STATE OF NEW MEXICO

OTERO COUNTY

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2009

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INTRODUCTORY SECTION

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STATE OF NEW MEXICO
Otero County
Official Roster
June 30, 2009

Name	Title
Board of County Commissioners	
Ronny Rardin	Chairman
Doug Moore	Vice-Chairperson
Clarissa McGinn	Commissioner
Elected Officials	
Dale Palkki	County Assessor
Robyn Holmes	County Clerk
John Blansett	County Sheriff
Grace Gonzalez	County Treasurer
Yvonne Boyle	County Probate Judge
Administrative Officials	
Ray Backstrom	Interim County Manager
Donna Brandon	County Finance Director

STATE OF NEW MEXICO
Otero County
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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, the budgetary comparisons for the general fund and each major special revenue fund and the aggregate remaining fund information of Otero County as of and for the year ended June 30, 2009, 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, 2009 as listed in the table of contents. These financial statements are the responsibility of County management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2009, 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, 2009, 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 9, 2009 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 12 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 financial statements. The accompanying financial information listed as supporting Schedules I through VI in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Otero County. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and each of the County's nonmajor governmental funds financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements and each of the County's nonmajor governmental funds financial statements, taken as a whole. 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, L.L.P.

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
November 9, 2009

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, 2009. 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 $39,023,597 (*net assets*). Of this amount, $13,281,954 (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors.
- Change in net assets for the year end was $4,367,128. The increase is primarily due to an increase in property taxes and gross receipts taxes revenue.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was $10,045,130, or 72 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.

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, fire special revenue fund and road special revenue fund, all of which are considered to be major funds. Data from the other twenty-two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Otero County adopts an annual appropriated budget for its general fund and all other funds. A budgetary comparison statement has been provided for the general fund, fire special revenue fund and road 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 statement 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 38-59 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 64-77 of this report.

Government-wide Financial Analysis

A detailed comparison to the prior year is presented below.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Otero County, assets exceeded liabilities by $39,023,597 and $34,656,469 at the close of the fiscal years ended June 30, 2009 and June 30, 2008, respectively.

The largest portion of the County's net assets (48 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 ($7,051,697) 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* ($13,281,954) 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, 2009.

OTERO COUNTY'S NET ASSETS
June 30, 2009

	Governmental Activities	
	2009	2008
Current and other assets	$ 22,734,001	$ 18,039,682
Capital assets	21,959,315	20,744,104
Total assets	44,693,316	38,783,786
Current liabilities	3,056,345	2,016,046
Non-current liabilities	2,613,374	2,111,271
Total liabilities	5,669,719	4,127,317
Net assets:		
Invested in capital assets, net of related debt	18,689,946	17,753,070
Restricted	7,051,697	7,628,173
Unrestricted	13,281,954	9,275,226
Total net assets	$ 39,023,597	$ 34,656,469

Changes in Net Assets

The County's total revenues of $32,630,953 and program expenses of $28,263,825 resulted in a change in net assets of $4,367,128. Reasons for the change include an increase in revenues for the operating grants, capital grants, gross receipts taxes, and property taxes. Expenses also increased by over $3 million but not to the extent that revenues increased.

This section contains a condensed comparison of revenues and expenditures and explanations for significant differences. The table shows the summarized revenues and expenditures for the years ended June 30, 2009 and June 30, 2008.

	Governmental Activities	
	2009	2008
Program revenues:		
Charges for services	$ 1,835,862	$ 2,608,086
Operating grants and contributions	5,839,972	5,346,427
Capital grants and contributions	2,693,530	1,761,300
General revenues:		
Property taxes	7,589,281	7,424,872
Gross receipts taxes	5,503,973	5,025,419
Gasoline, motor vehicle and cigarette taxes	396,339	383,142
Payment in lieu of taxes	4,199,119	1,860,100
Investment income	653,948	787,541
Miscellaneous revenue and licenses and fees	2,372,996	2,383,176
Gain on disposal of capital assets	770,933	(9,544)
Special Item:		
Donated capital assets	775,000	-
Total revenues	32,630,953	27,570,519
Program expenses:		
General government	5,727,084	5,559,404
Public safety	11,522,807	10,656,291
Public works	6,254,455	3,950,632
Culture and recreation	134,521	886,482
Health and welfare	4,507,563	4,162,670
Interest on long-term debt	117,395	87,757
Total expenses	28,263,825	25,303,236
Change in net assets	4,367,128	2,267,283
Net assets, beginning	34,656,469	32,389,186
Net assets, ending	$ 39,023,597	$ 34,656,469

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 $20,170,893, an increase of $3,370,245 in comparison with the prior year. Approximately 60 percent of this total amount, $12,312,336, constitutes *unreserved, undesignated fund balance*, which is available for spending at the government's discretion, and 40 percent of this total amount, $7,858,557, is *reserved for prepaid expenses, inventory, and subsequent year's expenditures*. Amounts budgeted for subsequent year's expenditures are shown as reserved fund balance after the budget is approved.

The general fund is the chief operating fund of Otero County. At the end of the current fiscal year, *unreserved, undesignated* fund balance of the general fund was $10,045,130, while total fund balance was $12,665,856. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 72 percent of total general fund expenditures, while total fund balance represents 90 percent of that same amount. Fund balance of Otero County's general fund increased by $3,656,949 during the current fiscal year.

The Fire Fund has a total fund balance of $4,637,268. At the end of the current fiscal year, *unreserved, undesignated* fund balance of the fire fund was $1,710,991. The net increase in fund balance during the current year in the fire fund was $915,508. This increase is due to increased gross receipts taxes revenue and decreased expenditures.

The Road Fund has a total fund balance of $517,457, of which $447,535 is *unrestricted and undesignated*. The increase in net assets during the current year was $164,924. This increase was due primarily to a increase of taxes revenue and intergovernmental income.

Budgetary Highlights

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

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

The total variation in expenditures from the original and final budgets in the general fund was $513,459. The significant variations were in the general government and capital outlay functions, which were increases of $124,715 and $383,274, respectively. This increase was to allow for more vehicles for the County's Sheriff and fire districts.

The following table presents the summary budget comparisons of the major and aggregate non-major funds for the fiscal year ending June 30, 2009. Detailed budget comparisons are reported in the budgetary comparison statements for each major fund and the statements of revenues and expenditures budget and actual for the non-major funds.

Fund Expenditure Budget Performance

	Final Budget	Actual on Cash (Budgetary) Basis	Favorable (Unfavorable) Variance
General Fund	$ 15,221,464	$ 13,845,472	$ 1,375,992
Fire Fund	5,528,841	2,870,246	2,658,595
Road Fund	4,150,755	3,394,896	755,859
Other Governmental Funds	15,082,885	7,992,740	7,090,145
Total for Governmental Funds	$ 39,983,945	$ 28,103,354	$ 11,880,591

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

Capital Asset and Debt Administration

Capital Assets

Otero County's investment in capital assets for its governmental activities as of June 30, 2009, amounts to $21,959,315 (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, 2009 and June 30, 2008.

Otero County's Capital Assets, Net of Depreciation

	Governmental Activities	
	2009	2008
Property, plant and equipment:		
Land	$ 1,516,617	$ 1,502,662
Infrastructure	935,648	803,235
Buildings and improvements	20,997,462	20,985,120
Furniture and equipment	20,278,676	19,077,702
Vehicles	4,152,869	3,953,983
Total property, plant and equipment	47,881,272	46,322,702
Less: accumulated depreciation	(25,921,957)	(25,578,598)
Total property, plant and equipment, Net of accumulated depreciation	$ 21,959,315	$ 20,744,104

The County had vehicle additions of $635,004 during the year. Many of these additions replaced old and obsolete vehicles of the County Sheriff and fire districts within Otero County. The County also replaced old furniture and equipment in the County's administration building. The County recognized $1,961,468 in depreciation expense during the year. Additional information on Otero County's capital assets can be found in the notes to the financial statements.

The County had several commitments to construction companies at June 30, 2009. Additional information on Otero County's commitments can be found in the notes to the financial statements.

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Long-term debt

At June 30, 2009, Otero County had total bonded debt outstanding of $325,000 and loans and capital leases outstanding of $2,944,369 all of which is secured by pledged gross receipts tax revenues.

Otero County's Outstanding Debt

	Governmental Activities	
	2009	2008
Bonds	$ 325,000	$ 1,010,000
Loans and capital leases payable	2,944,369	1,981,034
Total outstanding debt	$ 3,269,369	$ 2,991,034

The County reduced bonds payable by their principal payment of $685,000. They also added six New Mexico Finance Authority loans and capital leases for new fire vehicles and equipment totaling $1,225,602. The County made principal payments towards loans and capital leases payable in the amount of $262,267. Additional information on Otero County's long-term debt can be found in the notes to the financial statements.

Economic Factor and Next Year's Budgets and Rates

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

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

During the current fiscal year, unreserved fund balance in the general fund increased to $10,045,130. It is intended that use of available fund balance will avoid the need to raise taxes or charges during the 2009 fiscal year.

Request for Information

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

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BASIC

FINANCIAL STATEMENTS

STATE OF NEW MEXICO

Exhibit A-1

Otero County

Statement of Net Assets

June 30, 2009

	Governmental Activities
Assets	
Current assets	
Cash and cash equivalents	$ 8,304,977
Investments	10,037,019
Receivables:	
Property taxes	754,317
Other taxes	723,843
Other receivables	1,006,105
Inventory	69,922
Prepaid expenses	338,255
Total current assets	21,234,438
Noncurrent assets	
Restricted cash and cash equivalents	1,499,563
Capital assets	47,881,272
Less: accumulated depreciation	(25,921,957)
Total noncurrent assets	23,458,878
Total assets	$ 44,693,316
Liabilities	
Current liabilities	
Accounts payable	$ 1,442,904
Accrued payroll expenses	420,601
Accrued compensated absences	414,935
Deferred grant revenue	86,243
Accrued interest	34,053
Current portion of long-term debt	657,609
Total current liabilities	3,056,345
Noncurrent liabilities	
Accrued compensated absences	1,614
Loans and capital leases payable	2,611,760
Total noncurrent liabilities	2,613,374
Total liabilities	5,669,719
Net Assets	
Invested in capital assets, net of related debt	18,689,946
Restricted for:	
Debt service	1,072,387
Other purposes - special revenue	5,979,310
Unrestricted	13,281,954
Total net assets	39,023,597
Total liabilities and net assets	$ 44,693,316

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit A-2

Otero County

Statement of Activities

For the Year Ended June 30, 2009

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
Functions/Programs:	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Primary Government					
General government	$ 5,727,084	$ 728,717	$ 2,007,029	$ -	$ (2,991,338)
Public safety	11,522,807	755,483	2,205,717	-	(8,561,607)
Public works	6,254,455	-	681,152	-	(5,573,303)
Culture and recreation	134,521	-	-	2,693,530	2,559,009
Health and welfare	4,507,563	351,662	946,074	-	(3,209,827)
Interest on long-term debt	117,395	-	-	-	(117,395)
Total governmental activities	$ 28,263,825	$ 1,835,862	$ 5,839,972	$ 2,693,530	(17,894,461)
General Revenues:					
Taxes					
Property taxes, levied for general purposes					7,419,217
Property taxes, levied for debt service					170,064
Gross receipts taxes					5,503,973
Gasoline and motor vehicle					395,642
Cigarette taxes					697
Payment in lieu of taxes					4,199,119
Licenses and fees					1,629,497
Investment income					653,948
Miscellaneous income					743,499
Gain on sale of capital assets					770,933
Special Item:					
Donated capital assets					775,000
Total general revenues and special item					22,261,589
Change in net assets					4,367,128
Net assets, beginning					34,656,469
Net assets, ending					$ 39,023,597

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Otero County
Balance Sheet
Governmental Funds
June 30, 2009

	General Fund	Fire Funds	Road Fund	Other Governmental Funds
Assets				
Cash and cash equivalents	$ 2,489,074	$ 4,626,222	$ -	$ 2,689,244
Investments	9,688,732	-	348,287	-
Receivables:				
Property taxes	715,449	-	-	38,868
Other taxes	353,419	99,801	40,967	229,656
Other receivables	220,292	2,797	121,625	661,391
Inventory	-	-	69,922	-
Prepaid expenses	338,255	-	-	-
Total assets	$ 13,805,221	$ 4,728,820	$ 580,801	$ 3,619,159
Liabilities and fund balances				
Liabilities				
Accounts payable	$ 222,800	$ 91,552	$ 9,222	1,119,330
Accrued payroll expenses	335,939	-	54,122	30,540
Deferred revenue	577,094	-	-	118,977
Accrued compensated absences	3,532	-	-	-
Total liabilities	1,139,365	91,552	63,344	1,268,847
Fund balances				
Reserved for:				
Inventory	-	-	69,922	-
Prepaid expenses	338,255	-	-	-
Subsequent year's expenditures	2,282,471	2,926,277	-	2,241,632
Unreserved, reported in:		-		-
General fund	10,045,130	-	-	-
Special revenue funds	-	1,710,991	447,535	236,540
Debt service fund	-	-	-	166,651
Capital projects funds	-	-	-	(294,511)
Total fund balances	12,665,856	4,637,268	517,457	2,350,312
Total liabilities and fund balances	$ 13,805,221	$ 4,728,820	$ 580,801	$ 3,619,159

The accompanying notes are an integral part of these financial statements

	Total
$	9,804,540
	10,037,019
	754,317
	723,843
	1,006,105
	69,922
	338,255
$	22,734,001

$	1,442,904
	420,601
	696,071
	3,532
	2,563,108

	69,922
	338,255
	7,450,380
	10,045,130
	2,395,066
	166,651
	(294,511)
	20,170,893
$	22,734,001

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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, 2009

Amounts reported for governmental activities in the statement of net assets are different because:	
Fund balances - total governmental funds	20,170,893
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	21,959,315
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds:	
Deferred property taxes	609,828
Interest on long-term debt is not accrued in the fund financial statements unless it is due and payable	
Accrued interest	(34,053)
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	
Bonds payable	(325,000)
Capital leases payable	(2,944,369)
Compensated absences	(413,017)
Net assets of governmental activities	$ 39,023,597

