charges for services	40,000	40,000	44,806	4,806
Investment income	-	-	-	-
Licenses and fees	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>40,000</u>	<u>40,000</u>	<u>44,806</u>	<u>4,806</u>
<i>Expenditures:</i>				
Current:				
General government	55,160	54,305	58,418	(4,113)
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	6,800	7,655	-	7,655
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>61,960</u>	<u>61,960</u>	<u>58,418</u>	<u>3,542</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(21,960)</u>	<u>(21,960)</u>	<u>(13,612)</u>	<u>8,348</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	21,960	21,960	-	(21,960)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>21,960</u>	<u>21,960</u>	<u>-</u>	<u>(21,960)</u>
<i>Net change in fund balance</i>	-	-	(13,612)	(13,612)
<i>Fund balance - beginning of year</i>	-	-	40,506	40,506
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,894</u>	<u>\$ 26,894</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (13,612)
Adjustments to revenues for other receivables				379
Adjustments to expenditures for accounts payable and prepaid expenses				2,917
Net change in fund balance (GAAP)				<u>\$ (10,316)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-4

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, 2011

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental income:</i>				
Federal operating grants	18,000	18,000	18,811	811
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Local sources	-	-	-	-
Charges for services	-	-	-	-
Investment income	400	400	428	28
Licenses and fees	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>18,400</u>	<u>18,400</u>	<u>19,239</u>	<u>839</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>18,400</u>	<u>18,400</u>	<u>19,239</u>	<u>839</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(18,400)	(18,400)	-	18,400
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(18,400)</u>	<u>(18,400)</u>	<u>-</u>	<u>18,400</u>
<i>Net change in fund balance</i>	-	-	19,239	19,239
<i>Fund balance - beginning of year</i>	-	-	52,044	52,044
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,283</u>	<u>\$ 71,283</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 19,239
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ 19,239</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-5

Otero County

COPS 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, 2011

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Local sources	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Licenses and fees	-	-	-	-
Miscellaneous	-	-	295	295
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>295</u>	<u>295</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>295</u>	<u>295</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in 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>	<u>-</u>	<u>-</u>	<u>295</u>	<u>295</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 295</u>	<u>\$ 295</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 295
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ 295</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-6

Otero County

A.R.R.A Recycling 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, 2011

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental income:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	309,820	-	(309,820)
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Local sources	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Licenses and fees	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>309,820</u>	<u>-</u>	<u>(309,820)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	3,008	(3,008)
Capital outlay	-	309,820	11,019	298,801
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>309,820</u>	<u>14,027</u>	<u>295,793</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(14,027)</u>	<u>(14,027)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	(309,820)	-	309,820
Transfers in	-	309,820	15,000	(294,820)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>15,000</u>
<i>Net change in fund balance</i>	-	-	973	973
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 973</u>	<u>\$ 973</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 973
Adjustments to revenues for other receivables				14,027
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ 15,000</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-7

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, 2011

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	381	381
<i>Intergovernmental income:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Local sources	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Licenses and fees	-	-	-	-
Miscellaneous	-	-	1	1
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>382</u>	<u>382</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	3,000	3,000	897	2,103
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>3,000</u>	<u>3,000</u>	<u>897</u>	<u>2,103</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,000)</u>	<u>(3,000)</u>	<u>(515)</u>	<u>2,485</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	3,000	3,000	-	(3,000)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>(3,000)</u>
<i>Net change in fund balance</i>	-	-	(515)	(515)
<i>Fund balance - beginning of year</i>	-	-	7,925	7,925
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,410</u>	<u>\$ 7,410</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (515)
Adjustments to revenue for taxes receivable recognized in the prior year				(252)
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ (767)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-8

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, 2011

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental income:</i>				
Federal operating grants	280,000	343,750	299,888	(43,862)
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Local sources	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Licenses and fees	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>280,000</u>	<u>343,750</u>	<u>299,888</u>	<u>(43,862)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	300,933	364,683	264,250	100,433
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>300,933</u>	<u>364,683</u>	<u>264,250</u>	<u>100,433</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(20,933)</u>	<u>(20,933)</u>	<u>35,638</u>	<u>56,571</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(39,067)	(39,067)	-	39,067
Transfers in	60,000	60,000	60,000	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>20,933</u>	<u>20,933</u>	<u>60,000</u>	<u>39,067</u>
<i>Net change in fund balance</i>	-	-	95,638	95,638
<i>Fund balance - beginning of year</i>	-	-	617	617
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,255</u>	<u>\$ 96,255</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 95,638
Adjustments to revenue for other receivables				(73,491)
Adjustments to expenditures for accounts payable, accrued payroll expenses, and prepaid expenses				(11,258)
Net change in fund balance (GAAP)				<u>\$ 10,889</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-9

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, 2011

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	1,291,666	1,291,666	1,256,145	(35,521)
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental income:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	97,120	97,120	-
State capital grants	-	-	-	-
Local sources	-	-	-	-
Charges for services	-	-	-	-
Investment income	10,000	10,000	13,315	3,315
Licenses and fees	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,301,666</u>	<u>1,398,786</u>	<u>1,366,580</u>	<u>(32,206)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	1,989,816	2,086,936	1,321,772	765,164
Capital outlay	1,000	1,000	1,000	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,990,816</u>	<u>2,087,936</u>	<u>1,322,772</u>	<u>765,164</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(689,150)</u>	<u>(689,150)</u>	<u>43,808</u>	<u>732,958</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	689,150	689,150	-	(689,150)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>689,150</u>	<u>689,150</u>	<u>-</u>	<u>(689,150)</u>
<i>Net change in fund balance</i>	-	-	43,808	43,808
<i>Fund balance - beginning of year</i>	-	-	987,775	987,775
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,031,583</u>	<u>\$ 1,031,583</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 43,808
Adjustments to revenue for other taxes receivable				7,522
Adjustments to expenditures for accounts payable, accrued payroll expenses, and prepaid expenses				2,773
Net change in fund balance (GAAP)				<u>\$ 54,103</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-10

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, 2011

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	118,617	116,203	116,203	-
State capital grants	-	-	-	-
Local sources	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Licenses and fees	-	-	-	-
Miscellaneous	-	-	48	48
<i>Total revenues</i>	<u>118,617</u>	<u>116,203</u>	<u>116,251</u>	<u>48</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	142,301	137,132	118,578	18,554
Capital outlay	10,266	13,022	12,039	983
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>152,567</u>	<u>150,154</u>	<u>130,617</u>	<u>19,537</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(33,950)</u>	<u>(33,951)</u>	<u>(14,366)</u>	<u>19,585</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	33,950	33,951	-	(33,951)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>33,950</u>	<u>33,951</u>	<u>-</u>	<u>(33,951)</u>
<i>Net change in fund balance</i>	-	-	(14,366)	(14,366)
<i>Fund balance - beginning of year</i>	-	-	33,951	33,951
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,585</u>	<u>\$ 19,585</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (14,366)
No adjustments to revenues				-
Adjustments to expenditures for accounts payable				(1,700)
Net change in fund balance (GAAP)				<u>\$ (16,066)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-11

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	805,716	958,216	388,940	(569,276)
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Local sources	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Licenses and fees	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>805,716</u>	<u>958,216</u>	<u>388,940</u>	<u>(569,276)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	758,983	911,483	525,067	386,416
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>758,983</u>	<u>911,483</u>	<u>525,067</u>	<u>386,416</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>46,733</u>	<u>46,733</u>	<u>(136,127)</u>	<u>(182,860)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	66,550	66,550	-	(66,550)
Transfers in	-	-	-	-
Transfers (out)	(113,283)	(113,283)	-	113,283
<i>Total other financing sources (uses)</i>	<u>(46,733)</u>	<u>(46,733)</u>	<u>-</u>	<u>46,733</u>
<i>Net change in fund balance</i>	-	-	(136,127)	(136,127)
<i>Fund balance - beginning of year</i>	-	-	216,550	216,550
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,423</u>	<u>\$ 80,423</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (136,127)
Adjustments to revenues for other receivables				215,317
Adjustments to expenditures for accounts payable recognized in the prior year				-
Net change in fund balance (GAAP)				<u>\$ 79,190</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-12

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, 2011

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental income:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	50,400	50,400	50,400	-
Local sources	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Licenses and fees	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>50,400</u>	<u>50,400</u>	<u>50,400</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	50,400	50,400	50,400	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>50,400</u>	<u>50,400</u>	<u>50,400</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 (budgeted increase in 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>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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)				\$ -
No adjustments to revenues				-
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-13

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, 2011

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental income:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Local sources	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Licenses and fees	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
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 (budgeted increase in cash)	5,272	5,272	-	(5,272)
Transfers in	-	-	-	-
Transfers (out)	(5,272)	(5,272)	(5,272)	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(5,272)</u>	<u>(5,272)</u>
<i>Net change in fund balance</i>	-	-	(5,272)	(5,272)
<i>Fund balance - beginning of year</i>	-	-	5,272	5,272
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (5,272)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ (5,272)</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, 2011