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, 2009

	General Fund	Fire Funds	Road Fund	Other Governmental Funds
Revenues:				
Taxes:				
Property	$ 7,116,576	$ -	$ -	$ 390,538
Gross receipts	2,479,384	804,695	-	2,219,894
Gasoline and motor vehicle	-	-	395,642	-
Payment in lieu of taxes	4,199,119	-	-	-
Other	466	-	-	231
Intergovernmental:				
Federal operating grants	309,176	-	523,617	1,043,592
State operating grants	1,688,921	1,599,369	157,535	517,762
State capital grants	-	-	-	2,693,530
Charges for services	1,585,736	-	-	250,126
Licenses and fees	902,713	-	649,210	77,574
Investment income	518,602	95,519	-	39,827
Miscellaneous	302,369	309,334	33,374	98,422
Total revenues	19,103,062	2,808,917	1,759,378	7,331,496
Expenditures:				
Current:				
General government	5,397,459	-	-	321,700
Public safety	7,227,038	2,038,548	-	773,371
Public works	55,023	-	2,950,582	-
Culture and recreation	86,536	-	-	2,981,947
Health and welfare	459,409	-	-	3,909,531
Capital outlay	696,938	763,815	383,251	897,363
Debt service:				
Principal	-	211,333	50,934	685,000
Interest	-	76,402	4,687	27,963
Total expenditures	13,922,403	3,090,098	3,389,454	9,596,875
Excess (deficiency) of revenues over expenditures	5,180,659	(281,181)	(1,630,076)	(2,265,379)
Other financing sources (uses)				
Loan proceeds	-	1,225,602	-	-
Proceeds from sale of capital assets	1,110,620	-	-	-
Transfers in	2,635,492	-	1,795,000	1,027,072
Transfers out	(5,269,822)	(28,913)	-	(158,829)
Total other financing sources (uses)	(1,523,710)	1,196,689	1,795,000	868,243
Net change in fund balance	3,656,949	915,508	164,924	(1,397,136)
Fund balance - beginning of year	9,008,907	3,691,760	352,533	3,747,448
Fund balance - end of year	$ 12,665,856	$ 4,607,268	$ 517,457	$ 2,350,312

The accompanying notes are an integral part of these financial statements

Total
$ 7,507,114
5,503,973
395,642
4,199,119
697
1,876,385
3,963,587
2,693,530
1,835,862
1,629,497
653,948
743,499
31,002,853
5,719,159
10,038,957
3,005,605
3,068,483
4,368,940
2,741,367
947,267
109,052
29,998,830
1,004,023
1,225,602
1,110,620
5,457,564
(5,457,564)
2,336,222
3,340,245
16,800,648
$ 20,140,893

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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, 2009

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	3,370,245
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital expenditures	2,741,367
Depreciation expense	(1,961,468)
Gain on disposition of assets	770,933
Proceeds from sale of assets	(1,110,620)
Donated assets	775,000
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	82,167
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Increase in accrued interest	(8,344)
Increase in accrued compensated absences	(13,817)
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.	
Proceeds from issuance of loans	(1,225,602)
Principal payments on bonds payable	685,000
Principal payments on capital leases payable	262,267
Change in net assets of governmental activities	$ 4,367,128

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Exhibit C-1

Otero County
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ 6,913,916	$ 6,913,916	$ 7,159,661	$ 245,745
Gross receipts	1,966,000	1,966,000	2,290,027	324,027
Gasoline and motor vehicle	-	-	-	-
Payment in lieu of taxes	1,294,694	3,552,134	4,199,119	646,985
Other	500	500	841	341
Intergovernmental income:				
Federal operating grants	-	300,911	309,176	8,265
State operating grants	1,345,290	1,383,286	1,603,610	220,324
Charges for services	1,671,508	1,671,508	1,690,674	19,166
Licenses and fees	745,000	745,000	912,849	167,849
Investment income	483,000	483,000	518,602	35,602
Miscellaneous	129,000	223,757	313,832	90,075
Total revenues	14,548,908	17,240,012	18,998,391	1,758,379
Expenditures:				
Current:				
General government	5,728,362	5,853,077	5,362,760	490,317
Public safety	7,537,734	7,547,203	7,202,651	344,552
Public works	196,498	192,499	51,138	141,361
Culture and recreation	88,627	88,627	85,876	2,751
Health and welfare	591,513	591,513	459,409	132,104
Capital outlay	565,271	948,545	683,638	264,907
Total expenditures	14,708,005	15,221,464	13,845,472	1,375,992
Excess (deficiency) of revenues over expenditures	(159,097)	2,018,548	5,152,919	3,134,371
Other financing sources (uses)				
Designated cash	3,730,287	3,004,629	-	(3,004,629)
Proceeds from sale of capital assets	-	-	1,110,620	1,110,620
Transfers in	3,319,044	3,226,544	2,635,492	(591,052)
Transfers out	(6,890,234)	(8,249,721)	(5,269,822)	2,979,899
Total other financing sources (uses)	159,097	(2,018,548)	(1,523,710)	494,838
Net change in fund balance	-	-	3,629,209	3,629,209
Fund balance - beginning of year	-	-	8,548,597	8,548,597
Fund balance - end of year	$ -	$ -	$ 12,177,806	$ 12,177,806
Net change in fund balance (non-GAAP budgetary basis)				$ 3,629,209
Adjustments to revenue for other taxes receivable and other receivables				104,671
Adjustments to expenditures for accounts payable, accrued payroll expenses and inventory				(76,931)
Net change in fund balance (GAAP)				$ 3,656,949

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Exhibit C-2

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, 2009

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Gross receipts	450,000	450,000	743,855	293,855
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	1,377,954	1,528,004	1,411,269	(116,735)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	95,235	101,693	95,519	(6,174)
Miscellaneous	83,296	236,392	310,365	73,973
Total revenues	2,006,485	2,316,089	2,561,008	244,919
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	1,797,372	2,090,417	1,332,412	758,005
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	3,413,326	3,438,424	1,537,834	1,900,590
Total expenditures	5,210,698	5,528,841	2,870,246	2,658,595
Excess (deficiency) of revenues over expenditures	(3,204,213)	(3,212,752)	(309,238)	2,903,514
Other financing sources (uses)				
Designated cash	3,233,126	3,241,665	-	(3,241,665)
Loan proceeds	-	-	1,225,602	1,225,602
Transfers in	-	-	-	-
Transfers out	(28,913)	(28,913)	(28,913)	-
Total other financing sources (uses)	3,204,213	3,212,752	1,196,689	(2,016,063)
Net change in fund balance	-	-	887,451	887,451
Fund balance - beginning of year	-	-	3,738,771	3,738,771
Fund balance - end of year	$ -	$ -	$ 4,626,222	$ 4,626,222

Net change in fund balance (non-GAAP budgetary basis)	$ 887,451
Adjustments to revenue for other taxes receivable and other receivables	247,909
Adjustments to expenditures for accounts payable, accrued payroll expenses and inventory	(219,852)
Net change in fund balance (GAAP)	$ 915,508

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO Exhibit C-3

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, 2009

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	390,000	390,000	386,389	(3,611)
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	60,000	523,617	523,617	-
State operating grants	758,367	758,367	271,540	(486,827)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	650,000	650,000	639,458	(10,542)
Investment income	-	-	-	-
Miscellaneous	-	-	33,374	33,374
Total revenues	1,858,367	2,321,984	1,854,378	(467,606)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	3,476,490	3,467,267	2,956,023	511,244
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	674,265	683,488	438,873	244,615
Total expenditures	4,150,755	4,150,755	3,394,896	755,859
Excess (deficiency) of revenues over expenditures	(2,292,388)	(1,828,771)	(1,540,518)	288,253
Other financing sources (uses)				
Designated cash	(257,612)	(721,229)	-	721,229
Transfers in	2,550,000	2,550,000	1,795,000	(755,000)
Transfers out	-	-	-	-
Total other financing sources (uses)	2,292,388	1,828,771	1,795,000	(33,771)
Net change in fund balance	-	-	254,482	254,482
Fund balance - beginning of year	-	-	93,805	93,805
Fund balance - end of year	$ -	$ -	$ 348,287	$ 348,287

Net change in fund balance (non-GAAP budgetary basis)	$ 254,482
Adjustments to revenue for other taxes receivable and other receivables	(95,000)
Adjustments to expenditures for accounts payable, accrued payroll expenses and inventory	5,442
Net change in fund balance (GAAP)	$ 164,924

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO

Exhibit D-1

Otero County
Agency Funds
Statement of Fiduciary Assets and Liabilities
June 30, 2009

Assets		
Cash	$	234,913
Property taxes receivable		1,293,701
Total assets	$	1,528,614
Liabilities		
Due to other taxing units	$	1,528,614
Total liabilities	$	1,528,614

The accompanying notes are an integral part of these financial statements

NOTE 1. Summary of Significant Accounting Policies

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

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

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

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

A. Financial Reporting Entity

In evaluating how to define the County, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB 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.

NOTE 1. Summary of Significant Accounting Policies (continued)

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

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

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

The County reports the following major governmental funds:

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

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

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

Additionally, the government reports the following fund types:

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

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

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

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

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

D. Assets, Liabilities and Net Assets or Equity

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

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

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

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

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

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

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

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

Assets	Years
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, 2009, along with applicable PERA and Retiree Health Care and other payroll related liabilities.

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

Equity Classifications

Government-wide Statements

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

a. Invested in capital assets, net of related debt:
Net assets invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net assets:
Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net assets:
All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The government-wide statement of net assts reports $7,051,697 of restricted net assets, $5,979,310 of which is restricted by enabling legislation.

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in the County's financial statements include management's estimate of the expected useful lives of Capital Assets.

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

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

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

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

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

	Excess (deficiency) of revenues over expenditures	
	Original Budget	Final Budget
Budgeted Funds:		
General Fund	$ (159,097)	$ 2,018,548
Fire Fund	$ (3,204,213)	$ (3,212,752)
Road Fund	$ (2,292,388)	$ (1,828,771)
Other Governmental Funds	$ (2,050,343)	$ (2,817,087)

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

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information (continued)

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2009 is presented. Reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on each individual budgetary statement.

NOTE 3. Deposits and Investments

State statutes authorize the investment of County funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the County properly followed State investment requirements as of June 30, 2009.

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

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

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

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to $250,000 in aggregate and separate from the $250,000 coverage for public unit demand deposits at the same institution.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2009, $11,659,023 of the County's bank balances of $13,409,023 was exposed to custodial credit risk. $10,588,132 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the County's name and $1,095,891 was uninsured and uncollateralized.

NOTE 3. Deposits and Investments (continued)

	Alamogordo First National Bank	Western Bank	Bank '34
Amount of deposits	$ 9,388,442	$ 1,770,581	$ 1,500,000
FDIC coverage	500,000	500,000	250,000
Total uninsured public funds	8,888,442	1,270,581	1,250,000
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the County's name	8,231,679	831,453	1,275,000
Uninsured and uncollateralized	$ 656,763	$ 439,128	$ -
Collateral requirement (50%)	$ 4,444,221	$ 635,291	$ 625,000
Pledged securities	8,231,679	831,453	1,275,000
Over (under) collateralized	$ 3,787,458	$ 196,163	$ 650,000

	Pioneer Savings Bank	First American Bank	Total
Amount of deposits	$ 250,000	$ 500,000	$ 13,409,023
FDIC coverage	250,000	250,000	1,750,000
Total uninsured public funds	-	250,000	11,659,023
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the County's name	-	250,000	10,588,132
Uninsured and uncollateralized	$ -	$ -	1,095,891
Collateral requirement (50%)	$ -	$ 125,000	5,829,512
Pledged securities	-	250,000	10,588,132
Over (under) collateralized	$ -	$ 125,000	$ 4,758,621

NOTE 3. Deposits and Investments (continued)

Investments

As of June 30, 2009, the County had the following investments and maturities:

			Investment Maturities	
Investment Type	**Rating**	**Fair Value**	**Less than 1 Year**	**1 to 10 Years**
Freddie Mac Medium Term Note	AAA	$ 1,742,051	$ -	$ 1,742,051
Farm Credit Note	AAA	2,044,968	-	2,044,968
Wells Fargo Money Market Mutual Fund*	AAA	2,206,695	2,206,695	-
U.S. Treasury Money Mutual Fund		1,059,843	1,059,843	-
Total		$ 7,053,557	$ 3,266,538	$ 3,787,019

* 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, 2009 was $3,787,019.

Interest Rate Risk – Investments. The County has five 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 $3,787,019. 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 Freddie Mac, Farm Credit, Bank '34 Certificates of Deposit, First American Bank Certificates of Deposit, Western Bank Certificates of Deposit, Wells Fargo Bank Money, First National Bank Certificates of Deposit, Pioneer Bank Certificates of Deposit and Bank of Albuquerque investment represent 13%, 15%, 12%, 4%, 13%, 16%, 17%, 2%, and 8% respectively, of the investment portfolio. Since the County only purchases investments with the highest credit rating, the additional concentration is not viewed to be an additional risk by the County. The County's policy related to concentration credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

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

NOTE 3. Deposits and Investments (continued)

Reconciliation of Cash and Cash Equivalents

Reconciliation to the Statement of Net Assets:

Cash and cash equivalents per Exhibit A-1	$ 8,304,977
Restricted cash and cash equivalents per Exhibit A-1	1,499,563
Total cash and cash equivalents per Exhibit A-1	9,804,540
Add: outstanding checks and other reconciling items	88,939
Add: outstanding warrants per Treasurer's Report	465,276
Add: Agency fund cash	234,913
Add: certificates of deposits	6,250,000
Less: cash equivalents as investments per GASB 40	(3,266,538)
Less: deposits in transit and other reconciling items	(167,182)
Less: petty cash	(925)
Bank balance of deposits	$ 13,409,023

NOTE 4. Receivables

Receivables as of June 30, 2009, are as follows:

	General	Fire Fund	Road Fund	Total Nonmajor Funds	Total
Property taxes	$ 715,449	$ -	$ -	$ 38,868	$ 754,317
Other taxes:					
Gross receipts taxes	353,419	99,801	-	229,656	682,876
Gasoline and oil taxes	-	-	40,967	-	40,967
Other receivables:					
Licenses and fees	12,500	-	64,772	-	77,272
Intergovernmental-grants:					
State	-	-	56,853	520,544	577,397
Federal	2,500	2,797	-	140,847	146,144
Miscellaneous	205,292	-	-	-	205,292
Totals by category	$ 1,289,160	$ 102,598	$ 162,592	$ 929,915	$ 2,484,265

These receivables are considered to be fully collectible.

NOTE 5. Interfund Receivables, Payables, and Transfers

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

Transfers In	Transfers Out	Amount
Property Valuation	General	$ 86,404
Corrections	General	1,736,250
General	COPS Grant	2,962
Road	General	1,795,000
Community Services	General	686,500
HIDTA	General	40,000
General	CPR Conference	349
General	Special Projects	25,000
Capital Improvement	General	80,000
Legislative Grants	General	110,500
Environmental	General	638,969
General	Domestic Violence	2,518
CDBG	General	3,200
Legislative Grants	Special Projects	68,000
Special Projects	Flickinger Center	68,000
Health Reserve	1/4% Fire Protection	28,912
Health Reserve	Indigent	85,000
		$ 5,457,564

There were not any interfund balances at June 30, 2009.

NOTE 6. Capital Assets

The following is a summary of capital assets and changes occurring during the year ended June 30, 2009. Land is not subject to depreciation.

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Capital Assets Used in Governmental Activities:				
Capital Assets, not depreciated:				
Land	$ 1,502,662	$ 299,925	$ 285,970	$ 1,516,617
Total Capital Assets, not depreciated	1,502,662	299,925	285,970	1,516,617
Capital Assets, depreciated:				
Infrastructure	803,235	132,413	-	935,648
Buildings and building improvements	20,985,120	588,286	575,944	20,997,462
Furniture and equipment	19,077,702	1,860,739	659,765	20,278,676
Vehicles	3,953,983	635,004	436,118	4,152,869
Total Capital Assets, depreciated	44,820,040	3,216,442	1,671,827	46,364,655
Accumulated Depreciation:				
Infrastructure	187,168	-	-	187,168
Buildings and building improvements	10,834,557	466,720	575,683	10,725,594
Furniture and equipment	11,982,202	1,126,252	648,359	12,460,095
Vehicles	2,574,671	368,496	394,067	2,549,100
Total Accumulated Depreciation	25,578,598	1,961,468	1,618,109	25,921,957
Net Book Value	$ 20,744,104	$ 1,554,899	$ 339,688	$ 21,959,315

Depreciation expense for the year ended June 30, 2009 was charged to governmental activities as follows:

General Government	$ 159,885
Public Safety	1,316,951
Public Works	310,149
Health and Welfare	34,009
Culture and Recreation	140,474
	$ 1,961,468

NOTE 7. Long-term Debt

During the year ended June 30, 2009, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

	Balance June 30, 2008	Additions	Retirements	Balance June 30, 2009	Due Within One Year
2001 G.O. Refunding Bonds	$ 1,010,000	$ -	$ 685,000	$ 325,000	$ 325,000
Loans and Capital Leases	1,981,034	1,225,602	262,267	$ 2,944,369	332,609
Compensated Absences	408,487	422,997	414,935	416,549	414,935
Total Long-term Debt	$ 3,399,521	$ 1,648,599	$ 1,362,202	$ 3,685,918	$1,072,544

General Obligation Bonds

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

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

	Interest Rates	Balance
General Obligation Jail Refunding Bonds – Series 2001	4.0% - 4.25%	$ 325,000

The annual requirements to amortize the Bonds Payable as of June 30, 2009, including interest payments are as follows:

Bonds Payable

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2010	$ 325,000	$ 6,703	$ 331,703

A description of bonds payable at June 30, 2009 is as follows:

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

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

NOTE 7. Long-term Debt (continued)

Loans and Capital Leases

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

The assets acquired through capital leases are as follows:

Equipment	$ 1,713,775
Less: Accumulated depreciation	(1,242,269)
Total	$ 471,506

The annual requirements to amortize the Loans and Capital Leases Payable as of June 30, 2009, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2010	$ 332,609	$ 109,514	$ 442,123
2011	317,591	88,646	406,237
2012	247,919	78,827	326,746
2013	255,433	71,518	326,951
2014	238,599	63,783	302,382
2015-2019	1,054,426	203,429	1,257,855
2020-2024	242,475	81,090	323,565
2025-2029	255,317	29,150	284,467
	$ 2,944,369	$ 725,957	$ 3,670,326

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

NOTE 7. Long-term Debt (continued)

Summary of Future Payments

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

Summary of Future Payments:

Fiscal Year Ending June 30,	Bonds	Loans and Capital Leases	Total Debt Service
2010	$ 331,703	$ 442,123	$ 773,826
2011	-	406,237	406,237
2012	-	326,746	326,746
2013	-	326,951	326,951
2014	-	302,382	302,382
2015-2019	-	1,257,855	1,257,855
2020-2024	-	323,565	323,565
2025-2029	-	284,467	284,467
Total Payments	331,703	3,670,326	4,002,029
Less Interest	6,703	725,957	732,660
Net Oustanding Debt	$ 325,000	$ 2,944,369	$ 3,269,369

Compensated Absences – Employees of the County are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2009, compensated absences increased $8,062 over the prior year accrual. Accrued compensated absences has typically been liquidated by the general fund.

NOTE 8. Risk Management

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

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

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 funds reflected a deficit fund balance as of June 30, 2009:

Nonmajor Funds	
Building Improvements Capital Projects Fund	$ (496,702)
Total Nonmajor Funds	$ (496,702)

B. Excess of expenditures over appropriations. There are not any funds with expenditures in excess of appropriations.

None

C. In the budget designated cash appropriations exceeded prior year available balances. The following funds exceeded budgeted designated cash appropriations for the year ended June 30, 2009:

None

NOTE 10. PERA Pension Plan

Plan Description. Substantially all of Otero County's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978.) The Public Employee Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing, multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P. O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy. Plan members are required to contribute the following percentages of their gross salary: 16.3% for law enforcement and fire protection employees; and 15.65% for municipal employees. The County was required to contribute the following percentages of the gross covered salary: 18.5% for law enforcement and fire protection plan members; and 11.65% for municipal plan members. The contribution requirements of plan members and Otero County are established in State Statute under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The County's contributions to PERA for the years ended June 30, 2009, 2008 and 2007 were $909,918, $834,205 and $794,773, respectively, which equal the amount of the required contributions for each 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.

NOTE 12. Joint Powers Agreements

Closure of the Dog Canyon Landfill

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

Regional Emergency Communications Center and Dispatch Services

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

Ambulance Services

Participants	Otero County City of Alamogordo Village of Tularosa Village of Cloudcroft
Responsible party	Otero County
Description	To provide a more efficient and responsible emergency medical system for the citizens and visitors of the participants.
Term of agreement	July 1, 2003 to June 30, 2011
Amount of project	Varies from year to year depending on the population, but for FY 08-09, the total cost for the City of Alamogordo, Village of Tularosa and Otero County was $163,169, $13,133 and $78,430, respectively.

NOTE 12. Joint Powers Agreements (continued)

County contribution	Varies from year to year depending on the population, but for FY 08-09, 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 $273,201. Remaining costs will be funded as current expenditures in future years.

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:	Lincoln County:
City of Alamogordo	Lincoln County
Otero County	Town of Carrizozo
Village of Cloudcroft	Village of Capitan
Village of Tularosa	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.

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, 2009, significant amounts of grant expenditures have not been audited by the grantor agencies. Management believes that any disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of Otero County.

NOTE 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's commitments as of June 30, 2009 are as follows:

Construction Project	Contractor	Contract Amount	Remaining Amount
Medical Clinic	White Sands	$221,000	$221,000
Medical Clinic	Comark	$310,179	$310,179
La Luz VFD	Jack Wayte	$201,955	$201,955
Fairgrounds	White Sands	$1,076,739	$1,076,739

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

NOTE 18. Subsequent Events

On July 13, 2009 the State of New Mexico signed amendments to lease purchase agreements 89-34 and 861-03 forgiving the outstanding debt on sixty one electronic voting machines. At June 30, 2009 the County had outstanding balances on the lease purchase agreements of $3,567 and $18,190.

NOTE 19. Subsequent Pronouncements

In July 2007, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which is effective for periods beginning after June 15, 2009. For governments that were classified as phase 1 or phase 2 governments, retroactive reporting is required for intangible assets acquired in fiscal years ending after June 30, 1980, except for those considered to have indefinite useful lives as of the effective date of this Statement and those that would be considered internally generated. Retroactive reporting of these intangible assets by phase 3 governments is encouraged but not required. Retroactive reporting is not required but is permitted for intangible assets considered to have indefinite useful lives as of the effective date of this Statement and those considered to be internally generated. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The County is analyzing the effect that this standard will have on the financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

NOTE 19. Subsequent Pronouncements (continued)

In March 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is effective for financial statements for periods beginning after June 15, 2010 with earlier implantation encouraged. GASB Statement No. 54 distinguishes fund balance between amounts that are considered nonspendable, such as fund balance associated with inventories, and other amounts that are classified based on the relative strength of the constraints that control the purpose for which specific amounts can be spent. This statement is intended to improve the usefulness of information provided to financial reports users about fund balance by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. The County is analyzing the effect that this standard will have on the financial statements.

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Special Revenue Funds (continued):

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

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

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

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

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

Secure Rural Schools Title III Funds – To account for expenditures received from the US Forest Services for rural schools. Authority is commission motion.

Debt Service Fund:

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

Capital Projects Funds:

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

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

STATE OF NEW MEXICO
Otero County
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2009

	Special Revenue			
	DWI Fund	Southwest Border Prosecution Fund	Water Planning Fund	Landfill Closure Fund
Assets				
Cash and cash equivalents	$ 93,617	$ 117,253	$ 5,216	$ 76,863
Receivables:				
Property taxes	-	-	-	-
Other taxes	-	-	-	-
Other receivables	23,305	-	-	-
Total assets	$ 116,922	$ 117,253	$ 5,216	$ 76,863
Liabilities				
Accounts payable	$ 801	$ -	$ -	$ -
Accrued payroll expenses	8,789	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	9,590	-	-	-
Fund balances				
Reserved for subsequent year's expenditures	30,456	30,000	1,083,019	341,790
Unreserved, reported in:				
Special revenue	76,876	87,253	(1,077,803)	(264,927)
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total fund balances	107,332	117,253	5,216	76,863
Total liabilities and fund balances	$ 116,922	$ 117,253	$ 5,216	$ 76,863

The accompanying notes are an integral part of these financial statements

Special Revenue					
C.O.P.S. Grant Fund	Property Valuation Fund	Clerk's Equipment Fund	Farm and Range Fund	Recreation Fund	Law Enforcement Protection Fund
$ -	$ 352,014	$ 71,919	$ 51,718	$ 9,587	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ -	$ 352,014	$ 71,919	$ 51,718	$ 9,587	$ -
$ -	$ 349	$ 358	$ 1,716	-	$ -
-	7,898	-	-	-	-
-	-	-	-	-	-
-	8,247	358	1,716	-	-
-	153,182	-	9,000	5,600	-
-	190,585	71,561	41,002	3,987	-
-	-	-	-	-	-
-	-	-	-	-	-
-	343,767	71,561	50,002	9,587	-
$ -	$ 352,014	$ 71,919	$ 51,718	$ 9,587	$ -

STATE OF NEW MEXICO
Otero County
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2009

	Special Revenue			
	Hazard Mitigation-2002 Fund	EMS Fund	Environmental Gross Receipts Tax Fund	Indigent Fund
Assets				
Cash and cash equivalents	$ 247,148	$ 35,265	$ 986	$ 990,952
Receivables:				
Property taxes	-	-	-	-
Other taxes	-	-	50,827	178,829
Other receivables	-	-	-	-
Total assets	$ 247,148	$ 35,265	$ 51,813	$ 1,169,781
Liabilities				
Accounts payable	$ 230,200	$ 709	$ 11,701	$ 508
Accrued payroll expenses	-	-	-	4,079
Deferred revenue	-	-	-	-
Total liabilities	230,200	709	11,701	4,587
Fund balances				
Reserved for subsequent year's expenditures	-	11,431	-	297,951
Unreserved, reported in:				
Special revenue	16,948	23,125	40,112	867,243
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total fund balances	16,948	34,556	40,112	1,165,194
Total liabilities and fund balances	$ 247,148	$ 35,265	$ 51,813	$ 1,169,781

The accompanying notes are an integral part of these financial statements

Special Revenue					
Domestic Violence Grant Fund	Sheriff's Covert Activity Fund	HIDTA Grant Fund	County Partnership Fund	CDBG Comprehensive Plan	Secure Rural Schools Title III Grant
$ -	$ 20,055	$ 8,257	$ -	$ 4	86,243
-	-	-	-	-	-
-	-	-	-	-	-
-	-	140,848	-	8,932	-
$ -	$ 20,055	$ 149,105	$ -	$ 8,936	$ 86,243
$ -	$ -	$ 4,672	$ -	$ 3,072	$ -
-	-	9,774	-	-	-
-	-	-	-	-	86,243
-	-	14,446	-	3,072	86,243
-	-	-	-	-	-
-	20,055	134,659	-	5,864	-
-	-	-	-	-	-
-	-	-	-	-	-
-	20,055	134,659	-	5,864	-
$ -	$ 20,055	$ 149,105	$ -	$ 8,936	$ 86,243

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STATE OF NEW MEXICO
Otero County
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2009

	Debt Service	Capital Projects		
	Debt Service Fund	Legislative Grants Fund	Building Improvements	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	$ 439,720	$ 82,244	$ 183	$ 2,689,244
Receivables:				
Property taxes	38,868	-	-	38,868
Other taxes	-	-	-	229,656
Other receivables	-	488,306	-	661,391
Total assets	$ 478,588	$ 570,550	$ 183	$ 3,619,159
Liabilities				
Accounts payable	$ -	$ 368,359	$ 496,885	$ 1,119,330
Accrued payroll expenses	-	-	-	30,540
Deferred revenue	32,734	-	-	118,977
Total liabilities	32,734	368,359	496,885	1,268,847
Fund balances				
Reserved for subsequent year's expenditures	279,203	-	-	2,241,632
Unreserved, reported in:				
Special revenue	-	-	-	236,540
Debt service	166,651	-	-	166,651
Capital projects	-	202,191	(496,702)	(294,511)
Total fund balances	445,854	202,191	(496,702)	2,350,312
Total liabilities and fund balances	$ 478,588	$ 570,550	$ 183	$ 3,619,159

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Otero County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended June 30, 2009

	Special Revenue			
	DWI Fund	Southwest Border Prosecution Fund	Water Planning Fund	Landfill Closure Fund
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	42,978	-	-	-
State capital grants	-	-	-	-
Charges for services	250,126	-	-	-
Licenses and fees	32,294	-	-	-
Investment income	-	-	120	1,967
Miscellaneous	28,869	-	-	-
Total revenues	354,267	-	120	1,967
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	327,337	59,522	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	10,998
Capital outlay	-	82,623	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	327,337	142,145	-	10,998
Excess (deficiency) of revenues over expenditures	26,930	(142,145)	120	(9,031)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	26,930	(142,145)	120	(9,031)
Fund balances - beginning of year	80,402	259,398	5,096	85,894
Fund balances - end of year	$ 107,332	$ 117,253	$ 5,216	$ 76,863

The accompanying notes are an integral part of these financial statements

Special Revenue					
C.O.P.S. Grant Fund	Property Valuation Fund	Clerk's Equipment Fund	Farm and Range Fund	Recreation Fund	Law Enforcement Protection
$ -	$ 192,559	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	231	-
-	-	-	-	-	-
-	-	-	19,795	-	48,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	45,280	-	-	-
-	-	-	564	-	-
-	-	-	-	-	-
-	192,559	45,280	20,359	231	48,000
-	217,630	60,100	-	-	-
-	-	-	-	-	8,317
-	-	-	-	3,405	-
-	-	-	17,716	-	-
-	20,906	-	-	-	63,864
-	-	-	-	-	-
-	-	-	-	-	-
-	238,536	60,100	17,716	3,405	72,181
-	(45,977)	(14,820)	2,643	(3,174)	(24,181)
-	86,404	-	-	-	-
(2,962)	-	-	-	-	-
(2,962)	86,404	-	-	-	-
(2,962)	40,427	(14,820)	2,643	(3,174)	(24,181)
2,962	303,340	86,381	47,359	12,761	24,181
$ -	$ 343,767	$ 71,561	$ 50,002	$ 9,587	$ -