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	375,000	375,000	425,207	50,207
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental income:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Local sources	-	-	-	-
Charges for services	2,000	2,000	6,319	4,319
Investment income	-	-	826	826
Licenses and fees	-	-	-	-
Miscellaneous	46,500	46,500	89,339	42,839
<i>Total revenues</i>	<u>423,500</u>	<u>423,500</u>	<u>521,691</u>	<u>98,191</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	887,645	882,820	769,035	113,785
Capital outlay	390,300	351,907	350,104	1,803
<i>Debt service:</i>				
Principal	-	43,218	36,434	6,784
Interest	-	-	6,784	(6,784)
<i>Total expenditures</i>	<u>1,277,945</u>	<u>1,277,945</u>	<u>1,162,357</u>	<u>115,588</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(854,445)</u>	<u>(854,445)</u>	<u>(640,666)</u>	<u>213,779</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	54,445	54,445	-	(54,445)
Transfers in	800,000	800,000	600,000	(200,000)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>854,445</u>	<u>854,445</u>	<u>600,000</u>	<u>(254,445)</u>
<i>Net change in fund balance</i>	-	-	(40,666)	(40,666)
<i>Fund balance - beginning of year</i>	-	-	76,936	76,936
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,270</u>	<u>\$ 36,270</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (40,666)
Adjustments to revenue for taxes and other receivables				(11,962)
Adjustments to expenditures for accounts payable, accrued payroll expenses, and prepaid expenses				(4,874)
Net change in fund balance (GAAP)				<u>\$ (57,502)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-15

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, 2011

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental income:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Local sources	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Licenses and fees	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	108,371	108,371	83,341	25,030
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>108,371</u>	<u>108,371</u>	<u>83,341</u>	<u>25,030</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(108,371)</u>	<u>(108,371)</u>	<u>(83,341)</u>	<u>25,030</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	108,371	108,371	-	(108,371)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>108,371</u>	<u>108,371</u>	<u>-</u>	<u>(108,371)</u>
<i>Net change in fund balance</i>	-	-	(83,341)	(83,341)
<i>Fund balance - beginning of year</i>	-	-	108,371	108,371
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,030</u>	<u>\$ 25,030</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (83,341)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ (83,341)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-16

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, 2011

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental income:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Local sources	-	-	-	-
Charges for services	-	-	-	-
Investment income	900	900	904	4
Licenses and fees	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>900</u>	<u>900</u>	<u>904</u>	<u>4</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	30,000	30,000	8,540	21,460
Capital outlay	-	-	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>30,000</u>	<u>30,000</u>	<u>8,540</u>	<u>21,460</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(29,100)</u>	<u>(29,100)</u>	<u>(7,636)</u>	<u>21,464</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	29,100	29,100	-	(29,100)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>29,100</u>	<u>29,100</u>	<u>-</u>	<u>(29,100)</u>
<i>Net change in fund balance</i>	-	-	(7,636)	(7,636)
<i>Fund balance - beginning of year</i>	-	-	70,348	70,348
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,712</u>	<u>\$ 62,712</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (7,636)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ (7,636)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-17

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, 2011

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	317,414	317,414	317,414	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Local sources	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Licenses and fees	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>317,414</u>	<u>317,414</u>	<u>317,414</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	1,310	1,310	(463)	1,773
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	313,831	313,831	315,604	(1,773)
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>315,141</u>	<u>315,141</u>	<u>315,141</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2,273</u>	<u>2,273</u>	<u>2,273</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	927	927	-	(927)
Transfers in	-	-	-	-
Transfers (out)	(3,200)	(3,200)	(3,200)	-
<i>Total other financing sources (uses)</i>	<u>(2,273)</u>	<u>(2,273)</u>	<u>(3,200)</u>	<u>(927)</u>
<i>Net change in fund balance</i>	-	-	(927)	(927)
<i>Fund balance - beginning of year</i>	-	-	927	927
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (927)
No adjustments to revenue				463
Adjustments to expenditures for accounts payable recognized in the prior year				<u>1,310</u>
Net change in fund balance (GAAP)				<u>\$ 846</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-18

Otero County

Secure Rural Schools 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, 2011

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	73,560	73,560	72,979	(581)
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Local sources	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Licenses and fees	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>73,560</u>	<u>73,560</u>	<u>72,979</u>	<u>(581)</u>
<i>Expenditures:</i>				
Current:				
General government	167,976	167,976	799	167,177
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>167,976</u>	<u>167,976</u>	<u>799</u>	<u>167,177</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(94,416)</u>	<u>(94,416)</u>	<u>72,180</u>	<u>166,596</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	94,416	94,416	-	(94,416)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>94,416</u>	<u>94,416</u>	<u>-</u>	<u>(94,416)</u>
<i>Net change in fund balance</i>	-	-	72,180	72,180
<i>Fund balance - beginning of year</i>	-	-	167,976	167,976
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 240,156</u>	<u>\$ 240,156</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 72,180
No adjustments to revenue				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ 72,180</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-19

Otero County

Environmental Inspections 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, 2011

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Local sources	-	-	-	-
Charges for services	150,000	150,000	-	(150,000)
Investment income	-	-	-	-
Licenses and fees	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>(150,000)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	300,000	300,000	4,236	295,764
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>300,000</u>	<u>300,000</u>	<u>4,236</u>	<u>295,764</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(150,000)</u>	<u>(150,000)</u>	<u>(4,236)</u>	<u>145,764</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	150,000	150,000	4,236	(145,764)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>150,000</u>	<u>150,000</u>	<u>4,236</u>	<u>(145,764)</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ -
No adjustments to revenues				-
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
 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, 2011

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Local sources	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	12	12
Licenses and fees	-	-	-	-
Miscellaneous	10,000	10,000	13,508	3,508
<i>Total revenues</i>	<u>10,000</u>	<u>10,000</u>	<u>13,520</u>	<u>3,520</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	22,510	22,510	14,772	7,738
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>22,510</u>	<u>22,510</u>	<u>14,772</u>	<u>7,738</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(12,510)</u>	<u>(12,510)</u>	<u>(1,252)</u>	<u>11,258</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	12,510	12,510	-	(12,510)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>12,510</u>	<u>12,510</u>	<u>-</u>	<u>(12,510)</u>
<i>Net change in fund balance</i>	-	-	(1,252)	(1,252)
<i>Fund balance - beginning of year</i>	-	-	22,510	22,510
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,258</u>	<u>\$ 21,258</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (1,252)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ (1,252)</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, 2011

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ 15,000	\$ 15,000	\$ 7,877	\$ (7,123)
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental income:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Local sources	-	-	-	-
Charges for services	-	-	-	-
Investment income	1,000	1,000	1,880	880
Licenses and fees	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>16,000</u>	<u>16,000</u>	<u>9,757</u>	<u>(6,243)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>16,000</u>	<u>16,000</u>	<u>9,757</u>	<u>(6,243)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(16,000)	(16,000)	-	16,000
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(16,000)</u>	<u>(16,000)</u>	<u>-</u>	<u>16,000</u>
<i>Net change in fund balance</i>	-	-	9,757	9,757
<i>Fund balance - beginning of year</i>	-	-	134,741	134,741
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,498</u>	<u>\$ 144,498</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 9,757
Adjustments to revenue for property taxes receivable				(637)
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ 9,120</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-22

Otero County

Other 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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	345,000	344,489	(511)
State capital grants	-	-	-	-
Local sources	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	1,250	1,061	(189)
Licenses and fees	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>346,250</u>	<u>345,550</u>	<u>(700)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	12,000	1,362	10,638
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	332,000	331,936	64
Interest	-	102,000	101,261	739
<i>Total expenditures</i>	<u>-</u>	<u>446,000</u>	<u>434,559</u>	<u>11,441</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(99,750)</u>	<u>(89,009)</u>	<u>10,741</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	13,750	-	(13,750)
Proceeds from notes	-	-	-	-
Transfers in	-	86,000	85,650	(350)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>99,750</u>	<u>85,650</u>	<u>(14,100)</u>
<i>Net change in fund balance</i>	-	-	(3,359)	(3,359)
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,359)</u>	<u>\$ (3,359)</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (3,359)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ (3,359)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-23

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	1,176,706	1,176,706	492,143	(684,563)
Local sources	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Licenses and fees	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,176,706</u>	<u>1,176,706</u>	<u>492,143</u>	<u>(684,563)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	73,628	(73,628)
Health and welfare	-	-	-	-
Capital outlay	1,120,675	1,120,675	364,284	756,391
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,120,675</u>	<u>1,120,675</u>	<u>437,912</u>	<u>682,763</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>56,031</u>	<u>56,031</u>	<u>54,231</u>	<u>(1,800)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	216,593	216,593	-	(216,593)
Transfers in	-	-	-	-
Transfers (out)	(272,624)	(272,624)	(272,624)	-
<i>Total other financing sources (uses)</i>	<u>(56,031)</u>	<u>(56,031)</u>	<u>(272,624)</u>	<u>(216,593)</u>
<i>Net change in fund balance</i>	-	-	(218,393)	(218,393)
<i>Fund balance - beginning of year</i>	-	-	466,592	466,592
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 248,199</u>	<u>\$ 248,199</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (218,393)
Adjustments to revenue for other receivables				(30,747)
Adjustments to expenditures for accounts payable recognized in the prior year				9,091
Net change in fund balance (GAAP)				<u>\$ (240,049)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-24

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, 2011

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental income:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Local sources	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Licenses and fees	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
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 (budgeted increase in cash)	1,665	1,665	-	(1,665)
Transfers in	-	-	-	-
Transfers (out)	(1,665)	(1,665)	(1,665)	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(1,665)</u>	<u>(1,665)</u>
<i>Net change in fund balance</i>	-	-	(1,665)	(1,665)
<i>Fund balance - beginning of year</i>	-	-	1,665	1,665
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (1,665)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ (1,665)</u>

The accompanying notes are an integral part of these financial statements

SUPPORTING SCHEDULES

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STATE OF NEW MEXICO
Otero County
Schedule of Collateral Pledged by Depository
For Public Funds
June 30, 2011

Schedule I

Name of Depository	Type of Collateral	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2011	Name and Location of Safekeeper
First American						
	Letter of Credit	FHLB Letter of Credit	8/31/11	N/A	\$ 250,000	FHLB Dallas
Total First American					<u>250,000</u>	
First National Bank of Alamogordo						
	FHLMC	#M30281	11/1/17	31282CJ24	52,801	FHLB Dallas
	FNMA	#709835	6/1/18	31401JSY5	269,432	FHLB Dallas
	FHLMC	#B10680	11/1/18	312962XH1	508,557	FHLB Dallas
	FHLMC	#G12358	5/1/21	3128M1QK8	470,634	FHLB Dallas
	FHLMC	#J14944	4/1/26	3128PUP55	2,046,894	FHLB Dallas
	FNMA	#252149	6/1/26	31371HBS6	89,365	FHLB Dallas
	FNMA	#893271	8/1/26	31410PMU4	219,736	FHLB Dallas
	FNMA	#945117	8/1/37	31413GPA2	1,219,446	FHLB Dallas
Total First National Bank of Alamogordo					<u>4,876,865</u>	
Bank 34						
	GNMA II	MBS	7/20/29	36225CK69	927,732	FHLB Dallas
	GNMA II	MBS	11/20/27	3626CEK9	503,123	FHLB Dallas
Total Bank 34					<u>1,430,855</u>	
Western Bank						
	FNMA	#70864-A	09/15/27	31362TWZ2	19,707	FHLB Dallas
	FNMA	#70864-B	09/15/27	31362TWZ2	19,707	FHLB Dallas
	FHLMC	#E01448	09/01/18	31294KTD7	98,291	FHLB Dallas
	GNMA	#80180	03/20/28	36225CFW1	14,556	FHLB Dallas
	GNMA	#8247	07/23/23	36202KEU5	46,809	FHLB Dallas
	GNMA	#80681	03/20/33	36225CXX7	34,849	FHLB Dallas
	FNMA	#725462	01/01/34	31402C5X6	52,748	FHLB Dallas
	GNMA	#8744	11/20/25	36202KWD3	21,066	FHLB Dallas
	GNMA	#80244	12/20/28	36225CHW9	21,849	FHLB Dallas
	GNMA II	#080902	05/20/34	36225DAC8	77,746	FHLB Dallas
	GNMA II	#80702	06/20/33	36225CX84	42,877	FHLB Dallas
	FNMA	#254989	11/01/13	31371LF61	46,593	FHLB Dallas
	GNMA II	#80204	06/20/28	36225CGN0	76,849	FHLB Dallas
	GNMA II	#80378	02/20/30	36225CM45	27,168	FHLB Dallas
	FNMA	#87918	03/01/36	31409VDX8	389,347	FHLB Dallas
Total Western Bank					<u>990,162</u>	
Total Pledged Collateral					<u>\$ 7,547,882</u>	

See accompanying independent auditors' report.

STATE OF NEW MEXICO
Otero County
Schedule of Deposit and Investment Accounts
For the Year Ended June 30, 2011

Bank Account Type/Name	First American Bank	First National Bank of Alamogordo	Bank 34
Certificate of Deposit	\$ 400,000	\$ -	\$ -
Certificate of Deposit	100,000	-	-
Checking - Operational	-	1,667,356	-
Checking - Inmate Trust Fund	-	10,096	-
Money Market	-	2,189,369	-
Checking - Sheriff's Trust Fund	-	700	-
Certificate of Deposit	-	500,000	-
Certificate of Deposit	-	1,000,000	-
Fannie Mae Notes	-	500,990	-
Federal Home Loan Bank Bond	-	500,253	-
Freddie Mac Notes	-	580,069	-
Federal Home Loan Bank Bond	-	499,918	-
Fannie Mae Notes	-	500,162	-
Certificate of Deposit	-	-	500,000
Certificate of Deposit	-	-	1,000,000
Money Market Mutual Fund	-	-	-
Fannie Mae Notes	-	-	-
Federal Home Loan Bank Bond	-	-	-
Federal Home Loan Bank Bond	-	-	-
Federal Home Loan Bank Bond	-	-	-
Federal Home Loan Bank Bond	-	-	-
Checking - Sheriff's Covert Activities	-	-	-
Certificate of Deposit	-	-	-
Certificate of Deposit	-	-	-
Certificate of Deposit	-	-	-
Certificate of Deposit	-	-	-
NMFA Reserve Account**	-	-	-
Total	<u>500,000</u>	<u>7,948,913</u>	<u>1,500,000</u>
Reconciling items	<u>-</u>	<u>(255,617)</u>	<u>-</u>
Reconciled balance	<u>\$ 500,000</u>	<u>\$ 7,693,296</u>	<u>\$ 1,500,000</u>

Plus: petty cash
Less: restricted cash and cash equivalents per Exhibit A-1
Less: agency funds cash per Exhibit D-1
Less: investments per Exhibit A-1

Cash and cash equivalents per Exhibit A-1

**Accounts are U.S. Treasury MMA Mutual Funds

See accompanying independent auditors' report.

Wells Fargo Bank	Western Bank	Bank of NY Mellon	Totals
\$ -	\$ -	\$ -	\$ 400,000
-	-	-	100,000
-	-	-	1,667,356
-	-	-	10,096
-	-	-	2,189,369
-	-	-	700
-	-	-	500,000
-	-	-	1,000,000
-	-	-	500,990
-	-	-	500,253
-	-	-	580,069
-	-	-	499,918
-	-	-	500,162
-	-	-	500,000
-	-	-	1,000,000
701,379	-	-	701,379
500,922	-	-	500,922
500,344	-	-	500,344
500,924	-	-	500,924
700,301	-	-	700,301
699,263	-	-	699,263
-	20,593	-	20,593
-	150,000	-	150,000
-	300,000	-	300,000
-	500,000	-	500,000
-	1,000,000	-	1,000,000
-	-	440,910	440,910
<u>3,603,133</u>	<u>1,970,593</u>	<u>440,910</u>	<u>15,963,549</u>
-	(35)	-	(255,652)
<u>\$ 3,603,133</u>	<u>\$ 1,970,558</u>	<u>\$ 440,910</u>	<u>\$ 15,707,897</u>
			1,000
			(420,038)
			(285,265)
			<u>(11,655,397)</u>
			<u>\$ 3,348,197</u>

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STATE OF NEW MEXICO

Schedule III

Otero County

Tax Roll Reconciliation - Changes in Property Taxes Receivable
For the Year Ended June 30, 2011

Uncollected taxes, July 1, 2010	\$ 2,234,225
Net taxes charged to treasurer for fiscal year	21,972,573
Current year tax collections	(21,884,046)
Adjustments	28,479
Uncollected taxes, June 30, 2011	<u>\$ 2,351,231</u>

Property taxes receivable are reported in the financial statements as follows:

Statement of Net Assets - Exhibit A-1	\$ 848,028
Statement of Fiduciary Assets and Liabilities - Agency Funds - Exhibit D-1	<u>1,503,203</u>
 Total property taxes receivable	 <u>\$ 2,351,231</u>

Property taxes receivable by year:

2001	\$ 4,884
2002	5,533
2003	11,145
2004	14,606
2005	10,801
2006	22,263
2007	60,330
2008	125,541
2009	667,889
2010	<u>1,428,239</u>
 Total property taxes receivable	 <u>\$ 2,351,231</u>

See accompanying independent auditors' report.

STATE OF NEW MEXICO
 Otero County
 County Treasurer's Property Tax Schedule
 June 30, 2011

Schedule IV
 1 of 9

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Undistributed at Year End	Treasurer's Receivable at Year End
State of New Mexico						
P&I on Bonds 2001	\$ 1,010,173	\$ 18	\$ 1,009,892	\$ 19	\$ 2	\$ 281
P&I on Bonds 2002	658,319	8	658,110	3	5	209
P&I on Bonds 2003	929,541	27	928,934	20	8	607
P&I on Bonds 2004	652,436	43	651,937	40	5	500
P&I on Bonds 2005	844,328	122	843,822	96	31	506
P&I on Bonds 2006	917,837	1,801	916,789	1,735	76	1,048
P&I on Bonds 2007	953,353	3,001	950,669	2,998	68	2,684
P&I on Bonds 2008	1,033,970	22,736	1,027,939	22,548	3,141	6,030
P&I on Bonds 2009	989,397	35,099	959,685	34,122	2,432	29,712
P&I on Bonds 2010	1,385,234	1,297,835	1,297,798	1,292,983	17,860	87,436
Total P&I on Bonds	9,374,588	1,360,690	9,245,575	1,354,564	23,628	129,013
State Special Levies 2001	24,803	-	24,732	-	-	71
State Special Levies 2002	20,428	-	20,428	-	-	-
State Special Levies 2003	17,240	-	17,229	-	-	11
State Special Levies 2004	15,313	-	15,293	-	-	20
State Special Levies 2005	20,735	-	20,588	-	-	147
State Special Levies 2006	21,878	-	21,748	-	-	130
State Special Levies 2007	26,187	36	25,885	36	-	303
State Special Levies 2008	21,801	107	21,689	107	-	112
State Special Levies 2009	23,611	786	23,389	771	15	222
State Special Levies 2010	20,099	15,933	15,932	15,531	541	4,166
Total State Special Levies	212,095	16,862	206,913	16,445	556	5,182
Total State of New Mexico	9,586,683	1,377,552	9,452,488	1,371,009	24,184	134,195
Otero County						
General Advalorem 2001	4,998,903	74	4,997,255	74	-	1,648
General Advalorem 2002	5,156,297	51	5,154,561	51	-	1,736
General Advalorem 2003	5,260,975	127	5,256,756	127	-	4,219
General Advalorem 2004	5,534,430	300	5,529,498	300	-	4,933
General Advalorem 2005	5,863,168	695	5,859,582	695	-	3,586
General Advalorem 2006	6,218,524	15,399	6,210,909	15,399	-	7,615
General Advalorem 2007	6,686,760	25,906	6,666,555	25,906	-	20,206
General Advalorem 2008	7,230,088	169,977	7,185,501	169,977	-	44,587
General Advalorem 2009	7,650,373	285,701	7,403,711	285,701	-	246,661
General Advalorem 2010	7,741,211	7,234,414	7,234,413	7,234,414	-	506,797
Total General Advalorem	62,340,729	7,732,644	61,498,741	7,732,644	-	841,988
Debt Service P&I 2001	599,235	11	599,068	11	-	167
Debt Service P&I 2002	844,731	10	844,463	10	-	268
Debt Service P&I 2003	743,021	22	742,536	22	-	485
Debt Service P&I 2004	792,697	52	792,090	52	-	607
Debt Service P&I 2005	757,374	109	756,919	109	-	454
Debt Service P&I 2006	723,914	1,421	723,088	1,421	-	827
Debt Service P&I 2007	795,174	2,503	792,935	2,503	-	2,239
Debt Service P&I 2008	170,394	3,747	169,400	3,747	-	994
Debt Service P&I 2009	-	-	-	-	-	-
Debt Service P&I 2010	-	-	-	-	-	-
Total Debt Service	5,426,540	7,875	5,420,499	7,875	-	6,041
Total Otero County	67,767,269	7,740,519	66,919,240	7,740,519	-	848,029

See accompanying independent auditors' report.