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, 2009

	Special Revenue			
	Hazard Mitigation-2002 Fund	EMS Fund	Environmental Gross Receipts Tax Fund	Indigent Fund
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Gross receipts	-	-	406,056	1,813,838
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	679,115	-	-	-
State operating grants	242,470	137,662	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	1,654	25,397
Miscellaneous	-	970	17,704	11,353
Total revenues	921,585	138,632	425,414	1,850,588
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	1,069,825	132,459	976,378	1,702,155
Capital outlay	-	16,897	118,499	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	1,069,825	149,356	1,094,877	1,702,155
Excess (deficiency) of revenues over expenditures	(148,240)	(10,724)	(669,463)	148,433
Other financing sources (uses)				
Transfers in	-	-	638,968	-
Transfers out	-	-	-	(85,000)
Total other financing sources (uses)	-	-	638,968	(85,000)
Net change in fund balances	(148,240)	(10,724)	(30,495)	63,433
Fund balances - beginning of year	165,188	45,280	70,607	1,101,761
Fund balances - end of year	$ 16,948	$ 34,556	$ 40,112	$ 1,165,194

The accompanying notes are an integral part of these financial statements

Special Revenue					
Domestic Violence Grant Fund	Sheriff's Covert Activity Fund	HIDTA Grant Fund	County Partnership Fund	CDBG Comprehensive Plan	Secure Rural Schools Title III Grant
$ -	$ -	$ -	$ -	$ -	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	364,477	-	-	-
-	-	17,925	-	8,932	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	44	-	-	-	-
-	39,526	-	-	-	-
-	39,570	382,402	-	8,932	-
-	-	-	-	43,970	-
-	48,384	329,811	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	9,815	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	48,384	339,626	-	43,970	
-	(8,814)	42,776	-	(35,038)	-
-	-	40,000	-	3,200	-
(2,518)	-	-	(349)	-	-
(2,518)	-	40,000	(349)	3,200	-
(2,518)	(8,814)	82,776	(349)	(31,838)	-
2,518	28,869	51,883	349	37,702	-
$ -	$ 20,055	$ 134,659	$ -	$ 5,864	$ -

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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, 2009

	Debt Service	Capital Projects		
	Debt Service Fund	Legislative Grants Fund	Building Improvements	Total Nonmajor Governmental Funds
Revenues:				
Taxes:				
Property	$ 197,979	$ -	$ -	$ 390,538
Gross receipts	-	-	-	2,219,894
Other	-	-	-	231
Intergovernmental:				
Federal operating grants	-	-	-	1,043,592
State operating grants	-	-	-	517,762
State capital grants	-	2,693,530	-	2,693,530
Charges for services	-	-	-	250,126
Licenses and fees	-	-	-	77,574
Investment income	10,081	-	-	39,827
Miscellaneous	-	-	-	98,422
Total revenues	208,060	2,693,530	-	7,331,496
Expenditures:				
Current:				
General government	-	-	-	321,700
Public safety	-	-	-	773,371
Culture and recreation	-	2,978,542	-	2,981,947
Health and welfare	-	-	-	3,909,531
Capital outlay	-	-	584,759	897,363
Debt service:				
Principal	685,000	-	-	685,000
Interest	27,963	-	-	27,963
Total expenditures	712,963	2,978,542	584,759	9,596,875
Excess (deficiency) of revenues over expenditures	(504,903)	(285,012)	(584,759)	(2,265,379)
Other financing sources (uses)				
Transfers in	-	178,500	80,000	1,027,072
Transfers out	-	(68,000)	-	(158,829)
Total other financing sources (uses)	-	110,500	80,000	868,243
Net change in fund balances	(504,903)	(174,512)	(504,759)	(1,397,136)
Fund balances - beginning of year	950,757	376,703	8,057	3,747,448
Fund balances - end of year	$ 445,854	$ 202,191	$ (496,702)	$ 2,350,312

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Schedule B-1

Otero County

DWI Fund Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	43,000	43,000	30,230	(12,770)
State capital grants	-	-	-	-
Charges for services	252,978	252,978	250,124	(2,854)
Licenses and fees	25,250	25,250	32,294	7,044
Investment income	-	-	-	-
Miscellaneous	30,000	30,000	28,871	(1,129)
Total revenues	351,228	351,228	341,519	(9,709)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	350,772	350,772	324,958	25,814
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	350,772	350,772	324,958	25,814
Excess (deficiency) of revenues over expenditures	456	456	16,561	16,105
Other financing sources (uses)				
Designated cash	(456)	(456)	-	456
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	(456)	(456)	-	456
Net change in fund balance	-	-	16,561	16,561
Fund balance - beginning of year	-	-	77,056	77,056
Fund balance - end of year	$ -	$ -	$ 93,617	$ 93,617

Net change in fund balance (non-GAAP budgetary basis)	$ 16,561
Adjustments to revenue for other receivables	12,748
Adjustments to expenditures for accounts payable and accrued payroll expenses	(2,379)
Net change in fund balance (GAAP)	$ 26,930

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Schedule B-2

Otero County

Southwest Border Prosecution Fund Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Intergovernmental income:				
Federal operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	90,000	90,000	-	(90,000)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	103,120	103,120	61,321	41,799
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	158,077	158,077	82,623	75,454
Total expenditures	261,197	261,197	143,944	117,253
Excess (deficiency) of revenues over expenditures	(171,197)	(171,197)	(143,944)	27,253
Other financing sources (uses)				
Designated cash	171,197	171,197	-	(171,197)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	171,197	171,197	-	(171,197)
Net change in fund balance	-	-	(143,944)	(143,944)
Fund balance - beginning of year	-	-	261,197	261,197
Fund balance - end of year	$ -	$ -	$ 117,253	$ 117,253

Net change in fund balance (non-GAAP budgetary basis)	$ (143,944)
No adjustments to revenue	-
Adjustments to expenditures for accounts payable	1,799
Net change in fund balance (GAAP)	$ (142,145)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Schedule B-3

Otero County
Water Planning Fund Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	150	150	120	(30)
Miscellaneous	-	-	-	-
Total revenues	150	150	120	(30)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	150	150	120	(30)
Other financing sources (uses)				
Designated cash	(150)	(150)	-	150
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	(150)	(150)	-	150
Net change in fund balance	-	-	120	120
Fund balance - beginning of year	-	-	5,096	5,096
Fund balance - end of year	$ -	$ -	$ 5,216	$ 5,216
Net change in fund balance (non-GAAP budgetary basis)				$ 120
No adjustments to revenue				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				$ 120

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Schedule B-4

Otero County
Landfill Closure Fund Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	3,000	3,000	1,967	(1,033)
Miscellaneous	-	-	-	-
Total revenues	3,000	3,000	1,967	(1,033)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	30,000	30,000	18,018	11,982
Capital outlay	-	-	-	-
Total expenditures	30,000	30,000	18,018	11,982
Excess (deficiency) of revenues over expenditures	(27,000)	(27,000)	(16,051)	10,949
Other financing sources (uses)				
Designated cash	27,000	27,000	-	(27,000)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	27,000	27,000	-	(27,000)
Net change in fund balance	-	-	(16,051)	(16,051)
Fund balance - beginning of year	-	-	92,914	92,914
Fund balance - end of year	$ -	$ -	$ 76,863	$ 76,863

Net change in fund balance (non-GAAP budgetary basis)	$ (16,051)
No adjustments to revenue	-
Adjustments to expenditures for accounts payable	7,020
Net change in fund balance (GAAP)	$ (9,031)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Schedule B-5

Otero County

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

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Designated cash	(2,962)	(2,962)	-	2,962
Transfers in	-	-	-	-
Transfers out	2,962	2,962	(2,962)	(5,924)
Total other financing sources (uses)	-	-	(2,962)	(2,962)
Net change in fund balance	-	-	(2,962)	(2,962)
Fund balance - beginning of year	-	-	2,962	2,962
Fund balance - end of year	$ -	$ -	$ -	$ -
Net change in fund balance (non-GAAP budgetary basis)				$ (2,962)
No adjustments to revenue				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				$ (2,962)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Schedule B-6

Otero County

Property Valuation Fund Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ 200,000	$ 200,000	$ 192,559	$ (7,441)
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	200,000	200,000	192,559	(7,441)
Expenditures:				
Current:				
General government	376,531	376,531	216,499	160,032
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	21,000	21,000	20,906	94
Total expenditures	397,531	397,531	237,405	160,126
Excess (deficiency) of revenues over expenditures	(197,531)	(197,531)	(44,846)	152,685
Other financing sources (uses)				
Designated cash	93,684	93,684	-	(93,684)
Transfers in	103,847	103,847	86,404	(17,443)
Transfers out	-	-	-	-
Total other financing sources (uses)	197,531	197,531	86,404	(111,127)
Net change in fund balance	-	-	41,558	41,558
Fund balance - beginning of year	-	-	310,456	310,456
Fund balance - end of year	$ -	$ -	$ 352,014	$ 352,014

Net change in fund balance (non-GAAP budgetary basis)	$ 41,558
No adjustments to revenue	-
Adjustments to expenditures for accounts payable and accrued payroll expenses	(1,131)
Net change in fund balance (GAAP)	$ 40,427

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Schedule B-7

Otero County

Clerk's Equipment Fund Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	47,000	47,000	45,280	(1,720)
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	47,000	47,000	45,280	(1,720)
Expenditures:				
Current:				
General government	104,672	104,672	86,554	18,118
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	104,672	104,672	86,554	18,118
Excess (deficiency) of revenues over expenditures	(57,672)	(57,672)	(41,274)	16,398
Other financing sources (uses)				
Designated cash	57,672	57,672	-	(57,672)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	57,672	57,672	-	(57,672)
Net change in fund balance	-	-	(41,274)	(41,274)
Fund balance - beginning of year	-	-	113,193	113,193
Fund balance - end of year	$ -	$ -	$ 71,919	$ 71,919

Net change in fund balance (non-GAAP budgetary basis)	$ (41,274)
No adjustments to revenue	-
Adjustments to expenditures for accounts payable	26,454
Net change in fund balance (GAAP)	$ (14,820)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Schedule B-8

Otero County
Farm and Range Fund Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	18,000	18,000	19,795	1,795
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	500	500	564	64
Miscellaneous	-	-	-	-
Total revenues	18,500	18,500	20,359	1,859
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	16,000	16,000	16,000	-
Capital outlay	-	-	-	-
Total expenditures	16,000	16,000	16,000	-
Excess (deficiency) of revenues over expenditures	2,500	2,500	4,359	1,859
Other financing sources (uses)				
Designated cash	(2,500)	(2,500)	-	2,500
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	(2,500)	(2,500)	-	2,500
Net change in fund balance	-	-	4,359	4,359
Fund balance - beginning of year	-	-	47,359	47,359
Fund balance - end of year	$ -	$ -	$ 51,718	$ 51,718

Net change in fund balance (non-GAAP budgetary basis)	$ 4,359
No adjustments to revenue	-
Adjustments to expenditures for accounts payable and accrued payroll expenses	(1,716)
Net change in fund balance (GAAP)	$ 2,643

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Schedule B-9

Otero County

Recreation Fund Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	500	500	422	(78)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	9,800	9,800	3,722	6,078
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	9,800	9,800	3,722	6,078
Excess (deficiency) of revenues over expenditures	(9,300)	(9,300)	(3,300)	6,000
Other financing sources (uses)				
Designated cash	9,300	9,300	-	(9,300)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	9,300	9,300	-	(9,300)
Net change in fund balance	-	-	(3,300)	(3,300)
Fund balance - beginning of year	-	-	12,887	12,887
Fund balance - end of year	$ -	$ -	$ 9,587	$ 9,587

Net change in fund balance (non-GAAP budgetary basis)	$ (3,300)
Adjustments to revenue for other taxes receivable	(191)
Adjustments to expenditures for accounts payable	317
Net change in fund balance (GAAP)	$ (3,174)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Schedule B-10

Otero County

Law Enforcement Protection Fund Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	48,000	48,000	48,000	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	48,000	48,000	48,000	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	8,317	8,317	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	72,181	63,864	63,864	-
Total expenditures	72,181	72,181	72,181	-
Excess (deficiency) of revenues over expenditures	(24,181)	(24,181)	(24,181)	-
Other financing sources (uses)				
Designated cash	24,181	24,181	-	(24,181)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	24,181	24,181	-	(24,181)
Net change in fund balance	-	-	(24,181)	(24,181)
Fund balance - beginning of year	-	-	24,181	24,181
Fund balance - end of year	$ -	$ -	$ -	$ -
Net change in fund balance (non-GAAP budgetary basis)				$ (24,181)
No adjustments to revenue				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				$ (24,181)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Schedule B-11

Otero County

Hazard Mitigation-2002 Fund Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Intergovernmental income:				
Federal operating grants	658,885	1,153,036	679,115	(473,921)
State operating grants	257,574	257,574	242,470	(15,104)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	916,459	1,410,610	921,585	(489,025)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	902,224	1,396,375	847,836	548,539
Capital outlay	-	-	-	-
Total expenditures	902,224	1,396,375	847,836	548,539
Excess (deficiency) of revenues over expenditures	14,235	14,235	73,749	59,514
Other financing sources (uses)				
Designated cash	(14,235)	(114,235)	-	114,235
Transfers in	-	-	-	-
Transfers out	-	100,000	-	(100,000)
Total other financing sources (uses)	(14,235)	(14,235)	-	14,235
Net change in fund balance	-	-	73,749	73,749
Fund balance - beginning of year	-	-	173,399	173,399
Fund balance - end of year	$ -	$ -	$ 247,148	$ 247,148

Net change in fund balance (non-GAAP budgetary basis)	$ 73,749
No adjustments to revenue	-
Adjustments to expenditures for accounts payable	(221,989)
Net change in fund balance (GAAP)	$ (148,240)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Schedule B-12

Otero County

EMS Fund Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	132,802	137,662	137,662	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	970	970
Total revenues	132,802	137,662	138,632	970
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	179,446	168,870	135,813	33,057
Capital outlay	2,700	18,135	16,897	1,238
Total expenditures	182,146	187,005	152,710	34,295
Excess (deficiency) of revenues over expenditures	(49,344)	(49,343)	(14,078)	35,265
Other financing sources (uses)				
Designated cash	49,344	49,343	-	(49,343)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	49,344	49,343	-	(49,343)
Net change in fund balance	-	-	(14,078)	(14,078)
Fund balance - beginning of year	-	-	49,343	49,343
Fund balance - end of year	$ -	$ -	$ 35,265	$ 35,265

Net change in fund balance (non-GAAP budgetary basis)	$ (14,078)
No adjustments to revenue	-
Adjustments to expenditures for accounts payable	3,354
Net change in fund balance (GAAP)	$ (10,724)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Schedule B-13

Otero County

Environmental Gross Receipts Tax Fund Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	53,599	53,599	53,599	-
Licenses and fees	-	-	-	-
Investment income	2,000	2,000	1,654	(346)
Miscellaneous	14,000	14,000	23,861	9,861
Total revenues	319,599	319,599	453,823	134,224
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	723,131	984,568	973,694	10,874
Capital outlay	-	118,500	118,500	-
Total expenditures	723,131	1,103,068	1,092,194	10,874
Excess (deficiency) of revenues over expenditures	(403,532)	(783,469)	(638,371)	145,098
Other financing sources (uses)				
Designated cash	(2,468)	(2,468)	-	2,468
Transfers in	406,000	785,937	638,968	(146,969)
Transfers out	-	-	-	-
Total other financing sources (uses)	403,532	783,469	638,968	(144,501)
Net change in fund balance	-	-	597	597
Fund balance - beginning of year	-	-	389	389
Fund balance - end of year	$ -	$ -	$ 986	$ 986