STATE OF NEW MEXICO
 Otero County
 County Treasurer's Property Tax Schedule
 June 30, 2011

Schedule IV
 2 of 9

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Undistributed at Year End	Treasurer's Receivable at Year End
City of Alamogordo						
General Advalorem 2001	1,646,089	-	1,645,977	-	-	113
General Advalorem 2002	1,691,904	-	1,691,828	-	-	76
General Advalorem 2003	1,703,246	-	1,703,113	-	-	134
General Advalorem 2004	1,800,723	19	1,799,312	19	-	1,411
General Advalorem 2005	1,912,786	78	1,912,657	78	-	129
General Advalorem 2006	2,068,235	412	2,066,297	422	6	1,938
General Advalorem 2007	2,225,844	2,810	2,219,747	2,671	161	6,097
General Advalorem 2008	2,406,278	49,281	2,394,986	51,092	6,910	11,292
General Advalorem 2009	2,527,956	77,493	2,455,176	74,623	5,556	72,779
General Advalorem 2010	2,526,991	2,400,263	2,400,262	2,408,896	27,192	126,728
Total General Advalorem	20,510,052	2,530,356	20,289,355	2,537,801	39,825	220,697
Debt Service P&I 2001	771,639	-	771,587	-	-	52
Debt Service P&I 2002	796,297	-	796,259	-	-	38
Debt Service P&I 2003	804,773	-	804,705	-	-	68
Debt Service P&I 2004	815,961	9	815,428	9	-	533
Debt Service P&I 2005	794,061	36	794,003	36	-	58
Debt Service P&I 2006	792,766	155	792,106	160	3	659
Debt Service P&I 2007	895,913	1,036	893,757	992	52	2,156
Debt Service P&I 2008	723,368	14,242	720,275	15,430	1,941	3,093
Debt Service P&I 2009	646,123	18,827	628,878	18,201	1,413	17,246
Debt Service P&I 2010	689,058	655,428	655,429	657,025	6,836	33,629
Total Debt Service	7,729,959	689,733	7,672,427	691,853	10,245	57,532
Total City of Alamogordo	28,240,011	3,220,089	27,961,782	3,229,654	50,070	278,229
Alamogordo Public Schools						
General Advalorem 2001	160,238	-	160,229	-	-	9
General Advalorem 2002	164,472	-	164,466	-	-	6
General Advalorem 2003	166,355	-	166,264	-	-	91
General Advalorem 2004	175,977	3	175,872	3	-	105
General Advalorem 2005	186,465	6	186,414	6	-	51
General Advalorem 2006	198,398	587	198,209	587	1	189
General Advalorem 2007	212,761	888	212,217	878	13	543
General Advalorem 2008	229,161	5,073	227,986	5,136	654	1,175
General Advalorem 2009	240,249	7,730	233,351	7,523	500	6,898
General Advalorem 2010	241,245	228,437	228,438	228,933	2,880	12,808
Total General Advalorem	1,975,321	242,724	1,953,446	243,066	4,048	21,875
Debt Service P&I 2001	2,157,155	-	2,157,028	-	-	127
Debt Service P&I 2002	2,828,044	-	2,827,923	-	-	121
Debt Service P&I 2003	2,523,130	-	2,522,013	-	-	1,116
Debt Service P&I 2004	2,204,074	39	2,203,002	39	-	1,073
Debt Service P&I 2005	2,198,087	89	2,197,517	89	-	570
Debt Service P&I 2006	2,285,520	5,371	2,283,588	5,379	8	1,932
Debt Service P&I 2007	3,433,628	11,519	3,425,862	11,384	168	7,765
Debt Service P&I 2008	2,441,875	50,573	2,430,264	54,312	6,498	11,611
Debt Service P&I 2009	2,621,916	79,225	2,552,088	76,796	5,515	69,829
Debt Service P&I 2010	2,849,747	2,703,198	2,703,197	2,705,711	31,658	146,550
Total Debt Service	25,543,176	2,850,014	25,302,482	2,853,710	43,847	240,694

See accompanying independent auditors' report.

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Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Undistributed at Year End	Treasurer's Receivable at Year End
Capital Improvements 2001	834,840	-	834,791	-	-	49
Capital Improvements 2002	851,705	-	851,668	-	-	36
Capital Improvements 2003	877,917	-	877,528	-	-	388
Capital Improvements 2004	908,897	16	908,454	16	-	442
Capital Improvements 2005	965,093	39	964,842	39	-	251
Capital Improvements 2006	1,025,357	2,409	1,024,491	2,413	4	867
Capital Improvements 2007	1,122,466	3,765	1,119,928	3,726	55	2,538
Capital Improvements 2008	1,186,233	24,568	1,180,593	24,758	3,157	5,640
Capital Improvements 2009	1,221,199	36,900	1,188,675	35,831	2,569	32,524
Capital Improvements 2010	1,228,046	1,164,935	1,164,937	1,167,230	13,621	63,111
Total Capital Improvements	10,221,753	1,232,632	10,115,907	1,234,013	19,406	105,846
Tech Debt 2001	719,613	-	719,571	-	-	42
Tech Debt 2002	108,141	-	108,136	-	-	5
Tech Debt 2003	277,860	-	277,737	-	-	123
Tech Debt 2004	725,299	13	724,946	13	-	353
Tech Debt 2005	853,283	34	853,062	34	-	221
Tech Debt 2006	871,552	2,048	870,816	2,051	3	737
Tech Debt 2007	-	-	-	13	-	-
Tech Debt 2008	1,154,200	23,904	1,148,712	20,833	3,072	5,488
Tech Debt 2009	1,138,771	34,409	1,108,443	33,473	2,395	30,328
Tech Debt 2010	1,092,666	1,036,475	1,036,474	1,039,178	12,139	56,191
Total Tech debt	6,941,385	1,096,883	6,847,897	1,095,595	17,609	93,488
Total Alamogordo Public Schools	44,681,635	5,422,253	44,219,732	5,426,384	84,910	461,903
Village of Cloudcroft						
General Advalorem 2001	29,573	-	29,573	-	-	-
General Advalorem 2002	30,785	-	30,785	-	-	-
General Advalorem 2003	31,681	-	31,681	-	-	-
General Advalorem 2004	33,616	-	33,592	-	-	24
General Advalorem 2005	35,829	-	35,807	-	-	23
General Advalorem 2006	38,694	-	38,629	-	-	65
General Advalorem 2007	42,700	-	42,643	-	-	58
General Advalorem 2008	47,298	1,218	47,228	1,319	57	70
General Advalorem 2009	50,159	1,838	48,137	1,584	302	2,022
General Advalorem 2010	51,730	47,161	47,159	47,109	996	4,569
Total General Advalorem	392,065	50,217	385,234	50,012	1,355	6,831
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	-	-	-	-	-	-
Debt Service P&I 2008	-	-	-	-	-	-
Debt Service P&I 2009	-	-	-	-	-	-
Debt Service P&I 2010	-	-	-	-	-	-
Total Debt Service	-	-	-	-	-	-
Total Village of Cloudcroft	392,065	50,217	385,234	50,012	1,355	6,831