Net change in fund balance (non-GAAP budgetary basis)	$ 597
Adjustments to revenue for other taxes receivable and other receivables	(28,409)
Adjustments to expenditures for accounts payable	(2,683)
Net change in fund balance (GAAP)	$ (30,495)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Schedule B-14

Otero County

Indigent Fund Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	32,000	32,000	25,397	(6,603)
Miscellaneous	-	-	11,353	11,353
Total revenues	1,502,000	1,502,000	1,181,285	(320,715)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	1,622,403	1,622,403	1,129,063	493,340
Capital outlay	-	-	-	-
Total expenditures	1,622,403	1,622,403	1,129,063	493,340
Excess (deficiency) of revenues over expenditures	(120,403)	(120,403)	52,222	172,625
Other financing sources (uses)				
Designated cash	275,403	275,403	-	(275,403)
Transfers in	-	-	-	-
Transfers out	(155,000)	(155,000)	(85,000)	70,000
Total other financing sources (uses)	120,403	120,403	(85,000)	(205,403)
Net change in fund balance	-	-	(32,778)	(32,778)
Fund balance - beginning of year	-	-	1,023,730	1,023,730
Fund balance - end of year	$ -	$ -	$ 990,952	$ 990,952

Net change in fund balance (non-GAAP budgetary basis)	$ (32,778)
Adjustments to revenue for other taxes receivable and intercepted medicaid gross receipt tax	669,303
Adjustments to expenditures for accounts payables, accrued payroll expenses and medicaid	(573,092)
Net change in fund balance (GAAP)	$ 63,433

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Schedule B-15

Otero County

Domestic Violence Grant Fund Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Designated cash	2,518	2,518	-	(2,518)
Transfers in	(2,518)	(2,518)	(2,518)	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	(2,518)	(2,518)
Net change in fund balance	-	-	(2,518)	(2,518)
Fund balance - beginning of year	-	-	2,518	2,518
Fund balance - end of year	$ -	$ -	$ -	$ -
Net change in fund balance (non-GAAP budgetary basis)				$ (2,518)
No adjustments to revenue				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				$ (2,518)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Schedule B-16

Otero County

Sheriff's Covert Activity Fund Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	44	44
Miscellaneous	344,894	344,894	39,526	(305,368)
Total revenues	344,894	344,894	39,570	(305,324)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	344,894	344,894	48,384	296,510
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	344,894	344,894	48,384	296,510
Excess (deficiency) of revenues over expenditures	-	-	(8,814)	(8,814)
Other financing sources (uses)				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	(8,814)	(8,814)
Fund balance - beginning of year	-	-	28,869	28,869
Fund balance - end of year	$ -	$ -	$ 20,055	$ 20,055

Net change in fund balance (non-GAAP budgetary basis)	$ (8,814)
No adjustments to revenue	-
No adjustments to expenditures	-
Net change in fund balance (GAAP)	$ (8,814)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Schedule B-17

Otero County

HIDTA Grant Fund Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Intergovernmental income:				
Federal operating grants	320,078	320,078	223,629	(96,449)
State operating grants	12,900	17,900	17,925	25
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	332,978	337,978	241,554	(96,424)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	429,542	433,092	329,655	103,437
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	4,245	5,695	5,684	11
Total expenditures	433,787	438,787	335,339	103,448
Excess (deficiency) of revenues over expenditures	(100,809)	(100,809)	(93,785)	7,024
Other financing sources (uses)				
Designated cash	60,809	60,809	-	(60,809)
Transfers in	40,000	40,000	40,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	100,809	100,809	40,000	(60,809)
Net change in fund balance	-	-	(53,785)	(53,785)
Fund balance - beginning of year	-	-	62,042	62,042
Fund balance - end of year	$ -	$ -	$ 8,257	$ 8,257

Net change in fund balance (non-GAAP budgetary basis)	$ (53,785)
Adjustments to revenue for other receivables	140,848
Adjustments to expenditures for accrued payroll expenses	(4,287)
Net change in fund balance (GAAP)	$ 82,776

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Schedule B-18

Otero County

County Partnership Fund Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2009

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

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Schedule B-19

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, 2009

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Intergovernmental income:				
Federal operating grants	349,215	349,215	3,929	(345,286)
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	349,215	349,215	3,929	(345,286)
Expenditures:				
Current:				
General government	382,989	382,988	40,898	342,090
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	382,989	382,988	40,898	342,090
Excess (deficiency) of revenues over expenditures	(33,774)	(33,773)	(36,969)	(3,196)
Other financing sources (uses)				
Designated cash	33,774	28,773	-	(28,773)
Transfers in	-	5,000	3,200	(1,800)
Transfers out	-	-	-	-
Total other financing sources (uses)	33,774	33,773	3,200	(30,573)
Net change in fund balance	-	-	(33,769)	(33,769)
Fund balance - beginning of year	-	-	33,773	33,773
Fund balance - end of year	$ -	$ -	$ 4	$ 4

Net change in fund balance (non-GAAP budgetary basis)	$ (33,769)
Adjustments to revenue for other receivables	5,003
Adjustments to expenditures for accounts payable and accrued payroll expenses	(3,072)
Net change in fund balance (GAAP)	$ (31,838)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Schedule B-20

Otero County
Secure Rural Schools Title III Grant
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Intergovernmental income:				
Federal operating grants	-	86,243	86,243	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	86,243	86,243	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	86,243	86,243	-
Other financing sources (uses)				
Designated cash	-	(86,243)	-	86,243
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	(86,243)	-	86,243
Net change in fund balance	-	-	86,243	86,243
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	$ -	$ -	$ 86,243	$ 86,243

Net change in fund balance (non-GAAP budgetary basis)	$ 86,243
Adjustments to revenue for other receivables	(86,243)
No adjustments to expenditures	-
Net change in fund balance (GAAP)	$ -

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, 2009

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ 280,000	$ 280,000	$ 207,443	$ (72,557)
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	11,000	11,000	10,081	(919)
Miscellaneous	-	-	-	-
Total revenues	291,000	291,000	217,524	(73,476)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	685,000	685,000	685,000	-
Interest	27,963	27,963	27,963	-
Total expenditures	712,963	712,963	712,963	-
Excess (deficiency) of revenues over expenditures	(421,963)	(421,963)	(495,439)	(73,476)
Other financing sources (uses)				
Designated cash	421,963	421,963	-	(421,963)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	421,963	421,963	-	(421,963)
Net change in fund balance	-	-	(495,439)	(495,439)
Fund balance - beginning of year	-	-	935,159	935,159
Fund balance - end of year	$ -	$ -	$ 439,720	$ 439,720

Net change in fund balance (non-GAAP budgetary basis)	$ (495,439)
Adjustments to revenue for property taxes receivable and deferred property tax revenue	(9,464)
No adjustments to expenditures	-
Net change in fund balance (GAAP)	$ (504,903)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Schedule B-22

Otero County

Legislative Grants Fund 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, 2009

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	6,698,094	6,728,219	2,331,907	(4,396,312)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	6,698,094	6,728,219	2,331,907	(4,396,312)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	6,530,628	6,560,753	2,642,698	3,918,055
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	6,530,628	6,560,753	2,642,698	3,918,055
Excess (deficiency) of revenues over expenditures	167,466	167,466	(310,791)	(478,257)
Other financing sources (uses)				
Designated cash	(167,466)	(667,466)	-	667,466
Transfers in	150,000	650,000	178,500	(471,500)
Transfers out	(150,000)	(150,000)	(68,000)	82,000
Total other financing sources (uses)	(167,466)	(167,466)	110,500	277,966
Net change in fund balance	-	-	(200,291)	(200,291)
Fund balance - beginning of year	-	-	282,535	282,535
Fund balance - end of year	$ -	$ -	$ 82,244	$ 82,244

Net change in fund balance (non-GAAP budgetary basis)	$ (200,291)
Adjustments to revenue for other receivables and deferred capital grant revenue	361,623
Adjustments to expenditures for accounts payable	(335,844)
Net change in fund balance (GAAP)	$ (174,512)

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO Schedule B-23

Otero County
Building Improvements Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	618,444	1,091,494	87,874	1,003,620
Total expenditures	618,444	1,091,494	87,874	1,003,620
Excess (deficiency) of revenues over expenditures	(618,444)	(1,091,494)	(87,874)	1,003,620
Other financing sources (uses)				
Designated cash	8,057	8,057	-	(8,057)
Transfers in	610,387	1,083,437	80,000	(1,003,437)
Transfers out	-	-	-	-
Total other financing sources (uses)	618,444	1,091,494	80,000	(1,011,494)
Net change in fund balance	-	-	(7,874)	(7,874)
Fund balance - beginning of year	-	-	8,057	8,057
Fund balance - end of year	$ -	$ -	$ 183	$ 183

Net change in fund balance (non-GAAP budgetary basis)	$ (7,874)
No adjustments to revenue	-
Adjustments to expenditures for accounts payable and accrued payroll expenses	(496,885)
Net change in fund balance (GAAP)	$ (504,759)

The accompanying notes are an integral part of these financial statements

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SUPPORTING SCHEDULES

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STATE OF NEW MEXICO

Schedule I

Otero County
Schedule of Collateral Pledged by Depository
For Public Funds
June 30, 2009

Name of Depository	Type of Collateral	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2009	Name and Location of Safekeeper
First American						
	Letter of Credit	FHLB Letter of Credit	12/18/09	N/A	250,000	FHLB Dallas
		Total First American			250,000	
Bank 34						
	Letter of Credit	FHLB Irrevocable Letter of Credit	12/10/09	N/A	765,000	FHLB Dallas
	Letter of Credit	FHLB Irrevocable Letter of Credit	1/4/10	N/A	510,000	FHLB Dallas
		Total Bank 34			1,275,000	
Western Bank						
	FNMA	#70864-A	9/15/27	31362TWZ2	37,294	FHLB Dallas
	FNMA	#70864-B	9/15/27	31362TWZ2	37,291	FHLB Dallas
	FHLMC	#E01448	9/1/18	312945TD7	173,418	FHLB Dallas
	GNMA	#80180	3/20/28	36225CFW1	18,805	FHLB Dallas
	GNMA	#8247	7/23/23	362025EU5	57,309	FHLB Dallas
	GNMA	#80681	3/20/33	36225CXK7	54,236	FHLB Dallas
	FNMA	#725462	1/1/34	31402C5X6	61,567	FHLB Dallas
	GNMA	#8744 M	11/20/25	36202KWD3	29,020	FHLB Dallas
	GNMA	#80244	12/20/28	36225CHW9	39,818	FHLB Dallas
	GNMA II	#080902	5/20/34	36225DAC8	128,329	FHLB Dallas
	GNMA II	#80702	6/20/33	36225CX84	66,560	FHLB Dallas
	FNMA	#254989	11/1/13	31371LF61	127,806	FHLB Dallas
					831,453	
Alamogordo First National Bank	FHLMC	FHLMC Pool #M30281	11/1/17	31282CJ24	113,657	FHLB Dallas
	FNMA	FNMA Pool #709835	6/1/18	30401JSY5	463,371	FHLB Dallas
	FHLMC	FHLMC Pool #E01418	7/1/18	31294JSF3	417,839	FHLB Dallas
	FHLMC	FHLMC Pool #B10680	11/1/18	312962XH1	754,478	FHLB Dallas
	FHLMC	FHLMC Pool #G12358	5/1/21	3128M1QK8	870,654	FHLB Dallas
	FNMA	FNMA Pool #252149	6/1/26	31371HBS6	95,262	FHLB Dallas
	FNMA	FNMA Pool #893271	8/1/26	31410PMU4	578,227	FHLB Dallas
	FNMA	FNMA Callable	5/16/23	3136F9PC1	4,938,191	FHLB Dallas
		Total First National Bank			8,231,679	
		Total Pledged Collateral			$ 10,588,132	

See accompanying independent auditors' report.

STATE OF NEW MEXICO
Otero County
Schedule of Deposit and Investment Accounts
For the Year Ended June 30, 2009

	Deposits				
Bank Account Type/Name	Alamogordo First National Bank	Bank 34	Western Bank	Pioneer Savings Bank	First American Bank
General Operating - Checking	$ 3,034,137	$ -	$ -	$ -	$ -
Inmate Trust - Checking	20,626	-	-	-	-
Money Market	4,083,679	-	-	-	-
Covert Activities - Checking	-	-	20,581	-	-
Money Market Mutual Fund	-	-	-	-	-
Freddie Mac Note	-	-	-	-	-
Federal Home Loan Bank Note	-	-	-	-	-
Farm Credit Note	-	-	-	-	-
Freddie Mac Note	-	-	-	-	-
Farm Credit Note	-	-	-	-	-
Certificate of Deposit	2,250,000	1,500,000	1,750,000	250,000	500,000
U.S. Treasury Money Market Mutual Fund		-	-	-	-
Total	9,388,442	1,500,000	1,770,581	250,000	500,000
Reconciling items:					
Less: outstanding checks per bank reconciliation	(88,414)	-	(525)	-	-
Plus: deposits in transit per bank reconciliation	167,182	-	-	-	-
Less: outstanding warrants per treasurer's report	(465,276)	-	-	-	-
Total reconciling items	(386,508)	-	(525)	-	-
Reconciled balance	$ 9,001,934	$ 1,500,000	$ 1,770,056	$ 250,000	$ 500,000

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

See accompanying independent auditors' report.

Investments			
Alamogordo First National Bank	Bank of Albuquerque	Wells Fargo	Totals
$ -	$ -	$ -	$ 3,034,137
-	-	-	20,626
-	-	-	4,083,679
-	-	-	20,581
-	-	2,206,695	2,206,695
-	-	1,199,156	1,199,156
-	-	549,612	549,612
-	-	499,214	499,214
542,895	-	-	542,895
996,142	-	-	996,142
-	-	-	6,250,000
-	1,059,843	-	1,059,843
1,539,037	1,059,843	4,454,677	20,462,580
-	-	-	(88,939)
-	-	-	167,182
-	-	-	(465,276)
-	-	-	(387,033)
$ 1,539,037	$ 1,059,843	$ 4,454,677	$20,075,547
			925
			(1,499,563)
			(234,913)
			(10,037,019)
			8,304,977

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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, 2009

Property taxes receivable, beginning of year	$ 1,926,987
Changes to tax roll:	
Net taxes charged to treasurer for fiscal year	20,394,672
Adjustments:	
Add amount Qwest paid for prior year contested taxes	104,000
Increases (decreases) in taxes receivables	(102,033)
Total receivables prior to collections	22,323,626
Collections for fiscal year ended June 30, 2009	(20,275,608)
Property taxes receivable, end of year	$ 2,048,018

Property taxes receivable are reported as follows:

Governmental Funds:	
General Fund	$ 715,449
Debt Service Fund	38,868
Agency Funds	1,293,701
Total property taxes receivable	$ 2,048,018

Property taxes receivable by year:

1999	$ 5,063
2000	24,528
2001	7,281
2002	10,342
2003	19,579
2004	28,515
2005	31,625
2006	82,423
2007	498,127
2008	1,340,535
Total property taxes receivable	$ 2,048,018

See accompanying independent auditors' report.