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Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Undistributed at Year End	Treasurer's Receivable at Year End
Cloudcroft Public Schools						
General Advalorem 2001	25,089	-	25,084	-	-	5
General Advalorem 2002	26,529	-	26,525	-	-	4
General Advalorem 2003	27,311	-	27,300	-	-	11
General Advalorem 2004	28,851	-	28,831	-	-	20
General Advalorem 2005	30,713	1	30,692	1	-	21
General Advalorem 2006	32,969	6	32,929	6	-	41
General Advalorem 2007	35,852	87	35,759	87	-	93
General Advalorem 2008	38,752	813	38,556	793	82	196
General Advalorem 2009	41,450	1,639	40,077	1,574	108	1,373
General Advalorem 2010	42,789	39,789	39,788	39,625	794	3,000
Total General Advalorem	330,305	42,335	325,541	42,086	984	4,764
Debt Service P&I 2001	640,454	-	640,345	-	-	109
Debt Service P&I 2002	676,249	-	676,142	-	-	107
Debt Service P&I 2003	643,756	-	643,539	-	-	217
Debt Service P&I 2004	541,070	-	540,728	-	-	343
Debt Service P&I 2005	537,073	13	536,741	13	-	331
Debt Service P&I 2006	514,679	90	514,147	90	(1)	532
Debt Service P&I 2007	913,700	1,867	911,651	1,871	(1)	2,049
Debt Service P&I 2008	943,721	17,479	939,512	16,631	2,053	4,209
Debt Service P&I 2009	957,124	35,294	930,085	34,088	2,336	27,039
Debt Service P&I 2010	1,028,287	963,854	963,854	959,420	18,177	64,433
Total Debt Service	7,396,113	1,018,597	7,296,744	1,012,113	22,564	99,369
Capital Improvements 2001	186,092	-	186,060	-	-	32
Capital Improvements 2002	194,491	-	194,461	-	-	31
Capital Improvements 2003	209,658	-	209,588	-	-	71
Capital Improvements 2004	215,180	-	215,044	-	-	136
Capital Improvements 2005	227,528	6	227,388	6	-	141
Capital Improvements 2006	237,234	41	236,989	42	-	245
Capital Improvements 2007	264,649	541	264,055	542	-	594
Capital Improvements 2008	274,777	5,089	273,551	4,841	598	1,226
Capital Improvements 2009	286,735	10,573	278,635	10,203	700	8,100
Capital Improvements 2010	293,754	275,211	275,208	274,120	5,209	18,543
Total Capital Improvements	2,390,098	291,461	2,360,979	289,754	6,507	29,119
Total Cloudcroft Public Schools	10,116,516	1,352,393	9,983,264	1,343,953	30,055	133,252
Village of Tularosa						
General Advalorem 2001	102,023	7	102,013	-	7	10
General Advalorem 2002	105,751	26	105,662	-	26	89
General Advalorem 2003	108,196	27	108,088	-	27	108
General Advalorem 2004	113,554	29	113,546	-	29	9
General Advalorem 2005	119,133	74	119,086	76	28	47
General Advalorem 2006	128,087	127	128,030	99	28	57
General Advalorem 2007	141,127	148	141,001	152	28	125
General Advalorem 2008	152,116	3,506	151,351	3,404	1,041	765
General Advalorem 2009	166,307	7,389	160,744	7,313	298	5,563
General Advalorem 2010	169,035	152,816	152,817	151,786	2,615	16,218
Total General Advalorem	1,305,329	164,149	1,282,338	162,830	4,127	22,991

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Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Undistributed at Year End	Treasurer's Receivable at Year End
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	-		-			-
Debt Service P&I 2008	-		-			-
Debt Service P&I 2009	-		-			-
Debt Service P&I 2010	-		-			-
Total Debt Service	-	-	-	-	-	-
Total Village of Tularosa	1,305,329	164,149	1,282,338	162,830	4,127	22,991
Tularosa Public Schools						
General Advalorem 2001	16,945	-	16,940	-	-	5
General Advalorem 2002	17,551	1	17,541	-	1	11
General Advalorem 2003	18,009	5	18,001	3	2	8
General Advalorem 2004	18,954	5	18,946	3	2	8
General Advalorem 2005	20,268	7	20,254	7	2	14
General Advalorem 2006	21,634	24	21,615	24	2	18
General Advalorem 2007	23,516	37	23,447	37	3	69
General Advalorem 2008	26,754	502	26,605	479	131	149
General Advalorem 2009	30,929	1,173	30,110	1,106	83	818
General Advalorem 2010	32,045	29,495	29,497	29,245	462	2,549
Total General Advalorem	226,605	31,249	222,956	30,904	688	3,649
Debt Service P&I 2001	363,168	10	363,041	-	10	128
Debt Service P&I 2002	428,033	44	427,763	-	44	270
Debt Service P&I 2003	445,947	144	445,768	96	48	179
Debt Service P&I 2004	459,359	144	459,110	96	47	249
Debt Service P&I 2005	476,386	208	475,994	213	46	392
Debt Service P&I 2006	524,030	654	523,498	648	48	532
Debt Service P&I 2007	520,363	931	518,765	944	85	1,598
Debt Service P&I 2008	569,889	10,890	566,541	10,349	2,917	3,348
Debt Service P&I 2009	637,866	25,044	619,918	23,532	1,896	17,948
Debt Service P&I 2010	650,721	598,651	598,650	593,808	9,817	52,070
Total Debt Service	5,075,762	636,720	4,999,048	629,686	14,958	76,714
Capital Improvements 2001	86,880	2	86,849	-	2	30
Capital Improvements 2002	90,091	9	90,034	-	9	57
Capital Improvements 2003	92,516	29	92,478	20	10	38
Capital Improvements 2004	100,002	31	99,948	21	10	54
Capital Improvements 2005	107,052	46	106,964	47	10	88
Capital Improvements 2006	111,924	140	111,811	139	10	114
Capital Improvements 2007	122,089	218	121,715	219	20	375
Capital Improvements 2008	136,320	2,605	135,520	2,465	698	801
Capital Improvements 2009	152,271	5,978	147,987	5,618	453	4,285
Capital Improvements 2010	157,216	144,638	144,636	143,458	2,368	12,577
Total Capital Improvements	1,156,361	153,696	1,137,942	151,987	3,590	18,419
Total Tularosa Public Schools	6,458,728	821,665	6,359,946	812,577	19,236	98,782

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Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Undistributed at Year End	Treasurer's Receivable at Year End
Gadsden School Dist						
General Advalorem 2001	5,689	2	5,640	3	-	49
General Advalorem 2002	6,269	1	6,219	1	-	50
General Advalorem 2003	6,454	1	6,396	1	-	59
General Advalorem 2004	7,286	5	7,223	5	-	63
General Advalorem 2005	7,484	13	7,430	8	5	54
General Advalorem 2006	7,863	31	7,804	17	14	59
General Advalorem 2007	8,742	62	8,609	67	5	133
General Advalorem 2008	9,711	698	9,390	705	97	322
General Advalorem 2009	10,310	1,274	9,153	1,259	88	1,157
General Advalorem 2010	11,744	8,805	8,803	8,814	239	2,939
Total General Advalorem	81,552	10,892	76,667	10,880	448	4,885
Debt Service P&I 2001	231,607	131	230,125	161	-	1,482
Debt Service P&I 2002	250,787	35	249,015	35	-	1,772
Debt Service P&I 2003	276,406	35	274,246	35	-	2,160
Debt Service P&I 2004	323,990	260	321,557	278	-	2,432
Debt Service P&I 2005	307,784	692	305,582	425	267	2,202
Debt Service P&I 2006	322,471	1,354	319,781	651	704	2,690
Debt Service P&I 2007	376,825	2,816	370,442	2,976	269	6,383
Debt Service P&I 2008	334,939	24,183	323,296	25,003	3,367	11,643
Debt Service P&I 2009	322,843	40,515	286,734	40,192	2,714	36,109
Debt Service P&I 2010	341,659	256,161	256,161	257,045	6,702	85,499
Total Debt Service	3,089,311	326,182	2,936,939	326,801	14,023	152,372
Capital Improvements 2001	32,221	18	32,015	22	-	206
Capital Improvements 2002	34,917	5	34,670	5	-	247
Capital Improvements 2003	38,521	5	38,220	5	-	301
Capital Improvements 2004	45,250	36	44,910	39	-	340
Capital Improvements 2005	45,705	102	45,377	63	39	327
Capital Improvements 2006	47,720	200	47,322	96	104	398
Capital Improvements 2007	52,538	393	51,648	419	38	890
Capital Improvements 2008	57,001	4,116	55,019	4,126	573	1,981
Capital Improvements 2009	60,480	7,590	53,716	7,489	508	6,765
Capital Improvements 2010	66,290	49,701	49,702	49,822	1,300	16,589
Total Capital Improvements	480,643	62,166	452,599	62,086	2,562	28,044
Tech Debt 2001	-	-	-	-	-	-
Tech Debt 2002	-	-	-	-	-	-
Tech Debt 2003	-	-	-	-	-	-
Tech Debt 2004	-	-	-	-	-	-
Tech Debt 2005	28,040	63	27,839	39	24	201
Tech Debt 2006	19,733	83	19,568	40	43	164
Tech Debt 2007	-	-	-	26	-	-
Tech Debt 2008	73,731	5,324	71,168	4,582	741	2,563
Tech Debt 2009	111,162	13,950	98,729	13,542	935	12,433
Tech Debt 2010	134,039	100,496	100,497	100,479	2,629	33,543
Total Tech Debt	366,705	119,916	317,801	118,708	4,372	48,904
Total Gadsden School District	4,018,211	519,156	3,784,006	518,475	21,405	234,205

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NMSU - Alamogordo						
General Advalorem 2001	359,076	-	359,055	-	-	21
General Advalorem 2002	369,370	-	369,355	-	-	15
General Advalorem 2003	373,756	-	373,570	-	-	187
General Advalorem 2004	390,560	6	390,346	6	-	214
General Advalorem 2005	412,459	15	412,349	15	-	111
General Advalorem 2006	441,939	1,186	441,540	1,187	2	399
General Advalorem 2007	474,043	1,814	472,891	1,794	27	1,152
General Advalorem 2008	510,425	10,972	507,893	11,080	1,412	2,531
General Advalorem 2009	535,222	16,717	520,391	16,246	1,120	14,832
General Advalorem 2010	537,980	509,858	509,856	510,914	6,203	28,122
Total General Advalorem	4,404,830	540,568	4,357,246	541,242	8,764	47,584
Debt Service P&I						
Debt Service P&I 2001	386,911	8	386,797	10	-	114
Debt Service P&I 2002	357,156	2	357,023	2	-	133
Debt Service P&I 2003	345,953	2	345,693	2	-	260
Debt Service P&I 2004	369,253	20	368,951	21	-	303
Debt Service P&I 2005	379,504	53	379,287	38	15	217
Debt Service P&I 2006	407,767	992	407,286	954	41	481
Debt Service P&I 2007	187,674	709	186,967	717	22	707
Debt Service P&I 2008	474,490	9,827	472,234	9,281	1,263	2,256
Debt Service P&I 2009	488,482	14,760	475,473	14,332	1,028	13,010
Debt Service P&I 2010	512,082	485,748	485,746	486,426	5,689	26,334
Total Debt Service	3,909,272	512,121	3,865,457	511,783	8,058	43,815
Total NMSU - Alamogordo	8,314,102	1,052,689	8,222,703	1,053,025	16,822	91,399
NMSU - Dona Ana						
General Advalorem 2001	15,062	8	14,960	10	-	102
General Advalorem 2002	13,969	2	13,871	2	-	99
General Advalorem 2003	17,784	2	17,642	2	-	142
General Advalorem 2004	20,943	16	20,782	17	-	161
General Advalorem 2005	21,659	47	21,504	29	18	155
General Advalorem 2006	22,632	94	22,445	46	48	187
General Advalorem 2007	24,892	185	24,476	198	17	417
General Advalorem 2008	27,248	1,967	26,305	1,972	274	943
General Advalorem 2009	29,402	3,686	26,113	3,635	247	3,289
General Advalorem 2010	32,595	24,438	24,436	24,490	640	8,157
Total General Advalorem	226,186	30,445	212,534	30,401	1,244	13,652
Total NMSU - Dona Ana	226,186	30,445	212,534	30,401	1,244	13,652