STATE OF NEW MEXICO
Otero County
Schedule of Property Taxes Receivable by Agency
June 30, 2009

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 1999	$ 781,253	$ 8	$ 780,969	$ 8	$ -	$ 284
P&I on Bonds 2000	833,278	64	832,014	69	-	1,264
P&I on Bonds 2001	1,010,247	169	1,009,804	169	-	443
P&I on Bonds 2002	658,420	126	658,003	117	10	417
P&I on Bonds 2003	929,752	291	928,641	277	26	1,111
P&I on Bonds 2004	652,679	412	651,617	397	36	1,062
P&I on Bonds 2005	844,649	2,760	843,135	4,868	80	1,515
P&I on Bonds 2006	916,889	13,829	912,959	11,921	2,860	3,930
P&I on Bonds 2007	952,429	40,098	929,327	48,249	1,266	23,102
P&I on Bonds 2008	1,033,384	968,165	968,165	956,316	11,849	65,219
Total General Advalorem	**8,612,980**	**1,025,922**	**8,514,634**	**1,022,391**	**16,127**	**98,347**
State Special Levies 1999	26,076	-	26,067	-	-	10
State Special Levies 2000	26,160	-	26,145	-	-	14
State Special Levies 2001	24,836	-	24,732	-	-	103
State Special Levies 2002	20,464	-	20,428	-	-	36
State Special Levies 2003	17,290	-	17,229	-	-	61
State Special Levies 2004	15,349	-	15,293	-	-	56
State Special Levies 2005	20,808	-	20,588	-	-	220
State Special Levies 2006	21,929	64	21,748	64	-	181
State Special Levies 2007	26,239	3,956	25,810	4,014	-	429
State Special Levies 2008	21,834	21,433	21,433	20,745	688	401
Total State Special Levies	**220,985**	**25,453**	**219,473**	**24,823**	**688**	**1,511**
Total State of New Mexico	**8,833,965**	**1,051,375**	**8,734,107**	**1,047,214**	**16,815**	**99,858**
Otero County						
General Advalorem 1999	4,554,868	36	4,552,868	36	-	2,000
General Advalorem 2000	4,839,960	305	4,830,553	305	-	9,407
General Advalorem 2001	4,999,214	682	4,996,893	682	-	2,321
General Advalorem 2002	5,156,969	814	5,153,868	814	-	3,100
General Advalorem 2003	5,261,974	1,347	5,255,205	1,347	-	6,770
General Advalorem 2004	5,536,151	2,933	5,527,261	2,933	-	8,890
General Advalorem 2005	5,865,054	21,191	5,855,573	21,191	-	9,481
General Advalorem 2006	6,208,313	93,097	6,181,242	93,097	-	27,070
General Advalorem 2007	6,675,782	297,206	6,509,296	297,206	-	166,486
General Advalorem 2008	7,221,944	6,742,020	6,742,020	6,742,020	-	479,924
Total General Advalorem	**56,320,229**	**7,159,631**	**55,604,779**	**7,159,631**	**-**	**715,449**
Debt Service P&I 1999	760,695.00	7.00	760,418.00	7.00	-	277.00
Debt Service P&I 2000	750,989.00	58.00	749,850.00	58.00	-	1,139.00
Debt Service P&I 2001	599,279.00	100.00	599,016.00	100.00	-	263.00
Debt Service P&I 2002	844,861.00	162.00	844,326.00	162.00	-	535.00
Debt Service P&I 2003	743,189.00	233.00	742,301.00	233.00	-	888.00
Debt Service P&I 2004	792,993.00	500.00	791,702.00	500.00	-	1,290.00
Debt Service P&I 2005	757,662.00	2,476.00	756,303.00	2,476.00	-	1,359.00
Debt Service P&I 2006	723,167.00	10,907.00	720,067.00	10,907.00	-	3,100.00
Debt Service P&I 2007	794,403.00	33,445.00	775,134.00	33,445.00	-	19,269.00
Debt Service P&I 2008	170,297.00	159,549.00	159,549.00	159,549.00	-	10,748.00
Total Debt Service	**6,937,535**	**207,437**	**6,898,666**	**207,437**	**-**	**38,868**
Total Otero County	**63,257,764**	**7,367,068**	**62,503,445**	**7,367,068**	**-**	**754,317**
City of Alamogordo						
General Advalorem 1999	1,552,379.00	25.00	1,552,177.00	25.00	-	202.00
General Advalorem 2000	1,620,238.00	48.00	1,618,027.00	48.00	-	2,211.00
General Advalorem 2001	1,646,104.00	96.00	1,645,977.00	96.00	-	127.00
General Advalorem 2002	1,691,919.00	145.00	1,691,801.00	145.00	-	118.00
General Advalorem 2003	1,703,296.00	215.00	1,703,021.00	229.00	-	275.00
General Advalorem 2004	1,800,765.00	478.00	1,799,217.00	489.00	-	1,548.00
General Advalorem 2005	1,912,835.00	5,036.00	1,912,374.00	11,079.00	50.00	462.00
General Advalorem 2006	2,068,289.00	27,613.00	2,062,047.00	19,683.00	9,019.00	6,242.00
General Advalorem 2007	2,225,919.00	82,070.00	2,173,726.00	98,423.00	1,928.00	52,192.00
General Advalorem 2008	2,406,844.00	2,268,550.00	2,268,550.00	2,247,128.00	21,422.00	138,293.00
Total General Advalorem	**18,628,588**	**2,384,276**	**18,426,917**	**2,377,345**	**32,419**	**201,670**

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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 1999	591,677	11	591,606	11	-	70
Debt Service P&I 2000	677,721	23	676,963	23	-	758
Debt Service P&I 2001	771,646	51	771,587	51	-	59
Debt Service P&I 2002	796,305	76	796,245	76	-	60
Debt Service P&I 2003	804,799	113	804,663	121	-	135
Debt Service P&I 2004	815,981	239	815,381	244	-	600
Debt Service P&I 2005	794,080	1,866	793,872	4,555	23	208
Debt Service P&I 2006	792,786	10,530	790,578	7,527	3,426	2,208
Debt Service P&I 2007	895,947	30,705	875,742	37,014	759	20,204
Debt Service P&I 2008	723,565	684,167	684,167	677,601	6,567	39,397
Total Debt Service	**7,664,507**	**727,781**	**7,600,804**	**727,223**	**10,775**	**63,699**
Total City of Alamogordo	**26,293,095**	**3,112,057**	**26,027,721**	**3,104,568**	**43,194**	**265,369**
Alamogordo Public Schools						
General Advalorem 1999	146,914	2	146,882	2	-	31
General Advalorem 2000	154,521	3	154,195	3	-	326
General Advalorem 2001	160,241	8	160,224	8	-	17
General Advalorem 2002	164,479	22	164,456	20	2	23
General Advalorem 2003	166,371	38	166,244	34	5	127
General Advalorem 2004	175,995	70	175,847	61	11	149
General Advalorem 2005	186,484	671	186,367	1,129	19	117
General Advalorem 2006	197,879	2,665	197,281	2,074	722	598
General Advalorem 2007	212,209	8,725	207,384	10,171	277	4,824
General Advalorem 2008	228,722	215,326	215,326	213,131	2,195	13,396
Total General Advalorem	**1,793,815**	**227,530**	**1,774,206**	**226,633**	**3,231**	**19,608**
Debt Service P&I 1999	2,011,056	26	2,010,689	26	-	367
Debt Service P&I 2000	1,975,859	47	1,972,582	47	-	3,277
Debt Service P&I 2001	2,157,209	127	2,156,952	127	-	256
Debt Service P&I 2002	2,828,179	433	2,827,715	400	34	465
Debt Service P&I 2003	2,523,411	677	2,521,684	611	83	1,727
Debt Service P&I 2004	2,204,336	1,007	2,202,631	875	155	1,705
Debt Service P&I 2005	2,198,330	6,982	2,196,877	12,852	267	1,453
Debt Service P&I 2006	2,280,972	31,020	2,274,562	24,177	8,380	6,411
Debt Service P&I 2007	3,427,006	131,017	3,352,465	153,433	4,335	74,541
Debt Service P&I 2008	2,438,529	2,303,715	2,303,715	2,279,984	23,731	134,814
Total Debt Service	**24,044,887**	**2,475,051**	**23,819,872**	**2,472,532**	**36,985**	**225,016**
Capital Improvements 1999	775,423.00	10.00	775,281.00	10.00	-	142.00
Capital Improvements 2000	800,753.00	19.00	799,425.00	19.00	-	1,328.00
Capital Improvements 2001	834,861.00	49.00	834,762.00	49.00	-	99.00
Capital Improvements 2002	851,745.00	131.00	851,605.00	120.00	10.00	140.00
Capital Improvements 2003	878,015	236	877,414	212	29	601
Capital Improvements 2004	909,004	415	908,301	361	64	703
Capital Improvements 2005	965,199	3,089	964,563	5,655	116	636
Capital Improvements 2006	1,023,317	13,917	1,020,441	10,847	3,759	2,876
Capital Improvements 2007	1,120,302	42,830	1,095,934	50,158	1,417	24,368
Capital Improvements 2008	1,184,608	1,119,117	1,119,117	1,107,589	0	65,491
Total Capital Improvements	**9,343,227**	**1,179,813**	**9,246,843**	**1,175,020**	**5,395**	**96,384**
Tech Debt 1999	-	-	-	-	-	-
Tech Debt 2000	352,729	8	352,143	8	-	585
Tech Debt 2001	719,631	42	719,545	42	-	86
Tech Debt 2002	108,146	17	108,128	15	1	18
Tech Debt 2003	277,891	75	277,700	67	9	190
Tech Debt 2004	725,385	331	724,824	288	51	561
Tech Debt 2005	853,378	2,710	852,814	4,989	104	564
Tech Debt 2006	869,818	11,829	867,374	9,220	3,195	2,445
Tech Debt 2007	-	-	-	-	-	-
Tech Debt 2008	1,152,619.00	1,088,896.00	1,088,896.00	1,077,679.00	11,217.00	63,723.00
Total Tech debt	**5,059,597**	**1,103,908**	**4,991,424**	**1,092,308**	**14,577**	**68,172**
Total Alamogordo Public Schools	**40,241,526**	**4,986,302**	**39,832,345**	**4,966,493**	**60,188**	**409,180**

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
Village of Cloudcroft						
General Advalorem 1999	27,038	-	27,038	-	-	-
General Advalorem 2000	28,337	-	283,371	-	-	-
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	24
General Advalorem 2005	35,829	12	35,807	29	23	23
General Advalorem 2006	38,699	337	38,466	209	233	233
General Advalorem 2007	42,700	1,397	41,902	2,096	798	798
General Advalorem 2008	47,281	43,828	43,828	43,431	3,453	3,453
Total General Advalorem	**345,539**	**45,574**	**596,043**	**45,765**	**4,531**	**4,531**
Debt Service P&I 1998	-	-	-	-	-	-
Debt Service P&I 1999	-	-	-	-	-	-
Debt Service P&I 2000	-	-	-	-	-	-
Debt Service P&I 2001	-	-	-	-	-	-
Debt Service P&I 2002	-	-	-	-	-	-
Debt Service P&I 2003	-	-	-	-	-	-
Debt Service P&I 2004	-	-	-	-	-	-
Debt Service P&I 2005	-	-	-	-	-	-
Debt Service P&I 2006	-	-	-	-	-	-
Debt Service P&I 2007	-	-	-	-	-	-
Total Debt Service	**-**	**-**	**-**	**-**	**-**	**-**
Total Village of Cloudcroft	**345,539**	**45,574**	**596,043**	**45,765**	**4,531**	**4,531**
Cloudcroft Public Schools						
General Advalorem 1999	22,438	-	22,421	-	-	17
General Advalorem 2000	23,644	-	23,643	-	-	1
General Advalorem 2001	25,089	-	25,084	-	-	5
General Advalorem 2002	26,529	-	26,525	-	-	4
General Advalorem 2003	27,311	2	27,299	2	-	12
General Advalorem 2004	28,853	7	28,827	8	-	25
General Advalorem 2005	30,713	49	30,680	90	-	33
General Advalorem 2006	32,972	462	32,867	421	58	105
General Advalorem 2007	35,855	1,348	35,122	1,919	23	733
General Advalorem 2008	38,746	36,309	36,309	35,697	612	2,437
Total General Advalorem	**292,150**	**38,177**	**288,777**	**38,137**	**693**	**3,372**
Debt Service P&I 1999	234,142	-	234,003	-	-	139
Debt Service P&I 2000	218,406	-	218,394	-	-	13
Debt Service P&I 2001	640,459	-	640,345	-	-	113
Debt Service P&I 2002	676,253	-	676,137	-	-	116
Debt Service P&I 2003	643,760	61	643,499	61	-	261
Debt Service P&I 2004	541,111	146	540,650	156	-	461
Debt Service P&I 2005	537,076	778	536,551	1,478	-	525
Debt Service P&I 2006	514,729	6,826	513,349	6,355	740	1,380
Debt Service P&I 2007	913,789	33,453	897,018	47,963	656	16,771
Debt Service P&I 2008	943,661	889,254	889,254	874,204	15,050	54,407
Total Debt Service	**5,863,386**	**930,518**	**5,789,200**	**930,217**	**16,446**	**74,186**
Capital Improvements 1999	171,659	-	171,557	-	-	102
Capital Improvements 2000	177,062	-	177,052	-	-	10
Capital Improvements 2001	186,093	-	186,060	-	-	33
Capital Improvements 2002	194,493	-	194,459	-	-	33
Capital Improvements 2003	209,660	20	209,575	20	-	85
Capital Improvements 2004	215,196	58	215,013	62	-	183
Capital Improvements 2005	227,530	331	227,307	628	-	223
Capital Improvements 2006	237,257	3,146	236,621	2,929	341	636
Capital Improvements 2007	264,674	9,690	259,816	13,892	190	4,858
Capital Improvements 2008	274,759	258,918	258,918	254,536	4,382	15,841
Total Capital Improvements	**2,158,383**	**272,163**	**2,136,378**	**272,067**	**4,913**	**22,004**
Total Cloudcroft Public Schools	**8,313,919**	**1,240,858**	**8,214,355**	**1,240,421**	**22,052**	**99,562**