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Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Undistributed at Year End	Treasurer's Receivable at Year End
Local Special Levies						
Timberon Water & Sanitation District						
Timberon Special Levy 2001	271,668	-	271,634	-	-	33
Timberon Special Levy 2002	279,085	-	278,930	-	-	155
Timberon Special Levy 2003	303,043	-	302,882	-	-	161
Timberon Special Levy 2004	304,662	-	304,389	-	-	273
Timberon Special Levy 2005	311,238	-	310,735	-	-	503
Timberon Special Levy 2006	120,142	54	119,804	56	(2)	338
Timberon Special Levy 2007	128,332	520	127,175	527	(2)	1,157
Timberon Special Levy 2008	130,865	2,464	128,348	2,526	147	2,517
Timberon Special Levy 2009	134,768	9,248	127,820	9,153	272	6,948
Timberon Special Levy 2010	136,216	120,539	120,540	121,374	2,375	15,677
Total Timberon Water & Sanitation	2,120,019	132,825	2,092,257	133,636	2,790	27,762
Penasco S&W Conservation District						
Penasco Special Levy 2001	31	-	31	-	-	-
Penasco Special Levy 2002	20	-	20	-	-	-
Penasco Special Levy 2003	28	-	28	-	-	-
Penasco Special Levy 2004	28	-	28	-	-	-
Penasco Special Levy 2005	28	-	28	-	-	-
Penasco Special Levy 2006	27	-	27	-	-	-
Penasco Special Levy 2007	28	-	28	-	-	-
Penasco Special Levy 2008	29	-	29	-	-	-
Penasco Special Levy 2009	29	-	29	-	-	-
Penasco Special Levy 2010	29	64	29	64	-	-
Total Penasco S&W Conservation Dist	277	64	277	64	-	-
Carlsbad Soil & Water Conservation District						
Carlsbad Special Levy 2001	52	-	52	-	-	-
Carlsbad Special Levy 2002	52	-	52	-	-	-
Carlsbad Special Levy 2003	52	-	52	-	-	-
Carlsbad Special Levy 2004	52	-	52	-	-	-
Carlsbad Special Levy 2005	52	-	52	-	-	-
Carlsbad Special Levy 2006	52	-	52	-	-	-
Carlsbad Special Levy 2007	93	-	93	-	-	-
Carlsbad Special Levy 2008	2	-	2	-	-	-
Carlsbad Special Levy 2009	62	1	62	1	-	-
Carlsbad Special Levy 2009	64	29	63	29	-	1
Total Carlsbad S&W Conservation District	533	30	532	30	-	1
Total Local Special Levies	2,120,829	132,919	2,093,066	133,730	2,790	27,763
Grand Totals	\$ 183,227,564	\$ 21,884,046	\$ 180,876,333	\$ 21,872,569	\$ 256,198	\$ 2,351,231

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Recap By Tax Year						
2001	15,675,230	290	15,670,346	310	21	4,884
2002	16,001,441	194	15,995,908	109	85	5,533
2003	16,243,130	426	16,231,985	332	94	11,145
2004	16,598,419	1,046	16,583,813	977	93	14,606
2005	17,463,313	2,549	17,452,512	2,162	486	10,801
2006	18,123,579	34,678	18,101,316	33,660	1,142	22,263
2007	19,669,249	61,794	19,608,919	61,685	1,028	60,330
2008	20,405,434	465,862	20,279,893	467,498	40,825	125,541
2009	21,075,196	772,842	20,407,307	757,906	33,484	667,889
2010	21,972,573	20,544,365	20,544,334	20,547,930	178,940	1,428,239
Grand Totals	183,227,564	21,884,046	180,876,333	21,872,569	256,198	2,351,231

See accompanying independent auditors' report.

STATE OF NEW MEXICO

Schedule V

Otero County

Agency Funds

Schedule of Changes in Fiduciary Assets and Liabilities
For the Year Ended June 30, 2011

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
ASSETS				
Cash	\$ 293,458	\$ 16,462,226	\$ 16,470,419	\$ 285,265
Property taxes receivable	1,413,861	14,231,362	14,142,020	1,503,203
<i>Total assets</i>	<u>\$ 1,707,319</u>	<u>\$ 30,693,588</u>	<u>\$ 30,612,439</u>	<u>\$ 1,788,468</u>
LIABILITIES				
Deposits held in trust	\$ 293,458	\$ 16,462,226	\$ 16,470,419	\$ 285,265
Due to other taxing units	1,413,861	14,231,362	14,142,020	1,503,203
<i>Total liabilities</i>	<u>\$ 1,707,319</u>	<u>\$ 30,693,588</u>	<u>\$ 30,612,439</u>	<u>\$ 1,788,468</u>

See accompanying independent auditors' report.

STATE OF NEW MEXICO
Otero County
Schedule of Legislative Grants
For the year ended June 30, 2011

Project	Agency	Grant #	Effective Date	Reversion Date	Original Amount
Chaparral Clinic	DFA	05-0342	08/10/05	06/30/10	\$ 505,000
Chaparral Clinic	DFA	08-4387	07/03/08	06/30/12	50,000
Chaparral Clinic	DFA	08-3246	07/03/08	06/30/12	250,000
Department of Health	DOH	mou 10265	07/28/09	06/30/12	300,000
NMFP - Boles Acres	State Fire Marshal	N/A	04/13/10	10/01/11	31,954
NMFP - Dungan	State Fire Marshal	N/A	12/15/10	05/01/11	56,400
Sacramento Senior Center	NM Aging	2009-4855	07/30/09	06/30/12	13,310
Sacramento Senior Center	NM Aging	2010-0030	05/06/10	06/30/11	13,050
Timberon Swimming Pool	DFA	07-5371	05/15/07	08/29/11	73,677
Type 6 Wildland Truck	Environment Dept	11-521- A093110- 0076	09/10/10	12/01/11	107,000
Wildland Gear	Environment Dept	11-521- 2303-0010	09/10/10	12/01/11	7,139
Wildland Fire Fighting Equipment	Environment Dept	11-521- 2303-0017	09/10/10	12/01/11	<u>7,063</u>
Grand Totals					<u><u>\$ 1,414,593</u></u>

See accompanying independent auditors' report.

Arts in Public Places	Net Amount	Expenditures to Date	Reverted	Remaining
\$ 5,050	\$ 499,950	\$ 499,950	\$ -	\$ -
-	50,000	50,000	-	-
2,500	247,500	76,126	-	171,374
3,000	297,000	297,000	-	-
-	31,954	29,356	-	2,598
-	56,400	35,463	-	20,937
-	13,310	13,310	-	-
-	13,050	13,050	-	-
-	73,677	70,923	2,754	-
-	107,000	46,444	-	60,556
-	7,139	7,139	-	-
-	7,063	6,898	-	165
<u>\$ 10,550</u>	<u>\$ 1,404,043</u>	<u>\$ 1,145,659</u>	<u>\$ 2,754</u>	<u>\$ 255,630</u>

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COMPLIANCE SECTION



Accounting & Consulting Group, LLP
Certified Public Accountants

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

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

We have audited the financial statements of the governmental activities, each major fund, the budgetary comparisons for the general fund and major special revenue funds and the aggregate remaining fund information of Otero County, New Mexico (the County), as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 4, 2011. We have also audited the financial statements of each of the County's nonmajor governmental funds and budgetary comparisons for the remaining 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, 2011 as listed in the table of contents. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as FS 2009-1 to be a material weakness.

A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider certain deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. These are items FS 2007-6 and FS 2010-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 an instance of noncompliance or another matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item FS 2010-3.

We also noted certain other matters that are required to be reported pursuant to *Government Auditing Standards* paragraph 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 items FS 2010-4, FS 2011-1, FS 2011-2 and FS 2011-3.

The 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 the 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, the New Mexico legislature 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, LLP

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
November 4, 2011

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FEDERAL FINANCIAL ASSISTANCE



Accounting & Consulting Group, LLP
Certified Public Accountants

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

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

Compliance

We have audited Otero County, New Mexico's (the County) compliance of with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2011. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the 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 the 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 the County's compliance with those requirements.