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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
Village of Tularosa						
General Advalorem 1999	96,627	-	96,579	-	-	48
General Advalorem 2000	98,125	-	98,069	-	-	56
General Advalorem 2001	102,029	56	101,873	56	-	156
General Advalorem 2002	105,764	57	105,485	57	-	279
General Advalorem 2003	108,215	54	107,915	81	-	300
General Advalorem 2004	113,582	122	113,366	157	-	217
General Advalorem 2005	119,160	617	118,775	913	10	386
General Advalorem 2006	128,148	3,265	127,480	3,331	253	669
General Advalorem 2007	141,196	11,387	137,529	12,537	356	3,667
General Advalorem 2008	152,227	138,968	138,968	136,528	2,440	13,259
Total General Advalorem	**1,165,073**	**154,526**	**1,146,039**	**153,660**	**3,059**	**19,037**
Debt Service P&I 1998	-	-	-	-	-	-
Debt Service P&I 1999	-	-	-	-	-	-
Debt Service P&I 2000	-	-	-	-	-	-
Debt Service P&I 2001	-	-	-	-	-	-
Debt Service P&I 2002	-	-	-	-	-	-
Debt Service P&I 2003	-	-	-	-	-	-
Debt Service P&I 2004	-	-	-	-	-	-
Debt Service P&I 2005	-	-	-	-	-	-
Debt Service P&I 2006	-	-	-	-	-	-
Debt Service P&I 2007	-	-	-	-	-	-
Total Debt Service	**-**	**-**	**-**	**-**	**-**	**-**
Total Village of Tularosa	**1,165,073**	**154,526**	**1,146,039**	**153,660**	**3,059**	**19,037**
Tularosa Public Schools						
General Advalorem 1999	14,940	-	14,936	-	-	4
General Advalorem 2000	15,735	-	15,731	-	-	4
General Advalorem 2001	16,947	3	16,932	3	-	15
General Advalorem 2002	17,556	3	17,529	3	-	26
General Advalorem 2003	18,014	4	17,972	6	-	42
General Advalorem 2004	18,961	15	18,924	16	1	37
General Advalorem 2005	20,277	53	20,217	94	1	60
General Advalorem 2006	21,646	319	21,527	332	16	119
General Advalorem 2007	23,529	1,222	22,958	1,415	46	571
General Advalorem 2008	26,775	24,994	24,994	24,660	334	1,781
Total General Advalorem	**194,380**	**26,613**	**191,720**	**26,529**	**398**	**2,659**
Debt Service P&I 1999	321,452	-	321,353	-	-	99
Debt Service P&I 2000	334,002	-	333,893	-	-	109
Debt Service P&I 2001	363,198	85	362,823	85	-	376
Debt Service P&I 2002	428,140	96	427,416	96	-	724
Debt Service P&I 2003	446,069	127	445,067	173	-	1,002
Debt Service P&I 2004	459,541	445	458,436	477	27	1,105
Debt Service P&I 2005	476,621	1,323	474,889	2,277	41	1,732
Debt Service P&I 2006	524,387	8,233	521,107	8,519	479	3,280
Debt Service P&I 2007	520,701	26,787	507,563	30,942	1,050	13,138
Debt Service P&I 2008	570,467	532,126	532,126	524,634	7,491	38,341
Total Debt Service	**4,444,578**	**569,222**	**4,384,673**	**567,203**	**9,088**	**59,906**
Capital Improvements 1999	72,208	-	72,187	-	-	21
Capital Improvements 2000	81,059	-	81,032	-	-	26
Capital Improvements 2001	86,887	20	86,798	20	-	89
Capital Improvements 2002	90,114	20	89,962	20	-	152
Capital Improvements 2003	92,541	26	92,333	35	-	209
Capital Improvements 2004	100,042	97	99,801	104	6	241
Capital Improvements 2005	107,104	297	106,717	511	9	387
Capital Improvements 2006	112,001	1,758	111,300	1,820	102	701
Capital Improvements 2007	122,169	6,286	119,088	7,261	246	3,081
Capital Improvements 2008	136,459	127,287	127,287	125,495	1,792	9,171
Total Capital Improvements	**1,000,584**	**135,791**	**986,505**	**135,266**	**2,155**	**14,078**
Total Tularosa Public Schools	**5,639,542**	**731,626**	**5,562,898**	**728,998**	**11,641**	**76,643**

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Gadsden School Dist						
General Advalorem 1999	5,147	-	5,121	-	-	26
General Advalorem 2000	5,391	9	5,327	9	-	64
General Advalorem 2001	5,697	17	5,638	17	-	59
General Advalorem 2002	6,284	10	6,212	9	1	72
General Advalorem 2003	6,474	13	6,382	12	1	92
General Advalorem 2004	7,327	31	7,185	31	-	142
General Advalorem 2005	7,530	110	7,366	165	-	164
General Advalorem 2006	7,925	436	7,652	485	38	274
General Advalorem 2007	8,815	1,134	7,942	1,278	37	872
General Advalorem 2008	9,787	7,504	7,504	7,297	207	2,283
Total General Advalorem	**70,377**	**9,264**	**66,329**	**9,303**	**284**	**4,048**
Debt Service P&I 1999	211,495	-	210,662	-	-	833
Debt Service P&I 2000	223,577	467	221,502	516	-	2,075
Debt Service P&I 2001	231,998	873	229,994	873	-	2,004
Debt Service P&I 2002	251,620	528	248,640	478	50	2,980
Debt Service P&I 2003	277,490	716	273,485	677	40	4,005
Debt Service P&I 2004	326,203	1,655	319,477	1,764	-	6,727
Debt Service P&I 2005	310,134	4,712	302,329	6,511	-	7,805
Debt Service P&I 2006	325,660	17,616	312,976	19,435	1,543	12,684
Debt Service P&I 2007	380,742	49,335	341,032	55,402	1,572	39,710
Debt Service P&I 2008	338,276	256,922	256,922	249,540	7,382	81,354
Total Debt Service	**2,877,195**	**332,824**	**2,717,019**	**335,196**	**10,587**	**160,177**
Capital Improvements 1999	27,643	-	27,530	-	-	115
Capital Improvements 2000	31,093	65	30,805	72	-	289
Capital Improvements 2001	32,276	121	31,997	121	-	279
Capital Improvements 2002	35,033	74	34,618	67	7	415
Capital Improvements 2003	38,672	100	38,114	94	6	558
Capital Improvements 2004	45,559	231	44,620	246	-	939
Capital Improvements 2005	46,051	698	44,898	969	-	1,152
Capital Improvements 2006	48,192	2,607	46,315	2,876	228	1,877
Capital Improvements 2007	53,084	6,878	47,547	7,724	219	5,537
Capital Improvements 2008	57,569	43,724	43,724	42,467	1,256	13,845
Total Capital Improvements	**415,172**	**54,498**	**390,168**	**54,636**	**1,716**	**25,006**
Tech Debt 1999	-	-	-	-	-	-
Tech Debt 2000	-	-	-	-	-	-
Tech Debt 2001	-	-	-	-	-	-
Tech Debt 2002	-	-	-	-	-	-
Tech Debt 2003	-	-	-	-	-	-
Tech Debt 2004	-	-	-	-	-	-
Tech Debt 2005	28,254	429	27,543	593	-	712
Tech Debt 2006	19,928	1,078	19,152	1,189	94	776
Tech Debt 2007	-	-	-	-	-	-
Tech Debt 2008	74,465	56,557	56,557	54,931	1,625	17,909
Total Tech Debt	**122,647**	**58,064**	**103,252**	**56,713**	**1,719**	**19,397**
Total Gadsden School District	**3,485,391**	**454,650**	**3,276,768**	**455,848**	**14,306**	**208,628**
NMSU - Alamogordo						
General Advalorem 1999	328,174	4	328,108	4	-	65
General Advalorem 2000	345,467	7	344,811	7	-	656
General Advalorem 2001	359,084	19	359,043	19	-	41
General Advalorem 2002	369,386	52	369,330	48	4	57
General Advalorem 2003	373,795	92	373,523	83	11	272
General Advalorem 2004	390,603	165	390,285	144	25	318
General Advalorem 2005	412,503	1,407	412,238	2,460	46	265
General Advalorem 2006	440,909	5,964	439,618	4,645	1,614	1,291
General Advalorem 2007	472,947	18,867	462,392	22,035	610	10,555
General Advalorem 2008	509,572	480,479	480,479	475,557	4,921	29,093
Total General Advalorem	**4,002,440**	**507,056**	**3,959,827**	**505,002**	**7,231**	**42,613**

STATE OF NEW MEXICO
Otero County
Schedule of Property Taxes Receivable by Agency
June 30, 2009

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 1999	379,888	5	379,766	5	-	122
Debt Service P&I 2000	381,402	38	380,660	42	-	741
Debt Service P&I 2001	386,944	76	386,776	76	-	168
Debt Service P&I 2002	357,224	86	356,974	78	7	251
Debt Service P&I 2003	346,047	127	345,609	116	13	438
Debt Service P&I 2004	369,415	250	368,779	235	25	636
Debt Service P&I 2005	379,676	1,415	378,999	2,483	44	677
Debt Service P&I 2006	407,171	6,279	405,364	5,215	1,515	1,806
Debt Service P&I 2007	187,549	8,951	181,862	10,361	293	5,688
Debt Service P&I 2008	473,840	447,644	447,644	443,033	4,611	26,196
Total Debt Service	**3,669,156**	**464,871**	**3,632,433**	**461,644**	**6,508**	**36,723**
Total NMSU - Alamogordo	**7,671,596**	**971,927**	**7,592,260**	**966,646**	**13,739**	**79,336**
NMSU - Dona Ana						
General Advalorem 1999	13,525	-	13,468	-	-	57
General Advalorem 2000	14,366	29	14,225	32	-	140
General Advalorem 2001	15,087	55	14,952	55	-	135
General Advalorem 2002	14,016	29	13,850	27	3	166
General Advalorem 2003	17,852	45	17,595	42	2	257
General Advalorem 2004	21,082	104	20,651	111	-	431
General Advalorem 2005	21,819	330	21,281	461	-	538
General Advalorem 2006	22,851	1,238	21,971	1,367	108	879
General Advalorem 2007	25,146	3,256	22,538	3,657	104	2,608
General Advalorem 2008	27,514	20,916	20,916	20,318	599	6,598
Total General Advalorem	**193,258**	**26,002**	**181,447**	**26,070**	**816**	**11,809**
Total NMSU - Dona Ana	**193,258**	**26,002**	**181,447**	**26,070**	**816**	**11,809**
Local Special Levies						
Timberon Water & Sanitation District						
Timberon Special Levy 1999	256,219	-	256,186	-	-	33
Timberon Special Levy 2000	273,379	-	273,345	-	-	33
Timberon Special Levy 2001	271,668	-	271,634	-	-	33
Timberon Special Levy 2002	279,085	-	278,930	-	-	156
Timberon Special Levy 2003	303,043	-	302,882	-	-	161
Timberon Special Levy 2004	304,855	420	304,389	484	-	465
Timberon Special Levy 2005	311,237	2,376	310,307	3,286	-	930
Timberon Special Levy 2006	120,142	3,696	119,490	3,750	77	652
Timberon Special Levy 2007	128,367	9,385	124,244	10,139	442	4,123
Timberon Special Levy 2008	130,899	117,737	117,737	115,795	1,942	13,162
Total Timberon Water & Sanitation	**2,378,894**	**133,614**	**2,359,144**	**133,454**	**2,461**	**19,748**
Penasco S&W Conservation District						
Penasco Special Levy 1999	52	-	52	-	-	-
Penasco Special Levy 2000	52	-	52	-	-	-
Penasco Special Levy 2001	52	-	52	-	-	-
Penasco Special Levy 2002	52	-	52	-	-	-
Penasco Special Levy 2003	52	-	52	-	-	-
Penasco Special Levy 2004	52	-	52	-	-	-
Penasco Special Levy 2005	52	-	52	-	-	-
Penasco Special Levy 2006	52	-	52	-	-	-
Penasco Special Levy 2007	93	-	93	26	-	-
Penasco Special Levy 2008	2.00	2.00	2.00	2.00	-	-
Total Penasco S&W Conservation Dist	**511**	**2**	**511**	**28**	**-**	**-**
Carlsbad Soil & Water Conservation District						
Carlsbad Special Levy 1999	22	-	22	-	-	-
Carlsbad Special Levy 2000	22	-	22	-	-	-
Carlsbad Special Levy 2001	31	-	31	-	-	-
Carlsbad Special Levy 2002	20	-	20	-	-	-
Carlsbad Special Levy 2003	28	-	28	-	-	-
Carlsbad Special Levy 2004	28	-	28	-	-	-
Carlsbad Special Levy 2005	28	-	28	-	-	-
Carlsbad Special Levy 2006	27	-	27	-	-	-
Carlsbad Special Levy 2007	28	-	28	-	-	-
Carlsbad Special Levy 2008	29	29	29	23	5	-
Total Carlsbad S&W Conservation Dist	**263**	**29**	**263**	**23**	**5**	**-**
Total Local Special Levies	**2,379,668**	**133,645**	**2,359,918**	**133,505**	**2,466**	**19,748**
Grand Totals	**167,820,336**	**20,275,610**	**166,027,346**	**20,236,256**	**192,807**	**2,048,018**

See accompanying independent auditors' report.

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STATE OF NEW MEXICO Schedule V

Otero County

Agency Funds

Schedule of Changes in Fiduciary Assets and Liabilities

For the Year Ended June 30, 2009

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
ASSETS				
Cash	$ 295,109	$ 15,714,338	$ 15,774,534	234,913
Property taxes receivable	1,202,288	13,000,027	12,908,614	1,293,701
Total assets	$ 1,497,397	$ 28,714,365	$ 28,683,148	$ 1,528,614
LIABILITIES				
Due to other taxing units	$ 1,497,397	$ 28,714,365	$ 28,683,148	$ 1,528,614
Total liabilities	$ 1,497,397	$ 28,714,365	$ 28,683,148	$ 1,528,614

See accompanying independent auditors' report.