In our opinion, Otero County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the 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 the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item FA 2011-4. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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, the New Mexico legislature 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, LLP

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
November 4, 2011

STATE OF NEW MEXICO
Otero County
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Grantor/ Passthrough Grantor/ Program Title	Grant Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Agriculture			
Cooperative Forestry Assistance	05-521-X0483-0085	10.664	\$ 153,584
Secure Payments for Counties Containing Federal Land (1)	Forest Reserve	10.665	443,086
Recovery Act of 2009: Wildland Fire Management - ARRA (1)	10-521-2301-0236	10.688	292,577
Secure Rural Schools - Title III	11-DG-11030800-012	10.692	75,000
Total U.S. Department of Agriculture			<u>964,247</u>
Office of National Drug Control			
High Intensity Drug Trafficking Area	G09SN0017A	16.579	21,067
High Intensity Drug Trafficking Area	G10SN0017A	16.579	224,936
Total Office of National Drug Control			<u>246,003</u>
U.S. Department of Energy			
Energy Efficiency and Conservation Block Grant Program - ARRA	20011-03	81.128	14,027
Total U.S. Department of Energy			<u>14,027</u>
U.S. Department of Housing and Urban Development			
Community Development Block Grant - Storm Drainage (1)	07-C-RS-I-1-G	14.228	315,140
Total U.S. Department of Housing and Urban Development			<u>315,140</u>
U.S. Department of Justice			
FY 2010 Justice Assistance Grant	2010-DJ-BX-0096	16.738	12,953
FY 2009 Justice Assistance Grant	2009-DJ-BX-0202	16.738	12,191
Total U.S. Department of Justice			<u>25,144</u>
U.S. Department of Homeland Security			
(Passed through the New Mexico Department of Public Safety)			
Operation Stonegarden	08-SG-T8-0003	97.067	222,736
Total U.S. Department of Homeland Security			<u>222,736</u>
U.S. Department of Homeland Security			
Emergency Management Performance Grant	2009-EMPG-OTERO	97.042	2,025
Emergency Management Performance Grant	2010-EP-EO-0022	97.042	5,421
FEMA Alamo West	EMW-2009-FO-01120	97.044	12,097
SAFER Grant	EMW-2007-FF-00041	94.044	12,474
Total U.S. Department of Homeland Security			<u>32,017</u>
U.S. Department of the Interior			
National Fire Plan - Rural Fire Assistance - Alamo West	L10AP16384	15.242	15,018
National Fire Plan - Rural Fire Assistance - Boles Acres	L10AP16385	15.242	26,400
National Fire Plan - Rural Fire Assistance - Jack Rabbit Flats	L10AP16390	15.242	12,208
National Fire Plan - Rural Fire Assistance - Timberon	L10AP20020	15.242	16,146
Total U.S. Department of the Interior			<u>69,772</u>
Total Federal Financial Assistance			<u>\$ 1,889,086</u>

(1) Denotes Major Federal Financial Assistance Program

See accompanying independent auditors' report.

Notes to Schedule of Expenditures of Federal Awards1. 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	\$ 1,889,086
Total expenditures funded by other sources	<u>26,719,927</u>
Total expenditures	<u><u>\$ 28,609,013</u></u>

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STATE OF NEW MEXICO
Otero County
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Section I – Summary of Audit Results

Financial Statements:

- | | |
|--|-------------|
| 1. Type of auditors’ report issued | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to the financial statements noted? | Yes |

Federal Awards:

- | | |
|---|-------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| 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? | Yes |
| 4. Identification of major programs: | |

CFDA Number	Federal Program
10.665	Secure Payments for Counties Containing Federal Land
10.688	Recovery Act of 2009: Wildland Fire Management - ARRA
14.228	Community Development Block Grant – Storm Drainage

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 6. Auditee qualified as low-risk auditee? | No |

Section II – Financial Statement Findings

FS 2007-6 – Preparation of Financial Statements (Repeated) (Significant Deficiency)

Condition: Financial statements and related footnote disclosures were not prepared by the County. The County has not implemented policies and procedures designed to prevent or detect possible misstatements in its financial statements and related footnote disclosures.

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.

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.

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.

Auditors' Recommendations: 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
 - 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.

Management's Response: Staff will receive training on the preparation and analysis of financial statements.

Section II – Financial Statement Findings (continued)

FS 2009-1 — Lack of Adequate Internal Controls (Repeated/Modified) (Material Weakness)

Condition: The County's internal control structure is inadequate. The County does not have a comprehensive documented internal control system over financial information. The County does not maintain proper oversight or monitoring in regards to the County's accounting activities. The County has not taken the proper counter measures to monitor and mitigate the risk for fraud, misappropriation of assets, or misstatement of financial statements. During our audit, we noted the following internal control deficiencies:

- The County performs risk assessment as part of their daily duties, however, there is a not a formal fraud risk assessment done at the County.
- Certain journal entries made are not reviewed prior to posting to the general ledger.
- New vendors are not reviewed when entered into the accounting system.
- The County does not have a formal policy in place to verify that they are properly recording any donated assets.
- The County's capital asset system does not automatically properly calculate depreciation expense for capital assets and depreciation is calculated manually by the County management.
- The County recorded one capital asset transferred to idle status as a disposition in the current year.
- The County had to restate the Capital Asset balances for the prior year due to unrecorded prior year additions.
- During testwork over capital asset additions, we noted that depreciation on capital projects was being started prior to completion of the projects.
- We noted that some items that were properly capitalized were being charged to expense, including software purchases and equipment affixed to County assets.
- During testwork over accounts payable, we noted that one asset was purchased three months prior to the approval of the related purchase order.
- During testwork over Accrued Compensated Absences, we noted that the algorithm used for Sheriff's Department employees was incorrectly calculating ending compensated absences.
- One bank reconciliation did not properly include an outstanding deposit of \$1,858. The outstanding deposit was noted on the bank reconciliation but was not included in the general ledger balance of the account.

Criteria: As required by NMSA 1978, Section 6-6-3, the County should design, document, and maintain an internal control structure that enables the County to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Effect: Because the internal control structure is inadequate and not documented, management and staff are unsure about what procedures and processes to follow or what key controls are in place to properly safeguard assets. Adequate controls are not in place to prevent or detect intentional misstatements of accounting information.

Cause: For the fiscal year 2011 management did not have proper internal controls designed and implemented to ensure financial information was accurate and assets were appropriately safeguarded. Also, the governing body did not fulfill the requirements under SAS 112 to provide effective oversight of internal control and the financial reporting process.

Auditors' Recommendations: The County should ensure that a comprehensive internal control structure over financial information is designed, documented, and implemented. Management should follow and ensure that all staff follows the County's documented internal control procedures. The County Commission is charged with governance and should provide effective oversight of the internal control and financial reporting process.

Section II – Financial Statement Findings (continued)

FS 2009-1 — Lack of Adequate Internal Controls (Repeated/Modified) (Material Weakness) (continued)

Management's Response: A fraud risk assessment committee will be formed by resolution and meet at least twice a year to determine potential for risk and recommend steps to mitigate that risk. The committee will report their findings and recommended corrections to the Board of County Commissioners.

FS 2010-2 – Recording of Debt and Related Cash (Repeated/Modified) (Significant Deficiency)

Condition: During our audit, we noted that the County had not properly recorded the issuance of one note payable or the related cash account. The County had not recorded \$190,008 in cash, nor was the cash listed on their Treasurer's Report.

Criteria: NMSA 6-10-2 discusses the duty of public officials to balance public money at the close of each business day. Generally Accepted Accounting Principles also require that all activity be recorded when the transaction occurs.

Effect: The County had understated their cash and debt balance and did not correctly record debt proceeds as an other financing source.

Cause: The County did not have a statement for the new loan when the remaining debt was being recorded.

Auditors' Recommendations: The County should ensure that all debt is recorded and ensure that all statements are received in a timely fashion.

Management's Response: Staff will establish mechanism to inventory all current and pending loans to ensure that activity statements are obtained in order for all applicable activity to be recorded on the general ledger.

Section II – Financial Statement Findings (continued)

FS 2010-3 – Indigent Health Care Claims (Repeated/Modified) (Noncompliance)

Condition: In our review of the indigent fund expenditures, we noted claims paid for ineligible individuals and ineligible medical expenses.

Criteria: Per NMSA 27-5, a patient may not be eligible for another source of support such as Medicare, Medicaid, and WIC and must show a letter of denial in order to receive health care benefits from the Indigent Health Care Fund. The patient must also show proof of residency and income in order to qualify for payment from the Indigent Health Care Fund. The income of the patient and his/her spouse must not exceed an amount that is 50% greater than the median household income for New Mexico as shown for the most recent year available in the survey of current business published by the United States Department of Commerce. Per Otero County Ordinance No. 09-01, claims for outpatient and emergency room services in the amount of \$500.00 or less will not be considered for certification. During testwork performed on 35 paid claims, totaling \$42,470.64, we noted the following:

- 26 files were missing documentation regarding patient identity, residency, and/or income levels. The claims were paid for these files in the following amounts: \$891.71, \$1,076.51, \$2,010.52, \$1,577.01, \$598.29, \$265.65, \$124.28, \$2,393.93, \$115.50, \$1,940.45, \$5,458.82, \$1,186.92, \$7,669.29, \$80.75, \$844.36, \$1,821.10, \$145.92, \$180.95, \$1,301.22, \$443.02, \$1,197.28, \$2,457.08, \$1,122.11, \$909.24, \$495.88, and \$4,371.00.
- One application was missing the patient's signature. The associated claim was paid in the amount of \$495.88.
- Two applications were missing required non-related references. The associated claims were paid in the amounts of \$891.71 and \$1,577.01.
- Two claims were paid using incorrect income calculations. In both cases, income was omitted from the calculations. The claims were paid in the amounts of \$1,577.01 and \$265.65.
- Thirteen claims for outpatient or emergency room services totaling under \$500.00 were paid in violation of County ordinance. The paid claims were as follows: \$296.75, \$419.36, \$364.98, \$265.65, \$124.28, \$115.50, \$65.45, \$104.72, \$80.75, \$145.92, \$65.45, \$443.02 and \$495.88.
- In five instances, the County was not able to provide us with the application. Claims were paid in the amounts of \$296.75, \$419.36, 364.98, \$65.45 and \$104.72 for these bills.
- In two instances, the County was not able to provide us with the file supporting the claim.
- In one instance, there was no itemized bill for services as required by NMSA 27-5-12. The amount paid for this claim was \$65.45.

Effect: The County has paid for indigent health care claims that were not authorized by State Statute.

Cause: The County did not maintain policies and procedures to ensure that documentation is properly reviewed to ensure compliance with State Statutes.

Auditors' Recommendations: We recommend the County review all supporting documentation and retain all documents to ensure compliance with NMSA 27-5. The policy should be clear, written, and communicated to all to whom it applies and enforced uniformly.

Management's Response: Staff will more closely monitor all claims to ensure compliance with state law and County ordinance.

STATE OF NEW MEXICO
 Otero County
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2011

Section II – Financial Statement Findings (continued)

FS 2010-4 – Cash Appropriations in Excess of Available Cash Balances (Repeated/Modified) (Other Matter)

Condition: The County rebudgeted “cash balances” in excess of available cash balances in the following fund:

	Designated Cash	Beginning Year Cash & AR Available	Cash Appropriation in excess of available
Other Debt Service Fund	\$ 13,750	\$ -	(13,750)

Criteria: Per Section 6-6-11 NMSA, it is unlawful for any board of county commissioners, municipal governing body...for any purpose whatsoever to become indebted or contract any debts of any kind or mature whatsoever during any current year which, at the end of such current year, is not and cannot then be paid out of the money actually collected and belonging to that current year.

Effect: The County has budgeted cash balances that do not exist. If the County expends all budgeted expenditures it could incur debt if the budgeted designated cash does not exist.

Cause: Expenditures in excess of revenues and other financing sources were budgeted for a newly created fund.

Auditors' Recommendations: The budget should be reviewed to insure all funds have adequate budget authority and cash balances for budgeted expenditures. Greater attention should be given to the budget monitoring process end-of-the-year cash balance estimates.

Management's Response: This error occurred as a result of putting outstanding debt on the general ledger. Now that the debt is current and properly accounted for, this should not be an issue in the future.

Section II – Financial Statement Findings (continued)

FS 2011-1 – Travel and Per Diem Payments (Other Matter)

Condition: During testwork performed over payments made to County employees and agents for travel and per diem, we noted payments that did not comply with State of New Mexico regulations and transactions that appeared wasteful and improper. Out of a total of eleven items tested, totaling \$7,340.87, we noted the following:

- In four instances, employees were paid \$95 a day for full-day travel within the state. The correct amount per statute is \$85 a day. The overpayment totals \$110, for 11 days' travel.
- In two instances, employees were paid an extra \$20 for tips on top of per diem paid.
- In one instance, \$20 was paid for tips on top of amounts paid for actual expenses.
- In one instance, a receipt for airline luggage fees was missing from the reimbursement documentation. The individual requesting reimbursement was traveling with family and it is unknown who the luggage charge was for.
- In four instances, the receipts submitted for reimbursement of actual expenses do not meet County guidelines due to not being itemized and not showing single-occupancy hotel rooms.
- In two instances, the travel reimbursement request form was not complete and properly authorized.
- In two instances, the reimbursement request form was authorized by the payee.
- In one instance, amounts paid for a rental vehicle and fuel appear excessively high. The vehicle was upgraded at a cost of \$10 a day, and 17.251 gallons of fuel at \$7.90 a gallon were purchased from the rental facility.
- In one instance, reimbursement paid for meals exceeded the amount allowed by Section 10-8-4(K)(2) NMSA 1978 (1995 Repl. Pamp.). A maximum of \$45.00 is allowed for a 24-hour period for out-of-state travel. One individual was reimbursed \$52.80 for meals in a 24-hour period, resulting in an overpayment of \$7.80.
- In one instance, reimbursement paid for hotel accommodations exceeded the amount that is allowed without prior approval per NMAC 2.42.2.9 B. The hotel charge was \$247 a night, and prior approval is required for charges greater than \$215 a night. There is no evidence of prior approval granted.
- In one instance, the amount paid for mileage in lieu of air travel expenses for one conference attendee exceeded the amount paid for other attendees' airfare by \$244.68.
- In two instances, travel reimbursement was paid to a business on behalf of individuals not employed by or agents of the County. No professional services contract was active with these individuals or the business at the time of payment. In addition, the hotel charges of \$399.61 nightly paid by the County appear excessive and unreasonable.

Criteria: The Travel and Per Diem Act, NMAC 2.42.2, establishes regulations for all per diem and reimbursement rates applicable to the County. The County has an obligation to provide proper stewardship of public and taxpayer funds entrusted to it.

Effect: The County is not in compliance with the Per Diem and Mileage Act and is not providing proper stewardship of public funds.

Cause: County policies do not match state statute regarding the amount of per diem payable for in-state travel. County employees and agents of the County are incurring excessive expenses for travel and submitting these expenses for reimbursement.

Auditors' Recommendations: The County should update its Travel and Per Diem policy and should establish firm guidelines and limits on reimbursable travel expenses. The County should not reimburse amounts without complete and proper travel forms, receipts, and if applicable, affidavits to support the reimbursements.

Management's Response: The County Manager and Finance Director will cooperatively develop and distribute standard operating procedures for dealing with travel. Furthermore, any travel reimbursement request not in compliance will be rejected and processed only after it is brought into compliance.

Section II – Financial Statement Findings (continued)

FS 2011-2 – Missing Campaign Contribution Disclosure Forms (Other Matter)

Condition: In four out of five bids tested, the campaign contribution disclosure form was not present.

Criteria: Section 13-1-191.1 NMSA 1978 requires that all prospective contractors with local public bodies complete a campaign contribution disclosure statement on the form promulgated by the New Mexico Department of Finance and Administration.

Effect: The County is in violation of state statute.

Cause: The County did not require the prospective contractors to submit the campaign contribution disclosure form.

Auditors' Recommendations: The County should ensure that the campaign contribution disclosure form is included in every bid package and that all prospective contractors complete the form.

Management's Response: Staff will be more diligent in ensuring the proper disclosure forms are solicited and maintained as required by law.

FS 2011-3 — Personal Use of County Vehicles (Other Matter)

Condition: Out of five employees taking non-qualified vehicles home, in one instance the fringe benefit was not included on the employee's W-2.

Criteria: According to the 2011 State Audit Rule 2.2.2.10 H, personal use of a government agency vehicle is always taxable income to the employee unless the vehicle is a qualified non-personal use vehicle provided to the employee as a "working condition fringe benefit."

Effect: The County is in violation of the State Audit Rule and the Internal Revenue Code. Penalties could be assessed against the County by the Internal Revenue Service.

Cause: The County was not aware of the qualified non-personal use vehicle rules for exclusion of the fringe benefit income.

Auditors' Recommendations: The County should review all vehicles being taken home by employees to ensure that all applicable fringe benefit amounts are properly accounted for.

Management's Response: Staff has taken steps to develop a form for approval by the County Manager to ensure that the Payroll Department is aware of all take-home vehicles.

Section III – Federal Awards Findings

FA 2011-04 Excluded Parties List (Significant Deficiency)

Federal program information:

Funding agency: All funding agencies
Title: All major programs
CFDA number: All major programs

Condition: During our review of the procurement process for all major programs tested, it was noted the County does not reference the Excluded Parties List System contracts of goods or services in which more than \$25,000 is expended.

Questioned Costs: None

Criteria: The OMB A-133 stipulates that non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. “Covered Transactions” include those procurement contracts for goods and services awarded under a nonprocurement transaction that is expected to equal or exceed \$25,000 or meet other certain specified criteria.

Effect: The County could be contracting with vendors for services or goods that are included on the suspension and debarment listing which potentially decrease federal funding received since this is considered non-compliance.

Cause: The County was unaware the Excluded Parties List System website existed.

Auditors’ Recommendation: We recommend that the County implement procedures to ensure all vendors for services and goods over \$25,000 be verified that they do not exist on the suspension and debarment listing.

Management’s Response: Staff was unaware of this requirement and will be diligent in ensuring that purchasing contracts are not awarded to suspended or debarred parties.

Section IV – Prior Year Audit Findings

FS 2007-6 – Preparation of Financial Statements – Repeated

FS 2009-1 – Lack of Adequate Internal Controls – Repeated/Modified

FS 2009-3 – Sales Tax Payments – Resolved

FS 2010-1 – Fixed Asset Disposals – Resolved

FS 2010-2 – Recording of Debt and Related Cash – Repeated/Modified

FS 2010-3 – Indigent Health Care Claims – Repeated/Modified

FS 2010-4 – Cash Appropriations in Excess of Available Cash Balances – Repeated/Modified

FS 2010-5 – Information Technology – Resolved

FS 2010-6 – Stale Dated Checks – Resolved

STATE OF NEW MEXICO
Otero County
Other Disclosures
For the Year Ended June 30, 2011

Other Disclosures

Exit Conference

An exit conference was held on November 9, 2011. In attendance were the following:

Representing Otero County:

Ronny Rardin, County Commissioner, Chairman
Donna Brandon, County Finance Director
Grace Gonzalez, Treasurer
Catherine Prather, Chief Deputy Treasurer
Ginger Herndon, Purchasing Agent
Lisa Richards, Health Claims Review Specialist

Representing Accounting & Consulting Grouping, LLP:

Ray Roberts, Managing Partner

Auditor Prepared Financial Statements

Accounting and Consulting Group, LLP prepared the GAAP-basis financial statements and footnotes of Otero County from the original books and records provided to them by the management of the County. The responsibility for the financial statements remains with the County.