STATE OF NEW MEXICO
Otero County
Schedule of Legislative Grants
June 30, 2009

Project	Agency	Grant #	Effective Date	Reversion Date	Original Amount	Arts in Public Places	Net Amount	Expenditures to Date	Reverted	Remaining
Administrative Complex	DFA	07-5367	05/15/07	06/30/11	$ 200,000	$ 2,000	$ 198,000	$ 132,261	$ -	$ 65,739
Alamo Canyon Flood Plain	DFA	07-3447	05/15/07	06/30/11	48,800	-	48,800	-	-	48,800
Alamo Canyon Flood Plain	DFA	07-5363	05/15/07	06/30/11	690,000	-	690,000	-	-	690,000
Alamogordo Relief Route	DOT	03-0465	01/06/05	06/30/08	125,000	-	125,000	-	-	125,000
Alamogordo Relief Route	DOT	04-0407	01/06/05	06/30/09	52,000	-	52,000	-	52,000	-
Armed Forces Museum	DFA	05-1537	10/20/05	06/30/10	100,000	-	100,000	100,000	-	-
Armed Forces Museum	DFA	07-5369	05/15/07	06/30/11	80,000	-	80,000	72,390	-	7,610
Chaparral Clinic	DFA	04-0303	06/27/06	06/30/09	50,000	-	50,000	50,000	-	-
Chaparral Clinic	DFA	04-0306	09/21/04	06/30/09	65,000	-	65,000	65,000	-	-
Chaparral Clinic	DFA	04-1650	06/08/06	06/30/09	42,000	-	42,000	42,000	-	-
Chaparral Clinic	DFA	04-0968	09/21/04	06/30/09	50,000	-	50,000	50,000	-	-
Chaparral Clinic	DFA	05-0342	08/10/05	06/30/10	505,000	5,050	499,950	314	-	499,636
Chaparral Clinic	DFA	08-4387	07/03/08	06/30/12	50,000	-	50,000	-	-	50,000
Chaparral Clinic	DFA	08-3246			250,000	2,500	247,500	-	-	247,500
Courthouse Security	DFA	07-5368	05/15/07	06/30/11	250,000	-	250,000	104,474	-	145,526
Emergency Response Center	DFA	07-5362	05/15/07	06/30/11	250,000	2,500	247,500	-	-	247,500
Emergency Operations PSAP	DFA	08-4383	07/03/08	06/30/12	80,000	-	80,000	-	-	80,000
Flickinger Center	DFA	06-1748	04/25/06	06/30/10	75,000	-	75,000	35,986	-	39,014
Flickinger Center (seats)	DFA	08-4384	07/03/08	06/30/12	34,000	-	34,000	-	-	34,000
Flood Control/ Storm Drainage	DOT	08-3298			200,000	-	200,000	-	-	200,000
GRIP2/Fresnal Canyon Road	DOT				423,000	-	423,000	46,880	-	376,120
Inmate Holding Facility	DFA	03-0899	10/12/05	06/30/08	200,000	2,000	198,000	198,000	-	-
La Luz FD	DFA	08-4390	07/03/08	06/30/12	67,000	-	67,000	8,400	-	58,600
La Luz Training & Per Diem	DFA	08-0000	07/01/08	06/30/09	14,600	-	14,600	2,455	12,145	-
Nogal Canyon	State Engineer	06-0138	02/08/07	06/30/10	100,000	-	100,000	48,792	-	51,208
Nogal Canyon	State Engineer	07-3218	05/15/07	06/30/11	48,000	-	48,000	-	-	48,000
Nogal Canyon	State Engineer	08			67,000	-	67,000	-	-	67,000
Otero County Fair Facility	DFA	04-0301	04/13/05	06/30/09	100,000	-	100,000	100,000	-	-
Otero County Fair Facility	DFA	05-0338	10/20/05	06/30/10	260,000	2,600	257,400	257,400	-	-
Otero County Fair Facility	DFA	05-1533	10/20/05	06/30/10	40,000	-	40,000	40,000	-	-
Otero County Fair Facility	DFA	07-3449	05/15/07	06/30/11	87,000	-	87,000	87,000	-	-
Otero County Fair Facility	DFA	07-3450	05/15/07	06/30/11	113,000	1,130	111,870	111,870	-	-
Otero County Fair Facility	DFA	08-3247			274,000	2,740	271,260	271,260	-	-
Otero County Jail Remodel	DFA	05-1760	10/20/05	06/30/10	122,811	1,228	121,583	121,583	-	-
Otero County Jail Remodel	DFA	06-0464	08/16/06	06/30/10	693,000	6,930	686,070	686,070	-	-

See accompanying independent auditors' report.

STATE OF NEW MEXICO
Otero County
Schedule of Legislative Grants
June 30, 2009

Project	Agency	Grant #	Effective Date	Reversion Date	Original Amount	Arts in Public Places	Net Amount	Expenditures to Date	Reverted	Remaining
Otero County Jail Remodel	DFA	07-3448	05/15/07	06/30/11	$ 50,000	$ -	$ 50,000	$ 50,000	$ -	$ -
Red Brick School House	DFA	07-5373	05/15/07	06/30/11	100,000	-	100,000	89,750	-	10,250
Red Brick School House	DFA	08-4391	07/03/08	06/30/12	60,000	-	60,000	-	-	60,000
Riata Road Culverts	DOT	03-0464	12/11/03	06/30/08	50,000	-	50,000	50,000	-	-
Riata Road Culverts	DOT	05-2203	10/12/05	06/30/10	100,000	-	100,000	16,412	-	83,588
Rio Penasco Flood Plain	State Engineer	07-4400	05/15/07	06/30/11	50,000	-	50,000	6,922	-	43,078
Roll-Off Truck	Environment Dept	08-0000			24,000	-	24,000	24,000	-	-
Sheriff's office electronic	DFA	06-0468	08/16/06	06/10/10	73,000	-	73,000	63,519	-	9,481
Sheriff's office electronic	DFA	07-3446	05/15/07	06/30/11	2,000	-	2,000	-	-	2,000
Sheriff's Neu Building	DFA	08-4386	07/03/08	06/30/12	50,000	-	50,000	31,450	-	18,550
Timberon Airport	DOT	05-2204	10/12/05	06/30/10	125,000	-	125,000	114,458	-	10,542
Timberon Airport	DOT	06-0625	12/29/06	06/30/10	100,000	-	100,000	-	-	100,000
Timberon FD	DFA	06-1750	04/25/06	06/30/10	50,000	-	50,000	28,692	-	21,308
Timberon Swimming Pool		07-5371	05/15/07	06/30/11	75,000	-	75,000	40,448	-	34,552
Twin Forks MDWCA	Environment Dept	06-1169	12/13/06	06/30/10	103,000	-	103,000	88,368	-	14,632
Twin Forks MDWCA	Environment Dept	07-4512	05/15/07	06/30/11	190,000	-	190,000	-	-	190,000
Twin Forks MDWCA	Environment Dept	08			150,000	-	150,000	-	-	150,000
Weed Community Center Roof	DFA	05-1535	10/20/05	06/30/10	175,000	-	175,000	174,696	304	-
Grand Totals					$ 7,333,211	$ 28,678	$ 7,304,533	$ 3,410,850	$ 64,449	$3,829,234

See accompanying independent auditors' report.

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COMPLIANCE SECTION

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

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

We have audited the financial statements of the governmental activities, each major fund, the budgetary comparisons for the general fund and each major special revenue fund and the aggregate remaining fund information of Otero County, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 9, 2009. 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, 2009 as listed in the table of contents. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by Otero County's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. These are items FS 2007-6, FS 2008-1, FS 2008-2, FS-2009-1, FS-2009-2, and FS 2009-3.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

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

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

This report is intended solely for the information and use of the audit committee management, others within the organization, County Commission, the Office of the State Auditor, the New Mexico Department of Finance and Administration, federal awarding agencies , 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, L.L.P.

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
November 9, 2009

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FEDERAL FINANCIAL ASSISTANCE

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

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

Compliance

We have audited the compliance of Otero County, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Otero County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Otero County's management. Our responsibility is to express an opinion on Otero County's compliance based on our audit.

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

In our opinion, Otero County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

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

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

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

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

This report is intended solely for the information and use of the audit committee, management, others within the organization, County Commission, the Office of the State Auditor, the New Mexico Department of Finance and Administration, federal awarding agencies, 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, L.L.P.

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
November 9, 2009

STATE OF NEW MEXICO
Otero County
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Federal Grantor/ Passthrough Grantor/ Program Title	Grant Number	Federal CFDA Number	Federal Expenditures
Housing and Urban Development			
American Armed Forces Museum (1)	B-06-SP-NM-0682	14.251	$ 198,000
Total Housing and Urban Development			198,000
Office of National Drug Control			
High Intensity Drug Trafficking Area (1)	I6PSNP564Z	16.579	12,433
High Intensity Drug Trafficking Area (1)	I7PSNP564Z	16.579	22,678
High Intensity Drug Trafficking Area (1)	I8PSNP564Z	16.579	248,638
Total Office of National Drug Control			283,749
U.S. Department of Homeland Security			
(Passed through the New Mexico Department of Public Safety)			
Homeland Security	2005-GE-T5-0012	97.004 & 97.067	250,925
Homeland Security Operation Stonegarden	07-NMSG-06-OT	97.064	80,891
Homeland Security Safe Border	08-SG-T8-0003	97.067	274,144
Total U.S. Department of Homeland Security			605,960
U.S. Department of Homeland Security			
SAFER	EMW-2007-FF-00041	97.044	12,869
FEMA	EMW-2008-FO-04446	97.044	10,500
FEMA	EMW-2008-FO-01500	97.044	68,802
Total U.S. Department of Homeland Security			92,171
Department of Justice			
Southwest Border Law Enforcement Enhancement	2008-DD-BX-0334	16.580	34,000
Total Department of Justice			34,000
US Department of Forestry			
Secure Payments for Counties Containing Federal Land (1)	Forest Reserve	10.665	523,617
Total US Department of Forestry			523,617
Total Federal Financial Assistance			$ 1,737,497

(1) Denotes Major Federal Financial Assistance Program

See accompanying independent auditors' report.

STATE OF NEW MEXICO
Otero County
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Otero County, 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	$ 1,737,497
Total expenditures funded by other sources	28,246,333
Total expenditures	$ 29,983,830

See accompanying independent auditors' report.

STATE OF NEW MEXICO
Otero County
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

Section I – Summary of Audit Results

Financial Statements:

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

Federal Awards:

1. Internal control over major programs:
   a. Material weaknesses identified? — No
   b. Significant deficiencies identified not considered to be material weaknesses? — No
2. Type of auditors' report issued on compliance for major programs — Unqualified
3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? — No
4. Identification of major programs:

CFDA Number	Federal Program
16.579	High Intensity Drug Trafficking Area
14.251	American Armed Forces Museum
10.665	Secure Payments for Counties Containing Federal land

5. Dollar threshold used to distinguish between type A and type B programs: — $300,000
6. Auditee qualified as low-risk auditee? — Yes

Section II – Financial Statement Findings and Questioned Costs

FS 2007-6 – Preparation of Financial Statements

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

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.

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

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

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

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

FS 2008-1 - Capital Asset Disposals and Acquisitions (revised and repeated)

Condition: The County has disposed of assets in prior years but recorded the disposal in the current year. Also, the County disposed of assets in the current year and did not include them on the disposal list.

Criteria: The County is required to maintain a current detailed capital asset listing and to record disposal and acquisitions of assets in the period in which they were disposed or acquired.

Effect: The capital asset and accumulated depreciation balances were incorrect causing capital asset amounts on the financial statements to be overstated.

Cause: According to County personnel, the prior year asset deletions occurred due to continued problems with the County's Fixed Asset software and oversight and the current year deletion occurred as an oversight of the purchasing department.

Auditor's Recommendation: We recommend for County personnel to identify disposals and acquisitions as they occur and properly record them and for all departments to work more closely with the Finance Department to make sure all deletions are properly recorded.

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

FS 2008-2 - Capital Asset Donated Assets (revised and repeated)

Condition: The County valued and recorded a donated asset at the donor's estimated value.

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

Effect: The County is not recording donated assets correctly and capital asset amounts may be overstated or understated.

Cause: According to County personnel this was an oversight.

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

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

FS 2009-1 — Lack of Adequate Internal Control

Condition: We noted the following areas in which the County does not have sufficient key internal controls in place.

- There is not a fraud risk assessment done at the County
- There is not a whistleblower policy at the County
- There is not an ongoing monitoring process built into operations throughout the County

Because the County has not completed a risk assessment, implemented an ongoing monitoring process throughout the County, nor has a whistleblower policy been documented, key controls are missing that would properly safeguard assets. There is not anything to give employees the confidence to report any fraudulent activity without being reprimanded for it. Also, adequate controls are not in place to prevent or detect intentional misstatements of accounting information.

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

Effect: If fraud occurs at the County it will not be detected timely by management and employees performing their regular assigned duties.

Cause: For the fiscal year 2009 management did not have a documented policy in place to follow the above procedures to ensure internal controls were in place and working properly.

Auditors' Recommendation: Once a year, the County management should think about how fraud could occur and develop or change procedures to address the risk. The County should adopt a whistleblower policy.

Management's Response: Otero County will form an Internal Control Committee which will meet at least once a year to assess the risks for fraud and make recommendations to change procedures to address the risks. Additionally, a formal whistleblower policy will be adopted.

FS 2009-2 - Noncompliance with Used Equipment Requirements

Condition: During our compliance testwork we noted that in one out of five bids tested, the County purchased a used piece of equipment that did not have the required documentation in the file for the awarded bid.

Criteria: A written ninety day warranty and an independent "Certificate of Working Order" by a qualified mechanic or appraiser is required for purchases of used equipment over $20,000, under the Procurement Code Section 13-1-1 to 13-1-199 NMSA 1978.

Effect: Non-adherence to state statutes places the County in noncompliance and if the equipment fails within the ninety day period the County would have no recourse against the seller.

Cause: The purchasing agent stated that they neglected to put this requirement in the bid package.

Recommendation: We recommend that the County emphasize the requirement for used equipment warranty and inspection in assembling the bid packages.

Management's Response: The County will be more diligent in insuring that appropriate warranties are included in the purchases of used equipment.

FS 2009-3 — Sales Tax Payments

Condition: During our State Auditor Compliance testwork, we noted that for one credit card payment out of the five tested, the County paid $5.46 in sales tax on a receipt. According to the accounts payable office, this is not a rare occurrence.

Criteria: The County is tax exempt and should not be paying sales taxes and also has a policy prohibiting this action.

Effect: The County's expenses are overstated by the amount of sales tax they are paying.

Cause: According to the accounts payable office, the County pays sales tax on receipts when the purchaser has forgotten to inform the store clerks about the County's tax exempt status. The accounts payable office has too many instances to resolve them all, which requires hours on the phone with representatives from the various credit card companies.

Auditors' Recommendations: The County should require the clerks collecting the purchase orders and sales receipts to check for sales tax paid and give the receipt back to the purchaser to take back to the store for credit. If the purchaser has dropped the purchase order in their mail box, they should call them for pick up so they can take it back to the store for a credit.

Management's Response: Despite our best efforts to get Home Depot to exempt our entire entity from sales tax, the assurances that all future purchases are tax exempt shall rest on the person(s) making the purchases. The County will adopt a policy holding the purchaser(s) responsible for insuring each transaction is tax exempt. This includes having the offending purchaser returning to the store to correct the transaction.

Section III– Prior Year Audit Findings

Prior Year Finding	Status
FS 2007-1 – Stale-dated Checks	Resolved
FS 2007-2 – Timeliness of Deposits	Resolved
FS 2007-3 – Disposition of Property and Equipment	Resolved
FS 2007-4 – Capital Asset Roll Forward	Resolved
FS 2007-5 – Depreciation Expense	Resolved
FS 2007-6 – Preparation of Financial Statements	Repeated
FS 2007-7 – Material Misstatement	Resolved
FS 2007-8 – Capitalization Threshold	Resolved
FS 2008-1 – Capital Asset Disposals and Acquisitions	Repeated but modified
FS 2008-2 – Capital Asset Donated Assets	Repeated but modified

Other Disclosures

Exit Conference

An exit conference was held on November 9, 2009. In attendance were the following:

Representing Otero County:

Doug Moore, County Commission Vice Chairman
Ray Backstrom, Interim County Manager
Donna Brandon, County Finance Director

Representing Accounting & Consulting Grouping, LLP:

Ray Roberts, Managing Partner
Corrine Eagle, Staff

Auditor Prepared Financial Statements

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